

In the opinion of Goodwin Procter LLP, Los Angeles, California, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings, and judicial decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and requirements, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX MATTERS.”

\$21,225,000

**CITY OF OXNARD FINANCING AUTHORITY
LEASE REVENUE PROJECT AND REFUNDING BONDS
SERIES 2014**

Dated: Date of Delivery**Due: June 1, as shown on the inside cover**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The City of Oxnard Financing Authority Lease Revenue Project and Refunding Bonds, Series 2014 (the “Bonds”), are being issued in the aggregate principal amount of \$21,225,000 by the City of Oxnard Financing Authority (the “Authority”) pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and the provisions of a Trust Agreement, dated as of November 1, 2014 (the “Trust Agreement”), by and among the Authority, the City of Oxnard, California (the “City”), and Wells Fargo Bank, National Association, as trustee (the “Trustee”).

Proceeds from the sale of the Bonds will be used to (i) refund the 2003 Bonds (as defined herein), (ii) finance the acquisition, construction, and improvement of certain public facilities constituting the Project (as defined herein), and (iii) pay the costs incurred in connection with the issuance, sale, and delivery of the Bonds. See “THE FINANCING PLAN,” “THE PROJECT” and “APPENDIX A —Summary of Certain Provisions of the Principal Legal Documents.”

The Bonds will be delivered in fully registered form without coupons and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased. See “APPENDIX F – Book-Entry Only System.”

Payments of interest on the Bonds will be made by the Trustee to DTC, which will in turn remit such interest to its participants for subsequent disbursement to beneficial owners of the Bonds as described herein. Interest on the Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2015, until the maturity or the earlier redemption thereof. Principal and any redemption premiums with respect to each Bond will be paid upon surrender of such Bond at the principal corporate office of the Trustee upon maturity or the earlier redemption thereof.

The Bonds are subject to optional redemption, extraordinary redemption from insurance or condemnation proceeds, and mandatory redemption from excess moneys in the Project Fund, as described herein. See “THE BONDS – Redemption of Bonds.”

The Bonds are payable from Base Rental payments to be made by the City to the Authority pursuant to a Master Lease and Option to Purchase, dated as of November 1, 2014 (the “Lease”), by and between the Authority, as lessor, and the City, as lessee, and from amounts held in certain funds and accounts established under the Trust Agreement. Pursuant to the Trust Agreement, the Authority’s right to receive Base Rental payments will be assigned to the Trustee for the benefit of the registered owners of the Bonds. Pursuant to the Lease, the City will lease from the Authority the Components of the Property, as such terms are defined in the Lease and described herein under the heading “THE PROPERTY.” The City will covenant in the Lease that, as long as the Property is available for the City’s use, it will make all Base Rental payments and other payments provided for in the Lease, it will include all such payments in its annual budget, and it will make the necessary annual appropriations for such payments. The City’s obligation to make Base Rental payments is subject to abatement in the event of damage to, destruction or condemnation of, or a title defect with respect to, any Component of the Property.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE BASE RENTAL PAYMENTS AND AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE TRUST AGREEMENT. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF VENTURA (THE “COUNTY”), THE STATE OF CALIFORNIA (THE “STATE”), OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE BONDS. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

[Maturity Schedule set forth on inside cover]

The Bonds are offered when, as, and if delivered to and received by the Underwriter, subject to the approval of legality by Goodwin Procter LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by the Interim City Attorney and by Disclosure Counsel, Goodwin Procter LLP, Los Angeles, California, and for the Underwriter by Polsinelli LLP, Los Angeles, California. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC in New York, New York on or about November 20, 2014.

J. P. Morgan

Dated: November 4, 2014.

MATURITY SCHEDULE

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP ⁽¹⁾ No.	Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP ⁽¹⁾ No.
2015	\$2,925,000	2.000%	0.220%	100.943	691875 BM9	2023	\$1,185,000	5.000%	2.620%	118.087	691875 BV9
2016	2,635,000	3.000	0.500	103.806	691875 BN7	2024	1,240,000	5.000	2.770	118.566	691875 BW7
2017	900,000	4.000	0.800	108.000	691875 BP2	2025	1,305,000	5.000	2.920	117.194 ⁽²⁾	691875 BX5
2018	935,000	4.000	1.150	109.832	691875 BQ0	2026	1,370,000	5.000	3.070	115.841 ⁽²⁾	691875 BY3
2019	975,000	5.000	1.490	115.321	691875 BR8	2027	1,440,000	5.000	3.140	115.216 ⁽²⁾	691875 BZ0
2020	1,020,000	5.000	1.820	116.658	691875 BS6	2028	1,510,000	5.000	3.230	114.419 ⁽²⁾	691875 CA4
2021	1,075,000	5.000	2.130	117.410	691875 BT4	2029	1,585,000	5.000	3.280	113.979 ⁽²⁾	691875 CB2
2022	1,125,000	5.000	2.430	117.587	691875 BU1						

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(2) Priced to first optional redemption date of June 1, 2024; callable at par.

CITY OF OXNARD, CALIFORNIA

MAYOR AND CITY COUNCIL

Tim Flynn, *Mayor*
Carmen Ramirez, *Mayor Pro Tem*
Bryan A. MacDonald, *Councilman*
Dorina Padilla, *Councilmember*
Bert E. Perello, *Councilmember*

GOVERNING BOARD OF THE AUTHORITY

Tim Flynn, *Chairman*
Carmen Ramirez, *Vice Chair*
Bryan A. MacDonald, *Board Member*
Dorina Padilla, *Board Member*
Bert E. Perello, *Board Member*

CITY OFFICIALS

Greg Nyhoff, *City Manager*
Daniel Martinez, *City Clerk*
Danielle Navas, *City Treasurer*
James Cameron, *Chief Financial Officer*
Michael J. More, *Financial Services Manager*
Stephen Fischer, *Interim City Attorney*

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Los Angeles, California

Trustee

Wells Fargo Bank, National Association
Los Angeles, California

Financial Advisor

First Southwest Company
Santa Monica, California

No dealer, broker, salesperson, or other person has been authorized by the City, the Authority, or J.P. Morgan Securities LLC (the “Underwriter”) to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

This Official Statement is not to be construed to be a contract with the purchasers of the Bonds. Statements contained in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly described as such herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth in this Official Statement (which includes the cover page, inside cover page, and the appendices) has been obtained from the Authority, the City, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation by the Authority or the City. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, DEALER BANKS, AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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OFFICIAL STATEMENT
\$21,225,000
CITY OF OXNARD FINANCING AUTHORITY
LEASE REVENUE PROJECT AND REFUNDING BONDS
SERIES 2014

INTRODUCTION

General

This Official Statement, which includes the cover page, inside cover page, Table of Contents, and Appendices (the “Official Statement”), provides certain information concerning the issuance of the City of Oxnard Financing Authority Lease Revenue Project and Refunding Bonds, Series 2014, in the aggregate principal amount of \$21,225,000 (the “Bonds”). Descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive and reference is made to each such document for complete details of all terms and conditions therein. All statements in this Official Statement are qualified in their entirety by reference to the applicable documents.

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Selected Definitions.”

Authorization

The Bonds are being issued by the City of Oxnard Financing Authority (the “Authority”), a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California, pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the “Act”), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Law”), and the provisions of a Trust Agreement, dated as of November 1, 2014 (the “Trust Agreement”), by and among the Authority, the City of Oxnard (the “City”), and Wells Fargo Bank, National Association, as trustee (the “Trustee”).

Purpose of Issuance

Proceeds from the sale of the Bonds will be used to (i) refund the 2003 Bonds (as defined herein), (ii) finance the acquisition, construction, and improvement of certain public facilities constituting the Project (as defined herein), and (iii) pay the costs incurred in connection with the issuance, sale, and delivery of the Bonds. See “THE FINANCING PLAN,” “SECURITY FOR THE BONDS,” “THE PROJECT,” and “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents.”

Registration, Date, and Maturity of Bonds

The Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, which will act as securities depository for the Bonds. The Bonds will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the inside cover page hereof.

Payment of the Bonds

Interest on the Bonds is payable semiannually on June 1 and December 1, commencing June 1, 2015, and will be paid by check, mailed by first class mail to the registered owners thereof (each, an “Owner”) as of the applicable Record Date; provided, however, that any Owner of \$1,000,000 or more aggregate principal amount of Bonds may request in writing payment of such interest by wire transfer in immediately available funds to a designated account. Principal and any redemption premium with respect to each Bond will be paid upon surrender of such Bond at the principal corporate trust office of the Trustee in Los Angeles, California, upon the maturity or earlier redemption thereof. See “THE BONDS – Authorization and Payment of Bonds.”

Redemption of Bonds

The Bonds are subject to optional redemption, extraordinary redemption from insurance or condemnation proceeds, and mandatory redemption from excess moneys in the Project Fund, as described herein. See “THE BONDS – Redemption of Bonds.”

Security and Source of Payment for the Bonds

The Bonds are payable from base rental (“Base Rental”) payments to be made by the City pursuant to a Master Lease and Option to Purchase, dated as of November 1, 2014 (the “Lease”), by and between the Authority, as lessor, and the City, as lessee, and from amounts held in certain funds and accounts established under the Trust Agreement.

Pursuant to the Lease, the City will lease from the Authority the Components of the Property, as such terms are defined in the Lease and described herein under “THE PROPERTY.” Pursuant to the Trust Agreement, the Authority will assign to the Trustee, for the benefit of the Owners of the Bonds, certain of its rights, title, and interest in and to the Lease and the Property Lease, dated as of November 1, 2014 (the “Property Lease”), by and between the City and the Authority, including, without limitation, the right to receive Base Rental payments and the right to enforce payment of Base Rental payments when due, but excluding certain rights to payment of expenses, to indemnification, and to receive notices under the Lease.

Pursuant to the Lease, the City will be required, subject to its abatement rights, to pay Base Rental and, as Additional Rental, any taxes, assessments, and insurance premiums with respect to the Property and the fees, costs, and expenses incurred by the Authority and the Trustee in connection with the Lease, the Trust Agreement, or the Property. See “SECURITY FOR THE BONDS – Base Rental.” Base Rental payments are payable five business days prior to each June 1 and December 1, commencing five business days prior to June 1, 2015. Each Base Rental payment shall apply to the immediately preceding six month period. Upon the issuance of the Bonds, the City will certify as to the fair rental value of the Components of the Project as of the date of such issuance.

Base Rental payments are subject to abatement during any period in which, by reason of a material title defect or material damage, destruction, or condemnation, there is substantial interference with the City’s right to use and occupancy of the Property or any portion thereof.

Under the Lease, the City is required to maintain rental interruption insurance covering a period of 24 months, in an amount equal to two times the maximum annual Base Rental payments coming due and payable. In addition, the Property will be insured, through insurers meeting certain requirements set forth in the Lease, against loss or damage. Any net insurance proceeds and condemnation awards will be applied to repair or replace the Property or to redeem all or a portion of the Bonds. See “THE BONDS –

Redemption of Bonds – Extraordinary Redemption From Insurance or Condemnation Proceeds” and “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Lease.”

The City has covenanted in the Lease to take such action as may be necessary to include and maintain all Base Rental payments and Additional Rental payments due under the Lease in its annual budget, and to make the necessary annual appropriations for all such payments, as long as a portion of the Property with fair rental value sufficient to support such Base Rental payments and Additional Rental payments is available for the City’s use. See “SECURITY FOR THE BONDS – Base Rental,” “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII B of the California Constitution,” and “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents.”

No Debt Service Reserve Fund

The Bonds are not secured by a debt service reserve fund.

Continuing Disclosure

In connection with the issuance of the Bonds, the Authority will covenant in the Continuing Disclosure Agreement, dated the date of delivery of the Bonds (the “Continuing Disclosure Agreement”), by and between the Authority and the Trustee, as dissemination agent, to provide certain financial information and operating data relating to the Authority and the City and notices of certain events listed therein. See “CONTINUING DISCLOSURE” and “APPENDIX E – Form of Continuing Disclosure Agreement.”

Limited Obligations

The Bonds are limited obligations of the Authority payable solely from and secured solely by the Base Rental payments and amounts held in certain funds and accounts established under the Trust Agreement. Neither the full faith and credit nor the taxing power of City, the County of Ventura (the “County”), the State of California (the “State”), or any political subdivision of the State is pledged to the payment of the Bonds. The Authority has no taxing power. The obligation of the City to make Base Rental payments under the Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Base Rental payments constitutes an indebtedness of the Authority, the City, the County, the State, or any political subdivision of the State, within the meaning of any constitutional or statutory debt limitation or restriction.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “intend,” “expect,” “propose,” “estimate,” “project,” “budget,” “anticipate,” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements described to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. No updates or revisions to these forward-looking statements are expected to be issued if or when the expectations, events, conditions, or circumstances on which such statements are based

change. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such forward-looking statements. **READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.**

References Qualified

The summaries of and references to all documents, statutes, reports, and other instruments referred to in this Official Statement do not purport to be complete, comprehensive, or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Bonds, the Trust Agreement and the Lease are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Bonds, the Trust Agreement, the Lease, the Constitution and laws of the State, or any proceedings of the City or the Authority are qualified in their entirety by references to such documents, laws, and proceedings, and, with respect to the Bonds, by reference to the Trust Agreement and the Lease. Copies of the Trust Agreement, the Lease, and other documents and information are available for inspection and (upon request and payment to the Authority of a charge for copying, mailing, and handling) for delivery from the Authority at City of Oxnard Financing Authority, 300 West Third Street, Oxnard, California 93030, telephone (805) 385-7475.

THE BONDS

Authorization and Payment of Bonds

The Bonds are being issued pursuant to the Act, the Law, and the provisions of the Trust Agreement. The Bonds will be dated the date of their initial delivery and will mature on the dates and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be paid semiannually on each June 1 and December 1, commencing June 1, 2015 (each, an “Interest Payment Date”), to Owners recorded in the registration books kept by the Trustee as of the fifteenth day of the month preceding the applicable Interest Payment Date (the “Record Date”). Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Bonds will be issued as fully registered bonds in the denomination of \$5,000 each or any integral multiple thereof. Principal of and redemption premium, if any, on each Bond will be payable upon surrender of such Bond at the principal corporate trust office of the Trustee in Los Angeles, California, upon the maturity or earlier redemption thereof. Interest will be payable by check, mailed to the Owners of the Bonds as of the applicable Record Date at their addresses as they appear on the Bond register maintained by the Trustee; provided, however, that interest payable to an Owner of \$1,000,000 or more aggregate principal amount of Bonds will be paid by wire transfer to such account within the United States as such Owner shall have specified in writing prior to the applicable Record Date to the Trustee for such purpose. Certain of the provisions described above will not apply as long as the Bonds are in a book-entry only system. See “APPENDIX F – Book-Entry Only System.”

Redemption of Bonds

Optional Redemption. Bonds maturing on or before June 1, 2024, are not subject to optional redemption prior to their stated maturities. Bonds maturing on or after June 1, 2025, are subject to optional redemption prior to maturity on or after June 1, 2024, at the option of the City, as a whole or in part on any Business Day, at a redemption price equal to the principal amount of the Bonds to be redeemed, without premium, plus accrued but unpaid interest to the redemption date, from amounts deposited with the Trustee by the City in furtherance of the exercise of the City of its option to purchase the Authority's right, title, and interest in the Property or a Component thereof in accordance with the Lease and from any other funds available therefor.

Extraordinary Redemption from Insurance or Condemnation Proceeds. The Bonds are subject to extraordinary redemption prior to maturity in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, in an amount equal to the proceeds of insurance or condemnation awards or other amounts deposited in the Debt Service Fund pursuant to the Trust Agreement. See "APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Trust Agreement."

Mandatory Redemption from Excess Moneys in Project Fund. The Bonds are subject to mandatory redemption prior to maturity in whole or in part on any date, in integral multiples of \$5,000, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, from moneys transferred from the Project Fund to the Debt Service Fund pursuant to the Trust Agreement. See "APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Trust Agreement."

Selection of Bonds for Redemption

Whenever provision is made in the Trust Agreement for the redemption of Bonds and less than all of the outstanding Bonds are to be called for redemption, the Trustee will select Bonds for redemption *pro rata* among maturities, as specified by the Authority, such that substantially equal debt service results for the remaining years of the term of the Lease and such that Base Rental to become due in each remaining year of the term of the Lease will be as nearly equal as possible to Base Rental to come due in every other such year. As to any Bond, such redemption will be in the amount of \$5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized or required pursuant to the Trust Agreement, the Trustee shall give notice (the "Redemption Notice"), at the expense of the City, of the redemption of the Bonds; provided, however, that neither failure of any Owner to receive a Redemption Notice nor any defect in a Redemption Notice shall affect the sufficiency of the proceedings for the redemption of Bonds. Notice of the optional, extraordinary, or mandatory redemption of Bonds, other than any notice that refers to Bonds that are to be redeemed from proceeds of a refunding bond issue, may be given only if sufficient funds have been deposited with the Trustee to pay the applicable redemption price of the Bonds to be redeemed. The Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) that are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) if less than all Outstanding Bonds are to be redeemed, the numbers of the Bonds of the maturities to be redeemed in whole or in part and, in any case, the principal amount of Bonds of each maturity to be redeemed in whole or in part, and (g) the original issue date, interest rate, and stated maturity date of each

Bond to be redeemed in whole or in part. The Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with interest accrued thereon to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

THE FINANCING PLAN

Refunding of the 2003 Bonds

A portion of the proceeds from the sale of the Bonds will be used to refund the outstanding City of Oxnard Financing Authority Lease Revenue Refunding Bonds, 2003 Series A, which were issued by the Authority on May 22, 2003, in the aggregate principal amount of \$18,640,000 (the “2003 Bonds”), of which \$3,500,000 in principal amount is currently outstanding. The 2003 Bonds were issued by the Authority to refund the outstanding City of Oxnard Financing Authority Lease Revenue Refunding Bonds, Series 1993, which were previously issued by the Authority to refinance the acquisition, construction, and/or installation of certain public facilities within the City.

The 2003 Bonds will be refunded and defeased in accordance with the terms of that certain Trust Agreement, dated as of May 1, 2003 (the “2003 Trust Agreement”), by and among the Authority, the City, and the Trustee, as trustee for the 2003 Bonds (the “2003 Trustee”). The 2003 Bonds to be refunded and defeased are listed below:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Interest Rate</u>	<u>Redemption</u> <u>Price</u>	<u>Principal</u> <u>Amount Called</u>	<u>CUSIP No.</u>
2015	3.800%	100%	\$1,715,000	691875 AM0
2016	4.000	100	1,785,000	691875 AN8

On the date of delivery of the Bonds, a portion of the proceeds from the sale of the Bonds (the “2003 Bond Refunding Proceeds”), together with certain moneys currently on deposit in the funds and accounts established under the 2003 Trust Agreement and currently being held by the 2003 Trustee (together with the 2003 Bond Refunding Proceeds, the “Escrow Proceeds”), will be delivered to the Trustee, acting as escrow agent (the “Escrow Agent”) under that certain Escrow Agreement, dated as of November 1, 2014 (the “Escrow Agreement”), by and between the Authority and the Escrow Agent. The Escrow Agent will hold the Escrow Proceeds in an irrevocable escrow fund (the “Escrow Fund”) for the benefit of the owners of the 2003 Bonds, to be applied solely as provided in the Escrow Agreement to redeem all of the outstanding 2003 Bonds on November 24, 2014.

The Project

A portion of the proceeds from the sale of the Bonds will be used to finance the acquisition, construction, and improvement of certain public facilities constituting the Project (as defined herein), as more particularly described in this Official Statement. See “THE PROJECT.”

ESTIMATED SOURCES AND USES OF FUNDS

The following table details the estimated sources and uses of Bond proceeds and available moneys on deposit in the funds and accounts established for the 2003 Bonds.

Table 1
Estimated Sources and Uses of Funds

Estimated Sources:

Principal Amount	\$21,225,000.00
Transferred by the 2003 Trustee from the 2003 Debt Service Fund	68,285.00
Plus: Net Original Issue Premium	2,540,459.85
Less: Underwriter's Discount	<u>(74,741.98)</u>
Total Sources	<u>\$23,759,002.87</u>

Estimated Uses:

Transferred to Escrow Agent for deposit into Escrow Fund ⁽¹⁾	\$ 3,565,629.47
Deposit into Project Fund	20,000,000.00
Deposit into the Costs of Issuance Fund ⁽²⁾	<u>193,373.40</u>
Total Uses	<u>\$23,759,002.87</u>

⁽¹⁾ Comprised of the amounts transferred by the 2003 Trustee from the 2003 Debt Service Fund established under the 2003 Trust Agreement, plus \$3,497,344.47 from the proceeds of the Bonds.

⁽²⁾ Such moneys are expected to be used to pay the fees and expenses of Bond Counsel, Disclosure Counsel, the Financial Advisor, and the Trustee, as well as printing costs and other miscellaneous costs related to the Bonds.

DEBT SERVICE SCHEDULE

The table below presents the annual debt service on the Bonds, assuming that there are no optional, mandatory, or extraordinary redemptions:

Table 2
Debt Service Schedule

Year Ending June 1	Principal of Bonds	Interest on Bonds	Total Debt Service on Bonds
2015	\$ 2,925,000.00	\$ 478,799.86	\$ 3,403,799.86
2016	2,635,000.00	843,950.00	3,478,950.00
2017	900,000.00	764,900.00	1,664,900.00
2018	935,000.00	728,900.00	1,663,900.00
2019	975,000.00	691,500.00	1,666,500.00
2020	1,020,000.00	642,750.00	1,662,750.00
2021	1,075,000.00	591,750.00	1,666,750.00
2022	1,125,000.00	538,000.00	1,663,000.00
2023	1,185,000.00	481,750.00	1,666,750.00
2024	1,240,000.00	422,500.00	1,662,500.00
2025	1,305,000.00	360,500.00	1,665,500.00
2026	1,370,000.00	295,250.00	1,665,250.00
2027	1,440,000.00	226,750.00	1,666,750.00
2028	1,510,000.00	154,750.00	1,664,750.00
2029	<u>1,585,000.00</u>	<u>79,250.00</u>	<u>1,664,250.00</u>
Totals	\$21,225,000.00	\$7,301,299.86	\$28,526,299.86

SECURITY FOR THE BONDS

Base Rental

The Bonds are payable from Base Rental payments to be made by the City to the Authority pursuant to the Lease and from amounts held in certain funds and accounts established under the Trust Agreement. Pursuant to the Trust Agreement, certain of the rights, title, and interest of the Authority under the Lease and under the Property Lease will be assigned to the Trustee for the benefit of the Owners, including, without limitation, the right to receive Base Rental payments under the Lease, but excluding certain rights to payment of the Authority's expenses, its right to indemnification and its right to receive certain notices under the Lease and the Property Lease. Pursuant to the Trust Agreement, the Trustee will receive Base Rental payments for the benefit of the Owners. The City is required under the Lease, subject to its abatement rights discussed below, to make semiannual Base Rental payments from legally available funds, which payments are to be calculated to be sufficient to pay the principal of and interest on the Bonds as and when due.

Additional Rental payments due from the City under the Lease include amounts sufficient to pay certain taxes and assessments charged with respect to the Property, insurance premiums, any rebate amounts required to be paid to the United States Treasury, all fees, costs, and expenses of the Trustee, and certain other administrative expenses due under the Trust Agreement and the Lease. The City is also responsible for the repair and maintenance of the Property required as a result of ordinary wear and tear and want of care on the part of the City during the term of the Lease.

Base Rental payments will be abated in the event of material damage to, material destruction or condemnation of, or a material title defect with respect to, the Property if and to the extent that the fair rental value of the remaining portion of the Property is less than the remaining Base Rental payments. Upon the issuance of the Bonds, the City will certify as to the fair rental value of each Component of the Property.

The City has covenanted in the Lease to take such action as may be necessary to include and maintain all Base Rental and Additional Rental in its annual budget and to make the necessary annual appropriations therefor, as long as a portion of the Property with a fair rental value sufficient to support rental payments under the Lease is available for the City's use.

Should the City default under the Lease, the Lease and the Trust Agreement provide that the Trustee may, with or without terminating the Lease, re-let the Property for the account of the City. In the event the Trustee re-lets the Property without terminating the Lease, the Trustee may hold the City liable for semiannual payments of any cumulative net deficiency in Base Rental payments or Additional Rental under the Lease. In lieu of the foregoing, so long as the Trustee does not terminate the Lease or the City's right to possession of the Property, the Trustee may sue to recover Base Rental payments as they become due. The Trustee may not accelerate the City's obligation to make Base Rental payments.

For a discussion of the terms of the Base Rental payments and Additional Rental payments, and the risks associated therewith, see "RISK FACTORS," "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS," and "APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Lease."

Insurance

Pursuant to the Lease, the City is required to secure and maintain (or cause to be secured and maintained) at all times with insurers of recognized responsibility or through a program of self-insurance (which may include risk sharing pools), insurance coverage on the Property as specified in the Lease, including (1) "all risk" insurance against loss or damage to the Property (excluding damage caused by earthquake and flood), (2) general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from operations involving the Property, with a combined single limit of not less than \$2,000,000 per occurrence (or such greater amount as may from time to time be recommended by the City's risk management officer or an independent insurance consultant retained by the City for that purpose); provided, however, that the City's obligations under this clause (2) may be satisfied by self-insurance, (3) workers' compensation insurance to cover all persons employed by the City in connection with the Property and to cover liability for compensation under the California Labor Code or any act supplemental thereto or in lieu thereof; provided, however, that the City's obligations under this clause (3) may be satisfied by self-insurance, (4) rental interruption insurance to cover loss, total or partial, of the use of any Component of the Property as a result of any of the hazards covered by the "all risk" insurance described above, covering a period of 24 months, in an amount equal to two times the maximum annual Base Rental payments coming due and payable, and (5) a CLTA policy or policies of title insurance for the Property in an amount not less than the initial aggregate principal amount of the Bonds. Pursuant to the Lease, all policies or certificates issued by the respective insurers for insurance, with the exception of workers' compensation insurance, are required to provide that such policies or certificates shall not be cancelled or materially changed without at least 30 days prior written notice to the Trustee. See "APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Lease – Insurance."

No Debt Service Reserve Fund

The Bonds are not secured by a debt service reserve fund.

Investment of Moneys

Amounts on deposit in any fund or account held pursuant to the Trust Agreement will be invested in Permitted Investments, subject to the conditions provided for in the Trust Agreement. All investment earnings on moneys on deposit in the Rebate Fund shall be retained therein and all investment earnings on moneys on deposit in any fund or account held under the Trust Agreement will be transferred to the Debt Service Fund, subject to the obligation of the City and/or the Authority to rebate certain amounts to the United States government as required under the Internal Revenue Code of 1986, as amended. See "APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Trust Agreement."

CITY FINANCIAL INFORMATION

The City enjoys a diversified economic base that supports an improving financial picture for the City. The service industry and agriculture and related businesses provide the largest source of employment in the City. While population growth in the City has flattened since 2012, growth has averaged just over 1% since 2004 as a result of higher employment opportunities and lower housing costs as compared to other regions of the State. There has been significant improvement since 2010 in the unemployment rate, which averaged 9.8% in 2014, as compared to 14.4% in 2010.

In November 2008, City voters approved a one-half cent sales tax increase ("Measure O"). Collection of Measure O sales taxes began in April 2009. While Measure O sales taxes represent a general purpose tax, the City's policy is to use additional revenue generated from Measure O sales taxes

to improve services to the community by adding and improving City facilities and programs. Measure O sale tax revenues have strengthened the City's cash and fund balance positions, even as the recession negatively impacted the base sales tax (1%) and other revenue streams since 2008.

The City, as successor agency to the former redevelopment agency, Community Development Commission ("CDC"), has met all the requirements and received approval from the California Department of Finance for the repayment of loans made by the City to the CDC. The City has calculated the total repayment to the General Fund based on historical Local Agency Investment Fund ("LAIF") rates at \$7.6 million dollars, paid beginning in fiscal year 2014-15 at the rate of approximately \$770,000 annually (representing a total annual repayment of \$960,000, less 20% to the required low and moderate income housing obligations). The applicable repayment amounts were reflected as a receivable on the City's balance sheet for fiscal year 2012-13, with offsets in deferred revenues (accrued interest portion) and non-spendable fund balance (principal portion).

Like many cities, Oxnard experienced significant revenue reductions due to the recession in fiscal years 2008-09 and 2009-10. Recent economic growth, while not strong, has resulted in an average General Fund revenue growth of just over 2% between fiscal years 2010-11 and 2013-14, after adjusting for one-time items. The City's budget for fiscal year 2014-15 was based on an assumed 4% growth in tax revenues. However, because fiscal year 2013-14 actual revenues were higher than budgeted, fiscal year 2014-15 revenues are expected to be higher than budgeted as well. The decline in fiscal year 2012-13 revenues was due to a timing difference in the disbursement of Measure O sales tax revenues by the State.

The fiscal year 2014-15 general fund budget for operating expenditures represents an increase of approximately \$5.2 million, or 4.7%, as compared to fiscal year 2013-14 actual expenditures. The City's fiscal year 2014-15 budget includes the full year impact of approved salary increases effective January 2014, a \$1 million increase, as well as step increases of approximately \$0.9 million. The costs associated with CalPERS rate adjustments and the Affordable Care Act added \$1 million to the budget for fiscal year 2014-15. Training and initial staffing costs paid related to the Measure O sale tax implementation are also included in the costs for the new Fire Station at College Park (Station 8). The budget for fiscal year 2014-15 includes \$11.4 million for capital outlays to complete various Measure O-related projects and to initiate a major street repaving program.

The following tables provide the City's balance sheet for its general fund for fiscal years 2008-09 through 2013-14 and a statement of revenues, expenditures, and changes in fund balances for the City's general fund for fiscal years 2008-09 through 2014-15, including budgetary information. Balance sheet budgetary information for the City's fiscal year 2014-15 is not available. See also "APPENDIX C – City of Oxnard Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013."

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Table 3
City of Oxnard General Fund Balance Sheet
For Fiscal Year 2008-09 through Fiscal Year 2013-14

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14 ⁽¹⁾
ASSETS						
Cash and cash equivalents	\$18,376,293	\$22,387,807	\$22,005,593	\$13,612,197	\$15,092,682	\$23,402,945
Accounts and other receivables	2,896,463	2,994,596	2,119,208	2,031,640	2,265,165	2,006,459
Due from other funds	6,397,244	7,871,572	10,319,096	12,726,983	10,141,052	15,664,765
Due from Successor Agency	-	-	-	2,572,528	7,624,876	-
Due from other governments	5,467,545	5,343,610	6,958,448	10,346,226	8,332,752	7,958,839
Advances to other funds	-	-	-	-	-	-
Other assets	-	-	10,700	424,642	112,697	-
Total Assets	\$33,137,545	\$38,597,585	\$41,413,045	\$41,714,216	\$43,569,224	\$49,033,008
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 1,874,869	\$2,675,563	\$3,051,309	\$2,477,543	\$ 4,152,943	\$3,624,576
Other liabilities	6,765,088	5,593,442	4,558,250	5,186,167	3,813,978	5,358,640
Due to other funds	-	-	-	-	-	-
Deferred/unearned revenues	702,851	601,786	682,651	290,455	3,387,258	3,176,267
Total Liabilities	9,342,808	8,870,791	8,292,210	7,954,165	11,354,179	12,159,483
Fund balances						
Reserved						
Encumbrances	-	-	-	-	-	8,585
Advances	-	-	-	-	-	-
Restricted revenue	-	-	-	-	-	-
Carryover savings	-	-	-	-	-	-
Unreserved						
Undesignated and available for future operations	18,246,066	18,457,607	-	-	-	-
Designated (Community Development)	5,548,671	11,269,187	-	-	-	-
Operating Reserves and economic contingencies						
Nonspendable						
Prepayments	-	-	-	-	112,697	-
Long-term receivable	-	-	-	-	4,601,506	4,620,492
Restricted	-	-	-	-	1,482,872	-
Assigned						
Capital projects	-	-	-	-	-	-
Measure "O" service enhancement			17,472,751	18,093,783	14,658,123	18,261,567
Other purposes	-	-	-	-	-	-
Unassigned			15,648,084	15,666,268	11,359,847	13,991,466
Total Fund Balances	23,794,737	29,726,794	33,120,835	33,760,051	32,215,045	36,873,525
Total Liabilities and Fund Balances	\$33,137,545	\$38,597,585	\$41,413,045	\$41,714,216	\$43,569,224	\$49,033,008

Source: City's Comprehensive Annual Financial Report for applicable fiscal years, except as footnoted below.

(1) Source: City's unaudited financial data.

Table 4
City of Oxnard
Statement of Revenues, Expenditures, and Changes
In General Fund Balances
For Fiscal Year 2008-09 through Fiscal Year 2014-15
(Including Budgeted Amounts)

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14 ⁽¹⁾	FY 2014-15 ⁽²⁾
REVENUES							
Taxes							
Property tax	\$ 42,064,493	\$ 40,345,720	\$39,104,079	\$40,027,900	\$ 41,224,088	\$ 42,115,584	\$43,334,000
Sales tax	24,043,286	28,103,051	33,396,737	37,453,124	35,156,013	38,287,439	39,619,000
Transient occupancy tax	3,328,803	3,061,163	3,301,864	3,402,793	3,826,954	4,239,110	4,236,000
Business license	5,059,323	4,692,615	4,412,881	6,125,278	4,562,692	5,125,801	5,344,000
Franchise tax	4,635,616	3,439,645	3,495,532	3,435,823	3,842,351	3,507,432	3,203,000
Other taxes	712,975	636,895	631,841	529,451	748,284	677,091	698,000
Licenses and permits	1,726,375	1,523,926	1,298,939	1,802,900	1,862,813	2,428,553	2,439,000
Intergovernmental	10,617,332	11,093,447	12,451,920	11,821,579	13,127,768	13,168,255	13,388,697
Charges for services	10,648,706	10,917,704	10,512,219	9,366,140	8,710,647	8,823,696	8,775,462
Fines and forfeitures	690,029	627,327	657,538	620,374	487,297	443,699	474,000
Interest on investments	1,201,095	663,552	501,703	377,817	151,104	411,506	180,000
Miscellaneous	4,241,898	4,159,988	3,289,632	5,136,999	3,408,890	4,417,045	3,467,000
Total Revenues	\$108,969,931	\$109,265,033	\$113,054,885	\$120,100,178	\$116,972,901	\$123,645,211	\$125,158,159
EXPENDITURES							
Current							
General government	\$ 11,353,389	\$ 10,769,139	\$ 10,561,644	\$ 10,049,461	\$ 10,114,846	\$ 9,541,347	\$ 11,690,397
Public safety	58,063,732	63,054,917	65,136,544	65,037,151	68,591,284	70,074,689	70,125,801
Transportation	4,402,407	4,539,680	4,577,506	4,411,287	4,032,023	3,464,755	3,921,486
Community development	10,829,145	10,867,404	9,692,678	9,105,238	9,079,931	9,069,503	11,282,112
Culture and leisure	13,427,946	11,954,916	12,250,438	11,551,617	12,371,602	13,288,540	13,399,977
Library services	4,709,777	4,611,497	4,616,656	4,523,541	4,305,466	4,222,264	4,391,651
Total Expenditures	\$102,786,396	\$105,797,553	\$106,835,466	\$104,678,295	\$108,495,152	\$109,661,098	\$114,811,424
Excess (deficiency) of revenues over expenditures	\$6,183,535	\$3,467,480	\$6,219,419	\$15,421,883	\$8,477,749	\$13,984,113	\$10,346,735
OTHER FINANCING SOURCES (USES)							
Transfers in	\$2,836,750	\$5,952,395	\$5,939,476	\$ 36,750	\$ 132,580	\$37,000	\$37,000
Transfers out	(4,883,288)	(3,329,955)	(4,919,740)	(5,001,275)	(5,424,980)	(5,989,482)	(5,946,284)
Capital Outlay	(795,364)	(157,863)	(3,845,114)	(9,818,142)	(7,198,960)	(2,213,224)	(13,608,111)
Total other financing sources (uses)	(\$2,841,902)	\$2,464,577	(\$2,825,378)	(\$14,782,667)	(\$12,491,360)	(\$8,165,706)	(\$19,517,395)
Net changes in fund balances	\$ 3,341,633	\$ 5,932,057	\$ 3,394,041	\$ 639,216	(\$4,013,611)	\$5,818,407	(\$9,170,660)
Fund balances, July 1	\$20,453,104	\$23,794,737	\$29,726,794	\$33,120,835	\$33,760,051	\$32,215,045	\$36,873,525
Prior period adjustment	0	0	0	0	\$2,468,605	(1,159,927)	0
Fund balances, June 30	\$23,794,737	\$29,726,794	\$33,120,835	\$33,760,051	\$32,215,045	\$36,873,525	\$27,702,865

Source: City's Comprehensive Annual Financial Report for applicable fiscal years, except as footnoted below.

(1) Source: City's unaudited financial data.

(2) Source: City's Monthly Budget Status Report as of August 31, 2014.

RISK FACTORS

Investment in the Bonds involves risks that may not be appropriate for certain investors. The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth herein, in evaluating the Bonds for investment. The information set forth below does not purport to be an exhaustive listing of the risks and other considerations that may be relevant to an investment in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Bonds are Limited Obligations

The Bonds are limited obligations of the Authority payable solely from and secured solely by the Base Rental payments and amounts held in certain funds and accounts established under the Trust Agreement. Neither the full faith and credit nor the taxing power of City, the County, the State, or any political subdivision of the State is pledged to the payment of the Bonds. The Authority has no taxing power. The obligation of the City to make Base Rental payments under the Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Base Rental payments constitutes an indebtedness of the Authority, the City, the County, the State, or any political subdivision of the State, within the meaning of any constitutional or statutory debt limitation or restriction.

The obligation of the City to make Base Rental payments is in consideration of the right of the City to continued use and occupancy of the Property. In the event of substantial interference with the City's use and occupancy of the Property, the obligation of the City to make Base Rental payments may be abated in whole or in part as described herein. See "RISK FACTORS – Abatement."

Availability of Moneys for Base Rental Payments

The City's Base Rental payments and other payments due under the Lease (including insurance, payment of costs of improvements, repair, and maintenance of the Property, and taxes and other governmental charges and assessments levied against the Property) are not secured by any pledge of any form of taxation or revenues of the City but are payable from any funds lawfully available to the City. Additionally, the City may pledge such revenues to other obligations or purposes in the future, thus making them unavailable as a source of payment of the Base Rental. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other City services or obligations prior to making Base Rental payments. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII B of the California Constitution" and "APPENDIX C – City of Oxnard Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013."

No Debt Service Reserve Fund

The Bonds are not secured by a debt service reserve fund.

Limited Recourse on Default

If the City defaults on its obligations to make Base Rental payments with respect to the Property, the Trustee has the right to re-enter and re-let the Property. In the event such re-letting occurs, the City

would be liable for any deficiency in Base Rental payments that results therefrom. See “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Lease.”

No assurance can be given, however, that the Trustee will be able to re-let the Property so as to provide rental income sufficient to pay principal of and interest on the Bonds in a timely manner. The Trustee is not empowered to sell a fee simple interest in the Property for the benefit of the owners of the Bonds. It is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect thereto. Any suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Abatement

Except to the extent of amounts otherwise available to the Trustee for payments with respect to the Bonds, the obligation of the City to make Base Rental payments will be abated proportionately during any period which by reason of any damage or destruction or taking by eminent domain or by condemnation there is substantial interference with the City’s right to use and occupy the Property, such that the resulting payments of Base Rental represent fair rental value for the right of use and possession of the item or portion of the Property not damaged, destroyed, or taken. Such abatement would continue for the period commencing with such damage, destruction, or taking and ending with the substantial completion of the replacement, repair, or reconstruction permitting use and occupancy by the City. In the event of any such damage, destruction, or taking, the Lease will continue in full force and effect and the City has waived any right to terminate the Lease by virtue of any such damage or destruction or taking. The Trustee cannot terminate the Lease in the event of such damage, destruction, or taking.

In the event the Property is not repaired or replaced during the period that proceeds of the City’s rental interruption insurance are available in lieu of related Base Rental payments (the City has covenanted to maintain rental interruption insurance covering a period of 24 months in an amount equal to two times the maximum annual Base Rental payments coming due and payable, except no such insurance must be maintained for damage or destruction due to or caused by flood or earthquake), or in the event that casualty insurance proceeds or condemnation award proceeds are insufficient to provide for complete repair of the Property, as the case may be, there could be insufficient funds to cover payments to Owners in full. See “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Lease.”

Substitution of Property

The Lease provides that, upon satisfaction of certain conditions, the City may substitute other real property for one or more of the Components. See “APPENDIX A – Summary of Certain Provisions of the Principal Legal Documents – Lease.” Although the Lease requires that the substitute property have an annual fair rental value at least equal to the annual fair rental value of the Component being substituted, the Lease does not require that the substituted property be of any particular type. Consequently, upon the occurrence of an event of default under the Lease, a substituted Component could be more difficult to re-let than the original Component.

No Acceleration Upon Default

In the event of a default in the payment of the Base Rental or the Bonds, there is no available remedy of acceleration of the Bonds or of the total Base Rental payments due over the term of the Lease. The City will only be liable for Base Rental payments on an annual basis and the Trustee would be required to seek a separate judgment in each Fiscal Year for that Fiscal Year’s Base Rental payments.

Seismic Activity; Flood Zone

The Lease does not require the City to maintain earthquake insurance on the Property. The City area, however, along with much of the State, shares a history of seismic activity and is thus listed as a “Zone 4” earthquake area in the Uniform Building Code. A Zone 4 designation has the most restrictive design requirements for new construction.

There are no known major earthquake faults within the boundaries of the City; however, there are several faults, including the San Andreas Fault and the San Gabriel Fault, that are considered active faults and that are located within a radius of approximately 50 miles from the City. Activity along these faults could potentially result in damage to the buildings, roads, bridges, and property within the City, including the Property, in the event of a major earthquake.

If a major earthquake were to occur, it may substantially damage or destroy all or a portion of the Property, which could result in abatement of the Base Rental payments and, in turn, a default in the payment of principal of and interest on the Bonds. The occurrence of severe seismic activity in the area of the Property could result in substantial damage and interference with the City’s right to use all or a portion of the Property, and thereby result in an abatement of the Base Rental payments and a default in the payment of principal of and interest on the Bonds.

The Property, which the City is leasing pursuant to the Lease, consists of the following Components, each located in the City: The Oxnard Library and the Administrative Annex. The Oxnard Library was built in 1990 and has not had any seismic retrofits completed. The building has been determined by the City not to exhibit structural irregularities that would warrant an investigation into retrofit. The Administrative Annex, located at 300 W. Third Street, was built in 1964 and has not had any seismic retrofits completed. The building has been determined by the City not to exhibit structural irregularities that would warrant an investigation into retrofit. For a further description of the Components of the Property, see “THE PROPERTY.”

The Property is located in a flood insurance rate zone designated by the Federal Emergency Management Agency (“FEMA”) as “Zone C.” According to FEMA, Zones B, C, and X refer to flood insurance rate zones that are not within the 100-year floodplain and are therefore not considered to pose a flood hazard. Consequently, no flood insurance has been or will be obtained by the City with respect to the Property. The term “100-year flood” refers to the flood elevation that has a 1% chance of being equaled or exceeded in any given year. A base flood may also be referred to as a “100-year storm” and the area inundated during the base flood is sometimes called the “100-year floodplain.” The 100-year flood, which is the standard used by most federal and state agencies, is used by the National Flood Insurance Program as the standard for floodplain management and to determine the need for flood insurance.

Bankruptcy

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement and Lease may be limited by and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors’ rights.

Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the City, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the

Trustee, and the Authority could be prohibited from taking any steps to enforce their rights under the Lease, and from taking any steps to collect amounts due from the City under the Lease.

Loss of Tax Exemption

As discussed under the caption “TAX MATTERS,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of acts or omissions of the Authority or the City in violation of the Internal Revenue Code of 1986, as amended. Should such an event of taxability occur, the Bonds are not subject to acceleration or special redemption and will remain outstanding until maturity or until redeemed in accordance with the provisions of the Trust Agreement.

In addition, no assurance can be given that future legislation, including amendments to the Internal Revenue Code of 1986, as amended, or interpretations thereof, if enacted into law, will not contain provisions that could directly or indirectly reduce the benefit of the excludability of the interest on the Bonds from gross income for United States federal income tax purposes. For example, the Fiscal Year 2015 Budget proposed on March 4, 2014, by the Obama Administration recommends a 28% limitation on “all itemized deductions, as well as other tax benefits” including “tax-exempt interest.” The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond. Similarly, on February 26, 2014, Dave Camp, Chairman of the United States House Ways and Means Committee, released a discussion draft of a proposed bill which would significantly overhaul the Federal Tax Code, including the repeal of many deductions; changes to the marginal tax rates; elimination of tax-exempt treatment of interest for certain bonds issued after 2014; and a provision similar to the 28% limitation on tax-benefit items described above (at 25%) which, as to certain high income taxpayers, effectively would impose a 10% surcharge on their “modified adjusted gross income,” defined to include tax-exempt interest received or accrued on all bonds, regardless of issue date.

Economic, Political, Social, and Environmental Conditions

Prospective investors are encouraged to evaluate current and prospective economic, political, social, and environmental conditions as part of an informed investment decision. Changes in economic, political, social, or environmental conditions on a local, state, federal, or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) the reduction or elimination of previously available State or federal revenues, fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage and natural disasters.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the California Constitution

Section 1(a) of Article XIII A of the California Constitution (“Article XIII A”) limits the maximum *ad valorem* tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by each county and apportioned among the county and other public agencies and funds according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on (a) indebtedness approved by the voters prior to July 1, 1978, (b) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or (c) bonded indebtedness incurred by a school district or a community college district for the construction,

reconstruction, rehabilitation, or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Section 2 of Article XIII A defines “full cash value” to mean “the County Assessor’s valuation of real property as shown on the 1975/76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year or to reflect a reduction in the consumer price index or comparable data for the area under the taxing jurisdiction, or reduced in the event of declining property values caused by substantial damage, destruction, or other factors.

Legislation enacted by the State Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any *ad valorem* property tax that exceeds the 1% limitation imposed by Article XIII A except to pay debt service on indebtedness approved by the voters as described above. In addition, legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. Prior to fiscal year 1981-82, assessed valuations were reported at 25% of the full value of the property. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter-approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

In the June 1990 election, the voters of the State approved amendments to Article XIII A permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for a replacement dwelling purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of “new construction” triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters of the State approved an amendment of Article XIII A to permit the State Legislature to exclude from the definition of “new construction” seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990. Since 1990, the voters have approved several other minor exemptions from the reassessment provisions of Article XIII A.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B of the California Constitution

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution (“Article XIII B”). In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B of the California Constitution limits the annual appropriations of the State and of any city, county, school district, authority, or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and cost of services rendered by the governmental entity. The “base year” for establishing such appropriation limit is fiscal year 1978-79. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate

increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations of an entity of local government subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues, and (iii) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Proposition 111

In June 1990, the voters of the State approved Proposition 111, which amended the method of calculating State and local appropriations limits. As amended in June 1990, the appropriations limit for an entity of local government in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The "change in the cost of living," with respect to an entity of local government other than a school district or a community college district is, at such entity of local government's option, either (A) the change in the California per capita personal income ("CPCPI") from the preceding year, or (B) the change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction, as selected annually by such entity of local government by a recorded vote of such entity's governing body. Previously, the lower of the CPCPI or the United States Consumer Price Index was used. The "change in population" for a local agency for a calendar year for each city and county, means the change in population between January 1 of the next calendar year and January 1 of the calendar year in question, as estimated by the State Department of Finance pursuant to Section 2227 of the California Revenue and Taxation Code, for either (A) within its own jurisdiction, or (B) for a city only, within the county in which the city is located. Previously, a city only could use the change of population within its own jurisdiction. Each city shall select its change in population annually by a recorded vote of the governing body of the City.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the City over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

Proposition 111 also recomputed the appropriations limit for the fiscal year by adjusting the fiscal year 1986-87 limit by the CPCPI for the three subsequent years. Proposition 111 also excluded appropriation for "all qualified capital outlay Expansion Projects, as defined by the Legislature" from the definition of "appropriations subject to limitation."

Article XIII B allows voters to approve a temporary waiver of a government's Article XIII B limit. Such a waiver is often referred to as a "Gann limit waiver." The length of any such waiver is limited to four years. The Gann limit waiver does not provide any additional revenues to the City or allow the City to finance additional services.

Base Rental and Additional Rental payments are subject to the Article XIII B appropriations limitations. According to the City's resolution establishing appropriation limits for Fiscal Year 2013-14, the City calculated its appropriations limit at \$282,388,942. For Fiscal Year 2014-15, the City calculated its appropriations limit at \$285,402,060. The City's appropriations have never exceeded the limitation on appropriations under Article XIII B of the California Constitution. The impact of the appropriations limit on the City's financial needs in the future is unknown.

Articles XIII C and XIII D of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Article XIII C ("Article XIII C") and Article XIII D ("Article XIII D") to the California Constitution, which contain a number of provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of certain provisions of Proposition 218 will ultimately be determined by the courts with respect to some of the matters discussed below. It is not possible at this time to predict with certainty the future impact of such interpretations. The provisions of Proposition 218, as so interpreted and applied, may affect the City's ability to meet certain obligations.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes, even if deposited in a general fund such as the City's General Fund, require a two-thirds vote. Article XIII C further provides that any general purpose tax imposed, extended, or increased, without voter approval, after December 31, 1994, may continue to be imposed only if approved by a majority vote in an election which must be held within two years of November 5, 1996. The City has not so imposed, extended or increased any such taxes which are currently in effect.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees and charges were imposed. Article XIII C expands the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Article XIII C to fees imposed after November 6, 1996, and absent other legal authority could result in the retroactive reduction in any existing taxes, assessments, or fees and charges. No assurance can be given that the voters of the City will not, in the future, approve initiatives which reduce or repeal, or prohibit the future imposition or increase of, local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. "Assessments," "fees" and "charges" are not defined in Article XIII C, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as for Article XIII D described below. If not, the scope of the initiative power under Article XIII C potentially could include any General Fund local tax, assessment, or fee not received from or imposed by the federal or State government or derived from investment income.

The City does not levy any property related "fees" or "charges" that it considers subject to challenge under Article XIII C.

The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIID also added several new provisions relating to how local agencies may levy and maintain “assessments” for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that the assessment must confer a “special benefit,” as defined in Article XIID, over and above any general benefits conferred, and (iii) a majority protest procedure which involves the mailing of a notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party. “Assessment” in Article XIID is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property and applies to landscape and maintenance assessments for open space areas, street medians, street lights and parks. The City has followed all of the requirements of Article XIID in connection with the formation of all of its existing landscape and lighting districts through which it has financed open space areas, street medians, street lights and parks, and intends to continue such compliance.

In addition, Article XIID added several provisions affecting “fees” and “charges,” defined for purposes of Article XIID to mean “any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Depending on the interpretation of what constitutes a “property related fee” under Article XIID, there could be future restrictions on the ability of the City’s General Fund to charge its enterprise funds for various services provided. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for wastewater, water and refuse collection services, or fees for electrical and gas service, which are not treated as “property related” for purposes of Article XIID, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

Proposition 62

A statutory initiative (“Proposition 62”) was adopted by the voters of the State at the November 4, 1986 general election which (a) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency’s legislative body and by a majority of the electorate of the governmental entity, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within the jurisdiction, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax is imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A, (e) prohibits the imposition of transaction

taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988. The requirements imposed by Proposition 62 were generally upheld by the California Supreme Court in Santa Clara County Local Transportation Authority v. Guardino, 11 Cal.4th 220; 45 Cal .Rptr.2d 207 (1995).

Proposition 62 applies to the imposition of any taxes or the effecting of any tax increases after its enactment in 1986, but the requirements of Proposition 62 are subsumed by the requirements of Proposition 218 for the imposition of any taxes or the effecting of any tax increases after November 5, 1996. See “ – Articles XIII C and XIII D of the California Constitution” above.

The City has not imposed any taxes or effected any tax increases after the enactment of Proposition 62 in 1986 and prior to the effective date of Proposition 218 on November 5, 1996, other than special taxes that were approved by a vote of two-thirds of the applicable electorate.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, and Article XIII D, and Propositions 62, 111, and 218, were each adopted as measures that qualified for the ballot pursuant to California’s constitutional initiative process. From time to time other initiative measures could be adopted, affecting the ability of the City to increase revenues and to increase appropriations.

THE AUTHORITY

The Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California pursuant to a Joint Exercise of Powers Agreement, dated as of October 8, 1991, as amended on April 21, 1992, by and among the City, the Oxnard Community Development Commission (as successor to the former Redevelopment Agency of the City of Oxnard), and the Housing Authority of the City of Oxnard. The Authority was created to finance the cost of any capital improvement, working capital, or liability and other insurance needs, or projects wherever there are significant public benefits, as determined by the City.

The Authority is governed by a five-member Governing Board. The current members of the Board, who are the members of the City Council, are listed below:

<u>Name</u>	<u>Office</u>
Tim Flynn	Chairman
Carmen Ramirez	Vice Chair
Bryan A. MacDonald	Board Member
Dorina Padilla	Board Member
Bert E. Perello	Board Member

The Authority is also served by the officers listed below who, in the case of the Authority Controller and General Counsel, serve in these capacities by virtue of their duties as Chief Financial Officer and Interim City Attorney, respectively, of the City, or, in the case of the Authority Secretary, is appointed by the Board and serves at the pleasure of the Board. The officers of the Authority are listed below:

<u>Name</u>	<u>Position</u>
James Cameron	Controller
Michael J. More	Assistant Controller
Stephen Fischer	Interim General Counsel
Daniel Martinez	Secretary

Neither the Authority nor its Board members have any obligations or liability to the Owners of the Bonds with respect to the payment of Base Rental by the City under the Lease, or with respect to the performance of the City of other covenants made by it in the Lease.

THE PROPERTY

The Property, which the City is leasing pursuant to the Lease, consists of the following Components, each located in the City:

Oxnard Library. The City's main library facility is a modern steel and brick building located at 251 South A Street, adjacent to the Civic Center. Completed in 1990 as part of a new Civic Center, the Library is an established meeting place and focal point for the community, serving a population of approximately 200,000. In addition to the usual collection of books, the Library also contains meeting rooms used by City staff and others. The Library occupies approximately 72,000 square feet of space. The City has insured the Library structure for \$20,386,947.

Administration Annex. The Administration Annex, located at 300 West Third Street, is a four-story, 37,596-square foot structure used as the City's administration building. The annex was built in 1967 and provides offices for the City Council, the City Manager's Department, the Finance Department, the City's Information Systems Division, and the Human Resources Department. The Administration Annex underwent significant exterior and interior renovation between 2001 and 2003, including a remodel of the first floor to accommodate the Human Resource Department and upgrades to the HVAC and elevator systems. The City has insured the Administrative Annex for \$10,709,156.

Pursuant to the Lease, if no default or event of default has occurred and is continuing under the Lease, the City may acquire from the Authority, free and clear of the Authority's rights under the Lease, any Component upon substituting therefor, and subjecting to the terms of the Lease, another component that has an annual fair rental value at least equal to 100% of the maximum amount of Base Rental payments with respect to the Component being replaced becoming due in the then current Lease Year or in any subsequent Lease Year and a remaining useful life that is at least equal to the remaining term of the Lease.

In addition, pursuant to the Lease, after the payment of all Base Rental due with respect any Component that is being leased under the Lease for a period that is shorter than the Lease Term, and upon payment of the allocable portion of the Bonds related to such Component, title to such Component, and any improvements thereon or additions thereto, shall be transferred directly to the City or, at the option of the City, to any assignee or nominee of the City, free and clear of any interest of the Authority. The Authority shall execute and deliver to the City a quitclaim deed conveying to the City or its nominee the Authority's right, title, and interest in such Component. The Authority presently anticipates that the Component described as the Administrative Annex will be transferred to the City or its assignee as described in the preceding sentence after the June 1, 2016, principal payment on the Bonds has been made.

THE PROJECT

Proceeds from the sale of the Bonds will be used to finance some or all of the Project, which is expected to cost approximately \$30,700,000, and which is comprised of the construction, improvement, and resurfacing of certain streets and roadways within certain residential neighborhoods within the City, including (but not limited to) the following:

- La Colonia Neighborhood Resurfacing Phase 2
- Redwood Neighborhood Resurfacing
- Pleasant Valley Estates Neighborhood Resurfacing
- La Colonia Neighborhood Resurfacing Phase 3
- Fremont North Neighborhood Resurfacing
- College Estates Neighborhood Resurfacing
- Sierra Linda Neighborhood Resurfacing
- Orchard Park Neighborhood Resurfacing
- South Bank Neighborhood Resurfacing
- Rio Lindo Neighborhood Resurfacing
- Windsor North River Ridge Neighborhood Resurfacing
- Bryce Canyon South Neighborhood Resurfacing
- Channel Islands Neighborhood Resurfacing
- Miscellaneous Street Improvements

The City expects to finance a portion of the Project with proceeds from the sale of the Bonds and to complete the remainder of the Project using available City moneys on a pay-as-you-go basis.

TAX MATTERS

Bond Counsel Opinion

In the opinion of Goodwin Procter LLP, Los Angeles, California, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings, and judicial decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and requirements, interest on the Bonds is excluded from gross income for United States federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is exempt from State of California personal income taxes. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the United States federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. A copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is set forth in Appendix D attached hereto and will accompany the Bonds.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for United States federal income tax purposes of interest received by persons such as the Owners of the Bonds. The Authority has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Bonds will

not be included in gross income for United States federal income tax purposes. Inaccuracy of these representations or failure to comply with those covenants may result in interest on the Bonds being included in gross income for United States federal income tax purposes, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of those representations and compliance with those covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of interest on the Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the United States federal or State tax status of interest on the Bonds or the tax consequences of ownership of the Bonds. No assurance can be given that future legislation, including amendments to the Code or interpretations thereof, if enacted into law, will not contain provisions that could directly or indirectly reduce the benefit of the excludability of the interest on the Bonds from gross income for United States federal income tax purposes.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for United States federal and State personal income tax purposes, a United States (“U.S.”) holder’s United States federal and State tax liability may otherwise be affected by the ownership or disposition of the Bonds. The nature and extent of such other tax consequences will depend upon the U.S. holder’s particular circumstances, including other items of income or deduction. Bond Counsel has expressed no opinion regarding any such other tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors concerning collateral tax consequences with respect to the Bonds.

Subsequent to the issuance of the Bonds, there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. Legislative changes have been proposed in Congress, which changes, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as the Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Bonds. No assurance can be given that, subsequent to the issuance of the Bonds, such changes (or other changes) will not be introduced or enacted or interpretations will not occur. Before purchasing any of the Bonds, potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the Bonds, as to all of which Bond Counsel expresses no opinion.

Risk of Audit by Internal Revenue Service

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the Owners thereof for United States federal income tax purposes. No assurances can be given as to whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS is likely to treat the Authority as the taxpayer and the Owners of the Bonds may have no right to participate in such procedure.

Bond Counsel’s opinion represents its legal judgment based upon its review of existing law, regulations, rulings, judicial decisions, and other authorities, and upon the covenants and representations of the parties and such other facts as it has deemed relevant to render such opinion, and is not a guarantee of a result. Bond Counsel is not obligated to defend the tax-exempt status of the Bonds. Neither the Authority nor Bond Counsel is responsible to pay or reimburse the costs of any Owner with respect to any audit or litigation relating to the Bonds.

Original Issue Discount and Premium

If the Bonds' "stated redemption price at maturity" (generally the sum of all payments required under the Bonds other than payments of stated interest payable at least annually over the term of such Bonds) exceeds their issue price by more than a de minimis amount, the difference constitutes "original issue discount" or "OID" the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest on the Bonds that is excluded from gross income for United States federal income tax purposes. OID with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). Any accruing OID is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. U.S. holders of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount.

In general, if the Bonds are issued for an amount greater than the stated principal amount of the Bonds, the Bonds will be considered to have "amortizable bond premium." No deduction is allowable for the amortizable bond premium in the case of bonds, like the Bonds, the interest on which is excluded from gross income for United States federal income tax purposes. However, the amount of tax-exempt interest received, and a U.S. holder's basis in a Bond issued with acquisition premium, would be reduced by the amount of amortizable bond premium properly allocable to such U.S. holder. U.S. holders of Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor, with a Form W-9 "Request for Taxpayer Identification Number and Certification," unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an Owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the Owner's federal income tax once the required information is furnished to the IRS.

RATING

Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Inc. ("S&P"), has assigned its municipal bond rating of "A+" to the Bonds. Such rating reflects only the views of the rating agency furnishing the same and any desired explanation of the significance of such rating should be obtained from the rating agency at the following address: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be

revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the foregoing rating may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The Authority will covenant in the Continuing Disclosure Agreement to provide certain financial information and operating data relating to the City and the Authority and notices of certain events listed therein. Such information and notices will be filed by the Authority with the Municipal Securities Rulemaking Board. The specific nature of the information to be provided is set forth in the Continuing Disclosure Agreement, a form of which is attached hereto as Appendix E. This covenant has been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), as amended. See “APPENDIX E – Form of Continuing Disclosure Agreement.”

During the last five years, the City and the Authority failed to comply in certain respects with continuing disclosure obligations related to outstanding bonded indebtedness. Such failures to comply were limited to the failure to provide material event notices regarding changes in the ratings of outstanding bonded indebtedness of the Authority resulting from changes in the ratings to the applicable bonds or of the bond insurers insuring such bonded indebtedness. As of the date of this Official Statement, the Authority has filed material event notices with respect to all such changes in the ratings of its outstanding bonded indebtedness or of the bond insurers insuring such bonded indebtedness.

Other than as set forth above, the Authority believes that, in the last five years, the City and the Authority have materially complied with their respective continuing disclosure undertakings.

UNDERWRITING

The Bonds are being purchased by J.P. Morgan Securities LLC (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$23,690,717.87 (which represents the aggregate principal amount of the Bonds, less an Underwriter’s discount of \$74,741.98, plus a net original issue premium of \$2,540,459.85).

The Underwriter has entered into a negotiated dealer agreement (the “Dealer Agreement”) with Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Dealer Agreement (if applicable to this transaction), CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

The contract of purchase pursuant to which the Bonds are being purchased by the Underwriter provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the contract of purchase.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices or yields different from the prices or yields stated on the cover page of this Official Statement. In addition, the offering prices or yields may be changed from time to time by the Underwriters.

Although the Underwriter expects to maintain a secondary market in the Bonds after the initial offering, no guarantee can be made that such a market will develop or be maintained by the Underwriter or others.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the Authority and the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Authority and the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

LITIGATION

The City and the Authority will certify, and the Interim City Attorney will render opinions on behalf of the City and the Authority upon the issuance of the Bonds to the effect that, there is no action, suit or proceeding known to the City or the Authority to be pending or threatened, restraining, or enjoining the execution or delivery of the Bonds, the Trust Agreement, the Lease, or the Property Lease, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City or the Authority taken with respect to any of the foregoing or that will materially adversely affect the City's ability to pay Base Rental payments when due.

CERTAIN LEGAL MATTERS

Goodwin Procter LLP, Los Angeles, California, Bond Counsel, will render an opinion with respect to the Bonds in substantially the form set forth in Appendix D hereto. Copies of such opinion will be furnished to the Underwriter at the time of delivery of the Bonds. Certain legal matters will be passed upon for the City and the Authority by the Interim City Attorney and by Disclosure Counsel, Goodwin Procter LLP, Los Angeles, California, and for the Underwriter by Polsinelli LLP, Los Angeles, California.

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MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds and of statutes and documents contained in this Official Statement do not purport to be complete, and reference is made to such statutes and documents for full and complete statements of their provisions.

The preparation and distribution of this Official Statement have been authorized by the Authority and the City.

CITY OF OXNARD FINANCING AUTHORITY

By: /s/ James Cameron
Controller

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the Trust Agreement, the Lease, and the Property Lease. This summary does not purport to be complete and is qualified in its entirety by reference to said documents.

SELECTED DEFINITIONS

“Additional Rental” means the amounts specified as such in the Lease.

“Authority Representative” means the Chairman, the Vice Chairman, or the Controller of the Authority, or another official designated by such officer and authorized to act on behalf of the Authority under or with respect to the Trust Agreement, the Lease, the Property Lease, and all other agreements related thereto.

“Authorized Denomination” means \$5,000 or any integral multiple thereof.

“Base Rental” means the amounts specified as such in the Lease, as such amounts may be adjusted from time to time in accordance with the terms of the Lease, but does not include Additional Rental.

“Beneficial Owner” means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Bond Register” means the registration books referred to in the Trust Agreement.

“Bond Year” means the period of twelve consecutive months commencing on June 2 and ending on June 1 in any year during which Bonds are or will be Outstanding; provided, however, that the first Bond Year will commence on the Closing Date and end on June 1, 2015, and that the final Bond Year will end on the date on which the Bonds are fully paid or redeemed.

“Business Day” means any day other than (1) a Saturday, a Sunday, or a day on which banking institutions in the State are authorized or obligated by law or executive order to be closed, (2) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed, or (3) a day on which commercial banks are authorized or obligated by law or executive order to be closed in the city in which the Principal Office of the Trustee is located.

“Certificate of the Authority” means an instrument in writing signed by an Authority Representative.

“Certificate of the City” means an instrument in writing signed by a City Representative.

“City Representative” means the City Manager (or his or her designee) or the Chief Financial Officer (or his or her designee) of the City, or by any other official of the City duly authorized by the City to act on behalf of the City under or with respect to the Trust Agreement, the Lease, the Property Lease, and all other agreements related thereto.

“Closing Date” means November 20, 2014, the date of delivery of the Bonds to the initial purchasers thereof.

“Code” means the Internal Revenue Code of 1986, as amended.

“Component” means each Component of the Property, the legal description of which Component is described in Exhibit A of the Lease, or any property substituted therefor pursuant to the Lease.

“Computation Year” means with respect to the Bonds the period beginning on the Closing Date and ending on June 1, 2015, and thereafter each successive twelve month period commencing on each June 2 and ending on the following June 1.

“Costs of Issuance” means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with the Trust Agreement, the Lease, the Property Lease, the Escrow Agreement, the Bonds, and the preliminary and final official statements pertaining to the Bonds; rating agency fees; CUSIP Service Bureau charges; consultant fees; market study fees; any computer and other expenses incurred in connection with the issuance of the Bonds; the initial fees and expenses of the Trustee and any paying agent (including, without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance, execution, and delivery of the Bonds, including the initial rental interruption insurance premium, to the extent such fees and expenses are approved by the City.

“Costs of Issuance Fund” means the fund of that name established pursuant to the Trust Agreement.

“Debt Service Fund” means the fund of that name established pursuant to the Trust Agreement.

“Depository” means DTC and its successors and assigns or, if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the City discontinues use of the Depository pursuant to the Trust Agreement, any other securities depository that agrees to follow procedures required to be followed by a securities depository in connection with the Bonds and that is selected by the City with the consent of the Trustee.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Escrow Fund” means the fund of that name established under the Escrow Agreement.

“Independent Counsel” means an attorney or firm of attorneys of recognized national standing in the field of municipal finance selected by the City.

“Information Services” means Financial Information, Inc.’s “Financial Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 65 Broadway Street, 16th Floor, New York, New York 10004; Moody’s Investors Service “Municipal and Government,” 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Called Bond Department; Standard and Poor’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addressees providing information with respect to called bonds as the Authority may designate in writing to the Trustee.

“Insurance Proceeds Fund” means the fund of that name established pursuant to the Trust Agreement.

“Interest Payment Date” means each June 1 and December 1, commencing on June 1, 2015, so long as any Bonds remain Outstanding under the Trust Agreement.

“Investment Earnings” means interest received in respect of the investment of money on deposit in any fund or account maintained under the Trust Agreement.

“Lease Term” means the term of the Lease as provided therein.

“Lease Year” means the period from the Closing Date through June 1, 2015, and thereafter the period from each June 2 to and including the following June 1, during the Lease Term.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns.

“Nominee” means, initially, Cede & Co., as nominee of the Depository, as determined from time to time pursuant to the Trust Agreement.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds except:

- (a) Bonds previously cancelled by the Trustee or delivered to the Trustee for cancellation;
- (b) Bonds no longer entitled to the benefits of the Trust Agreement;
- (c) Bonds paid or deemed to have been paid within the meaning of the Trust Agreement;
- (d) Bonds described as no longer Outstanding in the Trust Agreement; and
- (e) Bonds in lieu of or in substitution for which other Bonds shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

“Owner” means the registered owner, as indicated in the Bond Register, of any Bond.

“Participant” means a member of, or participant in, the Depository.

“Permitted Investments” means any of the following investments, provided at the time of investment the investment is a legal investment under the laws of the State of California for the moneys proposed to be invested therein:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America (“U.S. Government Securities”).

(2) Direct obligations¹ of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

- (a) Export-Import Bank of the United States - Direct obligations and fully guaranteed certificates of beneficial interest
- (b) Federal Housing Administration - debentures

- (c) General Services Administration - participation certificates
- (d) Government National Mortgage Association (“GNMAs”) - guaranteed mortgage-backed securities and guaranteed participation certificates
- (e) Small Business Administration - guaranteed participation certificates and guaranteed pool certificates
- (f) U.S. Department of Housing & Urban Development - local authority bonds
- (g) U.S. Maritime Administration - guaranteed Title XI financings
- (h) Washington Metropolitan Area Transit Authority - guaranteed transit bonds

(3) Direct obligations¹ of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

- (a) Federal National Mortgage Association (“FNMA”) - senior debt obligations rated Aaa by Moody’s and AAA by S&P
- (b) Federal Home Loan Mortgage Corporation (“FHLMCs”) - participation certificates and senior debt obligations rated Aaa by Moody’s and AAA by S&P
- (c) Federal Home Loan Banks - consolidated debt obligations
- (d) Student Loan Marketing Association - debt obligations
- (e) Resolution Funding Corporation - debt obligations

(4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision, or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody’s and A or better by S&P.

(5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody’s and A-1 or better by S&P.

¹ The following are explicitly excluded from the securities enumerated in clauses (2) and (3):

- (a) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;
- (b) Obligations that have a possibility of returning a zero or negative yield if held to maturity;
- (c) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and
- (d) Collateralized Mortgage-Backed Obligations (“CMOs”).

(6) Certificates of deposit, savings accounts, deposit accounts, or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation (“FDIC”), including the Bank Insurance Fund and the Savings Association Insurance Fund.

(7) Certificates of deposit, deposit accounts, federal funds, or bankers’ acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank, which may include the Trustee or its affiliates, or United States branch office of a foreign bank, provided that such bank’s short-term certificates of deposit are rated P-1 by Moody’s and A-1 or better by S&P (not considering holding company ratings).

(8) Investments in money-market funds rated AAAm or AAAm-G by S&P. Such money market funds may include funds for which the Trustee or its affiliates or subsidiaries provide investment advisory or other management services.

(9) State-sponsored investment pools rated AA- or better by S&P.

(10) Repurchase agreements that meet the following criteria:

- (a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.
- (b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors’ Protection Corporation (“SIPC”) jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed rating of A3/P-1 or better by Moody’s and A-/A-1 or better by S&P, or (ii) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody’s and AAA by S&P.
- (c) The repurchase agreement shall require termination thereof if the counterparty’s ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody’s, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.
- (d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in clauses 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA, FNMA, or FHLMCs. The repurchase agreement shall require (i) the Trustee or an independent third party acting solely as agent for the Trustee (the “Agent”) to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any

deficiency in the required percentage is not restored within two (2) Business Days of such valuation.

- (e) The repurchase securities shall be delivered free and clear of any lien to the Trustee or the Agent, and such Agent is (i) a Federal Reserve Bank or (ii) a bank which is a member of the FDIC and which has combined capital, surplus, and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.
- (f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the Authority and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.
- (g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.
- (h) The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities:
 - i. insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;
 - ii. failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under clause 10(d) above; or
 - iii. failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

(11) Investment agreements (also referred to as guaranteed investment contracts) that meet the following criteria:

- (a) A master agreement or specific written investment agreement governs the transaction.
- (b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.
- (c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured, and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic

FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in clause 11(f) below.

- (d) The investment agreement shall provide that, if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.
- (e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn, or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty.
- (f) The investment agreement shall provide for the delivery of collateral described in clause i or ii below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:
 - i. U.S. Government Securities at 104% of principal plus accrued interest; or
 - ii. Obligations of GNMA, FNMA, or FHLMC (described in clauses 2(d), 3(a), and 3(b) above) at 105% of principal and accrued interest.
- (g) The investment agreement shall require the Trustee or the Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:
 - i. the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal, or Reuters;
 - ii. valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or
 - iii. the lower of two (2) bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

- (h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account, and registered in the name of the Trustee or the Agent.
- (i) The provider shall grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under clause 11(f) above, the Trustee shall receive an opinion of counsel as to the perfection of the security interest in the collateral.
- (j) The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee, or other penalty, upon not more than two (2) Business Days notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:
 - i. In the event of a deficiency in the debt service account;
 - ii. Upon acceleration after an event of default;
 - iii. Upon refunding of the Bonds in whole or in part; or
 - iv. If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the Authority's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds.

- (k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities, unless:
 - i. Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times, or in the amounts described above;
 - ii. Insolvency of the provider or the guarantor (if any) under the investment agreement;
 - iii. Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
 - iv. Failure by the provider to make a payment or observe any covenant under the agreement;
 - v. The guaranty (if any) is terminated, repudiated, or challenged; or

- vi. Any representation of warranty furnished to the Trustee or the Authority in connection with the agreement is false or misleading.
- (l) The investment agreement must incorporate the following general criteria:
- i. “Cure periods” for payment default shall not exceed two (2) Business Days;
 - ii. The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee;
 - iii. The provider shall be required to immediately notify the Trustee of any event of default or any suspension, withdrawal, or downgrade of the provider’s ratings;
 - iv. The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim; and
 - v. The agreement shall require the provider to submit information reasonably requested by the Trustee, including balance invested with the provider, type and market value of collateral, and other pertinent information.

(12) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for debt service or debt service reserve funds) or draw down date (construction funds) that meet the following criteria:

- (a) A specific written investment agreement governs the transaction.
- (b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the SIPC jurisdiction, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody’s and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody’s and A-/A-1 or better by S&P; and (iii) domestic structured investment companies rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody’s and AAA by S&P.
- (c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider under the Trust Agreement) of the agreement if the provider’s ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody’s or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.

- (d) Permitted securities shall include the investments listed in clauses 1, 2, and 3 above.
- (e) The forward delivery agreement shall include the following provisions:
 - i. The permitted securities must mature at least one (1) Business Day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.
 - ii. The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.
 - iii. Any breakage fees shall be payable only on Interest Payment Dates and shall be subordinated to the payment of Debt Service Fund.
 - iv. The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency, or receivership of the provider, the securities will not be considered to be a part of the provider's estate.

(13) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of the State of California or of any agency, instrumentality, or local governmental unit of the State of California which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on an irrevocable escrow account or fund, in the highest rating category of S&P and Moody's.

(14) Shares in any money market mutual fund registered under the Investment Company Act of 1940 whose investment portfolio consists solely of direct obligations of the United States Government, provided that any such fund has been rated in the highest category by a nationally recognized rating agency and, provided further, that such mutual funds may include funds for which the Trustee or its affiliates or subsidiaries provide investment advisory or other management services.

(15) The Local Agency Investment Fund ("LAIF").

(16) Maturity of investments shall be governed by the following:

- (a) Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.
- (b) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the

date on which the Trustee may require their repurchase pursuant to repurchase agreements.

- (c) Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five (5) years or less.

“Pledged Assets” means the Lease, the Property Lease, the Base Rental payments, and the amounts on deposit from time to time in the funds and accounts established under the Trust Agreement (except for amounts on deposit in the Rebate Fund and the Project Fund).

“Principal Office of the Trustee” means the principal corporate trust office of the Trustee located in Los Angeles, California, or such other office as the Trustee may designate.

“Principal Payment Date” means each of the June 1 maturity dates set forth in the Trust Agreement, with a final maturity date of June 1, 2029.

“Project Costs” means the contract price paid or to be paid for the construction or improvement of any portion of the Project and related facilities in accordance with a purchase or construction contract or contracts therefor. Project Costs include any other administrative, engineering, legal, financial, and other costs incurred by the City in connection with the construction of the Project.

“Project Fund” means the fund of that name established pursuant to the Trust Agreement.

“Property” means, collectively, all Components, including all buildings and improvements thereon and equipment; the legal descriptions of which Components are described in Exhibit A to the Lease, or any property substituted therefor pursuant to the Lease, but excluding such Component of the Property for which a new Component has been substituted in accordance with the Lease.

“Rebate Fund” means the fund of that name established pursuant to the Trust Agreement.

“Record Date” means the close of business on the fifteenth (15th) day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

“Redemption Notice” means the notice required to be given by the Trustee under the Trust Agreement when redemption of the Bonds is authorized or required pursuant thereto.

“Rule” means Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns.

“Securities Depositories” means the following registered securities depositories: The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York 10041-0099, Attn. Call Notification Department, Fax (212) 855-7232; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the Authority may indicate in a Certificate of the Authority delivered to the Trustee.

“Tax Certificate” means the Tax Certificate delivered by the Authority and the City on the Closing Date, as the same may be amended or supplemented in accordance with its terms.

“Written Request of the Authority” means an instrument in writing signed by an Authority Representative.

“Written Request of the City” means an instrument in writing signed by a City Representative.

TRUST AGREEMENT

Assignment. Pursuant to the Trust Agreement, the Authority will sell, assign, and transfer to the Trustee, for the benefit of the Owners, all of the Authority’s rights, title, and interest in and to the Lease and the Property Lease (excluding the Authority’s right to payment of its expenses under the Lease, its right to indemnification pursuant to the Lease, and its right to receive certain notices under the Lease and the Property Lease), including, without limitation, the Authority’s right to receive Base Rental, as well as its rights to enforce payment of such Base Rental when due or otherwise to protect its interest in the event of a default by the City under the Lease, in accordance with the terms thereof. The Base Rental and other rights of the Authority assigned under the Trust Agreement shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Trust Agreement.

Funds and Accounts. Under the Trust Agreement, the Trustee will establish and hold the Costs of Issuance Fund, the Debt Service Fund, the Project Fund, and the Rebate Fund and will invest, transfer, and disburse moneys on deposit therein. Subject to the terms of the Trust Agreement, the Authority has pledged all amounts deposited from time to time in the funds established pursuant to the Trust Agreement (except for amounts on deposit in the Rebate Fund) to be held in trust for the benefit of the Owners of the Bonds.

Costs of Issuance Fund. Pursuant to the Trust Agreement, the Cost of Issuance Fund shall be established in trust, shall be held by the Trustee, and shall be kept separate and apart from all other funds and moneys held by the Trustee. There shall be deposited in the Costs of Issuance Fund that portion of the proceeds of the Bonds required to be deposited therein pursuant to the Trust Agreement and such other amounts as specified by the Authority. The Trustee shall disburse money from the Costs of Issuance Fund on such dates and in such amounts as are necessary to pay Costs of Issuance, in each case, promptly after receipt of, and in accordance with, a Written Request of the Authority in the form attached to the Trust Agreement, together with invoices therefor. Each such Written Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Any amounts remaining in the Costs of Issuance Fund on the earlier of (i) six months after the Closing Date, or (ii) the date on which the Authority has notified the Trustee in writing that all Costs of Issuance have been paid, shall be transferred to Project Fund.

Debt Service Fund. Pursuant to the Trust Agreement, the Debt Service Fund shall be established in trust, shall be held by the Trustee, and shall be kept separate and apart from all other funds, accounts, and moneys held by the Trustee. The Debt Service Fund shall be maintained by the Trustee until all required Base Rental is paid in full pursuant to the terms of the Lease and the Trust Agreement is discharged in accordance with the Trust Agreement.

Except as otherwise provided in the Trust Agreement, Base Rental and proceeds of rental interruption insurance with respect to the Property, if any, received by the Trustee shall be deposited in the Debt Service Fund. Any delinquent Base Rental payments and any proceeds of rental interruption insurance with respect to the Property deposited in the Debt Service Fund shall be applied first to the immediate payment of interest payments past due and then to the immediate payment of principal payments past due according to the tenor of any Bond. Any remaining money representing delinquent Base Rental payments and any proceeds of insurance shall remain on deposit in the Debt Service Fund to be applied in the manner provided in the Trust Agreement.

Amounts, if any, transferred from the Costs of Issuance Fund to the Debt Service Fund shall constitute a credit against the portion of the Base Rental payments otherwise due and owing on the next applicable Interest Payment Date.

The Trustee shall pay from the Debt Service Fund on each Interest Payment Date an amount that, together with monies on deposit therein, equals the interest then due and the principal then due or required to be redeemed on such Interest Payment Date with respect to the Bonds, for payment of the Bonds in accordance with the terms of the Trust Agreement. Any amounts remaining in the Debt Service Fund on the day following an Interest Payment Date if the payments of interest or interest and principal have been paid shall be retained in the Debt Service Fund.

Any proceeds of insurance (other than rental interruption or workers' compensation insurance) or awards in respect of a taking under the power of eminent domain not required pursuant to the Lease to be used for repair, reconstruction, or replacement, and any other amounts provided for the redemption of Bonds in accordance with the Trust Agreement, shall be deposited by the Trustee in the Debt Service Fund. The Trustee shall, on the scheduled redemption date, withdraw from the Debt Service Fund and pay to the Owners entitled thereto an amount equal to the redemption price of the Bonds to be redeemed on such date for the payment of such redemption price in accordance with the terms of the Trust Agreement.

All moneys transferred by the City to the Trustee pursuant to the Lease shall be deposited by the Trustee in the Debt Service Fund. The Trustee shall, on the scheduled redemption date, withdraw from the Debt Service Fund and pay to the Owners entitled thereto an amount equal to the redemption price of the Bonds to be redeemed on such date for the payment of such redemption price in accordance with the terms of the Trust Agreement.

Project Fund. Pursuant to the Trust Agreement, the Project Fund shall be established in trust, shall be held by the Trustee, and shall be kept separate and apart from all other funds and moneys held by the Trustee. There shall be deposited in the Project Fund that portion of the proceeds of the Bonds required to be deposited therein pursuant to the Trust Agreement and such other amounts as specified by the City. The Trustee shall disburse money from the Project Fund on such dates and in such amounts as are necessary to pay Project Costs, in each case, promptly after receipt of, and in accordance with, a written request of a City Representative in the form specified in the Trust Agreement, together with invoices therefor. Upon receipt by the Trustee of written notice from the City that the Project has been completed and that all Project Costs payable from amounts in the Project Fund have been paid, any amounts then remaining in the Project Fund not encumbered or needed to pay Project Costs or to pay for other projects, as evidenced by a certificate of the City, shall be deposited by the Trustee in the Rebate Fund if the City has notified the Trustee such funds are needed to pay arbitrage rebate payments to the federal government and the balance shall be deposited in the Debt Service Fund for the payment of principal of and interest on the Bonds in accordance with the Trust Agreement. In no event will amounts in the Project Fund after the date three years from the Closing Date be invested at a yield in excess of the yield on the Bonds within the meaning of Section 148 of the Code and the regulations thereunder.

Rebate Fund. Pursuant to the Trust Agreement, the Rebate Fund shall be created and held by the Trustee. The Authority shall comply with the requirements in the Trust Agreement and in the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by the Trust Agreement and the Tax Certificate, unless the Authority obtains an opinion of Independent Counsel to the effect that certain specified requirements in the Trust Agreement or the Tax Certificate no longer need to be satisfied.

Surplus. After (a) payment or redemption or provision for payment or redemption of all amounts due with respect to the Bonds as provided in the Trust Agreement, and payment of all fees, reimbursement amounts, and expenses of the Trustee, and (b) the transfer of any additional amounts required to be deposited into the Rebate Fund pursuant to the written instructions from an Authority Representative or a City Representative in accordance with the Trust Agreement and the Tax Certificate, any amounts remaining in any of the funds or accounts established under the Trust Agreement (other than in the Rebate Fund) and not required for such purposes shall after payment of any amounts due to the Trustee be remitted to the Authority and used for any lawful purpose.

Additional Rental. In the event the Trustee receives Additional Rental pursuant to the Lease, such Additional Rental shall be applied by the Trustee solely to the payment of any costs in respect of which such Additional Rental was received, and shall not be commingled in any way with any other funds received by the Trustee pursuant to the Lease or the Trust Agreement.

Repair or Replacement; Application of Insurance Proceeds and Condemnation Awards. If any portion of the Property shall be damaged or destroyed, or shall be taken by eminent domain proceedings, the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Property in accordance with the provisions of the Trust Agreement.

The proceeds of any insurance (other than any rental interruption or workers' compensation insurance), including the proceeds of any self-insurance fund and of any condemnation award, received on account of any damage, destruction, or taking of the Property or portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in the Insurance Proceeds Fund to be then established therefor and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or affected portion thereof upon receipt of a Written Request of the City. Pending such application, such proceeds shall be invested by the Trustee solely at the written direction of a City Representative in Permitted Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, a City Representative shall, within 90 days of the occurrence of the event of damage, destruction, or taking, notify the Trustee in writing of whether the City intends to replace or repair the Property or the portions of the Property that were damaged or destroyed. If the City elects to replace or repair the Property or portions thereof, the City shall deposit with the Trustee the full amount of any insurance deductible to be credited to the Insurance Proceeds Fund.

If the damage, destruction, or taking was such that there resulted a substantial interference with the City's right to the use or possession of the Property or any portion thereof and an abatement of rental payments will result from such damage or destruction pursuant to the Lease, then the City shall be required either to (i) apply sufficient funds from the insurance proceeds, condemnation award, and other legally available funds to the replacement or repair of the Property or portions thereof that have been damaged, destroyed, or taken so that such Property or any portion thereof will be restored to its former condition and fair rental value, or (ii) transfer to the Debt Service Fund and apply sufficient funds from the insurance proceeds, condemnation award, and other legally available funds to the redemption, as set forth in the Trust Agreement, in full of all the Outstanding Bonds or all of those Outstanding Bonds that would have been payable from that portion of the Base Rental payments that are abated as a result of the damage, destruction, or taking, such that the Base Rental payable on the remaining portions of the Property is sufficient to pay all principal and interest due with respect to the Bonds to remain Outstanding after such redemption. Any amounts received by the Trustee as described above in excess of the amount needed to either repair or replace a damaged, destroyed, or taken portion of the Property or to redeem Bonds shall be deposited in the Debt Service Fund.

Title Insurance. Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) If the Authority and the City (i) determine that the title defect giving rise to such proceeds has not materially affected the use and possession of the Property and will not result in an abatement of Base Rental payable by the City under the Lease, and (ii) have provided the Trustee with written evidence of such determination, such proceeds shall be remitted to the City.

(b) If the Authority and the City determine that such title defect will result in an abatement of Base Rental payable by the City under the Lease, then the Trustee shall immediately deposit such proceeds in the Debt Service Fund and such proceeds and any other legally available funds, if any, shall be applied to the redemption of Bonds in the manner specified in the Trust Agreement.

Application of Amounts After Default by City. All damages or other payments received by the Trustee from the enforcement of any rights and powers of the Trustee under the Lease, after a default by the City under the Lease or the Trust Agreement, shall be applied promptly to the payment of reasonable fees and expenses of the Trustee (including fees and expenses of counsel) pertaining to the performance of its powers and duties under the Trust Agreement and the remainder shall be deposited into the Debt Service Fund and applied in the manner specified in the Trust Agreement.

Investments Authorized. Money held by the Trustee in any fund or account under the Trust Agreement shall be invested by the Trustee in Permitted Investments pending application as provided in the Trust Agreement, solely at the written direction of a City Representative, shall be registered in the name of the Trustee, as Trustee, and shall be held by the Trustee. The City shall direct the Trustee prior to 12:00 p.m. Los Angeles time on the last Business Day before the date on which a Permitted Investment matures or is redeemed as to the reinvestment of the proceeds thereof. In the absence of such direction, the Trustee shall invest in Permitted Investments described in clause (15) of the definition thereof. Money held in any fund or account under the Trust Agreement may be commingled for purposes of investment only. The obligations in which moneys in the said funds are invested shall mature on or prior to the date on which such moneys are estimated to be required to be paid out under the Trust Agreement.

All Investment Earnings with respect to amounts in the Rebate Fund shall be retained therein. All Investment Earnings with respect to amounts in the Project Fund shall be retained therein. All Investment Earnings with respect to amounts in the Costs of Issuance Fund shall be retained therein. All Investment Earnings with respect to amounts in the Debt Service Fund shall be retained therein. The Trustee shall transfer all Investment Earnings on deposit in all other funds and accounts established under the Trust Agreement to the Debt Service Fund. For purposes of determining the amount of Investment Earnings in any fund held under the Trust Agreement, all Investment Earnings credited to such fund shall be valued at the cost thereof.

The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the Trust Agreement, provided that the Trustee has given prior notice to the City of its intent to do so. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may commingle moneys in funds and accounts for purposes of investment.

For the purpose of determining the amount in any fund or account under the Trust Agreement all Permitted Investments shall be valued at the end of each month calculated in the manner as provided in the definition of Permitted Investments. The Trustee may sell, or present for redemption, any Permitted Investment purchased by the Trustee whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal, or disbursement from any fund or account under the Trust

Agreement, and the Trustee shall not be liable or responsible for any loss resulting from such investment or sale, except any loss resulting from its own negligence or willful misconduct.

The City and the Authority acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the City and the Authority the right to receive brokerage confirmations of security transactions as they occur, the City and the Authority specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City and the Authority periodic cash transaction statements that include detail for all investment transactions made by the Trustee under the Trust Agreement.

Reports. The Trustee shall furnish monthly to the Authority a report, which may be its customary account statements, of all investments made by the Trustee and of all amounts on deposit in each fund and account maintained under the Trust Agreement.

The Trustee. The Authority shall, from time to time, on demand, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its reasonable advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents, and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties under the Trust Agreement. To the extent permitted by law, compensation and reimbursement to the Trustee shall not be limited by any statutory provisions that limit compensation to trustees of express trusts.

The City may at any time, provided no event of default has occurred and is continuing, or the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, at any time, may by Written Request of the City, for any reason, remove the Trustee and any successor thereto, and shall thereupon appoint a successor or successors thereto, but any such successor shall be a bank, national banking association, or trust company in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers, having (or be a member of a bank holding company system with a bank holding company that has) a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000, shall be subject to supervision or examination by federal or state banking authority. If such bank, national banking association, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then, for the purposes of the Trust Agreement, the combined capital and surplus of such bank, national banking association, or trust company shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published. Any removal of the Trustee shall become effective upon acceptance of appointment by the successor Trustee.

The Trustee or any successor may at any time resign by giving not less than 60 days prior written notice to the Authority and the City and by giving mailed notice to the Owners of its intention to resign and of the proposed date of resignation. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the City fails to appoint a successor Trustee within 60 days following receipt of such written notice of resignation, the resigning Trustee may petition the appropriate court having jurisdiction to appoint a successor. Any resignation of the Trustee shall become effective upon acceptance of appointment by the successor Trustee. Any successor Trustee approved by the City or any court shall satisfy the qualifications set forth in the Trust Agreement.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under the Trust Agreement), shall be the successor to

the Trustee without the execution or filing of any paper or further act, anything in the Trust Agreement to the contrary notwithstanding.

The Trust Agreement further describes the duties of the Trustee. It also provide provisions that protect the Trustee and limit the liability of the Trustee.

Paying Agents. Pursuant to the Trust Agreement, the Trustee is appointed as paying agent for the Bonds. The Trustee, upon written consent of the Authority, may appoint such other paying agents with respect to the Bonds as it may deem advisable. Any paying agent appointed shall be a bank, national banking association, or trust company, having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000 and shall be subject to supervision by federal or state banking authorities.

Appointment of Co-Trustee or Agent. It is the purpose of the Trust Agreement that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under the Trust Agreement, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies granted in the Trust Agreement to the Trustee or hold title to the properties, in trust, as granted in the Trust Agreement, or take any other action that may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-trustee. The Trust Agreement includes provisions related to these ends.

Amendments to Trust Agreement. Except as set forth therein, the Trust Agreement may be amended only in writing by agreement among the City, the Authority, and the Trustee, and the approval in writing by the Owners of a majority in aggregate principal amount of Bonds then Outstanding. In addition, no such modification or amendment shall (i) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest, or redemption premium (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (ii) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Notwithstanding the foregoing paragraph, the Trust Agreement and the rights and obligations provided thereby may also be modified or amended at any time without the consent of any Owners upon the written agreement of the City, the Authority, and the Trustee, but only (1) for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting, or supplementing any defective provision contained in the Trust Agreement, (2) in regard to questions arising under the Trust Agreement that the City, the Authority, and the Trustee may deem necessary or desirable and not inconsistent with the Trust Agreement and that shall not adversely affect the interests of the Owners of the Bonds then Outstanding, (3) to qualify the Trust Agreement under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (4) for any other reason, provided such modification or amendment does not adversely affect the interests of the Owners of the Bonds then Outstanding; provided that the City, the Authority, and the Trustee may rely in entering into any such amendment or modification of the Trust Agreement upon the opinion of Independent Counsel stating that the requirements of this sentence have been met with respect to such amendment or modification. No amendment shall impair the right of any Owner to receive principal and interest in accordance with the terms of such Owner's Bond.

The Trustee may in its discretion, but shall not be obligated to, enter into any such amendment authorized by the Trust Agreement as described in the foregoing paragraphs that adversely affects the Trustee's own rights, duties, or immunities under the Trust Agreement or otherwise.

Amendments to Lease or Property Lease. The Lease or the Property Lease may be amended in writing by agreement between the Authority and the City, with the consent of the Trustee, but no such amendment shall become effective as to the Owners unless and until approved in writing by the Owners of a majority in aggregate principal amount of Bonds then Outstanding. Notwithstanding the foregoing, the Lease or the Property Lease and the rights and obligations provided thereby may also be modified or amended at any time, without the consent of any Owners, upon the written agreement of the City and the Authority, but only (1) for the purpose of curing any ambiguity or omission relating thereto, or of curing, correcting, or supplementing any defective provision contained in the Lease or the Property Lease, (2) in regard to questions arising under the Lease or the Property Lease that the City and the Authority may deem necessary or desirable and not inconsistent with the Lease or the Property Lease, as applicable, and that shall not adversely affect the interests of the Owners of the Bonds then Outstanding, (3) to effect any substitution of the Property or any portion thereof in accordance with the Lease or the Property Lease, or (4) for any other reason, provided such modification or amendment does not adversely affect the interests of the Owners of the Bonds then Outstanding; provided that the City and the Authority may rely in entering into any such amendment or modification thereof, upon the opinion of Independent Counsel stating that the requirements of this sentence have been met with respect to such amendment or modification. No such amendment shall (i) reduce the percentage of Bonds required for the written consent to any such amendment or modification, (ii) without its written consent thereto, modify any of the rights or obligations of the Trustee, or (iii) impair the right of any Owner to receive principal and interest in accordance with the terms of such Owner's Bond.

Covenants. The Authority and the City have covenanted in the Trust Agreement as set forth below:

Authority and City to Perform Pursuant to Property Lease and Lease. The Authority and the City covenant and agree with the Owners to perform all obligations and duties imposed under the Lease and the Property Lease.

Extension of Payment of Bonds. The Authority shall not directly or indirectly extend the dates upon which the Base Rental payments are required to be paid or prepaid, or the time of payment of interest with respect thereto. Nothing in the Trust Agreement shall be deemed to limit the right of the Authority or the City to issue any securities for the purpose of providing funds for the redemption of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Offices for Servicing Bonds. The Authority (itself or via one or more agents) shall at all times maintain one or more offices or agencies where Bonds may be presented for payment, and shall at all times maintain one or more agencies where Bonds may be presented for registration of transfer or exchange, and where notices, demands, and other documents may be served upon the Authority in respect of the Bonds.

Access to Books and Records. The Trustee shall, at all reasonable times and upon reasonable notice, have access to those books and records of the Authority and the City that may be reasonably required by the Trustee to fulfill its duties and obligations under the Trust Agreement.

General. The Authority and the City shall do and perform or cause to be done and performed all respective acts and things required to be done or performed by or on behalf of the Authority or the City, respectively, under the provisions of the Trust Agreement.

The Authority and the City certify in the Trust Agreement that, upon the date of execution and delivery of any of the Bonds, all things, conditions, and acts required by the Constitution and laws of the State and the Trust Agreement to exist, to have happened, and to have been performed precedent to and in the execution and the delivery of such Bonds do exist, have happened, and have been performed in due time, form, and manner, as required by law.

Tax Matters. Each of the Authority and the City covenants as follows:

(a) Private Activity. Neither the Authority nor the City shall take any action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other moneys or property that would cause any Bond to be a “private activity bond” within the meaning of Section 141 of the Code.

(b) Arbitrage. Neither the Authority nor the City shall make any use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action that will cause any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(c) Federal Guaranty. Neither the Authority nor the City shall make any use of the proceeds of the Bonds or take or omit to take any action that would cause any Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The Authority and the City shall take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(e) Hedge Bonds. Neither the Authority nor the City shall make any use of the proceeds of the Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Authority or the City, as applicable, takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code.

(f) Miscellaneous. Neither the Authority nor the City shall take any action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by the Authority and the City in connection with the issuance of the Bonds and each shall comply with the covenants and requirements stated therein and incorporated by reference in the Trust Agreement.

(g) Taxable Bonds. This provision and the covenants set forth in the Trust Agreement shall not be applicable to, and nothing contained in the Trust Agreement shall be deemed to prevent the Authority or the City from issuing, bonds, the interest on which has been determined by the Authority or the City, as applicable, to be subject to federal income taxation.

Performance. Each of the Authority and the City shall faithfully observe all covenants and other provisions contained in the Trust Agreement, in each Bond issued and delivered under the Trust Agreement, and in the Lease and the Property Lease. Except as provided in the Trust Agreement and in the Lease, neither the Authority nor the City shall agree to any amendment to the Lease that would either lengthen the term thereof or reduce the amount of Base Rental or Additional Rental payable thereunder, or change the time or times of payment of such Base Rental or Additional Rental, or agree to any other amendment detrimental to the rights of the Owners.

Prosecution and Defense of Suits. The Authority and the City shall promptly take such action as may be necessary to cure any defect in the title to the Property or any part thereof, whether now existing or hereafter occurring, and shall prosecute and defend all such suits, actions, and all other proceedings as may be appropriate for such purpose.

Further Assurances. The Authority and the City will make, execute, and deliver any and all such further resolutions, instruments, and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Trust Agreement, and for the better assuring and confirming to the Owners the rights and benefits provided therein.

Street Access. So long as Bonds are Outstanding, the Authority and the City shall take or cause to be taken all necessary action to assure adequate street access to and from all Components of the Property.

Continuing Disclosure. Pursuant to the Trust Agreement, the Authority and the Trustee covenant and agree that they shall each comply with and carry out their respective obligations under the Continuing Disclosure Agreement. The City covenants and agrees in the Trust Agreement to provide to the Authority all information regarding the City requested by the Authority or otherwise necessary to enable the Authority to comply with and carry out the Authority's obligations under the Continuing Disclosure Agreement. Notwithstanding any other provision of the Trust Agreement, failure of the Authority or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an event of default under the Trust Agreement; however, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Owner or Beneficial Owner, may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Trustee, as the case may be, to comply with its obligations under the Trust Agreement as described in this paragraph. For purposes of this paragraph, "Beneficial Owner" means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

Observance of Laws and Regulations. The Authority, the City, and the Trustee will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board, or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right, or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights, and privileges shall be maintained and preserved and shall not become abandoned, forfeited, or in any manner impaired.

Other Liens. So long as any Bonds are Outstanding, none of the Trustee, the Authority, or the City shall create or suffer to be created any pledge of or lien on the amounts on deposit in any of the funds or accounts created under the Trust Agreement, other than the pledge and lien thereof. The City, the Authority, and the Trustee shall not encumber the Property other than in accordance with the Property Lease, the Lease Agreement, and the Trust Agreement.

Recordation. The City will record, or cause to be recorded, with the appropriate county recorder, the Lease Agreement and the Property Lease, or memoranda thereof.

Events of Default. Each of the following shall be an "event of default" under the Trust Agreement and the terms "events of default" and "default" shall mean, whenever they are used in the Trust Agreement, any one or more of the following events:

(a) An event of default shall have occurred under the Lease.

(b) Failure by the Authority or the City to observe and perform any covenant, condition, or agreement on its part to be observed or performed under the Trust Agreement or the Lease, other than such failure as may constitute an event of default under clause (a) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Authority and the City by the Trustee or by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding, or if the failure stated in the notice cannot be corrected within such 30-day period, then the grace period described in this paragraph shall not extend for more than sixty (60) days without the prior written consent of the Trustee.

Notice of Events of Default. In the event that an event of default has occurred and is continuing under the Trust Agreement, the Trustee shall give notice of such default to the Owners. Such notice shall state that an event of default has occurred and is continuing under the Trust Agreement and shall provide a brief description of such default. The Trustee in its discretion may withhold notice if it deems it in the best interests of the Owners. The notice described in this paragraph shall be given by first-class mail, postage prepaid, to the Owners within 30 days of such occurrence of default.

Remedies on Default. (a) Upon the occurrence and continuance of any event of default specified under the Trust Agreement, the Trustee may, and shall, at the direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding, proceed to exercise the remedies set forth in the Lease or available to the Trustee under the Trust Agreement.

(b) In addition to the remedies described in paragraph (a) above and upon the occurrence and continuance of any event of default specified in the Trust Agreement, the Trustee may, and shall, at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding, after receiving indemnification satisfactory to it, proceed to protect and enforce the rights vested in Owners by the Trust Agreement by appropriate judicial proceedings or proceedings as the Trustee deems most effectual. The provisions of the Trust Agreement and all resolutions or orders in the proceedings for the issuance of the Bonds shall constitute a contract with the Owners of the Bonds, and such contract may be enforced by any Owner by mandamus, injunction, or other applicable legal action, suit, proceeding, or other remedy.

(c) Upon an event of default and prior to the curing thereof, the Trustee shall exercise the rights and remedies vested in it by the Trust Agreement with the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

Action by Owners. In the event the Trustee fails to take any action to eliminate an event of default under the Lease or the Trust Agreement, the Owners of a majority in aggregate principal amount of Bonds then Outstanding may institute any suit, action, mandamus, or other proceeding in equity or at law for the protection or enforcement of any right under the Lease and the Trust Agreement, but only if such Owners shall have first made written request of the Trustee after the right to exercise such powers or right of action shall have arisen, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted therein or otherwise granted by law or to institute such action, suit, or proceeding in its name, and unless, also, the Trustee shall have been offered reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

Application of Moneys. Any moneys received by the Trustee pursuant to the Trust Agreement, together with any moneys that upon the occurrence of an event of default under the Trust Agreement, are held by the Trustee in any of the funds under the Trust Agreement (other than the Rebate Fund and other

than moneys held for Bonds not presented for payment) shall, after payment of reasonable fees and expenses of the Trustee, and the reasonable fees and expenses of its counsel pertaining to the performance of its powers and duties under the Trust Agreement, be applied to the payment of the whole amount then owing and unpaid with respect to the Outstanding Bonds for principal, premium, if any, and interest, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid on the Bonds, to the payment of the principal, premium, if any, and interest then due and unpaid upon the Outstanding Bonds without preference or priority of any of principal, premium, or interest over the others or of any installment of interest, or of any Outstanding Bond over any other Outstanding Bond, ratably, according to the amounts due respectively for principal, premium, and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective amounts of interest specified in the Outstanding Bonds.

Whenever moneys are to be applied pursuant to the provisions of the Trust Agreement, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The Trustee shall give, by mailing by first class mail as it may deem appropriate, such notice of the deposit with it of any such moneys.

Defeasance. If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of any Outstanding Bonds the interest thereon, the principal thereof, and the redemption premiums, if any, thereon at the times and in the manner stipulated therein and in the Trust Agreement, then the Owners of such Bonds shall cease to be entitled to the pledge of the Pledged Assets as provided in the Trust Agreement, and all agreements, covenants, and other obligations of the Authority to the Owners of such Bonds under the Trust Agreement shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Trust Agreement that are not required for the payment of the interest on, principal of, and redemption premiums, if any, on such Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the Authority and the City, as applicable, shall have kept, performed, and observed all the covenants and promises in such Bonds and in the Trust Agreement required or contemplated to be kept, performed, and observed by the Authority or the City, as applicable, or on its part on or prior to that time, then the Trust Agreement shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of the Trust Agreement and such lien and all covenants, agreements, and other obligations of the Authority and the City under the Trust Agreement shall cease, terminate, become void, and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of the Trust Agreement or the discharge of the Trust Agreement in respect of any Bonds, those provisions of the Trust Agreement relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost, or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the Owners of the Bonds and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of, redemption premium, if any, on, and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of the Trust Agreement or the discharge of the Trust Agreement in respect of any Bonds, those provisions of the Trust Agreement relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Trustee and the Authority.

Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed above if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Trust Agreement, a Redemption Notice for such Bonds on said redemption date, such Redemption Notice to be given in accordance with the Trust Agreement, (2) there shall have been deposited with the Trustee either (A) money in an amount that shall be sufficient or (B) (i) non-callable direct obligations of the United States of America ("Treasuries"), (ii) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (iii) pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (iv) securities eligible for "AAA" defeasance under then existing criteria of S&P, or any combination thereof, the interest on and principal of which when paid will provide money that, together with the money, if any, deposited with the Trustee at the same time, shall, as verified by an independent certified public accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Trust Agreement and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds, and (4) in the case of Bonds subject to the book-entry system, the Trustee shall give notice to the Depository of the redemption of all or part of such Bonds on the date proceeds or other funds are deposited in escrow with respect to Bonds. Nothing described above shall preclude redemptions pursuant to the Trust Agreement.

After the payment of all the interest of and principal on all Outstanding Bonds as described above, the Trustee shall execute and deliver to the City and the Authority all such instruments as may be necessary or desirable to evidence the discharge and satisfaction of the Trust Agreement, and the Trustee shall pay over or deliver to the Authority all moneys or securities held by it pursuant to the Trust Agreement that are not required for the payment of the interest and principal represented by such Bonds. Notwithstanding the discharge and satisfaction of the Trust Agreement, Owners of Bonds shall thereafter be entitled to payments due under the Bonds pursuant to the Lease, but only from amounts deposited pursuant to the Trust Agreement and from no other source.

LEASE

Lease Term; Transfer of Title to City. Pursuant to the Lease, the Authority will sublease all Components of the Property to the City, and the City will sublease all Components of the Property from the Authority, and the City will agree to pay the Base Rental and the Additional Rental as provided in the Lease for the right to the use and possession of the Property, all on the terms and conditions set forth in the Lease.

The term of the Lease shall begin on the Closing Date and end on the earliest of (a) June 1, 2029 (which is the final maturity date of the Bonds); provided that in the event the principal of and interest on the Bonds and all other amounts payable under the Lease and the Trust Agreement shall not be fully paid, or if the Base Rental or Additional Rental due under the Lease shall have been abated at any time as permitted by the terms of the Lease, then the term of the Lease shall be extended, except that the term shall in no event be extended beyond June 1, 2039 (which is 10 years after the final maturity date of the

Bonds), or (b) at such date as the Trust Agreement shall have been discharged in accordance with the Trust Agreement, or (c) the date of termination of the Lease due to condemnation in accordance with the terms of the Lease, or (d) the date on which (i) the City has exercised its right to purchase all the Components of the Property pursuant to the Lease and (ii) the Trust Agreement shall have been discharged in accordance with its terms.

Pursuant to the exercise of the option to purchase the Property or any Component thereof pursuant to the Lease, and upon defeasance of the allocable portion of the Bonds related to such Component or Components of the Property in accordance with the Trust Agreement; title to the Component or Components of the Property that is purchased, and any improvements thereon or additions thereto, shall be transferred directly to the City or, at the option of the City, to any assignee or nominee of the City, in accordance with the provisions of the Lease, free and clear of any interest of the Authority.

After the payment of all Base Rental due with respect any Component of the Property that is being leased under the Lease for a period that is shorter than the Lease Term, and upon payment of the allocable portion of the Bonds related to such Component, title to such Component, and any improvements thereon or additions thereto, shall be transferred directly to the City or, at the option of the City, to any assignee or nominee of the City, free and clear of any interest of the Authority. The Authority shall execute and deliver to the City a quitclaim deed conveying to the City or its nominee the Authority's right, title, and interest in such Component.

The City covenants in the Lease that, on the Closing Date, the City shall be in possession of the Property.

Rental Payments. Pursuant to the Lease, the City agrees, subject to the terms of the Lease, to pay to the Authority, on a parity basis, the Base Rental and Additional Rental in an amount no greater than the aggregate fair rental value of all the Components of the Property in each Lease Year. For purposes of the Lease, the term "fair rental value" shall refer to the maximum amount of rental payments payable with respect to each Component that may be supported by the fair market value of such Component, as estimated by the City, initially, and thereafter as provided in the Lease. On the Closing Date, the City shall deliver a certificate to the Authority and the Trustee that shall set forth the fair rental value of each Component of the Property. In satisfaction of its obligations under the Lease, the City shall pay the Base Rental and Additional Rental in the amounts, at the times, and in the manner set forth in the Lease, such amounts constituting in the aggregate the rent payable under the Lease.

Base Rental. The City agrees to pay, from legally available funds, aggregate Base Rental in the amounts set forth in the Lease, a portion of which Base Rental constitutes principal payable with respect to the Bonds and a portion of which constitutes interest payable with respect to the Bonds, as determined in accordance with the terms of the Lease. The Base Rental payable by the City shall be due five Business Days prior to each Interest Payment Date during the Lease Term. Each Base Rental payment shall be with respect to the immediately preceding six month period.

To secure the performance of its obligation to pay Base Rental, the City shall deposit the Base Rental with the Trustee on or before the date on which such Base Rental is due, for application by the Trustee in accordance with the terms of the Trust Agreement. In the event any such date of deposit is not a Business Day, such deposit shall be made on the next succeeding Business Day. In no event shall the amount of Base Rental payable on any date exceed the aggregate amount of principal and interest required to be paid or prepaid on such date with respect to the Outstanding Bonds, according to their tenor.

The obligation of the City to pay Base Rental shall commence on the Closing Date, subject to any reductions or credits described in the Lease.

Additional Rental. In addition to the Base Rental set forth in the Lease, the City agrees to pay as Additional Rental all of the following:

- (i) All taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments, and gross receipts taxes, if any, levied upon the Property or upon any interest of the Authority, the Trustee, or the Owners therein or in the Lease;
- (ii) Insurance premiums, if any, on all insurance required under the provisions of the Lease;
- (iii) Any rebate amounts required to be paid to the United States Treasury;
- (iv) All fees, costs, and expenses (not otherwise paid or provided for out of the proceeds of the sale of the Bonds) of the Trustee and any paying agent in connection with the Trust Agreement;
- (v) All amounts required to be paid by the Authority, other than from Pledged Assets, under the Trust Agreement; and
- (vi) Any other fees, costs, or expenses incurred by the Authority or the Trustee in connection with the execution, performance, or enforcement of the Lease or any assignment of the Lease or of the Trust Agreement or any of the transactions contemplated by the Lease or the Trust Agreement related to the Property.

Amounts constituting Additional Rental payable under the Lease shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or, in any other case, within 30 days after notice in writing from the Trustee or the Authority to the City stating the amount of Additional Rental then due and payable and the purpose thereof.

Consideration. The payments of Base Rental and Additional Rental under the Lease for each Fiscal Year or portion thereof during the Lease Term shall constitute the total rental for such Fiscal Year or portion thereof and shall be paid by the City for and in consideration of the right to the use and possession of the Property by the City for and during such Fiscal Year or portion thereof; provided that, the Base Rental and Additional Rental payments shall be subject to abatement as provided in the Lease during any period in which by reason of damage, destruction, or taking by eminent domain or condemnation of, or defects in the title with respect to, the Property or any portion thereof, there is substantial interference with the use and possession by the City of all or a portion of the Components comprising the Property. The parties to the Lease have agreed and determined that such total rental is not in excess of the total fair rental value of the Property. In making such determination, consideration has been given to the uses and purposes served by the Property and the benefits therefrom that will accrue to the parties by reason of the Lease and to the general public by reason of the City's right to the use of the Property.

Budget. Pursuant to the Lease, the City covenants to take such action as may be necessary to include all Base Rental and Additional Rental due under the Lease as a separate line item in its annual budget and to make the necessary annual appropriations for all such Base Rental and Additional Rental, subject to the Lease. The covenants on the part of the City contained in the Lease shall be deemed to be

and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every public official of the City to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the City to carry out and perform the covenants and agreements on the part of the City contained in the Lease. The obligation of the City to make Base Rental or Additional Rental payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Base Rental or Additional Rental payments constitutes an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Payment; Credit. Amounts necessary to pay Base Rental shall be deposited by the City on the dates set forth in the Lease in lawful money of the United States of America, at the Principal Office of the Trustee, or at such other place or places as may be established in accordance with the Trust Agreement. Any amount necessary to pay any Base Rental or portion thereof that is not so deposited shall remain due and payable until received by the Trustee and shall continue to bear interest at the rate or rates applicable thereto from the date when the same is due under the Lease until the same shall be paid. Notwithstanding any dispute between the City and the Authority under the Lease, the City shall make all Base Rental and Additional Rental payments when due without deduction or offset of any kind and shall not withhold any rental payments pending the final resolution of such dispute or for any other reason whatsoever. The City's obligation to make Base Rental and Additional Rental payments in the amount and on the terms and conditions specified under the Lease shall be absolute and unconditional without any right of set-off or counterclaim, and without abatement, subject only to the provisions of the Lease. Amounts required to be deposited with the Trustee as described in this paragraph on any date shall be reduced to the extent of amounts on deposit on such date in the Debt Service Fund held by the Trustee under the Trust Agreement and that are available to pay Base Rental on the applicable Interest Payment Date, except for amounts being held therein for the payment of Bonds that have matured or been called but have not been surrendered for payment.

Rental Abatement. Except to the extent of amounts available to the City for payments under the Lease (including the proceeds of condemnation awards, casualty, title, or rental interruption insurance), during any period in which, by reason of material damage or destruction, there is substantial interference with the right to the use and occupancy by the City of any Component of the Property, or in accordance with the provisions of the Lease, Base Rental and Additional Rental payments due under the Lease shall be abated proportionately, and the City waives the benefits of California Civil Code Sections 1932(1), 1932(2), and 1933(4) and any and all other rights to terminate the Lease by virtue of any such interference and the Lease shall continue in full force and effect. The amount of such abatement shall be agreed upon by the City and the Trustee, subject to the Lease. The City and the Authority shall calculate such abatement and shall provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing with the date of such damage or destruction and ending with the substantial completion of the work of repair or replacement of the Component of the Property so damaged or destroyed; and the term of the Lease shall be extended as provided in the Lease, except that the term shall in no event be extended beyond the maximum term provided in the Lease.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Base Rental or Additional Rental in any of the funds and accounts established under the Trust Agreement, such rental payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds and account.

If an event of abatement shall occur during the term of the Lease, upon cessation of the event of abatement, the Property, or any portion thereof, subject to abatement shall be appraised to determine its

current fair rental value. If such value has increased since the Closing Date, Base Rental and Additional Rental payments shall be increased for the remaining term to reflect such increase so that the abated Base Rental and Additional Rental payments are fully paid.

Triple Net Lease. The Lease is intended to be a triple net lease. Pursuant to the Lease, the City agrees that the Base Rental and Additional Rental provided for therein shall be an absolute net return to the Authority free and clear of any expenses, charges, or setoffs whatsoever, except as otherwise described under the subheadings “Consideration” and “Rental Abatement” above.

Affirmative Covenants of the Authority and the City. The Authority and the City are entering into the Lease in consideration of, among other things, the following covenants:

Maintenance and Ordinary Repairs. The City shall, at its own expense, during the Lease Term, maintain the Property, or cause the same to be maintained, in good order, condition, and repair and shall repair or replace any portion of the Property resulting from ordinary wear and tear and want of care on the part of the City or any sublessee thereof. The City shall provide or cause to be provided all security service, custodial service, janitorial service, and other services necessary for the proper upkeep and maintenance of the Property. It is understood and agreed that in consideration of the payment by the City of the rental payments provided for in the Lease, the City is entitled to the right of possession of the Property and the Authority shall have no obligation to incur any expense of any kind or character in connection with the management, operation, or maintenance of the Property during the Lease Term. The Authority shall not be required at any time to make any improvements, alterations, changes, additions, repairs, or replacements of any nature whatsoever in or to the Property. Pursuant to the Lease, the City expressly waives the right to make repairs or to perform maintenance of the Property at the expense of the Authority and (to the extent permitted by law) waives the benefit of Sections 1932, 1941, and 1942 of the California Civil Code relating thereto. The City shall keep the Property free and clear of all liens, charges, and encumbrances other than Permitted Encumbrances and those encumbrances existing on or prior to the Closing Date or on or prior to the date any property is substituted for any of the Property pursuant to the Lease and covered by the exceptions and exclusions set forth in the title policies delivered pursuant to the Lease, and any liens of mechanics, materialmen, suppliers, vendors, or other persons or entities for work or services performed or materials furnished in connection with the Property that are not due and payable or the amount, validity, or application of which is being contested in accordance with the Lease as expressly approved by the City and the Authority prior to the Closing Date, subject only to the provisions of the Lease.

Taxes, Other Governmental Charges, and Utility Charges. The Authority and the City contemplate that the Property will be used for a governmental or proprietary purpose of the City and, therefore, that the Property will be exempt from all taxes presently assessed and levied with respect to the Property. Nevertheless, pursuant to the Lease, the City agrees to pay during the Lease Term, as the same respectively become due, all taxes (except for income or franchise taxes of the Authority), utility charges, and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Property; provided, however, that, with respect to any governmental charges that may lawfully be made in installments over a period of years, the City shall be obliged to pay only such installments as are accrued during such time as the Lease is in effect; and, provided further, that the City may contest in good faith the validity or application of any tax, utility charge, or governmental charge in any reasonable manner that does not adversely affect the right, title, and interest of the Authority in and to any portion of the Property or its rights or interests under the Lease or subject any portion of the Property to loss or forfeiture. Any such taxes or charges shall constitute Additional Rental under the Lease and shall be payable directly to the entity assessing such taxes or charges.

Insurance. The City shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility or through a program of self-insurance (which shall be deemed for purposes of the Lease to include risk sharing pools) to the extent specifically permitted in the Lease, all insurance coverage on the Property required by the Lease. Such insurance or self-insurance shall consist of:

(1) A policy or policies of insurance (excluding earthquake and flood insurance) against loss or damage to the Property known as “all risk.” Such insurance shall be provided by an insurer rated no less than “A” by A. M. Best and shall be maintained at all times in an amount not less than the greater of the full replacement value of the Property or the aggregate principal amount of Bonds at such time Outstanding;

(2) General liability coverage against claims for damages including death, personal injury, bodily injury, or property damage arising from operations involving the Property. Such insurance shall afford protection with a combined single limit of not less than \$2,000,000 per occurrence with respect to bodily injury, death, or property damage liability, or such greater amount as may from time to time be recommended by the City’s risk management officer or an independent insurance consultant retained by the City for that purpose; provided, however, that the City’s obligations under this clause (2) may be satisfied by self-insurance;

(3) Workers’ compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof, such workers’ compensation insurance to cover all persons employed by the City in connection with the Property and to cover liability for compensation under any such act; provided, however, that the City’s obligations under this clause (3) may be satisfied by self-insurance;

(4) Rental interruption insurance to cover loss, total or partial, of the use of any Component of the Property as a result of any of the hazards covered by the insurance required pursuant to clause (1) above, covering a period of 24 months, in an amount equal to the product obtained by multiplying the maximum annual Base Rental payments coming due and payable by 2.0.

(5) A CLTA policy or policies of title insurance for the Property in an amount not less than the initial aggregate principal amount of the Bonds. Such policy or policies of title insurance shall show fee simple title to the Property in the name of the City and a leasehold estate in the name of the Authority, subject to Permitted Encumbrances as will not, in the opinion of the Authority, materially adversely affect the use and possession of the Property and will not result in the abatement of Base Rental payable by the City under the Lease.

All policies or certificates issued by the respective insurers for insurance, with the exception of workers’ compensation insurance, shall provide that such policies or certificates shall not be cancelled or materially changed without at least 30 days prior written notice to the Trustee. The City shall deliver to the Trustee on the Closing Date and on or prior to July 1 of each year thereafter a certificate signed by a duly authorized City Representative stating whether the City is in compliance with the requirements of the Lease and, in the event it is not in compliance, specifying the nature of the noncompliance, and what action the City is taking to remedy such noncompliance.

All policies or certificates of insurance held by the City provided for in the Lease shall name the City as a named insured, and the policies and certificates described in clauses (1) and (4) above shall

name (in addition to the City) the Authority and the Trustee as additional insureds. All proceeds of insurance maintained under clauses (1), (4), and (5) above shall be deposited with the Trustee for application pursuant to the Trust Agreement. All proceeds of insurance maintained under clauses (2) and (3) shall be deposited with the City.

Notwithstanding the generality of the foregoing, the City shall not be required to maintain or cause to be maintained more insurance than is specifically referred to above or any policies of insurance other than standard policies of insurance with standard deductibles offered by reputable insurers on the open market.

All permitted self-insurance shall be biannually reviewed by the Chief Financial Officer, who shall provide the Trustee a report as to the sufficiency thereof.

Liens. The City shall promptly pay or cause to be paid all sums of money that may become due for any labor, services, materials, supplies, or equipment alleged to have been furnished or to be furnished to, for, in, upon, or about the Property and that may be secured by any mechanic's, materialman's, or other lien against the Property, or the interest of the Authority therein, and shall cause each such lien to be fully discharged and released; provided, however, that the City or the Authority, in good faith, (i) may contest any such claim or lien without payment thereof so long as such non-payment and contest stays execution or enforcement of the lien, but if such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not stayed, or if stayed and the stay thereafter expires, then and in any such event the City shall forthwith pay and discharge such judgment or lien, or (ii) may delay payment without contest so long as and to the extent that such delay will not result in the imposition of any penalty or forfeiture.

Laws and Ordinances. The City shall observe and comply with all rules, regulations, and laws applicable to the City with respect to the Property and the operation thereof. The cost, if any, of such observance and compliance shall be borne by the City, and the Authority shall not be liable therefor. The City shall place, keep, use, maintain, and operate the Property in such a manner and condition as will provide for the safety of its agents, employees, invitees, subtenants, licensees, and the public.

Flood Plain. The City covenants in the Lease that no Component of the Property is located in a 100 year flood plain.

Application of Insurance Proceeds.

General. Proceeds of insurance received in respect of destruction of or damage to any portion of the Property by fire or other casualty or event (excluding earthquake or flood) shall be paid to the Trustee for application in accordance with the provisions of the Trust Agreement. If there is an abatement of rental payments pursuant to the Lease as a result of such casualty or event, and the City elects pursuant to the Trust Agreement to apply such insurance to the redemption of Bonds rather than to the replacement or repair of the destroyed or damaged portion of the Property, then the Base Rental, with respect to the applicable Component or Components, shall be adjusted in accordance with such redemption of Bonds. If the City elects pursuant to the Trust Agreement to apply such proceeds to the repair or replacement of the portion of the Property that has been damaged or destroyed, in the event there has been an abatement of rental payments pursuant to the Lease, then rental payments shall again begin to accrue with respect thereto upon restoration of the City to its right to the use and possession of such portion of the Property.

Title Insurance. Proceeds of title insurance received with respect to the Property shall be paid to the Trustee for application in accordance with the provisions of the Trust Agreement.

Eminent Domain. If the Property, or so much thereof as to render the remainder of the Property unusable for the City's purposes under the Lease, shall be taken under the power of eminent domain, then the Lease shall terminate as of the day possession shall be so taken.

If less than a substantial portion of the Property shall be taken under the power of eminent domain, and the remainder is useable for the City's purposes, then the Lease shall continue in full force and effect as to the remaining portions of the Property, subject only to such rental abatement as is required by the Lease. Pursuant to the Lease, the City and the Authority waive the benefit of any law to the contrary. Any award made in eminent domain proceedings for the taking shall be paid to the Trustee for application in accordance with the provisions of the Trust Agreement. If the City elects pursuant to the Trust Agreement, to apply such proceeds to the replacement of the condemned portion of the Property (in the event there has been an abatement of rental payments pursuant to the Lease), then rental payments shall again begin to accrue with respect the replacement portion of the Property upon restoration of the City to its right to use and possess such replacement portion of the Property.

The City covenants and agrees in the Lease, to the extent it may lawfully do so, that so long as any of the Bonds remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Property. The City further covenants and agrees in the Lease, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns the Property, the appraised value of the Property shall not be less than the greater of (i) if the Bonds are then subject to redemption, the principal and interest portions of the Bonds outstanding through the date of their redemption, or (ii) if the Bonds are not then subject to redemption, the amount necessary to defease such Bonds to the first available redemption date in accordance with the Trust Agreement.

Assignment and Lease. The City shall not sell, mortgage, pledge, assign, or transfer any interest of the City in the Lease by voluntary act or by operation of law, or otherwise; provided, however, that the City may sublease all or any portion of the Property and may grant concessions to others involving the use of any portion of the Property, whether such concessions purport to convey a subleasehold interest or a license to use a portion of the Property; provided, however, that such sublease or grant shall be subject to the terms of the Lease. The City shall at all times remain primarily liable for the performance of the covenants and conditions on its part to be performed under the Lease, notwithstanding any subletting or granting of concessions that may be made. Nothing contained in the Lease shall be construed to relieve the City of its obligation to pay Base Rental and Additional Rental as provided in the Lease or to relieve the City from any other obligations contained therein. In no event shall the City sublease to or permit the use of all or any part of the Property by any person so as to adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

The Authority shall, concurrently with the execution of the Lease, assign all of its right, title, and interest in and to the Lease (except for its right to payment of its expenses under the Lease, its right to indemnification pursuant to the Lease, and its right to receive certain notices under the Lease), including without limitation its right to receive Base Rental payable under the Lease, to the Trustee pursuant to the Trust Agreement, and the City consents to and approves such assignment. The parties to the Lease further agree to execute any and all documents necessary and proper in connection therewith.

Notwithstanding the foregoing, if no default or event of default has occurred and is continuing under the Lease, the City may acquire from the Authority, free and clear of the Authority's rights under the Lease, any Component upon substituting therefor, and subjecting to the terms of the Lease, another Component that has an annual fair rental value at least equal to 100% of the maximum amount of Base Rental payments with respect to the Component being replaced becoming due in the then current Lease Year or in any subsequent Lease Year and a remaining useful life that is at least equal to the remaining

term of the Lease. As soon as practicable after the Authority has received from the City (i) a written notice of the City's intention to substitute for any Component and subject to the terms of the Lease a new Component, (ii) a certificate of a City Representative that the total annual fair rental value of the new Component is at least equal to 100% of the maximum amount of Base Rental payments with respect to the Component being replaced becoming due in the then current Lease Year or in any subsequent Lease Year, (iii) evidence that an amendment to the Lease reflecting a new Component description has been recorded in the Office of the Recorder of the County of Ventura, (iv) a CLTA policy or policies of title insurance for the new Component in an amount not less than the aggregate principal amount of Outstanding Bonds to be secured by Base Rental payments made with respect to the new Component (such policy or policies of title insurance shall show fee simple title to the new Component in the name of the City and a leasehold estate in the name of the Authority, subject to Permitted Encumbrances that will not, in the opinion of the Authority, materially adversely affect the use and possession of the new Component and will not result in the abatement of Base Rental payable by the City under the Lease), and (v) an opinion of Independent Counsel to the effect that such substitution will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes, the Authority shall execute and deliver to the City a quitclaim deed conveying to the City or its nominee the Authority's right, title, and interest in the Component for which substitution was sought. In no event shall the Authority transfer title to the Component to the City if any amounts are then due to the Authority or the Trustee pursuant to the terms of the Lease or the Trust Agreement.

Additions and Improvements; Removal. The City shall have the right during the Lease Term to make any additions or improvements to any Component, to attach fixtures, structures, or signs, and to affix any personal property to any Component, so long as the fair rental value of the Component is not thereby reduced. Title to all equipment or personal property placed by the City on any Component shall remain in the City; provided, however title to additions, improvements, and fixtures shall be subject to the provisions of the Lease and the Property Lease. Title to any personal property or equipment placed on any Component by any sublessee or licensee of the City shall be controlled by the sublease or license agreement between such sublessee or licensee and the City, which sublease or license agreement shall not be inconsistent with the Lease. The City shall not remove or cause to be removed any equipment or personal property that may cause damage to the applicable Component or Components.

Events of Default. If (i) the City shall fail to deposit with the Trustee any Base Rental payment required to be so deposited pursuant to the Lease by the close of business on the day such deposit is due and payable; (ii) the City shall fail to pay any item of Additional Rental as and when the same shall become due and payable pursuant to the Lease; (iii) the City shall breach any other terms, covenants, or conditions contained in the Lease or in the Trust Agreement, and shall fail to remedy any such breach with all reasonable dispatch within a period of 30 days after written notice thereof shall have been given to the City from the Authority or the Trustee, or, if such breach cannot be remedied within such 30-day period, the City shall fail to institute corrective action within such 30-day period and diligently pursue the same to completion (provided that in the event such breach as provided in this clause (iii) is not cured within 60 days, the City shall obtain the prior written consent of the Authority to, and thereafter the City shall pursue the same to completion beyond the grace period provided in this paragraph); or (iv) the City shall file a case in bankruptcy, or any right or interest of the City under the Lease shall be subjected to any execution, garnishment, or attachment, or the City shall be adjudicated as bankrupt, or any assignment shall be made by the City for the benefit of creditors, or the City shall enter into an agreement of composition with creditors, or a court of competent jurisdiction shall approve of a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act that may hereafter be enacted, then and in any such event the City shall be deemed to be in default under the Lease.

Remedies on Default. Upon any such default, the Authority, and the Trustee, as its assignee, in addition to all other rights and remedies either may have at law, may:

(i) terminate the Lease in the manner hereinafter provided on account of default by the City, notwithstanding any re-entry or re-letting of the Property as hereinafter provided for in subparagraph (ii), and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place located within the geographical boundaries of the City, for the account of and at the expense of the City. In the event of such termination, the City shall surrender immediately possession of the Property, without let or hindrance, and shall pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss, or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions of the Lease. Neither notice to pay rent or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under the Lease shall of itself operate to terminate the Lease, and no termination of the Lease on account of default by the City shall be or become effective by operation of law or acts of the parties to the Lease, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate the Lease. The City covenants and agrees that no surrender of the Property or of the remainder of the Lease Term or any termination of the Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(ii) Without terminating the Lease, (A) collect each installment of Base Rental and Additional Rental as it becomes due and enforce any other terms or provisions of the Lease to be kept or performed by the City, regardless of whether or not the City has abandoned the Property or (B) exercise any and all rights of entry and re-entry upon the Property. In the event the Authority does not elect to terminate the Lease in the manner provided for in subparagraph (i) above, the City shall remain liable and shall keep or perform all covenants and conditions contained in the Lease to be kept or performed by the City and, if the Property is not re-let, to pay the full amount of the rent to the end of the Lease Term or, in the event that the Property is re-let, to pay any deficiency in rent that results therefrom; and the City shall pay said rent or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent under the Lease, notwithstanding that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental specified in the Lease, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Authority elect to re-enter as provided in the Lease, the City irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place located within the geographical boundaries of the City, for the account of and at the expense of the City, and the City indemnifies and agrees to save harmless the Authority from any costs, loss, or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions of the Lease. The City agrees that the terms of the Lease constitute full and sufficient notice of the right of the Authority to re-let the Property in the event of such re-entry without effecting a surrender of the Lease, and further agrees that no acts of the Authority in effecting such re-letting shall constitute a surrender or termination of the

Lease, irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City, the right to terminate the Lease shall vest in the Authority, to be effected in the sole and exclusive manner provided for in subparagraph (i) above. The City further waives the right to any rental obtained by the Authority in excess of the rental specified in the Lease and conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Property. The City further agrees to pay the Authority the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

Pursuant to the Lease, the City waives any and all claims for damages caused or that may be caused by the Authority in reentering and taking possession of the Property as provided in the Lease and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Property.

In addition to the other remedies set forth in the Lease, upon the occurrence of an event of default as described in the Lease, the Authority and the Trustee, as its assignee, shall be entitled to proceed to protect and enforce the rights vested in the Authority and its assignee by the Lease or by law. The provisions of the Lease and the duties of the City and of its council members, officers, or employees shall be enforceable by the Authority or its assignee by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority and its assignee may bring the following actions:

Accounting. By action or suit in equity to require the City and its council members, officers, and employees and its assigns to account as the trustee of an express trust.

Injunction. By action or suit in equity to enjoin any acts or things that may be unlawful or in violation of the rights of the Authority or its assignee.

Mandamus. By mandamus or other suit, action, or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City (and its council members, officers, and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the Authority as provided in the Lease.

The termination of the Lease by the Authority and its assignees on account of a default by the City under the Lease shall not affect or result in a termination of the lease of the Property by the City to the Authority pursuant to the Property Lease.

Each and every remedy of the Authority or any assignee of the rights of the Authority under the Lease is cumulative and the exercise of one remedy shall not impair the right of the Authority or its assignee to any or all other remedies. If any statute or rule validly shall limit the remedies given to the Authority or any assignee of the rights of the Authority under the Lease, the Authority or its assignee nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

All damages and other payments received by the Authority pursuant to the Lease shall be applied in the manner set forth in the Trust Agreement.

Notwithstanding anything to the contrary contained in the Lease, in no event shall the Authority re-let the Property or any Component thereof to any lessee that is not itself a governmental entity without

first obtaining an opinion of Independent Counsel to the effect that such re-letting will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Option to Purchase. The City shall have the exclusive right and option, which shall be irrevocable during the Lease Term, to purchase all of the Authority's right, title, and interest in the Property or any Component thereof on any Business Day, upon payment of the respective option price for the Property or such Component thereof, as further described below, but only if the City is not in default under the Lease or the Trust Agreement and only in the manner provided in the Lease.

The option price for each Component in any Lease Year shall be an amount equal to the redemption price of Outstanding Bonds, including redemption premium, if any, as set forth in the Trust Agreement, in the principal amount equal to the principal components of the Base Rental payments remaining, as of the date such option will be exercised, with respect to such Component, plus the applicable prepayment premium, if any, as set forth in the Trust Agreement, plus accrued interest to the date of redemption of the Bonds to be redeemed. Such option price is intended to represent the then fair value of such Component.

If the Business Day on which the City intends to exercise its option under the Lease is, in accordance with the terms of the Trust Agreement, a date on which the Bonds are subject to optional redemption, then the City shall exercise its option to purchase by giving notice to the Trustee of its intention to exercise its option under the Lease not less than 45 days prior to the Business Day on which it intends to exercise its option under the Lease and shall arrange for the deposit with the Trustee by the date on which it intends to exercise its option to purchase under the Lease an amount equal to the option price.

If the Business Day on which the City intends to exercise its option under the Lease is not a date on which the Bonds are subject to optional redemption pursuant to the terms of the Trust Agreement, the City shall exercise its option to purchase by giving notice thereof to the Trustee not later than 10 days prior to the Business Day on which it desires to purchase the Authority's right, title, and interest in a Component and the option price shall be payable in installments. Each such installment (a) shall be payable at each time at which a payment of Base Rental would have been payable had such option not been exercised until the due date of the final installment referred to in the proviso set forth below in this paragraph, and (b) shall equal the principal component and the interest component of each Base Rental payment referred to in clause (a) above; provided, however, that the final installment shall be payable on the first date on which Bonds are subject to optional redemption pursuant to the terms of the Trust Agreement and shall be in an amount equal to the option price on such date for that Component. Each such installment shall bear interest until paid at a rate equal to the rate that would have been payable with respect to the payments of Base Rental referred to in clause (a) above. In order to secure its obligations to pay the installments referred to above, and to cause the defeasance of the allocable portion of the Bonds relating to such Component, the City, concurrently with the exercise of its option under the Lease, shall satisfy the provisions in the Trust Agreement, including the deposit of amounts that will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay the installments (including all principal and interest) and the option price referred to above at the times at which such installments and the option price are required to be paid. Such deposit shall be in addition to the Base Rental due on such date.

On any Business Day as to which the City shall properly have exercised the option granted it pursuant to the Lease with respect to a Component and shall have paid or made provision (as set forth in the preceding paragraphs) for the payment of the required option price and provided for the defeasance of the allocable portion of the Bonds relating to such Component or Components in accordance with the terms and provisions of the Trust Agreement or shall have caused the redemption of the allocable portion of the Bonds relating to such Component or Components in accordance with the terms and provisions of

the Trust Agreement, as applicable, the Authority shall execute and deliver to the City a quitclaim deed conveying to the City or its nominee the Authority's right, title, and interest in that Component. If (A) the City shall (i) properly exercise the option provided in the Lease prior to the expiration of the Lease Term and (ii) provide for the defeasance of the allocable portion of the Bonds relating to such Component or Components in accordance with the terms and provisions of the Trust Agreement or shall have caused the redemption of the allocable portion of the Bonds relating to such Component or Components in accordance with the terms and provisions of the Trust Agreement, as applicable, and (B) the Authority shall execute and deliver the quitclaim deed to the Component as aforesaid, then the Lease shall terminate with respect to that Component, but such termination shall not affect the City's obligation to pay the option price on the terms set forth in the Lease and shall not affect the City's obligation to pay Base Rental and Additional Rental with respect to any other Component.

PROPERTY LEASE

The Property Lease will be entered into between the Authority and the City and, pursuant to its terms, the Authority will agree to lease all the Components of the Property from the City.

Term. The Property Lease shall commence on the Closing Date and end on the earlier to occur of (i) June 1, 2029 (which is the final maturity date of the Bonds); provided that in the event the principal of and interest on the Bonds and all other amounts payable under the Lease and the Trust Agreement shall not be fully paid, or if the Base Rental or Additional Rental due under the Lease shall have been abated at any time as permitted by the terms of the Lease, then the term of the Property Lease shall be extended, except that the term shall in no event be extended beyond June 1, 2039, or (ii) the date upon which the Trust Agreement shall have been discharged in accordance with the Trust Agreement.

Right of Substitution of Property. Pursuant to the Property Lease, the City reserves the right at any time to substitute real property and/or improvements thereon owned by the City for all or any Component of the Property, provided that:

(a) subject to the provisions of the Lease, the City obtains the prior written consent of the Authority and any municipal bond rating agency that has, at the request of the City, rated the Bonds issued pursuant to the Trust Agreement;

(b) the City finds (and delivers a certificate to the Authority and Trustee setting forth its findings) that the substituted Component or Components of the Property and improvements thereon has the same or greater fair rental value than that Component or Components of the Property for which it is being substituted and that the Base Rental payments being made by the City for the then current Lease Year and subsequent Lease Year thereafter pursuant to the Lease will not be reduced.

Upon the substitution of any Component or Components of the Property for the Component or Components constituting the Property, the City, the Authority, and the Trustee shall execute and record with the Office of the County Recorder, County of Ventura, California, any document necessary to release any Component or Components of the Property substituted pursuant to the provisions of the Property Lease and the Lease and to include the substituted Component or Components to constitute the released Component or Components of the Property under the Property Lease and the Lease.

Assignment and Lease. So long as no event of default has occurred and is continuing under the Lease, subject to the provisions of the Lease, the Authority shall not sell, assign, mortgage, hypothecate, or otherwise encumber the Property Lease and any rights thereunder, and the leasehold created thereby, by trust agreement, indenture, or deed of trust or otherwise or sublet any Component of the Property without the prior written consent of the City, except that the City expressly approves and consents to the

assignment and transfer of the Authority's right, title, and interest in the Property Lease to the Trustee pursuant to the Trust Agreement. Upon the occurrence of an event of default under the Lease, the Trustee may mortgage, sell, assign, or encumber the Property Lease and the City shall not have any consent rights in respect thereto.

APPENDIX B

GENERAL INFORMATION CONCERNING THE CITY OF OXNARD

The Bonds do not constitute a general obligation debt of the City of Oxnard (the “City”), and the City has not pledged its full faith and credit or its taxing power to the repayment of the Bonds. The following information is presented for informational purposes only.

General

The City is located in western Ventura County (the “County”) on the shore of the Pacific Ocean. The City is approximately 65 miles northwest of the City of Los Angeles, 35 miles south of the City of Santa Barbara, and 6 miles south of the county seat of the County. The City is the largest city in the County, with a population estimated at 200,855 in 2013, accounting for approximately 24% of the County’s population. The City has a diversified economic base composed of agriculture and related business, retail, various services, and governmental agencies.

The City was incorporated as a general law city on June 30, 1903, and operates under a council-manager form of government. The City is governed by a five-member City Council elected at large for four-year alternating terms, with the exception of the Mayor, who is directly elected for a two-year term.

Population

The City’s population has grown from approximately 186,122 people in 2004 to approximately 200,855 in 2013. The following table shows the approximate changes in population in the City, the County, the State, and the United States for the years 2004 through 2013.

**Population of
City, County, State, and United States
2004 through 2013 ⁽¹⁾**

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2004	186,122	730,875	36,199,342	293,045,739
2005	188,941	753,863	36,676,931	295,753,151
2006	189,990	777,664	37,087,005	298,593,212
2007	192,997	798,784	37,463,609	301,579,895
2008	194,905	815,023	37,871,509	304,374,846
2009	197,067	827,475	38,255,508	307,006,550
2010	200,004	823,318	37,253,956	308,745,538
2011	199,722	827,874	37,427,946	311,582,564
2012	200,390	829,075	37,668,804	313,873,685
2013	200,855	836,153	37,984,138	316,128,839

⁽¹⁾ Unless otherwise noted, estimates for City, County, and State are as of January 1, and for the United States are as of July 1.

Sources: For City: City’s Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013; for State and County: California Department of Finance (Report E-4 Population Estimates for Cities, Counties and the State); for United States: United States Bureau of the Census.

Property Tax Rates

In June of 1978, California voters approved Proposition 13 (the Jarvis-Gann Initiative), which added Article XIII A to the California Constitution. Article XIII A limits ad valorem taxes on real property to 1% of the full cash value, plus taxes necessary to repay indebtedness approved by the voters prior to July 1, 1978. Voter-approved obligations of the City are comprised of an obligation of the City referred to as the "Public Safety Retirement Debt." The following table details the City's property tax rates since fiscal year 2003-04.

City of Oxnard Property Tax Rates Fiscal Years 2003-04 through 2012-13

<u>Year Ended June 30</u>	<u>Article XIII A Basic Tax Rate</u>	<u>City District (Public Safety Retirement Debt)</u>	<u>School Districts</u>	<u>Water Districts</u>	<u>Total Tax Rates</u>
2004	1.00%	0.20384%	0.09770%	0.04476%	1.34630%
2005	1.00	0.19624	0.08410	0.04224	1.32258
2006	1.00	0.17614	0.09850	0.03691	1.31155
2007	1.00	0.16564	0.08220	0.03272	1.28056
2008	1.00	0.17864	0.10500	0.02922	1.31286
2009	1.00	0.19334	0.11160	0.01290	1.31784
2010	1.00	0.20384	0.11470	0.01290	1.33144
2011	1.00	0.22054	0.11990	0.01110	1.35154
2012	1.00	0.20544	0.12200	0.01110	1.33854
2013	1.00	0.20424	0.11980	0.00000	1.32404

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013.

Property Tax Levies, Collections, and Delinquencies

The Ventura County Tax Collector collects ad valorem property tax levies representing taxes levied for each fiscal year on taxable real and personal property that is situated in the County as of the preceding March 1. Unsecured taxes are assessed and payable on March 1 and become delinquent August 31 in the next fiscal year. Accordingly, unsecured taxes are levied at the rate applicable to the fiscal year preceding the one in which they are paid.

One half of the secured tax levy is due November 1 and becomes delinquent December 10; the second installment is due February 1 and becomes delinquent April 10. A 10% penalty is added to any late installment.

Property owners may redeem property upon payment of delinquent taxes and penalties. Tax-delinquent properties are subject to a redemption penalty of 1½% of the delinquent amount every month commencing on July 1 following the date on which the property became tax-delinquent. Properties may be redeemed under an installment plan by paying current taxes, plus 20% of delinquent taxes each year for five years, with interest accruing at 1½% per month on the unpaid balance.

The following table details the City's property tax levies, collections, and delinquencies since fiscal year 2003-04.

City of Oxnard
Property Tax Levies, Collections and Delinquencies
Fiscal Years 2003-04 through 2012-13

Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percentage of Tax Levy
2004	\$35,432,169	\$35,281,916	99.58%	\$344,390	\$35,626,306	99.99%
2005	44,743,658	49,223,170	110.01	126,250	49,349,420	110.29
2006	54,511,910	58,537,770	107.39	132,403	58,670,173	107.63
2007	59,401,879	68,429,117	115.20	129,679	68,558,796	115.42
2008	69,931,705	75,726,668	108.29	121,075	75,847,743	108.46
2009	69,147,624	76,681,392	110.90	145,945	76,827,337	111.11
2010	75,929,128	71,755,189	94.50	136,565	71,891,754	94.68
2011	72,434,536	71,118,203	98.18	105,158	71,223,361	98.33
2012	70,330,220	63,176,888	89.83	126,609	63,303,497	90.01
2013 ⁽¹⁾	53,833,600	52,537,321	97.59	121,064	52,658,385	97.82

(1) The significant decrease in tax collections in fiscal year 2011-12 and the significant decrease in the tax levy in fiscal year 2012-13 were primarily due to the dissolution of the Oxnard Community Development Commission as a result of the adoption by the California Legislature of AB X1 26, which eliminated redevelopment agencies State-wide.

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013.

Assessed Property Values

The following table details the unequalized assessed value of the property within the City for since fiscal year 2003-04.

City of Oxnard
Assessed Property Values
Fiscal Years 2003-04 through 2013-14

Fiscal Year June 30	Assessed Value
2004	\$ 9,787,326,328
2005	11,058,336,869
2006	12,726,781,676
2007	14,562,928,520
2008	15,918,112,344
2009	16,158,716,867
2010	15,176,505,240
2011	15,058,226,607
2012	14,971,225,595
2013	15,198,347,582
2014	15,607,919,376

Source: County Assessor's Office.

Principal Taxpayers

The following table lists the principal taxpayers in the City as of June 30, 2014.

City of Oxnard Principal Taxpayers

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Procter & Gamble Paper Products	\$ 318,375,847	2.02%
Essex Arbors LP	202,081,727	1.28
SOCMI LLC	116,023,164	0.74
Genon Energy West LP-Mandalay	112,900,000	0.72
Capri of KW Serenade LLC	84,691,280	0.54
Prime Peninsula LP	84,540,000	0.54
Haas Automation Inc.	78,059,700	0.50
BG Terminal California LLC	74,726,336	0.47
New-Indy Oxnard LLC	69,467,684	0.44
Duesenberg Investment Company	68,471,332	0.43
Subtotal (Top 10)	\$1,209,337,070	7.68
Total (All Taxpayers)	\$15,754,748,682	100.00%

Source: City.

Outstanding Debt

The City uses a variety of tax increment, revenue, and lease indebtedness to finance various capital acquisitions. The outstanding balances for indebtedness since fiscal year 2003-04 are set forth in the following table. See also the notes to the City's Comprehensive Annual Financial Report for fiscal year 2012-13, a copy of which is attached as Appendix C, for a description of the City's long-term liabilities.

City of Oxnard Outstanding Debt (Fiscal Years 2003-04 through 2012-13)

<u>Year Ended June 30</u>	<u>Governmental Activities</u>				<u>Business-Type Activities</u>		<u>Total Outstanding Debt</u>
	<u>Revenue Bonds</u>	<u>Certificates of Participation</u>	<u>Tax Allocation Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	
2004	\$22,874,301	\$ 8,045,000	\$19,185,000	\$1,729,354	\$214,035,699	\$2,916,139	\$268,785,493
2005	21,607,009	7,835,000	18,635,000	1,412,398	236,943,314	2,469,070	288,901,791
2006	19,975,756	7,620,000	18,030,000	1,086,013	298,559,567	2,010,676	347,282,012
2007	43,109,750	7,395,000	37,940,000	749,911	292,625,260	1,536,788	383,356,709
2008	41,746,367	34,835,000	37,040,000	493,471	286,428,643	4,603,874	405,147,355
2009	40,337,356	34,350,000	47,755,000	293,886	278,427,654	4,053,370	405,217,266
2010	38,877,717	33,600,000	46,475,000	1,436,151	370,257,293	3,632,411	494,278,572
2011	37,359,198	32,820,000	45,155,000	2,552,594	383,230,810	3,623,438	504,741,270
2012	35,781,802	32,010,000	--	5,665,006	372,713,206	2,963,438	449,133,452
2013	34,146,715	25,335,000	--	11,101,548	361,808,291	2,620,593	435,012,147

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013.

The City has entered into three interest rate swaps to hedge its variable rate bond exposure. All three interest rate swaps qualify for treatment as 'Hedging Derivative Instruments' pursuant to the

requirements of GASB Statement No. 53. The terms of the swaps are consistent with the guidelines contained within the City of Oxnard Master Swap Policy adopted on November 21, 2006.

In connection with the December 2006 issuance of the City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds (Civic Center Phase 2 Project), Series 2006, the City entered into a floating-to-fixed interest rate swap with Royal Bank of Canada in the original notional amount of \$24,205,000. Pursuant to such swap, the City pays a fixed rate of 3.530% and receives variable payments computed as 68% of the one-month London Interbank Offered Rate ("LIBOR"). The bonds and the related swap agreement mature on June 1, 2036, and as of June 30, 2014 the swap's notional amount of \$20,285,000 matches the \$20,285,000 in variable-rate bonds. The swap was entered at the same time the bonds were issued (December 2006) and terminates at the same time that the bonds mature (June 2036). The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. The swap terminates by its terms on June 1, 2036. As of June 30, 2014, this swap had a negative fair value to the City of \$3.63 million as a result of a decline in interest rates since execution of the swap. As of June 30, 2014, the City is not adversely exposed to counterparty credit risk due to the negative fair value of the swap.

In June 2007, the City entered into a floating-to-fixed interest rate swap with Royal Bank of Canada in the original notional amount of \$13,410,000 with respect to the outstanding City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds, 2003 Series B. Pursuant to such swap, the City pays a fixed rate of 4.037% and receives variable payments computed as 68% of the one-month LIBOR. The bonds and the related swap agreement mature on June 1, 2033, and as of June 30, 2014 the swap's notional amount of \$10,725,000 matches the \$10,725,000 in variable-rate bonds. The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. The swap terminates by its terms on June 1, 2033. As of June 30, 2014, this swap had a negative fair value to the City of \$2.25 million as a result of a decline in interest rates since execution of the swap. As of June 30, 2014, the City is not adversely exposed to counterparty credit risk due to the negative fair value of the swap.

In June 2007, the City also entered into a floating-to-fixed interest rate swap with Royal Bank of Canada in the original notional amount of \$23,975,000 with respect to the outstanding City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Projects), 2004 Series B. Pursuant to such swap, the City pays a fixed rate of 4.017% and receives variable payments computed as 68% of the one-month LIBOR. The bonds and the related swap agreement mature on June 1, 2034, and as of June 30, 2014 the swap's notional amount of \$18,710,000 matches the \$18,710,000 in variable-rate bonds. The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. The swap terminates by its terms on June 1, 2034. As of June 30, 2014, this swap had a negative fair value to the City of \$3.67 million as a result of a decline in interest rates since execution of the swap. As of June 30, 2014, the City is not adversely exposed to counterparty credit risk due to the negative fair value of the swap.

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Direct and Overlapping Debt

The following table describes the City's direct and overlapping debt as of October 6, 2014:

City of Oxnard Direct and Overlapping Debt (As of October 6, 2014)

2013-14 Assessed Valuation: \$15,754,311,306

	Total Debt 6/30/14	% Applicable (1)	City's Share of Debt 6/30/14
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	\$132,275,000	0.714%	\$ 944,444
Ventura County Community College District	300,628,714	14.595	43,876,761
Oxnard Union High School District	138,907,016	45.917	63,781,935
Oxnard School District	159,868,139	91.914	146,941,201
Rio School District	14,040,000	85.740	12,037,896
Rio School District Community Facilities District No. 1	57,260,000	100.	57,260,000
Hueneme School District	25,464,135	44.017	11,208,548
Ocean View School District	15,280,247	42.460	6,487,993
City of Oxnard Rose Avenue/Highway 101 Assessment District No. 96-1	1,920,000	100.	1,920,000
City of Oxnard Rice Avenue/Highway 101 Assessment District No. 2001-1	11,420,000	100.	11,420,000
City of Oxnard Oxnard Boulevard/Highway 101 Assessment District No. 2000-1	1,915,000	100.	1,915,000
City of Oxnard Community Facilities District No. 1	8,575,000	100.	8,575,000
City of Oxnard Community Facilities District No. 3	27,870,000	100.	27,870,000
City of Oxnard Oxnard Boulevard Highway Interchange Community Facilities District	7,695,000	100.	7,695,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$401,933,778
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Ventura County General Fund Obligations	\$398,360,000	14.590%	\$ 58,120,724
Ventura County Superintendent of Schools Certificates of Participation	11,160,000	14.590	1,628,244
Oxnard Union High School District Certificates of Participation	6,820,000	45.917	3,131,539
Ocean View School District Certificates of Participation	1,426,700	42.460	605,777
Oxnard School District Certificates of Participation	4,600,800	91.914	4,228,779
Rio School District Certificates of Participation	7,145,000	85.740	6,126,123
City of Oxnard General Fund Obligations	60,278,807	100.	60,278,807
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$134,119,993
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$40,920,000	100. %	\$40,920,000
TOTAL DIRECT DEBT			\$60,278,807
TOTAL OVERLAPPING DEBT			\$516,694,964
TOTAL DIRECT AND OVERLAPPING DEBT			\$576,973,771 (2)

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.55%
Total Direct Debt (\$60,278,807)	0.38%
Total Direct and Overlapping Debt.....	3.66%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$2,170,008,739):

Total Overlapping Tax Increment Debt.....	1.89%
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Source: California Municipal Statistics, Inc.

Employment and Personal Income

The following table sets forth the unemployment rate, total personal income, and per capita income in the City since fiscal year 2003-04.

City of Oxnard Employment and Personal Income (Fiscal Years 2003-04 through 2013-14)

<u>Fiscal Year</u>	<u>Unemployment Rate</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Income</u>
2004	7.8%	\$2,886,966	\$15,886
2005	7.0	3,093,466	16,645
2006	6.2	3,261,107	17,376
2007	6.1	3,494,586	18,463
2008	7.4	3,680,019	19,185
2009	11.0	3,751,908	19,352
2010	14.4	3,707,181	18,829
2011	14.2	3,739,475	18,697
2012	13.0	3,968,123	19,802
2013	10.1	4,018,506	20,007
2014	9.3 ⁽¹⁾	Unavailable	Unavailable

(1) Through August 2014.

Source for data through fiscal year 2012-13: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013.

Source for data for fiscal year 2013-14: unaudited financial data.

The following table sets forth the top employers in the City as of June 30, 2014.

City of Oxnard Top Employers (As of June 30, 2014)

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
St. John's Regional Medical Center	Hospital	1,393
City of Oxnard	Civic	1,278
Haas Automation, Inc.	Manufacturer	1,100
Verizon	Telephone Service	860
Wal-Mart Stores, Inc.	Retail	750
Waterway Plastics, Inc.	Manufacturer	700
Procter & Gamble Paper Products	Manufacturer	650
Boskovich Farms, Inc.	Manufacturer	600
Sysco Food Services of Ventura	Distribution	500
Workrite Uniforms Co., Inc.	Manufacturer	405
CalAmp	Manufacturer	400
Gills Onions	Manufacturer	400
Monsanto	Manufacturer	400
Raypak, Inc.	Manufacturer	320
Home Depot	Retail	310

Source: City.

Taxable Retail Sales

Consumer spending in calendar year 2012 resulted in \$2,290,580,000 in taxable sales in the City, which is approximately 7.93% more than in calendar year 2011. The following table sets forth information regarding taxable sales in the City for each type of business for calendar years 2008 through 2012.

City of Oxnard
Taxable Retail Sales by Type of Business
2008 to 2012
(in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Motor Vehicles and Parts Dealers	\$ 372,288	\$ 306,123	\$ 333,399	\$ 379,666	\$ 437,495
Home Furnishings and Appliance Stores	114,394	140,752	135,456	130,962	129,447
Building Materials and Garden Equipment and Supplies	93,118	92,975	91,427	96,614	118,598
Food and Beverage Stores	94,066	94,150	92,803	93,340	96,718
Gasoline Stations	223,783	174,508	205,785	253,645	262,972
Clothing and Clothing Accessories Stores	58,524	74,067	78,669	80,811	87,509
General Merchandise Stores	317,481	264,085	273,984	286,540	304,546
Food Services and Drinking Places	185,258	181,251	188,368	201,967	215,340
Other Retail Group	189,550	108,148	108,097	109,500	113,004
Total Retail and Food Services	1,648,461	1,436,959	1,507,987	1,633,046	1,765,630
All Other Outlets	517,015	419,475	425,740	489,175	524,959
Total All Outlets	\$2,165,477	\$1,856,434	\$1,933,728	\$2,122,220	\$2,290,589

Source: California State Board of Equalization.

Transportation

Oxnard is served by all major modes of transportation. Both U.S. Highway 101 and State Highway 1 pass through the City, linking it with the Los Angeles metropolitan area and Santa Barbara County. Rail passenger service is provided by AMTRAK, which has a station in the City. Two trains pass through daily in each direction and stop at the Oxnard station. Metrolink provides commuters from the Oxnard Transportation Center with several daily routes to the Los Angeles basin, including downtown Los Angeles. Union Pacific Railroad provides freight rail service through the City. The Ventura County Railroad Company connects Port Hueneme, the Ormond Beach Industrial Area, the Naval Construction Battalion Center, and surrounding industrial areas to the Union Pacific line. The Port of Hueneme, owned and operated by the Oxnard Harbor District, is the only commercial deep-draft harbor between Los Angeles and San Francisco. The port has five 600 to 700 foot berths and a 35-foot entrance channel depth. An \$18 million expansion of the port was completed in 1989, which included the addition of an automobile terminal and the construction of a new wharf. The port's acquisition of approximately 33 acres from the U.S. Navy in 1997 has enabled it to increase facilities for handling refrigerated containers and roll-on/roll-off cargoes. The Channel Islands Harbor is a modern 3,000 slip boat marina, which also serves the Oxnard area in the capacity of a recreational marina and covers approximately 310 acres. The Oxnard Airport is operated by Ventura County as a general and commercial aviation airfield. The Oxnard Airport handles passenger as well as cargo services. Local bus service is provided by Gold Coast Transit, a regional public transit agency funded by the County and member cities. Service is available in Ojai, Ventura, Oxnard, and Port Hueneme. The Greyhound bus line provides passenger and parcel service from its Oxnard station. A multi-modal transportation center located in downtown Oxnard brings together all these forms of transportation.

Education

There are 35 elementary, 8 junior high, and 5 senior high schools located in and immediately around the City, plus eight parochial and private schools. The City is served by Oxnard College, a California community college. The 119-acre campus is located on Rose Avenue between Channel Island Boulevard and Pleasant Valley Road. Oxnard College currently offers degree and certificate programs. The California State University campus at Channel Islands (CSUCI) opened in fall 2002, and has a current enrollment of over 3,700 students. In addition, two campuses of the University of California, Santa Barbara (UCSB) and Los Angeles (UCLA), one campus of the California State University, Northridge (CSUN), and two private universities, Pepperdine and California Lutheran University, are within a 50 minute drive.

Recreation

The City offers its residents a wide range of recreational facilities. The beach parks, marina and neighborhood and regional parks add up to nearly 1,500 acres of park land. McGrath State Beach Park, located south of the Santa Clara River mouth, covers approximately 295 acres and includes over a mile of ocean frontage. Overnight camping and day picnics are the main use of that park. Oxnard Beach Park includes approximately 62 acres with concession stands and facilities for day picnics and sports. Silver Strand Beach, south of the Harbor entrance, and Hollywood Beach, north of the entrance, are day beach facilities. Channel Islands Harbor is a recreational boating marina administered by Ventura County. The City has over 30 neighborhood parks located throughout the City. A tennis and softball center is located at Community Center Park. Additionally, Wilson Park contains the largest senior citizen center in the Tri-County area.

The City owns River Ridge Golf Club, consisting of two 18-hole championship golf courses, the Vineyard Course and the Victoria Lakes Course. The City also owns a 1,600-seat Performing Arts Center located on Hobson Way in the center of the City.

City's Investment Policy

The following is a summary of the City's investment policy (the "Investment Policy") applicable to certain of the City's funds and accounts, as described below, in effect as of the date of this Official Statement. Reference is made to the entire Investment Policy, including the appendices and attachments thereto, which is available upon request from the City.

Introduction. The following statement of the City's Investment Policy is intended to provide guidelines for the prudent investment of surplus funds of the City, and to outline the policies for maximizing the efficiency of the City's cash management system. It is the policy of the City to invest public funds in a manner which will provide high investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

Scope. This investment policy applies to the City's pooled investment fund, which encompasses all moneys under the direct oversight of the City Treasurer. These include the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Trust and Agency Funds, and Internal Service Funds. This policy is generally applicable to bond proceeds with consideration given to specific provisions of each issuance. Reports of the investment of bond proceeds are issued monthly by the Trustee and are not included in the City Treasurer's monthly report of the pooled investment fund. The employee's retirement and deferred compensation funds are not included.

Prudence. Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Objectives. The City’s cash management system is designed to accurately monitor and forecast revenues and expenditures thus enabling the City Treasurer to invest funds to the fullest extent possible. The City Treasurer maintains a diversified portfolio to accomplish the primary objectives of safety, liquidity, and yield (in that order of priority).

Safety. The safety/risk associated with an investment refers to the potential loss of principal, accrued interest, or a combination of these. The City seeks to mitigate credit risk by prequalifying and continual monitoring of financial institutions with which it will do business, and by careful scrutiny of the credit worthiness of the investment instruments as well as the institutions. Such resources as the Sheshunoff Performance Report, Moody’s, and Standard & Poor’s may be utilized for this review. The City seeks to mitigate rate risk through diversification of instruments as well as maturities.

Liquidity. The portfolio will be structured with sufficient liquidity to allow the City to meet anticipated cash requirements. This will be accomplished through diversity of instruments to include those with active secondary markets, those that match maturities to expected cash needs, and the State Local Agency Investment Fund with immediate withdrawal provision.

Yield. A competitive market rate of return is the third objective of the investment program after the fundamental requirements of safety and liquidity have been met.

Delegation of Authority. California Government Code Section 53607 provides the authority for the legislative body of the local agency to invest the funds of the local agency or to delegate that authority to the treasurer of the local agency. Effective January 1, 1997, such delegation is to be reviewed each year and may be renewed by the City Council.

City Council. Under City of Oxnard Resolution No. 10455, the City Council has authorized the City Treasurer to invest City funds in accordance with California Government Code Section 53600, *et. seq.* The City Treasurer will include review of the delegation of authority in the annual presentation of the Investment Policy to the City Council.

City Treasurer. The execution of investment transactions on a daily basis will be conducted by the City Treasurer. The Assistant City Treasurer will execute transactions, only as directed by the City Treasurer, in the absence of the City Treasurer. The City Treasurer has established a system of controls and a segregation of responsibilities of investment functions to assure maintenance of internal control over the investment function.

Amendment of Investment Policy. The City Treasurer retains the authority to amend the Investment Policy and related guidelines and procedures at any time in order to carry out the duties as chief investment officer for the City of Oxnard. Notice of any such required amendment will be given to the Investment Review Committee and the City Council.

Ethics and Conflicts of Interest. The City Treasurer shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair the ability to make impartial investment decisions. The City Treasurer is governed by The Political Reform Act of 1974 regarding disclosure of material financial interests.

Authorized Financial Dealers and Institutions. The City Treasurer shall transact business only with banks, savings and loans, and securities dealers.

Authorization. The City may conduct business with major registered broker/dealers and with dealers designated Primary by the Federal Reserve provided all the following criteria are met. Broker/Dealers must: (1) have offices located in the State, (2) be adequately capitalized, (3) make markets in securities appropriate to the City's needs, and (4) agree to abide by the conditions set forth in the City's Investment Policy. The City Treasurer shall investigate all institutions which wish to do business with the City and shall require that each financial institution complete and return the appropriate questionnaire and required documentation. An annual review of the financial condition and registrations of qualified bidders will be conducted by the City Treasurer.

Rating. With the exception of the Local Agency Investment Fund ("LAIF") and U.S. Treasury and Government Agency issues, investments shall be placed only in those instruments and institutions rated favorably as determined by the City Treasurer with the assistance of bank rating services and nationally recognized rating services (*i.e.*, Moody's or Standard & Poor's).

Authorized and Suitable Investments. California Government Code Section 53601 defines eligible securities for the investment of surplus funds by local agencies. Surplus funds of the City of Oxnard are invested in compliance with this statute and as further limited in the Investment Policy.

U.S. Government. United States Treasury Bills, Notes, and Bonds are backed by the full faith and credit of the United States Government. There shall be no limitation as to the percentage of the portfolio invested in this category. Maturities are limited to a maximum of five years.

U.S. Agencies. The purchase of instruments of, or issued by, a federal agency or a United States government-sponsored enterprise will be limited to a maximum maturity of five years. Such agencies include, but are not limited to, the Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Tennessee Valley Authority, and the Federal National Mortgage Corporation.

Other Bonds, Notes, or Evidences of Indebtedness. Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.

- Registered state warrants or treasury notes or bonds of the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State.
- Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

A maximum of 15% of the portfolio may be so invested with the approval of the Investment Review Committee.

Bankers' Acceptances. Bills of exchange or time drafts drawn on and accepted by commercial banks that are eligible for purchase by the Federal Reserve System are known as bankers' acceptances. Purchases of these instruments may not exceed 180 days to maturity or 40% of an agency's surplus funds. A maximum of 30% may be invested in the bankers' acceptances of any one commercial bank.

Commercial Paper. This short-term unsecured promissory note is issued to finance short-term credit needs. Eligible paper is that which is ranked "P1" by Moody's or "A1" by Standard & Poor's, issued by a domestic corporation having assets in excess of \$500,000,000, and having an "A" or better rating on issuer's debt. Purchases of commercial paper may not exceed 270 days or represent more than 10% of the outstanding paper of an issuing corporation. Commercial paper purchases will be limited to 15% of the City's portfolio.

Negotiable Certificates of Deposit ("NCDs"). Allowable NCDs are issued by a nationally or state-chartered bank or a state or federal association or by a state-licensed branch of a foreign bank. The City Treasurer may invest up to 30% of surplus funds in NCDs limited to institutions rated "Aa" or better by Moody's or "AA-" or better by Standard & Poor's. A rating equivalent to Sheshunoff performance rating of "A" or better is required for those institutions not rated by Moody's or Standard & Poor's. NCDs are considered liquid, trading actively in the secondary market.

Certificates of Deposit ("CDs"). CDs or "time deposits" of up to \$100,000 are federally insured. Beyond that amount, these CDs must be collateralized with the collateral held separately from the issuing institution. The value of the investment must have collateral of at least 110% if government securities, or collateral of at least 150% if mortgage-backed securities. Statute does not limit CDs, however, the Investment Policy shall limit such investments to a maximum of 40% of the portfolio and to a maximum of 15% deposited in any one institution. In addition, time deposits shall be placed in institutions meeting all capital requirements and which maintain a rating equivalent to Sheshunoff performance rating of "A" or better.

Repurchase Agreements. The City may invest in repurchase agreements with banks and dealers of primary dealer status recognized by the Federal Reserve with which the City has entered into a master repurchase contract which specifies terms and conditions of repurchase agreements. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored by the City Treasurer's office and will not be allowed to fall below 102% of the value of the repurchase agreement. In order to conform with provisions of the Federal Bankruptcy Code, which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be eligible negotiable certificates of deposit, bankers' acceptances, commercial paper, or securities that are direct obligations of or that are fully guaranteed by the United States or any agency of the United States. These eligible securities are further defined by California Government Code Section 53651.

Medium Term Notes. A maximum of 30% of the City's portfolio may be invested in medium-term notes issued by corporations organized and operating within the United States. Note maturities may not exceed five years. Securities eligible for investment must be rated in a rating category of "A" or its equivalent or better by a nationally recognized rating service (*i.e.*, Moody's or Standard & Poor's).

Mutual Funds. Shares of beneficial interest (mutual funds) issued by diversified management companies investing in securities/obligations authorized by California Government Code Section 53600, *et seq.*, and complying with California Government Code Section 53630, are permitted investments. California Government Code Section 53601(k) further defines requirements. A maximum of 15% of the portfolio may be so invested.

LAIF. LAIF (the Local Agency Investment Fund) has been established by the State Treasurer for the benefit of local agencies. The City may invest up to the maximum permitted by the LAIF.

Ineligible Investments. Investments not described in the Investment Policy, including but not limited to common stocks and financial futures contracts and options, are prohibited in this fund.

Short Term Loans. With the approval of the City Council and concurrence of the City Treasurer, funds may be invested in short term loans to provide specific funding to City programs.

Collateral. The issue of collateral requirements is addressed in California Government Code Section 53652. All active and inactive deposits must be secured at all times with eligible securities in securities pools pursuant to California Government Code Sections 53656 and 53657. Eligible securities held as collateral shall have a market value in excess of the total amount of all deposits of a depository as follows:

- government securities, at least 10% in excess.
- mortgage backed securities, at least 50% in excess.
- letters of credit, at least 5% in excess.

Safekeeping and Custody. Security transactions entered into by the City shall be conducted on a delivery-versus-payment basis. Securities of duration exceeding 30 days to maturity shall be held by a third party custodian designated by the City Treasurer. Evidence of account for each time deposit will be held in the Treasury vault.

Diversification. The City's portfolio will be suitably diversified by type and institution in an effort to reduce portfolio risk while attaining market average rates.

Security Type and Institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total portfolio will be invested in a single security type and no more than 15% with a single financial institution. Investments are further limited by specific language relating to each investment type as stated in the Investment Policy.

Maximum Maturities. To the extent possible, the City Treasurer will attempt to match investments with anticipated cash flow requirements. The City's portfolio will not be directly invested in securities that mature more than five years from the date of purchase. Reserve funds may be invested in securities exceeding the five years (maturity of such investments should coincide as nearly as practicable with expected use of funds).

Internal Controls. A system of internal controls will be maintained to assure compliance with federal and State regulations, City Council direction, and prudent cash management procedures.

Investment Review Committee. The City Manager, Chief Financial Officer, and City Treasurer are the members of the Investment Review Committee tasked with quarterly review of procedures and adherence to the Investment Policy.

Investment Portfolio Guidelines. Guidelines have been established for procedures within the City Treasurer's Office to assure internal investment controls and a segregation of responsibilities of investment functions.

Annual Audit. The City's portfolio is included in the annual review of the City's financial management performed by an independent (as defined by the Financial Accounting Standards Board) outside audit firm.

Performance Standards. The investment portfolio will be designed to obtain a market-average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs. The market-average rate of return is defined as the average return on three-month Treasury bills. In addition, the City portfolio will be compared with LAIF from time to time and expected to maintain an annual yield within 0.50 (1/2 of 1%) basis points of LAIF's annual yield.

Reporting. The City Treasurer shall provide investment information to City Council.

Periodic Reports. The City Treasurer will provide detailed reports of the investments in the pooled investment fund portfolio on a monthly basis to the City Council, City Manager, and Chief Financial Officer. Within 30 days of the end of each quarter, these reports will be provided with additional information such as market pricing. Summarized reports from Trustees regarding investments of bond proceeds, deferred compensation, and retirement funds are available for review.

Annual Report. The Investment Policy will be presented annually, following the close of the fiscal year, to the City Council for approval. A detailed report of the current status of the portfolio will be included in this presentation.

Financial Statements per GASB 31. City Treasurer will provide the portfolio's market value gains/losses to the Finance Department to be incorporated in the fiscal year-end balance sheet in accordance with Rule 31 of the Government Accounting Standards Board ("GASB").

Financial Statements per GASB 40. Effective June 30, 2005, additional disclosure is required. City Treasurer will provide detailed maturity and rating information to the Finance Department to be incorporated in the Comprehensive Annual Financial Report in accordance with GASB Rule 40.

City's Pension Plans

The City contributes to the California Public Employees Retirement System ("PERS"), a multiple-employer, public employee defined benefit plan, which acts as a common investment and administrative agent for participating public entities within the State. The City's membership is reported within three plans classified into two categories: safety members (police and fire) and miscellaneous members (all other regular employees). The City's payroll for employees covered by PERS for the year ended June 30, 2013, was \$83,461,612; the City's total payroll was \$101,510,481. PERS issues a separate comprehensive annual financial report. Copies of PERS' annual financial report may be obtained from their executive office at 400 "P" Street, Sacramento, California 95814, or at their website at <http://www.calpers.ca.gov>. *The foregoing reference to an internet website is made for reference and convenience*

only; the information contained within the website has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference.

All City personnel are eligible to participate in PERS, becoming vested after five years of service. Employees who retire at or after age 50 with five years of credited service are entitled to retirement benefits. Monthly retirement benefits are payable for life in an amount equal to a specified percentage as follows:

Miscellaneous Employees (ranging from 1.426% for employees who retire at age 50 to 2.418% for employees who retire at age 63 or over)	2% at age 55
Police Employees	3% at age 50
Fire Employees	3% at age 55

The benefits are calculated at the highest consecutive 12 months for miscellaneous employees and safety employees multiplied by a total number of years employed.

Required employee contributions to PERS are 7% of compensation for miscellaneous employees and 9% of compensation for safety employees, which the City currently pays for regular employees. Under the California Public Employees' Pension Reform Act of 2013 (PEPRA), for new employees hired on or after January 1, 2013, the required employee contributions to PERS are 6.75% of compensation for miscellaneous employees, 15% of compensation for safety Police employees, and 12.25% of compensation for safety Fire employees. The City is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the PERS Board of Administration.

PERS uses a modification of the entry age normal actuarial cost method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. The City's contributions to PERS (including the employee share) for the years ended June 30, 2013, 2012, and 2011 were \$24,986,509, \$24,671,878, and \$22,331,816, respectively, and were equal to required contributions for each year. Contribution rates for each participating employer are determined based on the benefit structure established. Employers are required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at actuarially determined rates. The contribution rates at June 30, 2013, 2012, and 2011 were 100%, for each year, of annual covered payroll for police, fire, and miscellaneous employees. The contribution requirements of plan members and the City are established and may be amended by PERS. For additional information, see "APPENDIX C – City of Oxnard Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2013."

Currently, a significant portion of the contribution requirements for police and fire are funded with voter-approved property tax override. The maximum property tax rate is \$0.076637 per \$100 of assessed values within the City (except a portion of land annexed to the City in 1969). The estimated contribution amount for Fiscal Year 2013-14 for public safety employees is approximately \$15.3 million and the property tax override is expected to generate approximately \$12.7 million.

The funded status of each plan as of June 30, 2013, on an actuarial value of assets basis is as follows (dollar amounts in thousands):

	Market Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
Police	\$200,724	\$273,804	\$73,080	73.3%	\$23,986	304.7%
Fire ⁽¹⁾	89,124	124,531	35,406	71.6	9,742	363.4
Miscellaneous	276,208	361,628	85,420	76.4	49,381	173.0

(1) The amounts for Fire reflect the City's share of the PERS fire risk pool, which includes multiple fire agencies as well as the City's fire employees. The amounts for Fire reflected in the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2013, included in Appendix C reflect total risk pool valuations and liabilities.

Source: PERS June 30, 2013, actuarial valuations.

The actuarial studies referenced above incorporate recent changes in actuarial methods and assumptions. On April 17, 2013, the PERS Board of Administration approved new actuarial policies aimed to fully fund the pension system's obligations within 30 years. The new policies include a rate-smoothing method with a 30-year fixed amortization period for gains and losses. PERS announced that, based on investment return simulations performed for the next 30 years, increasing contributions more rapidly in the short term is expected to result in almost a 25% improvement in funded status over a 30-year-period. The new amortization schedule will be used to set contribution rates for public agency employers in the State beginning in the 2015-16 fiscal year. This delay is intended to allow the impact of the changes to be built into the projection of employer contribution rates and afford employers with additional time to adjust to the changes. These changes will also result in setting the actuarial value of assets equal to the market value of assets, thus eliminating the "smoothing" previously used for calculating the actuarial value of assets through June 30, 2012.

According to PERS, the new policies will result in an increased likelihood of higher peak employer contribution levels in the future but not significantly increase average contribution levels. The median employer contribution rate over the next four years is expected to be higher. In the long-term, however, higher funded levels may result in lower employer contributions. Local government's contracts with PERS are unique to each municipality.

In the PERS' June 30, 2013 actuarial valuations, PERS used the new actuarial methods for the calculation of the projected contribution rates. The projected rates for each plan as of June 30, 2013, the most recent actuarial valuation, are as follows:

	<u>New Rate</u>	<u>Projected Future Employer Contribution Rates</u>				
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Police	40.514%	43.1%	44.8%	46.5%	49.0%	47.3%
Fire	20.230	21.3	21.3	21.3	21.3	21.3
Miscellaneous	15.907	17.1	18.0	18.9	19.9	19.7

The City cannot anticipate accuracy of the projections above or to what extent the contribution requirements of the City will increase in future years.

Public Agency Retirement System Retirement Enhancement Plan. The City established a Public Agency Retirement System Retirement Enhancement Plan (“PARS”) effective January 1, 2003, for selected groups of miscellaneous employees (non-safety), Service Employees International Union (SEIU), International Union of Operating Engineers (IUOE), Management, and one of the two groups of Confidential employees. PARS is a defined benefit 401(a) tax-qualified multiple agency trust. PARS meets the requirements of a pension trust under California Government Code. The plan provides supplemental retirement benefits in addition to PERS. Phase II Systems is the PARS Trust Administrator. For employees meeting the eligibility requirements, the plan provides a benefit equal to the “3% at 60” plan factor (formula is a static 3% at age 60 and older), less the PERS “2% at 55” plan factors for all years of City service plus any military service purchased through PERS (prior to July 1, 2003) while an employee of the City.

Eligibility for an immediate benefit is defined as reaching age 50, completing five years of service, and retiring concurrently from both the City and PERS after leaving City employment. In addition, a deferred benefit would be available to participants who complete five years of service. The City has full discretionary authority to control, amend, modify or terminate this plan at any time.

Employees and the City contribute a total of 8% of eligible employees’ gross wages. Current employee and city contributions by employee groups are as follows:

	<u>City Contributions</u>	<u>Employee Contributions</u>
IUOE	2.7%	5.3%
SEIU	3.5	4.5
Management and Confidential	3.0	5.0

In addition, the City is required to contribute the remaining amounts necessary to fund the benefit to its members using the actuarial basis recommended by PARS actuarial consultants. This contribution for the fiscal year ended June 30, 2013, was 7.80% of eligible employee gross wages. The City’s payroll for employees covered by PARS for the year ended June 30, 2013, was \$38,357,176. PARS issues a separate comprehensive annual financial report. Copies of PARS annual financial report may be obtained from the PARS Executive Office, 3961 MacArthur Boulevard, Suite 200, Newport Beach, CA 92660, or at their website at <http://www.pars.org>. *The foregoing reference to an internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference.*

For fiscal year 2012-13, the City’s annual pension cost (“APC”) of \$4,169,425, for PARS was equal to the City’s required actual contribution. The required contribution was determined as part of the June 30, 2011, actuarial assumptions and retained the entry age actuarial cost method.

As of June 30, 2011, the most recent actuarial valuation date, the plan was 36% funded. The actuarial accrued liability for benefits was \$71,388,000, and the actuarial value of assets was \$32,859,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$38,529,000. The covered payroll (annual payroll of active employees covered by the plan) was \$40,414,000, and the ratio of the UAAL to the covered payroll was 95.3%.

Early Retirement Incentive Plan. The City adopted a supplemental retirement plan to 48 eligible employees; this plan is administered by Phase II Systems, PARS Trust Administrator. The level of benefit is 7% of the employee’s final base pay, payable through the employee’s lifetime, with an option of payment for five to ten years, at the employee’s election.

Post-Employment Health Care Benefit. The City provides post-employment benefits for retired employees. Employees who retire from the City and receive a PERS pension are eligible for post-employment medical benefits. Retirees can enroll in any of the available PERS medical plans. This benefit continues for the life of the retiree and surviving spouse. Benefit provisions for PERS are established by the Public Employees Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.). PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS annual financial report may be obtained from the PERS Executive Office, 400 “P” Street, Sacramento, California 95814, or at their website at <http://www.calpers.ca.gov>. *The foregoing reference to an internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference.*

The City contributes the minimum amount allowed under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. The City’s required monthly contribution for calendar year 2013 was \$115.00. The required contribution is based on pay-as-you-go financing requirements. Retirees must contribute any premium amounts in excess of the City contribution.

In fiscal year 2013-14, the City’s annual OPEB (Other Post Employment Benefit) cost of \$1,522,202 was higher than the actual contribution. As of July 1, 2013, the unfunded actuarial accrued liability of the plan was \$16,060,096.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

APPENDIX C

**CITY OF OXNARD
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013**

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Fiscal Year Ended June 30, 2013**

Prepared by
Finance Department
James Cameron
Chief Financial Officer

*Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013
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INTRODUCTORY SECTION





300 West Third Street, Oxnard, CA 93030

December 30, 2013

To the Honorable Mayor, Members of the City Council,
and Residents of the City of Oxnard, California

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Oxnard, California (City) for the fiscal year ended June 30, 2013. State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

White Nelson Diehl Evans LLP, a firm of licensed certified public accountants, has issued an unqualified opinion on the City's financial statements for the year ended June 30, 2013. The independent auditor's report is located on page 1 in the financial section of this report. White Nelson Diehl Evans LLP also performed the federally mandated "Single Audit", the results of which are presented under separate cover.

Following the independent auditor's report is management's discussion and analysis (MD&A), which provides an overview and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

Profile of the City of Oxnard

The City, incorporated in 1903, is located in western Ventura County (County) on the shores of the Pacific Ocean. The City is approximately 65 miles northwest of the City of

Los Angeles. Oxnard is the financial hub and the largest city in the County, with a population of 200,855 in 2013, representing 24 percent of the County's population.

The City operates under the Council-Manager form of government. The City Council, elected at large on a non-partisan basis, consists of the mayor, directly elected for a two-year term, and four council members, elected for four-year staggered terms. The City Treasurer and City Clerk are also elected for four-year terms. The City Manager is appointed by the City Council for the administration of City affairs, including appointment of the heads of various departments, day-to-day operations, and implementation of the City Council policies. The City Attorney is also appointed by and reports directly to the City Council. Additionally, the City Council members, in separate session, serve as the governing boards of the City of Oxnard Financing Authority, Oxnard Community Development Commission (Redevelopment Agency), and with two tenant members as the Oxnard Housing Authority.

The City provides a full range of municipal services from a variety of funding sources. Services funded from general fund sources include police and fire protection, parks and recreational activities, library services, and cultural events. In addition, the City funds the construction and maintenance of streets, parks, and other public buildings. The City operates municipal water and wastewater treatment systems, refuse collection and a solid waste transfer and recycling facility, and a municipal golf course. In addition, the City oversees the Performing Arts and Convention Center. This report includes all funds of the City, as well as all governmental organizations and activities for which the City Council has financial accountability. These organizations include the Oxnard Housing Authority and the City of Oxnard Financing Authority.

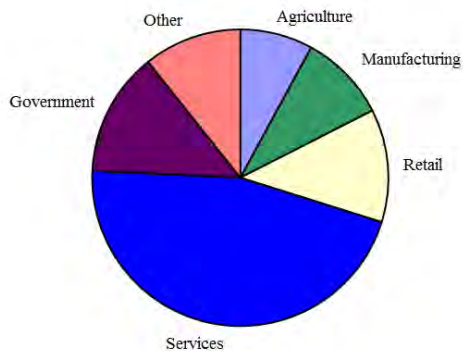
The Oxnard Community Development Commission (CDC), previously a component unit of the City has been dissolved pursuant to California State Assembly Bill AB 1X 26 as modified by AB 1484, effective February 1, 2012. Activities of the CDC are reported as part of fiduciary funds, including all assets and liabilities. The exception is the housing set aside fund, which continue to be reported in the City's financial statements under a separate successor agency.

The annual budget, adopted by resolution of the City Council, serves as the foundation for the City's financial planning and control. The City Council approves operating and capital appropriations at the fund and department levels. Budgetary control is maintained at the department level and the department head may transfer resources within a department. While the City Manager may approve the transfer of funds between departments, special approval by the Council is required for adjustments to fund budgets. Although the budget must be adopted annually, the Council approves a balanced two-year operating budget and capital improvement plan. As part of the annual budget resolution, the Council reauthorizes appropriations for continuing projects and activities.

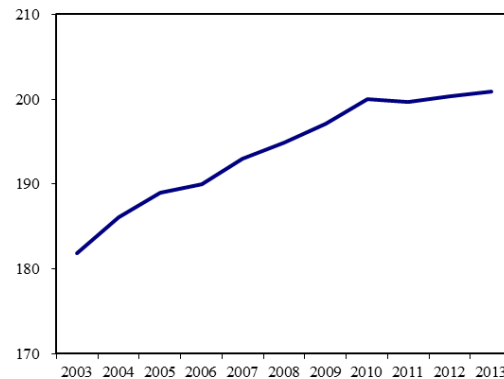
Local Economy

The City of Oxnard enjoys a diversified economic base composed of agriculture and related businesses, retail, various services, and governmental agencies. The services group provides the largest source of employment with agriculture providing an important source of employment in the City of Oxnard. While population growth in Oxnard has flattened over the last two years, growth has averaged just over 1% over the last ten years as a result of employment opportunities and low housing costs relative to other regions of the State. Unemployment continues to be a concern, however, there has been significant improvement in the last fiscal year, averaging 10.1% compared to 14.2% two years ago. Ventura County's unemployment rate declined from 9.5% a year ago to 7.8% as of August 2013. Employment in the metro area increased 1.4% as of August compared to a year ago. Increased employment in hospitality and leisure as well as trade transportation and utilities were partially offset by minor reductions in manufacturing and financial activities. Construction and educational and health services also showed modest gains.

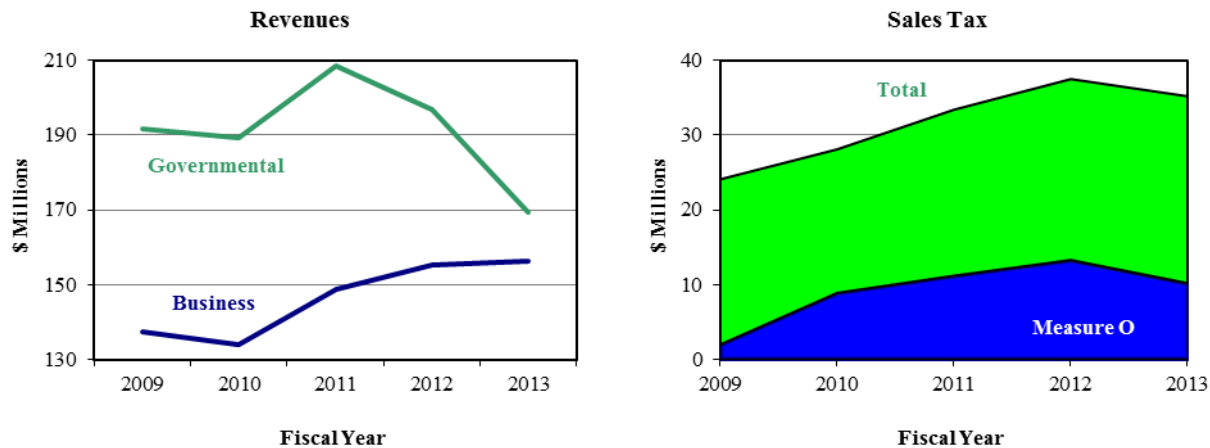
Oxnard Metro Area Employment



Oxnard Population



While business activities experienced moderate revenue growth in 2013, governmental revenues decreased due to the change in accounting for CDC to a fiduciary fund. In addition, grant reimbursements were lower as projects were completed. Even with moderate economic growth, general fund revenues were flat except for a decrease in Measure O $\frac{1}{2}$ cent sales tax revenues caused by a timing issue at the State. Base property taxes were relatively flat even though valuations have begun to increase slightly. Redistribution of redevelopment tax increment provided a modest increase overall. Developer related fees decreased as several development projects were initiated last fiscal year. Business activity revenues increased due to modest rate adjustments.



Long-term Financial Planning

The City has various long-term planning initiatives to support the financial management of City resources. As part of the biennial budget process, the City prepares a five-year financial forecast and presents a five-year capital program. Last year the City Council adopted the update to the general plan through 2030 and the various utilities have begun updates to long-term master plans. These activities help the City anticipate and plan for future financial trends.

Because it is difficult to fully anticipate dramatic changes in the national and local economies, the Council has set a general fund unassigned fund balance goal of 18% of the general fund's operating expenditures. The City ended the fiscal year at 10% or \$11.6 million. While the Council appropriate \$0.8 million from fund balance, the remaining decrease from the prior year was due to changes in accounting treatment of certain items related to receivables.

Major Initiatives

In November of 2008, the voters of Oxnard approved a ½ cent sales tax increase (Measure O). Fiscal year 2013 was the fourth full year of collecting the sales tax, which began in April of 2009. While this is a general purpose tax, the City's policy is to use this additional revenue to improve services to the community by adding and improving City facilities and programs. This initiative includes a citizen oversight committee and requires that revenues and the projects and programs funded from the ½ cent sales tax be audited and reported annually to the community. The ½ cent sales tax will require reauthorization by the voters in 2028.

GASB standards require that these funds be reported as a part of the General Fund; however, revenues and uses of the Measure O ½ cent sales tax are accounted for as a sub-fund within the General Fund. The following pages provide a summary of the financial status of this fund and a table listing the project and program funding approved by Council.

City of Oxnard
Measure O 1/2 Cent Sales Tax
Balance Sheet
June 30, 2013

ASSETS

Cash and cash equivalents	\$ 13,031,068
Due from other government	2,087,600
Total assets	<u><u>\$ 15,118,668</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable	210,305
Other Liabilities	250,240
Total liabilities	<u>460,545</u>

Fund balances	<u>14,658,123</u>
---------------	-------------------

Total fund balances	<u>14,658,123</u>
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Total liabilities and fund balances	<u><u>\$ 15,118,668</u></u>
-------------------------------------	-----------------------------

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended:

	<u>June 30 2013</u>	<u>June 30 2012</u>
REVENUES		
Taxes	\$ 10,091,602	\$ 13,268,841
Investment/Interest Earnings	93,796	187,282
Net Decrease in Fair Value of Investments	(152,522)	-
Total revenues	<u>10,032,876</u>	<u>13,456,123</u>
EXPENDITURES		
Parks & Open Space	2,214,229	8,643,539
Traffic & Road Improvements	5,621,197	977,669
Public Safety & Gang Prevention/Intervention	4,796,143	2,605,211
Recreation & Youth Programming	768,037	608,673
Other Community Improvements	68,930	-
Total expenditures	<u>13,468,536</u>	<u>12,835,091</u>
Excess of revenues over (under) expenditures	<u>(3,435,660)</u>	<u>621,032</u>
Net change in fund balances	(3,435,660)	621,032
Fund balances, July (adjusted for FY 2012)	<u>18,093,783</u>	<u>17,472,751</u>
Fund balances, June 30	<u><u>\$ 14,658,123</u></u>	<u><u>\$ 18,093,783</u></u>

Measure "O" 1/2 Cent Sales Tax City Council Approved Projects

Public Safety & Gang Prevention/Intervention	
Alliance Safety Blueprint - Youth Development	200,000
TAGRS Graffiti Software System	100,000
Fire Station Asphalt Replacement (Stn. 1, 2 & 4)	305,000
City Corps Townkeeper Program	1,800,000
Enhanced Community Policing	6,620,850
Police & Fire CAD/RMS	3,400,000
Fire Training Academy - Station 8	2,059,669
Fire Ladder Truck	1,100,000
Traffic & Road Improvements	
Alley Reconstruction	2,000,000
ITS	3,700,000
Roadway Repair	6,662,000
Del Norte Blvd Improvements	1,600,000
Tierra Vista Neighborhood	2,000,000
Parks & Open Space	
Campus Park Phase I	380,000
Campus Park Phase II	470,000
College Park Project - Phase IC	14,286,400
Del Sol Park Walking Track	215,000
East Village Park	2,694,000
Sports Park Project	150,000
Durley Park Renovations	830,000
SW Community Park Parking Lot (Boys & Girls Club)	30,000
Lemonwood Park Environmental	15,000
Recreation, Youth, and Senior Programming	
PAL Youth Services	600,000
Preschool to You Program Enhancement	575,000
Community Based Organization Contributions	600,000
Community Center Park West - Snack Bar Demolition & Reconstruction	410,000
New Senior Center/Upgrades and Programming	200,000
Youth Center	100,000
Oxnard Tennis Center Courts Resurfacing	74,900
South Oxnard Center Floor Replacement	61,990
Day at the Park - Special Needs	22,000
Homework Center at Main Library	45,000
Library - WiFi	62,000
Senior Nutrition Program Enhancement	60,000
Mobile Activity Center Services	45,000
Other Community Improvements	
Farm Museum	50,000
Spanish Language Interpretation of Council Meetings	100,000
Total Projects/Programs	53,623,809

In addition Council has approved Fire Station 8 at College park as a Design-Build Finance at a cost of \$12,435,000 plus \$2,100,000 for apparatus and other related project costs.

Single Audit

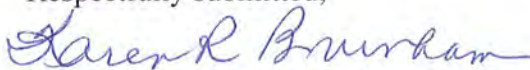
In accordance with the Single Audit Act of 1997, the City's grant programs, which utilize federal funds, either directly or passed through from State agencies, are subject to the audit requirements of the Federal Office of Management and Budget (OMB) Circular A-133. This includes tests of compliance with federal laws and regulations. The results of the single audit performed by White Nelson Diehl Evans LLP are available under separate cover.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the 24th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR, whose content conforms to program standards. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes the current CAFR continues to conform to the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to Marichu Maramba and to all members of the department as well as staff from other departments who contributed to the preparation of this annual financial report. We would also like to acknowledge the Mayor and Council Members, the City Manager's staff, and department directors for their consistent support in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Karen R. Burnham
Interim City Manager



James Cameron
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**City of Oxnard
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Oxnard, California

CITY COUNCIL



CARMEN RAMIREZ
Mayor Pro Tem



TIM FLYNN
Mayor



BRYAN A. MACDONALD
Councilman



DORINA PADILLA
Councilmember



BERT E. PERELLO
Councilmember



KAREN BURNHAM
Interim City Manager

City of Oxnard Organization Chart

Residents		
	City Council	
<u>City Treasurer</u> Danie Navas Customer Service (Eden Alomeri) Business Licensing Utility Billing	Tim Flynn, Mayor Carmen Ramirez, Mayor Pro Tem Bryan A. MacDonald, Councilman Dorina Padilla, Councilmember Bert E. Perello, Councilmember	<u>City Clerk</u> Daniel Martinez Elections Information Resources
<u>City Attorney</u> Alan Holmberg Debt Collection Legal Assistance Special Litigation	<u>City Manager</u> Karen Burnham (Interim) <u>Assistant City Manager</u> (Vacant)	<u>CDC / Successor Agency</u>



Police	Fire	Housing	Finance	City Manager	Human Resources	Development Services	Library	Public Works
Jeri Williams	James A. Williams II	Bill Wilkins	Jim Cameron	Karen Burnham (Interim)	Michelle Tellez	Matt Winegar	Barbara Murray	Rob Roshanian (Acting)
Administrative Services (Jason Benites) Emergency Communications Professional Standards Support Services Field Operations (Scott Whitney) Code Compliance Community Patrol Investigative Services (Vacant) Investigative Services Special Services	Disaster Preparedness (Vacant) Emergency Services (Darwin Base) (Chris Donabedian) Fire Prevention (Gary Sugich) CUPA (Miguel Trujillo)	Administrative Services (Carrie Sabatini) Affordable Housing (Karl Lawson) Housing Assistance (Will Reed) Capital Fund Asset Management (Juan Jimenez) Grants Management (Norma Owens) Grants Assistance	Budget and Grants Management (Beth Vo) Budget Grants Management Financial Resources (Mike More) Debt & Property Management Liability Management General Accounting (Marichu Maramba) Accounting Accounts Payable Payroll Purchasing (Bruce Dandy) Mail Service Purchasing	Deputy City Manager (Grace Magistrale Hoffman) Deputy City Manager (Martin Erickson) Cable Television Community Relations Neighborhood Services Public Information Special Projects Legislative Affairs	Employee Benefits Employee Training Human Resources Labor Negotiations Safety & Wellness Workers' Compensation	Development Support Transportation Planning & Services Building and Engineering (Vacant) Building and Engineering Planning (Sue Martin) Planning & Environmental Services	Circulation Services Branch Services Community Outreach Public Services Support Services	Administration Construction and Design Services (Lou Balderrama) Construction Services Design Street Maintenance & Repair Traffic Signs & Markings Water (Anthony Emmert) Wastewater (Anthony Emmert) Environmental Resources (Todd Housley)

City Manager		
Divisions		
Recreation & Community Services (Vacant) Recreation Services Senior/Special Population Services South Oxnard Center Special Events Youth Development Performing Arts And Convention Center	General Services (Michael Henderson) Facilities Maintenance Landscape Assessment & Graffiti Removal Park/Facility Development Parks Maintenance River Ridge Golf Course Street Lighting Fleet Services	Information Systems (Grace Magistrale Hoffman) Citywide Network Support Document Publishing Services Geographic Information Systems Help Desk Municipal Software Support Telecommunications Support

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable City Council
City of Oxnard, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oxnard (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oxnard Housing Authority Enterprise Fund, a major fund, which represents 3.3 percent, 5.1 percent, and 15.8 percent, respectively, of the assets, net position and revenues of the City's business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oxnard Housing Authority Enterprise Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Auditors' Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the City'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 City'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 opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oxnard, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and budgetary comparison schedules, as listed in the table of contents, 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 management's discussion and analysis and schedules of funding progress 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them. The budgetary comparison schedules have 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 of the City 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 budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and individual fund schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and individual fund schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of the City'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 City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "White Nelson Dick Evans LLP".

Irvine, California
December 30, 2013

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MANAGEMENT DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

This section of the City of Oxnard's annual financial report presents management's discussion and analysis of the financial performance of the City for the fiscal year ended June 30, 2013. Please read this information in conjunction with the transmittal letter, which can be found in the introductory section of this report (pages i to v), and the City's financial statements, beginning on page 19.

Financial Highlights

- The assets of the City exceeded its liabilities by \$1.8 billion (net position) at the close of the fiscal year. In the previous year, the net position of the City was also \$1.8 billion.
- As of the close of the fiscal year, the City's governmental activities reported a net position of \$1.46 billion, the same as the prior fiscal year.
- At the end of the fiscal year, the unassigned fund balance of the General Fund was \$11.4 million, which is 10% of the general fund's operating expenditures excluding Measure O expenditures.
- The City's total debt (excluding compensated absences) decreased by \$14.1 million during the current fiscal year primarily in business-type activities (\$11.3 million). Total debt in governmental funds was reduced \$2.8 million.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, this report contains other supplementary and statistical information.

Government-wide financial statements. The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector business. The statement of net position includes all of the City's assets and liabilities as well as deferred outflows and inflows with the difference reported as net position. Over time, increases or decreases in the City's net position serves as a useful indicator of whether the financial health of the City is improving or deteriorating. Fiscal year revenues and expenses are reported in the statement of activities regardless of when cash is received or paid. The statement of activities summarizes the basis for the change in net position.

The two government-wide financial statements distinguish between activities that are primarily supported by taxes and intergovernmental revenues (governmental activities) and business type activities that are intended to recover all or a significant part of their costs.

- *Governmental activities* include most of the City's basic services, such as general government, public safety, public works, parks, recreation, and library services. Property and sales taxes, franchise fees, user fees, interest income, and State and Federal grants finance these activities.

See independent auditors' report.

- *Business-type activities* consist of the City's water and wastewater systems, environmental resources, housing services, and the operations of the Performing Arts and Convention Center and River Ridge Golf Course. The City charges fees to customers to recover the cost of these services.

The government-wide financial statements can be found on pages 19 through 20.

Fund financial statements. A fund is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used by state and local governments to meet legal requirements and enhance management of financial resources. The City's funds have been divided into three categories:

- *Governmental funds.* As with the governmental activities reported in the government wide financial statements, most of the City's basic services are reported in governmental funds. Governmental fund statements use the modified accrual basis of accounting and focus on the flow of financial resources to and from those funds and the balances of spendable resources that are available at year-end. As a result, governmental funds provide a short-term view that can be used to evaluate near-term requirements for financial resources. Because governmental fund statements do not encompass the long-term focus of the government-wide statements, a reconciliation of these statements is included following the governmental funds statements. The basic governmental fund financial statements begin on page 21.
- *Proprietary funds.* The City maintains two types of proprietary funds to report services for which customer fees are intended to finance the costs of operations. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds report activities that provide supplies and services for the City's programs and services. Internal service funds include the City's self-insurance, utility customer services, information services, facilities maintenance and equipment maintenance services. While these internal service funds are combined into a single presentation for the proprietary funds financial statements, they are allocated to the appropriate function in the government-wide financial statements. The major funds of the enterprise funds are presented separately in the proprietary funds financial statements. Proprietary funds financial statements use similar accounting methods and focus, both long-term and short-term, as the government-wide statements. The basic proprietary fund financial statements begin on page 26.
- *Fiduciary funds.* The City is the trustee, or fiduciary, for certain funds established to account for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. The method of accounting for these funds is similar to that of proprietary funds. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. These activities are excluded from the City's government-wide financial statements because they do not support the City's own programs and operations. The basic fiduciary fund financial statements begin on page 34.

Notes to the financial statements. The notes provide additional information to the government-wide and fund financial statements that are important in fully understanding the data presented in the financial statements. The notes to the financial statements begin on page 36.

See independent auditors' report.

Government-wide Financial Analysis

As shown in the following table, the City of Oxnard's assets exceeded liabilities by \$1.8 billion at the close of the fiscal year.

Summary of Net Position (\$thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 131,845	\$ 141,855	\$ 97,317	\$ 103,951	\$ 229,162	\$ 245,806
Capital assets (net of accumulated depreciation)	1,472,765	1,459,342	615,643	612,146	2,088,408	2,071,488
Properties held for resale	105	105	-	-	105	105
Other assets	145	9,402	261	7,058	406	16,460
Total assets	1,604,860	1,610,704	713,221	723,155	2,318,081	2,333,859
Deferred outflows of resources	5,920	-	3,912	-	9,832	-
Total assets and deferred outflows of resources	1,610,780	1,610,704	717,133	723,155	2,327,913	2,333,859
Current liabilities	55,639	45,660	21,574	18,149	77,213	63,809
Non-current liabilities	96,820	101,398	359,087	372,394	455,907	473,792
Total liabilities	152,459	147,058	380,661	390,543	533,120	537,601
Net position						
Net Investment in Capital Assets	1,407,061	1,386,190	285,475	264,693	1,692,536	1,650,883
Restricted	28,720	18,707	16,578	17,603	45,298	36,310
Unrestricted	22,540	58,749	34,419	50,316	56,959	109,065
Net position	\$ 1,458,321	\$ 1,463,646	\$ 336,472	\$ 332,612	\$ 1,794,793	\$ 1,796,258

Note: Adjusted FY 12 classification of current & non-current liabilities.

Total assets decreased \$15.8 million, including the transfer of the adjustment for interest rate swaps to Deferred Outflow of Resources from Other Assets. Cash and investments decreased \$17.9 million as amounts accumulated in previous years were expended on capital projects. Capital assets (net of depreciation) increased \$16.9 million.

A significant portion of the City's net position (94%) reflects its investment in capital assets net of accumulated depreciation, less any related debt outstanding used to acquire those assets. Governmental Activities increased \$20.9 million and Business-Type Activities increased \$20.8 million. Because capital assets are tied up in land, buildings, equipment, and other infrastructure that supports the services provided to citizens, these amounts are not available for future spending. The remaining net position is made up of restricted (3%) and unrestricted (3%) categories.

See independent auditors' report.

The net position of the City decreased \$1.5 million after prior period adjustments; however, Governmental Activities decreased \$5.3 million. The following table presents a summary of the changes in the City's net position for the year ended June 30, 2013.

Summary of Changes in Net Position
(\$thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 25,434	\$ 34,605	\$ 134,404	\$ 132,282	\$ 159,838	\$ 166,887
Operating grants and contributions	27,406	30,155	18,595	18,727	46,001	48,882
Capital grants and contributions	8,314	16,598	967	1,002	9,281	17,600
General revenues:						
Taxes	103,286	114,133	-	-	103,286	114,133
Interest on investments	(21)	1,354	2,445	3,169	2,424	4,523
Sale of capital assets	119	58	-	-	119	58
Total revenues	164,538	196,903	156,411	155,180	320,949	352,083
Expenses:						
General government	18,129	18,681	-	-	18,129	18,681
Public safety	103,079	98,603	-	-	103,079	98,603
Transportation	10,332	11,031	-	-	10,332	11,031
Community development	21,162	33,705	-	-	21,162	33,705
Culture and leisure	19,335	18,859	-	-	19,335	18,859
Libraries	4,917	5,203	-	-	4,917	5,203
Interest on long-term debt	2,973	3,533	-	-	2,973	3,533
Water	-	-	44,763	37,910	44,763	37,910
Wastewater	-	-	34,397	29,078	34,397	29,078
Environmental Resource	-	-	40,601	41,582	40,601	41,582
Performing Arts and Convention Center	-	-	1,534	1,587	1,534	1,587
Oxnard Housing Authority	-	-	25,397	24,399	25,397	24,399
Municipal Golf Course	-	-	6,150	6,049	6,150	6,049
Total expenses	179,927	189,615	152,842	140,605	332,769	330,220
Change in Net Assets before Transfers	(15,389)	7,288	3,569	14,575	(11,820)	21,863
Transfers	(2,166)	(2,184)	2,166	2,184	-	-
Extraordinary loss	-	(65,066)	-	-	-	(65,066)
Contributions to other government	-	(15)	-	-	-	(15)
Changes in net assets	(17,555)	(59,977)	5,735	16,759	(11,820)	(43,218)
Net Position - July 1	1,463,646	1,525,815	332,611	327,274	1,796,257	1,853,089
Prior Period Adjustment	12,230	(2,192)	(1,874)	(11,421)	10,356	(13,613)
Net Position - June 30	\$ 1,458,321	\$ 1,463,646	\$ 336,472	\$ 332,612	\$ 1,794,793	\$ 1,796,258

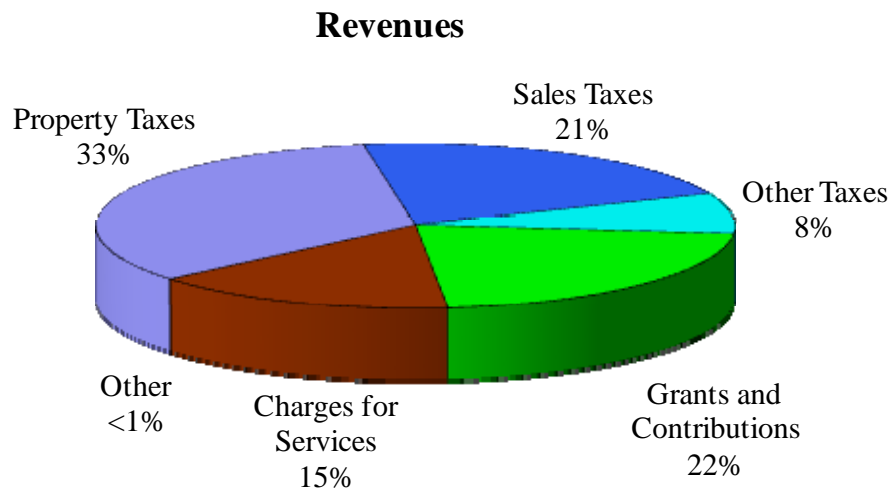
Governmental revenue reductions of \$32.4 million included \$11.6 million previously collected by the Community Development Commission (CDC) during the first six months of fiscal year 2012. The remainder of the decrease was primarily grants and development related fees and permits. At the same time, governmental expenses decrease \$9.7 million again primarily due to

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the dissolution of the CDC. Prior period adjustments included the recognition of loans to the former Community Development Commission as well as amounts owed by the Housing Authority related to workers compensation to Governmental Activities.

Governmental Activities. The net position of governmental activities decreased by \$5.3 million during the fiscal year as reductions in revenues were partially offset by reduced expenditures and prior period adjustments. In addition, the following changes occurred:

- Taxes, which make up the largest source of governmental revenues at 62%, decreased \$10.8 million largely due to the dissolution of the CDC. Sales taxes decreased \$2.3 million due to a timing issue at the State for the Measure O ½ cent sales tax that resulted in a higher accrual to the prior fiscal year. Business licenses decreased \$1.6 million due to a timing change in collections which result in an increase to prior year collections by the same amount.
- Charges for services, which include various building permits and other development related fees as well as user fees make up 15% of governmental revenues. Decreases of \$9.2 million included \$7 million from development related fees and permits. Miscellaneous charges for services decreased \$2 million due to a one-time reimbursement in the prior year.
- Grants and contributions for both capital and operating purposes make up 22% of revenues with other minor revenues making up less than 1%. Grants decreased \$11 million primarily due to the completion of major grant funded projects.



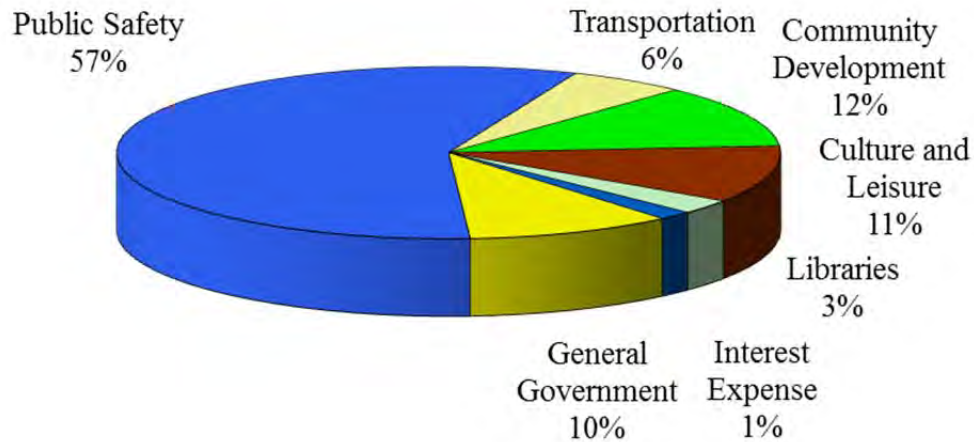
Of the \$179.9 million in total governmental expenses, 89% supports programs that provide direct services to the community.

- At 57%, Public Safety, which includes Police and Fire, receives the largest share of governmental revenues, increasing \$4.5 million due to higher personnel costs and grant funding.
- Other service programs include Community Development (excluding CDC) at 12%, Culture and Leisure at 11%, Transportation at 6%, and Library at 3%. Community Development decreased \$12.5 million primarily related to the dissolution of the CDC.
- The remaining 11% includes General Government, which decreased \$0.5 million and Interest Expenses, which decreased \$0.6 million.

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Total expenses increased \$9.7 million.

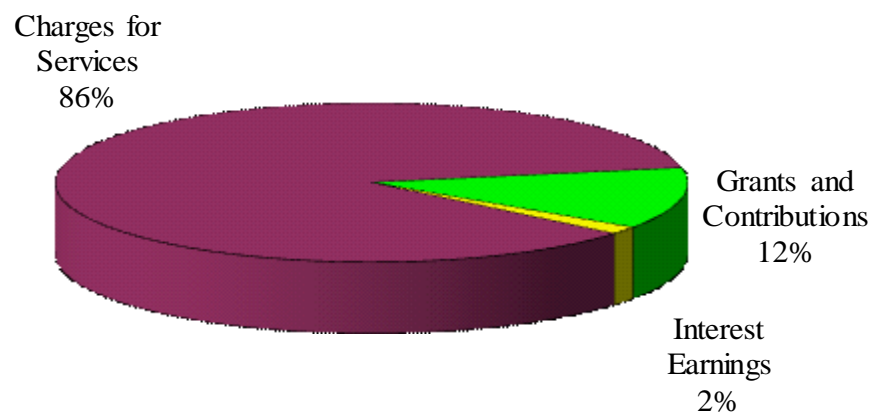
Expenses



Business-type Activities. Business-type activities increased the City's net position by \$3.9 million after a \$1.9 million reduction for prior period adjustments.

- Charges for services, which make up 86% of business-type revenues, increased \$2.1 million. Higher revenues from rate payers were partially offset by lower developer related fees in Waste Water and lower recycling revenues in Environmental Resources.
- Other revenues including Grants and interest earning were down \$0.9 million.

Revenues

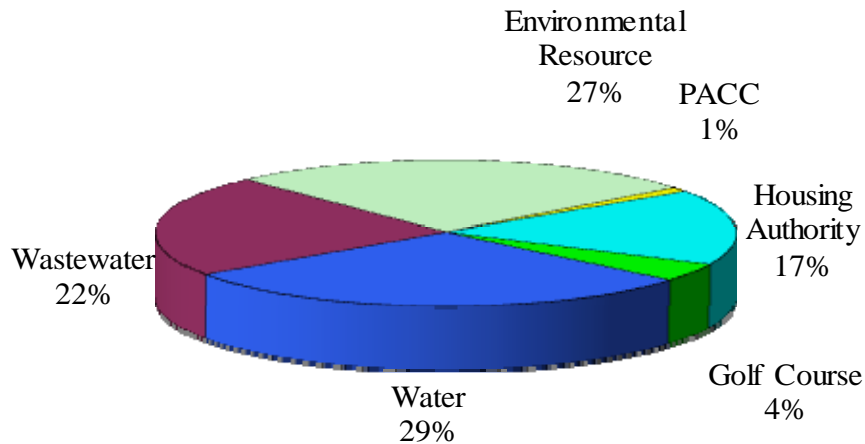


- Business-type activity expenses increased \$12.2 million. Water acquisition costs increased approximately \$3 million while depreciation expenses increased \$5 million for the various

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utility funds. Housing expenditures increased \$1 million due primarily to emergency repairs and maintenance in various housing complexes.

Expenses



Financial Analysis of the Government's Funds

As discussed earlier, the City uses fund accounting to comply with finance-related legal requirements; however, governmental funds use a modified accrual basis of accounting, while proprietary funds generally follow full accrual. Major funds are reported separately.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows and outflows and balances of spendable resources. At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$82.1 million, a decrease of \$15.4 million from the prior year. The following table summarizes the government funds balance sheet.

Governmental Funds Balance Sheet Summary
(\$ thousands)

	General Fund		Other Governmental		Total	
	2013	2012	2013	2012	2013	2012
Assets	\$ 43,569	\$ 41,714	83,561	102,192	\$ 127,130	\$ 143,906
Liabilities and Fund Balance						
Liabilities	11,354	7,954	33,703	38,455	45,057	46,409
Fund Balances						
Nonspendable	4,714	-	3,305	-	8,019	-
Restricted	1,483	-	27,237	18,707	28,720	18,707
Assigned	14,658	18,094	4,457	51,416	19,115	69,510
Unassigned	11,360	15,666	14,859	(6,386)	26,219	9,280
Total fund balances	32,215	33,760	49,858	63,737	82,073	97,497
Total Liabilities and Fund Balance	\$ 43,569	\$ 41,714	\$ 83,561	\$ 102,192	\$ 127,130	\$ 143,906

The fund balance of the combined governmental funds is made up of the following:

- \$8.0 million of non-spendable balances related to loans made to the former CDC and Housing Successor loans for low-moderate income housing projects.
- \$28.7 million is restricted primarily for public safety retiree medical funds (\$5.4 million), developments (\$16.2 million) and repayment of debt (\$5.6 million).
- \$19.1 million is assigned for Measure O programming (\$14.7 million), capital projects (\$4.4 million), and the remainder for other purposes related to developer fees.
- \$26.2 million is unassigned including \$11.4 million in the general fund.

The major governmental funds are the General Fund and State and Federal Grant Fund.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, the fund balance of the General Fund was \$32.2 million. The unassigned fund balance of the General Fund was \$11.4 million, which is 10% of general fund operating expenditures (excluding Measure O activities).

The following table summarizes the revenues, expenditures and changes in fund balances for governmental funds.

Statement of Revenues, Expenditures and Changes in Fund Balances
(\$thousands)

	General Fund		Other Governmental		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Taxes	\$ 89,360	\$ 90,974	\$ 13,926	\$ 23,159	\$ 103,286	\$ 114,133
Other Revenues	27,612	29,126	38,121	49,009	65,733	78,135
Total revenues	116,972	120,100	52,047	72,168	169,019	192,268
Expenditures						
Current	108,495	104,678	45,242	46,330	153,737	151,008
Capital outlay	7,199	9,818	26,698	37,050	33,897	46,868
Debt service	-	-	12,635	8,425	12,635	8,425
Total expenditures	115,694	114,496	84,575	91,805	200,269	206,301
Excess of revenues over (under) expenditures	1,278	5,604	(32,528)	(19,637)	(31,250)	(14,033)
Other Financing Sources (Uses)						
Proceeds from sale of bonds	-	-	6,851	3,680	6,851	3,680
Net Transfers	(5,292)	(4,965)	3,126	2,781	(2,166)	(2,184)
Total other financing sources (uses)	(5,292)	(4,965)	9,977	6,461	4,685	1,496
Special Items	-	-	-	(48,876)	-	(48,876)
Net change in fund balances	(4,014)	639	(22,551)	(62,052)	(26,565)	(61,413)
Fund balances, July 1	33,760	33,121	63,737	125,789	97,497	158,910
Prior period adjustment	2,469	-	8,672	-	11,141	-
Fund balances, June 30	\$ 32,215	\$ 33,760	\$ 49,858	\$ 63,737	\$ 82,073	\$ 97,497

General fund operating revenues exceeded expenditures by \$1.3 million. Total operating revenues decreased \$3.1 million due to a timing issue at the State for the Measure O ½ cent sales tax that resulted in a higher accrual to the prior fiscal year. General fund expenditures reflected a net increase of \$1.2 million, half of which was related to Measure O projects.

- Taxes decreased \$1.6 million; however, net of the \$3.2 million decrease in the Measure O ½ cent sales tax, taxes increased \$1.6 million. These increases reflected a local economy in a modest recovery. Increases include \$1.2 million in property taxes in part due to distribution of RPTTF funds, \$0.8 million in sales taxes (excluding Measure O). Other taxes had a combined increase of \$1 million with the exception of business license fees which decreased \$1.6 million due to a timing change in collections. Other revenues decreased \$1.6 million due to prior year one-time reimbursements.
- Excluding an \$0.6 million increase in the expenditure of Measure O funds, primarily in capital outlays, general fund expenditures increased \$0.6 million as the City continued its efforts to control costs.

See independent auditors' report.

- Net transfers decreased \$0.3 million primarily the result of a modest increase in transfers to the debt service fund.

For other governmental funds, revenues decreased \$20.1 million as follows:

- \$11.6 million decrease for revenue previously collected by the Community Development Commission (CDC) during the first six months of fiscal year 2012,
- \$7 million decrease in Development fees due to reduced activity compared to a strong year in 2012,
- \$1.5 million in grant receipts and other non-major funds.

Other Governmental fund expenditures decreased \$7.2 million due to lower grant expenditures (\$7.5 million) and CDC-SA expenditures during the first six months of FY 2012 which were partially offset by increases in the use of Developer Fees on eligible projects.

Fund balances decreased \$15.0 million primarily due to the use of developer fees collected in prior years as well as the capital outlay fund on eligible projects.

Proprietary Funds. The City's proprietary funds use the same focus and basis of accounting as the government-wide financial statements. Proprietary fund statements provide additional detail not found in the government-wide statements. The City's enterprise utilities consist of Water, Wastewater, and Environmental Resources. Cultural and recreation activities include the River Ridge Golf Course and the Performing Arts and Convention Center (PACC). The Oxnard Housing Authority is also included in this category.

The enterprise utilities ended the fiscal year with combined unrestricted net position of \$34.1 million, a decrease of \$12.4 million. The net position increased \$7.2 million due to improved revenues combined with limited growth in the cost of providing services less \$0.8 million for a prior period adjustment.

- Enterprise utilities operating revenues increased \$2.1 million. Higher revenues from rate payers were partially offset by lower developer related fees in Waste Water and lower recycling revenues in Environmental Resources as well as lower grant receipts and interest earnings.
- Enterprise utilities operating expenses increased \$5.7 million including \$3 million in water acquisition costs and \$2.1 million in payments to wastewater for desalter discharges.

The net position of cultural and recreational activities continued to decline. While the PACC experienced a moderate decline, the golf course fund decreased \$0.7 million as the growth in contractual and utility costs continued to grow, while revenues continued to be impacted by a highly competitive environment.

The net position of the Housing Authority decreased \$1.7 million. Housing expenditures increased \$1 million due primarily to emergency repairs and maintenance in various housing complexes. In addition a prior period adjustment of \$1.1 million was made for worker's compensation requirements.

Internal service fund balances decreased \$2.3 million due to a jump in insurance related costs and payments partially offset by the \$1.1 million prior period adjustment to workers compensation.

General Fund Budgetary Highlights

Revenues were \$2.9 million lower than budget and expenditures were \$8.1 million under final budget amounts as indicated in the following table.

General Fund Budgetary Summary (\$thousands)

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 88,912	\$ 88,912	\$ 89,360	\$ 448
Other Revenues	30,973	30,973	27,613	(3,360)
Total revenues	119,885	119,885	116,973	(2,912)
Expenditures				
Current	108,707	111,888	108,495	(3,393)
Capital outlay	775	11,867	7,199	(4,668)
Total expenditures	109,482	123,755	115,694	(8,061)
Excess of revenues over (under) expenditures	10,403	(3,870)	1,279	5,149
Other Financing Sources (Uses)				
Net Transfers	(5,392)	(5,493)	(5,292)	201
Total other financing sources (uses)	(5,392)	(5,493)	(5,292)	201
Net change in fund balances	\$ 5,011	\$ (9,363)	\$ (4,013)	\$ 5,350

Revenue budgets were not adjusted during the fiscal year. Measure O ½ cent sales tax revenues were lower by \$0.9 million due to a timing issue at the State. Excluding Measure O, taxes were \$1.3 million higher than budget, primarily due to the distribution of RPTTF revenues in excess of budget. Other revenues were lower due to charges for services primarily in support of projects as well as development related fees and interest earnings.

General Fund appropriations were increased \$14.3 million from the original budget of \$109.5 million (excluding transfers) and actual expenditures were \$8.1 million lower than the final budget. The change in budget was from the appropriation of Measure O projects not completed in the prior year. Actual expenditure variances from final budgets were primarily related to Measure O projects and programs that crossed fiscal years and not expended in 2013.

Capital Assets and Debt Administration

Capital assets. The City's investments in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2013, were \$1.5 billion and \$0.6 billion

See independent auditors' report.

respectively. Governmental capital assets increased \$13.4 million due to continuing construction of major infrastructure projects such as the Rice-101 interchange. Business-type assets increased \$3.5 million, primarily related to the GREAT program projects such as the Advanced Water Purification Facility and Recycled Water Backbone. More detailed information about the City's capital assets activity is presented in Note II-E to the financial statements, beginning on page 56.

Capital Assets
Net of Accumulated Depreciation
(\$thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 988,371	\$ 988,370	\$ 47,730	\$ 47,730	\$ 1,036,101	\$ 1,036,100
Buildings	66,095	68,039	34,721	36,120	100,816	104,159
Other improvements	75,686	78,015	22,482	22,952	98,168	100,967
Machinery and equipment	7,211	7,548	2,117	2,508	9,328	10,056
Infrastructure	232,242	246,131	374,001	386,413	606,243	632,544
Construction in progress	103,160	71,239	134,591	116,422	237,751	187,661
Total	\$1,472,765	\$1,459,342	\$ 615,642	\$ 612,145	\$2,088,407	\$2,071,487

Long-term debt. The City uses a variety of revenue bonds and lease indebtedness to finance various capital acquisitions. As of June 30, 2013, the City's long-term debt outstanding was \$434.3 million, a decrease of \$14.1 million. Of this total, \$70.3 million was in governmental activities and \$364 million was in business-type activities. More detailed information about the City's long-term liabilities is presented in Note II-F to the financial statements, beginning on page 57. The following provides a breakdown of the City's outstanding indebtedness adjusted for unamortized premiums, discounts and gains or losses on refundings (excludes compensated absences):

Outstanding Debt
(\$thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue Bonds	34,147	35,782	361,374	372,359	395,521	408,141
Capital Leases	11,101	5,665	2,621	2,963	13,722	8,628
Certificates of Participation	25,081	31,705	-	-	25,081	31,705
Total	\$ 70,329	\$ 73,152	\$363,995	\$ 375,322	\$ 434,324	\$ 448,474

Revenue bonds are used to finance projects for public parking, civic center, water, wastewater, environmental resources, and public housing. Debt service on these issues is paid from the revenues of the appropriate enterprise funds, the general fund, and other governmental funds. Water are rated "A+"; however Wastewater revenue bonds were recently downgraded to

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“BBB+” and Solid Waste revenue bonds to “A-“ by S&P, while the other revenue bonds are “A” rated.

The total outstanding debt is limited by statute to 15% of assessed valuation, or \$2.32 billion.

Economic Factors and Next Year’s Budgets and Rates

Oxnard’s diverse economy continues to support moderate growth in City revenues. The unemployment rate continues to trend down below 11% compared to just below 12% a year ago. In addition, housing prices continue to recover, which should support stable if not higher property tax revenues. Federal budget issues continue to be a concern and sequestration has and will continue to impact certain federal revenue streams as well as the economy as a whole.

The fiscal year 2014 budget was developed based on modest economic growth. Taxes were budgeted based on FY 2013 trends. In FY 2013, City Council approved utility rate increases to address maintenance needs and to improve the financial viability of the wastewater fund as a first step to improving bond ratings. Dissolution of the CDC-SA continues to be a challenge and the general fund budget included funding to cover administration costs in excess of amounts allowed by the State Department of Finance (DOF). The DOF issued its final findings on the Low-Moderate Income House Fund and Other Funds due diligence reviews as well as the certificate of completion that allow the CDC-SA to develop the Long Range Property Management Plan.

Contacting the City’s Financial Management

This Management’s Discussion and Analysis is designed to provide the City’s residents, taxpayers, customers, investors, and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability. If you have questions about this document, separate reports of the City’s component units, or wish additional financial information, contact the Office of the Chief Financial Officer at 300 West Third Street, Oxnard, California, 93030.

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BASIC FINANCIAL STATEMENTS



City of Oxnard, California
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 75,192,836	\$ 47,387,815	\$ 122,580,651
Investments with fiscal agents	7,321,887	33,372,151	40,694,038
Accounts and other receivables (net of allowance for uncollectibles)	24,105,173	19,645,716	43,750,889
Notes receivable	2,700,000	1,216,810	3,916,810
Internal balances	4,305,091	(4,305,091)	-
Due from other government	8,688,772	-	8,688,772
Due from Successor Agency	9,531,095	-	9,531,095
Properties held for resale	104,736	-	104,736
Other assets	145,597	261,359	406,956
Capital assets not being depreciated:			
Land	988,370,375	47,730,214	1,036,100,589
Construction in progress	103,160,331	134,590,658	237,750,989
Capital assets, net of accumulated depreciation:			
Buildings	66,094,968	34,721,087	100,816,055
Other improvements	75,685,936	22,482,376	98,168,312
Machinery and equipment	7,211,259	2,117,069	9,328,328
Infrastructure	232,241,735	374,001,240	606,242,975
Total assets	<u>1,604,859,791</u>	<u>713,221,404</u>	<u>2,318,081,195</u>
Deferred outflow of resources			
Derivatives instrument-swap agreement	5,919,638	3,912,168	9,831,806
Total deferred outflow of resources	<u>5,919,638</u>	<u>3,912,168</u>	<u>9,831,806</u>
Liabilities			
Current liabilities:			
Accounts payable	13,773,847	5,277,040	19,050,887
Other liabilities	9,425,700	2,956,091	12,381,791
Unearned revenues	11,989,040	-	11,989,040
Self insurance claims - due within one year	6,548,080	-	6,548,080
Compensated absences payable - current	9,319,000	1,407,268	10,726,268
Bonds and capital leases	3,759,050	11,933,879	15,692,929
Early retirement incentive payable	824,485	-	824,485
Noncurrent liabilities:			
Interest rate swap liability	5,919,638	3,912,168	9,831,806
Notes payable	-	269,710	269,710
Self insurance claims	8,119,713	-	8,119,713
Compensated absences payable	8,376,451	1,343,229	9,719,680
Post employment retirement payable	6,647,207	1,501,269	8,148,476
Early retirement incentive payable	1,186,582	-	1,186,582
Bonds and capital leases	66,570,241	352,060,656	418,630,897
Total liabilities	<u>152,459,034</u>	<u>380,661,310</u>	<u>533,120,344</u>
Net position			
Net investment in capital assets	1,407,060,810	285,475,430	1,692,536,240
Restricted for:			
Debt service	5,368,684	16,059,396	21,428,080
Housing	-	518,502	518,502
Public safety retirement	5,640,104	-	5,640,104
Developments	16,228,731	-	16,228,731
Other purposes	1,482,872	-	1,482,872
Unrestricted	22,539,194	34,418,934	56,958,128
Total net position	<u>\$ 1,458,320,395</u>	<u>\$ 336,472,262</u>	<u>\$ 1,794,792,657</u>

See independent auditors' report and notes to financial statements.

City of Oxnard, California
Statement of Activities
For the Year Ended June 30, 2013

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 18,129,124	\$ 8,408,578	\$ 16,091,552	\$ 2,059,058	\$ 8,430,064	\$ -	\$ 8,430,064
Public safety	103,079,427	4,460,425	2,271,484	1,473,706	(94,873,812)	-	(94,873,812)
Transportation	10,331,822	3,152,660	4,692,651	4,750,994	2,264,483	-	2,264,483
Community development	21,162,624	4,316,880	4,350,737	-	(12,495,007)	-	(12,495,007)
Culture and leisure	19,334,566	4,667,879	-	30,000	(14,636,687)	-	(14,636,687)
Libraries	4,916,628	427,152	-	-	(4,489,476)	-	(4,489,476)
Interest on long-term debt	2,973,016	-	-	-	(2,973,016)	-	(2,973,016)
Total governmental activities	<u>179,927,207</u>	<u>25,433,574</u>	<u>27,406,424</u>	<u>8,313,758</u>	<u>(118,773,451)</u>	<u>-</u>	<u>(118,773,451)</u>
Business-type activities:							
Water	44,762,850	51,056,102	-	-	-	6,293,252	6,293,252
Wastewater	34,396,819	30,998,260	-	-	-	(3,398,559)	(3,398,559)
Environmental resource	40,601,250	42,535,271	-	-	-	1,934,021	1,934,021
Performing arts and convention center	1,534,353	483,778	-	-	-	(1,050,575)	(1,050,575)
Oxnard Housing Authority	25,397,453	5,173,132	18,595,158	966,935	-	(662,228)	(662,228)
Municipal golf course	6,150,325	4,157,668	-	-	-	(1,992,657)	(1,992,657)
Total business-type activities	<u>152,843,050</u>	<u>134,404,211</u>	<u>18,595,158</u>	<u>966,935</u>	<u>-</u>	<u>1,123,254</u>	<u>1,123,254</u>
Total primary government	<u>332,770,257</u>	<u>159,837,785</u>	<u>46,001,582</u>	<u>9,280,693</u>	<u>(118,773,451)</u>	<u>1,123,254</u>	<u>(117,650,197)</u>
General revenues:							
Taxes:							
Property tax					55,148,254	-	55,148,254
Sales tax					35,156,013	-	35,156,013
Transient occupancy tax					3,826,954	-	3,826,954
Franchise tax					3,842,351	-	3,842,351
Deed transfer tax					628,780	-	628,780
Business license tax					4,562,692	-	4,562,692
Penalties and interest					121,064	-	121,064
Interest on investments					(21,216)	2,445,183	2,423,967
Sale of capital assets					119,184	-	119,184
Transfers					(2,166,145)	2,166,145	-
Total general revenues and transfers					<u>101,217,931</u>	<u>4,611,328</u>	<u>105,829,259</u>
Change in net assets					<u>(17,555,520)</u>	<u>5,734,582</u>	<u>(11,820,938)</u>
Net position - July 1					<u>1,463,646,173</u>	<u>332,611,235</u>	<u>1,796,257,408</u>
Prior period adjustment					<u>12,229,742</u>	<u>(1,873,555)</u>	<u>10,356,187</u>
Net position - June 30					<u>\$ 1,458,320,395</u>	<u>\$ 336,472,262</u>	<u>\$ 1,794,792,657</u>

See independent auditors' report and notes to financial statements.

City of Oxnard, California
Balance Sheet
Governmental Funds
June 30, 2013

	General	State & Federal Grants	Non Major	Total Governmental
ASSETS				
Cash and cash equivalents	\$ 15,092,682	\$ -	\$ 44,107,892	\$ 59,200,574
Investments with fiscal agents	-	-	7,321,887	7,321,887
Accounts and other receivables	2,265,165	16,057,064	5,752,882	24,075,111
Notes receivable	-	-	2,700,000	2,700,000
Due from other funds	10,141,052	-	5,254,727	15,395,779
Due from Successor Agency	7,624,876	-	1,906,219	9,531,095
Due from other government	8,332,752	-	356,020	8,688,772
Properties held for resale	-	-	104,736	104,736
Other assets	112,697	-	-	112,697
Total assets	\$ 43,569,224	\$ 16,057,064	\$ 67,504,363	\$ 127,130,651
LIABILITIES				
Liabilities:				
Accounts payable	4,152,943	6,472,356	2,342,371	12,967,670
Other liabilities	3,813,978	45,806	735,306	4,595,090
Due to other funds	-	12,081,819	177,350	12,259,169
Deferred revenues	3,387,258	3,270,102	8,577,981	15,235,341
Total liabilities	11,354,179	21,870,083	11,833,008	45,057,270
Fund balances				
Nonspendable:				
Property held for resale	-	-	104,736	104,736
Prepayments	112,697	-	-	112,697
Long-term receivable	4,601,506	-	3,200,377	7,801,883
Restricted for:				
Debt service	-	-	5,368,684	5,368,684
Other purposes	1,482,872	-	-	1,482,872
Developments	-	-	16,228,731	16,228,731
Public safety retirement	-	-	5,640,104	5,640,104
Assigned to:				
Capital projects	-	-	4,456,543	4,456,543
Measure "O" service enhancement	14,658,123	-	-	14,658,123
Unassigned:	11,359,847	(5,813,019)	20,672,180	26,219,008
Total fund balances	32,215,045	(5,813,019)	55,671,355	82,073,381
Total liabilities and fund balances	\$ 43,569,224	\$ 16,057,064	\$ 67,504,363	\$ 127,130,651

See independent auditors' report and notes to financial statements.

City of Oxnard, California
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2013

Fund balances of governmental funds	\$ 82,073,381
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of \$1,842,397,154 net of accumulated depreciation of (\$372,601,004) are not financial resources and, therefore, are not reported in the funds.	1,469,796,150
Long term liabilities, claims and compensated absences have not been included in the governmental fund activity:	
Long-term liabilities of \$70,509,643 net of unamortized discount (\$253,972)	(70,255,671)
Self insurance claims	(14,667,793)
Compensated absences	(16,729,639)
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds	(566,649)
Other post employment liability, other long term liability, not due and payable in the current period	(8,156,087)
Grants receivable that were not received within the availability period were recorded as deferred revenue in the governmental funds	3,246,301
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information services, facilities and equipment maintenance. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets	13,580,402
Net Position of governmental activities	\$ 1,458,320,395

See independent auditors' report and notes to financial statements.

City of Oxnard
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General	State & Federal Grants	Non Major	Total Governmental
REVENUES				
Taxes	\$ 89,360,382	\$ -	\$ 13,925,726	\$ 103,286,108
Licenses and permits	1,862,813	-	839,489	2,702,302
Intergovernmental	13,127,768	15,950,090	9,662,759	38,740,617
Growth and development fees	-	-	1,828,294	1,828,294
Charges for services	8,710,647	-	464,665	9,175,312
Fines and forfeitures	487,297	196,546	293,255	977,098
Interest on investments	15,104	16,057	(52,377)	(21,216)
Special assessments	-	-	7,971,903	7,971,903
Rental income	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	3,408,890	284,837	665,370	4,359,097
Total revenues	116,972,901	16,447,530	35,599,084	169,019,515
EXPENDITURES				
Current:				
General government	10,114,846	1,758	322,348	10,438,952
Public safety	68,591,284	3,144,071	19,455,318	91,190,673
Transportation	4,032,023	35	5,627,205	9,659,263
Community Development	9,079,931	3,237,289	8,016,371	20,333,591
Culture and leisure	12,371,602	206,529	5,201,802	17,779,933
Library Services	4,305,466	29,525	-	4,334,991
Capital outlay	7,198,960	9,418,671	17,279,581	33,897,212
Debt service:				
Principal	-	-	3,451,261	3,451,261
Bond issuance cost	-	-	45,002	45,002
Interest and fiscal charges	-	-	2,941,600	2,941,600
Total expenditures	115,694,112	16,037,878	62,340,488	194,072,478
Excess of revenues over (under) expenditures	1,278,789	409,652	(26,741,404)	(25,052,963)
OTHER FINANCING SOURCES(USES)				
Issuance of debt	-	-	6,802,986	6,802,986
Bond premium	-	-	48,238	48,238
Payment to refunded debt escrow agent	-	-	(6,197,285)	(6,197,285)
Transfers in	132,580	100,885	5,635,663	5,869,128
Transfers out	(5,424,980)	-	(2,610,293)	(8,035,273)
Total other financing sources (uses)	(5,292,400)	100,885	3,679,309	(1,512,206)
Net change in fund balances	(4,013,611)	510,537	(23,062,095)	(26,565,169)
Fund balances, July 1	33,760,051	(6,386,154)	70,123,392	97,497,289
Prior period adjustment	2,468,605	62,598	8,610,058	11,141,261
Fund balances, June 30	\$ 32,215,045	\$ (5,813,019)	\$ 55,671,355	\$ 82,073,381

See independent auditors' report and notes to financial statements.

City of Oxnard, California
Reconciliation of the Change in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (26,565,169)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$33,897,212 exceeded depreciation expense (\$20,253,507) in the current period.	13,643,705
In the statement of activities, the loss on disposal of assets is reported whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by the cost of the assets disposed \$289,328 net of accumulated depreciation (\$266,321)	(23,007)
Some expenses reported in the statement of activities do not require the use of financial resources and are not reported as expenditures in governmental funds. These include the decrease in accrued interest \$16,141 net increase in compensated absences (\$91,623) and other post employment benefits (\$227,526).	(303,008)
The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments of \$9,648,546 exceeded bond proceeds of (\$6,802,986) and bond discount (\$50,793).	2,794,767
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(4,458,676)
Net expenditures of internal service funds of \$3,417,516 is reported with governmental activities, \$773,384 allocated to business-type activities.	(2,644,132)
Change in net position of governmental activities (page 20)	<u><u>\$ (17,555,520)</u></u>

See independent auditors' report and notes to financial statements.

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City of Oxnard, California
Statement of Net Position
Proprietary Funds
June 30, 2013

	<u>Water</u>	<u>Wastewater</u>	<u>Environmental Resource</u>	<u>Performing Arts and Convention Center</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 28,090,143	\$ 8,965,061	\$ 3,273,496	\$ 35,000
Cash with fiscal agent	29,974,480	8,744	2,570,905	-
Accounts and other receivable (net of allow for unc)	8,750,996	4,677,538	6,037,722	1,374
Due from other funds	87,178	-	64,943	-
Notes receivable	-	-	-	-
Other assets	-	-	99,662	-
Total currents assets	<u>66,902,797</u>	<u>13,651,343</u>	<u>12,046,728</u>	<u>36,374</u>
Noncurrent assets:				
Notes receivable	-	1,198,800	-	-
Advances to other funds	10,461,204	-	-	-
Capital assets:				
Land	3,883,110	3,145,160	3,851,164	-
Buildings	14,517,008	6,582,587	22,859,740	-
Improvements	-	-	-	-
Machinery and equipment	3,103,446	18,322,504	21,564,790	15,370
Construction in progress	129,757,815	403,142	3,295,487	-
Infrastructure	185,179,466	345,910,640	3,586,781	42,615
Less accumulated depreciation	(65,178,273)	(124,794,590)	(29,631,151)	(21,473)
Total capital assets (net of accum depr)	<u>271,262,572</u>	<u>249,569,443</u>	<u>25,526,811</u>	<u>36,512</u>
Total noncurrent assets	<u>281,723,776</u>	<u>250,768,243</u>	<u>25,526,811</u>	<u>36,512</u>
Total assets	<u>348,626,573</u>	<u>264,419,586</u>	<u>37,573,539</u>	<u>72,886</u>
Deferred outflow of resources				
Derivatives instrument-swap agreement	-	3,912,168	-	-
Total deferred outflow of resources	<u>-</u>	<u>3,912,168</u>	<u>-</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable	5,269,527	794,778	2,393,777	102,775
Other liabilities	1,632,264	705,857	374,048	4,743
Due to other funds	-	-	-	1,614,009
Compensated absences payable - current	295,000	493,000	535,000	50,000
Self insurance claims - due within one year	-	-	-	-
Revenue bonds and capital leases payable-current	3,858,360	3,891,902	2,681,395	-
Total current liabilities	<u>11,055,151</u>	<u>5,885,537</u>	<u>5,984,220</u>	<u>1,771,527</u>
Noncurrent liabilities:				
Interest rate swap liability	-	3,912,168	-	-
Revenue bonds, net of current portion and discount	191,877,170	127,881,217	4,070,784	-
Compensated absences payable	269,900	140,397	313,947	51,115
Advances from other funds	-	1,671,260	7,441,667	-
Notes payable	-	-	-	-
Self insurance claims	-	-	-	-
Capital leases payable	69,868	313,547	1,710,521	-
Deferred revenue	-	-	-	-
Post employment retirement payable	269,957	436,025	440,324	12,786
Total noncurrent liabilities	<u>192,486,895</u>	<u>134,354,614</u>	<u>13,977,243</u>	<u>63,901</u>
Total liabilities	<u>203,542,046</u>	<u>140,240,151</u>	<u>19,961,463</u>	<u>1,835,428</u>
Net Position				
Net investment in capital assets	103,820,986	117,482,777	19,294,373	36,512
Restricted for housing	-	-	-	-
Restricted for debt service	13,928,796	-	2,130,600	-
Unrestricted	27,334,745	10,608,826	(3,812,897)	(1,799,054)
Total net position	<u>\$ 145,084,527</u>	<u>\$ 128,091,603</u>	<u>\$ 17,612,076</u>	<u>\$ (1,762,542)</u>

See independent auditors' report and notes to financial statements.

City of Oxnard, California
Statement of Net Position
Proprietary Funds
June 30, 2013

Oxnard Housing Authority	Municipal Golf Course	Totals Current Year	Governmental Activities- Internal Service Funds	
				Assets
				Current assets:
\$ 7,024,115	\$ -	\$ 47,387,815	\$ 15,992,262	Cash and cash equivalents
818,020	2	33,372,151	-	Cash with fiscal agent
178,086	-	19,645,716	30,062	Accounts and other receivable (net of allow for unc)
	-	152,121	-	Due from other funds
18,010	-	18,010	-	Notes receivable
161,697	-	261,359	32,900	Other assets
8,199,928	2	100,837,172	16,055,224	Total currents assets
				Noncurrent assets:
	-	1,198,800	-	Notes receivable
	-	10,461,204	1,168,481	Advances to other funds
				Capital assets:
8,920,208	27,930,572	47,730,214	595,500	Land
42,647,696	3,926,962	90,533,993	-	Buildings
-	25,461,641	25,461,641	-	Improvements
1,946,263	13,950	44,966,323	3,643,354	Machinery and equipment
296,140	838,074	134,590,658	1,740,406	Construction in progress
-	-	534,719,502	-	Infrastructure
(38,024,701)	(4,709,499)	(262,359,687)	(3,010,806)	Less accumulated depreciation
15,785,606	53,461,700	615,642,644	2,968,454	Total capital assets (net of accum depr)
15,785,606	53,461,700	627,302,648	4,136,935	Total noncurrent assets
23,985,534	53,461,702	728,139,820	20,192,159	Total assets
				Deferred outflow of resources
-	-	3,912,168	-	Derivatives instrument-swap agreement
-	-	3,912,168	-	Total deferred outflow of resources
				Liabilities
				Current liabilities:
443,308	4,655	9,008,820	806,177	Accounts payable
181,421	57,758	2,956,091	209,746	Other liabilities
-	1,674,722	3,288,731	-	Due to other funds
34,268	-	1,407,268	649,000	Compensated absences payable - current
-	-	-	6,548,080	Self insurance claims - due within one year
270,000	1,232,222	11,933,879	28,808	Revenue bonds and capital leases payable-current
928,997	2,969,357	28,594,789	8,241,811	Total current liabilities
				Noncurrent liabilities:
-	-	3,912,168	-	Interest rate swap liability
3,495,000	22,642,549	349,966,720	-	Revenue bonds, net of current portion and discount
567,870	-	1,343,229	316,812	Compensated absences payable
1,168,481	1,348,277	11,629,685	-	Advances from other funds
269,710	-	269,710	-	Notes payable
-	-	-	8,119,713	Self insurance claims
-	-	2,093,936	44,812	Capital leases payable
-	-	-	-	Deferred revenue
342,177	-	1,501,269	502,187	Post employment retirement payable
5,843,238	23,990,826	370,716,717	8,983,524	Total noncurrent liabilities
6,772,235	26,960,183	399,311,506	17,225,335	Total liabilities
				Net Position
15,253,853	29,586,929	285,475,430	2,894,834	Net investment in capital assets
518,502	-	518,502	-	Restricted for housing
-	-	16,059,396	-	Restricted for debt service
1,440,944	(3,085,410)	30,687,154	71,990	Unrestricted
\$ 17,213,299	\$ 26,501,519	\$ 332,740,482	\$ 2,966,824	Total net position
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		3,731,780		
Net position of business-type activities		\$ 336,472,262		

City of Oxnard, California
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For Fiscal Year Ended June 30, 2013

	<u>Water</u>	<u>WasteWater</u>	<u>Environmental Resource</u>	<u>Performing Arts & Convention Center</u>
Operating revenues:				
Charges for services	\$ 49,714,083	\$ 28,729,237	\$ 42,229,122	\$ 465,734
Connection Fees	1,187,998	1,572,676	48,472	-
Miscellaneous and reimbursements	154,021	696,347	257,677	18,044
Total operating revenues	51,056,102	30,998,260	42,535,271	483,778
Operating expenses:				
Salaries and wages	4,525,892	6,193,837	6,969,210	1,054,956
Contractual services	816,995	1,036,397	15,617,695	128,783
Operating supplies	22,828,694	1,807,367	535,283	361
Utilities	2,489,873	5,940,405	6,695,330	139,509
Depreciation & amortization	4,637,036	8,462,344	1,239,483	2,275
General and administrative	5,059,435	3,464,702	3,769,539	180,518
Repairs and maintenance	376,037	320,750	4,648,562	18,380
Claims expenses	-	-	-	-
Total operating expenses	40,733,962	27,225,802	39,475,102	1,524,782
Operating income (loss)	10,322,140	3,772,458	3,060,169	(1,041,004)
Nonoperating revenues (expenses):				
Intergovernmental	-	-	-	-
Interest on investments	2,250,295	47,455	133,323	-
Interest expense	(3,879,201)	(6,950,929)	(722,881)	(9,571)
Net nonoperating revenues (expenses)	(1,628,906)	(6,903,474)	(589,558)	(9,571)
Income (loss) before contributions and transfers	8,693,234	(3,131,016)	2,470,611	(1,050,575)
Capital contributions	-	-	-	-
Transfers in	-	-	-	905,160
Transfers out	-	-	(62,360)	-
Changes in net position	8,693,234	(3,131,016)	2,408,251	(145,415)
Net position - July 1	136,391,293	132,007,693	15,203,825	(1,617,127)
Prior period adjustment	-	(785,074)	-	-
Net position - June 30	\$ 145,084,527	\$ 128,091,603	\$ 17,612,076	\$ (1,762,542)

See independent auditors' report and notes to financial statements.

City of Oxnard, California
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For Fiscal Year Ended June 30, 2013

<u>Oxnard Housing Authority</u>	<u>Municipal Golf Course</u>	<u>Totals Current Year</u>	<u>Governmental Activities- Internal Service Fund</u>	
\$ 4,514,615	\$ 4,128,427	\$ 129,781,218	\$ 26,647,221	Operating revenues:
-	-	2,809,146	-	Charges for services
658,517	29,241	1,813,847	192,116	Connection Fees
5,173,132	4,157,668	134,404,211	26,839,337	Miscellaneous and reimbursements
				Total operating revenues
				Operating expenses:
3,128,031	66,261	21,938,187	8,851,060	Salaries and wages
49,912	3,986,485	21,636,267	990,035	Contractual services
16,362,445	-	41,534,150	5,258,501	Operating supplies
915,330	2,189	16,182,636	1,551,116	Utilities
1,191,149	590,588	16,122,875	260,740	Depreciation & amortization
1,528,447	192,973	14,195,614	2,730,323	General and administrative
2,044,089	33,945	7,441,763	1,399,617	Repairs and maintenance
	-	-	9,112,538	Claims expenses
25,219,403	4,872,441	139,051,492	30,153,930	Total operating expenses
(20,046,271)	(714,773)	(4,647,281)	(3,314,593)	Operating income (loss)
				Nonoperating revenues (expenses):
18,595,158	-	18,595,158	-	Intergovernmental
14,107	3	2,445,183	(100,226)	Interest on investments
(178,050)	(1,277,542)	(13,018,174)	(2,697)	Interest expense
18,431,215	(1,277,539)	8,022,167	(102,923)	Net nonoperating revenues (expenses)
(1,615,056)	(1,992,312)	3,374,886	(3,417,516)	Income (loss) before contributions and transfers
966,935	-	966,935	-	Capital contributions
	1,323,345	2,228,505	-	Transfers in
	-	(62,360)	-	Transfers out
(648,121)	(668,967)	6,507,966	(3,417,516)	Changes in net position
18,949,901	27,170,486		5,295,859	Net position - July 1
(1,088,481)	-		1,088,481	Prior period adjustment
\$ 17,213,299	\$ 26,501,519		\$ 2,966,824	Net position - June 30
Adjustment to reflect the consolidation of				
internal service fund activities related to				
enterprise funds		(773,384)		
Change in net position of business-type activities		\$ 5,734,582		

City of Oxnard, California
Statement of Cash Flows
Proprietary Funds
For Fiscal Year Ended 2013

	<u>Water</u>	<u>Wastewater</u>	<u>Environmental Resource</u>	<u>Performing Arts and Convention Center</u>
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts from customers and users	48,874,157	30,390,742	42,331,025	484,740
Payments to suppliers	(29,686,463)	(12,413,743)	(30,965,030)	(417,917)
Payments to employees	(4,538,389)	(6,162,184)	(6,860,552)	(1,056,575)
Cash paid to claimants	-	-	-	-
Net cash provided(used) by operating activities	<u>14,649,305</u>	<u>11,814,815</u>	<u>4,505,443</u>	<u>(989,752)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to other funds	-	-	-	94,163
Due from other funds	(105)	-	(79)	-
Advances to other funds	393,922	-	-	-
Advances from other funds	-	(799,301)	(942,898)	-
Received from grants	-	-	-	-
Transfer from other funds	-	-	-	905,160
Transfer to other funds	-	-	(62,360)	-
Net cash provided (used) by capital and related financing activities	<u>393,817</u>	<u>(799,301)</u>	<u>(1,005,337)</u>	<u>999,323</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(10,445,098)	(478,267)	(295,724)	-
Received from grants	-	-	-	-
Principal paid on long-term debt	(3,479,490)	(3,709,555)	(2,729,777)	-
Interest and issuance cost paid on long-term debt	(10,524,675)	(6,882,148)	(763,442)	(9,571)
Proceeds from issuance of long-term debt	-	318,059	-	-
Net cash used in capital and related financing activities	<u>(24,449,263)</u>	<u>(10,751,911)</u>	<u>(3,788,943)</u>	<u>(9,571)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	2,250,295	47,455	133,323	-
Net cash provided by investing activities	<u>2,250,295</u>	<u>47,455</u>	<u>133,323</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(7,155,846)	311,058	(155,514)	-
Cash and cash equivalents, July 1	<u>65,220,469</u>	<u>8,662,747</u>	<u>5,999,915</u>	<u>35,000</u>
Cash and cash equivalents, June 30	<u>\$ 58,064,623</u>	<u>\$ 8,973,805</u>	<u>\$ 5,844,401</u>	<u>\$ 35,000</u>

See independent auditors' report and notes to financial statements.

City of Oxnard, California
Statement of Cash Flows
Proprietary Funds
For Fiscal Year Ended 2013

Oxnard Housing Authority	Municipal Golf Course	Total	Governmental Activities- Internal Service Funds	
				CASH FLOW FROM OPERATING ACTIVITIES
5,341,764	4,157,668	131,580,096	26,879,735	Receipts from customers and users
(19,348,040)	(4,215,866)	(97,047,059)	(11,525,731)	Payments to suppliers
(4,596,332)	(66,261)	(23,280,293)	(8,765,280)	Payments to employees
-	-	-	(6,382,445)	Cash paid to claimants
(18,602,608)	(124,459)	11,252,744	206,279	Net cash provided(used) by operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
-	1,284,200	1,378,363	-	Due to other funds
-	-	(184)	-	Due from other funds
-	-	393,922	-	Advances to other funds
-	-	(1,742,199)	-	Advances from other funds
87,087	-	87,087	-	Received from grants
-	1,323,345	2,228,505	-	Transfer from other funds
-	-	(62,360)	-	Transfer to other funds
87,087	2,607,545	2,283,134	-	Net cash provided (used) by capital and related financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
(992,223)	(51,439)	(12,262,751)	(62,940)	Purchases of capital assets
19,412,305	-	19,412,305	-	Received from grants
(260,000)	(1,164,913)	(11,343,735)	(27,984)	Principal paid on long-term debt
(180,456)	(1,266,737)	(19,627,029)	(2,697)	Interest and issuance cost paid on long-term debt
-	-	318,059	-	Proceeds from issuance of long-term debt
17,979,626	(2,483,089)	(23,503,151)	(93,621)	Net cash used in capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES
14,108	3	2,445,184	(100,226)	Interest on investments
14,108	3	2,445,184	(100,226)	Net cash provided by investing activities
(521,787)	-	(7,522,089)	12,432	Net increase (decrease) in cash and cash equivalents
8,363,922	2	88,282,055	15,979,830	Cash and cash equivalents, July 1
\$ 7,842,135	\$ 2	\$ 80,759,966	\$ 15,992,262	Cash and cash equivalents, June 30

City of Oxnard, California
Statement of Cash Flows
Proprietary Funds
For Fiscal Year Ended 2013

	<u>Water</u>	<u>Wastewater</u>	<u>Environmental Resource</u>	<u>Performing Arts and Convention Center</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	10,322,140	3,772,458	3,060,169	(1,041,004)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	4,637,036	8,462,344	1,239,483	2,275
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable and due from other funds	(2,181,945)	(607,518)	(204,246)	962
(Increase) decrease in other assets	-	-	-	-
Increase (decrease) in accounts payable	1,884,571	155,878	301,379	49,634
Increase (decrease) in other liabilities	-	-	-	-
Increase (decrease) in compensated absences & OPEB	(12,497)	31,653	108,658	(1,619)
Increase (decrease) in self-insurance liabilities	-	-	-	-
Net cash provided by (used) in operating activities	<u><u>14,649,305</u></u>	<u><u>11,814,815</u></u>	<u><u>4,505,443</u></u>	<u><u>(989,752)</u></u>

See independent auditors' report and notes to financial statements.

City of Oxnard, California
Statement of Cash Flows
Proprietary Funds
For Fiscal Year Ended 2013

Oxnard Housing Authority	Municipal Golf Course	Total	Governmental Activities-Internal Service Funds	
(20,046,271)	(714,773)	(4,647,281)	(3,314,593)	Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:
				Operating income (loss)
				Adjustments to reconcile operating income (loss) to net cash provided by operating activities:
1,191,150	590,588	16,122,876	260,740	Depreciation and amortization
				Changes in assets and liabilities:
182,560	-	(2,810,187)	40,398	(Increase) decrease in accounts receivable and due from other funds
73,080	-	73,080	-	(Increase) decrease in other assets
116,725	(274)	2,507,913	403,861	Increase (decrease) in accounts payable
-	-	-	-	Increase (decrease) in other liabilities
(119,852)	-	6,343	85,780	Increase (decrease) in compensated absences & OPEB
-	-	-	2,730,093	Increase (decrease) in self-insurance liabilities
<u>(18,602,608)</u>	<u>(124,459)</u>	<u>11,252,744</u>	<u>206,279</u>	Net cash provided by (used) in operating activities

City of Oxnard, California
Statement of Fiduciary Net Position
June 30, 2013

	Oxnard Community Development Commission Successor Agency Private Purpose Trust Fund	Agency Fund
ASSETS:		
Cash and cash equivalents	\$ 4,135,667	\$ 4,949,353
Investment with fiscal agents	10,937,313	15,102,049
Accounts and other receivables	625,107	-
Notes receivable, net of uncollectible	639,884	-
Properties held for resale	6,963,050	-
Other Assets	1,004,149	-
Capital Assets:		
Land	1,221,289	-
Construction in progress	15,491,722	-
Building (net of depreciation)	459,601	-
Improvements other than building (net of depreciation)	38,516,214	-
Equipment and machinery (net of depreciation)	699	-
Total assets	79,994,695	\$ 20,051,402
LIABILITIES;		
Accounts payable	1,578,893	\$ 20,051,402
Due to City of Oxnard	9,531,095	
Due to other governments	1,557,689	-
Long-term debt:		
Due within one year	1,460,000	-
Due in more than one year	40,920,000	-
Total liabilities	55,047,677	\$ 20,051,402
NET POSITION:		
Held in trust for Successor Agency	\$ 24,947,018	

See independent auditors' report and notes to financial statements.

City of Oxnard, California
Statement of Changes in Fiduciary Net Position
For the Period ended June 30, 2013

	Oxnard Community Development Successor Agency Private Purpose Trust Fund
ADDITIONS:	
Taxes	\$ 17,747,916
Interest	291,469
Rental income	62,664
Miscellaneous	173,293
Total additions	\$ 18,275,342
DEDUCTIONS:	
Administrative Costs:	
Salaries and wages	697,554
Assessment district payment	141,136
Distribution to County of Ventura	15,724,978
Other administrative costs	916,023
Professional services	568,438
Depreciation	1,704,501
Capital Outlay:	
Project improvements	16,568,759
Debt service:	
Interest and fiscal charges	2,902,108
Total deductions	39,223,497
Change in net position	(20,948,155)
Net position - July 1, 2012	60,454,719
Prior period adjustment	(14,559,546)
Net position - June 30, 2013	\$ 24,947,018

See independent auditors' report and notes to financial statements.

City of Oxnard
Notes to the Financial Statements
June 30, 2013

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Oxnard, California (City) was incorporated as a general law city on June 30, 1903, and operates under the council-manager form of government. The City is governed by an elected Mayor and four Council members. Other elected positions include the City Clerk and City Treasurer. The accompanying basic financial statements present the financial position and results of operations of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City. Although these entities are legally separate, the City's elected officials have a continuing financial responsibility and accountability for fiscal matters of these other entities. Financial accountability includes the appointment of governing bodies, budget authority, approval of tax levies and responsibility for funding deficits.

Blended Component Units

City of Oxnard Financing Authority. The Oxnard Financing Authority (Authority) is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency at public or negotiated sales and may sell such bonds to public or private purchasers at public or negotiated sales. The Authority is controlled by the City and has the same governing body as the City. City staff perform all accounting and administrative functions of the Authority. The debt service of the Authority is included in the Golf Course Enterprise Fund, Environmental Resources Enterprise Fund, Water Enterprise Fund, Wastewater Enterprise Fund, and Debt Service Fund.

Housing Authority of the City of Oxnard. The Housing Authority of the City of Oxnard (the Housing Authority) was established in April, 1945 by ordinance of the City Council. The Housing Authority is a public entity which was organized under the laws of the State of California's Health and Safety Code for the purpose of providing safe, decent, and sanitary housing for qualified economically disadvantaged and elderly individuals in areas where a shortage of such housing exists. To accomplish this purpose, the Housing Authority entered into Annual Contributions Contracts with the U.S. Department of Housing and Urban Development (HUD) to operate assisted housing programs, such as Local Housing Authority Owned Housing, Section 8, and Modernization. The City Council and two tenant representatives serve as the governing board of the Housing Authority. The Housing Authority's operations have been included in the City's business-type activities in the accompanying government-wide financial statements. The Housing Authority prepares separate financial statements, which can be obtained from the Housing Authority's Financial Services Division.

See independent auditors' report.

B. New Pronouncement

GASB Statement No. 63 – In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement is for periods beginning after December 15, 2011. The City implements this Statement for its fiscal year 2012-2013 financial statements.

C. Financial Statements Presentation

In accordance with Governmental Accounting Standards Board Statement No. 34, the City’s basic financial statements consist of the following:

- Government-wide financial statements;
- Fund financial statements; and
- Notes to the basic financial statements.

Government-Wide Financial Statements

The City’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present financial information for the City as a whole, while distinguishing between governmental and business-type activities. Fiduciary activities of the City are not included in these statements.

Most of the City’s basic services are considered to be governmental activities, including general government, public safety, transportation, community development, culture and leisure, and library services. Property tax, sales tax, transient occupancy tax, franchise tax, business license tax, and user fees and charges financially support these activities.

The City’s enterprise operations are classified as business-type activities. These operations consist of water, wastewater, environmental resources, housing, the River Ridge Golf Course, and the Performing Arts and Convention Center (PACC). These activities generally recover the cost of providing services from customer fees and

See independent auditors’ report.

charges; however, the Golf fund and the PACC have been subsidized by the General fund.

Government-wide financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: (1) charges for services; (2) grants and other contributions; and (3) capital grants and contributions.

The statement of activities demonstrates the degree to which expenses, both direct and indirect, of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the City’s cost allocation plan. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) operating and capital grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Certain eliminations have been made as prescribed by GASB 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, net internal service fund transactions have been allocated back to the governmental and business-type activities generating the net income or loss. In the Statement of Net Position, internal service assets and liabilities have been combined with the governmental funds and presented as governmental activities.

In accordance with GASB 34, a reconciliation of the difference between the fund financial statements and the government-wide financial statements is provided as part of the fund financial statements.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the major governmental funds. Non-major governmental funds are combined for presentation in governmental fund statements. The following funds have been determined to be the City's major governmental funds:

- **General Fund:** This fund is always a major fund and is used to account for all financial resources traditionally associated with government activities which are not legally required to be accounted for in another fund.
- **State and Federal Grants Fund:** This fund accounts for expenditures of grants from state and federal agencies.

Governmental funds are accounted for using a "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The City considers revenues available if they are collected within 60 days after year-end with the exception of sales tax which is based on the California Board of Equalization reporting period through June of the fiscal year for which payment is received in September. Property tax, sales tax, intergovernmental revenues and other taxes are accrued as appropriate. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The availability period for revenue recognition for Grants receivable is one year after the year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred and, if paid within 60 days of year-end, except for unmatured principal and interest on long-term debt, which is recognized when due.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major fund. A column representing Internal Service Funds in total is also presented in these statements.

The proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises wherein the cost of goods and services to the general public are financed or recovered primarily through user charges. The following enterprise funds have been determined to be the City's major proprietary funds:

- **Water Fund:** This fund is used to account for all activities of the City's water production, treatment and distribution system. Revenues are derived mainly from metered water services, connection fees, and installation charges.

- **Wastewater Fund:** This fund is used to account for all sewer activities related to conveyance and treatment services. Revenues are derived mainly from sewer service charges, connection fees, and treatment plant charges.
- **Environmental Resources Fund:** This fund is used to account for the activities related to collection and disposal of refuse throughout the City.
- **Performing Arts and Convention Center Fund:** This fund is used to account for the operations and maintenance of the City's Performing Arts and Convention Center.
- **Oxnard Housing Authority:** This fund is used to account for the receipts and disbursements of funds received from the U.S. Department of Housing and Urban Development (HUD) to provide housing assistance, such as the rental assistance programs for low income residents and senior citizens under Section 8 of the Federal Housing Act of 1937, as amended.
- **Municipal Golf Course Fund:** This fund is used to account for the operation and maintenance of the City's River Ridge golf course.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included within the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds principal ongoing operations. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

Internal Service Funds

Internal service funds account for services to other departments on a cost-recovery basis. Internal service funds include workers' compensation, public liability and property damage, utility customer services, information systems, facilities maintenance, and fleet services. Internal service funds are reported in total on the proprietary funds statements.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The City's fiduciary funds consist of private purpose trust fund and an agency fund. A private purpose trust fund is as follows:

- Oxnard Community Development Commission Successor Agency Private Purpose Trust Fund: This fund accounts for the assets and activities of the former redevelopment agency pursuant to AB 1X 26.

The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds are as follows:

- Artworks Fund: This fund is used to account for donations from private parties to pay for Carnegie Art Museum artwork related expenditures.
- Improvement Districts Fund: This fund is used to account for various limited obligation improvement bonds issued by the City, wherein bond proceeds are used to finance land acquisition and public improvements of the various assessment districts within the City. Neither the faith, credit, nor the taxing power of the City or any of its political subdivisions is pledged to the payment of the bonds. Property owners within the assessment district are assessed through the County property tax bills and the money collected is used to pay off the annual debt service requirements.
- Oxnard Downtown Management District Fund: This fund accounts for property tax collected within the downtown area for downtown improvements and revitalizations.

D. Cash and Investments

Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include cash in bank accounts and investments held by the City Treasurer in a cash management pool. These amounts are readily available for use by the respective funds.

Investment Policy

The City's investment policy is intended to provide guidelines for the prudent investment of City funds, and to outline the policies for maximizing the efficiency of the City's cash management system. The policy of the City is to invest public funds in a manner which will provide high investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds. The investment policy applies to the City's pooled investment fund which encompasses all monies under the direct oversight of the City Treasurer. These include the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds and Fiduciary Funds.

Investments

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools," the City's investments are stated at fair value.

The City Treasurer's investment pool is comprised of pooled deposits and investments and the State of California Local Agency Investment Fund (LAIF) investments. The City Treasurer's pooled investments are carried at fair value. The fair value is determined utilizing SunGard Securities Systems, the vendor providing investment reporting capability for the City Treasurer's Office, which provides pricing data from multiple industry sources. The fair value of LAIF is determined by allocating the City's share of LAIF's fair value as reported by LAIF.

LAIF is part of the State's Pooled Money Investment Account (PMIA), which was established in 1953. Oversight of PMIA is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

Direct oversight for LAIF is provided by the Local Agency Investment Advisory Board. The board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members qualified by training and experience in the field of investment or finance and two members who are treasurers, finance or fiscal officers, or business managers employed by any county, city, or local district or municipal corporation of this state, are appointed by the State Treasurer. LAIF is required to invest in accordance with state statute.

Investment Income

Investment income earned on pooled cash and investments is allocated monthly to the General Fund and those other funds for which such allocation is a legal contractual requirement based on the average month-end cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related fund. Income from non-pooled investments is recorded in the appropriate fund based on the specific investments held by the trustee of the fund. Changes in the fair value of investments are recognized in Investment income at the end of each year.

E. Utility Revenue

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided, but unbilled at year-end is included in the accompanying basic financial statements.

F. Capital Assets

The City's assets for governmental and business-type activities are capitalized at historical cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. City policy has set the capitalization threshold at \$5,000. Contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	45 years
Improvements:	
Paving, curbs, lighting	40 years
Parks Improvements	25 years
Sports Courts	40 years
Landscaping	50 years
Equipment and Machinery	5-20 years
Infrastructure Assets:	
Roadway network	25-100 years
Waterways/seawalls	75 years
Storm drain system	50-100 years

GASB 34 requires states, local governments, and other public agencies to annually report the net value of all capital assets, including infrastructure assets, consistent with generally accepted accounting principles. GASB 34 defines infrastructure assets as "long lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems." Infrastructure assets have been included in compliance with GASB 34 using the basic approach methodology. Land is valued at original cost without depreciation.

G. Risk Management

The City provides general liability and workers' compensation insurance under self-insurance programs with an annual limit per occurrence of \$1 million for each program. Excess insurance in the layer of \$1 million to \$25 million is purchased for general liability and \$200 million per year for workers' compensation. The City contracts with outside service agencies to assist in the administration of the self-insurance programs. Estimated liabilities related to outstanding workers' compensation and public liability claims, including estimates for incurred but not reported claims, are based upon actuarial studies and are recorded in internal service funds.

In August 1988, the City adopted a resolution to execute a Joint Powers Agreement (JPA) creating the Big Independent Cities Excess Pool Joint Powers Authority (BICEP), a risk management pool. Through BICEP, five cities share the cost of

insuring catastrophic general liability losses incurred by the members for claims between \$1 million and \$25 million, thereby eliminating the need for individual excess commercial insurance policies. The purpose of this JPA is to jointly fund the purchase of reinsurance and the provision of necessary administrative services. Such administrative services may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjustment and legal defense service. BICEP is governed by a five-member board of directors representing each member city. Each member is appointed and serves at the pleasure of the member city council.

The agreement with BICEP may be terminated with advanced notice provided that no bonds or other obligations of BICEP are outstanding. Upon termination of this agreement, all assets of BICEP shall (after payment of all unpaid costs, expenses and charges incurred under the agreement) be distributed among the parties in accordance with the respective contributions of each participating city.

H. Compensated Absences

Vacation leave and annual leave compensation time pay is recorded as a liability when incurred within the government-wide and proprietary funds financial statements. Sick leave, which does not vest, is recorded in all funds when leave is taken. In accordance with GASB Statement No. 6, a liability for these amounts is reported in the governmental funds financial statements only if they have matured and are paid by the City subsequent to year-end.

The accrual for compensated absences was reported as follows as of June 30, 2013:

	Governmental		
	Activities	Business Type	Total
Beginning Balance	\$ 17,592,431	\$ 2,824,005	\$ 20,416,436
Additions	9,334,808	1,674,407	11,009,215
Payments	(9,231,788)	(1,747,915)	(10,979,703)
Ending Balance	17,695,451	2,750,497	20,445,948
Current Portions	\$ 9,319,000	\$ 1,407,268	\$ 10,726,268

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

I. Property Taxes

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

See independent auditors' report.

Valuation Date	March 1
Property Tax Year	July 1 to June 30
Due Dates	November 1 (first installment) and February 1 (second installment)
Delinquent Dates	December 10 (first installment) and April 10 (second installment), August 3 (unsecured)

Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured, and utility tax rolls.

Property Valuation

Valuations are established by the Assessor of the County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution, properties are assessed at 100 percent of full value. The value of real taxable property is based on fiscal year 1976 levels. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies

The county-wide tax levy for general revenue purposes is limited to 1 percent of full value, for a tax rate of \$1.00 per \$100 of assessed valuation. Tax rates for voter-approved indebtedness prior to passage of Proposition 13 are excluded from this limitation. Taxes are levied July 1 for both real and unsecured personal property based upon the assessed valuation as of the previous January 1 (lien date).

Under GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*, property taxes are recognized as revenue in the period for which the taxes are levied. Therefore, the City recognizes revenue and a receivable, less any allowance for doubtful accounts deemed appropriate, for the entire tax levy in the period for which the taxes are levied. Accordingly, at June 30, 2013, the City has recorded property taxes receivable of \$862,950, which is included in due from other governments in the accompanying balance sheet.

Tax Lien Dates

All lien dates attach annually on January 1 preceding the fiscal year for which the taxes are levied. Liens against real estate, and taxes on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections

The County Treasurer-Tax Collector is responsible for all property tax collections. Taxes and assessments on the secured and utility rolls, which constitute a lien against the property, may be paid in two installments: the first installment is due on November 1 of the fiscal year and is delinquent if not paid by December 10; the second installment is due on February 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be paid in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed for late payments.

Tax Apportionments and Special District Augmentation Fund (SDAF)

Due to the nature of the county-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Apportionments to local agencies are made by the County Auditor-Controller, based primarily on the ratio that each agency represented of the total county-wide levy for the three years prior to fiscal year 1979. The SDAF was established in order to provide greater flexibility in the allocation of the total levy to special districts under this basic apportionment method. Each special district makes a contribution from its base tax levy apportionment to the SDAF. Oversight governments of the special districts (cities or the county) can then reallocate this pool among special districts based on financing needs.

J. Use of Estimates

The preparation of the City's basic financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements, and revenues and expenses during the reported period. Actual results could differ from those estimates.

K. Budgets and Budgetary Accounting

The City develops and presents a two-year budget to the City Council, including a capital improvement plan. Annual operating and capital improvement expenditures are adopted by resolution. This resolution constitutes the authorized expenditures for the fiscal year. The second year of the two-year budget is updated and adopted for that year. The City's annual budget is the legally adopted expenditure control document of the City. Budgets are prepared on the modified accrual basis of accounting, consistent with generally accepted accounting principles (GAAP).

The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the fund level.

Budgeted expenditures may be reallocated within a fund by the City Manager and within a department by the department director.

L. Encumbrances

Appropriations in governmental fund types are encumbered upon issuance of purchase orders for goods and/or services. Even though unencumbered appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next year's appropriations are likewise encumbered. As of June 30, 2013, the following outstanding significant governmental fund encumbrances are not reflected in the committed or assigned fund balances nor require the use of existing fund resources. Proprietary funds include all significant outstanding encumbrances.

Governmental Funds		Proprietary Funds	
General fund*	\$ 2,581,115	Water funds	\$ 4,608,927
State and federal grants	2,461,510	Wastewater funds	1,161,763
Other non-major funds	6,303,859	Environmental resources funds	738,769
Total governmental funds	\$ 11,346,484	Golf course funds	23,625
		Internal service funds	283,087
		Total proprietary funds	\$ 6,816,171

* Includes \$1,932,115 of Measure "O" encumbrances.

M. Fund Equity

The accompanying financial statements report the components of fund balances for governmental funds consistent with GASB 54.

Nonspendable fund balance – this includes amounts that cannot be spent because they are either not spendable in form (such as prepaid items) or legally or contractually required to be maintained intact (such as endowments).

Restricted fund balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance – this includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. Commitments may be changed or removed by the City by a resolution.

Assigned fund balance – this includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Council delegated, per Resolution No. 14,102, the Chief Financial Officer to assign fund balance. Use of this component would be based on related Council documents that identifies an intent to use funds for a specific purpose that was not part of the formal resolution or ordinance of the Council.

See independent auditors' report.

Unassigned fund balance – this includes all amounts not included in other classifications.

In the government-wide financial statements, net position of the City includes the following categories:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This resulting category presents the remaining City net position and this measure of equity is unrestricted, legally or otherwise.

The accounting policies of the City consider restricted fund balance spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available. When an expenditure is incurred for purpose for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the adjustment to fair value for the derivative swap agreement reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City does not have any items that qualify for reporting in this category under GASB 63.

O. Prior Period Adjustments

At July 1, 2012 the City's due from other agency, grants receivable, deferred revenue and other advances balances were restated to correct errors in recording. The restatement consisted of the following:

Net Assets - Governmental Activities

To book principal balance of CCRP's (former redevelopment agency) loan to General Fund dated March 15, 1994	\$	3,433,467
To book principal balance of former redevelopment agency's loan to General Fund for R-108 Downtown Project, loan originated in 1966		304,572
To correct grants receivable balance		(307,485)
To correct deferred revenue balance		251,026
To recognize 2006 Tax Allocation Bond revenue earned		495,108
To record receivable from Housing Authority for workers compensation claims		1,088,481
To transfer cash back from Successor agency to Housing Successor		6,964,573
Total	\$	12,229,742

Net Assets -Business-type Activities

To close out advances to other agency that was booked during accounting system conversion	\$	(839,716)
To close out due to other government that was booked during accounting system conversion		54,642
To record Housing Authority's payable to the City for Workers Compensation related claims		(1,088,481)
Total	\$	(1,873,555)

II. Detailed Notes on All Funds

A. Cash and Investments

The City's cash and cash equivalents and investments consist of the following at June 30, 2013:

Petty Cash	\$	53,375
Deposits		28,650,400
Investments		102,961,896
Cash and cash equivalents		131,665,671
Cash and Investments with Fiscal Agents		66,733,400
	\$	198,399,071

See independent auditors' report.

The City's deposits and investments are reflected in the accompanying basic financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Grand Total
Cash and cash equivalents	\$ 75,192,836	\$ 47,387,815	\$ 9,085,020	\$ 131,665,671
Cash with fiscal agents	7,321,887	33,372,151	26,039,362	66,733,400
Total	\$ 82,514,723	\$ 80,759,966	\$ 35,124,382	\$ 198,399,071

Deposits Custodial Credit Risks

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy requires deposits to be covered by federal depository insurance and collateral having a market value of 110 percent of the uninsured deposit. As of June 30, 2013, the City has a bank balance of \$29,420,131 (carrying amount of \$28,317,173); of the bank balance, \$250,000 was insured and the balance was secured by collateral held by the City's agent in the agent's name. Deposits held by the Housing Authority are also insured or secured by collateral held by the Housing Authority's agent in the agent's name. The Housing Authority book balance as of June 30, 2013 was \$1,562,377 (carrying value of \$1,562,377). In addition, the Performing Arts & Convention Center retained a bank balance of \$66,940 (carrying value of \$35,000).

Authorized Investments

The City's investments are managed by the City Treasurer, fiscal agents (Bond trustees acting in accordance with bond covenants), and authorized representatives of the Housing Authority. Investments managed by the City Treasurer and the Housing Authority are invested in accordance with the City's investment policies. Investments managed by bond trustees are invested in accordance by provisions of the respective bond agreements.

The City's investments by investments manager are as follows:

City Treasurer	\$ 97,500,408
Fiscal Agents (Bond trustees for the City and its component units)	65,915,380
Other Agency (includes fiscal agents)	6,279,508
Total Investments	\$ 169,695,296

The City Treasurer has direct oversight over the City's pooled investment fund which covers cash and cash equivalents of the City's governmental funds, proprietary funds,

and trust and agency funds which are invested in accordance with the City's investment policy. Allowable investments are detailed in the following table.

Investment Types Authorized by Section 53601	Authorized by Investment Policy	Maximum Maturity (Years)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Ratings
U.S. Treasury and Agencies	Yes	5	None	None	None
Local Agency bonds, notes	Yes	N/A	15%	None	None
Other Bonds, Notes or Evidences of Indebtedness	Yes	N/A	15%	None	None
Bankers acceptances	Yes	180 days	40%	30%	None
Commercial Paper	Yes	270 days	15%	10%	P1/A1
Negotiable CDs	Yes	N/A	30%	None	Aa/AA-
Certificate of Deposits (CDs)	Yes	N/A	40%	15%	A
Repurchase Agreements	Yes	90 days	None	None	None
Medium Term Notes	Yes	5	30%	None	A
Mutual Funds	Yes	N/A	15%	None	None
LAIF	Yes	N/A	None	None	None

The Housing Authority's investment policy and related disclosures regarding its investments at June 30, 2013, is more fully disclosed in the financial statements for the Housing Authority, which may be obtained from the Housing Authority's Financial Services Division.

Investments with fiscal agents are investments held by the bond trustee on behalf of the City or its component units. The City selects the investment under the terms of the applicable trust agreement, directs the bond trustee to acquire the investment and the bond trustee then holds the investment on behalf of the City and/or its component units. Proceeds of bonds administered by bond trustees are also generally covered under the City Treasurer's investment policy; however, specific provisions of each issuance are usually used in managing such investments. Several of the major differences are as follows:

- Allowance of investments in guaranteed investment contracts
- Allowance of investment maturities in excess of five years

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of short-term and longer-term investments with maturities that provide the cash flow and liquidity needed for operations or debt service requirements.

Information about the sensitivity of the fair value of the City's investments (including investments held by bond trustees) to market interest rate fluctuation is provided by the following table that shows the distribution of the City's investments by maturity:

See independent auditors' report.

	Investment Maturities (in Years)			Total
	Less than 1	1-5	More than 5	
Federal Agency Securities	\$ 4,018,660	\$ 64,422,027	\$ -	\$ 68,440,687
Corporate Bonds	-	8,060,540	-	8,060,540
LAIF	25,655,079	-	-	25,655,079
Municipal Bonds	1,000,000	-	-	1,000,000
Held by trustee:				
Investment Agreement	-	2,130,600	3,028,150	5,158,750
LAIF	2,370,352	-	-	2,370,352
Money Market Fund	59,010,707	-	-	59,010,707
Total Investments	\$ 92,054,798	\$ 74,613,167	\$ 3,028,150	169,696,115
Accrued discount				(819)
Total investments (net of accrued discount)				169,695,296
Cash in banks and on hand				28,703,775
Total Cash and Investments				\$ 198,399,071

The investment agreements listed above are GICs held by fiscal agents (bond trustees) and are restricted for construction projects and debt service requirements. The maturities of a GIC are normally pegged to the maturities of the related debt; in the event the City refunds or prepay its debt before the maturity, GICs are redeemed at par.

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. The City's investments that are not rated include LAIF and GICs. Although GICs are not rated, the City has only entered into GICs with institutions that carry a high credit rating. In addition, in the event of a downgrade of the GIC provide below certain thresholds, the GIC provider is required to collateralize the GIC obligation with U.S. debt obligations.

Presented below are the actual ratings from Standard & Poor's for each investment type as of June 30, 2013:

Investment Type	AAA	AA+	AA	A+	Total
Federal agency securities	\$ -	\$ 68,440,687	\$ -	\$ -	\$ 68,440,687
Los Angeles Municipal Bonds	-	-	-	1,000,000	1,000,000
Corporate bonds (GECC)	-	2,086,820	-	-	2,086,820
Corporate bonds (Walmart)	-	-	2,038,820	-	2,038,820
Corporate bonds (Disney)	-	-	1,939,000	-	1,939,000
Corporate bonds (GECC BE)	-	1,995,900	-	-	1,995,900
Money Market Fund	59,010,707	-	-	-	59,010,707
Totals	\$ 59,010,707	\$ 72,523,407	\$ 3,977,820	\$ 1,000,000	136,511,934
Not rated:					
LAIF					28,025,431
GIC					5,158,750
Total Investments					169,696,115
Less accrued discount					(819)
Total investments (net of accrued discount)					169,695,296
Cash in banks and on hand					28,703,775
Total cash and investments					\$ 198,399,071

See independent auditors' report.

Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U.S. Treasury securities, mutual funds, and external investment funds that represent 5 percent or more of total entity-wide investments are as follows at June 30, 2013:

Issuer	Type of Investments	Amounts
Federal National Mortgage Association	Federal Agency Securities	\$ 19,826,380
Federal Home Loan Bank	Federal Agency Securities	\$ 21,872,900
Federal Farm Credit Bank	Federal Agency Securities	\$ 18,860,167

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure of custodial credit risk for deposits or investments, other than the provisions for deposits in the California Government Code that require that financial institutions secure deposits made by state 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 City deposits by pledging first trust deed mortgage notes having value of 150% of the secured public deposits.

For investments identified herein as held by fiscal agent (bond trustee), the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Interest rate swap

The City has entered into 3 floating-to-fixed interest rate swaps with a notional amount of \$51,670,000. The City pays the counterparty a fixed amount of 3.53 percent and 4.037 percent and receives variable payments computed as 68 percent of the 1-month London Interbank Offered Rate (LIBOR). At June 30, 2013, this interest rate swap had a fair value of a negative \$9,831,806. Other applicable risks (credit risk, basis risk and termination risk) associated with these derivative instruments are described in note F.

B. Receivables and Payables

Accounts receivables and other receivables as of June 30, 2013 included in the accompanying Statement of Net Position primarily consist of the following:

See independent auditors' report.

Accounts Receivables	Governmental Activities	Business-Type Activities
Utilities Receivable	\$ 15,235	\$ 15,261,856
Grants receivable	16,254,981	-
Accounts Receivable Billed and Accrued	2,541,697	4,739,350
Other Receivables	5,892,862	-
Sub-Total	24,704,775	20,001,206
Allowance for Uncollectible Receivables	(599,602)	(355,490)
Total	<u>\$ 24,105,173</u>	<u>\$ 19,645,716</u>

Accounts payable and other liabilities as of June 30, 2013 reported on the Statement of Net Position primarily consist of the following:

Accounts Payable and Other Liabilities	Governmental Activities	Business-Type Activities
Accounts Payable (due to vendors)	\$ 13,773,847	\$ 5,277,040
Other liabilities:		
Accrued Payroll	2,912,137	449,092
Other Accrued Expenses	252,650	58,493
Other Payables	6,260,913	2,448,506
Total Other liabilities	9,425,700	2,956,091
Total	<u>\$ 23,199,547</u>	<u>\$ 8,233,131</u>

Governmental funds record deferred revenue for revenues that are not yet earned as of year-end and grant drawdowns prior to meeting eligibility requirements. At June 30, 2013, deferred/unearned revenues are comprised of the following:

General Fund - interest on Successor Agency's loan	\$ 3,023,370
General Fund - reimbursement received in advance & A/R Billed	363,888
Housing Successor	755,842
HUD & CDBG	5,403,031
State & federal grants	3,270,102
Transportation development act	2,419,108
Total	<u>\$ 15,235,341</u>

Of this total, \$3,246,301 consists of deferred revenue not received within the availability period and unearned revenues recorded in the amount of \$11,989,040.

C. Interfund Receivables and Payables

Total interfund receivables and payables at June 30, 2013, which are included in the Fund Financial Statements as due from/to other funds and advances to/from other funds, before eliminations, consist of the following:

	Interfund Receivable	Interfund Payable	Interfund Balance
Governmental Activities:			
General Fund	\$ 10,141,052	-	\$ 10,141,052
State and Federal Grants	-	12,081,819	(12,081,819)
Non-Major Governmental Funds	5,254,727	177,350	5,077,377
Internal Service Fund	1,168,481	-	1,168,481
Total governmental activities	\$ 16,564,260	\$ 12,259,169	\$ 4,305,091
Business type Activities:			
Water	10,548,382	-	10,548,382
Wastewater	-	1,671,260	(1,671,260)
Environmental Resource	64,943	7,441,667	(7,376,724)
PACC	-	1,614,009	(1,614,009)
Oxnard Housing Authority	-	1,168,481	(1,168,481)
Municipal Golf Course	-	3,022,999	(3,022,999)
Total business type activities	10,613,325	14,918,416	(4,305,091)
Total	\$ 27,177,585	\$ 27,177,585	\$ -

The interfund balances at June 30, 2013 are loans to cover temporary cash deficits in various funds. All interfund balances outstanding at June 30, 2013 are expected to be repaid within one year except Environmental Resources, Wastewater loans and Golf from Water and Oxnard Housing Authority from Worker's Compensation-Internal Service Fund.

D. Interfund Transfers

Interfund transfers generally fall within one of the following categories:

- debt service payments made from a debt service fund but funded from an operating fund,
- program support that generally reflects subsidies and allocations between funds.

The net transfers of \$2,166,145 from governmental activities to business-type activities in the Statement of Activities primarily relates to operational subsidy from the General Fund to the Performing Arts and to Municipal Golf Course Fund for debt service payment. There were no transfers during Fiscal Year 2012-2013 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.

The following transfers in and out are reflected in the Fund Financial Statements for the year ended June 30, 2013:

	Description	Transfers In	Transfers Out	Net Transfers
Governmental Activities:				
General Fund	Program support	\$ 132,580	\$ 1,306,045	\$ (1,173,465)
General Fund	Debt service	-	4,118,935	(4,118,935)
Non-Major Governmental Funds	Debt service	5,335,663	2,514,713	2,820,950
Non-Major Governmental Funds	Program support	300,000	95,580	204,420
State & Federal Grant	Program support	100,885	-	100,885
Total governmental activities		5,869,128	8,035,273	(2,166,145)
Business type Activities:				
Environmental Resource	Program support	-	37,000	(37,000)
Environmental Resource	Debt service	-	25,360	(25,360)
Performing Arts and Convention Center	Program support	905,160	-	905,160
Golf Course	Debt service	1,323,345	-	1,323,345
Total business type activities		2,228,505	62,360	2,166,145
Total government-wide statements		\$ 8,097,633	\$ 8,097,633	\$ -

E. Capital Assets

Changes in the City's capital assets for the year ended June 30, 2013 consisted of the following:

	BALANCE JULY 1, 2012	INCREASES	DECREASES	BALANCE JUNE 30, 2013
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 988,370,375	\$ -	\$ -	\$ 988,370,375
Construction in progress	71,238,956	33,945,102	(2,023,727)	103,160,331
Total capital assets, not being depreciated	1,059,609,331	33,945,102	(2,023,727)	1,091,530,706
Capital assets, being depreciated:				
Buildings	92,805,338	-	-	92,805,338
Improvements other than buildings	94,192,287	-	-	94,192,287
Equipment and machinery	43,945,215	2,038,777	(289,328)	45,694,664
Infrastructure	524,153,419	-	-	524,153,419
Total capital assets, being depreciated	755,096,259	2,038,777	(289,328)	756,845,708
Less: Accumulated depreciation				
Buildings	(24,766,759)	(1,943,611)	-	(26,710,370)
Improvements other than buildings	(16,177,519)	(2,328,832)	-	(18,506,351)
Equipment and machinery	(36,396,907)	(2,352,819)	266,321	(38,483,405)
Infrastructure	(278,022,699)	(13,888,985)	-	(291,911,684)
Total accumulated depreciation	(355,363,884)	(20,514,247)	266,321	(375,611,810)
Total capital assets, being depreciated, net	399,732,375	(18,475,470)	(23,007)	381,233,898
Governmental activities capital assets, net	\$ 1,459,341,706	\$ 15,469,632	\$ (2,046,734)	\$ 1,472,764,604
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 47,730,214	\$ -	\$ -	\$ 47,730,214
Construction in progress	116,422,303	19,337,242	(1,168,887)	134,590,658
Total capital assets, not being depreciated	164,152,517	19,337,242	(1,168,887)	182,320,872
Capital assets, being depreciated:				
Buildings	89,897,013	636,980	-	90,533,993
Municipal Golf Course improvements	25,430,098	31,543	-	25,461,641
Equipment and machinery	44,286,522	772,765	(92,964)	44,966,323
Infrastructure	534,719,502	-	-	534,719,502
Total capital assets, being depreciated	694,333,135	1,441,288	(92,964)	695,681,459
Less: Accumulated depreciation				
Buildings	(53,776,760)	(2,036,146)	-	(55,812,906)
Golf improvements	(2,477,936)	(501,329)	-	(2,979,265)
Equipment and machinery	(41,779,003)	(1,163,215)	92,964	(42,849,254)
Infrastructure	(148,306,008)	(12,412,254)	-	(160,718,262)
Total accumulated depreciation	(246,339,707)	(16,112,944)	92,964	(262,359,687)
Total capital assets, being depreciated, net	447,993,428	(14,671,656)	-	433,321,772
Business-type activities capital assets, net	612,145,945	4,665,586	(1,168,887)	615,642,644
Total	\$ 2,071,487,651	\$ 20,135,218	\$ (3,215,621)	\$ 2,088,407,248

See independent auditors' report.

For the year ended June 30, 2013 depreciation expense on capital assets was charged as follows:

Governmental Activities:

Legislative	\$ 61,510
Administration and support	5,851,843
Public safety	9,454,175
Transportation (Highways and streets)	407,845
Community development	722,706
Culture and leisure	1,351,982
Libraries	528,677
Capital improvement projects, including depreciation of general infrastructure assets	1,874,769
Capital assets held by the City's internal service fund	260,740
Total governmental activities depreciation expense	\$ 20,514,247

Business-type Activities:

Water	\$ 4,637,036
Wastewater	8,462,344
Environmental Resources	1,239,483
Performing Arts and Convention Center	2,275
Oxnard Housing Authority	1,181,218
Municipal Golf Course	590,588
Total business-type activities depreciation expense	\$ 16,112,944

F. Long-term Liabilities

The following is a summary of changes in long-term liabilities. Certain long-term liabilities provide financing to both governmental and business-type activities. The following table present balances and activity for the City's fiscal year ended June 30, 2013.

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
Governmental Activities:					
Revenue Bonds:					
Lease revenue refunding bonds, series 2003 A	\$ 2,786,802	\$ -	\$ 660,087	\$ 2,126,715	\$ 682,776
Variable rate demand lease revenue, series 2003 B	11,550,000	-	405,000	11,145,000	420,000
Variable rate demand lease revenue bonds, series 2006	21,445,000	-	570,000	20,875,000	590,000
1999 Certificate of participation	6,120,000	-	6,120,000	-	-
Capital Leases:					
2009 CIP lease purchase, draw #1	753,218	-	86,312	666,906	90,300
2009 CIP lease purchase, draw #2	16,736	-	6,521	10,215	6,751
2009 CIP lease purchase, draw #3	35,199	-	13,710	21,489	14,199
2009 CIP lease purchase, draw #6	213,366	-	68,600	144,766	71,092
2009 CIP lease purchase, draw #7	103,810	-	28,524	75,286	29,469
2009 CIP lease purchase, draw #8	27,833	-	7,653	20,180	7,889
2009 CIP lease purchase, draw #10	899,252	-	89,072	810,180	94,495
2009 CIP lease purchase, draw #11	101,604	-	27,984	73,620	28,808
2009 CIP lease purchase, draw #12	67,888	-	16,239	51,649	16,778
2009 CIP lease purchase, draw #13	3,038,977	-	553,978	2,484,999	571,577
2009 CIP lease purchase, draw #14	347,008	-	103,814	243,194	75,449
2009 CIP lease purchase, draw #15	17,441	-	2,996	14,445	3,051
2009 CIP lease purchase, draw #16	42,674	-	7,315	35,359	7,481
2009 CIP lease purchase, draw #17	-	132,149	12,388	119,761	25,323
2009 CIP lease purchase, draw #19	-	1,099,999	-	1,099,999	147,919
2012 Lease Purchase	-	5,570,838	341,338	5,229,500	295,693
Gas tax revenue certificate of participation	25,890,000	-	555,000	25,335,000	580,000
Compensated absences	17,592,431	9,334,808	9,231,788	17,695,451	9,319,000
Unamortized discounts	(304,766)	-	(50,794)	(253,972)	-
Total Governmental Activities	90,744,473	16,137,794	18,857,525	88,024,742	13,078,050

See independent auditors' report.

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
Business-Type Activities:					
Water fund					
Water revenue refunding bonds, series 2004	\$ 40,085,000	\$ -	\$ 1,095,000	\$ 38,990,000	\$ 1,150,000
Water revenue project bonds, series 2006	51,310,000	-	920,002	50,389,998	965,000
Water revenue project bonds, series 2010A	15,240,000	-	1,255,000	13,985,000	1,300,000
Water revenue project bonds, series 2010B	83,670,000	-	-	83,670,000	-
Water revenue refunding bonds, series 2012	9,345,000	-	390,000	8,955,000	400,000
2009 CIP lease purchase, draw #4	25,263	-	7,984	17,279	8,417
2009 CIP lease purchase, draw #5	42,197	-	13,350	28,847	14,060
2009 CIP lease purchase, draw #8	51,934	-	14,278	37,656	14,719
2009 CIP lease purchase, draw #9	35,405	-	5,959	29,446	6,164
Add: Unamortized bond premium	2,972,889	-	232,403	2,740,486	-
Less: Unamortized loss on refunding	(2,357,837)	-	(130,991)	(2,226,846)	-
Unamortized discounts	(843,398)	-	(31,930)	(811,468)	-
Sub Total	199,576,453	-	3,771,055	195,805,398	3,858,360
Compensated absences	612,200	267,259	314,559	564,900	295,000
Total Water fund	\$ 200,188,653	\$ 267,259	\$ 4,085,614	\$ 196,370,298	\$ 4,153,360
Wastewater fund					
Wastewater revenue refunding bonds, series 2003	\$ 23,675,000	\$ -	\$ 2,470,000	\$ 21,205,000	\$ 2,595,000
Wastewater revenue bonds, series 2004A	80,000,000	-	-	80,000,000	-
Wastewater revenue bonds, series 2004B	20,565,000	-	915,000	19,650,000	940,000
Wastewater revenue bonds, series 2006	11,180,000	-	270,000	10,910,000	280,000
2009 CIP lease purchase, draw #7	93,087	-	25,578	67,509	26,425
2009 CIP lease purchase, draw #12	33,859	-	8,100	25,759	8,368
2009 CIP lease purchase, draw #18	-	318,059	20,878	297,181	42,109
Less: Unamortized discounts	(137,565)	-	(68,782)	(68,783)	-
Sub Total	135,409,381	318,059	3,640,774	132,086,666	3,891,902
Compensated absences	667,938	524,654	559,195	633,397	493,000
Total Wastewater fund	\$ 136,077,319	\$ 842,713	\$ 4,199,969	\$ 132,720,063	\$ 4,384,902
Environmental resources fund					
Solid waste revenue refunding bonds, series 2005	\$ 8,330,000	\$ -	\$ 2,165,000	\$ 6,165,000	\$ 2,275,000
Capital Lease					
Del Norte Blvd. improvement	42,094	-	42,094	-	-
Fifth and Del Norte improvement	132,303	-	132,303	-	-
Lease purchase trash containers	2,227,484	-	334,365	1,893,119	348,317
2009 CIP lease purchase, draw #5	26,523	-	8,392	18,131	8,838
2009 CIP lease purchase, draw #9	183,135	-	30,816	152,319	31,876
2009 CIP lease purchase, draw #12	70,154	-	16,807	53,347	17,364
Add: Unamortized bond premium	312,039	-	104,014	208,025	-
Less: Unamortized discounts	(40,862)	-	(13,621)	(27,241)	-
Sub Total	11,282,870	0	2,820,170	8,462,700	2,681,395
Compensated absences	802,388	548,451	501,892	848,947	535,000
Total Environmental resources fund	\$ 12,085,258	\$ 548,451	\$ 3,322,062	\$ 9,311,647	\$ 3,216,395
Performing arts and convention center fund (PACC)					
Compensated absences	\$ 102,734	\$ 48,855	\$ 50,474	\$ 101,115	\$ 50,000
Total PACC	\$ 102,734	\$ 48,855	\$ 50,474	\$ 101,115	\$ 50,000
Oxnard housing authority fund					
2004 Capital Fund Revenue Bonds	\$ 4,025,000	\$ -	\$ 260,000	\$ 3,765,000	\$ 270,000
Compensated Absences	638,745	285,188	321,795	602,138	34,268
Total Oxnard housing authority fund	\$ 4,663,745	\$ 285,188	\$ 581,795	\$ 4,367,138	\$ 304,268
Municipal golf course fund					
Revenue Refunding Bonds Series 2003	\$ 3,968,206	\$ -	\$ 939,913	\$ 3,028,293	\$ 972,222
Lease Revenue Refunding Bonds Series 2011	21,320,000	-	225,000	21,095,000	260,000
Less: Unamortized discounts	(259,327)	-	(10,805)	(248,522)	-
Total Municipal golf course fund	\$ 25,028,879	\$ -	\$ 1,154,108	\$ 23,874,771	\$ 1,232,222
Total Business-Type Activities	\$ 378,146,588	\$ 1,992,466	\$ 13,394,022	\$ 366,745,032	\$ 13,341,147
Total	\$ 468,891,061	\$ 18,130,260	\$ 32,251,547	\$ 454,769,774	\$ 26,419,197

Internal Service Funds long-term obligations are included as part of the above totals for the governmental activities. Changes in long-term obligations for the internal service funds for the year ended June 30, 2013 are as follows:

See independent auditors' report.

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
Internal service funds:					
Compensated absences	\$ 954,415	\$ 623,396	\$ 611,999	\$ 965,812	\$ 649,000
2009 CIP lease purchase, draw #11	101,604	-	27,984	73,620	28,808
Total	\$ 1,056,019	\$ 623,396	\$ 639,983	\$ 1,039,432	\$ 677,808

Description of Long-term Debt

Lease Revenue Refunding Bonds, Series 2003A.

Lease Revenue Refunding Bonds, Series 2003A were issued on May 22, 2003 in the amount of \$18,640,000. These are thirteen-year bonds maturing in various amounts through June 1, 2016, with a net interest cost of 3.5904 percent. The bonds were issued to refinance the outstanding Lease Revenue Refunding Bonds Series 1993, 1988 Civic Center Library bonds, 1986 River Ridge Golf Course bonds, land acquisition bonds, 1966 Auditorium Authority bonds, and 1972 parking authority bonds, and to prepay the Zions Bank leases for the Old Oxnard High School and 300 West Third Street. The refunding resulted in an economic gain of \$921,361 and an overall cash savings of \$4,922,193. The total balance outstanding as of June 30, 2013 is \$5,155,008, of which \$2,126,715 is recorded within governmental activities and \$3,028,293 is recorded within business-type activities in the accompanying statement of net position. . The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the bonds at June 1, 2016.

Variable Rate Demand Lease Revenue Bonds, Series 2003B

Variable Rate Demand Lease Revenue Bonds, Series 2003B in the amount of \$14,750,000 were issued on December 1, 2003, maturing in various amounts through June 1, 2033. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index. These bonds were issued to finance the Downtown Parking Structure and a new Library. The City entered into an interest rate exchange agreement with respect to the bonds with Royal Bank of Canada. The swap agreement terminates by its term on June 1, 2033. On August 26, 2008, the bonds were remarketed with the issuance of an irrevocable, direct-pay letter of credit by Union Bank of California, N.A. Union Bank renewed the letter of credit through August 26, 2016 on July 17, 2013. The balance outstanding as of June 30, 2013 is \$11,145,000. The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the bonds at June 1, 2033.

Variable Rate Demand Lease Revenue Bonds (Civic Center Phase 2 Project), Series 2006

Variable Rate Demand Lease Revenue Bonds (Civic Center Phase 2 Project), Series 2006 were issued on December 1, 2006 in the amount of \$24,205,000 to finance the acquisition, construction, and improvement of certain public facilities constituting the

Civic Center Phase 2 Project. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index. The City entered into an interest rate exchange agreement with respect to the bonds with Royal Bank of Canada (the "Swap Provider") consisting of an International Swap Dealers Association, Inc. (ISDA) Master Agreement, dated December 1, 2006, including related schedule, Credit Support Annex, and Confirmation pertaining to the "Swap Agreement." The Swap Agreement terminates by its term on June 1, 2036. As of March 3, 2007, the swap rate was 3.53 percent. On August 26, 2008, the bonds were remarketed with the issuance of an irrevocable, direct-pay letter of credit by Union Bank of California, N.A. Union Bank renewed the letter of credit through August 26, 2016 on July 17, 2013. The outstanding balance as of June 30, 2013 is \$20,875,000. The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the bonds at June 1, 2036.

Gas Tax Revenue Certificates of Participation (2007 Street Improvement Program)

Gas Tax Revenue Certificates of Participation were issued on December 18, 2007 in the amount of \$27,675,000. Proceeds from the sale of the certificates are to be used to reconstruct various streets throughout the City. The certificates are secured solely by gas tax revenues received from the State of California. Yields on the certificates range from 2.97 percent to 4.87 percent with a final maturity of September 1, 2037. The outstanding balance as of June 30, 2013 is \$25,335,000. The installment payments that secure these bonds constitute obligations of the City's gas tax special revenue fund. Such obligation exists through the maturity date of the bonds at September 1, 2037.

2012 Lease/Purchase Agreement

On August 1, 2012, the City entered into a Lease Purchase Agreement with Capital One Public Funding, LLC in the amount of \$5,570,838, for the purpose of refinancing 1999 Certificate of Participation, with interest rate of 3.54% and final maturity date on June 1, 2028. The refunding resulted in an overall cash flow savings of \$ 658,975 and economic gain of \$566,623, percentage savings of 9.3%. The outstanding balance as of June 30, 2013 is \$5,229,500. These lease payments constitute obligations of the City's general fund. Such obligation exists through the maturity date of the lease at June 1, 2028.

Water Revenue Project Bonds, Series 2004

The City has pledged all net water system revenues and all amount on deposit in the Revenue fund to the payment of the 2004 Installment Payments and the 2001 Installment Payments. These bonds were issued on February 1, 2004 in the amount of \$47,895,000. Net Water System revenue mean all income, rents, rates, fees, charges and other moneys derived from the ownership of or operation of the Water System less the Maintenance and Operation Costs. These bonds carry a net interest cost of 4.67 percent and mature on June 30, 2034. The proceeds from the sale of the bonds were used to pay for the costs of improvements to the Water System, including Cast Iron Pipe Replacement (Hydraulic Improvement), Hydrant Upgrades, Hydraulic

Deficiencies, Blending Station No. 3 Water Conditioning II, Blending Station No. 5, SCADA Upgrades, Phase I of the Groundwater Recovery Enhancement and Treatment Program, Automated Meter Reading Retrofit Program, and Water Well Improvement Program. The balance outstanding as of June 30, 2013 is \$38,990,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's water fund. Such obligation exists through the maturity date of the bonds at June 30, 2034.

Water Revenue Project Bonds, Series 2006

The City has pledged all net water system revenues and all amount on deposit in the Revenue Fund for the payment of Water Revenue Project Bonds, Series 2006 and the outstanding Parity Obligations. Parity Obligations as described on these bonds are 2004 Installment Payments and 2001 Installment Payments. These bonds were issued on April 20, 2006 in the amount of \$54,600,000. These bonds carry a net interest cost of 4.805 percent and mature on June 1, 2036. The proceeds from the sale of the bonds were used to pay for the costs of reconstruction, repair or replacement to the water system, including SCADA system improvement, industrial lateral reconnection, aquifer storage and recovery wells, Blending Station No. 3 expansion project, downtown cast iron replacement, hydraulic deficiencies and the GREAT Program. The balance outstanding as of June 30, 2013 is \$50,389,998. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's water fund. Such obligation exists through the maturity date of the bonds at June 1, 2036.

Water Revenue Project Bonds, Series 2010A

The City has pledged all net water revenues and all amount on deposit in the Revenue Fund for the payment of the 2010 Installment Payments and the outstanding Parity Obligations. Parity Obligations as described on these bonds are 2006 Installment Payments, 2004 Installment Payments and 2012 Installment Payments. These bonds were issued on February 11, 2010 in the amount of \$16,455,000. These bonds carry a net interest cost of 3.3729 percent and mature on June 1, 2022. The proceeds from the sale of the bonds will be used to finance a portion of the cost of certain capital improvements related to the GREAT program. The balance outstanding as of June 30, 2013 is \$13,985,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's water fund. Such obligation exists through the maturity date of the bonds at June 1, 2022.

Water Revenue Project Bonds, Series 2010B

The City has pledged all net water revenues and all amount on deposit in the Revenue Fund for the payment of the 2010 Installment Payments and the outstanding Parity Obligations. Parity Obligations as described on these bonds are 2006 Installment Payments, 2004 Installment Payments and 2012 Installment Payments. These bonds were issued on February 11, 2010 in the amount of \$83,670,000. These bonds, issued as

Federally Taxable Build America Bonds under the American Recovery and Reinvestment Act of 2008, carry a net interest cost of 4.5287 percent and mature on June 1, 2040. The City receives an interest subsidy directly from the United States Treasury equal to 35 percent of each interest payment. The proceeds from the sale of the bonds will be used to finance a portion of the cost of certain capital improvements related to the GREAT program. The balance outstanding as of June 30, 2013 is \$83,670,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's water fund. Such obligation exists through the maturity date of the bonds at June 1, 2040.

Water Revenue Refunding Bonds, Series 2012

The City has pledged all net water revenues and all amount on deposit in the Revenue Fund for the payment of the 2012 Installment Payments and the outstanding Parity Obligations. Parity Obligations as described on these bonds are 2010 Installment Payments, 2006 Installment Payments and 2004 Installment Payments. These bonds were issued on April 4, 2012 in the amount of \$9,345,000. These bonds carry a net interest cost of 3.6196 percent and mature on June 1, 2022. A portion of the proceeds were used to advance refund all the outstanding principal amount of \$9,725,000 of the Water Revenue Refunding Bonds Series 2001. This refunding resulted in an economic gain of \$1,093,681 (difference between the present value of the old bonds and the present value of the new bonds) and a cash flow savings of \$1,446,323. The balance outstanding as of June 30, 2013 is \$8,955,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's water fund. Such obligation exists through the maturity date of the bonds at June 1, 2022.

Wastewater Revenue Refunding Bonds, Series 2003

The City has pledged net system revenues, which means System Revenue less the Maintenance and Operations of the Wastewater System for the payment of Wastewater Revenue Refunding Bonds, Series 2003 issued on April 1, 2003 in the amount of \$43,785,000. These are seventeen-year bonds maturing in various amounts through June 1, 2020 with a net interest cost of 4.183 percent. The bonds were issued to refinance Wastewater Revenue Refunding Bonds, Series 1993, 1986 Wastewater Treatment Plant Expansion Bonds, 1985 Wastewater Treatment Plant Expansion Land Bonds, and 1977 Oxnard Port Hueneme Regional Wastewater Treatment Authority bonds. This refunding resulted in an economic gain of \$3,923,503 (difference between the present value of the old bonds and the present value of the new bonds) and a cash flow savings of \$4,922,193. The outstanding balance as of June 30, 2013 is \$21,205,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's wastewater fund. Such obligation exists through the maturity date of the bonds at June 1, 2020.

Wastewater Revenue Bonds, Series 2004A

Wastewater Revenue Bonds, Series 2004A were issued on June 22, 2004 in the amount of \$80,000,000. These bonds carry a net interest cost of 5.149 percent and mature on June 30, 2034. The purpose of these bonds is to pay for the costs of the Redwood Trunk Sewer and Headworks Projects. The balance outstanding as of June 30, 2013 is \$80,000,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's wastewater fund. Such obligation exists through the maturity date of the bonds at June 30, 2034.

Wastewater Revenue Bonds, Series 2004B

Variable Rate Demand Wastewater Revenue Bonds, Series 2004B were issued on November 1, 2004 in the amount of \$23,975,000 and mature on June 1, 2034. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index. The bond proceeds were used to finance the cost of certain capital improvements to the City's wastewater system (Headworks and Septic System Conversion Projects). The City entered into an interest rate exchange agreement with respect to the bonds with Royal Bank of Canada. The swap agreement terminates by its term on June 1, 2034. On August 26, 2008, the bonds were remarketed with the issuance of an irrevocable, direct-pay letter of credit by Union Bank of California, N.A. Union Bank renewed the letter of credit through August 26, 2016 on July 17, 2013. The balance outstanding as of June 30, 2013 is \$19,650,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's wastewater fund. Such obligation exists through the maturity date of the bonds at June 1, 2034.

Wastewater Revenue Bonds, Series 2006

Wastewater Revenue Bonds, Series 2006 were issued on April 27, 2006 in the amount of \$12,575,000. These bonds carry a net interest cost of 4.788 percent and mature on June 1, 2036. The proceeds from the sale of the bonds were used to finance the cost of certain capital improvements to the City's wastewater system (the "Headworks Project") to address master-planned increases in sewer capacity needs in the north and northwest portions of the City, and to correct existing wastewater system deficiencies. The balance outstanding as of June 30, 2013 is \$10,910,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's wastewater fund. Such obligation exists through the maturity date of the bonds at June 1, 2036.

Solid Waste Revenue Refunding Bonds, Series 2005

Solid Waste Revenue Refunding Bonds, Series 2005 were issued on April 15, 2005 in the amount of \$20,955,000. These bonds carry a net interest cost of 4.25 percent and mature in various amounts on May 1, 2016. The proceeds of the bonds were used to refund the Solid Waste Revenue Bonds, Series 1995 and to purchase various Solid

Waste equipment such as commercial front-end loader trucks, green waste collection, refuse tractors, trailers, compactors, pickup trucks and others. The 1995 bonds were issued to finance the construction of the Del Norte Regional Recycling and Transfer Station. The refunding of the 1995 Bonds provided a net present value savings of \$1,200,000. The outstanding balance as of June 30, 2013 is \$6,165,000. The installment payments on these bonds are secured by a first priority lien on the Net System Revenues (as defined in the trust indenture) of the City's environmental resources fund. Such obligation exists through the maturity date of the bonds at May 1, 2016.

Debt with Pledged Revenue

The City has pledged all net water system revenues and all amounts on deposit in the Revenue Fund for the payment of the bond installment payments and the outstanding Parity Obligations. The water net system revenues will not be used for any other purpose while any of the installment payments remain unpaid, provided, however, that out of the net water system revenues, there may be apportioned such sums for such purposes as permitted by the Installment Purchase Agreements. Principal and interest paid for the current year and net water revenue were \$14,004,165 and \$17,209,471, respectively.

The City has pledged all net wastewater system revenues and all amounts on deposit in the Revenue Fund for the payment of the bond installment payments and the outstanding Parity Obligations. The wastewater net system revenues will not be used for any other purpose while any of the installment payments remain unpaid, provided, however, that out of the net wastewater system revenues, there may be apportioned such sums for such purposes as permitted by the Installment Purchase Agreements. Principal and interest paid for the current year and net wastewater revenue were \$10,591,703 and \$12,282,257, respectively.

The City has pledged all net solidwaste system revenues and all amounts on deposit in the Revenue Fund for the payment of the bond installment payments. The solidwaste net system revenues will not be used for any other purpose while any of the installment payments remain unpaid, provided, however, that out of the net solidwaste system revenues, there may be apportioned such sums for such purposes as permitted by the Installment Purchase Agreements. Principal and interest paid for the current year and net solidwaste revenue were \$3,493,219 and \$4,432,975, respectively.

Golf Course Lease Revenue Refunding Bonds, Series 2011

Golf Course Lease Revenue Refunding Bonds, Series 2011 were issued on June 9, 2011 in the amount of \$21,580,000. These bonds carry a net interest cost of 5.47 percent and mature on June 1, 2036. The proceeds of the bonds were used to pay the principal of and interest on the Bond Anticipation Notes, Series 2010. The outstanding balance as of June 30, 2013 is \$21,095,000. The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the bonds at June 1, 2036.

Housing Authority 2004 Capital Fund Revenue Bonds

The Affordable Housing Agency issued Affordable Housing Agency Certificates of Participation, Series 2004 (Oxnard's Santa Clara Projects) on April 26, 2004 in the amount of \$10,370,000, evidencing a proportionate ownership interest in debt service payments to be made with respect to certain Capital Fund Revenue Bonds, Series 2004, issued by the Oxnard and Santa Clara Housing Authorities in the amounts of \$5,820,000 and \$4,550,000, respectively. Each certificate represents a proportionate ownership interest of the holder in the right to receive debt service payments made with respect to the bonds. The obligation of the housing authorities under their respective bond indentures are independent and neither is obligated for the payment of principal or interest on the bonds of the other housing authority. The bonds were issued to finance certain capital projects of the Housing Authority, with interest ranging from 2.00 percent to 4.95 percent, maturing on or after April 1, 2012. The outstanding balance as of June 30, 2013 is \$3,765,000.

Capital Lease Obligations

On April 23, 2008, the City entered into a Lease Purchase Agreement with Upton & Oliver Funding Corporation for the purpose of acquiring trash containers, costing \$3,436,273, associated with the conversion to a three-cart residential container service. The lease purchase carries an interest rate of 4.13 percent, with a final maturity of April 23, 2018. The outstanding balance as of June 30, 2013 is \$1,893,119. The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the bonds at April 23, 2018.

On September 1, 2009, the City entered into a Master Equipment Lease Purchase Line of Credit Agreement with Bank of America in an amount not to exceed \$10 million for the purpose of acquiring vehicles and other capital assets. Total machinery and equipment acquired under this lease was \$9,779,145. As of June 30, 2013, the total outstanding balance on this line of credit was \$6,599,522. The lease payments on these bonds constitute obligations of the City's general fund. Such obligation exists through the maturity date of the lease at 10/1/2020.

Compensated Absences

The long-term portion of the liability was \$8,376,451 for governmental activities and \$1,343,229 for business-type activities at June 30, 2013, which is expected to be paid in future years from future resources.

Interest Rate Swaps

The City of Oxnard has entered into interest rate swaps to hedge its variable rate bond exposure. All 3 interest rate swaps qualify for treatment as 'Hedging Derivative Instruments' pursuant to the requirements of GASB Statement No. 53. Gains or losses on Hedging Derivative Instruments are reported as deferrals in the Statement of Net Position.

1. **City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds, (Civic Center Phase 2 Project), Series 2006.** As a result of a decline in interest rates since execution of the swap, the swap has a negative fair value of \$3,605,567 as of June 30, 2013. The goal of the swap is to effectively fix the cost of debt over the term of the bonds, not for speculative purposes such as capturing the positive fair value at any point in time. The coupons on the City's variable-rate bonds adjust to changing interest rates, and therefore the bonds do not have a corresponding fair value increase. The fair value of the swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.
 - a. Objectives. As a means to lower borrowing costs, when compared against fixed-rated bonds at the time of issuance in December 2006, the City entered into a floating-to-fixed interest rate swap in connection with its \$24,205,000 City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds, (Civic Center Phase 2 Project), Series 2006. The intention of the swap was to effectively change the City's variable interest rate on the bonds to an expected synthetic fixed rate of 3.53 percent. The contract provides that the City of Oxnard pay a fixed interest rate of 3.53 percent to the swap counterparty, the Royal Bank of Canada, in exchange for receiving a variable interest rate based upon 68 percent of the 1-month London Interbank Offered Rate (LIBOR). The swap is consistent with the guidelines contained within the City of Oxnard Master Swap Policy adopted on November 21, 2006.
 - b. Terms. The bonds and the related swap agreement mature on June 1, 2036, and as of June 30, 2013 the swap's notional amount of \$20,875,000 matches the \$20,875,000 in variable-rate bonds. The swap was entered at the same time the bonds were issued (December 2006) and terminates at the same time that the bonds mature (June 2036). The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. Pursuant to the swap agreement, the City pays the counterparty a fixed payment of 3.53 percent and receives a variable payment computed as 68 percent of 1-month LIBOR. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index.
 - c. Risks. The following represent the applicable risks that could give rise to financial loss:
 - i. Credit Risk. The swap counterparty carries a senior debt rating of 'Aa3' by Moody's and "AA-" by Standard & Poor's as of June 30, 2013. To mitigate the potential for credit risk, if the counterparty's credit quality falls below 'AA-' by Standard & Poor's or 'Aa' by

Moody's, then the fair value of the swap will be collateralized by the swap counterparty with U.S. government securities. Collateral would be posted with a third-party custodian. As of June 30, 2013, the City is not adversely exposed to credit risk due to the negative fair value of the swap.

- ii. *Basis Risk.* The swap exposes the City to basis risk should the relationship between LIBOR and the SIFMA Municipal Swap Index converge, potentially affecting the synthetic rate on the bonds. If a change occurs in which 68 percent of 1-month LIBOR is greater than the SIFMA swap index, the expected cost savings may be reduced. As of June 30, 2013, the SIFMA Municipal Swap Index rate was 0.07 percent, whereas 68 percent of 1-month LIBOR was 0.13 percent.
- iii. *Termination Risk.* The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the City in the event that the swap counterparty's credit rating falls below investment grade (e.g., 'BBB' by Standard & Poor's or 'Baa' by Moody's). If the swap is terminated, the City would be exposed to interest rate risk. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

2. City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Program), 2004 Series B. As a result of a decline in interest rates since execution of the swap, the swap has a negative fair value of \$3,912,168 as of June 30, 2013. The goal of the swap is to effectively fix the cost of debt over the term of the bonds, not for speculative purposes such as capturing the positive fair value at any point in time. The coupons on the City's variable-rate bonds adjust to changing interest rates, and therefore the bonds do not have a corresponding fair value increase. The fair value of the swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

- a. *Objectives.* As a means to fix its borrowing costs, in June 2007 the City entered into a floating-to-fixed interest rate swap in connection with its \$23,975,000 City of Oxnard Financing Authority Variable Rate Demand Wastewater Revenue Bonds (Headworks and Septic System Conversion Program), 2004 Series B. The intention of the swap was to effectively change the City's variable interest rate on the bonds to an expected synthetic fixed rate of 4.017 percent. The contract provides that the City of Oxnard pay a fixed interest rate of 4.017 percent to the swap counterparty, the Royal Bank

of Canada, in exchange for receiving a variable interest rate based upon 68 percent of the 1-month London Interbank Offered Rate (LIBOR). The swap is consistent with the guidelines contained within the City of Oxnard Master Swap Policy adopted on November 21, 2006.

- b. Terms. The bonds and the related swap agreement mature on June 1, 2034, and as of June 30, 2013 the swap's notional amount of \$19,650,000 matches the \$19,650,000 in variable-rate bonds. The swap was entered into in June 2007 and terminates at the same time that the bonds mature (June 2034). The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. Pursuant to the swap agreement, the City pays the counterparty a fixed payment of 4.017 percent and receives a variable payment computed as 68 percent of 1-month LIBOR. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index.
- c. Risks. The following represent the applicable risks that could give rise to financial loss:
 - i. *Credit Risk*. The swap counterparty carries a senior debt rating of 'Aa3' by Moody's and "AA-" by Standard & Poor's as of June 30, 2013. To mitigate the potential for credit risk, if the counterparty's credit quality falls below 'AA-' by Standard & Poor's or 'Aa' by Moody's, then the fair value of the swap will be collateralized by the swap counterparty with U.S. government securities. Collateral would be posted with a third-party custodian. As of June 30, 2013, the City is not adversely exposed to credit risk due to the negative fair value of the swap.
 - ii. *Basis Risk*. The swap exposes the City to basis risk should the relationship between LIBOR and the SIFMA Municipal Swap Index converge, potentially affecting the synthetic rate on the bonds. If a change occurs in which 68 percent of 1-month LIBOR is greater than the SIFMA swap index, the expected cost savings may be reduced. As of June 30, 2013, the SIFMA Municipal Swap Index rate was 0.07 percent, whereas 68 percent of 1-month LIBOR was 0.13 percent.
 - iii. *Termination Risk*. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the City in the event that the swap counterparty's credit rating falls below investment grade (e.g., 'BBB' by Standard & Poor's or 'Baa' by Moody's). If the swap is terminated, the City would be exposed to interest rate risk. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

- 3. City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds 2003 Series B.** As a result of a decline in interest rates since execution of the swap, the swap has a negative fair value of \$2,314,071 as of June 30, 2013. The goal of the swap is to effectively fix the cost of debt over the term of the bonds, not for speculative purposes such as capturing the positive fair value at any point in time. The coupons on the City's variable-rate bonds adjust to changing interest rates, and therefore the bonds do not have a corresponding fair value increase. The fair value of the swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.
- a. Objectives. As a means to fix its borrowing costs, in June 2007 the City entered into a floating-to-fixed interest rate swap in connection with its \$14,750,000 City of Oxnard Financing Authority Variable Rate Demand Lease Revenue Bonds 2003 Series B. The intention of the swap was to effectively change the City's variable interest rate on the bonds to an expected synthetic fixed rate of 4.037 percent. The contract provides that the City of Oxnard pay a fixed interest rate of 4.037 percent to the swap counterparty, the Royal Bank of Canada, in exchange for receiving a variable interest rate based upon 68 percent of the 1-month London Interbank Offered Rate (LIBOR). The swap is consistent with the guidelines contained within the City of Oxnard Master Swap Policy adopted on November 21, 2006.
 - b. Terms. The bonds and the related swap agreement mature on June 1, 2033, and as of June 30, 2013 the swap's notional amount of \$11,145,000 matches the \$11,145,000 in variable-rate bonds. The swap was entered into in June 2007 and terminates at the same time that the bonds mature (June 2033). The notional value of the swap declines annually at the same rate and amount as the associated principal balance of the bonds. Pursuant to the swap agreement, the City pays the counterparty a fixed payment of 4.037 percent and receives a variable payment computed as 68 percent of 1-month LIBOR. The bond's variable rate coupons track The Securities Industry Financial Markets Association (SIFMA) Municipal Swap Index.
 - c. Risks. The following represent the applicable risks that could give rise to financial loss:
 - i. Credit Risk. The swap counterparty carries a senior debt rating of 'Aa3' by Moody's and "AA-" by Standard & Poor's as of June 30, 2013. To mitigate the potential for credit risk, if the counterparty's credit quality falls below 'AA-' by Standard & Poor's or 'Aa' by Moody's, then the fair value of the swap will be collateralized by the swap counterparty with U.S. government securities. Collateral would

be posted with a third-party custodian. As of June 30, 2013, the City is not adversely exposed to credit risk due to the negative fair value of the swap.

- ii. *Basis Risk.* The swap exposes the City to basis risk should the relationship between LIBOR and the SIFMA Municipal Swap Index converge, potentially affecting the synthetic rate on the bonds. If a change occurs in which 68 percent of 1-month LIBOR is greater than the SIFMA swap index, the expected cost savings may be reduced. As of June 30, 2012, the SIFMA Municipal Swap Index rate was 0.07 percent, whereas 68 percent of 1-month LIBOR was 0.13 percent.
- iii. *Termination Risk.* The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the City in the event that the swap counterparty's credit rating falls below investment grade (e.g., 'BBB' by Standard & Poor's or 'Baa' by Moody's). If the swap is terminated, the City would be exposed to interest rate risk. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Hedging derivatives instrument payments and hedged debt

As of June 30, 2013, debt service requirements of the City's variable-rate debt and net receipts/payments on associated hedging derivatives are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rate of hedging derivative instruments will remain the same for their term. As interest rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Fiscal Year Ending			Hedging	
30-Jun	Principal	Interest	Derivatives, Net	Total
2014	\$ 1,950,000	\$ 129,175	\$ 1,846,977	\$ 3,926,152
2015	2,005,000	124,300	1,776,309	3,905,609
2016	2,070,000	119,288	1,703,666	3,892,953
2017	2,135,000	114,113	1,628,693	3,877,806
2018	2,200,000	108,775	1,551,367	3,860,142
2019	2,275,000	103,275	1,471,710	3,849,985
2020	2,340,000	97,588	1,389,347	3,826,935
2021	2,005,000	91,738	1,304,680	3,401,418
2022	2,075,000	86,725	1,232,751	3,394,476
2023	2,140,000	81,538	1,158,328	3,379,866
2024	2,215,000	76,188	1,081,600	3,372,787
2025	2,280,000	70,650	1,002,188	3,352,838
2026	2,355,000	64,950	920,471	3,340,421
2027	2,430,000	59,063	836,096	3,325,159
2028	2,510,000	52,988	749,063	3,312,050
2029	2,590,000	46,713	659,183	3,295,896
2030	2,675,000	40,238	566,456	3,281,694
2031	2,765,000	33,550	470,718	3,269,268
2032	2,845,000	26,638	371,780	3,243,418
2033	2,935,000	19,525	270,021	3,224,546
2034	2,285,000	12,188	165,062	2,462,250
2035	1,270,000	6,475	84,952	1,361,427
2036	1,320,000	3,300	43,296	1,366,596
Total	\$ 51,670,000	\$ 1,568,981	\$ 22,284,714	\$ 75,523,692

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and financings. Liabilities were calculated for the issues and rebate payments were made as appropriate.

Debt Service

The annual debt service requirements are shown below for all long-term debt:

Governmental Activities			Business - Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2014	\$ 3,759,050	\$ 2,794,711	\$ 11,933,879	\$ 19,377,808
2015	3,872,529	2,656,069	12,459,900	18,868,533
2016	3,893,065	2,513,872	11,980,415	18,307,869
2017	3,137,585	2,394,357	9,796,849	17,789,708
2018	2,670,268	2,230,836	10,224,140	17,354,361
2019-2023	12,743,386	9,677,861	54,488,702	79,331,662
2024-2028	14,287,381	7,089,961	67,080,000	63,857,743
2029-2033	14,895,000	4,191,016	87,755,000	43,825,922
2034-2038	11,325,000	1,127,754	52,154,998	20,233,947
2039-2042	-	-	46,555,000	2,571,447
Totals	\$ 70,583,263	\$ 34,676,437	\$ 364,428,884	\$ 301,519,000

Gas Tax Revenue Cert. of Participation Issued 2008			Water Revenue Refunding Bonds Series 2012	
Fiscal Year	Principal	Interest	Principal	Interest
2014	\$ 580,000	\$ 1,133,650	\$ 400,000	\$ 333,819
2015	600,000	1,107,050	410,000	325,819
2016	630,000	1,079,450	415,000	313,519
2017	655,000	1,050,475	430,000	301,069
2018	690,000	1,020,300	445,000	288,169
2019-2023	3,895,000	4,650,840	2,480,000	1,174,195
2024-2028	4,795,000	3,682,361	3,000,000	655,145
2029-2033	5,980,000	2,500,038	1,375,000	85,594
2034-2038	7,510,000	855,063	-	-
Totals	\$ 25,335,000	\$ 17,079,227	\$ 8,955,000	\$ 3,477,329

Water Revenue Project Bonds Series 2006			Water Revenue Project Bonds Series 2004	
Fiscal Year	Principal	Interest	Principal	Interest
2014	\$ 965,000	\$ 2,461,635	\$ 1,150,000	\$ 1,874,154
2015	1,015,000	2,413,385	1,190,000	1,833,904
2016	1,060,000	2,370,248	1,235,000	1,789,874
2017	1,105,000	2,322,548	1,285,000	1,742,944
2018	1,150,000	2,275,585	1,335,000	1,693,150
2019-2023	6,650,000	10,498,320	7,660,000	7,470,250
2024-2028	8,365,000	8,783,188	9,775,000	5,354,000
2029-2033	13,185,000	6,384,499	12,480,000	2,652,750
2034-2038	16,894,998	1,865,500	2,880,000	143,999
Totals	\$ 50,389,998	\$ 39,374,908	\$ 38,990,000	\$ 24,555,025

See independent auditors' report.

Wastewater Revenue Bonds				
Fiscal Year	Series 2004 A		2012 Lease Purchase	
	Principal	Interest	Principal	Interest
2014	\$ -	\$ 4,087,725	\$ 295,693	\$ 185,124
2015	-	4,087,725	307,210	174,657
2016	-	4,087,725	318,123	163,782
2017	-	4,087,725	328,710	152,520
2018	-	4,087,725	343,958	140,884
2019-2023	12,840,000	19,817,375	1,683,425	525,011
2024-2028	26,055,000	14,750,125	1,952,381	212,016
2029-2033	33,350,000	7,450,725	-	-
2034-2038	7,755,000	407,318	-	-
Totals	\$ 80,000,000	\$ 62,864,168	\$ 5,229,500	\$ 1,553,994

Fiscal Year	Wastewater Revenue Refunding Bonds - Series 2003		Wastewater Revenue Bonds Series 2006	
	Principal	Interest	Principal	Interest
2014	\$ 2,595,000	\$ 1,073,562	\$ 280,000	\$ 515,530
2015	2,730,000	937,325	295,000	504,330
2016	2,875,000	794,000	305,000	492,530
2017	3,015,000	650,250	315,000	480,330
2018	3,170,000	499,500	330,000	466,942
2019-2023	6,820,000	515,751	1,880,000	2,105,288
2024-2028	-	-	2,350,000	1,640,206
2029-2033	-	-	2,980,000	1,005,250
2034-2038	-	-	2,175,000	221,000
Totals	\$ 21,205,000	\$ 4,470,388	\$ 10,910,000	\$ 7,431,406

Fiscal Year	Solid Waste Revenue Refunding Bonds Series 2005		Adjustable Lease Revenue Bonds Series 2003 B		
	Principal	Interest	Principal	Interest	Swap Interest *1
2014	\$ 2,275,000	\$ 308,250	\$ 420,000	\$ 449,924	\$ 435,280
2015	2,390,000	194,500	430,000	432,968	418,880
2016	1,500,000	75,000	440,000	415,609	402,084
2017	-	-	455,000	397,846	384,900
2018	-	-	470,000	379,478	367,128
2019-2023	-	-	2,555,000	1,601,883	1,549,748
2024-2028	-	-	2,960,000	1,054,463	1,020,152
2029-2033	-	-	3,415,000	421,059	407,352
2034-2038	-	-	-	-	-
Totals	\$ 6,165,000	\$ 577,750	\$ 11,145,000	\$ 5,153,230	\$ 4,985,524

Fiscal Year	Lease Revenue Refunding Bonds Series 2003 A		Variable Rate Demand Lease Revenue Bonds Series 2006		
	Principal	Interest	Principal	Interest	Swap Interest *1
2014	\$ 1,655,000	\$ 197,805	\$ 590,000	\$ 736,888	\$ 709,464
2015	1,715,000	136,570	610,000	716,061	689,412
2016	1,785,008	71,400	635,000	694,528	668,680
2017	-	-	655,000	672,112	647,100
2018	-	-	680,000	648,990	624,836
2019-2023	-	-	3,810,000	2,866,008	2,759,348
2024-2028	-	-	4,580,000	2,141,121	2,061,440
2029-2033	-	-	5,500,000	1,269,919	1,222,652
2034-2038	-	-	3,815,000	272,691	262,540
Totals	\$ 5,155,008	\$ 405,775	\$ 20,875,000	\$ 10,018,318	\$ 9,645,472

See independent auditors' report.

Fiscal Year	Series 2010A		Series 2004 B		
	Principal	Interest	Principal	Interest	Swap Interest *1
2014	\$ 1,300,000	\$ 670,325	\$ 940,000	\$ 789,341	\$ 763,524
2015	1,340,000	631,325	965,000	751,581	727,000
2016	1,410,000	564,325	995,000	712,817	689,504
2017	1,460,000	507,925	1,025,000	672,848	650,844
2018	1,535,000	434,925	1,050,000	631,673	611,016
2019-2023	6,940,000	938,350	4,470,000	2,549,790	2,466,400
2024-2028	-	-	4,250,000	1,717,669	1,661,492
2029-2033	-	-	4,895,000	813,844	787,228
2034-2038	-	-	1,060,000	42,578	41,188
Totals	<u>\$ 13,985,000</u>	<u>\$ 3,747,175</u>	<u>\$ 19,650,000</u>	<u>\$ 8,682,141</u>	<u>\$ 8,398,196</u>

Fiscal Year	Water Revenue Project Bonds Series 2010B		Golf Course Lease Revenue Bonds Series 2011	
	Principal	Interest	Principal	Interest
2014	\$ -	\$ 5,786,173	\$ 260,000	\$ 1,093,845
2015	-	5,786,173	290,000	1,086,045
2016	-	5,786,173	330,000	1,075,895
2017	-	5,786,173	370,000	1,065,995
2018	-	5,786,173	410,000	1,051,195
2019-2023	-	28,930,865	2,815,000	4,947,626
2024-2028	8,420,000	26,792,083	4,435,000	4,144,042
2029-2033	12,800,000	22,667,170	6,690,000	2,766,090
2034-2038	15,895,000	16,905,240	5,495,000	648,312
2039-2042	46,555,000	2,571,447	-	-
Totals	<u>\$ 83,670,000</u>	<u>\$ 126,797,670</u>	<u>\$ 21,095,000</u>	<u>\$ 17,879,045</u>

Fiscal Year	2004 Capital Fund Revenue Bonds Housing Authority	
	Principal	Interest
2014	\$ 270,000	\$ 170,835
2015	280,000	160,170
2016	295,000	148,690
2017	310,000	136,300
2018	320,000	122,970
2019-2023	1,860,000	381,660
2024-2028	430,000	21,285
Totals	<u>\$ 3,765,000</u>	<u>\$ 1,141,910</u>

Fiscal Year	2009 Master Equipment Lease Purchase		Purchase Agreement Issue 2008	
	Principal	Interest	Principal	Interest
2014	\$ 1,368,921	\$ 229,308	\$ 348,317	\$ 74,626
2015	1,402,368	184,922	362,851	60,092
2016	1,267,355	141,224	377,992	44,952
2017	1,131,960	127,826	393,764	29,179
2018	555,255	44,788	410,195	12,750
2019-2022	873,663	36,311	-	-
Totals	<u>\$ 6,599,522</u>	<u>\$ 764,379</u>	<u>\$ 1,893,119</u>	<u>\$ 221,599</u>

*1 Variable rate used was LIBOR rate as of June 30, 2013.

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Management believes the City complies with all significant covenants related to its debt issues as of June 30, 2013.

Special Assessment Bonds

There are various 1915 Act Improvement Districts and Mello-Roos Community Facilities Districts within the City, which have issued special assessment or special tax debt. The debt is secured by liens of special assessments or special taxes on the properties in the districts and is paid by the property owners. The City is not liable under any circumstance for the repayment of the debt, but is only acting as agent for the property owners in collecting the assessments and special taxes, forwarding the collections to fiscal agents to pay the bondholders, and initiating foreclosure proceedings when appropriate.

Accordingly, such special assessment debt is not reflected in the accompanying basic financial statements. Special assessment debt outstanding at June 30, 2013 is as follows:

Rice Avenue/Highway 101 Assessment District:	\$ 11,835,000
Local Obligation Revenue Bonds (2012 Special District Bond Refinancing to refund 1915 Act Limited Obligation Bonds).	
Rose Avenue/Highway 101 Assessment District:	2,500,000
1915 Act Improvement Bonds issued November 1, 1996; original amount \$8,560,000; average rate of 5.50%; maturing in 2016	
City of Oxnard Community Facilities District I (Westport):	8,750,000
Local Obligation Revenue Bonds (2012 Special District Bond Refinancing to refund CFD No. 2000-3 Bonds).	
City of Oxnard Community Facilities District 88-1:	230,000
Oxnard Boulevard Interchange Community Facilities District 2000-03:	7,980,000
Local Obligation Revenue Bonds (2012 Special District Bond Refinancing to refund CFD No. 1 Bonds).	
Oxnard Boulevard/Highway 101 Interchange Assessment District 2000-01:	1,965,000
1915 Act Improvement Limited Obligation Bonds issued on August 14, 2003; original amount \$2,335,000; interest rate varies; the maximum rate of 6.15%; maturing in 2033	
Community Facilities District No. 3 - Seabridge/Mandalay Bay	30,810,000
Total	<u><u>\$ 64,070,000</u></u>

III. Defined Benefit Pension Plans and Other Post Employment Benefits

A. Retirement Plan Description

The City contributes to the California Public Employees' Retirement System ("PERS"), a multiple-employer, public employee defined benefit plan, which acts as a common investment and administrative agent for participating public entities within the State of

See independent auditors' report.

California. The City's membership is reported within three plans classified into two categories: safety members (police and fire) and miscellaneous members (all other regular employees). The City's payroll for employees covered by PERS for the year ended June 30, 2013, was \$83,461,612; the City's total payroll was \$101,510,481. PERS issues a separate comprehensive annual financial report. Copies of PERS annual financial report may be obtained from the PERS Executive Office, 400 "P" Street, Sacramento, CA 95814 or from the PERS website <http://www.calpers.ca.gov>.

All personnel are eligible to participate in PERS, becoming vested after five years of service. Employees who retire at or after age 50 with five years of credited service are entitled to retirement benefits. Monthly retirement benefits are payable for life in an amount equal to a specified percentage as follows:

Miscellaneous Employees 2% at age 55
(ranging from 1.426 percent for employees who retire at age 50 to 2.418 percent for employees who retire at age 63 or over)

Miscellaneous Employees under PEPR A 2% at age 62

Police Employees 3% at age 50

Police Employees under PEPR A 2.7% at age 57

Fire employees 3% at age 55

Fire employees under PEPR A 2.7% at age 57

The benefits are calculated at the highest consecutive 12 months for miscellaneous employees and safety employees.

Required employee contributions to PERS are 7 percent of compensation for miscellaneous employees and 9 percent of compensation for safety employees, which the City currently pays for regular employees. Under the California Public Employees' Pension Reform Act of 2013 (PEPRA), for new employees hired on or after January 1, 2013, the required employee contributions to PERS are 6.75 percent of compensation for miscellaneous employees, 15 percent of compensation for safety Police employees and 12.25 percent of compensation for safety Fire employees. The City is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the PERS Board of Administration.

PERS uses a modification of the entry age normal actuarial cost method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued.

Annual Pension Cost

For Fiscal Year 2012-2013, the City's annual pension cost (APC) of \$24,986,509 for PERS was equal to the City's required and actual contribution. The required

contribution was determined as part of the June 30, 2011 actuarial assumptions, using the entry age normal cost method.

Significant actuarial assumptions across all three plans included (1) 7.50% investment rate of return (net of administrative expenses), (2) projected annual salary increases ranging from 3.3% to 14.2% depending on age, service and type of employment, (3) 3% per year across-the-board real salary increases, and (4) inflation of 2.75%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period. In addition, actuarial gains/losses in any given year are amortized over a thirty year period. PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

Trend Information by Plan

	Fiscal Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Police	2011	\$ 9,547,444	100%	\$ -
Police	2012	10,741,912	100%	-
Police	2013	11,069,994	100%	-
Fire	2011	\$ 3,713,081	100%	\$ -
Fire	2012	4,340,053	100%	-
Fire	2013	4,296,252	100%	-
Miscellaneous	2011	\$ 9,071,291	100%	\$ -
Miscellaneous	2012	9,589,913	100%	-
Miscellaneous	2013	9,620,263	100%	-

Contributions to PERS for the Fiscal Year ended June 30, 2013, are shown below:

	City Contributions	Employee Contributions	Total
Safety employees:			
Police	\$ 8,876,032	\$ 2,193,962	\$ 11,069,994
Fire	3,408,698	887,554	4,296,252
Total safety employees	12,284,730	3,081,516	15,366,246
Miscellaneous employees	6,174,972	3,445,291	9,620,263
Total	\$ 18,459,702	\$ 6,526,807	\$ 24,986,509

Funded Status and Funding Progress

The funded status of each plan as of June 30, 2012, the most recent actuarial valuation is as follows (dollar amounts in thousands):

See independent auditors' report.

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)-Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
Police	\$ 212,195	\$ 258,372	\$ 46,177	82.1%	\$ 23,524	196.3%
Fire *	\$ 9,854,788	\$ 11,724,021	\$ 1,869,233	84.1%	\$ 947,735	197.2%
Miscellaneous	\$ 299,531	\$ 347,813	\$ 48,282	86.1%	\$ 49,497	97.5%

* Amounts reflect total risk pool valuations and liabilities.

Valuations as of June 30, 2012 are based on the following assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	15 Year Smoothed Market
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
	Individual Salary Growth A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Public Agency Retirement System Retirement Enhancement Plan

Plan Description

The City established a Public Agency Retirement System Retirement Enhancement Plan (PARS) effective January 1, 2003 for selected groups of miscellaneous employees (non-safety), Service Employees International Union (SEIU), International Union of Operating Engineers (IUOE), Management, and one of the two groups of Confidential employees. PARS is defined benefit 401 (a) tax-qualified multiple agency trust. It meets the requirements of a pension trust under California Government code. The plan provides supplemental retirement benefits in addition to PERS. Phase II Systems is the PARS Trust Administrator. For employees meeting the eligibility requirements, the plan provides a benefit equal to the "3% at 60" plan factor (formula is a static 3% at age 60 and older), less the PERS "2% at 55" plan factors for all years of City service plus any military service purchased through PERS (prior to July 1, 2003) while an employee of the City of Oxnard.

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Eligibility for an immediate benefit is defined as reaching age 50, completing five years of Oxnard service, and retiring concurrently from both the City and PERS after leaving City employment. In addition, a deferred benefit would be available to participants who complete five years of service. The City has full discretionary authority to control, amend, modify or terminate this plan at any time.

Funding Policy

Employees and the City contribute a total of 8 percent of eligible employees' gross wages. Current employee and city contributions by employee groups are as follows:

	City Contributions	Employee Contributions
IUOE	2.7%	5.3%
SEIU	3.5%	4.5%
Management and confidential	3.0%	5.0%

In addition, the City is required to contribute the remaining amounts necessary to fund the benefit to its members using the actuarial basis recommended by PARS actuarial consultants. This contribution for the fiscal year ended June 30, 2013, was 7.80 percent of eligible employee gross wages. The City's payroll for employees covered by PARS for the year ended June 30, 2013, was \$38,357,176. PARS issues a separate comprehensive annual financial report. Copies of PARS annual financial report may be obtained from the PARS Executive Office, 3961 MacArthur Boulevard, Suite 200, Newport Beach, CA 92660.

PARS uses an entry age normal actuarial cost method, which is a projected benefit cost method. The actual value of assets used in the June 30, 2011 valuation is the investment gains or losses spread over a five year rolling period and not less than 80 percent nor more than 120 percent of the market value. The present value of plan benefits earned prior to the valuation date is called the actuarial liability. The present value of plan benefits to be earned after the valuation date is called the present value of future normal costs.

Annual Pension Costs

For fiscal year 2012-2013, the City's annual pension cost (APC) of \$4,169,425, for PARS was equal to the City's required actual contribution. The required contribution was determined as part of the June 30, 2011, actuarial assumptions and retained the entry age actuarial cost method.

Contributions to PARS for the fiscal year ended June 30, 2013 are shown below:

	City Contributions	Employee Contributions	Total
Miscellaneous employees	\$ 1,100,851	\$ 3,068,574	\$ 4,169,425

Trend Information

The three year trend for fiscal years ending June 30 is as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 4,194,952	100%	\$ -
2012	\$ 4,154,047	100%	-
2013	\$ 4,169,425	100%	-

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 36% funded. The actuarial accrued liability for benefits was \$71,388,000, and the actuarial value of assets was \$32,859,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$38,529,000. The covered payroll (annual payroll of active employees covered by the plan) was \$40,414,00, and the ratio of the UAAL to the covered payroll was 95.3%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability of benefits.

C. Early Retirement Incentive Plan

The City adopted through resolution number 13,893 a supplemental retirement plan to forty eight (48) eligible employees, this plan is administered by Phase II Systems, PARS Trust Administrator. The level of benefit is seven percent (7%) of the employee's final base pay, payable through the employee's lifetime, with an option of payment for five (5) to ten (10) years, at the employee's election.

D. Post-employment Health Care Benefits

Plan Description

The City participates in the CALPERS medical program, which is a cost-sharing multiple employer defined benefit health care plan administered by CALPERS. Employees who retire from the City and receive a CalPERS pension are eligible for post employment medical benefits. Retirees can enroll in any of the available CalPERS medical plans. This benefit continues for the life of the retiree and surviving spouse.

See independent auditors' report.

Benefit provisions for CalPERS are established by the Public Employees Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.).

CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, California 95814.

Funding Policy

The City contributes the minimum amount allowed under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. The City's required monthly contribution for calendar year 2013 was \$115.00. The required contribution is based on pay-as-you-go financing requirements. Retirees must contribute any premium amounts in excess of the City Contribution.

Annual OPEB Cost and Net OPEB Obligation

For fiscal 2012-2013 the City's annual OPEB cost of \$1,339,137 was higher than the actual contribution. The City's annual OPEB cost, actual contribution, percentage of annual OPEB cost contributed, and the net OPEB obligation for the current year and prior fiscal year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 1,599,856	\$ 322,671	20.2%	\$ 6,235,657
6/30/2012	\$ 1,352,923	\$ 412,537	30.5%	\$ 7,176,043
6/30/2013	\$ 1,339,137	\$ 366,704	27.4%	\$ 8,148,476

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 12,772,079
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 12,772,079</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 82,501,012
UAAL as a percentage of covered payroll	15.481%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status are subject to

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continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as RSI following the notes to the financial statements.

IV. Risk Management

All funds of the City participate in general liability and workers' compensation insurance programs and make payments to internal service funds on the basis of loss experience and exposure. The total unpaid claims and claims adjustment expense liability (long-term obligations) of \$14,667,793 recorded at June 30, 2013, is based on results of actuarial studies and includes an estimate for claims incurred but not reported at the balance sheet date. Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of payouts, and other economic and societal factors. General liability and workers' compensation liabilities are carried at present value using a discount rate of 3.5 percent. In addition, the City is in compliance with the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated.

A. General Liability

The City is self-insured for general liability claims up to \$1,000,000. The City is covered through Big Independent Cities Excess Pool (BICEP) for claims between \$1,000,000 and \$25,000,000. Self-insured general liability claims are administered through a third-party administrator, with the City Attorney's approval required for settlements over \$15,000. Litigated claims are settled directly through the City Attorney's Office.

The City's contribution to BICEP for general liability coverage in Fiscal Year 2012-2013 was \$591,468 which included a dividend credit of \$66,675. During the past five-year period, the average claims filed each year for general liability amounted to 194 claims totaling \$1,221,399 per year (an average of \$6,296 per claim). In addition, there have been no insurance settlements that have exceeded the City's insurance coverage for each of the past three years. Information concerning the BICEP pooled liability insurance program can be obtained at 801 South Figueroa Street, Suite 1050, Los Angeles, CA 90017, telephone number (213) 896-8900.

The total unpaid claims and claims adjustment expense liability (long-term obligations) recorded at June 30, 2013 was \$3,339,435. The following schedule presents the changes in self-insurance claims liabilities for the past two years:

	Public Liability and Property Damage	
	FY 12-13	FY 11-12
Unpaid claims and claims adjustment expenses-July 1	\$ 3,721,307	\$ 3,871,295
Incurring claims and claims adjustment expenses:		
Increase/decrease in provision for insured events	(601,837)	(149,988)
Increase/decrease in actuarially incurred but not reported claims (IBNR)	219,965	-
Total incurred claims and claims adjustment expenses	(381,872)	(149,988)
Unpaid claims and claims adjustment expenses-June 30	3,339,435	3,721,307
Claims and judgements due within one year	\$ 2,316,272	\$ 1,992,000

B. Workers' Compensation

The City is self-insured for workers' compensation claims up to \$1,000,000. For claims over \$1,000,000, the City has purchased excess workers' compensation insurance through BICEP. The claims are processed by a third party administrator similar to general liability claims.

Within the City's self-insured program for workers' compensation, there has been an average of 212 claims filed per year for the past five years, with an average of approximately \$2,266,852 per year in total reported losses (an average of \$15,395 per claim). In addition, there have been no insurance settlements that have exceeded the City's insurance coverage for each of the past three years.

The total unpaid claims and claims adjustment expense liability (long-term obligations) recorded at June 30, 2013 was \$11,328,358.

The following schedule presents the changes in self-insurance claims liabilities for the past two years:

	Worker's Compensation	
	FY 12-13	FY 11-12
Unpaid claims and claims adjustment expenses-July 1	\$ 8,216,393	\$ 8,164,105
Incurring claims and claims adjustment expenses:		
Increase/decrease in provision for insured events	2,893,499	52,288
Increase/decrease in actuarially incurred but not reported claims (IBNR)	218,466	-
Total incurred claims and claims adjustment expenses	3,111,965	52,288
Unpaid claims and claims adjustment expenses-June 30	11,328,358	8,216,393
Claims and judgements due within one year	\$ 4,231,808	\$ 3,239,975

V. Other Information

A. Commitments and Contingencies

There are various lawsuits and claims pending against the City. In the opinion of the City Attorney and management, none of these cases except as discussed below, nor the aggregate thereof, represents any substantial exposure to the City. At June 30, 2013 the City has recorded a general litigation reserve of \$1,000,000 to cover any potential exposure, which has been recorded within self-insurance claims liabilities in the accompanying basic financial statements.

There is one case that is pending where the exposure has been determined to most likely exceed the City's \$1,000,000 reserve, the amount of the exposure cannot be determined at this time.

The City has received several Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Based upon prior experience, the City believes such disallowance, if any, would be immaterial.

B. Subsequent Event

Issuance of \$27,870,000 Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard 2013 Special Tax Refunding Bonds.

On August 8, 2013, the City issued bonds in the aggregate amount of \$27,870,000 ("2013 Bonds") to refund the outstanding Community Facilities District No. 3 (Seabridge at Mandalay Bay) of the City of Oxnard Special Tax Bonds ("2005 Bonds") and pay costs of issuance of the 2013 Bonds. The 2005 Bonds were issued by the City of November 15, 2005, in the aggregate principal amount of \$32,275,000, of which \$30,810,000 was outstanding as of June 30, 2013. The 2013 Bonds were sold as a private placement to Bank of Nevada/Western Alliance Bancorporation.

Issuance of \$21,384,064 City of Oxnard Financing Authority Wastewater Revenue Refunding Bonds, Series 2013

On October 30, 2013, the City issued bonds in the aggregate amount of \$21,384,064 to refund \$21,205,000 in outstanding wastewater bonds issued on March 1, 2003 in the aggregate principal amount of \$43,785,000, and pay costs of issuance. These bonds were sold as a private placement to Capital One Public Funding, LLC.

Repayment of Loans to the Former Community Development Commission

The Recognized Obligation Payment Schedule (ROPS) 13-14B covering the period of January 1, 2014 – June 30, 2014 approved on September 10, 2013 by Successor Agency included repayment of loans made to the former CDC with a combined value

of \$10.7 million including accrued interest. On September 19, the Oversight Board reviewed the ROPS and removed the repayment of these loans pending further review of the loan documents. It is the Successor Agencies intent to include these loan repayments on the ROPS 14-15A.

Lease Agreements with Oxnard Fire Station, LLC for Fire Station 8.

On June 1, 2013, the City Council 1) conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing in consideration of the issuance of tax exempt revenue bonds with a principal amount not to exceed \$15,750,000 by the California Municipal Finance Authority on behalf of Oxnard Fire Station Limited Liability Corporation (OFSLLC), an Arizona limited liability company whose sole member will be Community Finance Corporation, an Arizona non-profit corporation designated as an exempt organization under Section 501 of the Internal Revenue Code of 1986, for the purpose of developing a "turn-key" fire station. Such hearing constituted a public hearing under Section 6586.5 of the Government Code of the State of California; 2) adopted a resolution approving, authorizing, and directing execution of a site lease and a master lease for the purpose of TEFRA and approving the issuance of tax exempt revenue bonds with a principal amount not to exceed \$15,750,000 in one or more series by the California Municipal Finance Authority; 3) authorized the allocation of additional Measure O Funds as required to meet the annual lease payments for Fire Station No. 8 consistent with the alternatives and options approved as part of the above recommendation and related project costs; and 4) authorized the allocation of Measure O Funds for the acquisition of the necessary Fire vehicles at an estimated cost of \$1,193,748. The bonds are scheduled to be priced on December 18, 2013 contingent on favorable interest rates and demand. Otherwise, the bonds will be priced in January 2014. Annual lease payments will be based on the debt service on the bonds with a \$1,372,459 maximum. The master leased also provides for "additional rent" for payment of fees and taxes.

Golf Fund Restructuring

On July 23, 2013, the City Council discussed the restructuring of certain aspects of the Golf Fund. Discussion included refunding the outstanding debt, converting the operating agreement with High Tide and Green Grass, Inc. to a lease, and reclassification of the fund to General Fund. While City Council did not approve the debt restructuring at that time, they requested that staff work with the operator on restructuring the current agreement to a lease and to develop a plan to reclass the Golf Fund to the General Fund. Staff is currently in discussion with the operator and will develop additional options for addressing the financial structure of the Golf Fund, including reclassifying to General Fund for Council consideration in February 2014.

C. Notes to the Financial Statements – Successor Agency

a. Reporting Entity

On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with AB 1X 26 as part of City resolution number 14135, to oversee the winding down of the agency's affairs and liquidation of the agency's assets effective February 1, 2012. AB 1484 essentially transferred authority over the successor agency to the oversight board, also established pursuant to AB 1X 26 and the California Department of Finance. Oversight Boards are composed of one member each appointed by the county board of supervisors, mayor, the largest special district by property tax share, the county supervisor of education, the Chancellor of the California Community Colleges, a public member appointed by the county board of supervisors and a member representing employees of the former redevelopment agency appointed by the mayor or chair of the county board of Supervisors.

Oversight boards direct the staff of the Successor Agency, have fiduciary responsibilities to holders of enforceable obligations, approves actions of the Successor Agency and establishes the Recognized Payment Obligation Payment Schedule.

b. Prior period adjustments

At July 1, 2012 the Successor Agency's cash and due from City of Oxnard balances were restated to correct errors in recording. The restatement consisted of the following:

Cash transferred to Housing Successor	\$ 6,964,573
Recognize Tax Allocation Bond surplus revenue	17,463
Book principal long-term loan from City of Oxnard for R-108 Downtown Project	304,572
Book interest of long-term loan from City of Oxnard for R-108 Downtown Project	43,274
Book principal long-term loan from City of Oxnard	3,433,466
Book interest of long-term loan from City of Oxnard	3,735,938
Recognize allowance for uncollectible - Oxnard Theater Lease	
Guarantee payment	61,300
To adjust receivable from former redevelopment	(1,040)
Total	<u>\$ 14,559,546</u>

c. Cash and Investments

Cash and cash equivalents and investments with fiscal agents of the Successor Agency are comprised of the following at June 30, 2013:

	Fair Value
Deposits and investments	\$ 4,135,667
Investments with fiscal agents	10,937,313
Total	\$ 15,072,980

Detail notes on cash and cash investments can be found on the City's Notes to the financial statement.

d. Payables

Accounts payable and other liabilities as of June 30, 2013 primarily consist of the following:

Due to vendors	\$ 932,123
Accrued interest	646,770
Total	\$ 1,578,893

e. Capital Assets

Changes in the Successor Agency's capital assets for the year-ended June 30, 2013 consisted of the following:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,221,289	\$ -	\$ -	\$ 1,221,289
Construction in progress	15,491,722	-	-	15,491,722
Total capital assets, not being depreciated	16,713,011	-	-	16,713,011
Capital assets, being depreciated				
Buildings	905,636	-	-	905,636
Improvement other than buildings	46,919,371	-	-	46,919,371
Equipment and machinery	89,082	-	-	89,082
Total capital assets, being depreciated	47,914,089	-	-	47,914,089
Less accumulated depreciation for:				
Buildings	(418,654)	(27,381)	-	(446,035)
Improvement other than buildings	(6,726,336)	(1,676,821)	-	(8,403,157)
Equipment and machinery	(88,084)	(299)	-	(88,383)
Total accumulated depreciation	(7,233,074)	(1,704,501)	-	(8,937,575)
Total capital assets, being depreciated, net	40,681,015	(1,704,501)	-	38,976,514
Total	\$ 57,394,026	\$ (1,704,501)	\$ -	\$ 55,689,525

f. Long-Term Obligations

The following is a summary of changes in the Successor Agency's long-term obligations for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within One Year
Tax allocation refunding bonds series 2004A	\$ 13,975,000	-	\$ 755,000	\$ 13,220,000	\$ 780,000
Tax allocation bond financing series 2006:	18,555,000	-	465,000	18,090,000	480,000
HERO project tax allocation bonds series 2008:	11,260,000	-	190,000	11,070,000	200,000
Total long-term indebtedness	\$ 43,790,000	\$ -	\$ 1,410,000	\$ 42,380,000	\$ 1,460,000

Description of Long-term Debt

Tax Allocation Refunding Bonds, Series 2004A

Tax Allocation Refunding Bonds, Series 2004A were issued on May 4, 2004 in the amount of \$19,185,000. These are twenty-two-year bonds with a net interest cost of 4.58 percent. The bonds were issued to refinance the Tax Allocation Refunding Bonds, Series 1994A and to finance additional redevelopment activities within the Central City Revitalization and Downtown Project Area. The balance outstanding as of June 30, 2013 is \$13,220,000.

2006 Tax Allocation Bond Financings

Local Obligation Revenue Bonds (2006 Tax Allocation Bond Financings) in the amount of \$20,530,000 were issued on December 1, 2006 to purchase the following obligations being issued simultaneously for 1) the Oxnard Community Development Commission Ormond Beach Project Area Tax Allocation Bonds, Series 2006 in the amount of \$5,750,000, 2) the Oxnard Community Development Commission Southwinds Project Area Tax Allocation Bonds, Series 2006 in the amount of \$3,290,000, and 3) the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area Tax Allocation Bonds, Series 2006 in the amount of \$11,490,000. The bonds were issued to finance redevelopment activities (street improvement projects) in the Ormond Beach Project Area, Southwinds Project Area and the HERO Redevelopment Project Areas. These bonds carry a net interest cost of 4.424 percent, maturing on September 1, 2036. The outstanding balance as of June 30, 2013 is \$18,090,000.

Tax Allocation Bonds, Series 2008

Tax Allocation Bonds, Series 2008 were issued on July 1, 2008 in the amount of \$11,790,000 for the Oxnard Community Development Commission Historic Enhancement and Revitalization of Oxnard (HERO) Project Area. Proceeds from the sale of bonds are to be used to finance a 500-space parking structure to service a mixed-use retail/commercial development located within the RiverPark Specific Plan Area. These bonds carry a net interest cost of 4.849 percent, with a final maturity of September 1, 2038. The outstanding balance as of June 30, 2013 is \$11,070,000.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and financings. Liabilities were calculated for the issues and rebate payments were made as appropriate.

The Successor Agency is in compliance with all significant covenants related to its debt issues. The annual debt service requirements for the Successor Agency's long-term obligations are as follows:

Fiscal Year	Tax Allocation Refunding Bonds 2004 A		Tax Allocation Bonds Series 2006		HERO Project Tax Allocation Bonds Series 2008	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 780,000	\$ 585,279	\$ 480,000	\$ 834,580	\$ 200,000	\$ 510,038
2015	810,000	555,459	495,000	817,363	215,000	501,738
2016	840,000	523,269	515,000	798,555	215,000	493,138
2017	870,000	488,525	540,000	778,808	220,000	483,338
2018	910,000	451,471	555,000	758,673	235,000	473,138
2019 - 2023	4,685,000	1,622,786	3,115,000	3,451,113	1,330,000	2,201,928
2024 - 2028	4,325,000	440,921	3,790,000	2,749,486	1,640,000	1,880,991
2029 - 2033			4,665,000	1,855,773	2,055,000	1,449,385
2034 - 2038			3,935,000	560,184	3,535,000	849,069
2038 - 2039					1,425,000	33,844
	<u>\$ 13,220,000</u>	<u>\$ 4,667,708</u>	<u>\$ 18,090,000</u>	<u>\$ 12,604,535</u>	<u>\$ 11,070,000</u>	<u>\$ 8,876,604</u>

g. Commitments and Contingencies

The Successor Agency is a defendant in various claims and legal actions arising in the normal course of operations. In the opinion of the Successor Agency Attorney and Oversight Board, the ultimate liability from such actions and claims will not have a material adverse effect on the Successor Agency's financial position or operations.

h. Subsequent Events

On September 10, 2013, the Successor Agency approved the Recognized Obligation Payment Schedule (ROPS) 13-14B covering the period of January 1, 2014 – June 30, 2014. On September 19, the Oversight Board reviewed ROPS and approved with certain changes. The primary change was to remove repayment of loans made to the former CDC with a combined value of \$10.7 million including accrued interest. The Oversight Board has requested that the Successor Agency provide additional documentation on the loans. It is the Successor Agencies intent to include these loan repayments on the ROPS 14-15A.

On November 14, 2013, the California Department of Finance (DOF) issued its determination on the ROPS 13-14B, excluding certain amounts (\$998,336) that were already included on the ROPS 13-14A, but included on 13-14B because of potential payment delays. In addition, the administrative allowance was reduced to \$203,696 based on these adjustments.

On June 4, 2013, the Successor Agency received its Finding of Completion pursuant to Section 34179.7 of AB 26 as amended by AB 1484 (collectively the "Dissolution Act"). Once the DOF issues a Finding of Completion, pursuant to Section 34191.5(b) of the Dissolution Act, the Successor Agency is required to prepare a Long-Range Property Management Plan (Plan) that addresses the disposition and use of certain real properties of the former CDC. The Plan must be submitted to the Oversight Board and the DOF for approval no later than 6 months following the issuance of the Finding of Completion to the Successor Agency. On November 5, 2013, the Plan was approved by the Successor Agency and is scheduled for review by the Oversight Board November 21, 2013.

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REQUIRED SUPPLEMENTARY INFORMATION



Required Supplementary Information
Schedule of Funding Progress
For the Year Ended June 30, 2013
(Dollars in Thousands)

California Public Employee's Retirement System Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)-Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
Police						
6/30/10	\$ 186,836	\$ 230,263	\$ 43,427	81.1%	\$ 23,898	181.7%
6/30/11	\$ 199,852	\$ 241,155	\$ 41,303	82.9%	\$ 24,008	172.0%
6/30/12	\$ 212,195	\$ 258,372	\$ 46,177	82.1%	\$ 23,524	196.3%
Miscellaneous						
6/30/10	\$ 272,189	\$ 313,317	\$ 41,128	86.9%	\$ 52,770	77.9%
6/30/11	\$ 286,637	\$ 332,651	\$ 46,014	86.2%	\$ 49,433	93.1%
6/30/12	\$ 299,531	\$ 347,813	\$ 48,282	86.1%	\$ 49,497	97.5%

* Fire amounts reflect total risk pool valuations and liabilities.

Public Agency Retirement System Retirement Enhancement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
7/1/05	\$ 7,357	\$ 32,328	\$ 24,971	22.76%	\$ 33,043	75.57%
7/1/07	\$ 16,294	\$ 41,103	\$ 24,809	39.64%	\$ 42,159	58.85%
6/30/11	\$ 32,859	\$ 71,388	\$ 38,529	46.00%	\$ 40,114	95.30%

See independent auditors' report.

Required Supplementary Information
Schedule of Funding Progress
For the Year Ended June 30, 2013
(Dollars in Thousands)

Other Post Employment Benefit – CalPERS Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
7/1/07	\$ -	\$ 23,751	\$ 23,751	0%	\$ 86,730	27.4%
7/1/09	\$ -	\$ 11,081	\$ 11,081	0%	\$ 85,873	12.9%
7/1/11	\$ -	\$ 12,772	\$ 12,772	0%	\$ 82,501	15.5%

See independent auditors' report.

City of Oxnard, California
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes:				
Property	\$ 40,198,000	\$ 40,198,000	\$ 41,224,088	\$ 1,026,088
Sales	36,245,000	36,245,000	35,156,013	(1,088,987)
Transient occupancy	3,621,000	3,621,000	3,826,954	205,954
Business license (net of refund)	4,775,000	4,775,000	4,562,692	(212,308)
Franchise	3,558,000	3,558,000	3,842,351	284,351
Other taxes	515,000	515,000	748,284	233,284
Licenses and permits	1,984,000	1,984,000	1,862,813	(121,187)
Intergovernmental	13,050,956	13,050,956	13,127,768	76,812
Charges for services	11,023,518	11,023,518	8,710,647	(2,312,871)
Fines and forfeitures	653,000	653,000	487,297	(165,703)
Investment earnings	306,000	306,000	15,104	(290,896)
Miscellaneous	3,956,000	3,956,000	3,408,890	(547,110)
Total revenues	<u>119,885,474</u>	<u>119,885,474</u>	<u>116,972,901</u>	<u>(2,912,573)</u>
EXPENDITURES				
General government:				
Legislative				
City council	343,327	343,327	336,910	6,417
City treasurer	1,173,964	1,173,964	1,189,011	(15,047)
City clerk	418,125	418,125	586,305	(168,180)
Administrative and support services				
City manager	1,557,120	1,677,120	1,574,816	102,304
City attorney	1,463,006	1,463,006	1,321,386	141,620
Financial services	3,426,077	3,426,077	3,154,562	271,515
Human resources	965,090	965,090	1,150,120	(185,030)
Non-departmental	1,204,481	1,307,703	749,695	558,008
Public safety:				
Police	51,729,240	53,590,027	51,705,477	1,884,550
Fire	14,880,400	15,225,057	16,885,807	(1,660,750)
Transportation	4,645,333	4,929,257	4,032,023	897,234
Community development:				
Development services	5,421,654	5,421,654	5,218,285	203,369
Economic development and tourism service	912,748	912,748	908,351	4,397
Housing services	195,492	195,492	298,113	(102,621)
Community services	3,355,628	3,559,901	2,735,021	824,880
Culture and leisure:				
Recreation services	4,456,564	4,606,190	4,464,240	141,950
Park and public grounds	8,286,124	8,326,124	7,879,564	446,560
Library services	4,272,386	4,347,386	4,305,466	41,920
Capital outlay	775,000	11,867,185	7,198,960	4,668,225
Total expenditures	<u>109,481,759</u>	<u>123,755,433</u>	<u>115,694,112</u>	<u>8,061,321</u>
Excess (deficiency) of revenues over expenditures	<u>10,403,715</u>	<u>(3,869,959)</u>	<u>1,278,789</u>	<u>5,148,748</u>
Other financing sources (uses)				
Transfers in	37,000	37,000	132,580	95,580
Transfers out	(5,429,175)	(5,530,060)	(5,424,980)	105,080
Net other financing sources (uses)	<u>(5,392,175)</u>	<u>(5,493,060)</u>	<u>(5,292,400)</u>	<u>200,660</u>
Net change in fund balances	5,011,540	(9,363,019)	(4,013,611)	5,349,408
Fund balances, July 1	33,760,051	33,760,051	33,760,051	-
Prior period adjustment	-	-	2,468,605	-
Fund balances, June 30	<u>\$ 38,771,591</u>	<u>\$ 24,397,032</u>	<u>\$ 32,215,045</u>	<u>\$ 5,349,408</u>

Notes to Budgetary Comparison Schedule:

Budgets are prepared on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

See independent auditors' report.

City of Oxnard
Federal & State Grants Special Revenue Funds
Budgetary Comparison Schedule
For Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental	\$ 2,310,101	\$ 22,565,978	\$ 15,950,090	\$ (6,615,888)
Fines and forfeitures	-	-	196,546	196,546
Interest	-	-	16,057	16,057
Miscellaneous	-	98,116	284,837	186,721
Total revenues	<u>2,310,101</u>	<u>22,664,094</u>	<u>16,447,530</u>	<u>(6,216,564)</u>
EXPENDITURES				
Current:				
General government	-	-	1,758	(1,758)
Public safety	-	9,220,125	3,144,071	6,076,054
Transportation	-	-	35	(35)
Community Development	2,244,445	7,015,005	3,237,289	3,777,716
Culture and leisure	140,067	222,115	206,529	15,586
Library Services	-	89,596	29,525	60,071
Capital Outlay	-	18,798,853	9,418,671	9,380,182
Total expenditures	<u>2,384,512</u>	<u>35,345,694</u>	<u>16,037,878</u>	<u>19,307,816</u>
Excess of revenues over (under) expenditures	<u>(74,411)</u>	<u>(12,681,600)</u>	<u>409,652</u>	<u>13,091,252</u>
Other financing uses:				
Transfers in	<u>85,658</u>	<u>100,885</u>	<u>100,885</u>	<u>-</u>
Total other financing uses	<u>85,658</u>	<u>100,885</u>	<u>100,885</u>	<u>-</u>
Net changes in fund balances	<u>11,247</u>	<u>(12,580,715)</u>	<u>510,537</u>	<u>13,091,252</u>
Fund balances-July 1	(6,386,154)	(6,386,154)	(6,386,154)	-
Prior period adjustment	-	-	62,598	-
Fund balances-June 30	<u><u>\$ (6,374,907)</u></u>	<u><u>\$ (18,966,869)</u></u>	<u><u>\$ (5,813,019)</u></u>	<u><u>\$ 13,091,252</u></u>

Notes to Budgetary Comparison Schedule:

Budgets are prepared on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP).

See independent auditors' report.

SUPPLEMENTARY INFORMATION



NON-MAJOR GOVERNMENTAL FUNDS



Non-Major Governmental Funds Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than capital projects funds) that are legally restricted to expenditures for particular purposes.

Development Fees Fund – This fund includes fees that the City collects on new development to provide resources for special projects such as parks, storm drainage facilities, traffic improvements, utility undergrounding and community developments.

HUD Home Loan Fund – This fund is used to account for federal entitlement that is used to provide housing loan to low/moderate income families.

CDBG Entitlement Fund – This fund is used to account for community development block grants to develop viable urban communities.

Public Safety Retirement Fund – This fund is used to account for voter-approved property tax for public safety uniformed employees' retirement.

Debt Service Fund – This fund accounts for the accumulation of resources and payments of principal and interest of the City's general long-term debt.

Capital Outlay Fund – This fund accounts for financing and construction of general government capital projects.

Community Development Commission Fund – This fund accounts for tax increments collected.

Housing Successor Fund – This fund accounts for Low & Moderate Housing assets.

Tax Increments Fund – This fund accounts for Cooperation Agreement transactions.

State Gas Tax Fund – This fund is used to account for the allocated share of Gas Tax Revenue. Spending of gas tax is legally restricted to be used for maintenance and improvement of public streets.

Traffic Safety Fund – This fund is used to account for shared revenues received from fines and forfeitures under the State of California Vehicle Code. Fund is restricted to be expended only for improvement and maintenance of traffic control equipment/devices.

Transportation Development Fund – This fund is used to account for Transportation Development Act revenues and to be used for street maintenance and road improvements, and construction of pedestrian and bike facilities.

Maintenance Assessment District – This fund is used to account for assessment revenues and expenditures related to waterways and landscape maintenance of various district areas in the City.

City of Oxnard, California
Combining Balance sheet
Non-Major Governmental Funds
June 30, 2013

	Development Fees Fund	HUD and CDBG Grants Fund	Public Safety Retirement	Debt Service Fund	Capital Outlay Fund	Housing Successor
ASSETS						
Cash and cash equivalents	\$ 11,257,180	\$ -	\$ 5,743,522	\$ 157,775	\$ 2,676,404	\$ 2,553,967
Investments with fiscal agents	-	-	-	1,768,904	3,442,005	-
Accounts and other receivables	123,374	5,625,249	-	-	-	-
Notes receivable	650,000	-	-	-	-	2,050,000
Due from other funds	5,254,727	-	-	-	-	-
Due from other government	-	-	278,616	-	-	-
Due from Successor Agency	-	-	-	-	-	1,906,219
Properties held for resale	-	-	-	-	-	104,736
Total assets	\$ 17,285,281	\$ 5,625,249	\$ 6,022,138	\$ 1,926,679	\$ 6,118,409	\$ 6,614,922
LIABILITIES						
Accounts payable	\$ 889,262	\$ 113,985	\$ -	\$ -	\$ 368,208	\$ 253,499
Other liabilities	167,288	83,004	382,034	-	-	-
Due to other funds	-	25,229	-	-	152,121	-
Unearned revenues	-	5,403,031	-	-	-	755,842
Total liabilities	1,056,550	5,625,249	382,034	-	520,329	1,009,341
FUND BALANCES						
Nonspendable:						
Property held for resale	-	-	-	-	-	104,736
Long-term receivable	-	-	-	-	-	3,200,377
Restricted for:						
Debt service	-	-	-	1,926,679	3,442,005	-
Public safety retirement	-	-	5,640,104	-	-	-
Assigned to:						
Capital projects	-	-	-	-	2,156,075	2,300,468
Other purposes	16,228,731	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	16,228,731	-	5,640,104	1,926,679	5,598,080	5,605,581
Total liabilities and fund balances	\$ 17,285,281	\$ 5,625,249	\$ 6,022,138	\$ 1,926,679	\$ 6,118,409	\$ 6,614,922

City of Oxnard, California
Combining Balance sheet
Non-Major Governmental Funds
June 30, 2013

State Gas Tax	Traffic Safety	Transportation Development Fund	Maintenance Assessment District Fund	Total Non-major Governmental Funds	
\$ 3,763,647	\$ 42,929	\$ 3,354,481	\$ 14,557,987	\$ 44,107,892	ASSETS
2,110,978	-	-	-	7,321,887	Cash and cash equivalents
468	-	3,791	-	5,752,882	Investments with fiscal agents
-	-	-	-	2,700,000	Accounts and other receivables
-	-	-	-	5,254,727	Notes receivable
-	77,404	-	-	356,020	Due from other funds
-	-	-	-	1,906,219	Due from other government
-	-	-	-	104,736	Due from Successor Agency
-	-	-	-	-	Properties held for resale
\$ 5,875,093	\$ 120,333	\$ 3,358,272	\$ 14,557,987	\$ 67,504,363	Total assets
LIABILITIES					
\$ 273,913	\$ -	\$ 148,558	\$ 294,946	\$ 2,342,371	Accounts payable
60,937	3,980	14,227	23,836	735,306	Other liabilities
-	-	-	-	177,350	Due to other funds
-	-	2,419,108	-	8,577,981	Unearned revenues
334,850	3,980	2,581,893	318,782	11,833,008	Total liabilities
FUND BALANCES					
Nonspendable:					
-	-	-	-	104,736	Property held for resale
-	-	-	-	3,200,377	Long-term receivable
Restricted for:					
-	-	-	-	5,368,684	Debt service
-	-	-	-	5,640,104	Public safety retirement
Assigned to:					
-	-	-	-	4,456,543	Capital projects
-	-	-	-	16,228,731	Other purposes
5,540,243	116,353	776,379	14,239,205	20,672,180	Unassigned
5,540,243	116,353	776,379	14,239,205	55,671,355	Total fund balances
\$ 5,875,093	\$ 120,333	\$ 3,358,272	\$ 14,557,987	\$ 67,504,363	Total liabilities and fund balances

City of Oxnard, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2013

	Development Fees Fund	HUD and CDBG Grants Fund	Public Safety Retirement	Debt Service Fund	Capital Outlay Fund	Housing Successor
REVENUES						
Taxes	\$ -	\$ -	\$ 13,924,166	\$ -	\$ -	\$ -
Licenses and permits	839,489	-	-	-	-	-
Intergovernmental	-	4,339,567	-	-	-	-
Growth and development fees	1,828,294	-	-	-	-	-
Charges for services	-	-	-	-	16,921	-
Fines and forfeitures	-	-	-	-	-	-
Interest	(47,976)	-	(67,203)	(6,138)	18,386	26,824
Special assessments	-	-	-	-	-	-
Miscellaneous	328,050	-	-	-	-	109,036
Total revenues	<u>2,947,857</u>	<u>4,339,567</u>	<u>13,856,963</u>	<u>(6,138)</u>	<u>35,307</u>	<u>135,860</u>
EXPENDITURES						
Current:						
General government	180,113	-	-	-	-	-
Public safety	841,975	200,001	15,483,256	-	-	-
Transportation	465,577	-	-	-	-	-
Community Development	1,780,371	1,722,366	-	-	-	4,513,420
Culture and leisure	48,830	37,940	-	-	2,757	-
Capital outlay	11,781,540	2,379,260	-	-	1,602,865	286,545
Debt service:						
Principal	-	-	-	2,896,261	555,000	-
Bond issuance cost	-	-	-	45,002	-	-
Interest and fiscal charges	-	-	-	1,785,250	1,156,350	-
Total expenditures	<u>15,098,406</u>	<u>4,339,567</u>	<u>15,483,256</u>	<u>4,726,513</u>	<u>3,316,972</u>	<u>4,799,965</u>
Excess of revenues over (under) expenditures	<u>(12,150,549)</u>	<u>-</u>	<u>(1,626,293)</u>	<u>(4,732,651)</u>	<u>(3,281,665)</u>	<u>(4,664,105)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	5,570,838	1,232,148	-
Bond premium	-	-	-	48,238	-	-
Payment to refunded debt escrow agent	-	-	-	(6,197,285)	-	-
Transfers in	-	-	-	5,335,663	-	-
Transfers out	(1,589,187)	-	-	-	(1,021,106)	-
Net other financing sources (uses)	<u>(1,589,187)</u>	<u>-</u>	<u>-</u>	<u>4,757,454</u>	<u>211,042</u>	<u>-</u>
Net change in fund balances	<u>(13,739,736)</u>	<u>-</u>	<u>(1,626,293)</u>	<u>24,803</u>	<u>(3,070,623)</u>	<u>(4,664,105)</u>
Fund balances, July 1	29,968,467	-	7,266,397	1,406,768	8,668,703	2,154,736
Prior period adjustment	-	-	-	495,108	-	8,114,950
Fund balances, June 30	<u>\$ 16,228,731</u>	<u>\$ -</u>	<u>\$ 5,640,104</u>	<u>\$ 1,926,679</u>	<u>\$ 5,598,080</u>	<u>\$ 5,605,581</u>

City of Oxnard, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2013

State Gas Tax	Traffic Safety	Transportation Development Fund	Maintenance Assessment Districts Fund	Total Non-major Governmental Funds	
\$ -	\$ -	\$ -	\$ 1,560	\$ 13,925,726	REVENUES
-	-	-	-	839,489	Taxes
4,720,976	-	602,216	-	9,662,759	Licenses and permits
-	-	-	-	1,828,294	Intergovernmental
429,190	-	18,554	-	464,665	Growth and development fees
-	293,255	-	-	293,255	Charges for services
32,981	-	17,173	(26,424)	(52,377)	Fines and forfeitures
-	-	-	7,971,903	7,971,903	Interest
3,274	-	183,588	41,422	665,370	Special assessments
5,186,421	293,255	821,531	7,988,461	35,599,084	Miscellaneous
					Total revenues
					EXPENDITURES
					Current:
16,336	-	-	125,899	322,348	General government
-	343,398	-	2,586,688	19,455,318	Public safety
4,180,461	620	716,059	264,488	5,627,205	Transportation
214	-	-	-	8,016,371	Community Development
-	-	-	5,112,275	5,201,802	Culture and leisure
802,943	-	300,585	125,843	17,279,581	Capital outlay
-	-	-	-	3,451,261	Debt service:
-	-	-	-	45,002	Principal
-	-	-	-	2,941,600	Bond issuance cost
4,999,954	344,018	1,016,644	8,215,193	62,340,488	Interest and fiscal charges
186,467	(50,763)	(195,113)	(226,732)	(26,741,404)	Total expenditures
					Excess of revenues over (under) expenditures
					OTHER FINANCING SOURCES (USES)
-	-	-	-	6,802,986	Issuance of debt
-	-	-	-	48,238	Bond premium
-	-	-	-	(6,197,285)	Payment to refunded debt escrow agent
-	300,000	-	-	5,635,663	Transfers in
-	-	-	-	(2,610,293)	Transfers out
-	300,000	-	-	3,679,309	Net other financing sources (uses)
186,467	249,237	(195,113)	(226,732)	(23,062,095)	Net change in fund balances
5,353,776	(132,884)	971,492	14,465,937	70,123,392	Fund balances, July 1
-	-	-	-	8,610,058	Prior period adjustment
\$ 5,540,243	\$ 116,353	\$ 776,379	\$ 14,239,205	\$ 55,671,355	Fund balances, June 30

City of Oxnard, California
Non-Major - Development Fees Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Licenses and permits	\$ 755,314	\$ 755,314	\$ 839,489	\$ 84,175
Growth and development fees	1,808,100	1,808,100	1,828,294	20,194
Interest	478,720	478,720	(47,976)	(526,696)
Miscellaneous	405,100	405,100	328,050	(77,050)
Total revenues	<u>3,447,234</u>	<u>3,447,234</u>	<u>2,947,857</u>	<u>(499,377)</u>
EXPENDITURES				
General government	120,620	120,620	180,113	(59,493)
Public safety	796,006	796,006	841,975	(45,969)
Transportation	168,000	168,000	465,577	(297,577)
Community development	-	1,523,137	1,780,371	(257,234)
Culture and leisure	-	-	48,830	(48,830)
Capital Outlay	1,770,162	25,299,484	11,781,540	13,517,944
Total expenditures	<u>2,854,788</u>	<u>27,907,247</u>	<u>15,098,406</u>	<u>12,808,841</u>
Excess (deficiency) of revenues over expenditures	<u>592,446</u>	<u>(24,460,013)</u>	<u>(12,150,549)</u>	<u>12,309,464</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,788,471)	(1,788,471)	(1,589,187)	199,284
Total other financing sources (uses)	<u>(1,788,471)</u>	<u>(1,788,471)</u>	<u>(1,589,187)</u>	<u>199,284</u>
Net change in fund balances	<u>(1,196,025)</u>	<u>(26,248,484)</u>	<u>(13,739,736)</u>	<u>12,508,748</u>
Fund balance, July 1	29,968,467	29,968,467	29,968,467	-
Fund balance, June 30	<u>\$ 28,772,442</u>	<u>\$ 3,719,983</u>	<u>\$ 16,228,731</u>	<u>\$ 12,508,748</u>

City of Oxnard
Non-Major - CDBG & HUD
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budgeted Amount</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental	\$ 3,071,307	\$ 3,071,307	\$ 4,339,567	\$ 1,268,260
Total revenues	<u>3,071,307</u>	<u>3,071,307</u>	<u>4,339,567</u>	<u>1,268,260</u>
EXPENDITURES				
Public safety	200,000	200,000	200,001	(1)
Community Development	1,355,953	2,055,290	1,722,366	332,924
Culture and leisure	37,940	37,940	37,940	-
Capital Outlay	<u>1,477,414</u>	<u>3,083,555</u>	<u>2,379,260</u>	<u>704,295</u>
Total expenditures	<u>3,071,307</u>	<u>5,376,785</u>	<u>4,339,567</u>	<u>1,037,218</u>
Excess(deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(2,305,478)</u>	<u>-</u>	<u>2,305,478</u>
Net change in fund balances	-	(2,305,478)	-	2,305,478
Fund balances-July 1	-	-	-	-
Fund balances-June 30	<u>\$ -</u>	<u>\$ (2,305,478)</u>	<u>\$ -</u>	<u>\$ 2,305,478</u>

City of Oxnard, California
Non-Major - Public Safety Retirement
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 13,516,600	\$ 13,516,600	\$ 13,924,166	\$ 407,566
Investment income	-	-	(67,203)	(67,203)
Total revenues	<u>13,516,600</u>	<u>13,516,600</u>	<u>13,856,963</u>	<u>340,363</u>
EXPENDITURES				
Public safety	<u>15,878,249</u>	<u>15,878,249</u>	<u>15,483,256</u>	<u>394,993</u>
Total expenditures	<u>15,878,249</u>	<u>15,878,249</u>	<u>15,483,256</u>	<u>394,993</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,361,649)</u>	<u>(2,361,649)</u>	<u>(1,626,293)</u>	<u>735,356</u>
Net change in fund balances	<u>(2,361,649)</u>	<u>(2,361,649)</u>	<u>(1,626,293)</u>	<u>735,356</u>
Fund balance, July 1	<u>7,266,397</u>	<u>7,266,397</u>	<u>7,266,397</u>	<u>-</u>
Fund balance, June 30	<u>\$ 4,904,748</u>	<u>\$ 4,904,748</u>	<u>\$ 5,640,104</u>	<u>\$ 735,356</u>

City of Oxnard
Non-Major - Debt Service Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
For Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budgeted Amount</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
REVENUES				
Interest	\$ 31,413	\$ 31,413	\$ (6,138)	\$ (37,551)
Total revenues	<u>31,413</u>	<u>31,413</u>	<u>(6,138)</u>	<u>(37,551)</u>
EXPENDITURES				
Debt Service:				
Principal	3,265,684	3,265,684	2,896,261	369,423
Bond issuance cost	-	-	45,002	(45,002)
Interest	<u>2,950,269</u>	<u>2,950,269</u>	<u>1,785,250</u>	<u>1,165,019</u>
Total expenditures	<u>6,215,953</u>	<u>6,215,953</u>	<u>4,726,513</u>	<u>1,489,440</u>
Excess(deficiency) of revenues over (under) expenditures	<u>(6,184,540)</u>	<u>(6,184,540)</u>	<u>(4,732,651)</u>	<u>1,451,889</u>
OTHER FINANCING SOURCES(USES)				
Bond issuance	-	-	5,570,838	5,570,838
Bond premium	-	-	48,238	48,238
Payment to refunded debt escrow agent	-	-	(6,197,285)	(6,197,285)
Transfers in	<u>6,035,798</u>	<u>6,035,798</u>	<u>5,335,663</u>	<u>(700,135)</u>
Total other financing uses	<u>6,035,798</u>	<u>6,035,798</u>	<u>4,757,454</u>	<u>(1,278,344)</u>
Net changes in fund balances	<u>(148,742)</u>	<u>(148,742)</u>	<u>24,803</u>	<u>173,545</u>
Fund balance-July 1	1,406,768	1,406,768	1,406,768	-
Prior period adjustment	-	-	495,108	-
Fund balance-June 30	<u>\$ 1,258,026</u>	<u>\$ 1,258,026</u>	<u>\$ 1,926,679</u>	<u>\$ 173,545</u>

City Of Oxnard, California
Non-Major - Capital Outlay Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budgeted Amount</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Interest	\$ -	\$ -	\$ 18,386	\$ 18,386
Charges for services	-	-	16,921	16,921
Total revenues	-	-	35,307	35,307
EXPENDITURES				
Culture and leisure	-	-	2,757	(2,757)
Capital Outlay	-	4,748,959	1,602,865	3,146,094
Debt service:	-	3,029,536	-	3,029,536
Principal	-	-	555,000	(555,000)
Interest	-	-	1,156,350	(1,156,350)
Total expenditures	-	7,778,495	3,316,972	4,461,523
Excess (deficiency) of revenues over(under) expenditures	-	(7,778,495)	(3,281,665)	4,496,830
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	(1,021,106)	(1,021,106)
Proceeds from sale of bonds	-	1,719,423	1,232,148	(487,275)
Total other financing sources (uses)	-	1,719,423	211,042	(1,508,381)
Net change in fund balances	-	(6,059,072)	(3,070,623)	2,988,449
Fund balance, July 1	8,668,703	8,668,703	8,668,703	-
Fund balance, June 30	\$ 8,668,703	\$ 2,609,631	\$ 5,598,080	\$ 2,988,449

City Of Oxnard, California
Non-Major - Housing Successor
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budgeted Amount</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Interest	\$ -	\$ -	\$ 26,824	\$ 26,824
Miscellaneous	-	-	109,036	109,036
Total revenues	<u>-</u>	<u>-</u>	<u>135,860</u>	<u>135,860</u>
EXPENDITURES				
Community development	-	-	4,513,420	(4,513,420)
Capital Outlay	-	-	286,545	(286,545)
Total expenditures	<u>-</u>	<u>-</u>	<u>4,799,965</u>	<u>(4,799,965)</u>
Excess (deficiency) of revenues over(under) expenditures	<u>-</u>	<u>-</u>	<u>(4,664,105)</u>	<u>(4,664,105)</u>
Net change in fund balances	-	-	(4,664,105)	(4,664,105)
Fund balance, July 1	2,154,736	2,154,736	2,154,736	-
Prior period adjustment	-	-	8,114,950	-
Fund balance, June 30	<u>\$ 2,154,736</u>	<u>\$ 2,154,736</u>	<u>\$ 5,605,581</u>	<u>\$ (4,664,105)</u>

City of Oxnard, California
Non-Major - State Gas Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Original Budget	Final Budgeted Amount	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental	\$ 5,330,000	\$ 5,330,000	\$ 4,720,976	\$ (609,024)
Charges for services	193,800	193,800	429,190	235,390
Interest	34,400	34,400	32,981	(1,419)
Miscellaneous	2,700	2,700	3,274	574
Total revenues	<u>5,560,900</u>	<u>5,560,900</u>	<u>5,186,421</u>	<u>(374,479)</u>
EXPENDITURES				
General government	12,125	12,125	16,336	(4,211)
Transportation	4,357,478	4,359,478	4,180,461	179,017
Community development	9,400	9,400	214	9,186
Capital Outlay	960,000	1,991,537	802,943	1,188,594
Total expenditures	<u>5,339,003</u>	<u>6,372,540</u>	<u>4,999,954</u>	<u>1,372,586</u>
Excess(deficiency) of revenues over(under) expenditures	<u>221,897</u>	<u>(811,640)</u>	<u>186,467</u>	<u>998,107</u>
Net change in fund balances	221,897	(811,640)	186,467	998,107
Fund balance, July 1	5,353,776	5,353,776	5,353,776	-
Fund balance, June 30	<u>\$ 5,575,673</u>	<u>\$ 4,542,136</u>	<u>\$ 5,540,243</u>	<u>\$ 998,107</u>

City of Oxnard, California
Non-Major - Traffic Safety
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budgeted Amount</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for services	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Fines and forfeitures	400,000	400,000	293,255	(106,745)
Total revenues	<u>410,000</u>	<u>410,000</u>	<u>293,255</u>	<u>(116,745)</u>
EXPENDITURES				
Public safety	295,801	295,801	343,398	(47,597)
Transportation	-	-	620	(620)
Total expenditures	<u>295,801</u>	<u>295,801</u>	<u>344,018</u>	<u>(48,217)</u>
Excess(deficiency) of revenues over(under) expenditures	<u>114,199</u>	<u>114,199</u>	<u>(50,763)</u>	<u>(164,962)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total other financing sources (uses)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balances	414,199	414,199	249,237	(164,962)
Fund balance, July 1	(132,884)	(132,884)	(132,884)	-
Fund balance, June 30	<u><u>\$ 281,315</u></u>	<u><u>\$ 281,315</u></u>	<u><u>\$ 116,353</u></u>	<u><u>\$ (164,962)</u></u>

City of Oxnard, California
Non-Major - Transportation Development
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budgeted Amount</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental	\$ 494,300	\$ 494,300	\$ 602,216	\$ 107,916
Charges for services	45,300	45,300	18,554	(26,746)
Interest	14,800	14,800	17,173	2,373
Miscellaneous	168,600	168,600	183,588	14,988
Total revenues	<u>723,000</u>	<u>723,000</u>	<u>821,531</u>	<u>98,531</u>
EXPENDITURES				
Transportation	660,659	660,659	716,059	(55,400)
Capital Outlay	50,000	517,274	300,585	216,689
Total expenditures	<u>710,659</u>	<u>1,177,933</u>	<u>1,016,644</u>	<u>161,289</u>
Excess(deficiency) of revenues over(under) expenditures	<u>12,341</u>	<u>(454,933)</u>	<u>(195,113)</u>	<u>259,820</u>
Net change in fund balances	12,341	(454,933)	(195,113)	259,820
Fund balance, July 1	971,492	971,492	971,492	-
Fund balance, June 30	<u>\$ 983,833</u>	<u>\$ 516,559</u>	<u>\$ 776,379</u>	<u>\$ 259,820</u>

City of Oxnard, California
Non-Major - Maintenance Assessment District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budgeted Amount</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 1,560	\$ 1,560
Interest	131,383	131,383	(26,424)	(157,807)
Special assessments	8,046,810	8,046,810	7,971,903	(74,907)
Miscellaneous	23,400	23,400	41,422	18,022
Total revenues	<u>8,201,593</u>	<u>8,201,593</u>	<u>7,988,461</u>	<u>(213,132)</u>
EXPENDITURES				
General government	131,009	131,009	125,899	5,110
Public safety	2,189,006	2,455,737	2,586,688	(130,951)
Transportation	760,285	768,764	264,488	504,276
Culture and leisure	4,733,938	4,794,758	5,112,275	(317,517)
Capital Outlay	395,000	1,395,000	125,843	1,269,157
Total expenditures	<u>8,209,238</u>	<u>9,545,268</u>	<u>8,215,193</u>	<u>(1,330,075)</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(7,645)</u>	<u>(1,343,675)</u>	<u>(226,732)</u>	<u>(1,543,207)</u>
Net change in fund balances	<u>(7,645)</u>	<u>(1,343,675)</u>	<u>(226,732)</u>	<u>(1,543,207)</u>
Fund balance, July 1	14,465,937	14,465,937	14,465,937	-
Fund balance, June 30	<u>\$ 14,458,292</u>	<u>\$ 13,122,262</u>	<u>\$ 14,239,205</u>	<u>\$ (1,543,207)</u>

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INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

Internal Service Funds are established to account for goods and services provided by one City department to other City department or related entities, generally on a cost recovery basis.

Public Liability and Property Damage Fund-This fund is used to account for the City's self-insurance program of providing public liability and property damage insurance coverage and claims adjustment services to the City's operating funds.

Workers' Compensation Fund-This fund is used to account for the City's self-insurance program for workers' compensation claims.

Utility Customer Services Fund-This fund is used to account for the costs associated with administering the operation of the Customer Services Division and to distribute these costs to the various City utilities such as water, sewer and refuse.

Information Services Fund-This fund is used to account for the costs associated with the City's data/word processing and financial systems and to distribute these costs to the departments using the systems on a pro-rata basis. Included are costs for hardware and software maintenance, computer operation costs and some centralized supplies.

Facilities Maintenance Fund-This fund is used to account for the operation and maintenance of City facilities, properties and capital projects.

Equipment Maintenance Fund-This fund is used to account for automotive fleet maintenance and services provided to City departments.

City of Oxnard, California
Statement of Net Position
Internal Service Funds
June 30, 2013

	Public Liability / Property Damage	Worker's Compensation	Utility Customer Service	Information Services	Facilities Maintenance	Equipment Maintenance	Total
ASSETS							
Cash and cash equivalents	\$ 4,342,152	\$ 8,645,280	\$ 437,762	\$ 2,148,102	\$ 253,359	\$ 165,607	\$ 15,992,262
Accounts and other receivable (net of allowance for uncollectibles)	26,304	-	-	-	3,758	-	30,062
Other assets	-	-	32,900	-	-	-	32,900
Advances to other funds	-	1,168,481	-	-	-	-	1,168,481
Capital assets:							
Land	595,500	-	-	-	-	-	595,500
Machinery and equipment	62,621	56,827	42,507	2,095,970	638,528	746,901	3,643,354
Construction in progress	-	-	-	1,293,043	-	447,363	1,740,406
Total capital assets	658,121	56,827	42,507	3,389,013	638,528	1,194,264	5,979,260
Less accumulated depreciation	(54,288)	(56,827)	(42,507)	(1,723,589)	(577,666)	(555,929)	(3,010,806)
Net capital assets	603,833	-	-	1,665,424	60,862	638,335	2,968,454
Total assets	4,972,289	9,813,761	470,662	3,813,526	317,979	803,942	20,192,159
LIABILITIES							
Current liabilities:							
Accounts payable	123,188	21,933	26,207	104,726	65,334	464,789	806,177
Other liabilities	1,409	8,923	11,434	44,322	60,490	83,168	209,746
Capital lease payable - current	-	-	-	-	-	28,808	28,808
Compensated absences payable - current	-	10,000	19,000	155,000	195,000	270,000	649,000
Self insurance claims - due within one year	2,316,272	4,231,808	-	-	-	-	6,548,080
Total current liabilities	2,440,869	4,272,664	56,641	304,048	320,824	846,765	8,241,811
Noncurrent liabilities:							
Compensated absences payable	-	10,339	18,354	76,890	92,771	118,458	316,812
Self insurance claims	1,023,163	7,096,550	-	-	-	-	8,119,713
Other post employment payable	106,755	11,614	39,132	82,202	116,749	145,735	502,187
Capital lease payable	-	-	-	-	-	44,812	44,812
Total noncurrent liabilities	1,129,918	7,118,503	57,486	159,092	209,520	309,005	8,983,524
Total liabilities	3,570,787	11,391,167	114,127	463,140	530,344	1,155,770	17,225,335
NET POSITION							
Invested in capital assets, net of related debt	603,833	-	-	1,665,424	60,862	564,715	2,894,834
Unrestricted	797,669	(1,577,406)	356,535	1,684,962	(273,227)	(916,543)	71,990
Total net position	\$ 1,401,502	\$ (1,577,406)	\$ 356,535	\$ 3,350,386	\$ (212,365)	\$ (351,828)	\$ 2,966,824

City of Oxnard, California
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For Fiscal Year Ended June 30, 2013

	Public Liability/ Property Damage	Worker's Compensation	Utility Customer Services	Information Services	Facilities Maintenance	Equipment Maintenance	Total
OPERATING REVENUES:							
Charges for services	\$ 2,815,449	\$ 5,573,074	\$ 1,506,113	\$ 3,789,329	\$ 3,568,744	\$ 9,586,628	\$ 26,839,337
Total operating income	2,815,449	5,573,074	1,506,113	3,789,329	3,568,744	9,586,628	26,839,337
OPERATING EXPENSES:							
Salaries and wages	59,393	334,945	524,445	1,869,362	2,513,485	3,549,430	8,851,060
Contractual services	213,720	409,944	74,680	48,532	111,820	131,339	990,035
Operating supplies	-	-	-	243,477	271,582	4,743,442	5,258,501
Utilities	-	2,496	8,158	928,955	589,840	21,667	1,551,116
Depreciation	1,667	603	480	168,087	29,241	60,662	260,740
General and administrative	262,956	450,362	913,716	362,741	249,508	491,040	2,730,323
Repairs and maintenance	15,689	24,612	14,997	413,755	106,232	824,332	1,399,617
Claims expenses	2,607,311	6,505,227	-	-	-	-	9,112,538
Total operating expenses	3,160,736	7,728,189	1,536,476	4,034,909	3,871,708	9,821,912	30,153,930
Operating income (loss)	(345,287)	(2,155,115)	(30,363)	(245,580)	(302,964)	(235,284)	(3,314,593)
NON-OPERATING REVENUES (EXPENSES):							
Interest income	(26,869)	(53,782)	1,200	(25,146)	2,857	1,514	(100,226)
Interest (expense)	-	-	-	-	-	(2,697)	(2,697)
Total non-operating revenues (expenses)	(26,869)	(53,782)	1,200	(25,146)	2,857	(1,183)	(102,923)
Income (loss) before contributions and transfers	(372,156)	(2,208,897)	(29,163)	(270,726)	(300,107)	(236,467)	(3,417,516)
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Changes in net assets	(372,156)	(2,208,897)	(29,163)	(270,726)	(300,107)	(236,467)	(3,417,516)
Net Position - July 1	1,773,658	(456,990)	385,698	3,621,112	87,742	(115,361)	5,295,859
Prior period adjustment	-	1,088,481	-	-	-	-	1,088,481
Net Position - June 30	\$ 1,401,502	\$ (1,577,406)	\$ 356,535	\$ 3,350,386	\$ (212,365)	\$ (351,828)	\$ 2,966,824

City of Oxnard, California
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2013

	Public Liability/ Property Damage	Worker's Compensation	Utility Customer Service	Information Services	Facilities Maintenance	Equipment Maintenance	Total
Cash flows from operating activities :							
Receipts from customers	\$ 2,835,020	\$ 5,592,791	\$ 1,506,113	\$ 3,789,329	\$ 3,569,854	\$ 9,586,628	\$ 26,879,735
Payments to suppliers	(374,885)	(873,213)	(1,044,062)	(2,105,897)	(1,298,343)	(5,829,331)	(11,525,731)
Payments to employees	(59,393)	(329,743)	(511,406)	(1,860,385)	(2,488,455)	(3,515,898)	(8,765,280)
Claims paid	(2,989,182)	(3,393,263)	-	-	-	-	(6,382,445)
Net cash flows from operating activities	<u>(588,440)</u>	<u>996,572</u>	<u>(49,355)</u>	<u>(176,953)</u>	<u>(216,944)</u>	<u>241,399</u>	<u>206,279</u>
Cash flows from capital financing activities:							
Acquisitions(Disposals) of capital assets	(10,000)	-	-	0	(5,049)	(47,891)	(62,940)
Interest paid on long-term debt	-	-	-	-	-	(2,697)	(2,697)
Principal paid on long-term debt	-	-	-	-	-	(27,984)	(27,984)
Net cash flows from capital financing activities	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,049)</u>	<u>(78,572)</u>	<u>(93,621)</u>
Cash flows from investing activities:							
Interest on investments	(26,869)	(53,782)	1,200	(25,146)	2,857	1,514	(100,226)
Cash flows from investing activities	<u>(26,869)</u>	<u>(53,782)</u>	<u>1,200</u>	<u>(25,146)</u>	<u>2,857</u>	<u>1,514</u>	<u>(100,226)</u>
Net increase (decrease) in cash and cash equivalents	<u>(625,309)</u>	<u>942,790</u>	<u>(48,155)</u>	<u>(202,099)</u>	<u>(219,136)</u>	<u>164,341</u>	<u>12,432</u>
Cash and cash equivalents-July 1	4,967,461	7,702,490	485,917	2,350,201	472,495	1,266	15,979,830
Cash and cash equivalents-June 30	<u>\$ 4,342,152</u>	<u>\$ 8,645,280</u>	<u>\$ 437,762</u>	<u>\$ 2,148,102</u>	<u>\$ 253,359</u>	<u>\$ 165,607</u>	<u>\$ 15,992,262</u>
Reconciliation of operating income (loss) to net cash used by operating activities:							
Operating income (loss)	\$ (345,287)	\$ (2,155,115)	\$ (30,363)	\$ (245,580)	\$ (302,964)	\$ (235,284)	\$ (3,314,593)
Adjustment to reconcile operating income to net cash provided by operating activities:							
Depreciation and amortization	1,667	603	480	168,087	29,241	60,662	260,740
Loss on Disposal of Capital Assets							
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable	19,571	19,717	0	0	1,110	0	40,398
Increase (decrease) in accounts payable	117,480	14,201	(32,511)	(108,437)	30,639	382,489	403,861
Increase (decrease) in self insurance liability	(381,871)	3,111,964	0	0	0	0	2,730,093
Increase (decrease) in compensated absences	0	5,202	13,039	8,977	25,030	33,532	85,780
Cash flows from operating activities	<u>\$ (588,440)</u>	<u>\$ 996,572</u>	<u>\$ (49,355)</u>	<u>\$ (176,953)</u>	<u>\$ (216,944)</u>	<u>\$ 241,399</u>	<u>\$ 206,279</u>

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

FIDUCIARY FUNDS



Fiduciary Funds
Statement of Changes in Fiduciary Net Position
June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ARTWORKS FUND				
Assets:				
Cash and Cash Equivalents	\$ 52,904	\$ 320	\$ 3	\$ 53,221
Total Assets	\$ 52,904	\$ 320	\$ 3	\$ 53,221
Liabilities:				
Trust and Agency Payables	\$ 52,904	\$ 320	\$ 3	\$ 53,221
Total Liabilities	\$ 52,904	\$ 320	\$ 3	\$ 53,221
IMPROVEMENT DISTRICTS FUND				
Assets:				
Cash and Cash Equivalents	\$ 5,659,766	\$ 6,278,068	\$ 7,056,329	\$ 4,881,505
Investments with Fiscal Agents	15,480,457	1,546,433	1,924,841	15,102,049
Total Assets	\$ 21,140,223	\$ 7,824,501	\$ 8,981,170	\$ 19,983,554
Liabilities:				
Trust and Agency Payables	\$ 21,140,223	\$ 7,824,501	\$ 8,981,170	\$ 19,983,554
Total Liabilities	\$ 21,140,223	\$ 7,824,501	\$ 8,981,170	\$ 19,983,554
ODMD				
Assets:				
Cash and Cash Equivalents	\$ 84,084	\$ 548,532	\$ 617,989	\$ 14,627
Total Assets	\$ 84,084	\$ 548,532	\$ 617,989	\$ 14,627
Liabilities:				
Trust and Agency Payables	\$ 84,084	\$ 548,532	\$ 617,989	\$ 14,627
Total Liabilities	\$ 84,084	\$ 548,532	\$ 617,989	\$ 14,627
TOTAL - ALL FIDUCIARY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 5,796,754	\$ 6,826,920	\$ 7,674,321	\$ 4,949,353
Investments with Fiscal Agents	15,480,457	1,546,433	1,924,841	15,102,049
Total Assets	\$ 21,277,211	\$ 8,373,353	\$ 9,599,162	\$ 20,051,402
Liabilities:				
Trust and Agency Payables	\$ 21,277,211	\$ 8,373,353	\$ 9,599,162	\$ 20,051,402
Total Liabilities	\$ 21,277,211	\$ 8,373,353	\$ 9,599,162	\$ 20,051,402

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STATISTICAL SECTION



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City of Oxnard, California

SCHEDULE I Net Position by Component Last Ten Fiscal Years (*accrual basis of accounting*)

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Net investment in capital asset	\$104,613,981	\$131,874,401	\$1,313,161,486	\$1,329,023,654	\$1,357,202,580
Restricted	12,510,935	16,183,475	15,902,180	33,774,265	48,175,216
Unrestricted	91,002,589	80,742,442	95,688,754	94,848,663	79,025,330
Total governmental activities net position	<u>\$208,127,505</u>	<u>\$228,800,318</u>	<u>\$1,424,752,420</u>	<u>\$1,457,646,582</u>	<u>\$1,484,403,126</u>
Business-type activities					
Net investment in capital asset	\$59,252,770	\$97,741,991	\$154,777,148	\$225,311,825	\$229,468,962
Restricted	7,380,620	7,696,523	13,405,164	12,508,465	8,782,553
Unrestricted	159,369,013	138,793,254	83,556,063	46,954,212	47,628,743
Total business-type activities net position	<u>\$226,002,403</u>	<u>\$244,231,768</u>	<u>\$251,738,375</u>	<u>\$284,774,502</u>	<u>\$285,880,258</u>
Primary government					
Net investment in capital asset	\$163,866,751	\$229,616,392	\$1,467,938,634	\$1,554,335,479	\$1,586,671,542
Restricted	19,891,555	23,879,998	29,307,344	46,282,730	56,957,769
Unrestricted	250,371,602	219,535,696	179,244,817	141,802,875	126,654,073
Total primary government net position	<u>\$434,129,908</u>	<u>\$473,032,086</u>	<u>\$1,676,490,795</u>	<u>\$1,742,421,084</u>	<u>\$1,770,283,384</u>

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE I Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

Fiscal Year					
2009	2010	2011	2012	2013	
					Governmental activities
\$1,371,345,945	\$1,377,784,811	\$1,411,737,702	\$1,386,189,664	\$1,407,060,810	Net investment in capital asset
12,852,498	25,080,711	72,142,274	18,707,789	28,720,391	Restricted
111,642,569	97,095,180	41,934,961	58,748,720	22,539,194	Unrestricted
<u>\$1,495,841,012</u>	<u>\$1,499,960,702</u>	<u>\$1,525,814,937</u>	<u>\$1,463,646,173</u>	<u>\$1,458,320,395</u>	Total governmental activities net position
					Business-type activities
\$238,066,640	\$250,720,062	\$265,617,506	\$264,692,784	\$285,475,430	Net investment in capital asset
7,811,268	17,706,319	18,417,110	17,602,552	16,577,898	Restricted
55,267,595	38,725,334	43,239,167	50,315,899	34,418,934	Unrestricted
<u>\$301,145,503</u>	<u>\$307,151,715</u>	<u>\$327,273,783</u>	<u>\$332,611,235</u>	<u>\$336,472,262</u>	Total business-type activities net position
					Primary government
\$1,609,412,585	\$1,628,504,873	\$1,677,355,208	\$1,650,882,448	\$1,692,536,240	Net investment in capital asset
20,663,766	42,787,030	90,559,384	36,310,341	45,298,289	Restricted
166,910,164	135,820,514	85,174,128	109,064,619	56,958,128	Unrestricted
<u>\$1,796,986,515</u>	<u>\$1,807,112,417</u>	<u>\$1,853,088,720</u>	<u>\$1,796,257,408</u>	<u>\$1,794,792,657</u>	Total primary government net position

City of Oxnard, California

SCHEDULE II Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

			Fiscal Year		
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$12,911,930	\$13,646,432	\$18,360,819	\$19,130,468	\$21,898,728
Public safety	58,758,103	68,542,046	75,789,982	80,579,263	88,547,776
Transportation	8,595,630	9,912,068	10,341,829	9,893,618	10,847,730
Community development	18,590,562	18,937,934	22,614,813	19,369,860	27,123,076
Culture and leisure	11,177,403	12,018,761	15,345,765	16,015,957	18,162,564
Libraries	3,940,974	3,919,671	4,654,234	5,025,580	5,517,965
Interest on long-term debt	2,305,762	2,299,356	1,904,516	3,263,821	4,701,143
Total governmental activities expenses	<u>116,280,364</u>	<u>129,276,268</u>	<u>149,011,958</u>	<u>153,278,567</u>	<u>176,798,982</u>
Business-type activities:					
Water	23,636,082	23,152,648	26,636,150	30,683,509	33,417,143
Wastewater	18,960,096	25,482,133	27,939,236	29,033,021	24,009,381
Environmental resource	35,070,009	37,117,879	38,535,592	39,817,351	45,329,486
Performing arts and convention center	1,402,812	1,565,920	1,590,321	1,761,156	1,829,853
Oxnard housing authority	24,462,843	25,507,125	24,724,889	23,494,108	23,758,739
Municipal golf course	3,130,165	4,028,435	3,983,695	4,433,702	3,794,080
Total business-type activities expenses	<u>106,662,007</u>	<u>116,854,140</u>	<u>123,409,883</u>	<u>129,222,847</u>	<u>132,138,682</u>
Total primary government expenses	<u>\$222,942,371</u>	<u>\$246,130,408</u>	<u>\$272,421,841</u>	<u>\$282,501,414</u>	<u>\$308,937,664</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$8,044,319	\$8,516,015	\$7,864,784	\$17,237,868	\$8,515,014
Public safety	3,654,740	5,306,818	6,513,674	6,114,255	4,921,670
Transportation	1,455,304	2,468,510	4,369,882	4,217,846	4,050,457
Community development	16,712,568	23,822,460	24,448,745	11,095,658	15,030,222
Culture and leisure	1,772,109	2,725,055	928,054	3,903,705	4,401,090
Libraries	214,559	209,622	169,339	320,939	246,576
Operating grants and contributions	39,370,445	20,254,587	30,436,511	25,025,965	23,207,919
Capital grants and contributions	-	-	16,758,901	6,804,709	12,902,805
Total governmental activities program revenues	<u>71,224,044</u>	<u>63,303,067</u>	<u>91,489,890</u>	<u>74,720,945</u>	<u>73,275,753</u>

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE II Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

		Fiscal Year			
2009	2010	2011	2012	2013	
					Expenses
					Governmental activities:
\$19,717,999	\$18,695,220	\$20,845,702	\$18,680,585	\$18,129,124	General government
86,249,353	92,554,917	92,702,882	98,603,456	103,079,427	Public safety
10,600,127	10,321,184	10,521,098	11,030,990	10,331,822	Transportation
26,989,828	32,863,176	26,225,688	33,705,121	21,162,624	Community development
20,945,072	19,016,619	19,047,037	18,858,694	19,334,566	Culture and leisure
5,341,028	5,176,704	5,230,252	5,203,318	4,916,628	Libraries
6,519,008	5,583,856	5,503,330	3,532,902	2,973,016	Interest on long-term debt
176,362,415	184,211,676	180,075,989	189,615,066	179,927,207	Total governmental activities expenses
					Business-type activities:
29,837,359	36,797,806	34,062,940	37,910,096	44,762,850	Water
22,337,575	24,205,554	23,052,505	29,078,392	34,396,819	Wastewater
41,117,534	39,296,115	41,405,568	41,581,865	40,601,250	Environmental resource
1,799,861	1,651,658	1,606,129	1,587,496	1,534,353	Performing arts and convention center
26,153,807	25,259,519	24,911,450	24,398,669	25,397,453	Oxnard housing authority
7,601,054	4,507,360	6,104,614	6,048,938	6,150,325	Municipal golf course
128,847,190	131,718,012	131,143,206	140,605,456	152,843,050	Total business-type activities expenses
<u>\$305,209,605</u>	<u>\$315,929,688</u>	<u>\$311,219,195</u>	<u>\$330,220,522</u>	<u>\$332,770,257</u>	Total primary government expenses
					Program Revenues
					Governmental activities:
					Charges for services:
\$9,765,771	\$10,203,810	\$8,422,050	\$9,471,575	\$8,408,578	General government
5,017,708	4,202,162	4,246,985	4,426,984	4,460,425	Public safety
4,042,492	5,068,843	2,131,535	2,145,431	3,152,660	Transportation
11,825,981	6,366,499	7,198,058	12,576,655	4,316,880	Community development
5,273,551	5,237,167	5,037,380	5,605,866	4,667,879	Culture and leisure
260,577	428,872	399,582	378,004	427,152	Libraries
25,875,331	24,380,018	27,293,717	30,155,325	27,406,424	Operating grants and contributions
9,420,033	17,106,111	35,331,568	16,598,931	8,313,758	Capital grants and contributions
<u>71,481,444</u>	<u>72,993,482</u>	<u>90,060,875</u>	<u>81,358,771</u>	<u>61,153,756</u>	Total governmental activities program revenues

City of Oxnard, California

SCHEDULE II Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Business-type activities:					
Charges for services:					
Water	\$28,401,190	\$34,334,436	\$32,150,667	\$36,855,486	\$35,378,947
Wastewater	23,532,305	33,709,319	26,139,278	24,503,133	27,621,114
Environmental resource	32,965,746	36,071,999	36,704,264	40,122,057	42,795,069
Performing arts and convention center	371,553	468,732	483,475	517,766	485,548
Oxnard housing authority	23,024,813	21,411,579	23,197,945	23,137,523	23,785,335
Municipal golf course	7,487,215	3,119,621	3,899,645	3,999,148	3,234,074
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	1,306,910	-	-
Total business-like activities program revenues	<u>115,782,822</u>	<u>129,115,686</u>	<u>123,882,184</u>	<u>129,135,113</u>	<u>133,300,087</u>
Total primary government program revenues	<u>\$187,006,866</u>	<u>\$192,418,753</u>	<u>\$215,372,074</u>	<u>\$203,856,058</u>	<u>\$206,575,840</u>
 Net (expense) revenue					
Governmental activities	(45,056,320)	(65,973,201)	(57,522,068)	(78,557,622)	(103,523,229)
Business-like activities	<u>9,120,815</u>	<u>12,261,546</u>	<u>472,301</u>	<u>(87,734)</u>	<u>1,161,405</u>
Total primary government net expense	<u>(\$35,935,505)</u>	<u>(\$53,711,655)</u>	<u>(\$57,049,767)</u>	<u>(\$78,645,356)</u>	<u>(\$102,361,824)</u>
 General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$35,245,432	\$49,096,920	\$58,537,770	\$68,429,117	\$75,726,666
Sales taxes	22,772,358	23,212,641	23,985,182	25,783,808	24,205,622
Transient occupancy taxes	2,222,553	2,445,468	3,309,716	3,550,903	3,618,611
Franchise taxes	3,718,917	4,572,206	3,914,317	3,686,627	3,986,567
Deed transfer taxes	1,159,215	1,196,393	1,230,768	880,370	860,378
Business license taxes	4,386,245	3,967,972	4,470,841	4,504,455	4,662,658
Penalties on delinquent taxes	181,655	126,250	132,403	129,679	123,956
Investment earnings	4,547,276	3,911,106	4,860,461	6,653,231	7,561,978
Sale of capital assets	-	-	7,146,270	-	4,351,772
Transfers	(1,778,579)	(1,882,942)	(2,280,393)	(2,166,406)	5,181,566
Extraordinary loss	-	-	-	-	-
Contributions to other government	-	-	-	-	-
Total governmental activities	<u>72,455,072</u>	<u>86,646,014</u>	<u>105,307,335</u>	<u>111,451,784</u>	<u>130,279,774</u>
Business-type activities:					
Investment earnings	2,080,206	4,486,577	4,753,913	7,480,785	5,125,917
Sale of capital assets	-	-	-	23,476,670	-
Transfers	<u>1,488,793</u>	<u>1,481,242</u>	<u>2,280,393</u>	<u>2,166,406</u>	<u>(5,181,566)</u>
Total business-type activities	<u>3,568,999</u>	<u>5,967,819</u>	<u>7,034,306</u>	<u>33,123,861</u>	<u>(55,649)</u>
Total primary program	<u>\$76,024,071</u>	<u>\$92,613,833</u>	<u>\$112,341,641</u>	<u>\$144,575,645</u>	<u>\$130,224,125</u>
 Change in Net Position					
Governmental activities	27,398,752	20,672,813	47,785,267	32,894,162	26,756,545
Business-type activities	<u>12,689,814</u>	<u>18,229,365</u>	<u>7,506,607</u>	<u>33,036,127</u>	<u>1,105,756</u>
Total primary government	<u>\$40,088,566</u>	<u>\$38,902,178</u>	<u>\$55,291,874</u>	<u>\$65,930,289</u>	<u>\$27,862,301</u>

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE II Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

		Fiscal Year			
	2009	2010	2011	2012	2013
					Business-type activities:
					Charges for services:
\$38,477,754	\$38,439,653	\$43,170,566	\$46,769,748	\$51,056,102	Water
24,846,717	22,566,372	25,157,094	31,528,171	30,998,260	Wastewater
39,695,711	40,468,627	45,047,154	44,217,775	42,535,271	Environmental resource
483,371	513,857	439,653	545,270	483,778	Performing arts and convention center
6,105,106	4,686,681	4,786,715	5,157,388	5,173,132	Oxnard housing authority
4,398,074	4,278,241	3,905,224	4,063,299	4,157,668	Municipal golf course
19,635,556	20,781,204	20,524,235	18,727,259	18,595,158	Operating grants and contributions
543,140	192,400	2,308,206	1,002,582	966,935	Capital grants and contributions
134,185,429	131,927,035	145,338,847	152,011,492	153,966,304	Total business-like activities program revenues
\$205,666,873	\$204,920,517	\$235,399,722	\$233,370,263	\$215,120,060	Total primary government program revenues
					Net (expense) revenue
(104,880,971)	(111,218,194)	(90,015,114)	(108,256,295)	(118,773,451)	Governmental activities
5,338,239	209,023	14,195,641	11,406,036	1,123,254	Business-like activities
(\$99,542,732)	(\$111,009,171)	(\$75,819,473)	(\$96,850,259)	(\$117,650,197)	Total primary government net expense
					General Revenues and Other Changes in Net Position
					Governmental activities:
					Taxes
\$76,681,392	\$72,817,719	\$71,118,203	\$63,176,888	\$55,148,254	Property taxes
24,043,286	28,103,051	33,396,737	37,453,124	35,156,013	Sales taxes
3,328,803	3,061,163	3,301,864	3,402,793	3,826,954	Transient occupancy taxes
4,635,616	3,439,645	3,495,532	3,435,823	3,842,351	Franchise taxes
573,882	509,370	528,563	412,471	628,780	Deed transfer taxes
5,059,323	4,692,615	4,412,881	6,125,278	4,562,692	Business license taxes
145,945	136,565	105,158	126,609	121,064	Penalties on delinquent taxes
5,556,004	2,769,250	1,934,083	1,354,128	(21,216)	Investment earnings
59,319	694,185	141,123	57,768	119,184	Sale of capital assets
(3,764,713)	(885,679)	(2,564,795)	(2,184,229)	(2,166,145)	Transfers
-	-	-	(65,066,037)		Extraordinary loss
-	-	-	(14,627)		Contributions to other government
116,318,857	115,337,884	115,869,349	48,279,989	101,217,931	Total governmental activities
					Business-type activities:
3,299,336	1,911,510	3,361,632	3,168,662	2,445,183	Investment earnings
2,862,957	-	-	-		Sale of capital assets
3,764,713	885,679	2,564,795	2,184,229	2,166,145	Transfers
9,927,006	2,797,189	5,926,427	5,352,891	4,611,328	Total business-type activities
\$126,245,863	\$118,135,073	\$121,795,776	\$53,632,880	\$105,829,259	Total primary program
					Change in Net Position
11,437,886	4,119,690	25,854,235	(59,976,306)	(17,555,520)	Governmental activities
15,265,245	3,006,212	20,122,068	16,758,927	5,734,582	Business-type activities
\$26,703,131	\$7,125,902	\$45,976,303	(\$43,217,379)	(\$11,820,938)	Total primary government

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE III Fund Balances of Governmental Funds Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 1,180,342	\$ 4,201,060	\$ 3,658,849	\$ 3,573,245	\$ 344,987
Unreserved	25,398,644	19,197,335	23,523,456	21,424,406	20,108,117
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$26,578,986</u>	<u>\$23,398,395</u>	<u>\$27,182,305</u>	<u>\$24,997,651</u>	<u>\$20,453,104</u>
All other governmental funds					
Reserved	\$ 11,330,593	\$ 11,982,415	\$ 12,243,331	\$ 30,201,020	\$ 11,148,128
Unreserved, reported in:					
Special revenue funds	55,595,303	53,104,087	58,172,246	51,516,503	61,096,986
Capital projects funds	21,790,919	22,103,670	26,320,799	47,966,047	81,877,539
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$88,716,815</u>	<u>\$87,190,172</u>	<u>\$96,736,376</u>	<u>\$129,683,570</u>	<u>\$154,122,653</u>

Note: Effective fiscal year 2011, City implemented GASB54, new classification of fund balances.

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE III

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

		Fiscal Year			
2009	2010	2011	2012	2013	
					General Fund
\$ -	\$ -	\$ -	\$ -	\$ -	Reserved
23,794,737	29,726,794	-	-	-	Unreserved
-	-	-	-	4,714,203	Nonspendable
-	-	-	-	1,482,872	Restricted
-	-	17,472,751	18,093,783	14,658,123	Assigned
-	-	15,648,084	15,666,268	11,359,847	Unassigned
<u>\$23,794,737</u>	<u>\$29,726,794</u>	<u>\$ 33,120,835</u>	<u>\$ 33,760,051</u>	<u>\$ 32,215,045</u>	Total general fund
					All other governmental funds
\$ 12,852,498	\$ 13,811,524	\$ -	\$ -	\$ -	Reserved
					Unreserved, reported in:
61,924,849	61,896,005	-	-	-	Special revenue funds
72,705,295	59,395,831	-	-	-	Capital projects funds
-	-	13,230,067	-	3,305,113	Nonspendable
-	-	34,500,580	18,707,789	27,237,519	Restricted
-	-	80,823,243	51,415,603	4,456,543	Assigned
-	-	(2,764,967)	(6,386,154)	14,859,161	Unassigned
<u>\$147,482,642</u>	<u>\$135,103,360</u>	<u>\$ 125,788,923</u>	<u>\$ 63,737,238</u>	<u>\$ 49,858,336</u>	Total all other governmental funds

City of Oxnard, California

SCHEDULE IV Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Taxes	\$69,686,376	\$84,617,850	\$95,580,997	\$106,964,959	\$113,184,458
Licenses and permits	2,182,715	2,116,934	5,937,172	3,434,727	2,792,191
Intergovernmental	40,834,560	27,036,948	31,543,392	31,830,674	36,110,724
Growth and development fees	9,004,335	10,061,956	9,616,234	4,984,467	5,724,940
Charges for services	11,105,208	15,358,432	14,721,778	11,418,999	12,877,753
Fines and forfeitures	1,198,456	1,248,242	1,320,782	1,383,780	1,350,628
Interest	4,547,276	3,911,106	4,860,461	6,653,231	7,561,978
Special assessments	2,089,097	2,240,492	2,346,088	14,967,993	9,014,090
Contributions from property owners	-	-	1,085,000	-	-
Rental income	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous	4,809,675	5,240,064	10,352,424	6,700,305	9,757,199
Total revenues	145,457,698	151,832,024	177,364,328	188,339,135	198,373,961
Expenditures					
General government	11,444,213	11,788,754	11,994,048	12,283,152	12,390,389
Public safety	55,856,590	64,312,956	69,405,713	75,815,578	80,409,884
Transportation	8,108,305	9,709,306	10,254,324	10,136,221	10,642,590
Community development	17,912,245	18,597,956	22,100,626	18,962,172	26,158,572
Culture and leisure	10,824,801	11,520,103	14,366,317	15,141,511	16,894,790
Library services	3,818,769	3,731,437	4,214,038	4,558,864	4,950,293
Capital outlay	31,640,247	29,924,300	41,227,891	56,309,445	52,283,436
Debt Service:					
Principal	2,908,600	2,999,393	7,983,492	2,251,795	2,754,823
Cost of issuance	-	-	-	-	-
Interest	2,102,073	2,072,111	1,920,662	2,411,174	3,810,737
Total expenditures	144,615,843	154,656,316	183,467,111	197,869,912	210,295,514
Excess of revenues over (under) expenditures	841,855	(2,824,292)	(6,102,783)	(9,530,777)	(11,921,553)
Other Financing Sources (Uses)					
Proceeds from loans payable	-	-	-	-	-
Proceeds from financing sources	34,750,209	-	-	-	-
Payment to escrow agent	(13,601,060)	-	14,567,020	-	-
Proceeds from sale of property	-	-	1,885,649	-	-
Proceeds from sale of bonds	-	-	-	42,459,723	26,634,523
Bond discount	-	-	-	-	-
Transfers in	6,475,027	10,770,253	13,659,615	13,159,636	14,107,966
Transfers out	(8,253,606)	(12,653,195)	(10,679,387)	(15,326,042)	(8,926,400)
Total other financing sources (uses)	19,370,570	(1,882,942)	19,432,897	40,293,317	31,816,089
Special items:					
Contributions from other funds	-	-	-	-	-
Contributions to other funds	-	-	-	-	-
Capital contributions	-	-	-	-	-
Extraordinary loss	-	-	-	-	-
Total special items	-	-	-	-	-
Net change in fund balances	\$20,212,425	(\$4,707,234)	\$13,330,114	\$30,762,540	\$19,894,536
Debt service as a percentage of noncapital expenditures	4.44%	4.07%	6.96%	3.29%	4.16%

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE IV Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year					
	2009	2010	2011	2012	2013	
						Revenues
\$114,468,247	\$112,760,128	\$116,358,938	\$114,132,986	\$103,286,108		Taxes
2,470,865	2,267,581	2,002,416	3,662,851	2,702,302		Licenses and permits
32,290,549	42,232,125	58,971,454	39,321,626	38,740,617		Intergovernmental
7,210,668	1,502,781	2,663,779	5,979,605	1,828,294		Growth and development fees
10,705,908	11,007,992	10,668,661	9,967,288	9,175,312		Charges for services
1,408,066	1,213,655	1,233,733	1,311,689	977,098		Fines and forfeitures
5,556,004	2,769,250	1,934,083	1,105,534	(21,216)		Interest
8,611,926	9,168,150	9,013,480	8,084,122	7,971,903		Special assessments
-	-	-	-	-		Contributions from property owners
-	-	-	148,993	-		Rental income
-	-	-	248,594	-		Investment income
5,837,966	8,268,073	3,673,052	8,304,617	4,359,097		Miscellaneous
188,560,199	191,189,735	206,519,596	192,267,905	169,019,515		Total revenues
						Expenditures
11,883,205	11,145,722	11,041,050	10,355,408	10,438,952		General government
74,877,737	84,818,990	84,439,008	86,218,656	91,190,673		Public safety
9,829,554	10,137,568	10,338,211	10,347,787	9,659,263		Transportation
25,832,640	32,073,825	24,803,125	22,357,237	20,333,591		Community development
19,348,413	17,751,755	17,789,287	17,175,797	17,779,933		Culture and leisure
4,755,540	4,632,177	4,682,033	4,553,275	4,334,991		Library services
43,704,965	34,739,151	54,785,588	46,868,230	33,897,212		Capital outlay
						Debt Service:
3,168,595	3,743,020	3,926,631	4,362,740	3,451,261		Principal
791,867	-	-	-	45,002		Cost of issuance
5,574,369	5,230,494	5,151,761	4,061,894	2,941,600		Interest
199,766,885	204,272,702	216,956,694	206,301,024	194,072,478		Total expenditures
(11,206,686)	(13,082,967)	(10,437,098)	(14,033,119)	(25,052,963)		Excess of revenues over (under) expenditures
						Other Financing Sources (Uses)
-	-	-	-	-		Proceeds from loans payable
-	-	-	-	-		Proceeds from financing sources
-	-	-	-	(6,197,285)		Payment to escrow agent
-	-	-	-	-		Proceeds from sale of property
11,790,000	1,395,646	1,295,771	3,680,714	6,802,986		Proceeds from sale of bonds
(116,979)	-	-	-	48,238		Bond discount/premium
10,573,077	10,550,390	11,718,345	6,108,518	5,869,128		Transfers in
(14,337,790)	(5,310,294)	(8,497,414)	(8,292,747)	(8,035,273)		Transfers out
7,908,308	6,635,742	4,516,702	1,496,485	(1,512,206)		Total other financing sources (uses)
						Special items:
-	-	-	76,891,362	-		Contributions from other funds
-	-	-	(76,891,362)	-		Contributions to other funds
-	-	-	(14,627)	-		Capital contributions
-	-	-	(48,861,208)	-		Extraordinary loss
-	-	-	(48,875,835)	-		Total special items
(\$3,298,378)	(\$6,447,225)	(\$5,920,396)	(\$61,412,469)	(\$26,565,169)		Net change in fund balances
6.11%	5.29%	5.60%	5.28%	4.02%		Debt service as a percentage of noncapital expenditures

City of Oxnard, California

SCHEDULE V
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Transient Occupancy Tax	Franchise Tax	Deed Transfer Tax	Business License	Penalties and Interest	Total
2004	35,245,432	22,772,358	2,222,553	3,718,917	1,159,215	4,386,245	181,655	69,686,375
2005	49,096,920	23,212,641	2,445,468	4,572,206	1,196,393	3,967,972	126,250	84,617,850
2006	58,537,770	23,985,182	3,309,716	3,914,317	1,230,768	4,470,841	132,403	95,580,997
2007	68,429,117	25,783,808	3,550,903	3,686,627	880,370	4,504,455	129,679	106,964,959
2008	75,726,666	24,205,622	3,618,611	3,986,567	860,378	4,662,658	123,956	113,184,458
2009	76,681,392	24,043,286	3,328,803	4,635,616	573,882	5,059,323	145,945	114,468,247
2010	72,817,719	28,103,051	3,061,163	3,439,645	509,370	4,692,615	136,565	112,760,128
2011	71,118,203	33,396,737	3,301,864	3,495,532	528,563	4,412,881	105,158	116,358,938
2012	63,176,888	37,453,124	3,402,793	3,435,823	412,471	6,125,278	126,609	114,132,986
2013	55,148,254	35,156,013	3,826,954	3,842,351	628,780	4,562,692	121,064	103,286,108

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE VI Assessed Value and Estimated Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Land	Improvements	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2004	3,613,674,889	6,152,956,699	580,195,155	1,346,099,223	9,000,727,520	1.20384%	9,000,727,520	100.00%
2005	4,320,681,588	6,818,196,522	484,878,479	1,537,114,090	10,086,642,499	1.19624%	10,086,642,499	100.00%
2006	5,266,423,145	7,510,814,807	564,046,351	1,835,609,239	11,505,675,064	1.17614%	11,505,675,064	100.00%
2007	6,122,287,297	8,427,981,083	598,530,800	2,126,175,049	13,022,624,131	1.16564%	13,022,624,131	100.00%
2008	7,043,458,754	8,801,081,711	608,929,391	2,299,830,016	14,153,639,840	1.17864%	14,153,639,840	100.00%
2009	7,364,501,802	8,753,745,455	637,023,113	2,692,759,267	14,062,511,103	1.19334%	14,062,511,103	100.00%
2010	6,699,090,916	8,441,834,476	648,608,797	654,220,264	15,135,313,925	1.20384%	15,135,313,925	100.00%
2011	6,524,818,244	8,540,793,743	618,870,116	654,216,502	15,030,265,601	1.22054%	15,030,265,601	100.00%
2012	6,423,814,010	8,584,579,684	596,771,651	673,465,559	14,931,699,786	1.20544%	14,931,699,786	100.00%
2013	6,304,938,777	8,677,033,769	617,612,672	422,079,822	15,177,505,396	1.20424%	15,177,505,396	100.00%

NOTE: The County does not provide the breakdown of residential and commercial assessed values to the cities. The City also no longer have the information available for the residential and commercial assessed values. The personal property amounts include assessed values for boats and aircraft.

Source: County of Ventura, Office of the Auditor-Controller
Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE VII Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct & Overlapping Rates
	Basic (1)	Debt Service	Total Direct	School Districts	Water Districts	Total Overlapping	
2004	1.00000%	0.20384%	1.20384%	0.09770%	0.04476%	0.14246%	1.34630%
2005	1.00000%	0.19624%	1.19624%	0.08410%	0.04224%	0.12634%	1.32258%
2006	1.00000%	0.17614%	1.17614%	0.09850%	0.03691%	0.13541%	1.31155%
2007	1.00000%	0.16564%	1.16564%	0.08220%	0.03272%	0.11492%	1.28056%
2008	1.00000%	0.17864%	1.17864%	0.10500%	0.02922%	0.13422%	1.31286%
2009	1.00000%	0.19334%	1.19334%	0.11160%	0.01290%	0.12450%	1.31784%
2010	1.00000%	0.20384%	1.20384%	0.11470%	0.01290%	0.12760%	1.33144%
2011	1.00000%	0.22054%	1.22054%	0.11990%	0.01110%	0.13100%	1.35154%
2012	1.00000%	0.20544%	1.20544%	0.12200%	0.01110%	0.13310%	1.33854%
2013	1.00000%	0.20424%	1.20424%	0.11980%	0.00000%	0.11980%	1.32404%

NOTE: (1) The passage of Proposition 13 on June 6, 1978 established a maximum countywide levy of 1% of market value or \$1.00 per \$100 of assessed value.

Source: County of Ventura, Office of the Auditor-Controller

City of Oxnard, California

SCHEDULE VIII Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Proctor & Gamble Paper Products	268,098,003	1	1.75%	270,808,814	1	2.70%
St Johns Regional Medical Center	230,115,059	2	1.50%			
Essex Arbors LP	197,972,713	3	1.29%			
SOCMI LLC	91,198,200	4	0.60%			
Sunbelt Enterprises LLC	86,539,573	5	0.56%			
Capri of KW Serenade LLC	83,068,300	6	0.54%			
Haas Automation Inc	82,295,400	7	0.54%			
GS Paz Mar LP	70,530,594	8	0.46%			
Reliant Energy Ormond Beach, Inc				166,200,000	2	1.66%
SI VIII LLC				74,524,729	3	0.74%
Weyerhaeuser Company				59,789,800	4	0.60%
Duesenberg Investment Company	67,133,520	9	0.44%	59,179,100	5	0.59%
Genon Energy West LP-Mandalay	66,700,000	10	0.44%			
Channel Islands Harbor Investment Co LP				58,696,857	6	0.58%
Fred Kavli				51,850,693	7	0.52%
Reliant Energy Mandalay, Inc				51,476,532	8	0.51%
Seminis Inc				49,662,634	9	0.49%
GSA Vintage-Rose Apts LP				46,364,974	10	0.46%
Other taxpayers	14,074,261,994		91.88%	9,151,420,675		91.15%
Totals	15,317,913,356		100.00%	10,039,974,808		100.00%

Source: HdL Coren & Cone, Ventura County Assessor 2012/13 Combined Tax Rolls and the SBE Non Unitary Tax Roll

City of Oxnard, California

SCHEDULE IX

Property Tax Levies and Collections Last Ten Fiscal Years

Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	35,432,169	34,937,526	98.60%	344,390	35,281,916	99.58%
2005	46,496,506	46,356,420	99.70%	126,250	46,482,670	99.97%
2006	54,511,910	53,889,833	98.86%	132,403	54,022,236	99.10%
2007	62,871,775	62,416,666	99.28%	129,679	62,546,345	99.48%
2008	73,234,168	71,707,923	97.92%	121,075	71,828,998	98.08%
2009	71,489,249	71,034,625	99.36%	145,945	71,180,570	99.57%
2010	75,929,128	71,755,189	94.50%	136,565	71,891,754	94.68%
2011	72,434,536	71,118,203	98.18%	105,158	71,223,361	98.33%
2012	70,330,200	63,176,888	89.83%	126,609	63,303,497	90.01%
2013	53,833,600	52,537,321	97.59%	121,064	52,658,385	97.82%

NOTE: City used original budget for the total tax levy for the fiscal year.

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE X Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	(1) Percentage of Personal Income	(2) Per Capita
	Revenue Bonds	Certificates of Participation	Tax Allocation Bonds	Capital Leases	Revenue Bonds	Capital Leases			
2004	22,874,301	8,045,000	19,185,000	1,729,354	214,035,699	2,916,139	268,785,493	9.310%	1,479
2005	21,607,009	7,835,000	18,635,000	1,412,398	236,943,314	2,469,070	288,901,791	9.339%	1,554
2006	19,975,756	7,620,000	18,030,000	1,086,013	298,559,567	2,010,676	347,282,012	10.649%	1,850
2007	43,109,750	7,395,000	37,940,000	749,911	292,625,260	1,536,788	383,356,709	10.970%	2,025
2008	41,746,367	34,835,000	37,040,000	493,471	286,428,643	4,603,874	405,147,355	11.009%	2,112
2009	40,337,356	34,350,000	47,755,000	293,886	278,427,654	4,053,370	405,217,266	10.800%	2,090
2010	38,877,717	33,600,000	46,475,000	1,436,151	370,257,293	3,632,411	494,278,572	13.333%	2,510
2011	37,359,198	32,820,000	45,155,000	2,552,594	383,230,810	3,623,668	504,741,270	13.498%	2,524
2012	35,781,802	32,010,000	-	5,665,006	372,713,206	2,963,438	449,133,452	11.319%	2,241
2013	34,146,715	25,335,000	-	11,101,548	361,808,291	2,620,593	435,012,147	10.825%	2,166

NOTE: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(2) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE XI

Direct and Overlapping Governmental Activities Debt

As of June 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Oxnard Overlapping Debt:			
Metropolitan Water District	165,085,000	0.722%	1,191,914
Ventura County Community College District	308,659,326	14.649%	45,215,505
Ventura County Superintendent of Schools - Certificates of Participation	11,510,000	14.643%	1,685,409
Ventura County General Fund Obligations	388,450,000	14.643%	56,880,734
Oxnard Union High School District	91,662,016	45.867%	42,042,617
Oxnard Union High School District - Certificates of Participation	7,680,000	45.867%	3,522,586
Oxnard School District	152,703,139	91.914%	140,355,563
Oxnard School District - Certificates of Participation	4,845,100	91.914%	4,453,325
Rio School District	14,675,000	86.381%	12,676,412
Rio School District - Certificates of Participation	7,420,000	86.381%	6,409,470
Hueneme School District	26,287,428	43.599%	11,461,056
Ocean View School District	11,410,247	41.084%	4,687,786
Ocean View School District - Certificates of Participation	1,521,500	41.084%	625,093
Rio School District - Community Facilities District 1	29,600,000	100.000%	29,600,000
City of Oxnard - Rose Avenue/Hwy 101 Assessment District 96-1	2,500,000	100.000%	2,500,000
City of Oxnard - Rice Avenue/Hwy 101 Assessment District 2001-1	11,835,000	100.000%	11,835,000
City of Oxnard - Oxnard Blvd/Hwy 101 Assessment District 2000-1	1,965,000	100.000%	1,965,000
City of Oxnard Community Facilities District 1	8,750,000	100.000%	8,750,000
City of Oxnard Community Facilities District 3	30,810,000	100.000%	30,810,000
City of Oxnard Community Facilities District 88-1	230,000	100.000%	230,000
Oxnard Boulevard Interchange Community District	7,980,000	100.000%	7,980,000
Successor Agency - Tax Increment Debt	42,380,000	100.000%	42,380,000
Subtotal - Overlapping Debt	1,327,958,756		467,257,470
City of Oxnard Direct Debt:			
City of Oxnard Financing Authority			70,583,263
Subtotal - Direct Debt			70,583,263
Total direct and overlapping debt			537,840,733

The method used to calculate the overlapping debt is based on the percentage of the overlapping agency's assessed valuation located within boundaries of the City.

Capital lease payable amount were added to the numbers provided by California Municipal Statistics.

Source: California Municipal Statistics, Inc.

City of Oxnard, California

SCHEDULE XII
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	1,534,332	1,726,418	1,983,111	2,250,164	2,449,824	2,493,677	2,349,884	2,333,523	2,322,196	2,319,396
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>1,534,332</u>	<u>1,726,418</u>	<u>1,983,111</u>	<u>2,250,164</u>	<u>2,449,824</u>	<u>2,493,677</u>	<u>2,349,884</u>	<u>2,333,523</u>	<u>2,322,196</u>	<u>2,319,396</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	12,999,663
Add back: exempt real property	<u>2,462,977</u>
Total assessed value	15,462,640
Debt limit (15% of total assessed value)	2,319,396
Debt applicable to limit:	
General obligation bonds	421,290
Less: assets in debt service funds for principal payments	
Revenue bonds - governmental activities	(34,147)
Revenue bonds - business-type activities	(361,808)
Tax allocation bonds-community development commission	
Certificates of participation	<u>(25,335)</u>
Total net debt applicable limit	<u>0</u>
Legal debt margin	<u><u>2,319,396</u></u>

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE XIII Pledged Revenue Coverage Last Ten Fiscal Years

Water Revenue Bonds						
Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Interest	Coverage
2004	28,898,906	19,899,216	8,999,690	235,000	1,315,783	5.80
2005	34,609,573	18,351,471	16,258,102	1,150,000	2,682,330	4.24
2006	34,212,012	21,865,005	12,347,007	1,202,083	2,699,580	3.16
2007	40,719,155	22,674,080	18,045,075	1,205,000	2,625,730	4.71
2008	38,369,885	27,732,616	10,637,269	1,235,000	5,253,315	1.64
2009	40,395,380	25,883,824	14,511,556	2,040,000	5,149,575	2.02
2010	39,764,998	28,681,992	11,083,006	2,105,000	8,049,790	1.09
2011	46,118,265	29,910,426	16,207,839	2,209,809	11,621,908	1.17
2012	49,580,413	30,309,016	19,271,397	3,195,568	11,858,798	1.28
2013	53,306,397	36,096,926	17,209,471	3,479,490	10,524,675	1.23

Environmental Resources Revenue Bonds						
Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Interest	Coverage
2004	33,200,540	30,574,399	2,626,141	1,433,833	1,216,797	0.99
2005	36,529,711	34,228,035	2,301,676	19,001,588	1,155,331	0.11
2006	36,878,690	36,342,348	536,342	2,033,392	1,117,677	0.17
2007	40,322,484	38,170,528	2,151,956	2,142,556	1,036,405	0.68
2008	42,986,155	43,113,155	(127,000)	2,102,040	943,620	(0.04)
2009	39,901,815	38,055,524	1,846,291	2,335,505	970,779	0.56
2010	40,614,642	37,258,502	3,356,140	2,447,346	885,840	1.01
2011	45,243,032	39,058,556	6,184,476	2,534,094	1,178,081	1.67
2012	44,403,042	38,874,986	5,528,056	2,651,878	929,973	1.54
2013	42,668,594	38,235,619	4,432,975	2,729,777	763,442	1.27

Note: The above operating expenses figures do not include depreciation and debt service expenses. The City's bond obligations are secured by the pledge of the net system revenues, detailed information is on the Notes to the financial statements.

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE XIII Pledged Revenue Coverage Last Ten Fiscal Years

Wastewater Revenue Bonds						Fiscal Year
Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Interest	Coverage	
23,182,456	12,958,128	10,224,328	1,750,000	1,924,827	2.78	2004
36,892,293	14,715,076	22,177,217	1,815,000	5,969,101	2.85	2005
28,512,017	16,185,708	12,326,309	1,885,000	6,682,905	1.44	2006
27,322,064	16,956,481	10,365,583	2,135,000	7,259,743	1.10	2007
29,054,646	17,562,559	11,492,087	2,260,000	7,418,756	1.19	2008
28,762,308	16,268,395	12,493,913	3,155,000	7,282,032	1.20	2009
23,165,658	17,588,757	5,576,901	3,255,000	7,284,462	0.53	2010
25,373,362	16,484,729	8,888,633	3,367,079	7,359,648	0.83	2011
31,680,309	18,146,959	13,533,350	3,532,784	7,060,378	1.28	2012
31,045,715	18,763,458	12,282,257	3,709,555	6,882,148	1.16	2013
Oxnard Housing Authority Revenue Bonds						Fiscal Year
Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Interest	Coverage	
21,823,107	22,305,475	(482,368)	-	181,708	(2.65)	2004
21,515,845	23,235,370	(1,719,525)	205,000	231,660	(3.94)	2005
23,321,917	22,699,304	622,613	205,000	227,758	1.44	2006
22,616,071	21,496,289	1,119,782	215,000	243,407	2.44	2007
23,956,893	21,916,273	2,040,620	220,000	218,233	4.66	2008
25,784,589	24,427,197	1,357,392	225,000	209,945	3.12	2009
24,847,419	23,750,482	1,096,937	235,000	212,903	2.45	2010
25,312,733	23,531,077	1,781,656	240,000	198,220	4.07	2011
23,905,239	23,029,780	875,459	250,000	189,204	1.99	2012
23,782,397	23,948,254	(165,857)	260,000	180,456	(0.38)	2013

City of Oxnard, California

SCHEDULE XIV Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Personal Income (in thous)	(2) Per Capita Income	(3) Median Age	(4) School Enrollment	(5) Unemployment Rate
2004	186,122	2,886,966	15,886	30	42,276	7.8%
2005	188,941	3,093,466	16,645	30	38,372	7.0%
2006	189,990	3,261,107	17,376	28	37,196	6.2%
2007	192,997	3,494,586	18,463	31	37,956	6.1%
2008	194,905	3,680,019	19,185	36	37,703	7.4%
2009	197,067	3,751,908	19,352	30	38,911	11.0%
2010	200,004	3,707,181	18,829	29.7	39,135	14.4%
2011	199,722	3,739,475	18,697	30.5	38,595	14.2%
2012	200,390	3,968,123	19,802	30.3	39,231	13.0%
2013	200,855	4,018,506	20,007	30.1	38,813	10.1%

Sources: (1) California Department of Finance, Demographic Research Unit
 (2) HdL Coren & Cone
 (3) HdL Coren & Cone
 (4) Oxnard School Districts (Elementary) and Oxnard Union High School District
 (5) State Employment Development Department (data is based on annual average)

City of Oxnard, California

SCHEDULE XV

Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	207	211	217	214	186	234	234	234	228	227
Public Safety										
Police										
Officers	220	229	235	236	236	293	237	237	236	252
Civilians	134	138	152	151	151	95	151	151	151	155
Fire										
Firefighters & officers	89	91	100	102	103	100	103	103	101	101
Civilians	5	4	4	5	4	7	3	3	3	3
Transportation	36	36	45	56	84	50	50	50	49	49
Community development	56	57	57	59	67	66	66	66	66	60
Culture and recreation	79	79	74	83	85	85	85	85	83	83
Utilities										
Water	44	44	48	47	46	45	51	51	51	51
Wastewater	67	72	72	72	74	72	72	72	70	76
Environmental Resources	80	80	81	81	76	78	78	78	79	79
Housing	80	80	80	81	81	81	81	81	83	82
Total	1,097	1,121	1,165	1,187	1,193	1,206	1,211	1,211	1,200	1,217

Source: Finance Department, City of Oxnard

City of Oxnard, California

SCHEDULE XVI
Operating Indicators by Function
Last Nine Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police									
Physical arrests	6,492	8,162	8,835	8,425	7,842	7,794	8,116	7,278	6,790
Parking violations	36,240	28,533	31,462	51,046	37,968	35,346	35,091	34,914	32,120
Traffic violations	30,985	19,590	20,525	16,673	23,305	25,288	25,517	22,294	15,800
Fire									
Number of calls answered	11,117	10,631	11,212	12,210	13,310	13,417	13,813	13,381	14,127
Inspections	2,829	3,109	3,693	3,190	4,244	4,777	5,614	4,212	5,000
Highways and streets									
Potholes repaired	18,333	10,545	12,200	12,375	12,300	12,650	13,000	14,000	13,000
Sanitation									
Total number of customers	43,617	44,941	45,731	43,489	37,195	37,124	43,991	44,034	44,312
Refuse/recyclables collected (tons/day)	-	708	681	581	571	570	577	558	569
Recyclables collected (tons/day)	-	30	13	13	95	91	93	98	98
Culture and recreation									
Community center admissions	48,800	43,849	42,831	43,230	51,872	27,934	29,655	33,751	29,910
Water									
Total number of customers	37,276	38,053	38,816	39,531	40,206	40,756	40,785	41,064	41,019
Average daily consumption	29,000,000	29,000,000	29,000,000	29,326,500	25,781,331	23,246,924	23,293,140	23,094,489	23,578,792
Wastewater									
Total number of customers	34,694	35,188	35,646	36,484	37,251	38,081	38,158	38,379	38,712
Average daily sewerage treatment	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000

Source: Various departments, City of Oxnard

City of Oxnard, California

SCHEDULE XVII Capital Assets by Function Last Nine Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety									
Police									
Stations	1	1	1	1	1	1	1	1	1
Police vehicles	223	261	345	269	223	171	264	275	268
Fire									
Stations	6	7	7	7	7	7	7	7	7
Hydrants	4,180	5,200	5,000	5,150	6,282	5,413	5,413	5,430	5,500
Sanitation									
Collection trucks	48	48	57	52	52	52	52	51	51
Highways and streets									
Streets (miles)	403	400	400	400	400	400	400	400	400
City-owned streetlights	650	650	650	654	654	674	674	674	974
SCE-owned streetlights	9,120	9,120	9,258	9,314	9,371	9,943	9,943	10,005	10,067
Culture and recreation									
Parks acreage	449	469	469	494	550	550	550	550	550
Parks	45	49	49	55	58	58	58	58	58
Ball diamonds	31	30	30	30	30	30	37	37	37
Basketball courts	20	19	19	24	29	29	47	47	47
Craft/Activity buildings	9	8	8	8	8	8	10	10	10
Gymnasium	2	3	3	3	2	2	2	2	2
Swimming pools	1	1	1	1	1	1	1	1	1
Tennis courts	33	31	31	32	31	31	30	30	30
Community centers	3	3	3	3	3	3	3	3	3
Library									
Number of books	336,518	361,713	433,008	355,151	353,455	356,456	356,624	362,753	337,015
Number of microfilms	8,299	8,394	8,473	8,510	8,525	8,572	8,634	8,708	8,726
Number of audiotapes	14,537	18,200	20,284	21,055	20,864	21,345	22,105	21,676	20,060
Number of videotapes	9,377	12,917	14,709	15,582	15,318	16,045	16,015	17,288	14,688
Number of CD-ROMS (data disk)	609	708	808	755	632	689	617	620	438
Water									
Water mains (miles)	500	525	600	601	663	592	592	597	600
Maximum daily treatment capacity	18,000,000	18,000,000	18,000,000	18,600,000	18,600,000	18,600,000	18,600,000	18,600,000	18,600,000
Sewer									
Miles of sewer lines	425	435	440	445	445	445	445	445	445

Source: Various departments, City of Oxnard

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APPENDIX D
FORM OF BOND COUNSEL OPINION

[Closing Date]

Governing Board
City of Oxnard Financing Authority
300 West Third Street
Oxnard, California 93030

Re: FINAL OPINION
\$21,225,000 City of Oxnard Financing Authority Lease Revenue
Project and Refunding Bonds, Series 2014

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Oxnard Financing Authority (the “Authority”) in connection with the issuance by the Authority of \$21,225,000 aggregate principal amount of the City of Oxnard Financing Authority Lease Revenue Project and Refunding Bonds, Series 2014 (the “Bonds”), pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and the provisions of a Trust Agreement, dated as of November 1, 2014 (the “Trust Agreement”), by and among the Authority, the City of Oxnard (the “City”), and Wells Fargo Bank, National Association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Trust Agreement and in the Master Lease and Option to Purchase, dated as of November 1, 2014 (the “Lease”), by and between the Authority, as lessor, and the City, as lessee, as applicable.

In such connection, we have reviewed the Trust Agreement, the Lease, the Property Lease, dated as of November 1, 2014 (the “Property Lease”), by and between the City and the Authority, the Tax Certificate of the City and the Authority, dated the date hereof (the “Tax Certificate”), opinions of the City Attorney, certifications of the City, the Authority, and others, and such other documents, opinions, and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are expressed only on and as of the date hereof and are based on an analysis of existing laws, regulations, rulings, and judicial decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Changes to existing law may occur hereafter and could have retroactive effect. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this opinion letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority and the City. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted, or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof.

Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Lease, the Property Lease, and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions, or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Lease, the Property Lease, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities and joint powers authorities in the State of California. We have not made or undertaken to make any investigation of the state of title to the Property described in the Lease or of the accuracy or sufficiency of the description of such Property contained therein, and we express no opinion with respect to such matters. We express no opinion with respect to any indemnification, arbitration, contribution, penalty, choice of law, choice of forum, choice of venue, severability, or waiver provisions contained in the documents mentioned in the previous sentence.

We undertake no responsibility for the accuracy, completeness, or fairness of the Official Statement for the Bonds dated November 4, 2014, or other offering material relating to the Bonds and express no opinion with respect thereto. We express no opinion regarding the priority of the lien on the Base Rental payments.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The obligation of the City to pay the Base Rental payments under the Lease constitutes a valid and binding limited obligation of the City. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Base Rental payments. The Lease creates a valid lien, to secure the payment of the Base Rental payments, on the Property.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income.

Except as stated in paragraph 3 above, we express no opinion as to federal or State of California tax consequences of the ownership of the Bonds. We also express no opinion regarding any other tax consequences with respect to the acquisition, ownership, or disposition of, or the accrual or receipt of interest on, the Bonds.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”), dated [Closing Date], is executed and delivered by the City of Oxnard Financing Authority (the “Authority”) and Wells Fargo Bank, National Association, as trustee and as dissemination agent (the “Dissemination Agent”), in connection with the issuance by the Authority of \$21,225,000 aggregate principal amount of the City of Oxnard Financing Authority Lease Revenue Project and Refunding Bonds, Series 2014 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of November 1, 2014, by and among the City of Oxnard (the “City”), the Authority, and the Dissemination Agent, as trustee (the “Trust Agreement”).

The Authority and the Dissemination Agent hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 2. Definitions.

In addition to the definitions set forth in the Trust Agreement and in the Master Lease and Option to Purchase, dated as of November 1, 2014 (the “Lease”), by and between the Authority, as lessor, and the City, as lessee, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Annual Report Date” shall mean the date in each year that is nine (9) months after the end of the Authority’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“Dissemination Agent” shall mean, initially, Wells Fargo Bank, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent that is so designated in writing by the Authority and which has filed with the then current Dissemination Agent a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement dated November 4, 2014, relating to the Bonds.

“Participating Underwriter” shall mean J.P. Morgan Securities LLC, the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2015, provide to MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) calendar days prior to each such Annual Report Date, the Authority shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the Authority. The Annual Report must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as is prescribed by MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City (which include information regarding the funds and accounts of the Authority), if any, may be submitted separately from and later than the balance of the Annual Report if they are not available by the applicable Annual Report Date. If the Authority's fiscal year changes, the Authority shall provide written notice of such change in the same manner as for a Listed Event under Section 5(c). The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority and shall have no duty or obligation to review such Annual Report.

(b) If the Authority is unable to provide to MSRB an Annual Report by the date required in subsection (a), the Authority shall send to MSRB a notice in substantially the form attached hereto as Exhibit A. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB.

(c) The Dissemination Agent shall:

- (i) provide any Annual Report received by it to the MSRB by the date required in subsection (a); and
- (ii) if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been provided to MSRB pursuant to this Disclosure Agreement, and stating the date the Annual Report was so provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City, which include information regarding the funds and accounts of the Authority, if any, for the most recent fiscal year of the City then ended. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the City in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the City shall be audited by such auditor as shall then be required or permitted by State law or the Trust Agreement. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the City may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the City shall modify the basis upon which its financial statements are prepared, the Authority shall provide a notice of such modification to MSRB, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) To the extent not included in the audited financial statements provided pursuant to the foregoing Section 4(a), the Annual Report shall contain the following information:

- (i) revenues, expenditures, and beginning and ending fund balances relating to the General Fund of the City for the most recent completed fiscal year;
- (ii) property tax rates for property within the City for the most recently completed fiscal year;
- (iii) property tax levies, collections, and delinquencies for the most recently completed fiscal year; and
- (iv) outstanding debt of the City for the most recently completed fiscal year, including tax increment, revenue, and lease indebtedness.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority, the City, or related public entities, that are available to the public on MSRB's Internet web site or filed with the Securities and Exchange Commission. The Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, not in excess of ten (10) business days after the occurrence of any of the following events, notice of the occurrence of such event with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on any credit enhancements securing the Bonds reflecting financial difficulties;
- (v) Substitution of any credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determination with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Owners of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayments of the Bonds, if material;
- (xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership, or similar event of the Authority or the City [this Listed Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority or the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority or the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority or the City];

(xiii) Consummation of a merger, consolidation, or acquisition involving the Authority or the City or the sale of all or substantially all of the assets of the Authority or the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon and after the occurrence of a Listed Event listed under subsection (a)(ii), (a)(vii), (a)(viii), (a)(x), (a)(xiii), or (a)(xiv) above, the Authority shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Authority determines that knowledge of the occurrence of such Listed Event would be material under applicable federal securities laws, the Authority shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(c) Upon and after the occurrence of any Listed Event (other than a Listed Event listed under subsection (a)(ii), (a)(vii), (a)(viii), (a)(x), (a)(xiii), or (a)(xiv) above), the Authority shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(d) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with MSRB, not in excess of ten (10) business days after the occurrence of such Listed Event. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Trust Agreement.

(e) The Authority hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Authority and that the Trustee or the Dissemination Agent shall not be responsible for determining whether the Authority's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the Authority, the Trustee, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the Authority and the Trustee. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Authority. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Authority in a timely manner and in a form suitable for filing. If at any time there is no designated Dissemination Agent, the Authority shall act as Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived; provided that the following conditions are satisfied:

(a) If the amendment or waiver is related to annual or event information to be provided hereunder, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature, or status of the Authority or the type of business conducted thereby;

(b) The undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver (i) is approved by Owners of the Bonds in the manner provided in the Trust Agreement for amendments to such Trust Agreement with the consent of Owners or (ii) does not, in the opinion of the Authority or nationally recognized bond counsel, materially impair the interest of Owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City and the Authority to meet their respective obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to MSRB.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual

Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, any Owner of a Bond, Participating Underwriter, or Trustee may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Authority agrees to indemnify and save the Dissemination Agent and its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities that it may incur arising out of or in the exercise or performance of its duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Authority under this section shall survive resignation or removal of the Dissemination Agent and payment of all of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the Authority pursuant to this Disclosure Agreement. The Authority shall pay the reasonable fees and expenses of the Dissemination Agent for its duties hereunder.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the City, the Trustee, the Dissemination Agent, the Participating Underwriter, and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Notices. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

If to the Authority or the City: City of Oxnard Financing Authority
300 West Third Street
Oxnard, California 93030
Attention: Controller

If to the Dissemination Agent: Wells Fargo Bank, National Association
707 Wilshire Blvd., 17th Floor
Los Angeles, California 90017
Attention: Corporate Trust Services

[Remainder of Page Intentionally Left Blank]

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: [Closing Date]

CITY OF OXNARD FINANCING AUTHORITY

Controller

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
as Dissemination Agent and Trustee

By: _____
Its: Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Oxnard Financing Authority

Name of Bond Issue: City of Oxnard Financing Authority Lease Revenue Project and Refunding Bonds, Series 2014

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the City of Oxnard Financing Authority (the “Authority”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated [Closing Date], by and among the Authority, the City of Oxnard, and Wells Fargo Bank, National Association, as trustee and dissemination agent. The Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

CITY OF OXNARD FINANCING AUTHORITY

By: _____
Authorized Signatory

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following information regarding DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the Authority or the City, and neither the Authority nor the City takes any responsibility for the accuracy thereof. Neither the Authority nor the City shall have any responsibility or liability for any aspects of the records maintained by DTC relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the Bonds.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate, and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. *The foregoing reference to an internet website is made for reference and convenience only; the information contained within the website has not been reviewed by the City or the Authority and is not incorporated in this Official Statement by reference.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the City as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or the City or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority, the City, or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered in accordance with the terms of the Trust Agreement.

The Authority or the City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC in accordance with the terms of the Trust Agreement.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY AND THE CITY BELIEVE TO BE RELIABLE, BUT NEITHER THE AUTHORITY NOR THE CITY TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE AUTHORITY NOR THE CITY GIVES ANY ASSURANCES THAT DTC WILL DISTRIBUTE PAYMENTS TO DTC PARTICIPANTS OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS WITH RESPECT TO THE BONDS RECEIVED BY DTC OR ITS NOMINEES AS THE REGISTERED OWNER, ANY REDEMPTION NOTICES, OR OTHER NOTICES TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.