

*In the opinion of Pillsbury Winthrop LLP, Los Angeles, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions and assuming, among other matters, compliance with certain covenants and requirements described herein, interest on the Bonds is excludable 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” herein.*

**\$18,640,000**

**CITY OF OXNARD FINANCING AUTHORITY  
LEASE REVENUE REFUNDING BONDS, 2003 SERIES A**

**Dated: Date of Delivery****Due: June 1, as shown below**

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 Refunding Bonds, 2003 Series A (the “Bonds”), are being issued in the aggregate principal amount of \$18,640,000 by the City of Oxnard Financing Authority (the “Authority”) pursuant to 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 May 1, 2003 (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 used on this cover page and not otherwise defined shall have the meanings ascribed to them elsewhere in this Official Statement. See in particular “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – SELECTED DEFINITIONS” herein.

The proceeds from the sale of the Bonds will be used to (i) refund the 1993 Bonds, (ii) prepay the Zions Bank Leases, (iii) provide for a reserve fund with respect to the Bonds, and (iv) pay the costs of issuance of the Bonds. See “PLAN OF REFUNDING” and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS” herein.

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 of Bonds 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 “THE BONDS – Book-Entry Only System” herein.

Payments of interest on the Bonds will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to beneficial owners of the Bonds as described herein. Interest on the Bonds is payable semiannually each June 1 and December 1, commencing June 1, 2003, 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 and extraordinary mandatory redemption prior to their stated maturities as described herein.**

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 May 1, 2003 (the “Lease”), by and between the City and the Authority, 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 Oxnard Library and an administrative annex building (each, a “Component” and, collectively, 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 rental 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, the Property.

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Bonds.

**Ambac**

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. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE AUTHORITY FOR WHICH THE AUTHORITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE AUTHORITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. 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 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 PRINCIPAL OF OR INTEREST ON THE BONDS. 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**

| Maturity Date<br>(June 1) | Principal Amount | Interest Rate | Yield | Price    | Base CUSIP No. <sup>(1)</sup> 691875 | Maturity Date<br>(June 1) | Principal Amount | Interest Rate | Yield | Price    | Base CUSIP No. <sup>(1)</sup> 691875 |
|---------------------------|------------------|---------------|-------|----------|--------------------------------------|---------------------------|------------------|---------------|-------|----------|--------------------------------------|
| 2004                      | \$1,155,000      | 2.00%         | 1.10% | 100.914% | AA6                                  | 2011                      | \$1,475,000      | 5.00%         | 3.38% | 111.302% | AH1                                  |
| 2005                      | 1,180,000        | 3.00          | 1.25  | 103.488  | AB4                                  | 2012                      | 1,545,000        | 3.40          | 3.55  | 98.849   | AJ7                                  |
| 2006                      | 1,215,000        | 3.00          | 1.60  | 104.117  | AC2                                  | 2013                      | 1,600,000        | 3.50          | 3.65  | 98.749   | AK4                                  |
| 2007                      | 1,250,000        | 4.00          | 2.05  | 107.496  | AD0                                  | 2014                      | 1,655,000        | 3.70          | 3.83  | 98.838   | AL2                                  |
| 2008                      | 1,305,000        | 4.00          | 2.40  | 107.531  | AE8                                  | 2015                      | 1,715,000        | 3.80          | 4.00  | 98.104   | AM0                                  |
| 2009                      | 1,355,000        | 3.50          | 2.75  | 104.137  | AF5                                  | 2016                      | 1,785,000        | 4.00          | 4.13  | 98.699   | AN8                                  |
| 2010                      | 1,405,000        | 5.00          | 3.11  | 111.843  | AG3                                  |                           |                  |               |       |          |                                      |

<sup>(1)</sup> Copyright 2003, American Bankers Association. CUSIP data herein is provided by Standard & Poor’s CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services.

*The Bonds are offered when, as and if delivered to and received by the Underwriter, subject to the approval of legality by Pillsbury Winthrop LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney and by Pillsbury Winthrop LLP, Los Angeles, California, as Disclosure Counsel. 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 May 22, 2003.*

**E. J. DE LA ROSA & CO., INC.**

Dated: April 29, 2003.

No dealer, broker, salesperson or other person has been authorized by the City, the Authority or 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 which 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 herein has been obtained from the City and other sources which 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 City or the Authority. 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 City or the Authority 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 WHICH 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.

## **CITY OF OXNARD, CALIFORNIA**

### **MAYOR AND CITY COUNCIL**

Dr. Manuel M. Lopez, *Mayor*  
Dean Maulhardt, *Mayor Pro-Tem*  
Bedford Pinkard, *Councilman*  
John C. Zaragoza, *Council Member*  
Andres Herrera, *Council Member*

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### **BOARD OF DIRECTORS OF THE AUTHORITY**

Tom Conway, *Chairman*  
Charles Covarrubias, *Vice Chairman*  
Dr. Sonny Okada, *Board Member*  
Francisco J. Dominguez, *Board Member*  
Patricia Maki, *Board Member*  
Jill Beaty, *Secretary*

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### **CITY OFFICIALS**

Edmund F. Sotelo, *City Manager*  
Karen R. Burnham, *Assistant City Manager*  
Gary Gillig, *City Attorney*  
Daniel Martinez, *City Clerk*  
Dale Belcher, *City Treasurer*  
Stan Kleinman, *Finance and Management Services Director*  
Michael J. More, *Financial Services Manager*  
Tamara Sexton, *Financial Analyst III*

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### **PROFESSIONAL SERVICES**

***Bond Counsel and Disclosure Counsel***  
Pillsbury Winthrop LLP  
Los Angeles, California

***Trustee/Escrow Agent***  
Wells Fargo Bank, National Association  
Los Angeles, California

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**OFFICIAL STATEMENT**  
**\$18,640,000**  
**CITY OF OXNARD FINANCING AUTHORITY**  
**LEASE REVENUE REFUNDING BONDS, 2003 SERIES A**

**INTRODUCTION**

**General**

This Official Statement, which includes the cover page, Table of Contents and Appendices (the “Official Statement”), provides certain information concerning the sale and delivery of the City of Oxnard Financing Authority Lease Revenue Refunding Bonds, 2003 Series A (the “Bonds”), in an aggregate principal amount of \$18,640,000. 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 PRINCIPAL LEGAL DOCUMENTS – SELECTED DEFINITIONS” herein.

**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 Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Act”) and the provisions of a Trust Agreement, dated as of May 1, 2003 (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**

The proceeds from the sale of the Bonds will be used to (i) refund the 1993 Bonds (as hereinafter defined), (ii) prepay the Zions Bank Leases (as hereinafter defined), (iii) provide for a reserve fund with respect to the Bonds, and (iv) pay the costs of issuance of the Bonds. See “PLAN OF REFUNDING” herein.

**Registration, Maturity and Payment 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 cover page hereof.

Interest on the Bonds is payable semiannually on June 1 and December 1, commencing June 1, 2003, 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

in 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 of and any redemption premium with respect to 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. See “THE BONDS – Payment of Principal and Interest” herein.

### **Redemption of Bonds**

*Optional Redemption.* The Bonds maturing on or before June 1, 2013 are not subject to optional redemption prior to maturity. The Bonds maturing on or after June 1, 2014 are subject to optional redemption on or after June 1, 2013, in whole or in part on any Business Day, without premium, from (i) amounts deposited with the Trustee by the City of Oxnard (the “City”) upon the exercise by the City of its option to purchase the Authority’s right, title and interest in the Property or a Component pursuant to the Lease (each as defined below), and (ii) any other available source of funds. See “THE BONDS – Optional Redemption of Bonds” herein.

*Mandatory Redemption.* The Bonds are subject to extraordinary mandatory redemption under certain circumstances as described herein. See “THE BONDS – Mandatory Redemption of Bonds” herein.

### **Security for the Bonds**

The Bonds are payable from base rental (“Base Rental”) payments to be made by the City to the Authority pursuant to a Master Lease and Option to Purchase, dated as of May 1, 2003 (the “Lease”), by and between the City and the Authority, 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 Oxnard Library and an administrative annex building (each a “Component” and collectively the “Property”), as described herein under the caption “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 May 1, 2003 (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, the Trustee and Ambac Assurance Corporation (the “Bond Insurer” or “Ambac Assurance”) in connection with the Lease, the Trust Agreement or the Property. See “SECURITY FOR THE BONDS – Base Rental.” Base Rental payments are payable five (5) business days prior to each June 1 and December 1, commencing five (5) business days prior to June 1, 2003. Upon the issuance of the Bonds, the City will certify as to the fair rental value of each of the Components of the Property 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 two times the then-applicable Reserve Requirement. In addition, the Property will be insured, through insurers

meeting certain requirements set forth in the Lease and otherwise approved by the Bond Insurer, 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 – Extraordinary Mandatory Redemption” and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS” herein.

The City has covenanted in the Lease to take such action as may be necessary to include and maintain all Base Rental payments and other 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 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 California Constitution: Limits on Appropriations” and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – LEASE” herein.

Pursuant to the Trust Agreement, the City is required to maintain amounts on deposit in the Reserve Fund, which is held by the Trustee and pledged to the payment of principal of and interest on the Bonds, in an amount equal to the Reserve Requirement. See “SECURITY FOR THE BONDS – Reserve Fund” and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT” herein.

Concurrently with the issuance of the Bonds, the Authority has arranged for the Bond Insurer to deliver to the Trustee a financial guaranty insurance policy (the “Financial Guaranty Insurance Policy”). The Financial Guaranty Insurance Policy will guarantee the scheduled payments when due of the principal of and interest on the Bonds. See “FINANCIAL GUARANTY INSURANCE POLICY” herein.

### **Continuing Disclosure**

The Authority will covenant in the Continuing Disclosure Agreement, dated the date of issuance of the Bonds, by and between the Authority and the Trustee, as dissemination agent (the “Continuing Disclosure Agreement”), to provide certain financial information and operating data relating to the City and the Authority and notices of certain events, if material. Such information and notices will be filed by the Authority with certain Nationally Recognized Municipal Securities Repositories. See “CONTINUING DISCLOSURE” and “APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT” herein.

### **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. The Bonds do not constitute an obligation of the Authority for which the Authority is obligated to levy or pledge any form of taxation or for which the Authority has levied or pledged any form of taxation. 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 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 principal of or interest on the Bonds. 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 BONDS**

### **Authorization and Payment of Bonds**

The Bonds are being issued pursuant to the Act 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, 2003 (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 “THE BONDS – Book-Entry Only System” below.

### **Optional Redemption of Bonds**

The Bonds maturing on or before June 1, 2013 are not subject to optional redemption prior to their stated maturities. The Bonds maturing on or after June 1, 2014 are subject to optional redemption on or after June 1, 2013 at the option of the Authority, as a whole or in part on any Business Day, without premium, from amounts deposited with the Trustee by the City in furtherance of the exercise by the City of its option to purchase the Authority’s right, title and interest in the Property or a Component, in accordance with the Lease and from any other available source of funds.

### **Mandatory Redemption of Bonds**

The Bonds are subject to extraordinary mandatory 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, (i) from net insurance proceeds or condemnation awards not used to repair or replace the Property or portions thereof which have been materially damaged, destroyed or taken in eminent domain proceedings, or (ii) from proceeds of title insurance if the title defect giving rise to the payment of such proceeds results in an abatement of Base Rental payments under the Lease. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – LEASE” herein.

### **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; Effect of Notice**

Whenever redemption is authorized or required and, if required under the Trust Agreement, sufficient funds are deposited with the Trustee for such purposes as provided in the Trust Agreement, the Trustee will mail a notice of such redemption to affected Owners not less than 30 days nor more than 60 days prior to the date of such redemption. Neither failure to receive notice nor any defect in notice will affect the sufficiency of the proceedings for the redemption of Bonds. From and after any such redemption date, interest on the Bonds to be redeemed will cease to accrue.

### **Book-Entry Only System**

The Bonds will be initially delivered in the form of one fully registered Bond for each of the maturities of the Bonds, registered in the name of Cede & Co., as nominee of DTC, as registered owner of all the Bonds. The following description of DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the City or the Authority, and neither the City nor the Authority shall have any liability with respect thereto. Neither the City nor the Authority 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 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 securities that its participants (the “Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants (“Direct Participants”) include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the 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, but Beneficial Owners are 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 Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interests in the 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 Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as 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 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 the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions and defaults. 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 notices be provided directly to them.

REDEMPTION NOTICES SHALL BE SENT BY THE TRUSTEE TO DTC. IF LESS THAN ALL OF THE BONDS 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 such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the City or the Authority 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 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 (or 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 shall be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the City, the Authority 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 INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE AUTHORITY BELIEVE TO BE RELIABLE, BUT NEITHER THE CITY NOR THE AUTHORITY TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE CITY NOR THE AUTHORITY 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.

## **PLAN OF REFUNDING**

### **Refunding of 1993 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, Series 1993 (the "1993 Bonds"). The 1993 Bonds were previously issued by the Authority to provide moneys to refund and otherwise retire or terminate the Prior Obligations (as defined below). The proceeds of the Prior Obligations were used to acquire, construct and/or install certain facilities of the City.

The Prior Obligations were comprised of the following: (i) the City of Oxnard Public Facilities Corporation Certificates of Participation (Civic Center Library Project), Series 1988 (the "1988 Certificates"), originally delivered in the aggregate principal amount of \$11,000,000; (ii) the City of Oxnard Public Facilities Corporation Refunding Certificates of Participation (River Ridge Golf Course Project) delivered in 1986 (the "1986 Certificates"), originally delivered in the aggregate principal amount of \$14,920,000; (iii) the outstanding principal amount of the City of Oxnard Public Facilities Corporation Certificates of Participation (River Ridge Sports Facility, Wastewater Treatment Plant and Corporate Yard Project) issued in 1985 (the "1985 Certificates"), originally issued in the aggregate principal amount of \$6,590,000; (iv) the City of Oxnard Auditorium Authority Revenue Bonds issued in 1966 (the "1966 Bonds"), originally issued in the aggregate principal amount of \$1,900,000; (v) the City of Oxnard Parking Authority Lease Revenue Bonds issued in 1972 (the "1972 Bonds"), originally delivered in the aggregate principal amount of \$910,000; and (vi) the Lease with Option to Purchase Agreement between GE Capital Public Finance, Inc. and the City, dated as of September 17, 1991, as amended by Amendments dated as of June 23, 1992 (the "GE Capital Lease"). The 1988 Certificates, the 1986 Certificates, the 1985 Certificates, the 1966 Bonds, the 1972 Bonds and the GE Capital Lease are collectively referred to herein as the "Prior Obligations."

In connection with the delivery of the Bonds, the Authority will enter into the Escrow Agreement, dated as of May 1, 2003 (the "Escrow Agreement"), with Wells Fargo Bank, National Association, as escrow agent (the "Escrow Agent"), with respect to the refunding of the 1993 Bonds. Under the Escrow Agreement, a portion of the proceeds of the Bonds, together with certain other moneys transferred from the reserve fund and the debt service fund previously established for the 1993 Bonds (the "1993 Reserve Fund" and the "1993 Debt Service Fund," respectively, and, collectively, the "1993 Bond Funds"), will be deposited into an escrow fund (the "Escrow Fund"), to be held in trust by the Escrow Agent for the benefit of the owners of the 1993 Bonds. Moneys deposited in the Escrow Fund will be held uninvested as cash and will be in an amount sufficient (i) to refund and redeem the 1993 Bonds and discharge the Prior Trust Agreement (as defined in the Escrow Agreement) in accordance with its terms, and (ii) to pay on June 1, 2003, the accrued interest on the 1993 Bonds maturing on and after June 1, 2003, the principal

amount of the 1993 Bonds maturing on June 1, 2003, and the redemption price of 102% of the principal amount payable with respect to the 1993 Bonds maturing after June 1, 2003.

Upon delivery of the Bonds, the City will take all actions required by the defeasance provisions of the Prior Trust Agreement such that the Prior Obligations will no longer be deemed to be outstanding and unpaid thereunder and, in accordance with the provisions of any lease agreements (the "Prior Leases") pursuant to which the Property is currently leased, the Prior Leases will be terminated.

### **Prepayment of Zions Bank Leases**

A portion of the proceeds from the sale of the Bonds will be used to prepay certain of the lease obligations by and between the City and Zions First National Bank (the "Zions Bank Leases"). The Zions Bank Leases are comprised of the 300 West Third Street Lease and the Old High School Lease, as defined below:

***300 West Third Street Lease.*** On March 12, 2002, the City purchased the land located at 300 West Third Street and 320, 326, 330, and 344 South "C" Street (the "300 West Third Street Property"), on which the administrative offices of the City are located, in the amount of \$862,000. The City subsequently entered into a lease/lease-back arrangement with Zions First National Bank ("Zions Bank") pursuant to that certain Non-BQ Lease/Purchase Agreement, dated as of March 15, 2002 (the "300 West Third Street Lease"), to finance a portion of said purchase. Pursuant to the 300 West Third Street Lease, the City is obligated to pay an aggregate amount of \$621,320, payable in semi-annual payments amortized over a 10-year period and subject to a variable interest rate of 70% of Zions Bank's prime interest rate. As of the expected Bond closing date, the outstanding principal and accrued interest due from the City under the 300 West Third Street Lease is \$598,531.41.

***Old High School Lease.*** On December 12, 2001, the State of California approved the sale of the old Oxnard High School (the "Old High School Property") to the City for a purchase price of \$2,150,000. The Old High School Property is located at 937 West Fifth Street on the corner of Fifth Street and "K" Street in the City. The City subsequently entered into a lease/lease-back arrangement with Zions Bank pursuant to that certain Non-BQ Lease/Purchase Agreement, dated as of May 9, 2002 (the "Old High School Lease"), to finance a portion of said purchase. Pursuant to the Old High School Lease, the City is obligated to pay an aggregate amount of \$2,084,264, payable in semi-annual payments over a 10-year period and subject to a variable interest rate of 70% of Zions Bank's prime interest rate. As of the expected Bond closing date, the outstanding principal and accrued interest due from the City under the Old High School Lease is \$2,025,758.15.

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## ESTIMATED SOURCES AND USES OF FUNDS

The following table details the estimated sources and uses of Bond proceeds and moneys on deposit in the 1993 Bond Funds.

### Estimated Sources:

|                                      |                        |
|--------------------------------------|------------------------|
| Principal Amount of Bonds            | \$18,640,000.00        |
| Transfer from 1993 Reserve Fund      | 2,707,635.57           |
| Transfer from 1993 Debt Service Fund | 2,150,714.38           |
| Plus: Original Issue Premium         | 570,101.90             |
| Less: Underwriter's Discount         | <u>(161,236.00)</u>    |
| Total Sources                        | <u>\$23,907,215.85</u> |

### Estimated Uses:

|  |                        |
|--|------------------------|
| Transfer to Escrow Agent for deposit into Escrow Fund <sup>(1)</sup> | \$19,062,314.38        |
| Transfer to Bond Insurer <sup>(2)</sup>                              | 165,115.95             |
| Deposit into the Costs of Issuance Fund <sup>(3)</sup>               | 181,723.21             |
| Deposit into the Reserve Fund <sup>(4)</sup>                         | 1,856,400.00           |
| Deposit into Debt Service Fund <sup>(5)</sup>                        | 17,372.75              |
| Deposit into Zions Bank Payment Fund <sup>(6)</sup>                  | <u>2,624,289.56</u>    |
| Total Uses   | <u>\$23,907,215.85</u> |

(1) Comprised of (a) a portion of the Bond proceeds transferred by the Trustee in an amount equal to \$14,221,337.18, (b) the moneys transferred by the 1993 Trustee from the 1993 Reserve Fund in an amount equal to \$2,707,635.57, and (c) a portion of the moneys transferred by the 1993 Trustee from the 1993 Debt Service Fund in an amount equal to \$2,133,341.63.

(2) Represents the premium for the Financial Guaranty Insurance Policy.

(3) Moneys in the Costs of Issuance Fund are expected to be used to pay the fees and expenses of Bond Counsel, Disclosure Counsel, the Trustee, and the applicable rating agency, as well as printing and other miscellaneous costs.

(4) Represents the Reserve Requirement.

(5) Comprised of the moneys transferred by the 1993 Trustee from the 1993 Debt Service Fund that were not transferred to the Escrow Agent for deposit into the Escrow Fund.

(6) Amounts deposited into the Zions Bank Payment Fund will be immediately used by the Trustee to prepay the Zions Bank Leases.

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## DEBT SERVICE SCHEDULE

Principal of and interest on the Bonds are scheduled to be paid as follows:

| <b>Date</b>      | <b>Principal</b>              | <b>Interest</b>              | <b>Total</b>                  | <b>Bond Year Total</b>        |
|------------------|-------------------------------|------------------------------|-------------------------------|-------------------------------|
| June 1, 2003     |                               | \$ 17,372.75                 | \$ 17,372.75                  | \$ 17,372.75                  |
| December 1, 2003 |                               | 347,455.00                   | 347,455.00                    |                               |
| June 1, 2004     | \$ 1,155,000.00               | 347,455.00                   | 1,502,455.00                  | 1,849,910.00                  |
| December 1, 2004 |                               | 335,905.00                   | 335,905.00                    |                               |
| June 1, 2005     | 1,180,000.00                  | 335,905.00                   | 1,515,905.00                  | 1,851,810.00                  |
| December 1, 2005 |                               | 318,205.00                   | 318,205.00                    |                               |
| June 1, 2006     | 1,215,000.00                  | 318,205.00                   | 1,533,205.00                  | 1,851,410.00                  |
| December 1, 2006 |                               | 299,980.00                   | 299,980.00                    |                               |
| June 1, 2007     | 1,250,000.00                  | 299,980.00                   | 1,549,980.00                  | 1,849,960.00                  |
| December 1, 2007 |                               | 274,980.00                   | 274,980.00                    |                               |
| June 1, 2008     | 1,305,000.00                  | 274,980.00                   | 1,579,980.00                  | 1,854,960.00                  |
| December 1, 2008 |                               | 248,880.00                   | 248,880.00                    |                               |
| June 1, 2009     | 1,355,000.00                  | 248,880.00                   | 1,603,880.00                  | 1,852,760.00                  |
| December 1, 2009 |                               | 225,167.50                   | 225,167.50                    |                               |
| June 1, 2010     | 1,405,000.00                  | 225,167.50                   | 1,630,167.50                  | 1,855,335.00                  |
| December 1, 2010 |                               | 190,042.50                   | 190,042.50                    |                               |
| June 1, 2011     | 1,475,000.00                  | 190,042.50                   | 1,665,042.50                  | 1,855,085.00                  |
| December 1, 2011 |                               | 153,167.50                   | 153,167.50                    |                               |
| June 1, 2012     | 1,545,000.00                  | 153,167.50                   | 1,698,167.50                  | 1,851,335.00                  |
| December 1, 2012 |                               | 126,902.50                   | 126,902.50                    |                               |
| June 1, 2013     | 1,600,000.00                  | 126,902.50                   | 1,726,902.50                  | 1,853,805.00                  |
| December 1, 2013 |                               | 98,902.50                    | 98,902.50                     |                               |
| June 1, 2014     | 1,655,000.00                  | 98,902.50                    | 1,753,902.50                  | 1,852,805.00                  |
| December 1, 2014 |                               | 68,285.00                    | 68,285.00                     |                               |
| June 1, 2015     | 1,715,000.00                  | 68,285.00                    | 1,783,285.00                  | 1,851,570.00                  |
| December 1, 2015 |                               | 35,700.00                    | 35,700.00                     |                               |
| June 1, 2016     | <u>1,785,000.00</u>           | <u>35,700.00</u>             | <u>1,820,700.00</u>           | <u>1,856,400.00</u>           |
| <b>Totals</b>    | <b><u>\$18,640,000.00</u></b> | <b><u>\$5,464,517.75</u></b> | <b><u>\$24,104,517.75</u></b> | <b><u>\$24,104,517.75</u></b> |

Source: E. J. De La Rosa & Co., Inc.

## SECURITY FOR THE BONDS

### Base Rental

The Bonds are payable from Base Rental payments and from amounts on hand 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 Costs of Issuance Fund pursuant to the terms of the Trust Agreement). Payment of the principal of and interest on the Bonds is secured by a pledge of Base Rental payments and said

amounts. 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, its 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 semi-annual 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, amounts necessary to replenish the Reserve Fund to the Reserve Requirement, 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, including amounts due to the Bond Insurer. 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.

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 and delivery 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 semi-annual 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 and Additional Rental payments and the risks associated therewith, see "RISK FACTORS," "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII B of California Constitution: Limits on Appropriations" and "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – LEASE" herein.

## **Reserve Fund**

Pursuant to the Trust Agreement, the City is required to maintain amounts on deposit in the Reserve Fund, which is held by the Trustee and pledged to the payment of principal of and interest on the Bonds, in an amount equal to the Reserve Requirement. Amounts in the Reserve Fund are to be used only for the payment of principal of and interest on the Bonds in the event amounts in the Debt Service Fund are insufficient to make such payments. The Reserve Fund will be replenished from amounts received as delinquent Base Rental payments, Additional Rental payments, proceeds of certain insurance

and earnings on amounts held in such fund. The Reserve Requirement is equal to the least of (i) ten percent (10%) of the aggregate principal amount of the Bonds originally issued, (ii) Maximum Annual Debt Service, and (iii) one hundred twenty-five percent (125%) of Average Annual Debt Service.

The Authority, upon the written direction of the City and with the prior written consent of the Bond Insurer and the provision of notice to Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P"), reserves the right to substitute, at any time and from time to time, one or more letters of credit, surety bonds, bond insurance policies or other form of guarantee from a financial institution, the long-term unsecured obligations of which are rated not less than "Aa" by Moody's Investors Service or "AA" by S&P in substitution for or in place of all or any portion of the Reserve Requirement, under the terms of which the Trustee is unconditionally entitled to draw amounts when required for the purposes of the Trust Agreement. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT" herein.

### **Financial Guaranty Insurance Policy**

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under the Financial Guaranty Insurance Policy to be issued concurrently with the delivery of the Bonds by the Bond Insurer. For a more detailed description of the Financial Guaranty Insurance Policy and the Bond Insurer, see "FINANCIAL GUARANTY INSURANCE POLICY" and "APPENDIX F – SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY" herein.

### **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 twenty-four (24) months, in an amount equal to two times the then-applicable Reserve Requirement, 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 thirty (30) days prior written notice to the Trustee. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – LEASE – Insurance" herein.

### **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 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 maintain the Reserve Fund at the Reserve Requirement and 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 PRINCIPAL LEGAL DOCUMENTS – TRUST AGREEMENT” herein.

## **FINANCIAL GUARANTY INSURANCE POLICY**

### **Payment Pursuant to Financial Guaranty Insurance Policy**

Ambac Assurance has made a commitment to issue the Financial Guaranty Insurance Policy relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, New York, New York or any successor thereto (the “Insurance Trustee”) that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to an Owner by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does not insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity;
2. payment of any redemption, prepayment or acceleration premium; or
3. nonpayment of principal or interest caused by the insolvency or negligence of any trustee (including the Trustee), paying agent or bond registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of

assignment so as to permit ownership of such Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Owner entitlement to interest payments and an appropriate assignment of the Owner's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Bond, appurtenant coupon, if any, or right to payment of principal or interest on such Bond and will be fully subrogated to the surrendering Owner's rights to payment.

In the event that Ambac Assurance were to become insolvent, any claims arising under the Financial Guaranty Insurance Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

### **Ambac Assurance Corporation**

Ambac Assurance Corporation is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$6,115,000,000 (unaudited) and statutory capital of \$3,703,000,000 (unaudited) as of December 31, 2002. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its Financial Guaranty Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Authority. **No representation is made by Ambac Assurance regarding the federal income tax treatment of payments that are made by Ambac Assurance under the terms of the Financial Guaranty Insurance Policy due to nonappropriation of funds by the City, as lessee under the Lease.**

Ambac Assurance makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading "FINANCIAL GUARANTY INSURANCE POLICY."

### **Available Information**

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at



the offices of the New York Stock Exchange, Inc. (the “NYSE”), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance’s financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance’s administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

### **Incorporation of Certain Documents by Reference**

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company’s Current Report on Form 8-K dated January 23, 2003 and filed on January 24, 2003;
2. The Company’s Current Report on Form 8-K dated February 25, 2003 and filed on February 28, 2003;
3. The Company’s Current Report on Form 8-K dated February 25, 2003 and filed on March 4, 2003;
4. The Company’s Current Report on Form 8-K dated March 18, 2003 and filed on March 20, 2003;
5. The Company’s Current Report on Form 8-K dated March 19, 2003 and filed on March 26, 2003;
6. The Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and filed on March 28, 2003; and
7. The Company’s Current Report on Form 8-K dated March 25, 2003 and filed on March 31, 2003;

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in “Available Information.”

### **RISK FACTORS**

*Investment in the Bonds involves risks which may not be appropriate for certain investors. The following is a discussion of certain risk factors which 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 which 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 the Base Rental payments and amounts held in certain funds and accounts established under the Trust Agreement. The Bonds do not constitute an obligation of the Authority for which the Authority is obligated to levy or pledge any form of taxation or for which the Authority has levied or pledged any form of taxation. 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.

### **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, taxes and other governmental charges and assessments levied against the Property) are not secured by any pledge of taxes or other 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 Bonds. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other municipal services before making Base Rental payments. The same result could occur if, because of State Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. The City's appropriations currently do not exceed the limitation on appropriations under Article XIII B of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII B of California Constitution: Limits on Appropriations" and "APPENDIX C – CITY OF OXNARD COMBINED FINANCIAL STATEMENTS, FISCAL YEAR ENDED JUNE 30, 2002" herein.

### **Abatement**

Except to the extent of amounts held in the Reserve Fund or 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 in an amount equal to two times the then-applicable Reserve Requirement, except no such insurance must be maintained for damage or destruction due to or caused by flood or earthquake) plus the period for which funds are available from the Reserve Fund, 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 PRINCIPAL LEGAL DOCUMENTS – LEASE" herein.

### **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 PRINCIPAL LEGAL DOCUMENTS – LEASE" herein.

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 or that such re-letting will not adversely affect the exclusion of interest on the Bonds from gross income for

federal or State tax purposes. 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.

### **Seismic Activity; Flood Plain; Limited Insurance**

Although the Lease does not require the City to maintain actuarially determined reserves to cover payments of claims pursuant to casualty and liability insurance deductibles and for claims not covered by the liability and casualty insurance, the City currently maintains such reserves. No assurance can be given, however, that the City will continue to maintain such reserves. The casualty and liability insurance required under the Lease will not cover losses due to earthquake or flood and the rental interruption insurance required under the Lease will not cover interruption of Base Rental payments due to earthquake or flood. See “SECURITY FOR THE BONDS – Insurance.”

The City, along with much of the State of California, 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. The City standards for development, to which the Components of the Property were subject, have been designed to reduce the risk to the public and adequately mitigate seismic hazards.

There are no known major earthquake faults within the City; however, there are several active faults located within a radius of approximately 50 miles from the City, including the San Andreas Fault and the San Gabriel Fault. Activity along these faults could potentially result in damage to the buildings, roads, bridges, and property within the City 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 and interest on the Bonds. The chance that 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 the Bonds, is mitigated by the development standards discussed above.

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 one percent 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.

### **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.

## **Substitution of Property**

The Lease provides that, upon satisfaction of certain conditions and with the consent of the Bond Insurer, the City may substitute other real property for one or more of the Components. See “THE PROPERTY” and “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – LEASE” herein. 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.

## **Constitutional Limitations on Taxes and Appropriations**

California law imposes various taxing, revenue and appropriations limitations on public agencies, such as the City. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS” below for a discussion of these limitations.

## **Loss of Tax Exemption**

As discussed herein under “TAX MATTERS,” interest with respect to the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date such Bonds were issued as a result of acts or omissions of the Authority or the City in violation of its covenants in the Trust Agreement and the Tax Certificate. Should such a violation occur and result in a loss of tax exemption with respect to the Bonds, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under the provisions contained in the Trust Agreement.

## **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.

## **California State Budget**

The State of California is facing a growing budget deficit, which has been estimated to range between \$26 billion (estimated by the California Department of Finance) and \$34.6 billion (estimated by Governor Gray Davis) over the next eighteen months. For the fiscal year 2003-04 State budget, the Governor has proposed taking approximately \$5.1 billion in revenues away from local governments, primarily in the form of vehicle license fee transfers and redevelopment moneys. In light of the current economic environment, no assurances can be given that the City’s general fund revenues will remain at the same levels as in previous years. Moreover, a significant reduction in revenues available to the City could adversely impact the City’s ability to make Base Rental payments.

## **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 and/or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) 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 one percent (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 fifty-five percent (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 two percent (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 one percent (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 twenty-five percent (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 one hundred percent (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, two percent (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 one percent (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 audited financial statements for Fiscal Year 2001-02, the City calculated its appropriations limit for Fiscal Year 2002-03 at \$89,509,928. For Fiscal Year 2002-03, the City has budgeted its appropriations limit at \$99,352,069. 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 XIIC and XIID 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 XIIC (“Article XIIC”) and Article XIID (“Article XIID”) 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 XIIC 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 XIIC 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 XIIC 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 XIIC 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 XIIC 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 XIIC, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIIC as for Article XIID described below. If not, the scope of the initiative power under Article XIIC 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 XIIC.

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 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 XIIC and XIID 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 XIIB, Article XIIC and Article XIID, 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 Powers Agreement, dated as of October 8, 1991,

as amended on April 21, 1992 (the “JPA”), by and between the City, the Redevelopment Agency of the City of Oxnard and the Housing Authority of the City of Oxnard. The Authority was created on October 8, 1991, to finance capital improvements, working capital, liability and other insurance needs or projects.

The Authority is governed by a five-member Board of Directors. The members of the Board are listed below:

| <u><b>Name</b></u>     | <u><b>Office</b></u> |
|------------------------|----------------------|
| Tom Conway             | Chairman             |
| Charles Covarrubias    | Vice Chairman        |
| Dr. Sonny Okada        | Board Member         |
| Francisco J. Dominguez | Board Member         |
| Patricia Maki          | Board Member         |

The Authority is also served by the officers listed below who, in the case of the Authority Controller and General Counsel to the Authority, serve in these capacities by virtue of their duties as Finance and Management Services Director and City Attorney, respectively, or, in the case of the Authority Secretary, is appointed by officers of the Authority and serves at the pleasure of the Authority’s Board of Directors. The officers are:

| <u><b>Name</b></u> | <u><b>Position</b></u> |
|--------------------|------------------------|
| Stan Kleinman      | Controller             |
| Gary Gillig        | General Counsel        |
| Jill Beaty         | Secretary              |

Neither the Authority nor its directors 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.

- (1) **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 over 140,000. 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 and is of steel construction with a brick facade. The City has insured the Library for \$13,500,000.
- (2) **Administrative Annex Building.** The Administrative Annex, located at 300 West Third Street, is a four-story, 34,533-square foot structure used as the City's administration building. The annex was built in 1967 and provides offices for the City Council, City Manager's Department, Finance Department, Information Systems Division and Human

Resources Department. The Administrative Annex has been subject to significant exterior and interior renovation in the past two years, including a remodel of the first floor to accommodate the Human Resources Department and upgrades to the HVAC and elevator systems. The City has insured the Administrative Annex for \$6,500,000.

The Lease provides that, if no default or event of default has occurred and is continuing under the Lease, the City may, with the prior written consent of the Bond Insurer, acquire any Component from the Authority, free and clear of the Authority's rights under the Lease, upon substituting another component therefor; provided, however, that such substitute component must have an annual fair rental value at least equal to 100% of the maximum amount of Base Rental payments attributable to the Component being replaced becoming due in the then-current Lease Year or in any subsequent Lease Year. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – LEASE" herein.

## **TAX MATTERS**

### **Bond Counsel Opinion**

In the opinion of Pillsbury Winthrop LLP, Los Angeles, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes 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 federal individual or corporate alternative minimum taxes. However, 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 is set forth in Appendix D hereto and will accompany the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest received by persons such as the Owners of the Bonds. The City and the Authority have covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in gross income for federal income tax purposes. Failure to comply with those covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes 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 affect the tax status of interest on the Bonds.

Certain requirements and procedures contained or referred to in the Trust Agreement, the Lease and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of bond counsel other than Bond Counsel.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the 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, which

could directly or indirectly reduce the benefit of the excludability of the interest on the Bonds from gross income for federal income tax purposes.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal gross income and California State personal income tax purposes, a Bondholder's federal and State tax liability may otherwise be affected by the ownership or disposition of the Bonds. The nature and extent of these other tax consequences will depend upon the Bondholder's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, or in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds; (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Bonds; (iii) with respect to life insurance companies, life insurance company taxable income subject to the tax imposed by Section 801 of the Code is determined by permitting deductions for certain dividends received but not to the extent such dividend is from a non-insurance corporation and is out of tax-exempt interest, including interest on the Bonds; (iv) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (v) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds; and (vii) under Section 32(i) of the Code, receipt of investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income credit. 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.

### **Risk of Audit by Internal Revenue Service**

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service 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. Neither the Underwriter nor Bond Counsel is 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/Premium**

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from

gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount 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). The accruing original issue discount 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. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a purchaser’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

## **RATINGS**

Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies (“S&P”) has assigned its municipal bond rating of “AAA” to the Bonds based upon the issuance of the Financial Guaranty Insurance Policy by the Bond Insurer. In addition, S&P has assigned an underlying municipal bond rating of “A” to the Bonds. There is no assurance that any such rating will be in effect for any given period of time or that it will not be revised downward or withdrawn entirely by the applicable rating agency if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the Bonds. Such ratings reflect only the views of the rating agency and an explanation of the significance of any rating may be obtained only from the rating agency furnishing the same.

## **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, if material. Such information and notices will be filed by the Authority with certain Nationally Recognized Municipal Securities Repositories. 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. The Authority has never failed to provide any previous continuing disclosure or notices of material events. See “APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT” herein.

## **UNDERWRITING**

The Bonds are being purchased by E. J. De La Rosa & Co., Inc. (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$19,048,865.90 (which represents the aggregate principal amount of the Bonds less an Underwriter’s discount of \$161,236.00, plus an original issue premium of \$570,101.90).

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.

## **LITIGATION**

The City and the Authority will certify, and the 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 Lease or the Trust Agreement 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 affect the City’s ability to pay Base Rental payments when due.

## **CERTAIN LEGAL MATTERS**

Pillsbury Winthrop 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 City Attorney and by Disclosure Counsel, Pillsbury Winthrop LLP, Los Angeles, California.

## **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 other documents contained herein do not purport to be complete and reference is made to said documents for full and complete statements of their provisions.

Appropriate City and Authority officials, acting in their official capacity, have reviewed this Official Statement and have determined that as of the date thereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. The appropriate City and Authority officials will execute a Certificate to this effect upon delivery of the Bonds.

This Official Statement and its distribution have been duly authorized and approved by the City and the Authority.

CITY OF OXNARD FINANCING AUTHORITY

By: /s/ Stan Kleinman  
Controller

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## **APPENDIX A**

### **SUMMARY OF CERTAIN PROVISIONS OF 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.

“Annual Debt Service” means, for any Bond Year, the sum of (1) the interest payable on all Outstanding Bonds in such Bond Year, assuming that all Outstanding serial Bonds are retired as scheduled and that all Outstanding term Bonds, if any, are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Bonds), and (2) the principal amount of all Outstanding Bonds maturing by their terms in such Bond Year.

“Authority Representative” means 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 and all other agreements related thereto.

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

“Average Annual Debt Service” means the amount determined by dividing the sum of all Annual Debt Service due in each of the Bond Years following the date of such calculation by the number of such Bond Years.

“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.

“Bond Insurer” means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company, or any successor thereto.

“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, the first Bond Year will commence on the Closing Date and end on June 1, 2003, and that the final Bond Year will end on the date on which the Bonds are fully paid or redeemed.

“Business Day” means a day which is not a Saturday or Sunday or a day on which banking institutions are authorized or required by law to be closed in the State for commercial banking purposes.

“Certificate of the Authority” means an instrument in writing signed by the Chairman, the Vice Chairman, the Secretary, or the Controller of the Authority, or by any other officer of the Authority duly authorized for that purpose.

“Certificate of the City” means an instrument in writing signed by the City Manager (or his or her designee) or the Finance and Management Services Director (or his or her designee) of the City, or by any other official of the City duly authorized for that purpose.

“City Representative” means the City Manager or the Finance and Management Services Director of the City or another official designated by either such officer and authorized to act on behalf of the City under or with respect to the Trust Agreement and all other agreements related thereto.

“Closing Date” means May 22, 2003, 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 as set forth in the Lease, or any property substituted therefor pursuant the Lease.

“Computation Year” means with respect to the Bonds the period beginning on the Closing Date and ending on June 1, 2003, and thereafter each successive twelve month period commencing on each June 2 and ending on the following June 1.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement, dated the date of issuance and delivery of the Bonds, by and between the Authority and the Trustee, as dissemination agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” mean 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 Bonds, and the preliminary and final official statements pertaining to the Bonds; rating agency fees; Financial Guaranty Insurance Policy premium; 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 which agrees to follow procedures required to be followed by a securities depository in connection with the Bonds and which 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 Agent” means Wells Fargo Bank, National Association, and its successors and assigns.

“Escrow Agreement” means the Escrow Agreement, dated as of May 1, 2003, by and between the Authority and the Escrow Agent.

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

“Financial Guaranty Insurance Policy” means the financial guaranty insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

“Government Obligations” means (i) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or (ii) senior debt obligations of other United States government sponsored agencies approved by the Bond Insurer.

“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, Incorporated’s “Financial Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Service “Called Bond Service,” 55 Broad Street, 28<sup>th</sup> Floor, New York, New York 10004; Moody’s Investors Service “Municipal and Government,” 5250 77 Center Drive, Suite 150, Charlotte, NC 28217, Attention: Called Bonds Department and Standard & 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, to such other services providing information with respect to called bonds, or to such services, as the Authority may indicate in a Certificate of the Authority delivered to the Trustee.

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

“Interest Payment Date” means June 1 and December 1 in each year, commencing June 1, 2003, 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 in the Trust Agreement and the Lease.

“Maximum Annual Debt Service” means at any point in time, with respect to the Bonds then Outstanding, the greatest amount of Annual Debt Service on the Bonds in the then current or any succeeding Bond Year prior to the maturity of the Bonds.

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

“1993 Bonds” means the \$31,565,000 in original principal amount of the City of Oxnard Financing Authority Lease Revenue Refunding Bonds, Series 1993.

“1993 Lease” means that certain Master Lease and Option to Purchase, dated as of November 1, 1993, by and between the Authority, as lessor, and the City, as lessee.

“1993 Property Lease” means that certain Property Lease, dated as of November 1, 1993, by and between the City, as lessor, and the Authority, as lessee.

“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 respect to any Bond, means (except for Bonds held by the City or the Authority) any Bond theretofore issued under the Trust Agreement except:

(1) any Bond theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) any Bond which has been paid or is deemed to have been paid in accordance with the Trust Agreement;

(3) any Bond deemed no longer outstanding pursuant to the provisions of the Trust Agreement; and

(4) any Bond in lieu of or in exchange or in substitution for which another Bond or other Bonds shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

Notwithstanding anything in the Trust Agreement to the contrary, in the event that the principal and/or interest due with respect to the Bonds shall be paid by the Bond Insurer pursuant to the Financial Guaranty Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied, and not be considered paid by the Authority.

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

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

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Agreement.

“Permitted Investments” mean, if and to the extent permitted by law and by any policy guidelines promulgated by the City:

- (1) Government Obligations.
- (2) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America, including:
  - Export-Import Bank
  - Rural Economic Community Development Administration
  - U.S. Maritime Administration
  - Small Business Administration
  - U.S. Department of Housing & Urban Development (PHAs)
  - Federal Housing Administration
  - Federal Financing Bank

- (3) Direct obligations of any of the following federal agencies, which obligations are not fully guaranteed by the full faith and credit of the United States of America:
- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
  - Obligations of the Resolution Funding Corporation (REFCORP)
  - Senior debt obligations of the Federal Home Loan Bank System
  - Senior debt obligations of other United States government sponsored agencies approved by the Bond Insurer
- (4) U.S. dollar denominated deposit accounts, federal funds, and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank).
- (5) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase.
- (6) Investments in money market funds rated "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or its affiliates or subsidiaries provide investment advisory or other management services.
- (7) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state 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
- (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P; or
  - (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (i) of Government Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.
- (8) Municipal obligations rated "Aaa/AAA" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P.
- (9) Investment agreements (including, without limitation, guaranteed investment contracts (GICs)) approved in writing by the Bond Insurer and supported by appropriate opinions of counsel.

- (10) Other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer.

The value of the above investments shall be determined as follows:

- (a) For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Salomon Smith Barney, Bear Stearns, or Lehman Brothers.
- (b) As to certificates of deposit and bankers' acceptances: The face amount thereof, plus accrued interest thereon.
- (c) As to any investment not specified above: The value thereof established by prior agreement among the Trustee, the Bond Insurer, and the Authority or the City.

"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.

"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.

"Property" means, collectively, all Components, including all buildings and improvements thereon, and equipment; as described in the Property 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.

"Rebate Regulations" means the income tax regulations promulgated or proposed from time to time by the United States Department of Treasury under Section 148 of the Code.

"Record Date" means 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.

"Repository" shall have the meaning given to such term in the Continuing Disclosure Agreement.

"Reserve Fund" means the fund of that name established pursuant to the Trust Agreement.

"Reserve Requirement" means, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the aggregate principal amount of the Bonds originally issued, (ii) Maximum Annual Debt Service on the Bonds, or (iii) one hundred twenty-five percent (125%) of the Average Annual Debt Service on the Bonds, which requirement shall be in cash or Permitted Investments or, upon the receipt of the prior written consent of the Bond Insurer, may be satisfied by a letter of credit, surety bond, insurance, or other obligation as provided in the Trust Agreement.

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

“Securities Depositories” means the following registered securities depositories: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4039 or 4190; 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.

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

“State” means the State of California.

“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 the Chairman, the Vice Chairman, the Secretary, or the Controller of the Authority, or by any other officer of the Authority duly authorized by the Authority for that purpose.

“Written Request of the City” means an instrument in writing signed by the City Manager (or his or her designee) or the Finance and Management Services Director (or his or her designee) of the City, or by any other official of the City duly authorized by the City for that purpose.

## **TRUST AGREEMENT**

**Assignment.** Pursuant to the Trust Agreement, the Authority does 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, its right to indemnification, 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 Reserve 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, there is established in trust a special fund designated the “Costs of Issuance Fund,” which shall be held by the Trustee and which 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 an Authority Representative in the form attached to the Trust Agreement, together with invoices therefor.

Any amounts remaining in the Costs of Issuance Fund on the earlier of (i) six (6) months after the Closing Date (unless such date is extended pursuant to an opinion of Independent Counsel delivered to the Trustee), 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 the Debt Service Fund for the payment of interest on the Bonds.

Debt Service Fund. Pursuant to the Trust Agreement, there is established in trust a special fund designated as the “Debt Service Fund,” which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money 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 Bonds are no longer Outstanding, or until such earlier date as there are no Bonds Outstanding.

Except as otherwise provided in this paragraph, 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, and then to the Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Reserve Requirement. 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.

The Trustee shall pay from the Debt Service Fund on each Interest Payment Date an amount which, 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 deposited into the Reserve Fund to the extent that the amount therein is less than the Reserve Requirement and the balance 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.

Reserve Fund. Pursuant to the Trust Agreement, there is established in trust a special fund designated as the “Reserve Fund,” which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. The Reserve Fund shall be maintained by the Trustee until the Base Rental is paid in full pursuant to the Lease and the Bonds are no longer Outstanding or until there are no longer any Bonds Outstanding. There shall be deposited in the Reserve Fund that portion of the proceeds of the sale of the Bonds required to be deposited therein pursuant to the Trust Agreement and all other amounts required to be deposited therein pursuant to the Trust Agreement. So long as the amount deposited in the Reserve Fund satisfies the Reserve Requirement, no deposit need be made in the Reserve Fund. All Investment Earnings received by the Trustee on investment of moneys in the Reserve Fund shall be retained therein to the extent necessary to increase the amount on deposit in the Reserve Fund to the Reserve Requirement. Any balance shall be



transferred to the Debt Service Fund for the payment of principal and/or interest on the Bonds on the next Interest Payment Date. Subject to the foregoing, all Investment Earnings on amounts in the Reserve Fund shall be transferred as provided in the Trust Agreement. The Trustee shall promptly notify the Authority and the City if the amount on deposit in the Reserve Fund is less than the Reserve Requirement. In such event, the City is required, pursuant to the Lease, to deposit with the Trustee amounts sufficient to maintain the Reserve Fund at the Reserve Requirement. Any amount deposited in the Reserve Fund in excess of the Reserve Requirement shall be transferred and deposited in the Debt Service Fund.

If, on any Interest Payment Date, the amounts in the Debt Service Fund are less than the principal and interest payments due with respect to the Bonds on such date, respectively, the Trustee shall transfer from the Reserve Fund for credit to the Debt Service Fund amounts sufficient to make up such deficiencies. In the event of any such transfer, the Trustee shall, within five (5) days thereafter, provide written notice to the Authority, the Bond Insurer, and the City of the amount and the date of such transfer.

The Authority, upon the written direction of the City, upon prior written consent of the Bond Insurer, and upon notice to S&P, reserves the right to substitute, at any time and from time to time, one or more letters of credit, surety bonds, bond insurance policies, or other form of guarantee from a financial institution, the long-term unsecured obligations of which are rated not less than “Aa” by Moody’s or “AA” by S&P in substitution for or in place of all or any portion of the Reserve Requirement, under the terms of which the Trustee is unconditionally entitled to draw amounts when required for the purposes of the Trust Agreement. Upon deposit by the Authority, upon the written direction of the City, with the prior consent of the Bond Insurer, with the Trustee of any such letter of credit, surety bond, bond insurance policy, or other form of guarantee, the Trustee shall transfer to the City an amount equal to the principal amount of such letter of credit, surety bond, bond insurance policy, or other form of guarantee for deposit in a special fund to be established by the City (the “Special Fund”). The City shall use amounts on deposit in the Special Fund, (i) to purchase Bonds in the secondary market or (ii) for other capital projects of the City which Independent Counsel has determined will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

**Rebate Fund.** Pursuant to the Trust Agreement, a special fund is created and designated the “Rebate Fund” to be 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 that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes if such requirements are not 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 the Bond Insurer, 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 provisions of 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 and the Bond Insurer be remitted to the Authority and used for any lawful purpose; provided, however, in the event of defeasance, amounts shall not be remitted to the Authority until the Authority has delivered or caused to be delivered to the Trustee an opinion of Independent Counsel to the effect that remission of such amounts to the Authority shall not affect the exclusion from gross income for federal income tax purposes the interest with respect to the Bonds.

**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, with the prior written consent or at the direction of the Bond Insurer, 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 an Insurance Proceeds Fund (the "Insurance Proceeds Fund") to be then established for 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 ninety (90) days of the occurrence of the event of damage, destruction, or taking, notify the Trustee in writing of whether the City, with the prior written consent or at the direction of the Bond Insurer, intends to replace or repair the Property or the portions of the Property that were damaged or destroyed. If the City, with the prior written consent or at the direction of the Bond Insurer, 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, with the prior written consent or at the direction of the Bond Insurer, 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 which 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 which would have been payable from that portion of the Base Rental payments which 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 from insurance proceeds 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 transferred to the Reserve Fund to the extent necessary to make the amount on deposit therein equal to the Reserve Requirement and thereafter any excess 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, with the prior written consent or at the direction of the Bond Insurer, (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) has provided the Trustee with written evidence of such determination, such proceeds shall be deposited into the Reserve Fund to the extent necessary to make the amount on deposit

therein equal to the Reserve Requirement. Amounts not required to be so deposited, with the prior written consent or at the direction of the Bond Insurer, shall be remitted to the City.

(b) If the Authority and the City, with the prior written consent or at the direction of the Bond Insurer, 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 thereunder or under the Trust Agreement, 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 (6) 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. The obligations in which moneys in the Reserve Fund are so invested shall be invested in obligations maturing no later than five (5) years after the date of investment; provided no such investment shall mature later than the final maturity date of the Bonds; provided further, if such investments may be redeemed at par so as to be available on each Interest Payment Date, any amount of the Reserve Fund may be invested in such redeemable investments of any maturity on or prior to the final maturity date of the Bonds.

All Investment Earnings with respect to amounts in the Rebate 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 (except, to the extent required by the Trust Agreement, in the Reserve Fund) to the Debt Service Fund. For purposes of determining the amount of deposit in any fund held under the Trust Agreement, all Permitted Investments 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 at the best price obtainable, 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.

**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 which limit compensation to trustees of express trusts.

The City, with the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, 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, 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 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 which has) a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000 and shall be subject to supervision or examination by federal or state banking authority, and shall otherwise be acceptable to the Bond Insurer; provided that the Bond Insurer, in its sole discretion, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, may remove the Trustee. If such bank 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 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 sixty (60) days prior written notice to the Authority, the City, and the Bond Insurer 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, with the prior written approval of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, 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 sixty (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, the Bond Insurer, or any court must satisfy the qualifications set forth above.

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 provides provisions which 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 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 which 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.

**Amendments to Trust Agreement.** (a) Except as described in clause (b) below, the Trust Agreement may be amended only in writing by agreement among the City, the Authority, and the Trustee, with the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, 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.

(b) Notwithstanding the provisions described in clause (a) above, 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, with the consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, but only (i) 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 which the City, the Authority, and the Trustee may deem necessary or desirable and not inconsistent with the Trust Agreement and which 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.

(c) The Bond Insurer has reserved the right to charge the Authority or the City a fee for any consent or amendment to the Trust Agreement while the Financial Guaranty Insurance Policy is outstanding, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy.

**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 prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, and 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 with the consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, but without the consent of any Owners, upon the written agreement of the City and the Authority, but only (a) 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, (b) in regard to questions arising under the Lease or the Property Lease which the City and the Authority may deem necessary or desirable and not inconsistent with the Lease or the Property Lease, as applicable, and which shall not adversely affect the interests of the Owners of the Bonds then Outstanding, (c) to effect any substitution of the Property or any portion thereof in accordance with the Lease or the Property Lease, or (d) 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 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 redeemed, 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 in Los Angeles, California, 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. Pursuant to the Trust Agreement, the Authority appoints the Trustee as its agent in Los Angeles, California, for purposes of this provision.

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 which 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 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. The Authority shall contest by court action or otherwise any assertion by the United States of America or any department or agency thereof that the interest received by the Owners is includable in gross income of such recipients under federal income tax laws. Notwithstanding any other provision of the Trust Agreement, absent an opinion of Independent Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes, each of the Authority and the City covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, 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 the Bonds to be “private activity bonds” 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 the Bonds to be “arbitrage bonds” 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 the Bonds 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 to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes.

(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. The covenants set forth above shall not be applicable to, and nothing contained therein 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. The Authority 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, the Authority shall not 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 or the Bond Insurer.

Prosecution and Defense of Suits. The Authority 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 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 in the Trust Agreement.

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

Continuing Disclosure. The Authority and the Trustee have covenanted and agreed that they shall each comply with and carry out their respective 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 will not be considered an event of default thereunder; however, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least twenty-five percent (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 Continuing Disclosure Agreement. 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.

**Events of Default.** The following shall be "events 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; provided, however, no effect shall be given to payments made under the Financial Guaranty Insurance Policy in determining whether an event of default exists under this provision.



(b) Failure by the Authority 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 thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Authority by the Trustee or the Bond Insurer or to the Authority and the Trustee by the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, or 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 shall not extend for more than sixty (60) days without the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy.

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 shall be given by first-class mail, postage prepaid, to the Owners within thirty (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, upon the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, and shall, at the direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, proceed to exercise the remedies set forth in the Lease or available to the Trustee under the Trust Agreement. Upon the occurrence and continuance of an event of default under the Trust Agreement which would require the Bond Insurer to make payments under the Financial Guaranty Insurance Policy, the Bond Insurer and its designated agent shall be provided with access to inspect and copy the Bond Register held by the Trustee.

(b) In addition to the remedies set forth in the Trust Agreement and upon the occurrence and continuance of any event of default specified in the Trust Agreement, the Trustee may, upon the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, and shall, at the direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, proceed to protect and enforce the rights vested in Owners by the Trust Agreement by appropriate judicial proceedings or proceedings as the Trustee, with the consent or at the direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, 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, with the consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, 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.

(d) Owner's directions or institution of remedies upon default under the Trust Agreement shall be subject to the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy. The Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, acting alone, shall have the right to direct all remedies upon an event of default. Further,

no waiver of an event of default shall be granted without obtaining the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy.

**Application of Moneys.** Any moneys received by the Trustee relating to an event of default under the Trust Agreement, together with any moneys which 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, be applied to the payment of the whole amount then owing and unpaid on 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 Trust Agreement as describe above, such moneys shall be applied at such times, and from time to time, as the Trustee, with the consent or at the direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, 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 and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated in the Trust Agreement and in the Bonds, 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, which are not required for the payment of the interest on and 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 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 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 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, 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.

Notwithstanding anything in the Trust Agreement to the contrary, in the event that the principal or interest due with respect to the Bonds shall be paid by the Bond Insurer pursuant to the Financial Guaranty Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied, and not be considered paid by the Authority, and the assignment and pledge of the Pledged Assets and all covenants, agreements, and other obligations of the Authority to the Owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Owners.

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 in this paragraph 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 which shall be sufficient, or (B) Government Obligations or defeased municipal bonds rated AAA by S&P or Aaa by Moody's, the payment of which defeased municipal bonds is secured solely by Government Obligations (or any combination of the foregoing), the interest on and principal of which when paid will provide money which, 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 sixty (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 and the Bond Insurer 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 this provision 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 in this paragraph is intended to preclude redemptions pursuant to the Trust Agreement.

After the payment of all the interest of and principal on all Outstanding Bonds as provided 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 which 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.

Notwithstanding anything in the Trust Agreement to the contrary, in the event that the principal and/or interest due with respect to the Bonds shall be paid by the Bond Insurer pursuant to the Financial Guaranty Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied, and not be considered paid by the Authority, and the assignment and pledge of the Pledged Assets and all covenants, agreements, and other obligations of the Authority to the Owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Owners.

**Provisions Relating To The Bond Insurer and the Financial Guaranty Insurance Policy.**

Payment Procedure Pursuant to the Financial Guaranty Insurance Policy. As long as the Financial Guaranty Insurance Policy shall be in full force and effect, the Authority and the Trustee shall comply with the following provisions:

(a) At least one (1) day prior to each Interest Payment Date, the Trustee shall determine whether there will be sufficient funds in the funds and accounts established under the Trust Agreement to pay the principal of or interest on the Bonds on such Interest Payment Date. If the Trustee determines that there will be insufficient funds in such funds or accounts, the Trustee shall so notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable, and whether such Bonds will be deficient as to principal or interest, or both. If the Trustee has not so notified the Bond Insurer at least one (1) day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the Bonds on or before the first (1st) day next following the date on which Bond Insurer shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for the Bond Insurer, or any successor insurance trustee (the "Insurance Trustee"), the Bond Register maintained by the Trustee and all records relating to the funds and accounts maintained under the Trust Agreement.

(c) The Trustee shall provide the Bond Insurer and the Insurance Trustee with a list of Owners of Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Financial Guaranty Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the Owners of Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal upon Bonds surrendered to the Insurance Trustee by the Owners of Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(d) The Trustee shall, at the time it provides notice to the Bond Insurer pursuant to (a) above, notify the Owners of Bonds entitled to receive the payment of principal thereof or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Owner entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Bonds for payment thereon first to the Trustee, who shall note on such Bonds the portion of the principal paid by the Trustee and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has notice that any payment of principal of or interest on a Bond which has become Due for Payment (as such term is defined in the Financial Guaranty Insurance Policy) and which is made to an Owner by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all Owners that in the event that any Owner's payment is so recovered, such Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Trustee and subsequently recovered from Owners and the dates on which such payments were made.

(f) In addition to those rights granted the Bond Insurer under the Trust Agreement, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Financial Guaranty Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the Bond Register maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the Bond Register maintained by the Trustee upon surrender of the Bonds by the Owners thereof together with proof of the payment of principal thereof.

Bond Insurer As Third Party Beneficiary. To the extent that the Trust Agreement confers upon or gives or grants to the Bond Insurer any right, remedy, or claim under or by reason of the Trust Agreement, the Bond Insurer is explicitly recognized as being a third-party beneficiary under the Trust Agreement and may enforce any such right remedy or claim conferred, given, or granted thereunder.

Consent of Bond Insurer in the Event of Insolvency. Any reorganization or liquidation plan with respect to the Authority or the City must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Owners who hold the Bond Insurer-insured Bonds absent a default by the Bond Insurer under the Financial Guaranty Insurance Policy insuring such Bonds.

Notices/Information to be Given to Bond Insurer.

(a) While the Financial Guaranty Insurance Policy is in effect, the Authority, the City, or the Trustee, as appropriate, shall furnish to the Bond Insurer, to the attention of the Surveillance Department, at the City's expense, the following:

- (i) upon request, a copy of any financial statement, audit, and/or annual report of the City;
- (ii) a copy of any notice to be given to the Owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to the Trust Agreement relating to the security for the Bonds;
- (iii) copies of any annual reports or notices furnished pursuant to the Continuing Disclosure Agreement; and
- (iv) such additional information the Bond Insurer may reasonably request.

(b) While the Financial Guaranty Insurance Policy is in effect, the Authority, the City, or the Trustee, as appropriate, shall furnish to the Bond Insurer, to the attention of the General Counsel Office, at the City's expense, the following:

- (i) The Trustee, the Authority, or the City, as appropriate, shall notify the Bond Insurer of any failure of the Authority or the City to provide relevant notices, certificates, etc.; and
- (ii) Notwithstanding any other provision of the Trust Agreement, the Trustee, the Authority, or the City, as appropriate, shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default thereunder.

(c) The City shall permit the Bond Insurer to discuss the affairs, finances, and accounts of the City or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City. The Trustee, the Authority, or the City, as appropriate, shall permit the Bond Insurer to have access to the Property have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

(d) The Bond Insurer shall have the right to direct an accounting at the City's expense, and the City's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default under the Trust Agreement; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Owner of the Bonds.

## **LEASE**

**Lease Term; Transfer of Title To City; Termination of Prior Leases.** Pursuant to the Lease, the Authority subleases all Components of the Property to the City, and the City subleases all Components of the Property from the Authority, and the City agrees 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, 2016; provided that in the event the principal of and interest on the Bonds and all other amounts payable under the Lease and under 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, 2021, or (b) at such date as the Bonds shall have been paid or provision for their payment shall have been made 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) no Bonds are Outstanding under the Trust Agreement.

Pursuant to the exercise of the option to purchase the Property, or a 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 which 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.

Effective on the Closing Date and upon the deposit with the Escrow Agent of an amount sufficient to defease the 1993 Bonds, the 1993 Lease and the 1993 Property Lease shall terminate. On the Closing Date, the City covenants that it 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 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 which may be supported by the fair market value of such Component, as estimated by the City, initially, and thereafter as provided in the Lease. 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 (5) Business Days prior to each Interest Payment Date during the Lease Term. Base Rental payable immediately prior to June 1 in any year shall be for the period December 1 of such year to May 31 of such year, and Base Rental payable immediately prior to December 1 in any year shall be for the period June 1 of such year to November 30 of such year.

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.

**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) On or before each Interest Payment Date, the City shall deposit or cause to be deposited, from its legally available funds, such amounts as are necessary to increase the amount on deposit in the Reserve Fund to an amount equal to the Reserve Requirement. Furthermore, in the event that the Trustee notifies the Authority or the City that the amount on deposit in the Reserve Fund is less than the Reserve Requirement, the City shall deposit or cause to be deposited, from its legally available funds, in the Reserve Fund such amounts as are necessary to increase the amount on deposit therein to the Reserve Requirement.

- (iii) Insurance premiums, if any, on all insurance required under the provisions of the Lease;
- (iv) Any rebate amounts required to be paid to the United States Treasury;
- (v) 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;
- (vi) All fees, costs, expenses, and other amounts due to the Bond Insurer under the Lease and under the Trust Agreement;
- (vii) All amounts required to be paid by the Authority, other than from Pledged Assets, under the Trust Agreement; and
- (viii) Any other fees, costs, or expenses incurred by the Authority, the Bond Insurer, or the Trustee in connection with the execution, performance, or enforcement of the Lease or any assignment thereof or of the Trust Agreement or any of the transactions contemplated by the Lease or the Trust Agreement or 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 thirty (30) days after notice in writing from the Trustee, the Bond Insurer, 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 provisions regarding rental abatement in 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 which 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 provisions regarding rental abatement in 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 which 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 amounts on deposit in the Reserve Fund and 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, Base Rental and Additional Rental payments due under the Lease shall be abated proportionately, and the City waives the benefits of 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 provisions regarding consideration in the Lease. The City and the Authority shall calculate such abatement and shall provide the Trustee and the Bond Insurer 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 therein, 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.

**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 which 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, the Bond Insurer, and the Authority prior to the Closing Date, subject only to the provisions of the Lease regarding the payments of taxes and other governmental charges.

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 which 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 these purposes 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 or as otherwise approved by the Bond Insurer 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 Labor Code of the State of California, 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 twenty-four (24) months, in an amount equal to the product obtained by multiplying an amount equal to the then applicable Reserve Requirement 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 and the Bond Insurer, 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 thirty (30) days prior written notice to the Trustee. The City shall deliver to the Trustee and the Bond Insurer 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. The City shall further provide the Bond Insurer with copies of such insurance policies upon request.

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. None of the City, the Authority, or the Trustee shall settle claims under any of the insurance policies required under the Lease without the consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy.

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 Finance and Management Services Director, 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 which 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 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, with the consent or at the direction of the Bond Insurer, 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, with the consent or at the direction of the Bond Insurer, 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 to the replacement portion of the Property upon restoration of the City to its right to use and possess such replacement 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, with the consent or at the direction of the Bond Insurer, 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 thereto upon restoration of the City to its right to use and possession of such replacement portion of the Property.

**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, with the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligation under the Financial Guaranty Insurance Policy, 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 which 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 in the Lease. 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 cause interest on the Bonds to be includable in gross income for federal income tax purposes or to be subject to State personal income tax.

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, its right to indemnification, 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 pursuant to the Lease, 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, upon the receipt of the prior written consent of the Bond Insurer, 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 which has an annual fair rental value at least equal to one hundred percent (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. As soon as practicable after the Authority has received from the City (i) the prior written consent of the Bond Insurer to such substitution, (ii) a written notice of the City's intention to substitute for any Component and subject to the terms of the Lease a new Component, (iii) a certificate of a City Representative that the total annual fair rental value of the new Component is at least equal to one hundred percent (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, (iv) 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, (v) 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 which

will not, in the opinion of the Authority and the Bond Insurer, 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 (vi) an opinion of Independent Counsel that such substitution will not cause interest on the Bonds to be includable in gross income for federal income tax purposes or to be subject to State personal income tax, 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, the Trustee, or the Bond Insurer 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 which 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 thirty (30) days after written notice thereof shall have been given to the City from the Authority, the Trustee, or the Bond Insurer, 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 clause (iii) above is not cured within sixty (60) days, the City shall obtain the prior written consent of the Bond Insurer to pursue the same to completion beyond the grace period provided in the Lease); 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 a 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 which 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, with the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligation under the Financial Guaranty Insurance Policy, and shall, at the direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligation under the Financial Guaranty Insurance Policy:

(a) 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 provided for in subparagraph (b) below, 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.

(b) Without terminating the Lease, (i) 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 (ii) 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 (a) 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 and/or rent deficiency punctually at the same time and in the same manner as provided for in the Lease the payment of rent thereunder, 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. Pursuant to the Lease, 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 (a) 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.

The City waives any and all claims for damages caused or which 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, with the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, 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 councilmembers, 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, with the prior written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligation under the Financial Guaranty Insurance Policy, and shall, at the direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligation under the Financial Guaranty Insurance Policy, bring the following actions:

Accounting. By action or suit in equity to require the City and its councilmembers, 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 which 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 councilmembers, 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.

Notwithstanding anything to the contrary contained in the Lease, so long as the Bond Insurer is not in default in its payment obligations under the Financial Guaranty Insurance Policy, no remedy shall be exercised under the Lease without the prior written consent of the Bond Insurer and the Bond Insurer shall have the right to direct the exercise of any remedy under the Lease.

The termination of the Lease by the Authority and its assignees on account of a default by the City thereunder 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.



**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 therein.

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, and interest, as set forth in the Trust Agreement. 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 forty-five (45) days prior to the Business Day on which it intends to exercise its option under the Lease Agreement 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 ten (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 which 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 which 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 is entered into between the Authority and the City and, pursuant to its terms, the Authority agrees to lease the Site with respect to each Component of the Property from the City.

The Property Lease shall commence on the Closing Date and end on the earlier to occur of one week after (i) June 1, 2016; 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, 2021, or (ii) the first date upon which the Bonds are no longer outstanding under the Trust Agreement.

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 described in the Property Lease, provided that:

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

(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/or 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 described in the Property Lease, 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.

## APPENDIX B

### GENERAL INFORMATION CONCERNING THE CITY OF OXNARD

*The Bonds do not constitute a general obligation debt of the City of Oxnard and the City has not pledged its full faith and credit to the repayment of the Bonds. The following information is presented for informational purposes only.*

#### General

The City of Oxnard (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 financial hub of the County and the largest city in the County, with a population estimated of 182,000 in 2002, accounting for over 23% of the County’s population. The City has become a premier center of County industrial activity since 1996 with the start of nine new industrial buildings representing a total of approximately 750,000 square feet of industrial and commercial space, with significant growth and building in the northeast area of the City.

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.

The City has a diversified and expanding economic base composed of light and heavy manufacturing, retail, service and government sectors. The City has maintained a steady population growth rate of approximately 2.2% for the past decade and the City’s adopted General Plan anticipates continued steady growth for the next ten years.

#### Population

The City’s population has grown from approximately 150,300 people in 1993 to approximately 182,000 in 2002. The following table shows the approximate changes in population in the City, the County, the State, and the United States for the years 1993 through 2002 as of January 1 in each year.

**Population of  
City, County, State and U.S.  
1993 through 2002<sup>(1)</sup>**

| <u>Year</u> | <u>City</u>            | <u>Population<br/>Percent<br/>Change</u> | <u>County</u>          | <u>Percent<br/>Change</u> | <u>State<br/>(000)</u> | <u>Percent<br/>Change</u> | <u>United<br/>States<br/>(000)</u> | <u>Percent<br/>Change</u> |
|-------------|------------------------|--|------------------------|---------------------------|------------------------|---------------------------|------------------------------------|---------------------------|
| 1993        | 150,300                | --                                       | 690,000                | --                        | 31,150                 | --                        | 260,255                            | --                        |
| 1994        | 153,400                | 2.06%                                    | 697,200                | 1.85%                     | 31,418                 | 0.86%                     | 263,436                            | 1.22%                     |
| 1995        | 155,700                | 1.50                                     | 702,800                | 0.80                      | 31,617                 | 0.63                      | 266,557                            | 1.18                      |
| 1996        | 157,500                | 1.16                                     | 707,800                | 0.71                      | 31,837                 | 0.70                      | 269,667                            | 1.17                      |
| 1997        | 159,800                | 1.46                                     | 716,100                | 1.17                      | 32,207                 | 1.16                      | 272,912                            | 1.20                      |
| 1998        | 163,000                | 2.00                                     | 725,400                | 1.30                      | 32,657                 | 1.40                      | 276,115                            | 1.17                      |
| 1999        | 166,100                | 1.90                                     | 736,000                | 1.46                      | 33,140                 | 1.48                      | 279,295                            | 1.15                      |
| 2000        | 170,358 <sup>(2)</sup> | 2.56                                     | 753,197 <sup>(2)</sup> | 2.34                      | 33,872 <sup>(2)</sup>  | 2.21                      | 281,674 <sup>(2)</sup>             | 0.85                      |
| 2001        | 177,600                | 4.25                                     | 765,200                | 1.59                      | 34,385                 | 1.51                      | 284,797                            | 1.11                      |
| 2002        | 182,000                | 2.48                                     | 780,100                | 1.95                      | 35,037                 | 1.90                      | N/A                                | N/A                       |

Sources: State of California Department of Finance; U.S. Department of Commerce, Bureau of the Census (U.S. figures only).

(1) Unless otherwise noted, estimates for City, County and State as of January 1, and for U.S. as of July 1.

(2) Actual census figures.

## 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. The only voter-approved obligation of the City currently outstanding is the Oxnard District No. 1-Public Safety Retirement Tax, a tax levied on all properties within the City to pay public safety retirement expenses. The following table details the City's property tax rates for the last 10 fiscal years.

### City of Oxnard Property Tax Rates 1993 through 2002

| Year Ended<br>June 30 | County Tax | Oxnard District No. 1<br>(Public Safety<br>Retirement Tax) | School Districts | Water Districts | Total Tax Rates |
|-----------------------|------------|--|------------------|-----------------|-----------------|
| 1993                  | 1.00%      | 0.0490%  | 0.0736%          | 0.2555%         | 1.7810%         |
| 1994                  | 1.00       | 0.0495   | 0.0685           | 0.2693          | 1.3873          |
| 1995                  | 1.00       | 0.0380   | 0.0805           | 0.2913          | 1.4098          |
| 1996                  | 1.00       | 0.0362   | 0.0773           | 0.3105          | 1.4240          |
| 1997                  | 1.00       | 0.0367   | 0.0807           | 0.3328          | 1.4502          |
| 1998                  | 1.00       | 0.0367   | 0.1360           | 0.3449          | 1.5176          |
| 1999                  | 1.00       | 0.0367   | 0.1491           | 0.1212          | 1.3070          |
| 2000                  | 1.00       | 0.0475   | 0.1740           | 0.0979          | 1.3194          |
| 2001                  | 1.00       | 0.0475   | 0.1714           | 0.0977          | 1.3166          |
| 2002                  | 1.00       | 0.0575   | 0.1867           | 0.0723          | 1.3165          |

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2002.

## 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 which 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 ten percent (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 one and one-half percent (1-1/2%) 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 one and one-half percent (1-1/2%) per month on the unpaid balance.

The following table details the City's property tax levies, collections and delinquencies for the last 10 fiscal years.

**City of Oxnard**  
**Property Tax Levies, Collections and Delinquencies**  
**1993 through 2002**

| <u>Year Ended<br/>June 30</u> | <u>Total Tax Levy</u> | <u>Current Tax<br/>Collections</u> | <u>Percent of Levy<br/>Collected</u> | <u>Delinquent Tax<br/>Collections</u> | <u>Total Tax<br/>Collections</u> | <u>Total<br/>Collections as a<br/>Percentage of<br/>Tax Levy</u> |
|-------------------------------|-----------------------|------------------------------------|--------------------------------------|---------------------------------------|----------------------------------|--|
| 1993                          | \$18,331,754          | \$16,929,453                       | 92.35%                               | \$687,047                             | \$17,616,500                     | 96.10%   |
| 1994                          | 17,571,000            | 17,467,060                         | 99.40                                | 621,750                               | 18,088,810                       | 102.95   |
| 1995                          | 17,318,091            | 17,000,969                         | 98.17                                | 567,432                               | 17,568,401                       | 101.45   |
| 1996                          | 18,296,398            | 16,831,456                         | 91.99                                | 569,431                               | 17,400,887                       | 95.11  |
| 1997                          | 18,233,366            | 17,033,821                         | 93.42                                | 487,301                               | 17,521,122                       | 96.09  |
| 1998                          | 18,113,687            | 17,712,334                         | 97.78                                | 250,440                               | 17,962,774                       | 99.17  |
| 1999                          | 15,014,300            | 14,868,769                         | 99.03                                | 189,551                               | 15,058,320                       | 100.29   |
| 2000                          | 17,038,470            | 17,317,763                         | 101.64                               | 99,032                                | 17,416,795                       | 102.22   |
| 2001                          | 23,380,000            | 23,484,567 <sup>(1)</sup>          | 100.45                               | 90,164                                | 23,574,731                       | 100.83   |
| 2002                          | 25,900,000            | 25,718,029                         | 99.30                                | 284,711                               | 26,002,740                       | 100.40   |

(1) Voter-approved tax for \$3,977,315 was transferred from trust and agency to the special revenue fund in fiscal year 2001.  
Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2002.

**Assessed Property Values**

The following table details the assessed value of the real and personal property within the City for the last 10 fiscal years.

**City of Oxnard**  
**Assessed Property Values**  
**1993 through 2002**

| <u>Year Ended<br/>June 30</u> | <u>Real Property<br/>Assessed Value</u> | <u>Personal Property<br/>Assessed Value</u> | <u>Exemptions</u> | <u>Total Assessed Value</u> |
|-------------------------------|---|---|-------------------|-----------------------------|
| 1993                          | \$5,989,433,136                         | \$81,514,123                                | \$749,713,311     | \$5,321,233,948             |
| 1994                          | 6,082,455,163                           | 108,703,880                                 | 692,726,941       | 5,498,432,102               |
| 1995                          | 6,215,308,381                           | 117,493,334                                 | 697,128,516       | 5,635,673,199               |
| 1996                          | 6,312,352,104                           | 119,814,735                                 | 667,234,581       | 5,764,932,258               |
| 1997                          | 6,307,831,466                           | 101,123,835                                 | 720,506,163       | 5,688,449,138               |
| 1998                          | 6,473,207,602                           | 94,844,935                                  | 722,494,121       | 5,845,558,416               |
| 1999                          | 6,605,309,284                           | 95,463,165                                  | 737,477,086       | 5,963,295,363               |
| 2000                          | 6,844,276,538                           | 91,597,348                                  | 874,969,634       | 6,060,904,252               |
| 2001                          | 7,645,814,717                           | 97,930,553                                  | 846,810,724       | 6,896,934,546               |
| 2002                          | 8,351,831,139                           | 111,351,225                                 | 905,863,935       | 7,557,318,429               |

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2002.

## Principal Taxpayers

The following table lists the principal taxpayers in the City as of June 30, 2002.

| <b>City of Oxnard<br/>Principal Taxpayers</b> |                              |                           |   |
|---|------------------------------|---------------------------|---|
| <u>Taxpayer</u>                               | <u>Type of Business</u>      | <u>Assessed Valuation</u> | <u>Percentage of<br/>Total Assessed<br/>Valuation</u> |
| The Procter & Gamble Paper Products Company   | Manufacturing-Paper Products | \$ 269,163,758            | 3.562%  |
| St. John's Regional Medical Center            | Hospital                     | 149,730,718               | 1.981   |
| Willamette Industries Inc.                    | Processed Paper Manufacturer | 67,773,739                | 0.897   |
| CHW Central Coast                             | Real Estate Development      | 51,491,600                | 0.681   |
| Tiger Ventura County                          | Real Estate Development      | 47,681,230                | 0.631   |
| Seminis Inc.                                  | Seeds                        | 45,118,255                | 0.597   |
| Ormond Beach Power, Gen. LLC                  | Power Plant                  | 42,767,608                | 0.566   |
| BMW of North America Inc.                     | Auto Manufacturer            | 39,336,819                | 0.521   |
| Ocean Vista Power Generation                  | Power Plant                  | 37,205,756                | 0.492   |
| Donwen Corporation                            | Commercial Development       | 36,509,318                | 0.483   |
| Fred Kavli                                    | Real Estate Development      | 34,162,579                | 0.452   |
| Verizon Media Ventures Inc.                   | Telecommunication            | 31,386,300                | 0.415   |
| Terminal Freezers Inc.                        | Food Processing              | 30,197,990                | 0.400   |
| Arden Realty Ltd Partnership                  | Real Estate Development      | 28,611,701                | 0.379   |
| Other Taxpayers                               | Various                      | <u>6,646,181,058</u>      | <u>87.943</u>   |
| Totals  |                              | <u>\$7,557,318,429</u>    | <u>100.000%</u>                                       |

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2002.

## Outstanding Debt

The City uses a variety of tax increment, revenue and lease indebtedness to finance various capital acquisitions. The outstanding balances for this indebtedness as of June 30, 2002, are set forth in the following table:

| <b>City of Oxnard<br/>Outstanding Debt<br/>(As of June 30, 2002)</b> |  |
|--|--|
| <u>Type of Debt</u>  | <u>Outstanding Balance<br/>(as of June 30, 2002)</u> |
| Tax Allocation Bonds <sup>(1)</sup>                                  | \$ 14,475,000.00                                     |
| Revenue Bonds <sup>(2)</sup>   | 89,043,438.00  |
| Capital Leases   | 1,819,953.00   |
| Notes and Loans Payable  | 8,539,733.00   |
| Certificates of Participation  | <u>8,440,000.00</u>                                  |
| Total  | <u>\$122,318,124.00</u>                              |

(1) The tax allocation bonds are paid from the increment revenue of property taxes levied within the City's redevelopment and renewal areas. The Central Revitalization Project and other redevelopment areas currently are administered by the Oxnard Community Development Commission.

(2) Revenue bonds include issues used to finance projects for public parking, civic auditorium, sewer and treatment expansion and public housing. Debt service on these issues is paid from the revenues of the appropriate enterprise funds and the City's General Fund.

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2002.

## Direct and Overlapping Bonded Debt

The following table details the City's direct and overlapping bonded debt as of June 30, 2002.

### City of Oxnard Direct and Overlapping Bonded Debt (As of June 30, 2002)

| <u>Jurisdiction</u>                                   | <u>Net Debt<br/>Outstanding<br/>(June 30, 2002)</u> | <u>Percentage of<br/>Debt Applicable<br/>to the City of<br/>Oxnard (Before<br/>Exclusions)</u> | <u>Less:<br/>Exclusions <sup>(1)</sup></u> | <u>Amount of<br/>Debt<br/>Applicable to<br/>the City of<br/>Oxnard</u> |
|---|---|--|--|--|
| <b><u>Direct Bonded Debt:</u></b>                     |   |  |  |  |
| City of Oxnard  | \$ 29,390,000                                       | 100.000%   | \$29,390,000                               | --   |
| City of Oxnard – Pooled Insurance Obligation          | 1,227,732   | 100.000  | 1,227,732                                  | --   |
| City of Oxnard – 1915 Act Bonds                       | 32,020,000  | 100.000  | 32,020,000                                 | --   |
| City of Oxnard Community Facilities District No. 88-1 | <u>2,015,000</u>                                    | 100.000  | <u>2,015,000</u>                           | --   |
| <b>Total Direct Bonded Debt</b>                       | <b>\$ 64,652,732</b>                                |  | <b>\$64,652,732</b>                        | --   |
| <b><u>Overlapping Bonded Debt:</u></b>                |   |  |  |  |
| Ventura County Superintendent of Schools – COP        | \$ 294,795  | 13.585%  | --   | \$ 40,048  |
| Ventura County Community College District – COP       | 1,502,264   | 13.589   | --   | 204,143  |
| Ventura County General Fund Obligations               | 11,859,026  | 13.585   | --   | 1,611,049  |
| Ventura County Pension Obligation                     | 14,017,003  | 13.585   | --   | 1,904,210  |
| Metropolitan Water District                           | 3,632,202   | 0.722  | --   | 26,224   |
| Oxnard Union High School District                     | 23,003,820  | 43.502   | --   | 10,007,122   |
| Oxnard Union High School District – COP               | 8,130,524   | 43.502   | --   | 3,536,941  |
| Oxnard School District                                | 66,248,007  | 90.108   | --   | 59,694,754   |
| Oxnard School District – COP                          | 6,185,914   | 90.108   | --   | 5,574,003  |
| Rio School District                                   | 16,245,513  | 84.568   | --   | 13,738,505   |
| Rio School District – COP                             | 4,710,438   | 84.568   | --   | 3,983,523  |
| Hueneme School District                               | 5,784,344   | 50.808   | --   | 2,938,909  |
| Ocean View School District                            | 1,473,940   | 38.839   | --   | 572,464  |
| Ocean View School District – COP                      | <u>904,949</u>                                      | 38.839   | --   | <u>351,473</u>   |
| <b>Total Overlapping Bonded Debt</b>                  | <b>\$163,992,739</b>                                |  | --   | <b>\$104,183,368</b>   |
| <b>Total Direct and Overlapping Bonded Debt</b>       | <b>\$228,645,471</b>                                |  | <b>\$64,652,732</b>                        | <b>\$104,183,368</b>   |

(1) Exclusions represent all bonds that are not tax supported obligations of the City.  
Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2002.

## Employment

The following tables present the available labor force data and unemployment rates for five years for the City and the County.

### City and County Labor Force and Unemployment Figures (1997 through 2001)

| <u>Year</u> | <u>City</u>        |                          | <u>County</u>      |                          |
|-------------|--------------------|--------------------------|--------------------|--------------------------|
|             | <u>Labor Force</u> | <u>Unemployment Rate</u> | <u>Labor Force</u> | <u>Unemployment Rate</u> |
| 2001        | 85,200             | 6.5%                     | 419,800            | 4.5%                     |
| 2000        | 83,850             | 6.5                      | 413,300            | 4.5                      |
| 1999        | 80,740             | 6.9                      | 397,400            | 4.8                      |
| 1998        | 79,170             | 8.0                      | 388,200            | 5.5                      |
| 1997        | 78,140             | 9.3                      | 381,500            | 6.5                      |

Source: State of California, Employment Development Department.

## Taxable Retail Sales

Consumer spending in calendar year 2001 resulted in \$1,775,146 in taxable sales in the City, which is approximately 9.52% above calendar year 2000. Although the taxable sales figures for each type of business are not yet available from the California Board of Equalization, the following table sets forth information regarding taxable sales in the City for each type of business for calendar years 1997 through 2000.

**City of Oxnard**  
**Taxable Retail Sales by Type of Business**  
**1997 - 2000**  
**(000s)**

|                                 | <u>1997</u>    | <u>1998</u>    | <u>1999</u>    | <u>2000</u>    |
|---------------------------------|----------------|----------------|----------------|----------------|
| Apparel stores                  | \$ 43,816      | \$ 48,198      | \$ 50,341      | \$ 43,441      |
| General merchandise stores      | 256,788        | 265,886        | 262,491        | 241,410        |
| Food stores                     | 62,158         | 64,708         | 66,763         | 66,134         |
| Eating and drinking places      | 102,099        | 113,096        | 121,892        | 128,529        |
| Home furnishings and appliances | 36,777         | 40,436         | 45,114         | 44,273         |
| Building mat. and farm implmts. | 154,135        | 174,486        | 183,951        | 187,530        |
| Auto dealers and auto supplies  | 219,860        | 226,386        | 321,044        | 345,079        |
| Service stations                | 59,191         | 55,600         | 69,170         | 87,773         |
| Other retail stores             | <u>164,866</u> | <u>172,786</u> | <u>188,381</u> | <u>200,655</u> |
| Total Retail Outlets            | 1,099,600      | 1,161,582      | 1,309,147      | 1,344,824      |
| All Other Outlets               | <u>220,188</u> | <u>223,242</u> | <u>256,213</u> | <u>275,985</u> |
| Total All Outlets               | \$1,319,788    | \$1,384,824    | \$1,565,360    | \$1,620,809    |

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 daily pass through 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 to the City. The Ventura County Railroad Company connects Port Hueneme, the Ormond Beach Industrial Area, the CB Base 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. Completed in 1989 was an \$18 million expansion of the harbor that included the addition of an automobile terminal and the construction of a new wharf. The Port's acquisition of 33 acres from the Navy in 1997 has enabled it to increase facilities for importing foreign automobiles. Automobile imports increased by 12.7% in 1997, making the Port one of the top 10 entry points in the U.S. for foreign automobiles. 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. The Oxnard Airport is operated by Ventura County as a general and commercial aviation air field. The Oxnard Airport handles passenger as well as cargo services. Feeder service to Los Angeles International Airport is provided by United Express and American Eagle. Local bus service is provided by South Coast Area Transit System (SCAT), 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. Great American Stagelines provides passenger services between Oxnard and Los Angeles every hour. A multi-modal transportation center located in downtown Oxnard brings together all these forms of transportation.



## **Education**

There are twenty-nine elementary, three junior high and five senior high schools located in and around the City, plus eight parochial and private schools. The City is served by Oxnard College, which has an enrollment of over 5,700 students. 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 newly-completed California State University campus at Channel Islands (CSUCI) opened in fall 2002 with approximately 1,320 full time transfer students and will welcome freshmen in fall 2003. 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 fifty 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 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 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 Marina is a recreational boating marina administered by Ventura County. The City has over thirty 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 the River Ridge Golf Course, an 18-hole, 7,010-yard championship golf course located on the south side of the Santa Clara River. The City also owns a 1,600-seat Performing Arts Center located on Hobson Way in the heart of the City.

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**APPENDIX C**

**CITY OF OXNARD  
COMBINED FINANCIAL STATEMENTS  
FISCAL YEAR ENDED JUNE 30, 2002**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## Fiscal Year Ended June 30, 2002



Prepared by  
Finance Department  
Stan Kleinman  
Finance Director

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*City of Oxnard, California*

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*June 30, 2002*

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*City of Oxnard, California*

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December 4, 2002

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

## INTRODUCTION

It is our great pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Oxnard, California (City) for the fiscal year ended June 30, 2002. This year's report has been prepared using the new reporting model as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This new reporting model completely changes the format of the City's financial statements. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

### CAFR Explanation

The CAFR was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth in pronouncements of the GASB and the Financial Accounting Standards Board (FASB). The CAFR is presented in three sections and includes the following information:

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#### 1. Introductory Section:

This section includes the letter of transmittal with comments on the operations of the City for the year ended June 30, 2002; the City's organizational chart; a list of principal officials; the Government Finance Officers Association of the United States (GFOA) Certificate of Achievement for Excellence in Financial Reporting; and Certificate of Recognition for Early Implementation of GASB 34 to the City for its CAFR for the fiscal year ended June 30, 2001.

#### 2. Financial Section:

This section includes the independent auditors' report, management's discussion and analysis, and basic financial statements, which include government-wide financial statements, fund financial statements, notes to the basic financial statements, and required supplementary information.

#### 3. Statistical Section:

Selected financial and demographic information, generally presented on a multi-year basis. This section helps to provide the reader with a broader understanding of the City than is possible from a reading of the financial statements and supporting schedules in the financial section alone.

## REPORTING ENTITY

The 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 a four-member council elected at large for four-year alternating terms and by a Mayor who is directly elected for a two-year term.

The accompanying CAFR includes the financial activities of the City, the primary government and its component units, which are the City of Oxnard Community Development Commission and City of Oxnard Housing Authority. Financial information for the City and these component units are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the GASB. City Council members, in separate session, serve as the governing board of the City of Oxnard Community Development Commission and the City of Oxnard Housing Authority and, as such, these entities are presented on a blended basis.

**THE CITY OF OXNARD:**  
*"The City That Cares"*

The City of Oxnard: "The City That Cares" is located in western Ventura County on the shore of the Pacific Ocean. It 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 Ventura. Oxnard is the financial hub of and the largest city in Ventura County, with a population estimated to be 182,027 in 2002, accounting for over 23 percent of Ventura County's population. The City became the premier center of county industrial activity in 1996 with the start of nine new industrial buildings representing a total of 750,000 square feet.

The economic condition and outlook for the City remains positive. The City has a diversified and expanding economic base composed of light and heavy manufacturing, retail, service and governmental sectors. Oxnard has maintained a steady population growth rate of approximately 2.48 percent for the past decade and the adopted General Plan anticipates continued steady growth for the next ten years, with a projected population of 218,194 by the year 2020.

**FINANCIAL INFORMATION**

The City's accounting and budgeting records for general governmental operations are maintained on the modified accrual basis of accounting, with revenues recorded when available and measurable. Expenditures are recorded when the services or goods are received and the liabilities incurred. Accounting and budgeting for the City's utilities and other proprietary funds are maintained on the accrual basis. The City's accounting policies are more fully explained in Note 1 to the basic financial statements.

In developing and enhancing the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and to ensure the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the anticipated benefits. The evaluation of costs and benefits requires continuing estimates and judgments to be made by management.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

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The City Council approves operating appropriations at the department and fund level prior to July 1 each year and may amend the budget during the fiscal year by Council action. Budgetary control is maintained at the department level; however, the City Manager may approve the transfer of funds in the department and between departments within a fund.

**Fiduciary Operations**

The Fiduciary Funds of the City are established to account for assets held by the City in a trustee capacity for private individuals, organizations, and other governmental agencies. Included in these funds are artworks fund and funds held for the payment of assessment district bonds. In past years, the City issued several 1915 Act Limited Obligation Improvement Bonds to fund the required improvements and levied assessments necessary to pay the debt service on the bonds. These bonds are not a general obligation of the City and the faith and credit nor the taxing power of the City are pledged to the payment of the bonds. Since the City is acting merely as an agent for the bond proceeds and the collection of assessments, the transactions are recorded in an agency fund. These bonds are not reflected in the accompanying basic financial statements. At June 30, 2002, special assessment debt outstanding totaled approximately \$36,040,000.

**Debt Administration**

The City uses a variety of tax increment, revenue and lease indebtedness to finance various capital acquisitions. The outstanding balances for this indebtedness as of June 30, 2002, are as follows:

|  |               |
|--|---------------|
| Tax Allocation Bonds                           | \$ 14,475,000 |
| Revenue Bonds, Net of Unamortized Discount and |               |
| Loss on Refunding                              | 89,043,438    |
| Capital Leases                                 | 1,819,953     |
| Notes and Loans Payable                        | 8,539,733     |
| Certificates of Participation                  | 8,440,000     |

The tax allocation bonds are paid from the increment revenues of property taxes levied within the City's redevelopment and renewal areas. The Central City Revitalization Project and other redevelopment areas currently are accounted for by the Oxnard Community Development Commission.

Revenue bonds include issues used to finance projects for public parking, civic auditorium, sewer and treatment expansion, and public housing. Debt service on these issues is paid from the revenues of the appropriate enterprise funds and the General Fund.

The City has, on several occasions, used single investor loans to lease-purchase equipment. The City's capital lease obligations at June 30, 2002, amounted to \$1,819,953.

The General Fund pays debt service on approximately 5 percent of the City's outstanding debt. The remainder is paid from a variety of other funding sources including property tax collections, residential growth fee collection, property owner special taxes, water and sewer utility rates, golf course net income and property tax increments. Some of the debt which is paid by the General Fund is supported by external sources specifically intended to support the retirement of the debt.

The State of California mandates a limit on general obligation debt of 15 percent of true cash value of all taxable property within the City boundaries. At June 30, 2002, this limit was \$1,269,477,359.

### **SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2001-02**

#### **Police Department**

The residents of the City have a police department dedicated to effective and personalized service. Community oriented policing and problem-solving continues to be the organizational strategy embraced by the department and community. Problem-solving is centered around the patrol division with beat coordinators directing the efforts of their patrol beat teams. These teams have evolved to include code enforcement officers, investigators, traffic officers, special enforcement unit officers, and various other City personnel. The result is a reduction in crime and effective problem-solving.

The crime rate in the City has dropped by nearly 56 percent since 1992. The traditional measure of the effectiveness of a law enforcement agency is the decrease or increase in reported crimes. The police department reported a decrease in the Fiscal Year 2001 FBI Uniform Crime Report (UCR Part I Crimes). Overall, crime was down by 5.7 percent, violent crime down by 8.9 percent and property crime down by 14.8 percent.

The Patrol Division handled 83,005 calls for services during FY 2001-02. The average response time to priority calls for service was six minutes. The Police Department was able to see the completion of our new Satellite City Hall/Command Post. The Satellite City Hall/Command Post will be used at festivals, crime scenes and, most importantly, taken into neighborhoods to enhance our community policing efforts.

The K-9 unit provided 7,448 assists to patrol, an increase of 20 percent over last fiscal year. During these assists, Police Service Dogs (PSDs) were instrumental in 33 arrests. These are arrests that involved physical apprehension by the PSD. The unit also assisted with 279 narcotics searches. Among

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other programs that the department is involved are: traffic problem analysis; pedestrian decoy operations; school safety program; DUI checkpoints; and, photo red light enforcement.

The Code Enforcement Division investigated 5,658 incidents, including implementation of the Park Ranger Program. The Park Ranger Program was initiated to coincide with the inflatable jumper ordinance. The Park Ranger Program visited 4,414 parks, 907 persons were contacted in the parks, 358 violations were observed within the parks, and 322 jumpers were observed at the parks.

An additional program activated in the fiscal year includes the Rental Property Improvement Program, which was established to eliminate or minimize property blight in multi-residential units (apartments) and single-family rental properties through a pro-active, fair and consistent approach to identifying and preventing Oxnard City Code violations, with vigorous and focused enforcement in conjunction with community outreach.

Emphasis on community and professional partnerships was instituted to allow leaders of the various ethnic groups to have direct access to the chief of police and the police department staff. The continued interest and desire of the community to remain active in various community improvement and crime prevention programs greatly enhances the effectiveness of the police department. The City has both Neighborhood Watch and Neighborhood Patrol Programs. Additionally, there are the Community Councils and Community Policing Advisory Boards. The "Street Beat" cable television show continues to provide information on police activities within the community.

#### **Fire Department**

The Fire Department provides fire prevention, education and suppression services that reduce the loss of life and property through the application of modern and innovative firefighting and rescue techniques. Effective fire inspection programs were established, as well as appropriate enforcement of applicable local, State and national codes, to help prevent incidents from occurring by systematic inspection of commercial, industrial and residential facilities. In addition, the department provides risk management and inspection services through the Certified Unified Program Agency (CUPA) for hazardous materials used and stored in the City.

Further accomplishments include:

- Responded to 10,203 calls for assistance.
- Over 17,000 unit responses.
- Provided emergency training to 240 employees of the Oxnard School District and to employees of 25 private enterprises.
- Community Emergency Response Team (CERT) provided training for the City's 22 neighborhood teams.
- Provided Juvenile Fire-Setter Counseling for 18 children and their families. Each participant received a minimum of 3 hours consultation.
- Adopted the City's first Comprehensive Employee Wellness Program.

- Investigated eight environmental crime cases with an anticipated \$20,000 in fines and cost recovery reimbursements.
- Provided nine disaster preparedness presentations to Neighborhood Councils and community groups.
- Oxnard Fire Department and CERT participated in Ventura County's Earthquake Week kick-off in Camarillo.

## **PUBLIC WORKS DEPARTMENT**

The Public Works Department's accomplishments for Fiscal Year 2002 are outlined below:

### **Solid Waste Division**

On June 18, 2002, the California Integrated Waste Management Board (CIWMB) approved Oxnard's solid waste diversion rate of 67 percent. This diversion rate is the highest approved number in Ventura County and one of the highest in the State of California. Oxnard is exceeding the State mandates of the Waste Management Act (Assembly Bill 939) that requires every city and county in California to reduce waste by 50 percent.

The Oxnard Solid Waste Division hosted an off-site general CIWMB meeting at the Del Norte Regional Recycling and Transfer Station. The two-day event attracted solid waste and recycling officials from all over California.

The division provides award-winning recycling programs which include: curbside and green waste recycling; Christmas tree recycling; neighborhood clean-up events; Earth Watch Newsletter; household hazardous recyclable material drop-off center; and, the Earth Day Festival.

In FY 2001-02, a new regional recycling program permits residents to drop off their discarded computers and electronics at Del Norte Regional Recycling and Transfer Station. The Ventura County Sheriff's Department picks up a portion of the computers, which are repaired in a Todd Road Jail program. The repaired computers are then distributed throughout Ventura County schools.

The Solid Waste Division reached long-term agreements with the Simi Valley Landfill and the Toland Road Landfill for landfill waste disposal service. The agreements provide Oxnard with waste disposal capacity and stability in refuse rates for its residential and business customers.

On February 1, 2002, a new waste-tipping floor was installed at the Del Norte Regional Recycling and Transfer Station. City contractor Delta Pacific Builders poured a two-inch layer of iron cement over approximately 11,000 square feet of the existing tipping floor. The iron cement bonds with the existing concrete floor, thereby avoiding the demolition and floor preparation time and cost required for replacement with conventional concrete. The new tipping floor will withstand the rigors of heavy solid waste operations for years to come.

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### **Parks and Facilities Division**

#### **❖ Completed During the Fiscal Year:**

- Eastwood Park restroom building.
- Carty Park restroom building.
- Colonia Day Care Center landscape improvements design.
- Wilson Park rehabilitation.
- Oxnard Boulevard landscape median improvements (Robert to Glenwood).
- Rose Avenue landscape median improvements.
- Southbank play area improvements.
- Oxnard Boulevard landscape median improvements design (Glenwood to Gonzales).

#### **❖ Still Under Construction:**

- Beck Park play area improvements.
- Sierra Linda play area improvements.
- Eastwood Park concession building.
- Lathrop Park rehabilitation improvements.
- Park Court resurfacing improvements.
- Eastwood Park concession building.
- College Estates Park rehabilitation.

#### **❖ Other Projects:**

- Harbor frontage road improvements -- upgrade to irrigation and plant material.
- Saviers Road — installation of sidewalk in parkway (Channel Islands to Bryce Canyon).
- Four new table slabs with picnic tables, barbecues and trash cans.
- "G" Street trees — installation of Camphor trees in parkway.
- Update to Parks Nextel Communication System.
- Plaza Park Pagoda improvements.
- Addition of Campus Park to Park system and various improvements to the site.
- Tree planting in parkway in the 400 block of First Street.
- Transplanting of two Phoenix Canariensis palm trees from City water yard to the front of City Hall.
- Tree planting in parkways on Brookside Street.
- New sewer line at Johnson Creek Park.

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## **Facilities Maintenance Division**

**Green Valley Day Care Center** - The opening this year of the new Green Valley Day Care facility in Colonia Park was the culmination of many years of effort to replace the 50-year-old facility with a new building and play yard. Construction of the new facility was a public/private partnership between the City of Oxnard and Continuing Development Inc. (CDI). In addition to being a more usable and attractive facility, its opening allowed CDI to increase the number of children enrolled in their classes as well as provide much-needed after-school services for older children. The old center has been demolished and the area landscaped with new turf and several new trees.

**Carnegie Art Museum Project** - The second phase of the Carnegie Art Museum Project was completed this year. This phase of the rehabilitation included waterproofing the foundation of the building; coating the exterior walls with an elastomeric coating; regrading of the side and landscape improvements; replacement of all exterior windows; installation of a new handicap access ramp to the basement; installation of a new wheel chair lift serving the main floor of the museum; and installation of lighting to enhance the architectural details of the building. This project build upon the work completed in phase one, which included replacement of the roof and improvements to the roof drainage system. The final phase will begin early next year with the installation of a state-of-the-art climate control system. The completion of these three phases will enhance the structural integrity of this historic building and provide a safe environment for the many works of art housed at the museum.

## **Transportation Planning**

- Oxnard Boulevard Interchange on Highway 101 — construction to begin Spring 2002.
- Santa Clara River Bridge -- construction to begin Spring 2002.
- Rice Avenue Interchange on Highway 101 — design underway; construction to begin Winter 2003.
- Oxnard Transportation Center — new parking lot opened under Third Street Bridge; started acquisition of another parking lot on East Fifth Street; released bids for modernization of facility, including refurbishing bathrooms and replacing roof.
- Received three super ultra low emission hybrid sedans to improve air quality and energy efficiency in the City's vehicle fleet.

## **WASTEWATER DIVISION**

### **Source Control Program**

- Received \$100,000 in penalty monies from Frozsun Foods for the bypass of their pretreatment system.
- Continued the downward trend in pollutant (i.e., BOD and Metals) loading at the Wastewater Treatment Plant (WwTP) influent.
- Zero violations or notices issued by the Regional Water Quality Control Board (RWQCB) associated with the conditions/requirements of the Pretreatment Program section of the WwTP NPDES Permit.
- Conducted 876 inspections that provided the opportunity to educate industrial users on environmental laws and applicable regulations.

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### **Storm Water Quality Management Program**

- Continued to participate in the Kiddie Beach Bacteriological Source Identification Study and assisted in the elimination of numerous sources of bacteriological contamination.
- Used \$2,500 in Supplemental Environmental Project fund monies from Chuck's Auto Salvage to participate with McDonald's Restaurant Corporation in supplying tray liners to educate approximately 20,000 people about storm water issues.
- Responded to, and eliminated, 86 illicit discharges within the City.
- Visited 295 commercial/industrial facilities and provided them with information regarding the potential that they may be subject to the State General Industrial Storm Water Permit.
- Zero violations or notices from RWQCB associated with conditions/requirements of the SWQM NPDES Permit.

### **Collection System Maintenance and Upgrades Program**

- Continued the update of the City's collection system atlas maps.
- Increased the level of collection system cleaning and maintenance capabilities by completing the purchase of a new Vector.
- Replaced a defective force main serving Lift Station #6.
- Installed new pumps at Lift Station #29.

### **Flood Control Program**

- Continued the update of the City's storm water drainage system atlas maps.
- Continued the diversion of all green waste removed from storm water drainage channels to an approved green waste facility for recycling/use.
- Completed the installation of a new storm drain on Fifth Street near Oxnard Shores.
- Completed the installation of a new storm drain at the end of Arnold Road.
- Completed EPA's audit of the storm water drainage system.

### **Laboratory Services Program**

- Completed review of all analytical procedure manuals to ensure compliance with legal requirements for analysis.
- Successfully passed all external audits for drinking water and wastewater analysis.
- Began construction of the Laboratory Upgrade and Modification Project, including transition into temporary facilities.

### **Treatment Plant Operations Program**

- Maintained consistent compliance with federal, state and local laws, regulations and permit requirements.
- Continued the energy management program, saving approximately \$75,000 in energy costs during the Summer of 2001.
- Completed the Chlorination/Dechlorination Modifications and Upgrades Project.
- Began construction of the Emergency Backup 1500 kW Generators Project.

### **Treatment Plant Maintenance and Upgrades Program**

- Completed the upgrade of the effluent engine's ignition and exhaust system resulting in reduced fuel consumption, air emissions, improved engine emission control, equipment life and reliability.
- Continued to implement the energy management program to reduce energy consumption and costs during peak summer demand periods.
- Completed the installation of new sludge pump to increase solids transfer efficiency.
- Completed the rehabilitation of biosolids dewatering press #3.
- Completed the automation of Treatment Plant entry gates to increase plant security.

### **Traffic Engineering and Signals**

- New traffic signals installed at Rose Avenue/Emerson Avenue, Gonzales Road/Williams Road, Gonzales Road/Solar Drive, Pleasant Valley/Etting (established list of top needed signals).
- Fire preemption devices installed at traffic signals on Rose Avenue from Lockwood to Camino del Sol.
- Energy saving LED signal lamps installed on all overhead signals.
- Seven new street cleaning routes signed with twice per month sweeping.
- Sidewalk installed on Gonzales Road between "C" Street and Oxnard Boulevard.

### **OXNARD PUBLIC LIBRARY**

The Library's accomplishments for Fiscal Year 2001-02 are outlined below:

- A California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2002 grant application was submitted to the California State Library applying for \$8 million in funding to construct a new 23,000 square-foot South Oxnard Branch Library. A South Oxnard community needs assessment (survey) was completed to support this grant application.

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- The library entered into an agreement with Sirsi Corporation in FY 2001-02 to purchase a new integrated library computer system. The new system will be fully operational in all three libraries in July 2002. Exciting features of the new system include the ability, through a home or office computer with Internet access, to search the library's collection for items of interest, to reserve materials, and to find the most popular books in the library's collection.
- The Literacy Outreach Program provides the community English language literacy instruction through volunteer-based tutoring to promote greater access to economic and educational opportunities. Thirty-two volunteers provided over 800 hours of tutoring to more than 40 adult learners in the community. The program is funded by a \$114,900 Literacy Grant through the California Literacy Library Services of the California State Library and by donations from individuals and local organizations.
- A Digitization Grant of \$31,000 provided funding to digitize local history photographs used for Oxnard's Centennial Wall of History and the creation of data files to provide access to these photographs over the Internet.
- Oxnard City Council approved \$148,500 to extend service hours at the Main Library an additional ten hours per week, including new Sunday afternoon hours.
- A total of 1,451 children participated in the library's 2001 Summer Reading Program, "Books and Beyond: Take Me To Your Reader." Attendance at 18 Summer Reading Program events sponsored by the Oxnard Friends of the Library reached 2,041 children and adults. The total number of children who registered for the Summer Reading Program increased 31 percent from the year before. This increase may be attributed to the outer space theme, sending bookmarks home with each elementary school student, and heavy in-house promotion.
- The Colonia Branch Library was moved to a larger room at the City of Oxnard's Family Investment Center. New shelving, a circulation desk, two additional computers, and open floor space has given the Colonia Branch Library a whole new look.
- Designated a U.S. passport acceptance facility. Since October 2000, 3,052 customers applied for United States passports through the Oxnard Public Library in FY 2001-02, up 64 percent from FY 2000-01.
- Relocating the local history room at the Main Library to a larger room involved installation of a door and window to convert a large office into an inviting room for the public.

### **CARNEGIE ART MUSEUM**

The Museum's accomplishments for Fiscal Year 2001-02 are outlined below:

- 37,500 visitors and clients served (a 39 percent increase over prior fiscal year).
- 591 Tours and Ed Presentations served 17,860 students (ages: K - College).
- 14.6 percent increase in grants and gifts received.
- "A Classic Competition" exhibition hosts over 50 Ventura County artists and artist museum members.
- First major traveling exhibit from New York presented — *Joyce Treiman: Drawings & Prints*.

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- *Europa*, a major artwork by acclaimed California artist, John Valdez, acquired with fund raising assistance from the Carnegie Art Museum Cornerstones.
- Building renovations — foundation waterproofing, landscaping, exterior access elevator, and lighting installed.

## PERFORMING ARTS AND CONVENTION CENTER (PACC)

The PACC's accomplishments for Fiscal Year 2001-02 are outlined below:

- Completed the exterior painting of the complex including the roof area of the theater.
- Replaced the theater roof.
- Completed the replacement of the heating and air conditioning system of the theater.
- Entered into an agreement with LarVic Entertainment to co-promote various events in the theater (minimum of 12 events this year).
- Completely refinished the wood flooring in both the Oxnard and Ventura meeting rooms at a cost of \$30,000, using self-generated Facility Restoration Fee revenue.
- Replaced the lighting in both parking lot areas, producing more light at less cost.
- Completed bid package for resurfacing of Hobson Street parking lot project.
- Reached an agreement with the Recreation Division which will return the Youth Center portion of the facility to PACC for rental to the public.

## CITY TREASURER'S OFFICE

A major function of the City Treasurer's office is the collection and safekeeping of all monies due to the City. Excellent customer service has been provided to an ever-increasing customer base with no increase in staffing. More than 35,000 utility payments are received each month by mail, and over 10,000 per month by in-person payments at the cashiers' windows. Friendly, efficient service and timely recording of funds received are the key elements of excellent service to both internal and external customers. Staff members attended the Citywide Customer Service Training and developed a work plan for the department to further enhance the effectiveness of daily operations.

Cost effective operations are maintained through continual efforts to streamline and update all processes. The culmination of a two-year records retention research effort resulted in monthly cost savings and the satisfaction that the department's records comply with the retention schedule and unnecessary records have been eliminated.

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## COMMUNITY DEVELOPMENT COMMISSION

The following is a list of accomplishments for the Community Development Department:

**Esplanade Shopping Center** - Ongoing oversight of the Owner Participation Agreement for the redevelopment of the Esplanade Shopping Center. The project consists of a 500,000 square foot retail "power center" anchored by Home Depot. The first phase was completed in Fall 2001. The second phase of construction is underway with completion scheduled for Fall 2002.

**Vineyard/Esplanade Retail** - Contacted property owners and retailers in the vicinity of the Esplanade for encouragement to revitalize their properties along the Vineyard/Esplanade view corridor. Target and Food for Less have responded to CDC and recently been approved by the Planning Department for remodel designs. It is anticipated that both retailers will start work on their buildings Fall 2002. Current activity includes ongoing contact with property owners in the area to encourage further enhancement of the area.

**Retail Attraction Efforts** - Developed retail attraction brochure marketing the City and highlighting potential development opportunities. Attended four retail trade show and placed City advertisement in trade show publication. Established 100 contacts within the commercial development, brokerage and retail communities for follow-up meetings and City tours.

**Oxnard Factory Outlet** - Ninety percent complete in drafting an amendment to the current development agreements to re-position the Oxnard Factory Outlet.

**HERO- Project Area** - Assisted the RiverPark "A" developer in the appraisal and acquisition process of 15 parcels needed to implement the Project Area. Commenced negotiating a first Amended Owner Participation Agreement to further define the redevelopment of the S.P. Milling mining pit reclamation and the Town Center build-out. Assisted in the review and approval of the RiverPark Specific and General Plan Amendments, Tentative Map, Environmental Impact Report, Pre-zoning and Development Agreement.

**HERO- Oxnard South Revitalization** - Continuing to advance the improvement of the 29 medians collectively located on Saviers, Pleasant Valley and Hueneme Roads. Median construction will begin in August 2002. It is anticipated that the first five medians will be completed in FY 2002-03. Continued to advance the revitalization of Oxnard South by facilitating community-based organization meetings.

**Ormond Beach** - Proposed two major industrial projects for the area, comprising of nearly 100 acres and potentially employing over 1,000 people. At the same time, the California Coastal Conservancy was completing the purchase of 265 acres of beachfront property to expand its holdings of wetlands preserve. The CDC, as part-owner of 309 acres in the project area, is considering the sale of all or a portion of this property to the Conservancy.

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**Southwinds Project Area** - Continued to form and strengthen private/public partnerships with residents, business, property owners and community organizations to encourage commercial retail, professional office, and residential development and rehabilitation. Construction commenced on Perkins Road resurfacing and traffic calming improvements, sidewalk repair and drainage improvements.

**City-Wide Enhancement Program (CWEP)** - Assisted with the inauguration of the City's first Mobile Satellite City Hall program. Served on the leadership committee that created the program. Played a key role in the planing and deployment of the Mobile Satellite City Hall to one of the City's oldest neighborhoods. Over 200 attendees were provided with an opportunity to learn more about available City services. Planning is now in process for deployment to another neighborhood.

**Downtown Lighting Improvement Program** - Completed the downtown lighting improvement program, which consists of replacing streetlights with nostalgic lamp poles to match the Plaza Park/"A" Street lamp poles, adding streetlights, and enhancing existing parking lot lighting. This is the first phase of the Downtown Improvement Program, which also includes Parking Lot and Alley Improvements (see below).

**Downtown Parking Lot Improvement** - Developed plans for downtown parking lot repaving/restriping program and alley repaving/reconstruction program. Eighteen parking lots have been identified for improvement. Reconstruction of the alleys will coincide with the Water Division's water main replacement program to reduce costs to downtown merchants, customers and employees. Construction will be completed by Spring 2003.

**Downtown Parking Structure** - Involved in property acquisition of a site at the corner of Fourth and "B" Streets for a three-story, 500-space parking structure to serve downtown Oxnard. Current activity includes appraisal and acquisition of one parcel to create the necessary footprint of the parking structure.

**Downtown Walk-Through and Public Education Program** - Continued the biweekly downtown walk-through program with planning division and code enforcement unit personnel to monitor compliance with zoning and permit requirements. The development guidelines produced last year (on signage, facade, window treatment) have proven effective in assisting merchants both during the walk-throughs and at the planning counter, to have a better understanding of permits and zone clearance requirements.

**Downtown Property-Based Business Improvement District** - Supported the newly-formed property-based business improvement district (PBID) for the downtown area by providing staff assistance during the star-up phase. Annual revenues are projected at \$346,000 for year one, with potential annual increases tied to the CPI of no more that three percent. The PBID will be effective a minimum of five years.

**Theater Project** - Negotiated for development of a 12 screen theater and retail complex on CDC-owned property in the downtown area. The proposed development is intended to serve as a catalyst for a themed development, as well as future revitalization of downtown.

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**Housing Rehabilitation and Ownership** - Provided financial assistance for the rehabilitation of 17 residential properties in the Southwinds and HERO Project Areas. Financially assisted two homebuyers purchase of resale homes in the Southwinds and HERO Project. Replaced two mobile homes for very low-income families in the CCRP Project Area.

**Meta Street Apartment Project** - Worked with a local non-profit developer (Cabrillo Economic Development Corporation - CEDC) towards finalizing a Disposition and Development Agreement (DDA) for the sale and development of 1.15 acres in the Central Business District for 24 affordable housing rental units, including farmworker housing. This project will be financed by several funding sources, including the 9% Tax Credit Funds Program. The Meta Street area is a severely depressed and blighted area, and this residential project, along with a for-sale affordable housing project planned within one block from this site, will generate renewed life and interest in this part of the Downtown. Construction is anticipated for Fall 2003.

**Community Development Department Web Page** - Completed a department web page to provide answers to typical redevelopment questions, provide updates on current projects, and outline future activities. The web page will also be used to highlight development opportunities throughout the City.

**Auto Center Dealerships** - Assisted the Bunnin-Buick GMC dealership in locating to the Oxnard Auto Center. Assisted with the coordination and necessary permits for the development of a new Auto Dealership sign located on the Highway 101 corridor.

## GREATER OXNARD ECONOMIC DEVELOPMENT CORPORATION

The period of July 2001 through June 2002 continued the recent trend of robust economic activity and expansion in the Oxnard commercial/industrial sector. The EDC assisted more than 50 manufacturing companies during the course of the year, and specifically helped 18 companies reach the decision to move their operations from another city to Oxnard. In addition, the EDC assisted 11 local companies with their expansion plans, or in two cases, a complete start-up. Those companies ranged from Pacific Vehicle Processors, which deals with new-car pre-dealer preparations, to Larrivee Guitars, makers of fine acoustic and electric guitars. Together they represent a prospective increase of over 1,200 basic-sector jobs in the Oxnard area.

## BUDGETS AND BUDGETARY ACCOUNTING

The budget process includes the development of a balanced two-year budget; however, the two-year budget includes an approach that appropriations are approved for a one-year operations budget and capital improvement plan. Budgets are adopted annually by City Council resolution and are prepared for the City's General Fund, special revenue funds and certain debt service funds. Budgets are prepared on the modified accrual basis of accounting consistent with GAAP except that encumbrances are included in budgeted expenditures.



Appropriations lapse at year-end. 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 department level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated within a division and between divisions within a department without City Council approval. During Fiscal Year 2002, supplemental budget appropriations approximating \$23,653,606 were made.

Another important focus of the City budget was the Capital Improvement Plan (CIP). Capital improvement projects are closely related to the enterprise funds and numerous other funds throughout the City. In order to ensure that the CIP element received adequate review and scrutiny, the City Council conducted a study session to consider the capital improvements.

### CASH MANAGEMENT

The City Treasurer is responsible for investing available cash in investments allowable by law and as further defined by the City's investment policy. Allowable investments include, but are not limited to: certificates of deposit which are either government insured or collateralized, government securities, the State Treasurer's Local Agency Investment Fund (LAIF), and certain commercial paper and medium term notes. In priority order, safety, liquidity, and yield are considered to be the essential criteria for selecting investments.

The City's highly automated cash management system is designed to expedite the receipt and deposit of revenues through centralized cashiering. Anticipated expenditures and accounts payable issues are carefully monitored to maximize availability of funds for investment.

The average balance of non-restricted cash and investments of the City for Fiscal Year 2002 was \$130,828,000 which earned \$6,031,174, an average rate of 4.61 percent. At June 30, 2002, \$85,672,075 or 55.4 percent of the City's investment pool had maturities of 1-5 years. All other City investments are scheduled to mature in less than 360 days.

The City's investment policy has been updated to meet requirements of the California Government Code revisions. The investment policy is presented annually to the City Council.

The primary objective of the investment policy is to establish a conservative set of investment criteria that will prudently protect the City's principal sums and enable the City to generate a fair rate of return from its investment activities. The investment policy applies to all funds on deposit at the City's Treasury.

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Interest earnings on investments for the last three fiscal years are as follows:

|                      | <u>2002</u>                | <u>2001</u>                | <u>2000</u>                |
|----------------------|----------------------------|----------------------------|----------------------------|
| Governmental Funds   | \$ 4,465,752               | \$ 3,797,778               | \$ 4,304,719               |
| Proprietary Funds    | <u>1,565,422</u>           | <u>1,679,173</u>           | <u>1,804,956</u>           |
| <b>Total</b>         | <u><b>\$ 6,031,174</b></u> | <u><b>\$ 5,476,951</b></u> | <u><b>\$ 6,109,675</b></u> |
| Average Annual Yield | 4.61%                      | 4.53%                      | 5.71%                      |

Interest income in Fiscal Year 2001-02 decreased principally due to lower interest rates this year versus last year.

### RISK MANAGEMENT

The risk management functions identify, evaluate, mitigate, and monitor the City's exposure to operational risks. The most significant risk exposures are employee injury (workers' compensation), auto and general liability (including police liability). When available and economically feasible, risk is transferred through the purchase of commercial insurance. The City is a participant, along with four other cities, in a Joint Powers Authority (JPA) to obtain pooled general liability coverage on a risk sharing basis. The JPA covers \$24,000,000 above the City's self-insured retention of \$1,000,000 and, whenever it is cost effective, transfers risk through the purchase of commercial reinsurance. In addition to general liability insurance, the JPA supports group purchase of workers' compensation and property insurance which frequently results in reduced premiums.

The City's contribution to the JPA for general liability coverage in Fiscal Year 2001-02 was \$357,984 including \$98,266 for debt service and a pure premium adjustment based on prior year's loss experience of \$85,237. Within the City's self-insured program for workers' compensation, there has been an average of 332 claims per year filed for the past four years, with an average of approximately \$2,770,313 per year in total reported losses as of June 30, 2002, (at an average of \$8,332 per claim). During the same four-year period, the average claims filed each year for general liability amounted to \$1,572,116 (at an average of \$7,049 per claim).

### OTHER INFORMATION

#### Independent Audit

The firm of KPMG LLP has conducted an audit of the financial statements of the City. Their opinion is included in the Financial Section of the CAFR. 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

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agencies, have been subjected to the audit requirements of the Federal Office of Management and Budget (OMB) Circular A-133. This included tests of compliance with Federal laws and regulations. The results of the single audit performed in accordance with OMB A-133 will be presented under separate cover.

## AWARDS

### Certificate of Achievement

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 of Oxnard for its comprehensive annual financial report for the fiscal year ended June 30, 2001.

This was the thirteenth consecutive year the City has received this prestigious award from GFOA, which reflects the conforming accounting and comprehensive reporting practices of the City. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Certificate of Recognition

The Governmental Accounting Standards Board (GASB) presented the City of Oxnard with a Certificate of Recognition for Early Implementation of GASB Statement No. 34 for its comprehensive annual financial report for the fiscal year ended June 30, 2001. The Board commended the City's governing body for supporting the efforts to provide the citizens and other financial statement users with a more comprehensive reporting of the City's financial operations well in advance of the effective date of the standard (Statement No. 34).

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### Acknowledgments

The preparation of the City's Comprehensive Annual Financial Report could not have been accomplished without the long hours and dedicated services of Orlando Capulong, our Controller, Lettie De Dios, Accounting Manager, and the entire Finance staff. But a special word of thanks should go to our independent auditors, KPMG LLP, for their technical assistance. Appreciation is also extended to the Mayor, City Council, City Manager, and the many City Department Heads whose leadership and commitment are vital to the growth and stability of the City of Oxnard.

Respectfully submitted,



Stan Kleinman  
Finance Director

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# 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, 2001

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



*William Patrick Harte*  
President

*Jeffrey L. Esser*  
Executive Director

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# Certificate of Recognition

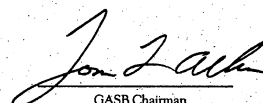
Presented to

*City of Oxnard, California*

For  
Early Implementation of GASB 34

The implementation of Statement 34 results in better financial information to a government's taxpayers, governing board, and other financial statement users. Early implementation of Statement 34 is a testament to your professional leadership, initiative, and commitment to improving public accountability.

Fiscal Year Ended 6/30/01

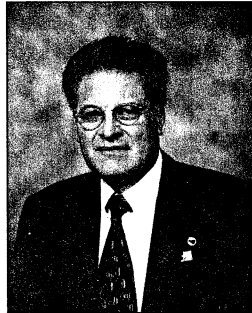
  
GASB Chairman

# City of Oxnard, California

## CITY COUNCIL



JOHN C. ZARAGOZA  
Mayor Pro Tem



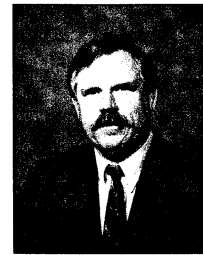
DR. MANUEL M. LOPEZ  
Mayor



DR. THOMAS E. HOLDEN  
Councilmember



BEDFORD PINKARD  
Councilmember



DEAN MAULHARDT  
Councilmember

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### City of Oxnard Organizational Structure

REV 6/10/02

|  | Residents                                      |   |
|--|--|---|
| <b>City Treasurer</b><br>Dale Belcher  | <b>City Council</b>                            | <b>City Clerk</b><br>Daniel Martinez<br>Information Resources<br>Elections  |
| <b>City Attorney</b><br>Gary Gillig<br>Debt Collection<br>Legal Assistance<br>Special Litigation | <b>City Manager</b><br>Edmund Sotelo           | <b>CDC</b><br>Curtis Canon<br>Central Business Dist.<br>Southwinds<br>Ormond Beach<br>H.E.R.O.<br>Special Projects<br>Harbor District |
|  | <b>Assistant City Manager</b><br>Karen Burnham |   |

| Police                                    | Fire  | Housing                                  | Finance  | Recreation And Community Services                | Development Services                    | Public Works                                     | City Manager                              | Human Resources      | Library                         |
|---|---|--|--|--|---|--|---|----------------------|---------------------------------|
| Art Lopez                                 | Joe Milligan  | Sal Gonzalez                             | Stan Kleinman  | VACANT   | Matt Winegar                            | Granville Bowman                                 | Edmund Sotelo                             | Lino Corona          | Barbara Murray                  |
| Field Operations<br>(John Crombach)       | Emergency Services<br>(Terry McNally)<br>(Clarence Slayton)<br>(Michael Omalia) | Administrative Services<br>(Bob Zomahl)  | Customer Service<br>(Tom Wilson)                             | Recreation & Community Services<br>(Gil Ramirez) | Development Services<br>(Rob Roshanian) | Water<br>(Ken Ortega)                            | Information Systems<br>(Grace Hoffman)    | Human Resources      | Community Outreach              |
| Administrative Services<br>(Mike Matlock) | Fire Prevention<br>(Brad Windsor)   | Housing Assistance<br>(Bernard Cam)      | Payroll & Purchasing<br>(Bruce Dandy)                        | Community Facilities<br>(Bob Holden)             | Planning<br>(Marilyn Miller)            | Wastewater<br>(Mark Norris)                      | Engineering Services<br>(Rob Roshanian)   | Workers Compensation | Circulation and Branch Services |
| Investigative Services<br>(Stan Myers)    | Disaster Preparedness<br>(Tom Waller)   | Modernization Program<br>(Ruben Andrade) | General Accounting<br>(Orlando Capulong)<br>(Lettie De Dios) |  |   | Solid Waste Reduction and Disposal<br>(Jim Nava) | Parks & Facilities<br>(Michael Henderson) | Employee Training    | Public Services                 |
|   |   | Property Services<br>(Rick Shear)        | Financial Resources<br>(Mike More)                           |  |   | Equipment Maintenance<br>(Paul Starr)            |   | Employee Benefits    | Support Services                |
|   |   | Affordable Housing<br>(Ernie Whitaker)   | Grants Management<br>(Norma Owens)                           |  |   | Transportation                                   |   | Safety & Wellness    | Carnegie Art Museum             |
|   |   |  | Budget and Capital Improvement<br>(Susan Winder)             |  |   |  |   | Labor Negotiations   |                                 |

Structure: Department - Department Head - Division - (Division Manager) - Program



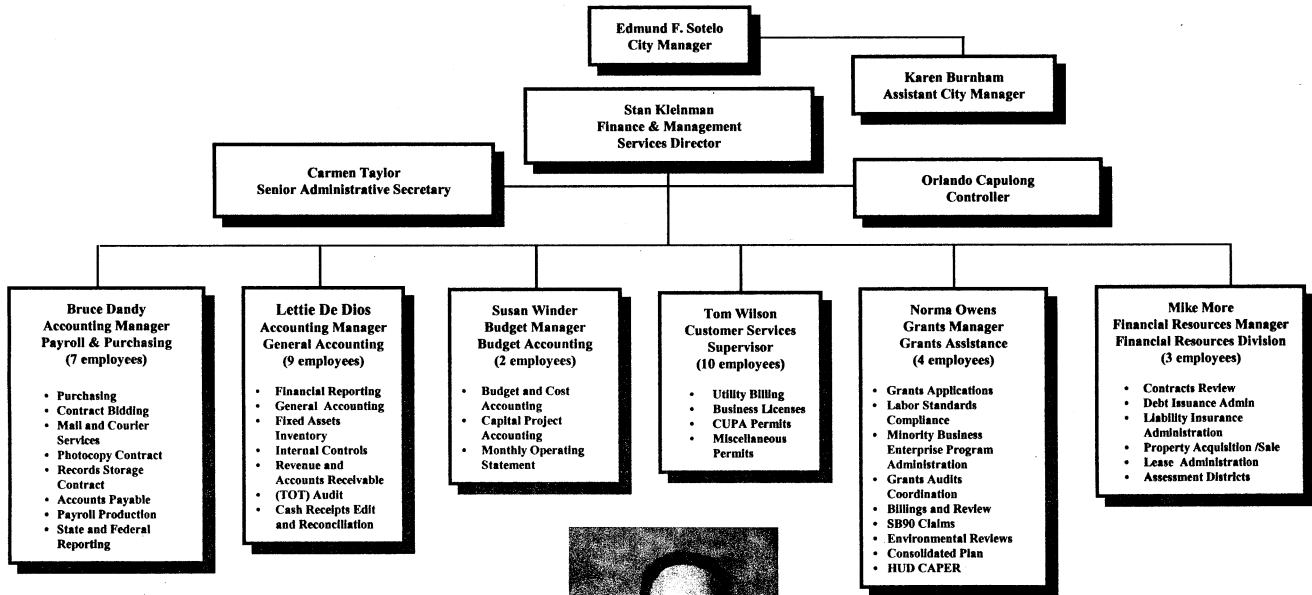
EDMUND F. SOTELO  
City Manager



KAREN BURNHAM  
Assistant City Manager

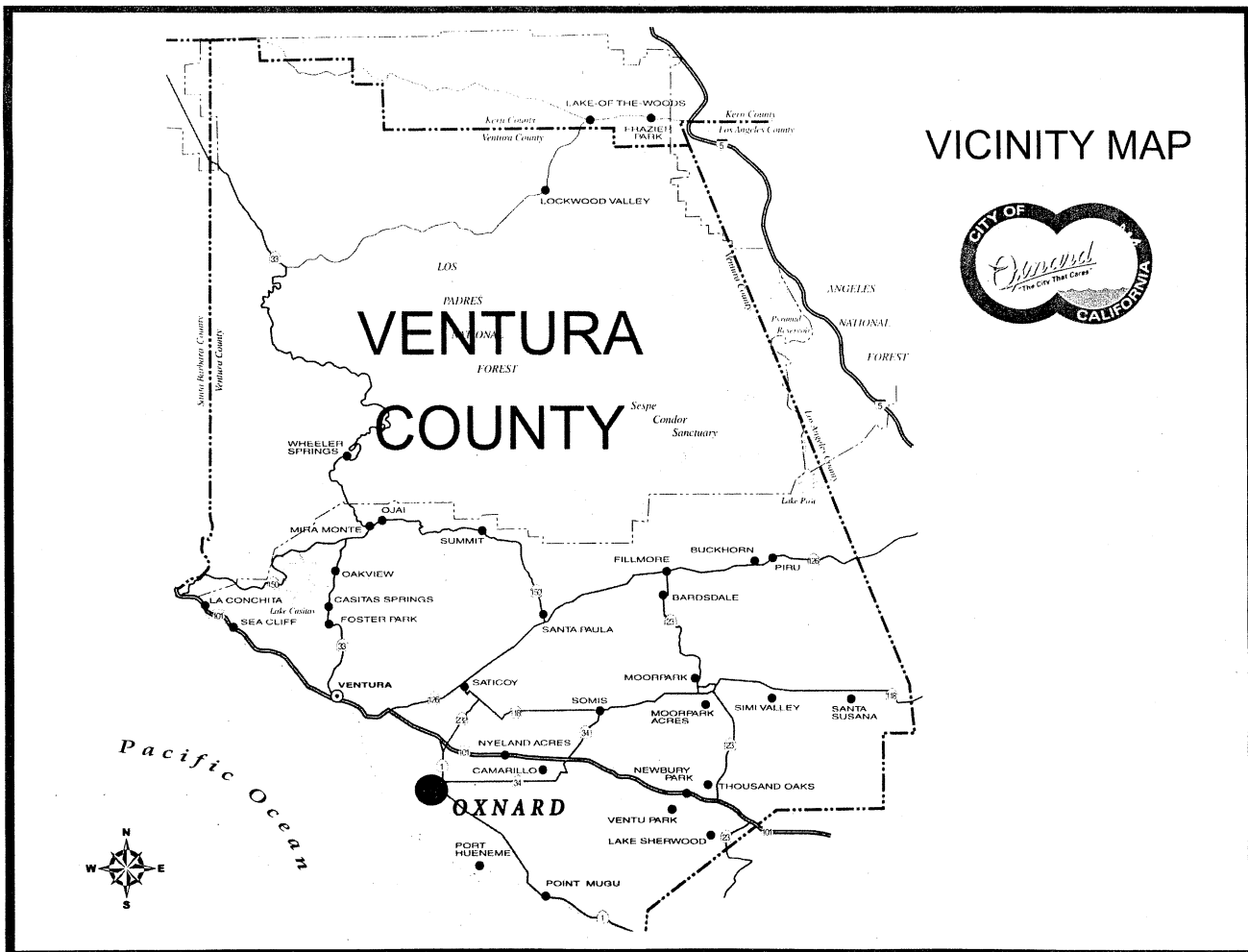
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**CITY OF OXNARD, CALIFORNIA  
FINANCE DEPARTMENT**



**STAN KLEINMAN**  
Finance Director

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600 Anton Boulevard  
Suite 700  
Costa Mesa, CA 92626-7651

## Independent Auditors' Report

The Honorable City Council  
City of Oxnard, California:

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, California (City), as of and for the year ended June 30, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, 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, California, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 17 and the required supplementary information on pages 66 through 74 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund financial statements and schedules and nonmajor and debt service funds budget and actual statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and schedules and nonmajor and debt service funds budget and actual statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

KPMG LLP

November 8, 2002

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*Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2002  
(Unaudited)*

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This management's discussion and analysis provides an overview of financial activities of the City of Oxnard (City) for the fiscal year ended June 30, 2002. Please read this discussion and analysis in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to the basic financial statements.

The financial statements presented herein include all financial activities of the City and its component units in accordance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government" (GASB 34).

The Government-Wide Financial Statements present the financial position of the City using the economic resources measurement focus and the accrual basis of accounting. These statements present governmental activities and business-type activities separately. Also, these statements include all assets of the City, as well as all liabilities, including long-term debt. Additionally, in accordance with GASB 34, certain eliminations have been made related to interfund activity, payables and receivables.

The Fund Financial Statements include governmental, proprietary and fiduciary funds. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary funds are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary funds consist of agency funds, which only report a balance sheet

and do not have a measurement focus. A reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach under GASB 34.

**REPORTING THE CITY AS A WHOLE**

**The Statement of Net Assets and the Statement of Activities**

The Statement of Net Assets and the Statement of Activities report information about the City as a whole and its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. 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.

These statements report the City's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and economic trends, such as expansion and development.

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*Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2002  
(Unaudited)*

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In the Statement of Net Assets and the Statement of Activities, the City's activities are categorized as follows:

**Governmental Activities**

Most of the City's basic services are reported in this category, including the general government activities, such as fire, police, public works, community development, parks, recreation and library services. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

**Business-Type Activities**

The City charges a fee to customers to pay for the cost of certain services provided. The City's water and wastewater system, solid waste services, housing services, and the operations of the Performing Arts and Convention Center and River Ridge Golf Course are reported in this category.

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

The Fund Financial Statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City

establishes many other funds to help control and manage money for a particular purpose or to show that the City is meeting legal responsibilities for using certain taxes, grants, and other funds.

**Governmental Funds**

Most of the City's basic services are reported in governmental funds. These funds focus on reporting the flow of money into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services provided. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between the Governmental Fund Financial Statements and the Government-Wide Financial Statements are explained in a reconciliation following the Government-Wide Financial Statements.

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**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

**Proprietary Funds**

When the City charges customers for services – whether to outside customers or to programs of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. The City's enterprise funds are the same as the business-type activities reported in the Government-Wide Financial Statements, but provide more detail and additional information, such as cash flows for each enterprise fund. The City also uses internal service funds to report activities that provide supplies and services for the City's internal programs and activities, such as the City's self-insurance, utility customer services, information services, facilities maintenance and equipment maintenance services.

**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 City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. These activities are excluded from the City's Government-Wide Financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their specified purposes.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The total net assets of the City as of June 30, 2002 were:

| Net Assets   | 2002                  | 2001                  | Increase<br>(Decrease) |
|--|-----------------------|-----------------------|------------------------|
| Invested in Capital Assets, Net of<br>Related Debt | \$ 217,779,326        | \$ 211,290,024        | \$ 6,489,302           |
| Restricted for:                                    |                       |                       |                        |
| Capital Projects                                   | 9,928,686             | 10,351,861            | (423,175)              |
| Debt Service                                       | 1,333,902             | 1,332,714             | 1,188                  |
| Other Projects                                     | 9,908,584             | 9,712,205             | 196,379                |
| Unrestricted                                       | 114,682,186           | 90,256,086            | 24,426,100             |
| <b>Total Net Assets</b>                            | <b>\$ 353,632,684</b> | <b>\$ 322,942,890</b> | <b>\$ 30,689,794</b>   |

The total net assets of the City increased 9.5 percent from \$322.9 million at June 30, 2001 to \$353.6 million at June 30, 2002. The increase of \$30,689,794 derives from the change in net assets as recorded in the Statement of Activities and which flows through to the Statement of Net Assets.

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**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

**Governmental Activities**

The following schedule summarizes the financial position of the City's governmental activities at June 30, 2002:

|   | 2002                  | 2001                  | Increase<br>(Decrease) |
|---|-----------------------|-----------------------|------------------------|
| Current Assets                                      | \$ 127,897,038        | \$ 102,544,813        | \$ 25,352,225          |
| Capital Assets (Net of Accumulated<br>Depreciation) | 107,144,838           | 87,015,192            | 20,129,646             |
| Properties Held for Resale                          | 7,263,384             | 7,263,384             | —                      |
| Other Assets  | 185,108               | —                     | 185,108                |
| <b>Total Assets</b>                                 | <b>242,490,368</b>    | <b>196,823,389</b>    | <b>45,666,979</b>      |
| Current Liabilities                                 | 39,481,520            | 21,677,848            | 17,803,672             |
| Non-Current Liabilities                             | 56,553,574            | 57,823,968            | (1,270,394)            |
| <b>Total Liabilities</b>                            | <b>96,035,094</b>     | <b>79,501,816</b>     | <b>16,533,278</b>      |
| <b>Net Assets:</b>                                  |                       |                       |                        |
| Invested in Capital Assets, Net of<br>Related Debt  | 56,440,149            | 53,182,282            | 3,257,867              |
| Restricted  | 18,239,533            | 15,555,288            | 2,684,245              |
| Unrestricted  | 71,775,592            | 48,584,003            | 23,191,589             |
| <b>Total Net Assets</b>                             | <b>\$ 146,455,274</b> | <b>\$ 117,321,573</b> | <b>\$ 29,133,701</b>   |

At the end of Fiscal Year 2002, the current assets are 52.74 percent of the total assets with the remaining 47.13 percent representing capital assets, net of accumulated depreciation and properties held for resale and other assets. The current liabilities are 41.11 percent of the total liabilities. The current ratio for governmental activities at the end of the year is

\$3.24 of current assets for every \$1.00 of current liabilities. Of the total net assets, 38.54 percent was invested in capital assets, 12.45 percent was restricted, and the remaining 49.01 percent represented unrestricted which is available for future operations.

Net assets of the City's governmental activities as of June 30, 2002 and 2000 are comprised of the following:

|  | 2002                  | 2001                  | Increase<br>(Decrease) |
|--|-----------------------|-----------------------|------------------------|
| Invested in Capital Assets, Net of<br>Related Debt | \$ 56,440,149         | \$ 53,182,282         | \$ 3,257,867           |
| Restricted for:                                    |                       |                       |                        |
| Capital Projects                                   | 9,928,686             | 10,351,861            | (423,175)              |
| Debt Service                                       | 1,333,902             | 1,332,714             | 1,188                  |
| Other Projects                                     | 6,976,945             | 3,870,713             | 3,106,232              |
| Unrestricted                                       | 71,775,592            | 48,584,003            | 23,191,589             |
| <b>Total Net Assets</b>                            | <b>\$ 146,455,274</b> | <b>\$ 117,321,573</b> | <b>\$ 29,133,701</b>   |

The net assets of the City from governmental activities increased 24.89 percent from \$117.3 million at June 30, 2001 to \$146.5 million at June 30, 2002. The increase of \$29,133,701 is primarily due to an increase in net assets invested in capital assets, net of related debt, and restricted net assets related to other projects authorized during the year.

**Management's Discussion and Analysis**  
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**(Unaudited)**

The cost of all governmental activities during Fiscal Year 2002 was \$94,360,035. The amount that the City's taxpayers ultimately financed, however, was only \$45,464,591. Some of the cost of governmental activities was paid by those who directly benefitted from the programs (\$11,411,627) or by other government agencies and organizations that subsidized certain programs with grants and contributions (\$32,499,675), fines and forfeitures (\$1,411,837) and other program revenues (\$3,572,305).

Overall, the City generated program revenues from governmental activities amounting to \$48,895,444. The remaining cost of governmental activities (\$45,464,591) was paid by the City's sources of general revenue (taxes and other general revenues).

The City's governmental activities include legislative, administration and support services, public safety (police and fire services), transportation, community development, culture and leisure and libraries.

The following table presents the changes in net assets for governmental activities for the year ended June 30, 2002:

|  | 2002                 | 2001                 | Increase<br>(Decrease) |
|--|----------------------|----------------------|------------------------|
| <b>Program Revenues:</b>                               |                      |                      |                        |
| Charges for Services                                   | \$ 11,411,627        | \$ 9,532,278         | \$ 1,879,349           |
| Grants and Other Contributions                         | 32,499,675           | 22,420,769           | 10,078,906             |
| Fines and Forfeitures                                  | 1,411,837            | 1,284,259            | 127,578                |
| Other Program Revenues                                 | 3,572,305            | 3,486,727            | 85,578                 |
| <b>General Revenues:</b>                               |                      |                      |                        |
| Taxes  | 59,058,879           | 51,637,001           | 7,421,878              |
| Growth and Development Fees                            | 7,432,528            | 8,049,376            | (616,848)              |
| State and Local Share Revenues                         | 5,191,633            | 5,293,799            | (102,166)              |
| Interest on Investments                                | 4,588,082            | 4,389,201            | 198,881                |
| <b>Total</b>   | <b>125,166,566</b>   | <b>106,093,410</b>   | <b>19,073,156</b>      |
| <b>Expenses:</b>                                       |                      |                      |                        |
| Legislative  | 965,297              | 919,082              | 46,215                 |
| Administrative and Support Services                    | 10,596,489           | 8,043,741            | 2,552,748              |
| Public Safety  | 47,675,795           | 43,221,741           | 4,454,054              |
| Transportation   | 4,900,486            | 5,529,190            | (628,704)              |
| Community Development                                  | 17,583,882           | 13,613,463           | 3,970,419              |
| Culture and Leisure                                    | 7,917,645            | 5,613,563            | 2,304,082              |
| Libraries  | 2,908,754            | 2,629,171            | 279,583                |
| Interest on Long-term Debt                             | 1,811,687            | 2,542,778            | (731,091)              |
| <b>Total Expenses</b>                                  | <b>94,360,035</b>    | <b>82,112,729</b>    | <b>12,247,306</b>      |
| Excess (Deficiency) of Revenues over Expenses          | 30,806,531           | 23,980,681           | 6,825,850              |
| Transfers Out  | (1,672,830)          | (1,463,398)          | (209,432)              |
| <b>Changes in Net Assets - Governmental Activities</b> | <b>\$ 29,133,701</b> | <b>\$ 22,517,283</b> | <b>\$ 6,616,418</b>    |

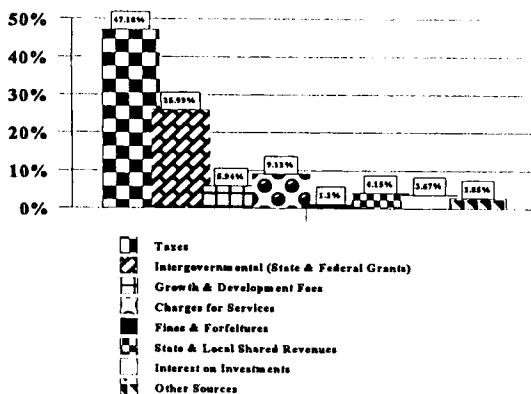
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**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

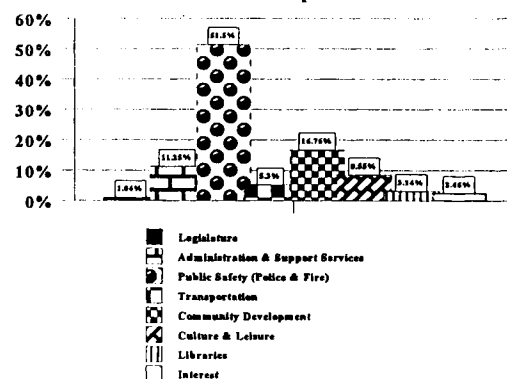
| Governmental Activities<br>Sources of Revenues: | 2002                  | 2001                  | Increase<br>(Decrease) |
|---|-----------------------|-----------------------|------------------------|
| Taxes   | \$ 59,058,879         | \$ 51,637,001         | \$ 7,421,878           |
| Grants and Other Contributions                  | 32,499,675            | 22,420,769            | 10,078,906             |
| Growth and Development Fees                     | 7,432,528             | 8,049,376             | (616,848)              |
| Charges for Services                            | 11,411,627            | 9,532,278             | 1,879,349              |
| Fines and Forfeitures                           | 1,411,837             | 1,284,259             | 127,578                |
| State and Local Shared Revenues                 | 5,191,633             | 5,293,799             | (102,166)              |
| Earnings on Investments                         | 4,588,082             | 4,389,201             | 198,881                |
| Other Sources                                   | 3,572,305             | 3,486,727             | 85,578                 |
| <b>Total</b>                                    | <b>\$ 125,166,566</b> | <b>\$ 106,093,410</b> | <b>\$ 19,073,156</b>   |

| Governmental Activities<br>Functional Expenses: | 2002                 | 2001                 | Increase<br>(Decrease) |
|---|----------------------|----------------------|------------------------|
| Legislative                                     | \$ 965,297           | \$ 919,082           | \$ 46,215              |
| Administration and Support Services             | 10,596,489           | 8,043,741            | 2,552,748              |
| Public Safety (Police and Fire)                 | 47,675,795           | 43,221,741           | 4,454,054              |
| Transportation                                  | 4,900,486            | 5,529,190            | (628,704)              |
| Community Development                           | 17,583,882           | 13,613,463           | 3,970,419              |
| Culture and Leisure                             | 7,917,645            | 5,613,563            | 2,304,082              |
| Libraries                                       | 2,908,754            | 2,629,171            | 279,583                |
| Interest  | 1,811,687            | 2,542,778            | (731,091)              |
| <b>Total</b>                                    | <b>\$ 94,360,035</b> | <b>\$ 82,112,729</b> | <b>\$ 12,247,306</b>   |

**Sources of Revenues**



**Functional Expenses**



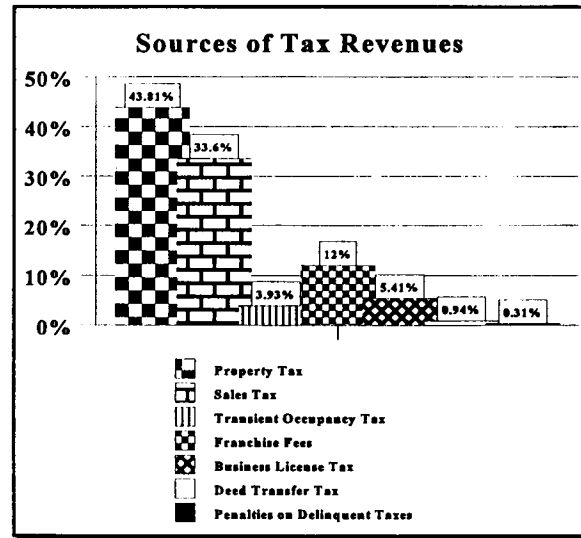
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

The City's total sources of revenue showed a major increase of \$19,073,156 as compared to last fiscal year. The major increase in sources of revenue in fiscal year 2002 came from grants and other contributions (\$10,078,906), followed by taxes (\$7,421,878). However, growth and development fees as well as State and local shared revenues showed decreases of (\$616,848) and (\$102,166) respectively. All other revenue sources (charges for services and special assessments, fines and forfeitures, interest on investments and other sources) slightly increased from last fiscal year.

Taxes, which are the largest source of revenue for the City, increase by \$7,421,878 or 14.37 percent. The continued construction and sale of new residential houses contributed to the increase in property taxes. Also, the City's sales tax increased by 9.41 percent or \$1,706,209. Franchise tax was up by \$2,278,097 mainly due to higher collections reported by gas and electric companies, which is a good indicator of our economy bouncing back.

Sources of tax revenues for the fiscal year ended June 30, 2002 and 2001 are as follows:

| Sources of Tax:               | 2002                 | 2001                 | Increase<br>(Decrease) |
|-------------------------------|----------------------|----------------------|------------------------|
| Property Tax                  | \$ 25,873,406        | \$ 23,484,567        | \$ 2,388,839           |
| Sales Tax                     | 19,846,352           | 18,140,143           | 1,706,209              |
| Transient Occupancy Tax       | 2,321,758            | 2,328,218            | (6,460)                |
| Franchise Fees                | 7,085,201            | 4,807,104            | 2,278,097              |
| Business License Tax          | 3,194,683            | 2,203,188            | 991,495                |
| Deed Transfer Tax             | 555,249              | 583,617              | (28,368)               |
| Penalties on Delinquent Taxes | 182,230              | 90,164               | 92,066                 |
| <b>Total</b>                  | <b>\$ 59,058,879</b> | <b>\$ 51,637,001</b> | <b>\$ 7,421,878</b>    |



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**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

**Business-Type Activities**

The following schedule summarizes the financial condition of the City's business-type activities at June 30, 2002:

|  | 2002                  | 2001                  | Increase<br>(Decrease) |
|--|-----------------------|-----------------------|------------------------|
| Current Assets                                   | \$ 50,419,531         | \$ 54,162,222         | \$ (3,742,691)         |
| Restricted Assets                                | 4,407,399             | 4,690,157             | (282,758)              |
| Capital Assets (Net of Accumulated Depreciation) | 242,350,095           | 237,629,569           | 4,720,526              |
| Other Assets                                     | 1,687,529             | 1,205,373             | 482,156                |
| <b>Total Assets</b>                              | <b>298,864,554</b>    | <b>297,687,321</b>    | <b>1,177,233</b>       |
| Current Liabilities                              | 13,676,170            | 13,530,932            | 145,238                |
| Non-Current Liabilities                          | 78,010,974            | 78,535,072            | (524,098)              |
| <b>Total Liabilities</b>                         | <b>91,687,144</b>     | <b>92,066,004</b>     | <b>(378,860)</b>       |
| <b>Net Assets:</b>                               |                       |                       |                        |
| Invested in Capital Assets (Net of Related Debt) | 161,339,177           | 158,107,742           | 3,231,435              |
| Restricted                                       | 2,931,639             | 5,841,492             | (2,909,853)            |
| Unrestricted                                     | 42,906,594            | 41,672,083            | 1,234,511              |
| <b>Total Net Assets</b>                          | <b>\$ 207,177,410</b> | <b>\$ 205,621,317</b> | <b>\$ 1,556,093</b>    |

The business-type activities showed a positive current ratio at June 30, 2002 - \$3.69 of current assets for every \$1.00 of current liabilities. Of the total net assets, 77.87 percent was invested in capital assets, 1.42 percent represented restricted net assets, and 20.71 percent was unrestricted which is available for future operations.

Net assets of the City's business-type activities as of June 30, 2002 and 2001 are as follows:

|   | 2002                  | 2001                  | Increase<br>(Decrease) |
|---|-----------------------|-----------------------|------------------------|
| Invested in Capital Assets, Net of Related Debt | \$ 161,339,177        | \$ 158,107,742        | \$ 3,231,435           |
| Restricted for:                                 |                       |                       |                        |
| Debt Service                                    | 2,931,639             | 5,841,492             | (2,909,853)            |
| Unrestricted                                    | 42,906,594            | 41,672,083            | 1,234,511              |
| <b>Total Net Assets</b>                         | <b>\$ 207,177,410</b> | <b>\$ 205,621,317</b> | <b>\$ 1,556,093</b>    |

The net assets of the City's business-type activities increased 0.75 percent from \$205.6 million at June 30, 2001 to \$207.18 million at June 30, 2002. The increase of \$1,556,093 is primarily due to an increase in capital assets, net of related debt, offset by a slight decrease in operating income.

Total expenses for business-type activities for the year ended June 30, 2002 was \$94,007,787. Program revenues are primarily comprised of charges for services in the amount of \$87,678,205. Other program revenues were generated from grants and contributions (\$3,881,547). General revenues consist of earnings on investments (\$2,331,298). Transfers from governmental activities amounted to \$1,672,830.

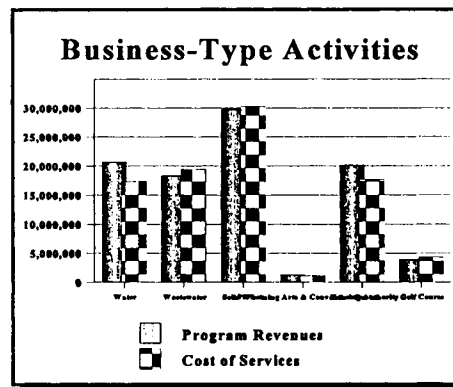
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

The City's business-type activities include: water, wastewater, solid waste, Performing Arts and Convention Center, Oxnard Housing Authority, and River Ridge Golf Course.

The following table presents the changes in net assets for business-type activities for the year ended June 30, 2002:

|   | 2002                | 2001                | Increase<br>(Decrease) |
|---|---------------------|---------------------|------------------------|
| <b>Program Revenues:</b>                              |                     |                     |                        |
| Charges for Services                                  | \$ 87,678,205       | \$ 84,055,233       | \$ 3,622,972           |
| Grants and Other Contributions                        | 3,881,547           | 4,777,822           | (896,275)              |
| <b>General Revenues:</b>                              |                     |                     |                        |
| Earnings on Investments                               | 2,331,298           | 2,188,759           | 142,539                |
| <b>Total Revenues</b>                                 | <b>93,891,050</b>   | <b>91,021,814</b>   | <b>2,869,236</b>       |
| <b>Expenses:</b>                                      |                     |                     |                        |
| Water   | 20,660,212          | 17,335,671          | 3,324,541              |
| Wastewater  | 18,321,799          | 19,406,873          | (1,085,074)            |
| Solid Waste   | 29,770,148          | 30,287,398          | (517,250)              |
| Performing Arts and Convention Center                 | 1,250,372           | 1,113,265           | 137,107                |
| Oxnard Housing Authority                              | 20,103,955          | 17,685,407          | 2,418,548              |
| Municipal Golf Course                                 | 3,901,301           | 4,318,642           | (417,341)              |
| <b>Total Expenses</b>                                 | <b>94,007,787</b>   | <b>90,147,256</b>   | <b>3,860,531</b>       |
| Excess (Deficiency) of Program Revenues over Expenses | (116,737)           | 874,558             | (991,295)              |
| Transfers In  | 1,672,830           | 1,463,398           | 209,432                |
| <b>Changes in Net Assets</b>                          | <b>\$ 1,556,093</b> | <b>\$ 2,337,956</b> | <b>\$ (781,863)</b>    |

The following chart illustrates the comparison of the program revenues (charges for services) against the total cost of services.



**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

**FINANCIAL ANALYSIS OF CITY'S MAJOR FUNDS**

**General Fund**

The General Fund accounts for all financial resources traditionally associated with government activities that are not required legally to be accounted for in another fund.

The General Fund ended the year with a fund balance of \$27,396,618, which is an increase of \$5,900,473 as compared to the prior fiscal year. The fund balance is designated into categories for legally reserved or restricted (\$1,870,298) and unreserved, undesignated fund balance available for future operations (\$25,526,320). The General Fund showed a strong fund balance, which is over the 15 percent contingency reserve required by the Council.

General Fund revenues for the year ended June 30, 2002 were \$81,944,796, which includes \$2,705,584 proceeds from a loan payable. The revenues increased by \$12,351,573 (15.07%). This increase is due primarily to an increase in tax revenues (\$5,731,120) related to property, sales and franchise taxes; intergovernmental (grants) (\$906,403); charges for services (\$1,830,598); interest income (\$274,593); miscellaneous revenues (\$617,632); and proceeds from a loan payable related to two

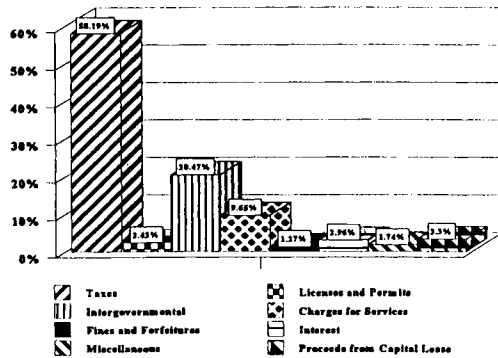
property acquisitions during the year (\$2,705,584) which was offset by a decrease in licenses and permits (\$223,911).

General Fund expenditures for the year ended June 30, 2002 reported an increase of \$11,671,595 from \$64,100,026 in fiscal year 2001 to \$76,044,323 in fiscal year 2002. Major increases were in general government expenditures (\$2,073,549); public safety (\$3,576,334); culture and leisure (\$1,519,443); and, in capital outlay (\$3,557,292). The increase in public safety expenditures reflected the City's continued commitments to fighting crimes and gang violence to maintain a peaceful and crime free community.

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

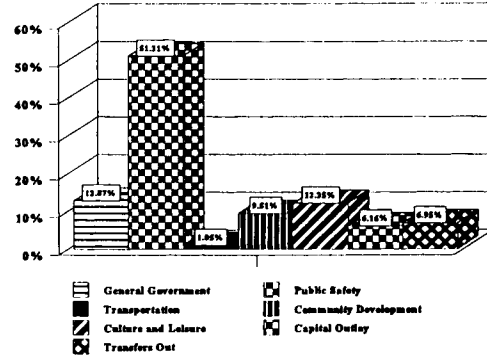
| General Fund Revenues:      | 2002                 | 2001                 | Increase (Decrease)  |
|-----------------------------|----------------------|----------------------|----------------------|
| Taxes                       | \$ 47,680,588        | \$ 41,949,468        | \$ 5,731,120         |
| Licenses and Permits        | 1,987,392            | 2,211,303            | (223,911)            |
| Intergovernmental           | 16,775,684           | 15,869,281           | 906,403              |
| Charges for Services        | 7,908,643            | 6,070,045            | 1,838,598            |
| Fines and Forfeitures       | 1,042,105            | 540,551              | 501,554              |
| Interest                    | 2,422,164            | 2,147,571            | 274,593              |
| Miscellaneous               | 1,422,616            | 805,004              | 617,632              |
| Proceeds from Capital Lease | 2,705,584            | —                    | 2,705,584            |
| <b>Total</b>                | <b>\$ 81,944,796</b> | <b>\$ 69,593,223</b> | <b>\$ 12,351,573</b> |

**Revenues**



| General Fund Expenditures: | 2002                 | 2001                 | Increase (Decrease)  |
|----------------------------|----------------------|----------------------|----------------------|
| General Government         | \$ 9,786,593         | \$ 7,713,044         | \$ 2,073,549         |
| Public Safety              | 38,942,125           | 35,365,791           | 3,576,334            |
| Transportation             | 797,735              | 160,939              | 636,796              |
| Community Development      | 7,228,529            | 6,920,348            | 308,181              |
| Culture and Leisure        | 9,318,877            | 7,799,434            | 1,519,443            |
| Capital Outlay             | 4,687,715            | 1,130,423            | 3,557,292            |
| Transfers Out              | 5,282,749            | 5,020,047            | 262,702              |
| <b>Total</b>               | <b>\$ 76,044,323</b> | <b>\$ 64,110,026</b> | <b>\$ 11,934,297</b> |

**Expenditures**



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**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

**Major Special Revenue Funds**

**Development Fees Fund:**

Growth and development fees revenue for the year was \$7,432,528, which is 5.81 percent of the City's total revenues, as compared to 7.59 percent for prior year. The decrease of \$616,848 is due to a decline in development within the City. The total revenues (including transfers in) for this fund during fiscal year 2002 amounted to \$9,896,829, an increase of \$753,408 for prior year. Expenditures and transfers out totaled \$7,180,101, as compared to \$6,074,626 for prior year. The increase of 15.4 percent is due to operating transfers out.

**HUD and CDBG Grants Fund:**

Grant revenue for this fund totaled \$4,437,939, as compared to \$2,609,710 for prior fiscal year. The increase of \$1,828,229 is due to an increase in grant funding in the HUD and CDBG grants program. Expenditures for the fiscal year 2001-02 totaled \$4,389,807 and \$2,451,715 for prior fiscal year. The increase of \$1,938,092 is due to capital outlay expenditures.

**State and Federal Grants Fund:**

During fiscal year 2002, this fund generated a total revenue of \$12,597,886, consisting of 41.20 percent of voter approved property tax for public safety supplemental retirement; 56.63 percent of grant revenues (related primarily to transportation and public safety grants)

and the remaining 2.17 percent representing miscellaneous revenues. For the fiscal year, the fund showed an excess of revenues over expenditures (\$1,929,839), increasing the fund balance to \$5,639,718.

**Capital Outlay Fund and Community Development Commission Fund:**

The Capital Outlay Fund showed a net increase in fund balance of \$501,932 and the Community Development Commission Fund showed a decrease of \$773,351. Both funds ended the year with positive fund balances.

**Enterprise Funds**

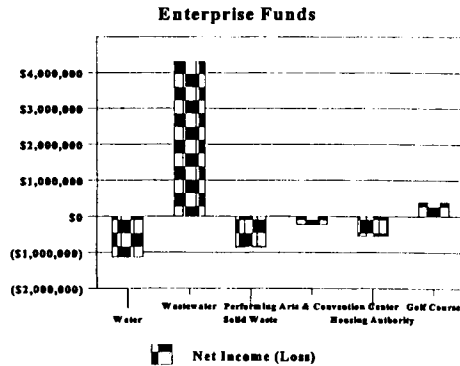
The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, wherein the cost of goods and services to the general public are financed or recovered primarily through user charges. The City's enterprise operations consist of water, wastewater collection and treatment, and solid waste. The cultural and recreation activities are the River Ridge Golf Course and the Performing Arts and Convention Center. The Oxnard Housing Authority is also included in the City's enterprise activities.

The enterprise operations showed an increase in revenues amounting to \$4,925,918 as compared to the prior fiscal year. Similarly, expenses indicated an increase totaling \$5,010,202 in fiscal year 2002. Total net income for the year ended June 30, 2002 was \$1,925,706, which increased net assets to \$207,547,023 (after allocating Internal Services Funds losses) from \$205,621,317 as of the prior year end.

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

The following presents the net income (loss) for the City's enterprise funds for the years ended June 30, 2002 and 2001:

|                                       | 2002                | 2001                | Change              |
|---------------------------------------|---------------------|---------------------|---------------------|
| Water                                 | \$ (1,134,904)      | \$ 234,077          | \$ (1,368,981)      |
| Wastewater                            | 4,309,303           | 2,495,979           | 1,813,324           |
| Solid Waste                           | (862,451)           | (349,629)           | (512,822)           |
| Performing Arts and Convention Center | (229,228)           | 33,662              | (262,890)           |
| Oxnard Housing Authority              | (549,857)           | 606,678             | (1,156,535)         |
| Municipal Golf Course                 | 392,843             | (234,945)           | 627,788             |
| <b>Total</b>                          | <b>\$ 1,925,706</b> | <b>\$ 2,785,822</b> | <b>\$ (860,116)</b> |



Overall, the enterprise funds continue to exhibit a positive financial position at June 30, 2002, maintaining a high percentage of contingency reserve in comparison to the City's established reserve requirement for each fund.

**CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2002, amounts to \$349,494,933 (net of accumulated depreciation). The City's capital assets include land, land improvements, buildings, improvements other than buildings (systems, machinery and equipment, and construction in progress). The City's investments in capital assets increased by 7.11 percent from the prior year. The majority of this increase related to governmental activities.

Major capital assets additions during Fiscal Year 2002 included the following:

- Acquisition of land on 300 West Third Street, 4300 Saviers Road, and 937 West Fifth Street (old Oxnard High School)
- Acquisitions of equipment, refuse trucks, police vehicles and computer equipment
- Construction in progress for water, wastewater and solid waste projects

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**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

- A variety of street and storm drain projects in new residential development, paving, street widening and slurry sealing for existing streets continues throughout the City
- Various improvements and additions to utilities systems still under construction.

The following table provides a breakdown of the City's capital assets at June 30, 2002:

|                                   | Governmental Activities |                      | Business-Type Activities |                       | Total                 |                       |
|-----------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                                   | 2002                    | 2001                 | 2002                     | 2001                  | 2002                  | 2001                  |
| Land                              | \$ 24,046,598           | \$ 20,713,678        | \$ 20,344,746            | \$ 20,344,746         | \$ 44,391,344         | \$ 41,058,424         |
| Land Improvements                 | 1,159,280               | 1,159,280            | —                        | —                     | 1,159,280             | 1,159,280             |
| Buildings                         | 29,176,812              | 29,176,812           | 101,662,147              | 99,986,685            | 130,838,959           | 129,163,497           |
| Improvements Other Than Buildings | 19,013,090              | 19,013,090           | 141,763,987              | 139,306,869           | 160,777,077           | 158,319,959           |
| Municipal Golf Course             | —                       | —                    | 5,739,568                | 5,739,568             | 5,739,568             | 5,739,568             |
| Equipment and Machinery           | 39,001,698              | 35,931,446           | 42,110,345               | 40,832,723            | 81,112,043            | 76,764,169            |
| Construction in Progress          | 34,623,411              | 17,031,447           | 64,721,808               | 56,235,812            | 99,345,219            | 73,267,259            |
| Total                             | 147,020,889             | 123,025,753          | 376,342,601              | 362,446,403           | 523,363,490           | 485,472,156           |
| Accumulated Depreciation          | (39,876,951)            | (36,010,561)         | (133,292,506)            | (124,816,834)         | (173,868,557)         | (160,827,392)         |
| <b>Total Capital Assets (net)</b> | <b>\$ 107,144,838</b>   | <b>\$ 87,015,192</b> | <b>\$ 243,050,095</b>    | <b>\$ 237,629,569</b> | <b>\$ 349,494,933</b> | <b>\$ 324,644,761</b> |

Additional information on the City's capital assets can be found in Note 7 to the Basic Financial Statements.

**DEBT ADMINISTRATION**

The City uses a variety of tax increment, revenue and lease indebtedness to finance various capital acquisitions. At June 30, 2002, the City's long-term

debt outstanding was \$122,318,124. Of this total, \$41,138,934 was in governmental activities and \$81,179,190 was in business-type activities.

The following table provides a breakdown of the City's outstanding indebtedness as of June 30, 2002:

|                              | Governmental Activities |                      | Business-Type Activities |                      | Total                 |                       |
|------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                              | 2002                    | 2001                 | 2002                     | 2001                 | 2002                  | 2001                  |
| Tax Allocation Bonds         | \$ 14,475,000           | \$ 15,065,000        | \$ —                     | \$ —                 | \$ 14,475,000         | \$ 15,065,000         |
| Revenue Bonds                | 9,080,000               | 10,705,000           | 79,963,438               | 79,169,212           | 89,043,438            | 89,874,212            |
| Capital Leases               | 604,201                 | 891,305              | 1,215,752                | 1,401,008            | 1,819,953             | 2,292,313             |
| Notes and Loans Payable      | 8,539,733               | 5,907,301            | —                        | —                    | 8,539,733             | 5,907,301             |
| Certificate of Participation | 8,440,000               | 8,625,000            | —                        | —                    | 8,440,000             | 8,625,000             |
| <b>Total</b>                 | <b>\$ 41,138,934</b>    | <b>\$ 41,193,606</b> | <b>\$ 81,179,190</b>     | <b>\$ 80,570,220</b> | <b>\$ 122,318,124</b> | <b>\$ 121,763,826</b> |

The tax allocation bonds are paid from the increment revenues of property taxes levied within the City's redevelopment and renewal areas. The Central City Revitalization Project and other redevelopment areas currently are accounted for by the Oxnard Community Development Commission.

Revenue bonds include issues used to finance projects for public parking, civic auditorium, sewer and treatment expansion, and public housing. Debt service on these issues is paid from the revenues of the appropriate enterprise funds and the General Fund.

The City has, on several occasions, used single investor loans to lease-purchase equipment. The City's capital lease obligations at June 30, 2002, amounted to \$1,819,953.

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*Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2002  
(Unaudited)*

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The General Fund pays debt service on approximately 5 percent of the City's outstanding debt. The remainder is paid from a variety of other funding sources including property tax collections, residential growth fee collection, property owner special taxes, water and sewer utility rates, golf course net income and property tax increments. Some of the debt which is paid by the General Fund is supported by external sources specifically intended to support the retirement of the debt.

The State of California mandates a limit on general obligation debt of 15 percent of true cash value of all taxable property within the City boundaries. At June 30, 2002, this limit was \$1,223,446,300.

#### **BUDGETING**

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found on pages 66 through 73. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis. Budgets are prepared on the modified accrual basis of accounting consistent with GAAP except that encumbrances are included in budgeted expenditures.

Appropriations lapse at year-end. 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 department level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated within a division and between divisions within a department without City Council approval.

#### **General Fund Budgetary Highlights**

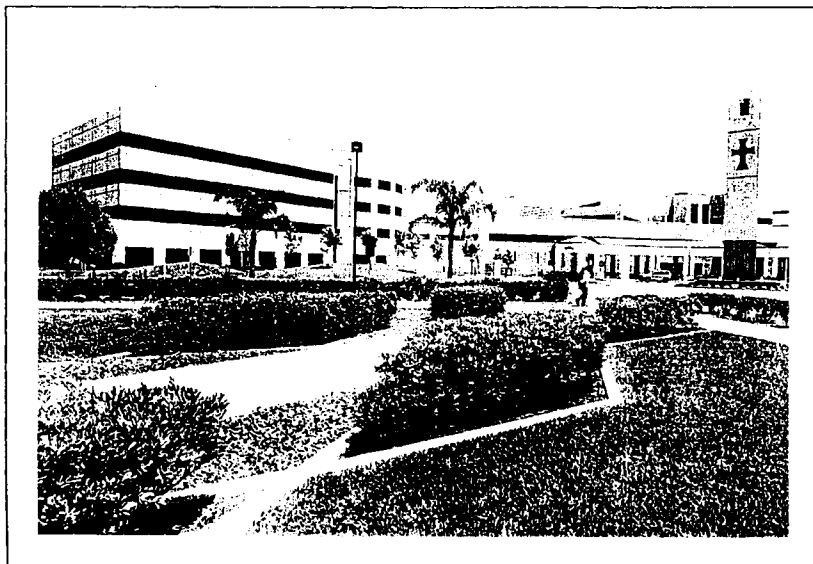
The General Fund final budget differs from the original budget by 6.46 percent. The components of this increase are briefly summarized as follows: \$18,689 increase allocated for legislative maintenance and operations; \$3,409,055 increase allocated for transfers to capital outlay project and Community Development Commission (CDC loans); \$1,093,216 increase allocated for public safety operations; \$667,074 increase allocated for Community Development maintenance and operations; \$452,951 increase allocated for culture and leisure maintenance and operations; and, \$188,566 increase for library services maintenance and operations.

During the year, General Fund revenues met budgetary estimates while expenditures were less than budgetary estimates. Actual revenues exceeded actual expenditures (net of transfers in and out) by \$5,287,853 for fiscal year 2001-02.

The General Fund budget to actual statements can be found on page 66 through 70 of this report.

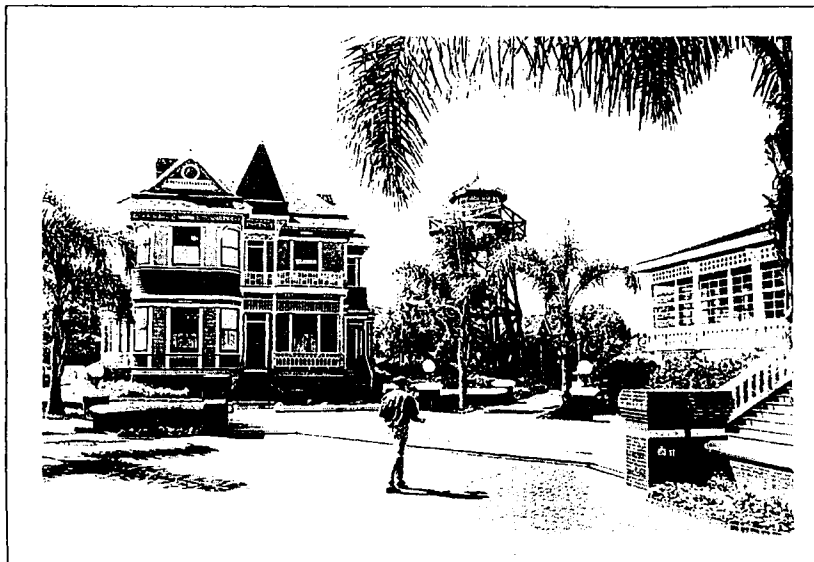
#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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 demonstrated the City's accountability. If you have questions about this document, separate reports of the City's component units, or wish any additional financial information, contact the Office of the Director of Finance at 300 West Third Street, Oxnard, California, 93030 at (805) 385-7462 or e-mail at [orlando.capulong@ci.oxnard.ca.us](mailto:orlando.capulong@ci.oxnard.ca.us).



St. John's Regional Medical Center

# **BASIC FINANCIAL STATEMENTS**



Petit House  
Heritage Square Center Courtyard



**City of Oxnard, California**

**Statement of Net Assets  
June 30, 2002**

|   | Primary Government      |                          |                       |
|---|-------------------------|--------------------------|-----------------------|
|   | Governmental Activities | Business-Type Activities | Total                 |
| <b>Assets:</b>                                  |                         |                          |                       |
| <b>Current Assets:</b>                          |                         |                          |                       |
| Cash and Cash Equivalents                       | \$ 101,819,961          | \$ 39,939,893            | \$ 141,759,854        |
| Investments with Fiscal Agents                  | 4,494,137               | —                        | 4,494,137             |
| Accounts and Other Receivables                  | 10,976,600              | 12,349,609               | 23,326,209            |
| Internal Balances                               | 2,166,971               | (2,166,971)              | —                     |
| Due From Other Governments                      | 7,884,982               | —                        | 7,884,982             |
| Notes Receivable                                | 554,387                 | 297,000                  | 851,387               |
| <b>Total Current Assets</b>                     | <b>127,897,038</b>      | <b>50,419,531</b>        | <b>178,316,569</b>    |
| <b>Non-Current Assets:</b>                      |                         |                          |                       |
| Property Held for Resale                        | 7,263,384               | —                        | 7,263,384             |
| <b>Restricted Assets:</b>                       |                         |                          |                       |
| Investments with Fiscal Agents                  | —                       | 4,407,399                | 4,407,399             |
| <b>Capital Assets:</b>                          |                         |                          |                       |
| Property, Plant, Equipment and Infrastructure   | 147,020,889             | 376,342,601              | 523,363,490           |
| Less Accumulated Depreciation                   | (39,876,051)            | (133,992,506)            | (173,868,557)         |
| <b>Total Capital Assets</b>                     | <b>107,144,838</b>      | <b>242,350,095</b>       | <b>349,494,933</b>    |
| Other Assets                                    | 185,108                 | 1,687,529                | 1,872,637             |
| <b>Total Assets</b>                             | <b>242,490,368</b>      | <b>298,864,554</b>       | <b>541,354,922</b>    |
| <b>Liabilities:</b>                             |                         |                          |                       |
| <b>Current Liabilities:</b>                     |                         |                          |                       |
| Accounts Payable                                | 3,612,435               | 5,568,372                | 9,180,807             |
| Other Liabilities                               | 15,713,519              | 2,970,403                | 18,683,922            |
| Deferred Revenues                               | 13,409,867              | —                        | 13,409,867            |
| Long-term Debt Due Within One Year              | 6,745,699               | 5,137,395                | 11,883,094            |
| <b>Total Current Liabilities</b>                | <b>39,481,520</b>       | <b>13,676,170</b>        | <b>53,157,690</b>     |
| <b>Non-Current Liabilities:</b>                 |                         |                          |                       |
| Self-Insurance Claims Liabilities               | 12,931,052              | —                        | 12,931,052            |
| Compensated Absences                            | 5,378,487               | 857,179                  | 6,235,666             |
| Long-Term Debt Due In More Than One Year        | 38,244,035              | 77,153,795               | 115,397,830           |
| <b>Total Non-Current Liabilities</b>            | <b>56,553,574</b>       | <b>78,010,974</b>        | <b>134,564,548</b>    |
| <b>Total Liabilities</b>                        | <b>96,035,094</b>       | <b>91,687,144</b>        | <b>187,722,238</b>    |
| <b>Net Assets:</b>                              |                         |                          |                       |
| Invested in Capital Assets, Net of Related Debt | 56,440,149              | 161,339,177              | 217,779,326           |
| Restricted                                      | 18,239,533              | 2,931,639                | 21,171,172            |
| Unrestricted                                    | 71,775,592              | 42,906,594               | 114,682,186           |
| <b>Total Net Assets</b>                         | <b>\$ 146,455,274</b>   | <b>\$ 207,177,410</b>    | <b>\$ 353,632,684</b> |

See accompanying notes to basic financial statements.

**City of Oxnard, California**

**Statement of Activities  
Year Ended June 30, 2002**

|   | Program Revenues      |                      |                                |                       |                        | Net (Expenses) Revenues and Changes in Net Assets |                          |                       |
|---|-----------------------|----------------------|--------------------------------|-----------------------|------------------------|---|--------------------------|-----------------------|
|   | Expenses              | Charges for Service  | Grants and Other Contributions | Fines and Forfeitures | Other Program Revenues | Governmental Activities                           | Business-Type Activities | Total                 |
| <b>Primary Government:</b>                  |                       |                      |                                |                       |                        |   |                          |                       |
| <b>Governmental Activities:</b>             |                       |                      |                                |                       |                        |   |                          |                       |
| Legislative                                 | \$ 965,297            | \$ 17,964            | \$ —                           | \$ —                  | \$ —                   | \$ (947,333)                                      | \$ —                     | \$ (947,333)          |
| Administration and Support Services         | 10,596,489            | 1,988,533            | 2,650,381                      | 375,331               | 598,989                | (4,983,255)                                       | —                        | (4,983,255)           |
| Public Safety                               | 47,675,795            | 2,412,682            | 22,653,495                     | 666,774               | 662,275                | (21,280,569)                                      | —                        | (21,280,569)          |
| Transportation                              | 4,900,486             | 204,005              | 2,109,386                      | 369,732               | 31,629                 | (2,185,734)                                       | —                        | (2,185,734)           |
| Community Development                       | 17,583,882            | 5,347,894            | 4,432,954                      | —                     | 2,083,080              | (5,719,954)                                       | —                        | (5,719,954)           |
| Culture and Leisure                         | 7,917,645             | 1,337,193            | 541,053                        | —                     | 196,332                | (5,843,067)                                       | —                        | (5,843,067)           |
| Libraries                                   | 2,908,754             | 103,356              | 112,406                        | —                     | —                      | (2,692,992)                                       | —                        | (2,692,992)           |
| Interest on Long-Term Debt                  | 1,811,687             | —                    | —                              | —                     | —                      | (1,811,687)                                       | —                        | (1,811,687)           |
| <b>Total Governmental Activities</b>        | <b>94,360,035</b>     | <b>11,411,627</b>    | <b>32,499,675</b>              | <b>1,411,837</b>      | <b>3,572,305</b>       | <b>(45,464,591)</b>                               | <b>—</b>                 | <b>(45,464,591)</b>   |
| <b>Business-Type Activities:</b>            |                       |                      |                                |                       |                        |   |                          |                       |
| Water                                       | 20,660,212            | 17,206,345           | 1,597,676                      | —                     | —                      | —   | (1,856,191)              | (1,856,191)           |
| Wastewater                                  | 18,321,799            | 20,495,040           | 859,441                        | —                     | —                      | —   | 3,032,682                | 3,032,682             |
| Solid Waste                                 | 29,770,148            | 28,432,860           | —                              | —                     | —                      | —   | (1,337,288)              | (1,337,288)           |
| Performing Arts and Convention Center       | 1,250,372             | 296,295              | —                              | —                     | —                      | —   | (954,077)                | (954,077)             |
| Oxnard Housing Authority                    | 20,103,955            | 18,040,124           | 1,424,430                      | —                     | —                      | —   | (639,401)                | (639,401)             |
| Municipal Golf Course                       | 3,901,301             | 3,207,541            | —                              | —                     | —                      | —   | (693,760)                | (693,760)             |
| <b>Total Business-Type Activities</b>       | <b>94,007,787</b>     | <b>87,678,205</b>    | <b>3,881,547</b>               | <b>—</b>              | <b>—</b>               | <b>—</b>  | <b>(2,448,035)</b>       | <b>(2,448,035)</b>    |
| <b>Total Primary Government</b>             | <b>\$ 187,268,849</b> | <b>\$ 99,089,832</b> | <b>\$ 36,381,222</b>           | <b>\$ 1,411,837</b>   | <b>\$ 3,572,305</b>    | <b>(45,464,591)</b>                               | <b>(2,448,035)</b>       | <b>(47,912,626)</b>   |
| <b>General Revenues:</b>                    |                       |                      |                                |                       |                        |   |                          |                       |
| <b>Taxes:</b>                               |                       |                      |                                |                       |                        |   |                          |                       |
| Property Tax                                |                       |                      |                                |                       |                        | 25,873,406  | —                        | 25,873,406            |
| Sales Tax                                   |                       |                      |                                |                       |                        | 19,846,352  | —                        | 19,846,352            |
| Transient Occupancy Tax                     |                       |                      |                                |                       |                        | 2,321,758   | —                        | 2,321,758             |
| Franchise Tax                               |                       |                      |                                |                       |                        | 7,085,201   | —                        | 7,085,201             |
| Deed Transfer Tax                           |                       |                      |                                |                       |                        | 555,249   | —                        | 555,249               |
| Business License Tax                        |                       |                      |                                |                       |                        | 3,194,683   | —                        | 3,194,683             |
| Penalties on Delinquent Taxes               |                       |                      |                                |                       |                        | 182,230   | —                        | 182,230               |
| Growth & Development Fees                   |                       |                      |                                |                       |                        | 7,432,528   | —                        | 7,432,528             |
| State & Local Shared Revenues               |                       |                      |                                |                       |                        | 5,191,633   | —                        | 5,191,633             |
| Earnings on Investments                     |                       |                      |                                |                       |                        | 4,588,082   | 2,331,298                | 6,919,380             |
| Transfers                                   |                       |                      |                                |                       |                        | (1,672,830)                                       | 1,672,830                | —                     |
| <b>Total General Revenues and Transfers</b> |                       |                      |                                |                       |                        | <b>74,596,292</b>                                 | <b>4,004,128</b>         | <b>78,600,420</b>     |
| Changes in Net Assets                       |                       |                      |                                |                       |                        | 29,133,701  | 1,556,093                | 30,689,794            |
| Net Assets - July 1, 2001                   |                       |                      |                                |                       |                        | 117,321,573                                       | 205,621,317              | 322,942,890           |
| <b>Net Assets - June 30, 2002</b>           |                       |                      |                                |                       |                        | <b>\$ 146,455,274</b>                             | <b>\$ 207,177,410</b>    | <b>\$ 353,632,684</b> |

See accompanying notes to basic financial statements.

City of Oxnard, California

Governmental Funds  
Balance Sheet  
June 30, 2002

|  | General Fund         | Development Fees Fund | HUD and CDBG Grants Fund | State and Federal Grants Fund | Debt Service Fund   | Capital Outlay Fund  | Community Development Commission Fund | Non-Major Governmental Funds | Total                 |
|--|----------------------|-----------------------|--------------------------|-------------------------------|---------------------|----------------------|---------------------------------------|------------------------------|-----------------------|
| <b>Assets:</b>                             |                      |                       |                          |                               |                     |                      |                                       |                              |                       |
| Cash and Cash Equivalents                  | \$ 30,283,168        | \$ 29,805,346         | \$ ---                   | \$ 6,312,773                  | \$ 3                | \$ 7,692,466         | \$ 7,473,390                          | \$ 8,393,458                 | \$ 89,960,604         |
| Investments with Fiscal Agents             | ---                  | ---                   | 34,847                   | ---                           | 1,333,899           | 2,669,362            | 456,029                               | ---                          | 4,494,137             |
| Accounts and Other Receivables             | 2,158,147            | 174,952               | 3,290,516                | 3,007,019                     | ---                 | 1,866,945            | 387,834                               | 4,737                        | 10,890,150            |
| Due from Other Funds                       | 3,109,684            | ---                   | ---                      | ---                           | ---                 | ---                  | ---                                   | ---                          | 3,109,684             |
| Due from Other Governments                 | 4,944,379            | ---                   | 1,094,213                | 1,730,673                     | ---                 | ---                  | ---                                   | 115,717                      | 7,884,982             |
| Notes Receivables                          | ---                  | ---                   | ---                      | ---                           | ---                 | ---                  | 554,387                               | ---                          | 554,387               |
| Properties Held for Resale                 | ---                  | ---                   | ---                      | ---                           | ---                 | ---                  | 7,263,384                             | ---                          | 7,263,384             |
| Advances to Other Funds                    | 173,035              | ---                   | ---                      | ---                           | ---                 | ---                  | ---                                   | ---                          | 173,035               |
| Other Assets                               | ---                  | ---                   | 185,108                  | ---                           | ---                 | ---                  | ---                                   | ---                          | 185,108               |
| <b>Total Assets</b>                        | <b>\$ 40,668,413</b> | <b>\$ 29,980,298</b>  | <b>\$ 4,604,684</b>      | <b>\$ 11,050,465</b>          | <b>\$ 1,333,902</b> | <b>\$ 12,228,773</b> | <b>\$ 16,135,024</b>                  | <b>\$ 8,513,912</b>          | <b>\$ 124,515,471</b> |
| <b>Liabilities and Fund Balance:</b>       |                      |                       |                          |                               |                     |                      |                                       |                              |                       |
| Accounts Payable                           | \$ 1,258,086         | \$ 228,292            | \$ 491,932               | \$ 439,527                    | \$ ---              | \$ 223,385           | \$ 137,346                            | \$ 283,571                   | \$ 3,062,139          |
| Other Liabilities                          | 9,645,661            | 3,738,085             | 165,903                  | 55,830                        | ---                 | 720,103              | 1,001,420                             | 271,367                      | 15,598,369            |
| Due to Other Funds                         | ---                  | ---                   | ---                      | 513,577                       | ---                 | ---                  | 971,784                               | ---                          | 1,485,361             |
| Deferred Revenues                          | 2,368,048            | 328,224               | 3,569,846                | 4,401,813                     | ---                 | 2,741,936            | ---                                   | ---                          | 13,409,867            |
| <b>Total Liabilities</b>                   | <b>13,271,795</b>    | <b>4,294,601</b>      | <b>4,227,681</b>         | <b>5,410,747</b>              | <b>---</b>          | <b>3,685,424</b>     | <b>2,110,550</b>                      | <b>554,938</b>               | <b>33,555,736</b>     |
| <b>Fund Balances:</b>                      |                      |                       |                          |                               |                     |                      |                                       |                              |                       |
| <b>Reserved</b>                            |                      |                       |                          |                               |                     |                      |                                       |                              |                       |
| General Fund                               | 1,870,298            | ---                   | ---                      | ---                           | ---                 | ---                  | ---                                   | ---                          | 1,870,298             |
| Special Revenue Funds                      | ---                  | 235,362               | ---                      | 2,389,649                     | ---                 | ---                  | ---                                   | ---                          | 2,625,011             |
| Debt Service Funds                         | ---                  | ---                   | ---                      | ---                           | 1,333,902           | ---                  | ---                                   | ---                          | 1,333,902             |
| Capital Project Funds                      | ---                  | ---                   | ---                      | ---                           | ---                 | ---                  | 9,928,686                             | ---                          | 9,928,686             |
| <b>Total Reserved</b>                      | <b>1,870,298</b>     | <b>235,362</b>        | <b>---</b>               | <b>2,389,649</b>              | <b>1,333,902</b>    | <b>---</b>           | <b>9,928,686</b>                      | <b>---</b>                   | <b>15,757,897</b>     |
| <b>Unreserved</b>                          |                      |                       |                          |                               |                     |                      |                                       |                              |                       |
| General Fund                               | 25,526,320           | ---                   | ---                      | ---                           | ---                 | ---                  | ---                                   | ---                          | 25,526,320            |
| Special Revenue Funds                      | ---                  | 25,450,335            | 377,003                  | 3,250,069                     | ---                 | ---                  | ---                                   | 7,958,974                    | 37,542,781            |
| Capital Project Funds                      | ---                  | ---                   | ---                      | ---                           | ---                 | 8,543,349            | 4,095,788                             | ---                          | 12,639,137            |
| <b>Total Unreserved</b>                    | <b>25,526,320</b>    | <b>25,450,335</b>     | <b>377,003</b>           | <b>3,250,069</b>              | <b>---</b>          | <b>8,543,349</b>     | <b>4,095,788</b>                      | <b>7,958,974</b>             | <b>75,201,838</b>     |
| <b>Total Fund Balance</b>                  | <b>27,396,618</b>    | <b>25,685,697</b>     | <b>377,003</b>           | <b>5,639,718</b>              | <b>1,333,902</b>    | <b>8,543,349</b>     | <b>14,024,474</b>                     | <b>7,958,974</b>             | <b>90,959,735</b>     |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 40,668,413</b> | <b>\$ 29,980,298</b>  | <b>\$ 4,604,684</b>      | <b>\$ 11,050,465</b>          | <b>\$ 1,333,902</b> | <b>\$ 12,228,773</b> | <b>\$ 16,135,024</b>                  | <b>\$ 8,513,912</b>          | <b>\$ 124,515,471</b> |

See accompanying notes to basic financial statements.

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City of Oxnard, California

Reconciliation of Fund Balance for the Governmental Funds to the Government Wide Statement of Net Assets for Governmental Activities  
June 30, 2002

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported for the Governmental Funds in the Balance Sheet. The following provides a reconciliation of those differences:

|  | Total Governmental Funds | Long-Term Assets and Liabilities (1) | Internal Service Funds (2) | Eliminations          | Total Statement of Net Assets |
|--|--------------------------|--------------------------------------|----------------------------|-----------------------|-------------------------------|
| <b>Assets:</b>                                       |                          |                                      |                            |                       |                               |
| Cash and Cash Equivalents                            | \$ 89,960,604            | \$ ---                               | \$ 11,859,357              | \$ ---                | \$ 101,819,961                |
| Investment with Fiscal Agents                        | 4,494,137                | ---                                  | ---                        | ---                   | 4,494,137                     |
| Accounts and Other Receivables                       | 10,890,150               | ---                                  | 86,450                     | ---                   | 10,976,600                    |
| Due From Other Funds/Internal Balances               | 3,109,684                | ---                                  | 369,613                    | (1,312,326)           | 2,166,971                     |
| Due From Other Governments                           | 7,884,982                | ---                                  | ---                        | ---                   | 7,884,982                     |
| Notes Receivables                                    | 554,387                  | ---                                  | ---                        | ---                   | 554,387                       |
| Properties Held for Resale                           | 7,263,384                | ---                                  | ---                        | ---                   | 7,263,384                     |
| Advances to Other Funds                              | 173,035                  | ---                                  | ---                        | (173,035)             | ---                           |
| Other Assets   | 185,108                  | ---                                  | ---                        | ---                   | 185,108                       |
| Capital Assets, Net                                  | ---                      | 106,422,143                          | 722,695                    | ---                   | 107,144,838                   |
| <b>Total Assets</b>                                  | <b>\$ 124,515,471</b>    | <b>\$ 106,422,143</b>                | <b>\$ 13,038,115</b>       | <b>\$ (1,485,361)</b> | <b>\$ 242,490,368</b>         |
| <b>Liabilities:</b>                                  |                          |                                      |                            |                       |                               |
| Accounts Payable                                     | \$ 3,062,139             | \$ ---                               | \$ 550,296                 | \$ ---                | \$ 3,612,435                  |
| Other Liabilities                                    | 15,598,369               | 115,150                              | ---                        | ---                   | 15,713,519                    |
| Due to Other Funds                                   | 1,485,361                | ---                                  | ---                        | (1,485,361)           | ---                           |
| Deferred Revenues                                    | 13,409,867               | ---                                  | ---                        | ---                   | 13,409,867                    |
| Self-Insurance Claims Liabilities                    | ---                      | ---                                  | 12,931,052                 | ---                   | 12,931,052                    |
| Compensated Absences                                 | ---                      | 8,727,910                            | 501,377                    | ---                   | 9,229,287                     |
| Long-Term Liabilities                                | ---                      | 41,138,934                           | ---                        | ---                   | 41,138,934                    |
| <b>Total Liabilities</b>                             | <b>33,555,736</b>        | <b>49,981,994</b>                    | <b>13,982,725</b>          | <b>(1,485,361)</b>    | <b>96,039,094</b>             |
| <b>Total Fund Balance/Net Assets</b>                 | <b>90,959,735</b>        | <b>56,440,149</b>                    | <b>(944,610)</b>           | <b>---</b>            | <b>146,455,274</b>            |
| <b>Total Liabilities and Fund Balance/Net Assets</b> | <b>\$ 124,515,471</b>    | <b>\$ 106,422,143</b>                | <b>\$ 13,038,115</b>       | <b>\$ (1,485,361)</b> | <b>\$ 242,490,368</b>         |

- (1) Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Balance Sheet.  
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Balance Sheet.  
Compensated absences do not require the use of current financial resources. Therefore, compensated absences payable are not reported as a liability in the Balance Sheet.  
Interest on long-term obligations that was accrued but unpaid at fiscal year end is not reported in the Balance Sheet.

106,422,143  
(41,138,934)  
(8,727,910)  
(115,150)  
**Total \$ 56,440,149**

- (2) Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, information services, customer billings, equipment maintenance and facilities maintenance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.  
This adjustment for internal service funds "closes" those funds by charging additional amounts to participating business-type activities to completely cover the internal service funds' costs for the year.

(1,314,223)  
369,613  
**Total \$ (944,610)**

See accompanying notes to basic financial statements.

**City of Oxnard, California**

**Governmental Funds**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Year Ended June 30, 2002**

|  | General Fund         | Development Fees Fund | HUD and CDBG Grants Fund | State and Federal Grants Fund | Debt Service Fund   | Capital Outlay Fund | Community Development Commission Fund | Non-Major Governmental Funds | Totals               |
|--|----------------------|-----------------------|--------------------------|-------------------------------|---------------------|---------------------|---------------------------------------|------------------------------|----------------------|
| <b>Revenues</b>  |                      |                       |                          |                               |                     |                     |                                       |                              |                      |
| Taxes  | \$ 47,680,588        | \$ --                 | \$ --                    | \$ 5,189,718                  | \$ 1,629,857        | \$ --               | \$ 4,558,716                          | \$ --                        | \$ 59,058,879        |
| Licenses and Permits   | 1,987,392            | --                    | --                       | --                            | --                  | --                  | --                                    | --                           | 1,987,392            |
| Intergovernmental  | 16,775,684           | --                    | 4,253,749                | 7,134,155                     | --                  | 2,548,512           | --                                    | 6,979,208                    | 37,691,308           |
| Growth and Development Fees  | --                   | 7,432,528             | --                       | --                            | --                  | --                  | --                                    | --                           | 7,432,528            |
| Charges for Services   | 7,908,643            | --                    | --                       | --                            | --                  | --                  | --                                    | --                           | 7,908,643            |
| Fines and Forfeitures  | 1,042,105            | --                    | --                       | --                            | --                  | --                  | --                                    | 369,732                      | 1,411,837            |
| Interest   | 2,422,164            | 1,131,094             | --                       | 197,107                       | 240,642             | 122,999             | 263,687                               | 210,389                      | 4,588,082            |
| Special Assessments  | --                   | --                    | --                       | --                            | --                  | --                  | --                                    | 1,515,592                    | 1,515,592            |
| Miscellaneous  | 1,422,636            | 67,726                | 184,190                  | 76,906                        | --                  | 753,359             | 741,900                               | 325,588                      | 3,572,305            |
| <b>Total Revenues</b>  | <b>79,239,212</b>    | <b>8,631,348</b>      | <b>4,437,939</b>         | <b>12,597,886</b>             | <b>1,870,499</b>    | <b>3,424,870</b>    | <b>5,564,303</b>                      | <b>9,400,509</b>             | <b>125,166,566</b>   |
| <b>Expenditures</b>  |                      |                       |                          |                               |                     |                     |                                       |                              |                      |
| <b>Current:</b>  |                      |                       |                          |                               |                     |                     |                                       |                              |                      |
| General Government   | 9,786,593            | --                    | --                       | --                            | --                  | --                  | --                                    | --                           | 9,786,593            |
| Public Safety  | 38,942,125           | --                    | --                       | 5,618,687                     | --                  | --                  | --                                    | --                           | 44,560,812           |
| Transportation   | 797,735              | --                    | --                       | 181,136                       | --                  | --                  | --                                    | 3,764,884                    | 4,743,755            |
| Community Development  | 7,228,529            | 519,468               | 1,522,190                | 179,205                       | --                  | --                  | 5,938,081                             | 2,025,596                    | 17,413,069           |
| Culture and Leisure  | 9,318,877            | --                    | 502,154                  | 541,053                       | --                  | --                  | --                                    | --                           | 10,362,084           |
| <b>Capital Outlay</b>  | <b>4,687,715</b>     | <b>3,896,450</b>      | <b>2,365,463</b>         | <b>4,147,966</b>              | <b>--</b>           | <b>5,499,588</b>    | <b>399,573</b>                        | <b>2,797,913</b>             | <b>23,794,668</b>    |
| <b>Debt Service:</b>   |                      |                       |                          |                               |                     |                     |                                       |                              |                      |
| Principal  | --                   | --                    | --                       | --                            | 2,412,335           | --                  | --                                    | --                           | 2,412,335            |
| Interest   | --                   | --                    | --                       | --                            | 1,988,947           | --                  | --                                    | --                           | 1,988,947            |
| <b>Total Expenditures</b>  | <b>70,761,574</b>    | <b>4,415,918</b>      | <b>4,389,807</b>         | <b>10,668,047</b>             | <b>4,401,282</b>    | <b>5,499,588</b>    | <b>6,337,654</b>                      | <b>8,588,393</b>             | <b>115,062,263</b>   |
| Excess (Deficiency) of Revenues Over Expenditures  | 8,477,638            | 4,215,430             | 48,132                   | 1,929,839                     | (2,530,783)         | (2,074,718)         | (773,351)                             | 812,116                      | 10,104,303           |
| <b>Other Financing Sources (Uses):</b>   |                      |                       |                          |                               |                     |                     |                                       |                              |                      |
| Transfers In   | --                   | 1,265,481             | --                       | --                            | 2,531,971           | 2,576,650           | --                                    | --                           | 6,374,102            |
| Transfers Out  | (5,282,749)          | (2,764,183)           | --                       | --                            | --                  | --                  | --                                    | --                           | (8,046,932)          |
| Proceeds from Loan Payable   | 2,705,584            | --                    | --                       | --                            | --                  | --                  | --                                    | --                           | 2,705,584            |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(2,577,165)</b>   | <b>(1,498,702)</b>    | <b>--</b>                | <b>--</b>                     | <b>2,531,971</b>    | <b>2,576,650</b>    | <b>--</b>                             | <b>--</b>                    | <b>1,832,754</b>     |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses | 5,900,473            | 2,716,728             | 48,132                   | 1,929,839                     | 1,188               | 501,932             | (773,351)                             | 812,116                      | 11,137,057           |
| <b>Fund Balance, July 1</b>  | <b>21,496,145</b>    | <b>22,968,969</b>     | <b>328,871</b>           | <b>3,709,879</b>              | <b>1,332,714</b>    | <b>8,041,417</b>    | <b>14,797,825</b>                     | <b>7,146,858</b>             | <b>79,822,678</b>    |
| <b>Fund Balance, June 30</b>   | <b>\$ 27,396,618</b> | <b>\$ 25,685,697</b>  | <b>\$ 377,003</b>        | <b>\$ 5,639,718</b>           | <b>\$ 1,333,902</b> | <b>\$ 8,543,349</b> | <b>\$ 14,024,474</b>                  | <b>\$ 7,958,974</b>          | <b>\$ 90,959,735</b> |

See accompanying notes to basic financial statements.

**City of Oxnard, California**

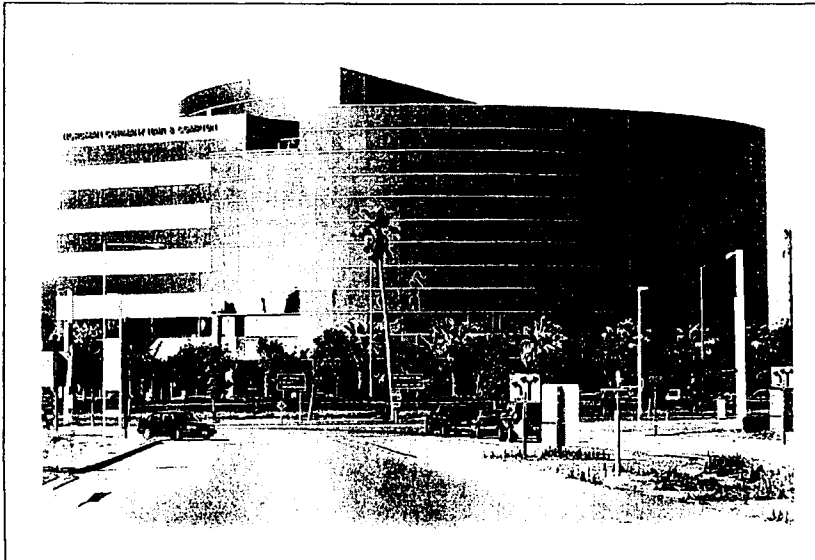
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance  
to the Government-Wide Statement of Activities  
Year Ended June 30, 2002**

Amounts reported for Governmental Activities in the Statement of Activities are different from those reported for the Governmental Funds in the Statement of Revenues, Expenditures and Changes in Fund Balance due to the following:

|  |                      |
|--|----------------------|
| <b>Total Net Changes in Fund Balances - Total Governmental Funds</b>   | <b>\$ 11,137,057</b> |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of capital assets of governmental funds are capitalized and allocated over their estimated useful lives as depreciation expense. | (3,865,490)          |
| Change in compensated absences accrual. As compensated absences are considered long-term liabilities, the changes in the liability do not affect the governmental fund financial statements.   | (808,940)            |
| Change in interest accrual on long-term obligations.   | 177,260              |
| Allocation of Internal Service Funds net loss during Fiscal Year 2002 to governmental activities.  | (1,263,673)          |
| Repayment of long-term obligations is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.  | 2,412,335            |
| Proceeds from loan payable is reported as revenue in the governmental funds, but increases long-term liabilities in the Statement of Net Assets.   | (2,705,584)          |
| Capital outlay expenditures were capitalized and added to the capital assets of governmental funds.  | 23,794,668           |
| Other changes, net   | 256,068              |
| <b>Changes in Net Assets of Governmental Activities</b>  | <b>\$ 29,133,701</b> |

See accompanying notes to basic financial statements.

## PROPRIETARY FUNDS



Oxnard Town Center Business Park

**City of Oxnard, California**

**Proprietary Funds  
Statement of Net Assets  
June 30, 2002**

|   | Enterprise Funds     |                       |                      |                                       |                          |                       | Governmental Activities - Internal Service Funds |
|---|----------------------|-----------------------|----------------------|---------------------------------------|--------------------------|-----------------------|--|
|   | Water                | Wastewater            | Solid Waste          | Performing Arts and Convention Center | Oxnard Housing Authority | Municipal Golf Course |  |
| <b>Assets:</b>                                  |                      |                       |                      |                                       |                          |                       |  |
| <b>Current Assets:</b>                          |                      |                       |                      |                                       |                          |                       |  |
| Cash and Cash Equivalents                       | \$ 5,745,004         | \$ 26,525,126         | \$ 2,810,682         | \$ 50,000                             | \$ 3,094,332             | \$ 1,714,749          | \$ 39,939,893                                    |
| Accounts and Other Receivables                  | 2,878,774            | 5,047,826             | 3,120,732            | 4,261                                 | 1,008,549                | 289,467               | 12,349,609                                       |
| Due From Other Funds                            | ---                  | 170,677               | ---                  | ---                                   | ---                      | ---                   | 170,677  |
| Notes Receivable                                | ---                  | 297,000               | ---                  | ---                                   | ---                      | ---                   | 297,000  |
| <b>Restricted Assets:</b>                       |                      |                       |                      |                                       |                          |                       |  |
| Investments with Fiscal Agents                  | 969,228              | ---                   | 2,130,685            | ---                                   | ---                      | 1,307,486             | 4,407,399  |
| <b>Capital Assets:</b>                          |                      |                       |                      |                                       |                          |                       |  |
| Property, Plant and Equipment                   | 94,055,745           | 181,567,497           | 46,306,407           | 44,443                                | 40,822,089               | 13,546,420            | 376,342,601                                      |
| Less Accumulated Depreciation                   | (32,349,277)         | (62,987,859)          | (15,420,934)         | (1,421)                               | (20,928,446)             | (2,304,569)           | (133,992,506)                                    |
| <b>Total Capital Assets - Net</b>               | <b>61,706,468</b>    | <b>118,579,638</b>    | <b>30,885,473</b>    | <b>43,022</b>                         | <b>19,893,643</b>        | <b>11,241,851</b>     | <b>242,350,095</b>                               |
| Unamortized Bond Issuance Costs, Net            | ---                  | 832,590               | 549,476              | ---                                   | ---                      | 305,463               | 1,687,529  |
| <b>Total Assets</b>                             | <b>71,299,474</b>    | <b>151,452,857</b>    | <b>39,497,048</b>    | <b>97,283</b>                         | <b>23,996,524</b>        | <b>14,859,016</b>     | <b>301,202,202</b>                               |
| <b>Liabilities:</b>                             |                      |                       |                      |                                       |                          |                       |  |
| <b>Current Liabilities:</b>                     |                      |                       |                      |                                       |                          |                       |  |
| Accounts Payable                                | 1,971,205            | 969,999               | 1,901,681            | 243,955                               | 433,193                  | 48,339                | 5,568,372  |
| Other Liabilities                               | 371,863              | 624,765               | 1,225,135            | ---                                   | 689,980                  | 58,660                | 2,970,403  |
| Due to Other Funds                              | ---                  | ---                   | ---                  | ---                                   | ---                      | 1,795,000             | 1,795,000  |
| Long-Term Debt Due Within One Year              | 404,699              | 2,324,462             | 1,455,726            | 27,578                                | 329,930                  | ---                   | 5,137,395  |
| <b>Total Current Liabilities</b>                | <b>2,747,767</b>     | <b>3,919,226</b>      | <b>4,582,542</b>     | <b>271,533</b>                        | <b>1,453,103</b>         | <b>2,496,999</b>      | <b>15,471,170</b>                                |
| <b>Noncurrent Liabilities:</b>                  |                      |                       |                      |                                       |                          |                       |  |
| Advances from Other Funds                       | ---                  | ---                   | ---                  | ---                                   | ---                      | 173,035               | 173,035  |
| Self-Insurance Claims Liabilities               | ---                  | ---                   | ---                  | ---                                   | ---                      | ---                   | ---  |
| Compensated Absences Payable                    | 138,358              | 230,901               | 212,330              | 21,316                                | 254,274                  | ---                   | 857,179  |
| Long-Term Debt Due in More than One Year        | 8,029,834            | 38,641,922            | 19,788,832           | ---                                   | ---                      | 10,693,207            | 77,153,795                                       |
| <b>Total Noncurrent Liabilities</b>             | <b>8,168,192</b>     | <b>38,872,823</b>     | <b>20,001,162</b>    | <b>21,316</b>                         | <b>254,274</b>           | <b>10,693,207</b>     | <b>78,184,009</b>                                |
| <b>Total Liabilities</b>                        | <b>10,915,959</b>    | <b>42,792,049</b>     | <b>24,583,704</b>    | <b>292,849</b>                        | <b>1,707,377</b>         | <b>13,363,241</b>     | <b>93,655,179</b>                                |
| <b>Net Assets:</b>                              |                      |                       |                      |                                       |                          |                       |  |
| Invested in Capital Assets, Net of Related Debt | 53,616,572           | 77,912,716            | 9,916,246            | ---                                   | 19,893,643               | ---                   | 161,339,177                                      |
| Restricted for Repayment of Debt                | 809,103              | ---                   | 1,342,653            | ---                                   | ---                      | 779,883               | 2,931,639  |
| Unrestricted                                    | 5,957,840            | 30,748,092            | 3,654,445            | (195,566)                             | 2,395,504                | 715,892               | 43,276,207                                       |
| <b>Total Net Assets</b>                         | <b>\$ 60,383,515</b> | <b>\$ 108,660,808</b> | <b>\$ 14,913,344</b> | <b>\$ (195,566)</b>                   | <b>\$ 22,289,147</b>     | <b>\$ 1,495,775</b>   | <b>\$ 207,547,023</b>                            |
| Internal Service Funds Allocation of Net Loss   |                      |                       |                      |                                       |                          |                       | (369,613)  |
| Net Assets - June 30, 2002                      |                      |                       |                      |                                       |                          |                       | <b>\$ 207,177,410</b>                            |

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**City of Oxnard, California**

**Proprietary Funds  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Year Ended June 30, 2002**

|  | Enterprise Funds |                |               |                                       |                          |                       |               | Governmental Activities - Internal Service Funds |
|--|------------------|----------------|---------------|---------------------------------------|--------------------------|-----------------------|---------------|--|
|  | Water            | Wastewater     | Solid Waste   | Performing Arts and Convention Center | Oxnard Housing Authority | Municipal Golf Course | Totals        |  |
| Operating Revenues:  |                  |                |               |                                       |                          |                       |               |  |
| Charges for Services   | \$ 17,206,345    | \$ 20,495,040  | \$ 28,432,860 | \$ 296,295                            | \$ 18,040,124            | \$ 3,207,541          | \$ 87,678,205 | \$ 17,234,728                                    |
| Operating Expenses:  |                  |                |               |                                       |                          |                       |               |  |
| Salaries and Wages   | 2,506,847        | 4,351,803      | 4,639,425     | 737,930                               | 2,612,523                | 29,276                | 14,877,804    | 3,976,858  |
| Contractual Services   | 1,341,857        | 1,375,352      | 9,662,840     | 198,355                               | 166,209                  | 2,815,643             | 15,560,256    | 754,530  |
| Operating Supplies   | 10,984,436       | 1,361,517      | 811,633       | 60                                    | 13,285,678               | —                     | 26,443,324    | 2,038,086  |
| Utilities  | 1,115,377        | 2,914,277      | 6,148,956     | 134,767                               | 567,785                  | 1,225                 | 10,882,387    | 1,112,599  |
| Depreciation and Amortization  | 1,679,478        | 3,729,002      | 1,792,213     | 609                                   | 1,987,088                | 67,568                | 9,255,958     | 274,379  |
| General and Administrative   | 2,032,852        | 1,293,384      | 2,502,279     | 142,242                               | 1,443,546                | 79,082                | 7,493,385     | 1,562,960  |
| Repairs and Maintenance  | 160,287          | 151,788        | 2,475,865     | 36,409                                | 41,126                   | —                     | 2,865,475     | 968,818  |
| Claims Expenses  | —                | —              | —             | —                                     | —                        | —                     | —             | 8,179,784  |
| Total Operating Expenses   | 19,821,134       | 15,177,123     | 28,033,211    | 1,250,372                             | 20,103,955               | 2,992,794             | 87,378,589    | 18,868,014                                       |
| Operating Income (Loss)  | (2,614,789)      | 5,317,917      | 399,649       | (954,077)                             | (2,063,831)              | 214,747               | 768,789       | (1,633,286)                                      |
| Nonoperating Revenues (Expenses):  |                  |                |               |                                       |                          |                       |               |  |
| Interest Income  | 649,749          | 1,171,437      | 282,109       | —                                     | 89,544                   | 138,459               | 2,331,298     | —  |
| Interest Expense   | (767,540)        | (3,039,492)    | (1,544,209)   | —                                     | —                        | (908,344)             | (6,259,585)   | —  |
| Total Nonoperating Revenues (Expenses)                                     | (117,791)        | (1,868,055)    | (1,262,100)   | —                                     | 89,544                   | (769,885)             | (3,928,287)   | —  |
| Income (loss) Before Contributions and Transfers                           | (2,732,580)      | 3,449,862      | (862,451)     | (954,077)                             | (1,974,287)              | (555,138)             | (3,628,287)   | (1,633,286)                                      |
| Capital Contributions  | 1,597,676        | 859,441        | —             | —                                     | 1,424,430                | —                     | 3,881,547     | —  |
| Transfers In   | —                | —              | —             | 724,849                               | —                        | 947,981               | 1,672,830     | —  |
| Change in Net Assets   | (1,134,904)      | 4,309,303      | (862,451)     | (229,228)                             | (549,857)                | 392,843               | 1,925,706     | (1,633,286)                                      |
| Total Net Assets - July 1  | 61,518,419       | 104,351,505    | 15,775,795    | 33,662                                | 22,839,004               | 1,103,132             | 206,069,273   | 319,063  |
| Total Net Assets - June 30   | \$ 60,383,515    | \$ 108,660,808 | \$ 14,913,344 | \$ (195,566)                          | \$ 22,289,147            | \$ 1,495,775          | 207,547,023   | \$ (1,314,222)                                   |
| Change in Net Assets:  |                  |                |               |                                       |                          |                       | 1,925,706     |  |
| Adjustment to Allocate Internal Service Funds Net Loss to Enterprise Funds |                  |                |               |                                       |                          |                       | (369,613)     |  |
|  |                  |                |               |                                       |                          |                       | \$ 1,556,093  |  |

**City of Oxnard, California**

**Proprietary Funds  
Statement of Cash Flows  
Year Ended June 30, 2002**

|  | Enterprise Funds    |                      |                     |  |                                |                             |                      | Governmental<br>Activities-<br>Internal<br>Service Funds |
|--|---------------------|----------------------|---------------------|--|--------------------------------|-----------------------------|----------------------|--|
|  | Water               | Wastewater           | Solid<br>Waste      | Performing<br>Arts and<br>Convention<br>Center | Oxnard<br>Housing<br>Authority | Municipal<br>Golf<br>Course | Total                |  |
| <b>Cash Flows From Operating Activities:</b>                     |                     |                      |                     |  |                                |                             |                      |  |
| Cash Received From Customers                                     | \$ 17,136,909       | \$ 21,571,579        | \$ 28,704,707       | \$ 297,354                                     | \$ 17,597,435                  | \$ 3,328,936                | \$ 88,636,920        | \$ 17,234,728  |
| Cash Paid to Suppliers   | (15,338,622)        | (7,564,725)          | (20,622,286)        | (299,037)                                      | (16,293,303)                   | (2,814,630)                 | (62,932,603)         | (8,103,319)  |
| Cash Paid to Employees   | (2,459,070)         | (4,312,008)          | (4,624,926)         | (689,036)                                      | (2,811,050)                    | (29,276)                    | (14,925,366)         | ---  |
| Cash Paid to Claimants   | ---                 | ---                  | ---                 | ---  | ---                            | ---                         | ---                  | (8,709,234)  |
| Net Cash Provided by (Used In) Operating Activities              | (660,783)           | 9,694,846            | 3,457,495           | (690,719)                                      | (1,506,918)                    | 485,030                     | 10,778,951           | 422,175  |
| <b>Cash Flows From Noncapital Financing Activities:</b>          |                     |                      |                     |  |                                |                             |                      |  |
| Transfers In   | ---                 | ---                  | ---                 | 724,849  | ---                            | 2,717,981                   | 3,442,830            | ---  |
| Net Cash Provided by Noncapital Financing Activities             | ---                 | ---                  | ---                 | 724,849  | ---                            | 2,717,981                   | 3,442,830            | ---  |
| <b>Cash Flows From Capital and Related Financing Activities:</b> |                     |                      |                     |  |                                |                             |                      |  |
| Acquisition and Construction of Capital Assets                   | (2,787,587)         | (4,872,293)          | (2,603,831)         | (42,615)                                       | (727,324)                      | (681,446)                   | (11,715,096)         | (200,468)  |
| Principal Payments on Long-Term Debt                             | (5,681,884)         | (1,925,000)          | (1,012,756)         | ---  | ---                            | (565,000)                   | (9,184,640)          | ---  |
| Interest Payments on Long-Term Debt                              | (4,482,543)         | (2,677,159)          | (1,570,081)         | ---  | ---                            | (708,995)                   | (9,438,778)          | ---  |
| Proceeds from Issuance of Long-Term Debt                         | 12,410,000          | ---                  | ---                 | ---  | ---                            | ---                         | 12,410,000           | ---  |
| Net Cash Used in Capital and Related Financing Activities        | (542,014)           | (9,474,452)          | (5,186,668)         | (42,615)                                       | (727,324)                      | (1,955,441)                 | (17,928,514)         | (200,468)  |
| <b>Cash Flows From Investing Activities:</b>                     |                     |                      |                     |  |                                |                             |                      |  |
| Proceeds From Sale of Investment Securities                      | 5,058,353           | 4,640,961            | 2,129,898           | ---  | ---                            | 1,268,558                   | 13,097,770           | ---  |
| Purchase of Investment Securities                                | (4,774,699)         | (4,640,604)          | (2,128,988)         | ---  | ---                            | (1,270,363)                 | (12,814,654)         | ---  |
| Interest on Investments  | 649,749             | 1,171,437            | 282,109             | ---  | 89,544                         | 138,459                     | 2,331,298            | ---  |
| Net Cash Provided By Investing Activities                        | 933,403             | 1,171,794            | 283,019             | ---  | 89,544                         | 136,654                     | 2,614,414            | ---  |
| Net Increase (Decrease) in Cash and Cash Equivalents             | (269,394)           | 1,392,188            | (1,446,154)         | (8,485)  | (2,144,698)                    | 1,384,224                   | (1,092,319)          | 221,707  |
| Cash and Cash Equivalents, July 1                                | 6,014,398           | 25,132,938           | 4,256,836           | 58,485   | 5,239,030                      | 330,525                     | 41,032,212           | 11,637,650   |
| Cash and Cash Equivalents, June 30                               | <u>\$ 5,745,004</u> | <u>\$ 26,525,126</u> | <u>\$ 2,810,682</u> | <u>\$ 50,000</u>                               | <u>\$ 3,094,332</u>            | <u>\$ 1,714,749</u>         | <u>\$ 39,939,893</u> | <u>\$ 11,859,357</u>                                     |

Continued -

**City of Oxnard, California**

**Proprietary Funds  
Statement of Cash Flows (Continued)  
Year Ended June 30, 2002**

|   | Enterprise Funds    |                     |                     |  |                                |                             |                      | Governmental<br>Activities-<br>Internal<br>Service Funds |
|---|---------------------|---------------------|---------------------|--|--------------------------------|-----------------------------|----------------------|--|
|   | Water               | Wastewater          | Solid<br>Waste      | Performing<br>Arts and<br>Convention<br>Center | Oxnard<br>Housing<br>Authority | Municipal<br>Golf<br>Course | Total                |  |
| <b>Cash Flows From Operating Activities:</b>  |                     |                     |                     |  |                                |                             |                      |  |
| Reconciliation of Operating Income (loss) to Net Cash Provided by (used in) Operating Activities: |                     |                     |                     |  |                                |                             |                      |  |
| Operating Income (loss)   | \$ (2,614,789)      | \$ 5,317,917        | \$ 399,649          | \$ (954,077)                                   | \$ (2,063,831)                 | \$ 214,747                  | \$ 299,616           | \$ (1,633,286)   |
| Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by Operating Activities:    |                     |                     |                     |  |                                |                             |                      |  |
| Depreciation and Amortization   | 1,679,478           | 3,729,002           | 1,792,213           | 609  | 1,987,088                      | 67,568                      | 9,255,958            | 274,379  |
| Write-Down of Capital Assets  | ---                 | ---                 | 1,700,447           | ---  | ---                            | ---                         | 1,700,447            | ---  |
| Changes in Assets and Liabilities:  |                     |                     |                     |  |                                |                             |                      |  |
| Decrease (Increase) in Accounts Receivable  | (69,436)            | 1,373,539           | 271,847             | 1,059  | (442,689)                      | 121,395                     | 1,255,715            | (85,300)   |
| Decrease (Increase) in Notes Receivable   | ---                 | (297,000)           | ---                 | ---  | ---                            | ---                         | (297,000)            | ---  |
| Increase (Decrease) in Accounts Payable   | 398,450             | 119,696             | (1,222,726)         | 60,672   | (360,341)                      | 30,486                      | (973,763)            | (155,496)  |
| Increase (Decrease) in Other Liabilities  | (102,263)           | (588,103)           | 501,566             | 201,018  | (428,618)                      | 50,834                      | (365,566)            | 1,940,154  |
| Increase (Decrease) in Compensated Absences   | 47,777              | 39,795              | 14,499              | ---  | (198,527)                      | ---                         | (96,456)             | ---  |
| Increase in Self-Insurance Claims Liabilities   | ---                 | ---                 | ---                 | ---  | ---                            | ---                         | ---                  | 81,724   |
| Net Cash Provided by (used in) Operating Activities   | <u>\$ (660,783)</u> | <u>\$ 9,694,846</u> | <u>\$ 3,457,495</u> | <u>\$ (690,719)</u>                            | <u>\$ (1,506,918)</u>          | <u>\$ 485,030</u>           | <u>\$ 10,778,951</u> | <u>\$ 422,175</u>  |
| <b>Supplemental Schedule of Noncash Transactions:</b>   |                     |                     |                     |  |                                |                             |                      |  |
| Capital Assets Contributions  | <u>\$ 1,597,676</u> | <u>\$ 859,441</u>   | <u>\$ ---</u>       | <u>\$ ---</u>                                  | <u>\$ 1,424,430</u>            | <u>\$ ---</u>               | <u>\$ 3,881,547</u>  | <u>\$ ---</u>  |

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**City of Oxnard, California**

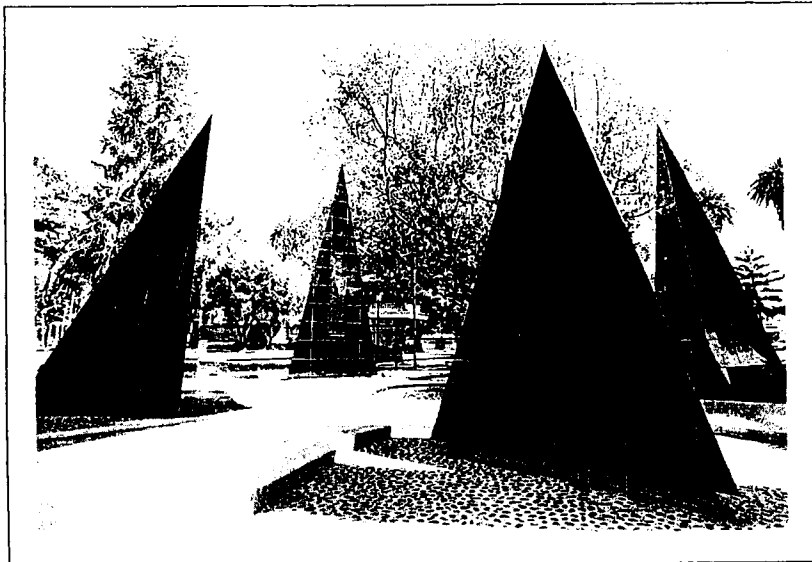
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**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2002**

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|                                       | <b>Artworks<br/>Fund</b> | <b>Improvement<br/>Districts<br/>Fund</b> | <b>Total</b>      |
|---------------------------------------|--------------------------|---|-------------------|
| <b>Assets:</b>                        |                          |   |                   |
| Cash and Cash Equivalents             | \$ 46,443                | \$ 9,778,576                              | \$ 9,825,019      |
| Investments with Fiscal Agents        | —                        | 5,039,404                                 | 5,039,404         |
| <b>Total Assets</b>                   | <b>46,443</b>            | <b>14,817,980</b>                         | <b>14,864,423</b> |
| <b>Liabilities and Fund Balances:</b> |                          |   |                   |
| <b>Liabilities - Other</b>            |                          |   |                   |
| Trust and Agency Payables             | 46,443                   | 14,817,980                                | 14,864,423        |
| <b>Total Liabilities</b>              | <b>46,443</b>            | <b>14,817,980</b>                         | <b>14,864,423</b> |
| <b>Net Assets</b>                     | <b>\$ —</b>              | <b>\$ —</b>                               | <b>\$ —</b>       |

See accompanying notes to basic financial statements.



Veteran's Memorial  
Located in Oxnard's Downtown Plaza Park

**1. 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 a four-member council elected at large for four-year alternating terms and by a Mayor who is directly elected for a two-year term. 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 Community Development Commission**

The Redevelopment Agency of the City of Oxnard (RDA) was established pursuant to the California Community Redevelopment Law, codified in Part 1 of Division 24 of the California Health and Safety Code. The RDA was activated in 1960 by Ordinance No. 2365 of the City Council. On January 24, 1995, the RDA became the Community Development Commission (CDC). The CDC has continued the RDA's principal activities such as business retention, employment creation, the acquisition of real property for the purpose of removing or preventing blight, for construction or improvements and loaning money for rehabilitation and restoration of properties. The City Council of the City of Oxnard (City Council) acts as the Board of Directors of the CDC. The City of Oxnard is financially accountable for the operations of the CDC through budgetary authority and fiscal management and the City is able to significantly influence operations of the CDC. The funds of CDC have been included in the City's governmental activities in the accompanying government-wide financial statements. The CDC prepares a separate Comprehensive Annual Financial Report (CAFR) and a copy can be obtained from the City's Financial Services Program.

**Housing Authority of the City of Oxnard**

The Housing Authority of the City of Oxnard (the Authority) was established in April 1945 when City Council adopted an ordinance which was added to the City's Municipal Code. The 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 Authority has 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). City Council serves as the governing board and is therefore responsible for the fiscal and administrative activities of the Authority. The Authority's operations have been included in the City's business-type activities in the accompanying government-wide financial statements. The Authority prepares separate financial statements and a copy can be obtained from the Authority's Financial Services Division.

**Basic Financial Statements**

In accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 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 Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

All 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. Property tax, sales tax, transient occupancy tax, franchise tax, business license tax, and development fees financially support most of these activities.



The City's enterprise operations are classified as business-type activities. These operations consist of water, wastewater collection and treatment, solid waste, and housing. The cultural and recreation activities are the River Ridge Golf Course and the Performing Arts and Convention Center.

The statement of activities demonstrates the degree to which expenses (direct and indirect) of a given function or segment are 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) 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.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. 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 four categories: (1) charges for services; (2) grants and other contributions; (3) fines, penalties and forfeitures; and, (4) other program 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 Assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

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

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements (including all NCGA Statements and Interpretations currently in effect), as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

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.

#### **Fund Financial Statements**

##### ***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 and non-major governmental funds aggregated. In accordance with GASB 34 and based on the direction of management and the sole purpose for which a fund is established, the following funds have been determined by management to be the City's major governmental funds:

- ❖ **General Fund:** This fund is always a major and is used to account for all financial resources traditionally associated with government activities which are not required legally to be accounted for in another fund.
- ❖ **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 and CDBG Grants Fund:** This fund is used to account for resources to develop viable urban communities, providing decent housing and expanding economic opportunities.
- ❖ **State and Federal Grants Fund:** This fund accounts for the receipts and expenditures of monies received from State and Federal grants-in-aid.
- ❖ **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 expenditures incurred on the redevelopment projects, financed primarily from tax increments.

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 present 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. The primary revenue sources, which have been treated as susceptible to accrual by the City are property tax, sales tax, intergovernmental revenues and other taxes. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for unmatured interest on long-term debt, which is recognized when due.

#### **Proprietary Fund Financial Statements**

Proprietary Fund Financial Statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major fund and in the aggregate for the enterprise funds. 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. In accordance with GASB 34 and based on the direction of management and the sole purpose for which a fund is established, the following enterprise funds have been determined by management to be the City's major funds:

- ❖ **Water Fund:** This fund is used to account for all activities of the City's water distribution and treatment 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.
- ❖ **Solid Waste 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 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 Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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. 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.

#### **Fiduciary Fund Financial Statements**

Fiduciary Fund Financial Statements include a Statement of Net Assets. The City's fiduciary funds consist of agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The City's fiduciary funds are as follows:

- ❖ **Artworks Fund:** This fund is used to report resources held by the City in a custodial capacity (assets equal liabilities). This fund involves the receipt and remittance of fiduciary resources to private organizations or other agencies.
- ❖ **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 and 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 tax bills and the money collected is used to pay off the annual debt service requirements.

**B. Budget**

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 accounting principles generally accepted in the United States of America (GAAP), except that encumbrances are included in budgeted expenditures.

Appropriations lapse at year-end. 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 department level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated within a division and between divisions within a department without City Council approval. During fiscal year 2002, supplementary budget appropriations of approximately \$23,653,606 were made.

Budgetary comparison statements are required to be presented for the General Fund and all major special revenue funds and are presented as required supplementary information found on pages 66 through 73. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

**C. Cash and Investments****Investment Policy**

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 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.

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Investments shall be made with judgement 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.

**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 Treasurer's pooled investments are carried at fair value. The fair value is determined utilizing SunCard 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.

The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1953 and has oversight 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.

The LAIF has oversight 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.

**Interest Income**

Interest 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 month-end cash balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund. Changes in the fair value of investments are recognized in interest income at the end of each year.

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**City of Oxnard, California**

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Notes to the Basic Financial Statements  
June 30, 2002

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Income from nonpooled investments is recorded based on the specific investments held by the trustee of the fund. The interest income is recorded in the fund that earned the interest.

**Cash and Cash Equivalents**

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

**D. Utility Revenue**

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

**E. Properties Held for Resale**

In the Capital Outlay Fund, properties acquired for the Heritage Square office complex are included as properties held for resale, which are carried at the lower of cost or estimated fair value. At June 30, 2002, properties held for resale amounted to \$7,263,384.

**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. Gifts or 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:

|                                |            |
|--------------------------------|------------|
| <b>Buildings</b>               | 45 years   |
| <b>Improvements:</b>           |            |
| Paving, curbs, lighting        | 20 years   |
| Parks Improvements             | 25 years   |
| Sports Courts                  | 40 years   |
| Landscaping                    | 50 years   |
| <b>Equipment and Machinery</b> | 5-20 years |

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**City of Oxnard, California**

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Notes to the Basic Financial Statements  
June 30, 2002

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In accordance with GASB 34, an extended period of deferral (fiscal year beginning July 1, 2006) is available before the requirement to record and depreciate infrastructure is effective. As a result, the governmental activities column in the accompanying government-wide financial statements as of June 30, 2002 does not reflect any infrastructure assets completed as of June 30, 2002.

**G. Risk Management**

The City provides statutory workers' compensation benefits under a self-insurance program and the City is self-insured for general and property damage liabilities to the extent of the first \$1,000,000 per occurrence. The City contracts with outside service agencies to supervise and administer 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 an internal service fund.

In August 1988, the City adopted a resolution to execute a Joint Powers Agreement (JPA) between five cities, (Huntington Beach, Oxnard, Pomona, San Bernardino and Santa Ana), creating the Big Independent Cities Excess Pool Joint Powers Authority (BICEP), a risk management pool. Through the BICEP insurance pool, the five cities share the cost of 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 protection. The purpose of this agreement is to jointly develop and fund excess insurance for comprehensive liability, 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 adjusting and legal defense service. BICEP is governed by a five-member Board of Directors representing each member city, appointed by the member's City Council and serving at the pleasure of such City Council.

Summary unaudited financial information of BICEP as of and for the year ended June 30, 2002, is as follows:

| <b>Description</b>  | <b>BICEP</b> | <b>City's Share</b> |
|---------------------|--------------|---------------------|
| Total Assets        | \$15,662,579 | \$2,506,013         |
| Total Liabilities   | \$13,401,392 | \$2,144,223         |
| Total Fund Balances | \$2,261,187  | \$361,790           |
| Total Revenues      | \$4,930,873  | \$788,940           |
| Total Expenses      | \$2,669,686  | \$427,150           |

Of the total liabilities, \$13,213,023 represents long-term debt of BICEP. The City's share of the debt is approximately \$1,427,060.

The agreement with BICEP may be terminated at any time 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 and compensation time pay is recorded as a liability when incurred within the government-wide and proprietary funds financial statements. Sick pay, which does not vest, is recorded in all funds when leave is taken. In accordance with GASB Interpretation 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.

## **I. Property Taxes**

### **Calendar**

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

|                        |  |
|------------------------|--|
| Levy Date .....        | March 1  |
| Lien Date .....        | 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)  |

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. The following is a summary of major policies and practices relating to property taxes:

## **Property Valuation**

Valuations are established by the Assessor of the County of Ventura (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 in September 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, 2002, the City has recorded property taxes receivable of \$523,296, which is included in due from other governments in the accompanying balance sheet.

### **Tax Lien Dates**

All lien dates attach annually on March 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. 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.

## **2. CASH AND INVESTMENTS**

The City's cash, cash equivalents and investments at June 30, 2002, are reflected in the accompanying basic financial statements as follows:

|                                 | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Statement of Net<br/>Assets Total</u> | <u>Fiduciary<br/>Funds</u> | <u>Grand<br/>Total</u> |
|---------------------------------|------------------------------------|-------------------------------------|--|----------------------------|------------------------|
| Cash and cash equivalents       | <u>\$ 101,819,061</u>              | <u>\$ 39,939,893</u>                | <u>\$ 141,759,854</u>                    | <u>\$ 9,825,019</u>        | <u>\$ 151,584,873</u>  |
| Investments with fiscal agents: |                                    |                                     |  |                            |                        |
| Restricted                      | ---                                | 4,407,399                           | 4,407,399                                | ---                        | 4,407,399              |
| Unrestricted                    | 4,494,137                          | ---                                 | 4,494,137                                | 5,039,404                  | 9,533,541              |
| Subtotal                        | <u>4,494,137</u>                   | <u>4,407,399</u>                    | <u>8,901,536</u>                         | <u>5,039,404</u>           | <u>13,940,940</u>      |
| Total                           | <u>\$ 106,314,098</u>              | <u>\$ 44,347,292</u>                | <u>\$ 150,661,390</u>                    | <u>\$ 14,864,423</u>       | <u>\$ 165,525,813</u>  |

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The following is a summary of the City's cash and cash equivalents and investments at June 30, 2002:

|  |                       |
|--|-----------------------|
| Deposits and cash on hand                  | \$ 10,912,798         |
| Investments held in trust by Fiscal Agents | 13,940,940            |
| Investments managed by the City Treasurer  | 140,672,075           |
| Total                                      | <u>\$ 165,525,813</u> |

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures (see Note 7).

#### **Deposits**

At June 30, 2002, the carrying amount of the City's deposits was \$10,912,798, the bank balance is \$9,932,770, and the difference is due to outstanding checks and deposits in transit. Of that amount, \$200,000 was covered by Federal depository insurance. The remainder of the deposits are collateralized in accordance with state law. The California Government Code requires California banks and savings and loan associations to secure a local governmental agency's (agency) deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits. Such collateral is held by the pledging financial institutions agent of depository and considered to be held in the City's name and has the effect of perfecting a security interest for the City. A perfected security interest is an interest in property, including securities, that is superior to the interest of general creditors.

#### **Authorized Investments**

Under provisions of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- ❖ Obligations of the United States Treasury, or its Agencies
- ❖ Obligations of the State of California
- ❖ Local Government Bonds

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**City of Oxnard, California**

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Notes to the Basic Financial Statements  
June 30, 2002

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- ❖ Bankers' Acceptances
- ❖ Commercial Paper
- ❖ Medium Term Corporate Notes
- ❖ Repurchase and Reverse Repurchase Agreements
- ❖ Mutual Funds
- ❖ State of California LAIF

The City's investments are categorized to provide an indication of the level of custodial risk assumed by the City. Category 1 includes investments that are insured or registered, or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured or unregistered investments for which securities are acquired through a financial institution's trust department and are held for custodial purposes in the same financial institution's safekeeping department but not in the City's name. Investments of the City are summarized as follows:

|                                    | Category of Custodial Risk |              |                      | Carrying Amount at Fair Value |
|------------------------------------|----------------------------|--------------|----------------------|-------------------------------|
|                                    | 1                          | 2            | 3                    |                               |
| <b>Pooled Investments:</b>         |                            |              |                      |                               |
| U.S. Treasury/Agency Obligations   | \$ 76,054,163              | \$ --        | \$ --                | \$ 76,054,163                 |
| Corporate Notes                    | 9,617,912                  | --           | --                   | 9,617,912                     |
|                                    | <u>\$ 85,672,075</u>       | <u>\$ --</u> | <u>\$ --</u>         | <u>\$ 85,672,075</u>          |
| <b>Held in Trust Fiscal Agent:</b> |                            |              |                      |                               |
| U.S. Treasury/Agency Obligations   | \$ --                      | \$ --        | \$ 12,636,068        | \$ 12,636,068                 |
| Corporate Notes                    | --                         | --           | 1,304,872            | 1,304,872                     |
|                                    | <u>\$ --</u>               | <u>\$ --</u> | <u>\$ 13,940,940</u> | <u>\$ 13,940,940</u>          |
| State of California LAIF* (pooled) |                            |              |                      | 55,000,000                    |
| <b>Total Investments</b>           |                            |              |                      | <u>\$ 154,613,015</u>         |

\* Not subject to categorization

The City did not utilize reverse repurchase agreements or mutual funds in the pooled investment fund during the year ended June 30, 2002, even though such investments are authorized in the City's investment policy.

The City's investments with fiscal agents include deposits with trustees as required by bond covenants.

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**City of Oxnard, California**

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Notes to the Basic Financial Statements  
June 30, 2002

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### 3. INTERFUND RECEIVABLES AND PAYABLES

Net interfund receivables and payables between governmental activities and business-type activities of \$2,166,971 are included in the accompanying Statement of Net Assets as of June 30, 2002.

Total interfund receivables and payables at June 30, 2002, 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:

| Fund                                  | Interfund Receivables | Interfund Payables  |
|---------------------------------------|-----------------------|---------------------|
| <b>Governmental Funds:</b>            |                       |                     |
| Advances to Golf Course Fund          | \$ 173,035            | \$ --               |
| Due from Other Funds                  | 3,109,684             | --                  |
| Total General Fund                    | <u>3,282,719</u>      | <u>--</u>           |
| State and Federal Grants Fund         | --                    | 513,577             |
| Community Development Commission Fund | --                    | 971,784             |
| <b>Total Governmental Funds</b>       | <u>3,282,719</u>      | <u>1,485,361</u>    |
| <b>Proprietary Funds:</b>             |                       |                     |
| Wastewater Fund                       | 170,677               | --                  |
| Golf Course Fund:                     |                       |                     |
| Advances from General Fund            | --                    | 173,035             |
| Due to General Fund                   | --                    | 1,795,000           |
| <b>Total Proprietary Funds</b>        | <u>170,677</u>        | <u>1,968,035</u>    |
| <b>Total</b>                          | <u>\$ 3,453,396</u>   | <u>\$ 3,453,396</u> |

The interfund balances at June 30, 2002, are loans to cover temporary cash deficits in various funds. All interfund balances outstanding at June 30, 2002, are expected to be repaid within one year, except for the advance from the General Fund to the Golf Course Fund in the amount of \$173,035, which will be paid in future annual installments of \$25,000.

#### 4. RECEIVABLES AND PAYABLES

Accounts and other receivables as of June 30, 2002, included in the accompanying Statement of Net Assets primarily consist of the following:

| Accounts Receivables                    | Governmental Activities | Business-Type Activities |
|---|-------------------------|--------------------------|
| Accrued Interest Receivable             | \$ 1,030,329            | \$ —                     |
| Utilities Receivables                   | —                       | 7,688,875                |
| Grants Receivable                       | 44,981                  | 1,291,402                |
| Loans Receivable                        | 6,659,801               | 1,984,207                |
| Accounts Receivable Billed and Accrued  | 3,912,649               | 907,054                  |
| Other Receivables                       | 109,740                 | 1,476,912                |
| Sub-total                               | 11,757,500              | 13,348,450               |
| Allowance for Uncollectible Receivables | (780,900)               | (998,841)                |
| <b>Total</b>                            | <b>\$ 10,976,600</b>    | <b>\$ 12,349,609</b>     |

Accounts payable and other liabilities as of June 30, 2002, primarily consist of the following:

| Accounts Payable and Other Liabilities | Governmental Activities | Business-Type Activities |
|--|-------------------------|--------------------------|
| Accounts Payable (due to vendors)      | \$ 3,612,435            | \$ 5,568,372             |
| Other Liabilities:                     |                         |                          |
| Accrued Payroll                        | 7,683,329               | 1,215,775                |
| Other Accrued Expenses                 | 5,116,395               | 1,754,628                |
| Advances Payable                       | 1,266,420               | —                        |
| Other Payables                         | 1,647,375               | —                        |
| Total Other Liabilities                | 15,713,519              | 2,970,403                |
| <b>Total</b>                           | <b>\$ 19,325,954</b>    | <b>\$ 8,538,775</b>      |

Governmental activities record deferred revenue for revenues that are not yet earned as of year end. At June 30, 2002, deferred revenues are comprised of the following:

|   |                      |
|---|----------------------|
| <b>Governmental Funds:</b>  |                      |
| Community Development Charges for Services                            | \$ 2,368,048         |
| Development and Traffic Impact Fees                                   | 328,224              |
| Federal Grant Drawdowns Prior to Meeting All Eligibility Requirements | 3,569,846            |
| State Grants  | 4,401,813            |
| Civic Center Development Fees   | 2,741,936            |
| <b>Total</b>  | <b>\$ 13,409,867</b> |

#### 5. INTERFUND TRANSFERS

The net transfers of \$1,672,830 from governmental activities to business-type activities in the Statement of Activities primarily relates to operational subsidies from the General Fund to the Golf Course and Performing Arts and Convention Center Enterprise Funds.

The following Transfers In and Out are reflected in the Fund Financial Statements for the year ended June 30, 2002:

| Fund                                  | Transfers In        | Transfers Out         |
|---------------------------------------|---------------------|-----------------------|
| <b>Governmental Funds:</b>            |                     |                       |
| General Fund                          | \$ —                | \$ (5,282,749)        |
| Development Fees Fund                 | 1,265,481           | (2,764,183)           |
| Debt Service Fund                     | 2,531,971           | —                     |
| Capital Outlay Fund                   | 2,576,650           | —                     |
| <b>Total Governmental Funds</b>       | <b>6,374,102</b>    | <b>(8,046,932)</b>    |
| <b>Proprietary Funds:</b>             |                     |                       |
| Performing Arts and Convention Center | 724,849             | —                     |
| Municipal Golf Course                 | 947,981             | —                     |
| <b>Total Proprietary Funds</b>        | <b>1,672,830</b>    | <b>—</b>              |
| <b>Total</b>                          | <b>\$ 8,046,932</b> | <b>\$ (8,046,932)</b> |

The interfund transfers generally fall within one of the following categories: 1) debt service payments made from a debt service fund but funded from an operating fund; 2) subsidy transfers; or, 3) transfers to fund internal service equipment replacement funds. There were no transfers during Fiscal Year 2002 that were either non-routine in nature or inconsistent with the activities of the fund making the transfer.



**City of Oxnard, California**

**Notes to the Basic Financial Statements  
June 30, 2002**

**6. CAPITAL ASSETS**

Changes in the City's capital assets for the year ended June 30, 2002, consisted of the following:

|  | Balance<br>July 1, 2001 | Additions            | Deletions           | Balance<br>June 30, 2002 |
|--|-------------------------|----------------------|---------------------|--------------------------|
| <b>Governmental Activities:</b>              |                         |                      |                     |                          |
| Capital Assets, Not Being Depreciated:       |                         |                      |                     |                          |
| Land   | \$ 20,713,678           | \$ 3,332,920         | \$ —                | \$ 24,046,598            |
| Construction in Progress                     | 17,031,447              | 17,591,964           | —                   | 34,623,411               |
| Total Capital Assets, Not Being Depreciated  | 37,745,125              | 20,924,884           | —                   | 58,670,009               |
| Capital Assets, Being Depreciated:           |                         |                      |                     |                          |
| Land Improvements                            | 1,159,280               | —                    | —                   | 1,159,280                |
| Buildings                                    | 29,176,812              | —                    | —                   | 29,176,812               |
| Improvements Other Than Building             | 19,013,090              | —                    | —                   | 19,013,090               |
| Equipment and Machinery                      | 35,931,446              | 3,070,252            | —                   | 39,001,698               |
| Total Capital Assets, Being Depreciated      | 85,280,628              | 3,070,252            | —                   | 88,350,880               |
| Less Accumulated Depreciation for:           |                         |                      |                     |                          |
| Land Improvements                            | (976,500)               | (19,180)             | —                   | (995,680)                |
| Buildings                                    | (13,734,687)            | (770,443)            | —                   | (14,505,130)             |
| Improvements Other Than Building             | (3,787,668)             | (425,204)            | —                   | (4,212,872)              |
| Equipment and Machinery                      | (17,511,706)            | (2,650,663)          | —                   | (20,162,369)             |
| Total Accumulated Depreciation               | (36,010,561)            | (3,865,490)          | —                   | (39,876,051)             |
| Total Capital Assets, Being Depreciated, Net | 49,270,067              | (795,238)            | —                   | 48,474,829               |
| <b>Sub-total Governmental Activities</b>     | <b>87,015,192</b>       | <b>20,129,646</b>    | <b>—</b>            | <b>107,144,838</b>       |
| <b>Business-Type Activities:</b>             |                         |                      |                     |                          |
| Capital Assets, Not Being Depreciated:       |                         |                      |                     |                          |
| Land   | 20,344,746              | —                    | —                   | 20,344,746               |
| Construction in Progress                     | 56,235,819              | 8,439,151            | —                   | 64,674,970               |
| Total Capital Assets, Not Being Depreciated  | 76,580,565              | 8,439,151            | —                   | 85,019,716               |
| Capital Assets, Being Depreciated:           |                         |                      |                     |                          |
| Buildings                                    | 62,387,064              | 4,359,940            | —                   | 66,747,004               |
| Improvements Other Than Building             | 176,906,487             | 2,457,118            | —                   | 179,363,605              |
| Municipal Golf Course Improvements           | 5,739,567               | —                    | —                   | 5,739,567                |
| Equipment and Machinery                      | 40,832,720              | 340,436              | 1,700,447           | 39,472,709               |
| Total Capital Assets, Being Depreciated      | 285,865,838             | 7,157,494            | 1,700,447           | 291,322,885              |
| Less Accumulated Depreciation for:           |                         |                      |                     |                          |
| Buildings                                    | (32,407,718)            | (2,741,368)          | —                   | (35,149,086)             |
| Improvements Other Than Building             | (66,806,521)            | (3,887,236)          | —                   | (70,693,757)             |
| Municipal Golf Course Improvements           | (915,832)               | (67,568)             | —                   | (983,400)                |
| Equipment and Machinery                      | (24,686,763)            | (2,479,500)          | —                   | (27,166,263)             |
| Total Accumulated Depreciation               | (124,816,834)           | (9,175,672)          | —                   | (133,992,506)            |
| Total Capital Assets, Being Depreciated, Net | 161,049,004             | (2,018,178)          | 1,700,447           | 157,283,541              |
| <b>Sub-total Business-Type Activities</b>    | <b>237,629,569</b>      | <b>6,420,973</b>     | <b>1,700,447</b>    | <b>242,350,095</b>       |
| <b>Total</b>                                 | <b>\$ 324,644,761</b>   | <b>\$ 26,550,619</b> | <b>\$ 1,700,447</b> | <b>\$ 349,494,933</b>    |

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**City of Oxnard, California**

**Notes to the Basic Financial Statements  
June 30, 2002**

For the year ended June 30, 2002, depreciation expense on capital assets was charged to the governmental functions as follows:

|                                     |                     |
|-------------------------------------|---------------------|
| <b>Governmental Activities:</b>     |                     |
| Legislative                         | \$ 11,738           |
| Administration and Support Services | 1,132,579           |
| Public Safety                       | 1,804,380           |
| Transportation                      | 78,017              |
| Community Development               | 479,842             |
| Culture and Leisure                 | 258,035             |
| Libraries                           | 100,899             |
| <b>Total Depreciation Expense</b>   | <b>\$ 3,865,490</b> |

Internal Service funds predominantly serve the governmental funds. Accordingly, their capital assets are included within governmental activities in the above table. Changes in the Internal Service Funds capital assets for the year ended June 30, 2002 are as follows:

|                                | Balance<br>July 1, 2001 | Additions          | Deletions   | Balance<br>June 30, 2002 |
|--------------------------------|-------------------------|--------------------|-------------|--------------------------|
| <b>Internal Service Funds:</b> |                         |                    |             |                          |
| Equipment and Machinery        | \$ 7,347,715            | \$ 200,468         | \$ —        | \$ 7,548,183             |
| Accumulated Depreciation       | (6,551,109)             | (274,379)          | —           | (6,825,488)              |
| <b>Total</b>                   | <b>\$ 796,606</b>       | <b>\$ (73,911)</b> | <b>\$ —</b> | <b>\$ 722,695</b>        |

The following is a summary of changes in capital assets for each major enterprise fund for the year ended June 30, 2002:

|                                   | Balance<br>July 1, 2002 | Additions           | Deletions   | Balance<br>June 30, 2002 |
|-----------------------------------|-------------------------|---------------------|-------------|--------------------------|
| <b>Water Fund</b>                 |                         |                     |             |                          |
| Land                              | \$ 157,144              | \$ —                | \$ —        | \$ 157,144               |
| Buildings                         | 4,122,921               | 104,104             | —           | 4,227,025                |
| Improvements Other Than Buildings | 64,370,729              | 1,597,677           | —           | 65,968,406               |
| Equipment and Machinery           | 1,800,982               | 250,754             | —           | 2,051,736                |
| Construction in Progress          | 19,218,706              | 2,432,728           | —           | 21,651,434               |
| <b>Total</b>                      | <b>89,670,482</b>       | <b>4,385,263</b>    | <b>—</b>    | <b>94,055,745</b>        |
| Accumulated Depreciation          | (30,669,798)            | (1,679,478)         | —           | (32,349,277)             |
| <b>Total</b>                      | <b>\$ 59,000,684</b>    | <b>\$ 2,705,784</b> | <b>\$ —</b> | <b>\$ 61,706,468</b>     |
| <b>Wastewater Fund</b>            |                         |                     |             |                          |
| Land                              | \$ 4,273,655            | \$ —                | \$ —        | \$ 4,273,655             |
| Buildings                         | 6,380,938               | —                   | —           | 6,380,938                |
| Improvements Other Than Buildings | 112,535,759             | 859,441             | —           | 113,395,200              |
| Equipment and Machinery           | 17,057,209              | 89,682              | —           | 17,146,891               |
| Construction in Progress          | 35,588,202              | 4,782,611           | —           | 40,370,813               |
| <b>Total</b>                      | <b>175,835,763</b>      | <b>5,731,734</b>    | <b>—</b>    | <b>181,567,497</b>       |
| Accumulated Depreciation          | (59,258,858)            | (3,729,001)         | —           | (62,987,859)             |
| <b>Total</b>                      | <b>\$ 116,576,905</b>   | <b>\$ 2,002,733</b> | <b>\$ —</b> | <b>\$ 118,579,638</b>    |

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**City of Oxnard, California**

**Notes to the Basic Financial Statements**  
**June 30, 2002**

|   | Balance<br>July 1, 2001 | Additions         | Deletions           | Balance<br>June 30, 2002 |
|---|-------------------------|-------------------|---------------------|--------------------------|
|   | Continued -             |                   |                     |                          |
| <b>Solid Waste</b>                                |                         |                   |                     |                          |
| Land  | \$ 2,711,166            | \$ —              | \$ —                | \$ 2,711,166             |
| Buildings   | 20,678,655              | 2,104,080         | —                   | 22,782,735               |
| Equipment and Machinery                           | 20,691,717              | —                 | 1,700,447           | 18,991,270               |
| Construction in Progress                          | 1,321,485               | 499,751           | —                   | 1,821,236                |
| <b>Total</b>                                      | <b>45,403,023</b>       | <b>2,603,831</b>  | <b>1,700,447</b>    | <b>46,306,407</b>        |
| Accumulated Depreciation                          | (13,709,010)            | (1,792,213)       | —                   | (15,420,934)             |
| <b>Total</b>                                      | <b>\$ 31,694,013</b>    | <b>\$ 891,907</b> | <b>\$ 1,700,447</b> | <b>\$ 30,885,473</b>     |
| <b>Performing Arts and Convention Center Fund</b> |                         |                   |                     |                          |
| Equipment and Machinery                           | \$ 1,828                | \$ —              | \$ —                | \$ 1,828                 |
| Construction in Progress                          | —                       | 42,615            | —                   | 42,615                   |
| <b>Total</b>                                      | <b>1,828</b>            | <b>42,615</b>     | <b>—</b>            | <b>44,443</b>            |
| Accumulated Depreciation                          | (812)                   | (609)             | —                   | (1,421)                  |
| <b>Total</b>                                      | <b>\$ 1,016</b>         | <b>\$ 42,006</b>  | <b>\$ —</b>         | <b>\$ 43,022</b>         |
| <b>Oxnard Housing Authority Fund</b>              |                         |                   |                     |                          |
| Land  | \$ 8,920,208            | \$ —              | \$ —                | \$ 8,920,208             |
| Buildings   | 28,469,141              | 2,151,756         | —                   | 30,620,897               |
| Equipment and Machinery                           | 1,280,984               | —                 | —                   | 1,280,984                |
| <b>Total</b>                                      | <b>38,670,333</b>       | <b>2,151,756</b>  | <b>—</b>            | <b>40,822,089</b>        |
| Accumulated Depreciation                          | (18,941,356)            | (1,987,088)       | —                   | (20,928,446)             |
| <b>Total</b>                                      | <b>\$ 19,728,977</b>    | <b>\$ 164,666</b> | <b>\$ —</b>         | <b>\$ 19,893,643</b>     |
| <b>Municipal Golf Course Fund</b>                 |                         |                   |                     |                          |
| Land  | \$ 4,282,572            | \$ —              | \$ —                | \$ 4,282,572             |
| Buildings   | 2,735,409               | —                 | —                   | 2,735,409                |
| Golf Course Improvements                          | 5,739,567               | —                 | —                   | 5,739,567                |
| Construction in Progress                          | 107,426                 | 681,446           | —                   | 788,872                  |
| <b>Total</b>                                      | <b>12,864,974</b>       | <b>681,446</b>    | <b>—</b>            | <b>13,546,420</b>        |
| Accumulated Depreciation                          | (2,237,000)             | (67,568)          | —                   | (2,304,569)              |
| <b>Total</b>                                      | <b>\$ 10,627,974</b>    | <b>\$ 613,877</b> | <b>\$ —</b>         | <b>\$ 11,241,851</b>     |

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**City of Oxnard, California**

**Notes to the Basic Financial Statements**  
**June 30, 2002**

**7. LONG-TERM OBLIGATIONS**

The following is a summary of changes in the City's long-term obligations for the year ended June 30, 2002:

|   | Balance<br>July 1, 2001 | Issued               | Retired              | Balance<br>June 30, 2002 | Amounts Due<br>Within One<br>Year |
|---|-------------------------|----------------------|----------------------|--------------------------|-----------------------------------|
| <b>Governmental Activities:</b>                     |                         |                      |                      |                          |                                   |
| Revenue Bonds:                                      |                         |                      |                      |                          |                                   |
| Lease Revenue Refunding Bonds Series 1993           | \$ 7,405,000            | \$ —                 | \$ 1,025,000         | \$ 6,380,000             | \$ 1,075,000                      |
| Adjustable Rate Taxable Refunding Bonds Series 1993 | 3,300,000               | —                    | 600,000              | 2,700,000                | 600,000                           |
| 1999 Certificates of Participation                  | 8,625,000               | —                    | 185,000              | 8,440,000                | 195,000                           |
| Tax Allocation Refunding Bonds Series 1994A         | 15,065,000              | —                    | 590,000              | 14,475,000               | 625,000                           |
| Capital Lease:                                      |                         |                      |                      |                          |                                   |
| HTE Financial System Lease Purchase                 | 486,290                 | —                    | 157,667              | 328,623                  | 161,981                           |
| Fire Engines Lease Purchase                         | 405,015                 | —                    | 129,437              | 275,578                  | 135,033                           |
| Compensated Absences                                | 8,420,347               | 4,513,826            | 3,704,886            | 9,229,287                | 3,850,800                         |
| Notes Payable                                       | 353,368                 | —                    | 9,612                | 343,756                  | 13,627                            |
| Loan Payable  | —                       | 2,705,584            | —                    | 2,705,584                | —                                 |
| Metropolitan Water District Loan                    | 5,553,933               | —                    | 63,540               | 5,490,393                | 89,258                            |
| <b>Total Governmental Activities</b>                | <b>\$ 49,613,953</b>    | <b>\$ 7,219,410</b>  | <b>\$ 6,465,142</b>  | <b>\$ 50,368,221</b>     | <b>\$ 6,745,699</b>               |
| <b>Business-Type Activities:</b>                    |                         |                      |                      |                          |                                   |
| Revenue Bonds:                                      |                         |                      |                      |                          |                                   |
| Lease Revenue Refunding Bonds Series 1993           | \$ 12,435,000           | \$ —                 | \$ 565,000           | \$ 11,870,000            | \$ 595,000                        |
| Water Revenue Refunding Bonds Series 2001           | —                       | 12,410,000           | 290,000              | 12,120,000               | 225,000                           |
| Water Revenue Bonds Series 1993                     | 465,000                 | —                    | 465,000              | —                        | —                                 |
| Water Revenue Capital Appreciation Bonds            | 4,926,884               | —                    | 4,926,884            | —                        | —                                 |
| Wastewater Revenue Refunding Bonds Series 1993      | 46,945,000              | —                    | 1,925,000            | 45,020,000               | 2,025,000                         |
| Solid Waste Revenue Bonds Series 1995               | 20,875,000              | —                    | 940,000              | 19,935,000               | 985,000                           |
| Unamortized Discounts                               | (1,404,176)             | (199,711)            | (349,926)            | (1,253,961)              | —                                 |
| Unamortized Loss on Refunding                       | (5,073,496)             | (3,798,737)          | (1,144,632)          | (7,727,601)              | —                                 |
| Sub-total   | 79,169,212              | 8,411,552            | 7,617,326            | 79,963,438               | 3,830,000                         |
| Capital Lease:                                      |                         |                      |                      |                          |                                   |
| Residential Trash Collection Vehicles               | 1,401,008               | —                    | 185,256              | 1,215,752                | 195,395                           |
| Compensated Absences                                | 2,016,740               | 1,094,114            | 1,141,675            | 1,969,179                | 1,112,000                         |
| <b>Total Business-Type Activities</b>               | <b>82,586,960</b>       | <b>9,505,666</b>     | <b>8,944,257</b>     | <b>83,148,369</b>        | <b>5,137,395</b>                  |
| <b>Total</b>  | <b>\$ 132,200,913</b>   | <b>\$ 16,725,076</b> | <b>\$ 15,409,399</b> | <b>\$ 133,516,590</b>    | <b>\$ 11,883,094</b>              |

**City of Oxnard, California**

**Notes to the Basic Financial Statements  
June 30, 2002**

Internal service funds predominantly serve the governmental funds. Accordingly, their long-term obligations are included as part of the above totals for governmental activities. Changes in long-term obligations for the internal service funds for the year ended June 30, 2002 are as follows:

|                               | Balance<br>July 1, 2001 | Issued            | Retired           | Balance<br>June 30, 2002 | Amounts Due<br>Within One Year |
|-------------------------------|-------------------------|-------------------|-------------------|--------------------------|--------------------------------|
| <b>Internal Service Funds</b> |                         |                   |                   |                          |                                |
| Compensated Absences          | \$ 419,653              | \$ 484,419        | \$ 402,695        | \$ 501,377               | \$ 406,000                     |
| <b>Total</b>                  | <u>\$ 419,653</u>       | <u>\$ 484,419</u> | <u>\$ 402,695</u> | <u>\$ 501,377</u>        | <u>\$ 406,000</u>              |

The following is a summary of changes in long-term obligations for each major enterprise fund for the year ended June 30, 2002:

|                                     | Balance<br>July 1, 2001 | Issued              | Retired             | Balance<br>June 30, 2002 | Amounts Due<br>Within One Year |
|-------------------------------------|-------------------------|---------------------|---------------------|--------------------------|--------------------------------|
| <b>Water Fund</b>                   |                         |                     |                     |                          |                                |
| Revenue Bonds Series 1993           | \$ 465,000              | \$ --               | \$ 465,000          | \$ --                    | \$ --                          |
| Revenue Capital Appreciation Bonds  | 4,926,884               | --                  | 4,926,884           | --                       | --                             |
| Revenue Refunding Bonds Series 2001 | --                      | 12,410,000          | 290,000             | 12,120,000               | 225,000                        |
| Less: Unamortized Loss on Refunding | --                      | (3,798,737)         | (126,625)           | (3,672,112)              | --                             |
| Unamortized Discounts               | (150,163)               | (199,711)           | (156,820)           | (193,054)                | --                             |
| Sub-total                           | 5,241,721               | 8,411,552           | 5,398,439           | 8,254,834                | 225,000                        |
| Compensated Absences                | 270,280                 | 211,086             | 163,309             | 318,057                  | 179,699                        |
| <b>Total</b>                        | <u>\$ 5,512,000</u>     | <u>\$ 8,622,638</u> | <u>\$ 5,561,748</u> | <u>\$ 8,572,891</u>      | <u>\$ 404,699</u>              |
| <b>Wastewater Fund</b>              |                         |                     |                     |                          |                                |
| Revenue Refunding Bonds Series 1993 | \$ 46,945,000           | \$ --               | \$ 1,925,000        | \$ 45,020,000            | \$ 2,025,000                   |
| Less: Unamortized Loss on Refunding | (3,800,061)             | --                  | (172,730)           | (3,627,331)              | --                             |
| Unamortized Discounts               | (870,897)               | --                  | (145,150)           | (725,747)                | --                             |
| Sub-total                           | 42,274,042              | --                  | 1,607,120           | 40,666,922               | 2,025,000                      |
| Compensated Absences                | 490,568                 | 259,490             | 219,695             | 530,363                  | 299,462                        |
| <b>Total</b>                        | <u>\$ 42,764,610</u>    | <u>\$ 259,490</u>   | <u>\$ 1,826,815</u> | <u>\$ 41,197,285</u>     | <u>\$ 2,324,462</u>            |

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**City of Oxnard, California**

**Notes to the Basic Financial Statements  
June 30, 2002**

|   | Balance<br>July 1, 2001 | Issued            | Retired             | Balance<br>June 30, 2002 | Amounts Due<br>Within One Year |
|---|-------------------------|-------------------|---------------------|--------------------------|--------------------------------|
| <b>Solid Waste Fund</b>                           |                         |                   |                     |                          |                                |
| Revenue Refunding Bonds Series 1995               | \$ 20,762,500           | \$ --             | \$ 827,500          | \$ 19,935,000            | \$ 985,000                     |
| Less: Unamortized Discounts                       | (195,225)               | --                | (13,700)            | (181,525)                | --                             |
| Sub-total   | 20,567,275              | --                | 813,800             | 19,753,475               | 985,000                        |
| Capital Lease                                     | 1,401,008               | --                | 185,256             | 1,215,752                | 195,395                        |
| Compensated Absences                              | 473,162                 | 264,855           | 250,356             | 487,661                  | 275,331                        |
| <b>Total</b>                                      | <u>\$ 22,441,445</u>    | <u>\$ 264,855</u> | <u>\$ 1,249,412</u> | <u>\$ 21,456,888</u>     | <u>\$ 1,455,726</u>            |
| <b>Performing Arts and Convention Center Fund</b> |                         |                   |                     |                          |                                |
| Compensated Absences                              | \$ --                   | \$ 72,791         | \$ 23,897           | \$ 48,894                | \$ 27,578                      |
| <b>Total</b>                                      | <u>\$ --</u>            | <u>\$ 72,791</u>  | <u>\$ 23,897</u>    | <u>\$ 48,894</u>         | <u>\$ 27,578</u>               |
| <b>Oxnard Housing Authority Fund</b>              |                         |                   |                     |                          |                                |
| Compensated Absences                              | \$ 782,731              | \$ 285,892        | \$ 484,419          | \$ 584,204               | \$ 329,930                     |
| <b>Total</b>                                      | <u>\$ 782,731</u>       | <u>\$ 285,892</u> | <u>\$ 484,419</u>   | <u>\$ 584,204</u>        | <u>\$ 329,930</u>              |
| <b>Municipal Golf Course</b>                      |                         |                   |                     |                          |                                |
| Lease Revenue Refunding Bonds Series 1993         | \$ 12,435,000           | \$ --             | \$ 565,000          | \$ 11,870,000            | \$ 595,000                     |
| Less: Unamortized Loss on Refunding               | (1,273,435)             | --                | (845,277)           | (428,158)                | --                             |
| Unamortized Discounts                             | (187,891)               | --                | (34,256)            | (153,635)                | --                             |
| <b>Total</b>                                      | <u>\$ 10,973,674</u>    | <u>\$ --</u>      | <u>\$ (314,533)</u> | <u>\$ 11,288,207</u>     | <u>\$ 595,000</u>              |

**Lease Revenue Refunding Bonds Series 1993**

The Lease Revenue Refunding Bonds Series 1993 are a twenty-two year bond issue with a net interest cost of 5.4398 percent. The bonds were issued to refinance the outstanding bonds for the 1988 Civic Center Library bonds, the 1986 River Ridge Golf Course bonds, the land acquisition bonds, the 1966 auditorium authority bonds and the 1972 parking authority. The bonds were issued on December 16, 1993, with an original amount of \$31,565,000, maturing in various amounts through June 1, 2016. The total balance outstanding as of June 30, 2002 is \$18,250,000, of which \$6,380,000 is recorded within governmental activities and \$11,870,000 is recorded within business-type activities in the accompanying statement of net assets.

#### Adjustable Rate Taxable Refunding Bonds Series 1993

The Adjustable Rate Taxable Refunding Series 1993 were issued on November 10, 1993 with an original amount of \$7,700,000. These bonds had a variable interest rate ranging from 1.95 to 3.70 percent through November 30, 1998 and were converted into a fixed rate of 2.065 percent thereafter, maturing in various amounts through June 1, 2006. The bonds were issued to refinance outstanding bonds for the 1985 public parking bonds. The balance outstanding and recorded as governmental activities as of June 30, 2002 is \$2,700,000.

#### 1999 Certificates of Participation

The 1999 Certificates of Participation are thirty-year bonds that were issued on January 26, 1999 with an original amount of \$8,980,000 and a net interest cost of 5.04 percent. The balance outstanding and recorded as governmental activities as of June 30, 2002 is \$8,440,000.

#### Tax Allocation Refunding Bonds Series 1994A

On May 5, 1994, the City issued tax allocation refunding bonds in the amount of \$18,580,000. These bonds bear interest of 6.85 percent and mature on September 1, 2016. The balance outstanding and recorded as governmental activities as of June 30, 2002 is \$14,475,000.

#### Water Revenue Refunding and Project Bonds, Series 2001

On July 17, 2002, the City of Oxnard Financing Authority issued \$12,410,000 of Water Revenue Refund and Project Bonds, Series 2001 with interest rate of 5.1057 percent, maturing on June 1, 2030. The proceeds from the sale of the bonds were used to refund the total outstanding principal amount of \$5,391,884 of the Water Revenue Bonds Series 1993 and the Water Capital Appreciation Bonds and to finance the cost of construction of the 2001 project. The advance refunding resulted in an economic gain of \$1,373,201 (difference between the present value of the old bonds and the present value of the new bonds) and cash flow savings of \$5,796,073. The outstanding balance on the new bonds as of June 30, 2002 is \$12,120,000.

The 2001 Project includes improvements to the City's Blending Station No. 1 Disinfection System; replacement of cast iron pipe in the City's downtown area; an upgrade of the City's Blending Station No. 1 to improve its energy efficiency; improvements to the City's Automated Meter Reading Program; replacement and upgrade of existing pipeline corrosion protection systems; and, the rehabilitation of certain water wells.

Accordingly, the Water Revenue Bonds Series 1993 and the Water Capital Appreciation Bonds are considered defeased and the related liabilities have been removed from the City's basic financial statements. On June 30, 2002, the amount outstanding on the defeased bond totaled \$4,887,496. The final call date for the defeased bonds is June 1, 2003.

#### Wastewater Revenue Refunding Bonds Series 1993

The Wastewater Revenue Refunding Bonds Series 1993 are a twenty-seven year bond issue with a net interest cost of 5.507 percent. The bonds were issued to refinance the outstanding balances related to the 1986 wastewater treatment plant expansion bonds, 1985 wastewater treatment plant expansion land bonds and the 1977 Oxnard Port Hueneme Regional Wastewater Treatment Authority bonds. The bonds were issued on August 12, 1993 with an original amount of \$59,530,000, maturing in various amounts through June 1, 2020. The outstanding balance as of June 30, 2002 is \$45,020,000.

#### Solid Waste Revenue Bonds Series 1995

The Solid Waste Revenue Bonds Series 1995 are a twenty-year bond issue with a net interest cost of 5.844 percent. The bonds were issued to finance then construction of the Del Norte Regional Recycling and Transfer Station. The bonds were issued on September 21, 1995 with an original amount of \$25,000,000, maturing in various amounts through May 1, 2016. The outstanding balance as of June 30, 2002 is \$19,935,000.

The annual debt service requirements by year for Revenue Bonds are as follows:

| Fiscal Year   | Water Revenue Refunding Bonds - Series 2001 |                      | Wastewater Revenue Refunding Bonds - Series 1993 |                      |
|---------------|---|----------------------|--|----------------------|
|               | Principal                                   | Interest             | Principal  | Interest             |
| 2003          | \$ 225,000                                  | \$ 580,196           | \$ 2,025,000                                     | \$ 2,389,952         |
| 2004          | 235,000                                     | 571,196              | 2,120,000  | 2,290,728            |
| 2005          | 245,000                                     | 561,796              | 1,675,000  | 2,184,727            |
| 2006          | 255,000                                     | 551,997              | 1,760,000  | 2,099,302            |
| 2007          | 265,000                                     | 541,796              | 1,855,000  | 2,006,903            |
| 2008-2012     | 1,495,000                                   | 2,540,006            | 10,905,000                                       | 8,407,462            |
| 2013-2017     | 1,855,000                                   | 2,180,628            | 14,220,000                                       | 5,082,937            |
| 2018-2022     | 2,350,000                                   | 1,680,563            | 10,460,000                                       | 1,116,938            |
| 2023-2027     | 3,005,000                                   | 1,030,563            | —  | —                    |
| 2028-2030     | 2,190,000                                   | 228,062              | —  | —                    |
| <b>Totals</b> | <b>\$ 12,120,000</b>                        | <b>\$ 10,466,803</b> | <b>\$ 45,020,000</b>                             | <b>\$ 25,578,949</b> |

**City of Oxnard, California**

*Notes to the Basic Financial Statements*  
June 30, 2002

| Fiscal Year   | Solid Waste Revenue Bonds -<br>Series 1995 |                     | Lease Revenue Refunding<br>Bonds - Series 1993 |                     | Adjustable Rate Taxable<br>Refunding Bonds - Series 1993 |                   |
|---------------|--|---------------------|--|---------------------|--|-------------------|
|               | Principal                                  | Interest            | Principal                                      | Interest            | Principal  | Interest          |
| 2003          | \$ 985,000                                 | \$ 1,145,230        | \$ 1,670,000                                   | \$ 961,429          | \$ 600,000   | \$ 168,750        |
| 2004          | 1,030,000                                  | 1,096,965           | 1,745,000                                      | 879,599             | 600,000  | 131,250           |
| 2005          | 1,085,000                                  | 1,045,465           | 1,830,000                                      | 792,349             | 700,000  | 93,750            |
| 2006          | 1,140,000                                  | 989,045             | 1,645,000                                      | 699,018             | 800,000  | 50,000            |
| 2007          | 1,200,000                                  | 928,625             | 1,725,000                                      | 610,600             | —  | —                 |
| 2008-2012     | 7,120,000                                  | 3,521,575           | 5,320,000                                      | 1,928,550           | —  | —                 |
| 2013-2016     | 7,375,000                                  | 1,138,800           | 4,315,000                                      | 595,012             | —  | —                 |
| <b>Totals</b> | <b>\$ 19,935,000</b>                       | <b>\$ 9,865,705</b> | <b>\$ 18,250,000</b>                           | <b>\$ 6,466,557</b> | <b>\$ 2,700,000</b>                                      | <b>\$ 443,750</b> |

The annual debt service requirements by year for the other bond issues are as follows:

| Fiscal Year   | 1999 Certificates of Participation |                     | Tax Allocation Refunding Bonds<br>Series 1994A |                     |
|---------------|------------------------------------|---------------------|--|---------------------|
|               | Principal                          | Interest            | Principal                                      | Interest            |
| 2003          | \$ 195,000                         | \$ 385,080          | \$ 625,000                                     | \$ 931,125          |
| 2004          | 200,000                            | 377,963             | 665,000  | 889,850             |
| 2005          | 210,000                            | 370,462             | 710,000  | 845,812             |
| 2006          | 215,000                            | 362,168             | 760,000  | 798,850             |
| 2007          | 225,000                            | 353,460             | 805,000  | 748,800             |
| 2008-2012     | 1,275,000                          | 1,619,125           | 4,925,000                                      | 2,868,612           |
| 2013-2017     | 1,580,000                          | 1,308,870           | 5,985,000                                      | 1,014,325           |
| 2018-2022     | 1,835,000                          | 904,638             | —  | —                   |
| 2023-2027     | 2,200,000                          | 442,937             | —  | —                   |
| 2028          | 505,000                            | 23,987              | —  | —                   |
| <b>Totals</b> | <b>\$ 8,440,000</b>                | <b>\$ 6,148,690</b> | <b>\$ 14,475,000</b>                           | <b>\$ 8,097,374</b> |

**City of Oxnard, California**

*Notes to the Basic Financial Statements*  
June 30, 2002

**Capital Lease Obligations**

On May 5, 1998, the City entered into a Lease Purchase agreement with Santa Barbara Bank and Trust in the amount of \$909,442, for the purpose of purchasing the HTE Financial System hardware and software; with interest rate of 4.69 percent; final maturity on November 1, 2003. The outstanding balance as of June 30, 2002 is \$328,623.

In December 1996, the City entered into a Lease Purchase agreement with Midwest Bankers Group in the amount of \$850,000, for the purpose of purchasing four Triple Combination Pumper Fire Trucks; with interest rate of 4.03 percent; final maturity on August 1, 2003. The outstanding balance as of June 30, 2002 is \$275,578.

On September 12, 2000, the City entered into a Lease Purchase agreement with Municipal Finance Corporation for the acquisition of twelve residential trash collection vehicles. The lease bears an interest rate of 5.4 percent with final maturity on September 12, 2007. The outstanding balance as of June 30, 2002 is \$205,684.

The annual debt service requirements by year for the Capital Leases are as follows:

| Fiscal Year   | HTE Financial System |                  | Fire Trucks       |                  | Residential Trash<br>Collection Vehicles |                   |
|---------------|----------------------|------------------|-------------------|------------------|--|-------------------|
|               | Principal            | Interest         | Principal         | Interest         | Principal                                | Interest          |
| 2003          | \$ 161,981           | \$ 13,677        | \$ 135,033        | \$ 11,249        | \$ 195,395                               | \$ 63,048         |
| 2004          | 166,642              | 5,991            | 140,545           | 5,736            | 206,089                                  | 52,354            |
| 2005          | —                    | —                | —                 | —                | 217,368                                  | 41,075            |
| 2006          | —                    | —                | —                 | —                | 229,264                                  | 29,179            |
| 2007          | —                    | —                | —                 | —                | 241,812                                  | 16,631            |
| 2008          | —                    | —                | —                 | —                | 125,824                                  | 3,397             |
| <b>Totals</b> | <b>\$ 328,623</b>    | <b>\$ 19,668</b> | <b>\$ 275,578</b> | <b>\$ 16,985</b> | <b>\$ 1,215,752</b>                      | <b>\$ 205,684</b> |

**City of Oxnard, California**

**Notes to the Basic Financial Statements  
June 30, 2002**

The following is a schedule of property under capital leases by major classes of asset of June 30, 2002:

|  | Governmental<br>Activities | Business-Type<br>Activities |
|--|----------------------------|-----------------------------|
| <b>ITE Capital Lease:</b>                  |                            |                             |
| Software                                   | \$ 541,198                 | \$ —                        |
| Equipment                                  | 212,978                    | —                           |
| <b>Fire Engine Lease:</b>                  |                            |                             |
| Equipment                                  | 812,845                    | —                           |
| <b>Residential Trash Collection Lease:</b> |                            |                             |
| Equipment                                  | —                          | 1,498,397                   |
| Sub-total                                  | 1,567,021                  | 1,498,397                   |
| Less: Accumulated Depreciation             | (571,228)                  | (149,840)                   |
| <b>Total</b>                               | <b>\$ 995,793</b>          | <b>\$ 1,348,557</b>         |

**Notes and Loans Payable**

In May 1988, the Commission purchased a building in exchange for a note. The notes payable is secured by deeds of trust on real property and bears interest from 5.35 percent to 11.5 percent. The note matures at various times through March 14, 2006. At June 30, 2002, the outstanding balance was \$343,756.

On August 3, 1998, the Commission purchased property from the Metropolitan Water District of Southern California in exchange for a promissory note. The note is secured by deeds of trust on real property and bears interest at 6 percent per annum. The note matures at various times through December 2028. At June 30, 2002, the outstanding balance was \$5,490,393.

On March 12, 2002, the City purchased the property at 300 West Third Street and 320, 326, 330, 344 South "C" Street (FIB Building), in the amount of \$862,000. A Loan Agreement was entered into between Zions First National Bank and the City. The principal amount of the loan is

**City of Oxnard, California**

**Notes to the Basic Financial Statements  
June 30, 2002**

\$621,320. The terms of the loan are semi-annual payments over a 10-year period at a variable rate set at 70 percent of the bank's Prime Rate. At June 30, 2002, the outstanding balance was \$621,320.

On May 20, 2002, the City purchased the property located at 937 West Fifth Street Campus Park in the amount of \$2,150,000. A Loan Agreement was entered into between Zions First National Bank and the City. The principal amount of the loan is \$2,084,264. The terms of the loan are semi-annual payments over a 10-year period at a variable rate set at 70 percent of the bank's Prime Rate. At June 30, 2002, the outstanding balance was \$2,084,264.

The annual debt service requirement for notes and loans payable are as follows:

| Fiscal Year   | Notes Payable - Brown Building |                   | Metropolitan Water District Loan |                     | Loan Payable - FIB Building |                   | Loan Payable - Campus Park |                  |
|---------------|--------------------------------|-------------------|----------------------------------|---------------------|-----------------------------|-------------------|----------------------------|------------------|
|               | Principal                      | Interest          | Principal                        | Interest            | Principal                   | Interest          | Principal                  | Interest         |
| 2003          | \$ 13,627                      | \$ 33,762         | \$ 89,258                        | \$ 327,440          | \$ 62,132                   | \$ 24,504         | \$ 175,071                 | \$ 72,129        |
| 2004          | 15,054                         | 32,335            | 94,735                           | 321,963             | 62,132                      | 18,076            | 185,245                    | 61,953           |
| 2005          | 16,630                         | 30,759            | 100,548                          | 316,150             | 62,132                      | 16,010            | 191,456                    | 55,743           |
| 2006          | 298,445                        | 21,936            | 106,718                          | 309,980             | 62,132                      | 13,945            | 197,875                    | 49,324           |
| 2007          | —                              | —                 | 113,267                          | 303,431             | 62,132                      | 11,879            | 204,510                    | 42,690           |
| 2008-12       | —                              | —                 | 679,524                          | 1,403,966           | 310,660                     | 28,406            | 1,130,107                  | 105,889          |
| 2013-17       | —                              | —                 | 915,220                          | 1,168,270           | —                           | —                 | —                          | —                |
| 2018-22       | —                              | —                 | 1,232,668                        | 850,822             | —                           | —                 | —                          | —                |
| 2023-27       | —                              | —                 | 1,660,225                        | 423,265             | —                           | —                 | —                          | —                |
| 2028          | —                              | —                 | 498,230                          | 22,643              | —                           | —                 | —                          | —                |
| <b>Totals</b> | <b>\$ 343,756</b>              | <b>\$ 118,792</b> | <b>\$ 5,490,393</b>              | <b>\$ 5,447,930</b> | <b>\$ 621,320</b>           | <b>\$ 112,820</b> | <b>\$2,084,264</b>         | <b>\$387,728</b> |

The City's management believes it is in compliance with all significant covenants related to its debt issues as of June 30, 2002.

**Compensated Absences**

The long-term portion of the liability was \$5,378,487 for governmental activities and \$857,179 for business-type activities at June 30, 2002, which is expected to be paid in future years from future resources.

**Special Assessment Bonds**

There are various 1915 Act Improvement Districts within the City which have issued special assessment or special tax debt. The debt is secured by liens 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, if appropriate.

Accordingly, such special assessment debt is not reflected in the accompanying basic financial statements. Special assessment debt outstanding at June 30, 2002, is as follows:

|  |                      |
|--|----------------------|
| <b>Hueneme Road Assessment District:</b>   |                      |
| 1915 Act Improvement Bonds issued May 29, 1985; original amount \$5,657,485.84; interest rate that varies with maximum rate of 9.8%; maturity 2005 | \$ 2,005,000         |
| <b>Mandalay Bay Reassessment District:</b>   |                      |
| 1915 Act Improvement Bonds issued April 24, 1987; original amount \$6,250,000; maximum rate 7.4%; due 2007   | 2,985,000            |
| <b>Rose/Santa Clara Assessment District:</b>   |                      |
| 1915 Act Improvement Bonds issued August 14, 1986 with original amount \$13,170,000; maximum rate 8.25%; due 2006                                  | 3,935,000            |
| <b>Oxnard Town Center Special Tax Bonds:</b>   |                      |
| Issued September 15, 1988 - (Mello Roos); original amount \$14,770,000; average rate of 8.125%; maturing in varying amounts through 2013           | 2,015,000            |
| <b>Rose Avenue/Highway 101 Assessment District:</b>  |                      |
| 1915 Act Improvement Bonds issued November 1, 1996; original amount \$8,560,000; average rate of 5.50%; maturing in 2016                           | 7,235,000            |
| <b>Pacific Commerce Center Assessment District:</b>  |                      |
| 1915 Act Improvement Bonds issued November 1, 1996; original amount \$31,120,000; average rate of 5.17%; maturing in 2006                          | 17,865,000           |
| <b>Total</b>   | <u>\$ 36,040,000</u> |

**8. DEFINED BENEFIT PENSION PLAN****Retirement Plan Description**

The City contributes to the California Public Employees' Retirement System ("PERS"), an agent multiple-employer, public employee defined benefit plan, that acts as a common investment and administrative agent for participating public entities within the State of California. The City's membership is reported within three plans classified into two categories: safety members (police and fire) and miscellaneous members (all other permanent employees). The City's payroll for employees covered by PERS for the year ended June 30, 2002, was \$54,904,623; the City's total payroll was \$59,280,010. 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.

All personnel are eligible to participate in PERS. Benefits vest 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 (ranging from 1.092 percent for employees who retire at age 50 to 2.41 percent for employees who retire at age 63 or over) for miscellaneous employees and 3 percent for police employees at age 50 and fire employees at age 55. 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. 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 2002, the City's annual pension cost (APC) of \$6,013,057 for PERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2001, revised actuarial assumptions and retain the entry age actuarial cost method.

**City of Oxnard, California**

Notes to the Basic Financial Statements  
June 30, 2002

Significant actuarial assumptions across all three plans included (a) 8.25 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases ranging from 3.75 percent to 14.2 percent (for miscellaneous employees) and from 4.27 percent to 11.59 percent (for safety employees) and that vary based on the duration of service and type of employment, and (c) 3.75 percent per year across-the-board real salary increases. Both (a) and (b) included an inflation component of 3.5 percent. 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 three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2002, was five years for prior service unfunded and sixteen years for remaining unfunded.

Contributions to PERS for the Fiscal Year ended June 30, 2002 are shown below:

|                         | City<br>Contributions | Employee<br>Contributions | Total        |
|-------------------------|-----------------------|---------------------------|--------------|
| Safety employees:       |                       |                           |              |
| Police                  | \$ 1,780,994          | \$ 1,223,023              | \$ 3,004,017 |
| Fire                    | —                     | 526,308                   | 526,308      |
| Total safety employees  | 1,780,994             | 1,749,331                 | 3,530,325    |
| Miscellaneous employees | —                     | 2,482,732                 | 2,482,732    |
| Total                   | \$ 1,780,994          | \$ 4,232,063              | \$ 6,013,057 |

**9. POSTEMPLOYMENT HEALTH CARE BENEFITS**

In addition to providing pension benefits, the City provides postemployment health care benefits to all retired employees in accordance with the California Public Employees' retirement law (Section No. 22825). The City pays a maximum of \$16.00 per month per retiree, as long as the retiree remains in a City sponsored health plan. The benefits are funded on a pay-as-you-go basis. Postemployment health care benefits for the year ended June 30, 2002, totaled \$36,672. Currently, 188 retirees are enrolled and eligible to receive this benefit.

**City of Oxnard, California**

Notes to the Basic Financial Statements  
June 30, 2002

**10. COMMITMENT 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, nor the aggregate thereof, represents any substantial exposure to the City. At June 30, 2002, 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.

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.

**11. FUND BALANCE-GOVERNMENTAL FUNDS**

The following is a summary of reserved and unreserved fund balances at June 30, 2002:

|                            | General       | Development<br>Fees<br>Fund | HUD and<br>CDBG Grants<br>Fund | State and<br>Federal<br>Grants Fund | Debt<br>Services<br>Fund | Capital<br>Outlay<br>Fund | Community<br>Development<br>Commission<br>Fund | Non-Major<br>Governmental<br>Funds | Total         |
|----------------------------|---------------|-----------------------------|--------------------------------|-------------------------------------|--------------------------|---------------------------|--|------------------------------------|---------------|
| Reserved Fund Balance:     |               |                             |                                |                                     |                          |                           |  |                                    |               |
| Encumbrances               | \$ 612,620    | \$ —                        | \$ —                           | \$ —                                | \$ —                     | \$ —                      | \$ —   | \$ —                               | \$ 612,620    |
| Receivables                | —             | —                           | —                              | 1,730,673                           | —                        | —                         | 2,209,273                                      | —                                  | 3,939,946     |
| Repayment of Debt          | —             | —                           | —                              | —                                   | 1,333,902                | —                         | —  | —                                  | 1,333,902     |
| Park Development           | —             | 235,362                     | —                              | —                                   | —                        | —                         | —  | —                                  | 235,362       |
| Advances                   | 173,035       | —                           | —                              | —                                   | —                        | —                         | —  | —                                  | 173,035       |
| Restricted Revenue         | 164,617       | —                           | —                              | 658,976                             | —                        | —                         | 456,029  | —                                  | 1,279,622     |
| Carryover Savings          | 920,026       | —                           | —                              | —                                   | —                        | —                         | —  | —                                  | 920,026       |
| Properties Held for Resale | —             | —                           | —                              | —                                   | —                        | —                         | 7,263,384                                      | —                                  | 7,263,384     |
| Total Reserved             | 1,870,298     | 235,362                     | —                              | 2,389,649                           | 1,333,902                | —                         | 9,928,686                                      | —                                  | 15,757,897    |
| Unreserved Fund Balance:   |               |                             |                                |                                     |                          |                           |  |                                    |               |
| Authorized Projects        | —             | 15,783,904                  | —                              | 2,758,728                           | —                        | 7,556,992                 | 2,914,436                                      | 4,216,528                          | 33,230,588    |
| Undesignated               | 25,526,320    | 10,172,831                  | 235,971                        | 491,341                             | —                        | 986,357                   | 2,959,638                                      | 3,742,446                          | 44,114,904    |
| Total Unreserved           | 25,526,320    | 25,956,735                  | 235,971                        | 3,250,069                           | —                        | 8,543,349                 | 5,874,074                                      | 7,958,974                          | 77,345,492    |
| Total Fund Balances        | \$ 27,396,618 | \$ 26,192,097               | \$ 235,971                     | \$ 5,639,718                        | \$ 1,333,902             | \$ 8,543,349              | \$ 15,802,760                                  | \$ 7,958,974                       | \$ 93,103,389 |



## 12. NET ASSETS - PROPRIETARY FUNDS

The following is a summary of net assets (restricted and unrestricted) which are included in the Fund Financial Statements for proprietary funds at June 30, 2002:

|   | Enterprise Funds |                |                |  |                      |                             |                | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---|------------------|----------------|----------------|--|----------------------|-----------------------------|----------------|---|
|   | Water            | Wastewater     | Solid<br>Waste | Performing<br>Arts and<br>Convention<br>Center | Housing<br>Authority | Municipal<br>Golf<br>Course | Total          |   |
| Invested in Capital Assets (Net of<br>Related Debt) | \$ 53,616,572    | \$ 77,912,716  | \$ 9,916,246   | \$ —   | \$ 19,893,643        | \$ —                        | \$ 161,339,177 | \$ 722,695  |
| Restricted:   |                  |                |                |  |                      |                             |                |   |
| Repayment of Debt                                   | 809,103          | —              | 1,342,653      | —  | —                    | 779,883                     | 2,931,639      | —   |
| Total Restricted                                    | 809,103          | —              | 1,342,653      | —  | —                    | 779,883                     | 2,931,639      | —   |
| Unrestricted:                                       |                  |                |                |  |                      |                             |                |   |
| Capital Assets Replacements                         | —                | —              | —              | —  | —                    | —                           | —              | 85,440  |
| Authorized Projects                                 | 6,716,504        | 15,953,758     | 3,306,274      | —  | —                    | 1,077,715                   | 27,054,251     | —   |
| Undesignated  | (758,664)        | 15,602,655     | 348,171        | (195,566)                                      | 2,395,504            | (361,823)                   | 17,030,277     | (2,036,918)   |
| Total Unrestricted                                  | 5,957,840        | 31,556,413     | 3,654,445      | (195,566)                                      | 2,395,504            | 715,892                     | 44,084,528     | (2,036,918)   |
| Total Net Assets                                    | \$ 60,383,515    | \$ 109,469,129 | \$ 14,913,344  | \$ (195,566)                                   | \$ 22,289,147        | \$ 1,495,775                | 208,355,344    | \$ (1,314,223)  |

## 13. RISK MANAGEMENT

### General Liability

The City is self-insured for general liability claims up to \$1 million. The City is covered through BICEP for claims between \$1 million and \$25 million. Self-insured general liability claims are administered through a claims adjuster, with the City Attorney's approval for larger settlements. Litigated claims are settled directly through the City Attorney's office.

The City's contribution to BICEP for general liability coverage in Fiscal Year 2002 was \$357,984 including \$98,266 of debt service and a pure premium adjustment of \$85,237.

### Workers' Compensation

The City is also self-insured for workers' compensation claims up to \$500,000. For claims over \$500,000, the City has purchased excess workers' compensation insurance from BICEP. The claims are processed by a third party administrator similar to the general liability claims.

Within the City's self-insured program for workers' compensation, there has been an average of 332 claims per year filed for the past four years, with an average of approximately \$2,770,313 per year in total reported losses as of June 30, 2002, (at an average of \$8,332 per claim). During the same four-year period, the average claims filed each year for general liability amounted to 223 claims totaling \$1,572,116 per year (at an average of \$7,049 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.

All funds of the City participate in the program and make payments to an internal service fund on the basis of loss experience and exposure. The total unpaid claims and claims adjustment expense liability (long-term obligations) of \$12,931,052 (Workers' Compensation-\$8,881,936 and Public Liability and Property Damage-\$4,049,116) recorded at June 30, 2002, 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 5.5 percent. In addition, the City is in compliance with the requirements of GASB Statement

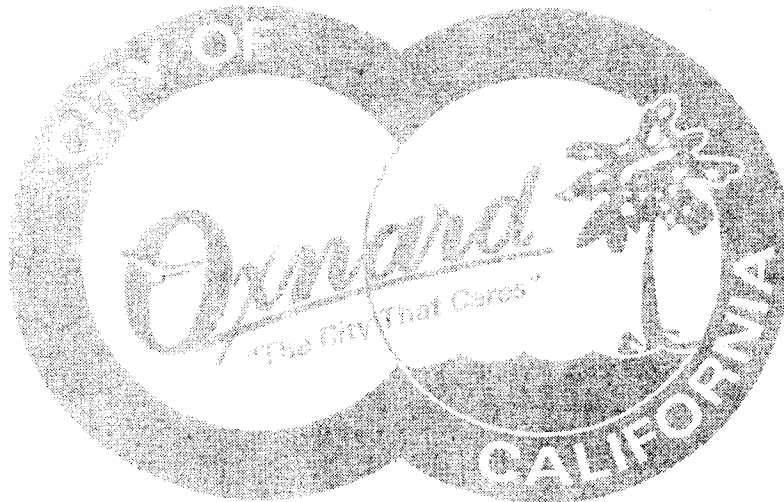
No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The following schedule presents the changes in self-insurance claims liabilities for the past two years for the Workers' Compensation Fund and Public Liability and Property Damage Fund:

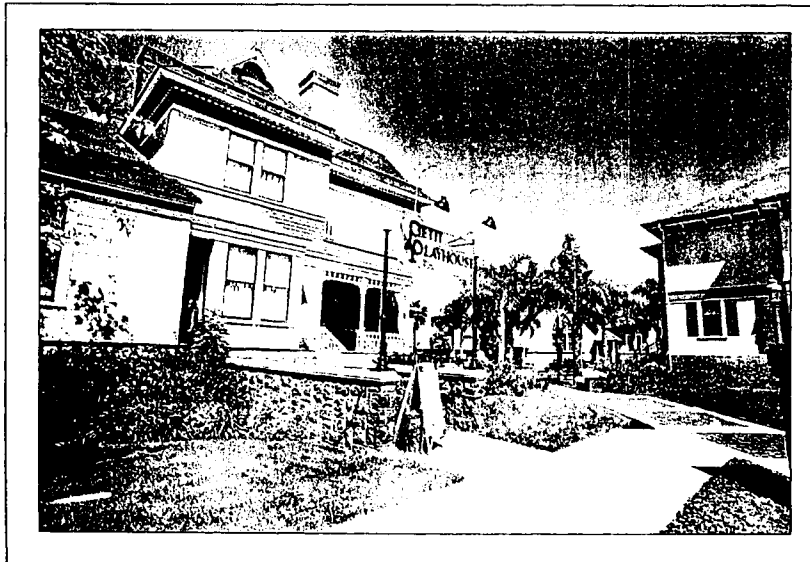
|   | Workers' Compensation |              | Public Liability and Property Damage |              | Total         |               |
|---|-----------------------|--------------|--------------------------------------|--------------|---------------|---------------|
|   | FY 01-02              | FY 00-01     | FY 01-02                             | FY 00-01     | FY 01-02      | FY 00-01      |
| Unpaid claims and claims adjustment expenses - July 1                   | \$ 6,830,842          | \$ 6,443,827 | \$ 4,160,056                         | \$ 3,815,035 | \$ 10,990,898 | \$ 10,258,862 |
| Incurring claims and claims adjustment expenses:                        |                       |              |                                      |              |               |               |
| Provision for insured events of the current fiscal year                 | 2,157,451             | 2,273,103    | 1,768,124                            | 982,600      | 3,925,575     | 3,255,703     |
| Increase/Decrease in provision for insured events of prior fiscal years | 3,456,384             | 1,453,296    | 797,825                              | 1,413,985    | 4,254,209     | 2,867,281     |
| Total incurred claims and claims adjustment expenses                    | 5,613,835             | 3,726,399    | 2,565,949                            | 2,396,585    | 8,179,784     | 6,122,984     |
| Payments:   |                       |              |                                      |              |               |               |
| Attributable to insured events of the current fiscal year               | 540,430               | 1,435,935    | 980,889                              | 1,148,876    | 1,521,319     | 2,584,811     |
| Attributable to insured events of prior fiscal years                    | 3,022,311             | 1,903,449    | 1,696,000                            | 902,688      | 4,718,311     | 2,806,137     |
| Total payments  | 3,562,741             | 3,339,384    | 2,676,889                            | 2,051,564    | 6,239,630     | 5,390,948     |
| Unpaid claims and claims adjustment expenses - June 30                  | \$ 8,881,936          | \$ 6,830,842 | \$ 4,049,116                         | \$ 4,160,056 | \$ 12,931,052 | \$ 10,990,898 |

#### 14. ACCUMULATED FUND DEFICITS

As of June 30, 2002, the City has fund deficits in the Performing Arts and Convention Center of \$195,566, in the Workers' Compensation Fund of \$6,442,264, and in the Equipment Maintenance Fund of \$142,868. The City intends to eliminate these deficits through increased user charges in future years.



**REQUIRED SUPPLEMENTARY  
INFORMATION  
(Unaudited)**



Heritage Square

**City of Oxnard, California**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual on a Budgetary Basis  
For Fiscal Year Ended June 30, 2002  
(Unaudited)**

|                                       | Original<br>Budget | Changes<br>Increases<br>(Decreases) | Revised<br>Budget | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|--------------------|-------------------------------------|-------------------|------------------------------|--|
| <b>Revenues</b>                       |                    |                                     |                   |                              |  |
| <b>Taxes:</b>                         |                    |                                     |                   |                              |  |
| Property Tax                          | \$ 13,181,600      | \$                                  | \$ 13,181,600     | \$ 14,339,738                | \$ 1,158,138                           |
| Sales Tax                             | 18,200,000         |                                     | 18,200,000        | 19,846,352                   | 1,646,352                              |
| Transient Occupancy Tax               | 2,400,000          |                                     | 2,400,000         | 2,321,758                    | (78,242)                               |
| <b>Other Taxes:</b>                   |                    |                                     |                   |                              |  |
| Franchise Tax                         | 4,639,000          |                                     | 4,639,000         | 7,104,953                    | 2,465,953                              |
| Business License (Net of Refund)      | 2,400,000          | 39,500                              | 2,439,500         | 3,174,931                    | 735,431                                |
| Deed Transfer Tax                     | 385,000            |                                     | 385,000           | 608,145                      | 223,145                                |
| <b>Total Other Taxes</b>              | <b>7,424,000</b>   | <b>39,500</b>                       | <b>7,463,500</b>  | <b>10,888,029</b>            | <b>3,424,529</b>                       |
| Penalties/Interest on Delinquencies   | 170,000            |                                     | 170,000           | 284,711                      | 114,711                                |
| <b>Total Taxes</b>                    | <b>41,375,600</b>  | <b>39,500</b>                       | <b>41,415,100</b> | <b>47,680,588</b>            | <b>6,265,488</b>                       |
| <b>Licenses and Permits</b>           | <b>2,213,300</b>   | <b>50,000</b>                       | <b>2,263,300</b>  | <b>1,987,392</b>             | <b>(275,908)</b>                       |
| <b>Intergovernmental</b>              | <b>300,000</b>     |                                     | <b>300,000</b>    | <b>218,355</b>               | <b>(81,645)</b>                        |
| <b>State Shared Revenue:</b>          | <b>566,000</b>     |                                     | <b>566,000</b>    | <b>334,076</b>               | <b>(231,924)</b>                       |
| Homeowners Property Tax Relief        |                    |                                     |                   | 113,438                      | 113,438                                |
| State Mandated Reimbursement - SIB 90 | 8,400,000          |                                     | 8,400,000         | 9,928,351                    | 1,528,351                              |
| P.o.s.t. Reimbursement - Police       | 4,000              |                                     | 4,000             | 4,175                        | 175                                    |
| Motor Vehicle in Lieu of Tax          | 870,000            |                                     | 870,000           | 877,457                      | 7,457                                  |
| off Highway Vehicle in Lieu of Tax    | 175,000            |                                     | 175,000           | 108,199                      | (66,801)                               |
| Public Safety Augmentation<br>AB 1191 |                    |                                     |                   |                              |  |
| <b>Total State Share Revenues</b>     | <b>10,315,000</b>  | <b>—</b>                            | <b>10,315,000</b> | <b>11,584,051</b>            | <b>1,269,051</b>                       |
| <b>Local Shared Revenue</b>           |                    |                                     |                   |                              |  |
| Infrastructure Use Revenues           | 1,902,690          |                                     | 1,902,690         | 1,902,690                    | —                                      |
| Indirect Cost Reimbursements          | 3,357,153          |                                     | 3,357,153         | 3,288,943                    | (68,210)                               |
| <b>Total Local Shared Revenues</b>    | <b>5,259,843</b>   | <b>—</b>                            | <b>5,259,843</b>  | <b>5,191,633</b>             | <b>(68,210)</b>                        |
| <b>Total Intergovernmental</b>        | <b>15,574,843</b>  | <b>—</b>                            | <b>15,574,843</b> | <b>16,775,684</b>            | <b>1,200,841</b>                       |

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Continued

**City of Oxnard, California**

**General Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual on a Budgetary Basis (Continued)  
For Fiscal Year Ended June 30, 2002  
(Unaudited)**

|                                    | Original<br>Budget | Changes<br>Increases<br>(Decreases) | Revised<br>Budget | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------------|--------------------|-------------------------------------|-------------------|------------------------------|--|
| <b>Charges for Services:</b>       |                    |                                     |                   |                              |  |
| General Government                 | 112,930            |                                     | 112,930           | 160,123                      | 47,193                                 |
| Public Safety                      | 1,049,332          | (1,500)                             | 1,047,832         | 1,451,935                    | 404,103                                |
| Parks and Recreation               | 449,763            | 10,000                              | 459,763           | 440,863                      | (18,900)                               |
| Community Development              | 1,673,300          | 20,500                              | 1,693,800         | 2,605,921                    | 912,121                                |
| Other Current Service Charges      | 64,000             |                                     | 64,000            | 104,262                      | 40,262                                 |
| Tipping Fees                       | 90,000             |                                     | 90,000            | 110,000                      | 20,000                                 |
| Miscellaneous Service Charges      | 131,150            |                                     | 131,150           | 111,299                      | (19,851)                               |
| Services to Other Programs         | 2,721,823          | 93,460                              | 2,815,283         | 2,924,240                    | 108,957                                |
| <b>Total Charges for Services</b>  | <b>6,292,298</b>   | <b>122,460</b>                      | <b>6,414,758</b>  | <b>7,908,643</b>             | <b>1,493,885</b>                       |
| <b>Fines and Forfeitures:</b>      |                    |                                     |                   |                              |  |
| Parking Fines                      | 675,300            |                                     | 675,300           | 1,042,105                    | 366,805                                |
| <b>Total Fines and Forfeitures</b> | <b>675,300</b>     | <b>—</b>                            | <b>675,300</b>    | <b>1,042,105</b>             | <b>366,805</b>                         |
| <b>Interest</b>                    | <b>2,687,400</b>   | <b>126,000</b>                      | <b>2,813,400</b>  | <b>2,422,164</b>             | <b>(391,236)</b>                       |
| <b>Miscellaneous:</b>              |                    |                                     |                   |                              |  |
| Rent and Royalties                 | 48,002             | 19,750                              | 67,752            | 46,532                       | (21,220)                               |
| Reimbursements                     | 190,650            | 11,580                              | 202,230           | 255,269                      | 53,039                                 |
| Bond Deposits                      | 6,000              |                                     | 6,000             | 34,437                       | 28,437                                 |
| Payments on Loans                  |                    |                                     |                   | 385,113                      | 385,113                                |
| Other                              | 749,171            | (208,290)                           | 540,881           | 510,435                      | (30,446)                               |
| Special Assessment-other           | 69,300             |                                     | 69,300            | 70,930                       | 1,630                                  |
| <b>Sale of Fixed Assets</b>        |                    |                                     |                   |                              |  |
| Sale of Vehicle/equipment          | 45,000             |                                     | 45,000            | 96,935                       | 51,935                                 |
| Sale of Unclaimed Property         | 7,000              |                                     | 7,000             | 22,985                       | 15,985                                 |
| <b>Total Sale of Fixed Assets</b>  | <b>52,000</b>      | <b>—</b>                            | <b>52,000</b>     | <b>119,920</b>               | <b>67,920</b>                          |
| <b>Total Miscellaneous</b>         | <b>1,115,123</b>   | <b>(176,960)</b>                    | <b>938,163</b>    | <b>1,422,636</b>             | <b>484,473</b>                         |
| <b>Total Operating Revenues</b>    | <b>69,933,864</b>  | <b>161,000</b>                      | <b>70,094,864</b> | <b>79,239,212</b>            | <b>9,144,348</b>                       |
| <b>Other Financing Source:</b>     |                    |                                     |                   |                              |  |
| Proceeds from Capital Lease        | 2,912,600          |                                     | 2,912,600         | 2,705,584                    | (207,016)                              |
| <b>Total Revenues</b>              | <b>72,846,464</b>  | <b>161,000</b>                      | <b>73,007,464</b> | <b>81,944,796</b>            | <b>8,937,332</b>                       |

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Continued --

**City of Oxnard, California**

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual on a Budgetary Basis (Continued)**  
**For Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

|  | Original<br>Budget | Changes<br>Increases<br>(Decreases) | Revised<br>Budget | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------|-------------------------------------|-------------------|------------------------------|--|
| <b>Expenditures</b>                              |                    |                                     |                   |                              |  |
| <b>General Government:</b>                       |                    |                                     |                   |                              |  |
| <b>Legislative</b>                               |                    |                                     |                   |                              |  |
| City Council                                     | 208,567            | 890                                 | 209,457           | 199,510                      | 9,947                                  |
| City Treasurer                                   | 424,094            | 11,952                              | 436,046           | 432,768                      | 3,278                                  |
| City Clerk                                       | 309,633            | 5,847                               | 315,480           | 310,653                      | 4,827                                  |
| <b>Total Legislative</b>                         | <b>942,294</b>     | <b>18,689</b>                       | <b>960,983</b>    | <b>942,931</b>               | <b>18,052</b>                          |
| <b>Administrative and Support Services</b>       |                    |                                     |                   |                              |  |
| City Manager                                     | 1,544,304          | 117,761                             | 1,662,065         | 1,598,966                    | 63,099                                 |
| City Attorney                                    | 1,103,854          | 179,746                             | 1,283,600         | 1,217,142                    | 66,458                                 |
| Financial Services                               | 2,984,238          | 176,917                             | 3,161,155         | 2,969,735                    | 191,420                                |
| Non-Departmental                                 |                    |                                     |                   |                              |  |
| Non-Program                                      | 12,125,770         | 3,099,857                           | 15,225,627        | 13,898,611                   | 1,327,016                              |
| Amount Reclassified as Transfers Out             | (5,553,381)        | 519                                 | (5,552,862)       | (5,282,749)                  | (270,113)                              |
| Amount Reclassified as Capital Outlay            | (3,200,000)        |                                     | (3,200,000)       | (3,012,000)                  | (188,000)                              |
| Amount Estimated for CIX Loans                   | (3,034,239)        | 308,679                             | (2,725,560)       |                              |  |
| <b>Sub-Total</b>                                 | <b>338,150</b>     | <b>3,409,055</b>                    | <b>3,747,205</b>  | <b>2,878,302</b>             | <b>868,903</b>                         |
| <b>Total Administrative and Support Services</b> | <b>5,970,546</b>   | <b>3,883,479</b>                    | <b>9,854,025</b>  | <b>8,664,145</b>             | <b>1,189,880</b>                       |
| Other  | 77,000             | 227,376                             | 304,376           | 303,132                      | 1,244                                  |
| <b>Total General Government</b>                  | <b>6,989,840</b>   | <b>4,129,544</b>                    | <b>11,119,384</b> | <b>9,910,208</b>             | <b>1,209,176</b>                       |
| <b>Public Safety:</b>                            |                    |                                     |                   |                              |  |
| Police   | 27,232,298         | 658,880                             | 27,891,178        | 27,950,128                   | (58,950)                               |
| Fire   | 8,504,469          | 433,875                             | 8,938,344         | 9,990,974                    | (1,052,630)                            |
| <b>Street Lighting:</b>                          |                    |                                     |                   |                              |  |
| SCE Street Lighting                              | 1,181,154          | 461                                 | 1,181,615         | 1,126,845                    | 54,770                                 |
| <b>Total Public Safety</b>                       | <b>36,917,921</b>  | <b>1,093,216</b>                    | <b>38,011,137</b> | <b>39,067,947</b>            | <b>(1,056,810)</b>                     |

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Continued

**City of Oxnard, California**

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual on a Budgetary Basis (Continued)**  
**For Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

|   | Original<br>Budget | Changes<br>Increases<br>(Decreases) | Revised<br>Budget | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------------------------|-------------------|------------------------------|--|
| <b>Transportation:</b>                    |                    |                                     |                   |                              |  |
| Transportation Planning and Engineering   | 775,109            | 2,521                               | 777,630           | 797,735                      | (20,105)                               |
| <b>Total Transportation</b>               | <b>775,109</b>     | <b>2,521</b>                        | <b>777,630</b>    | <b>797,735</b>               | <b>(20,105)</b>                        |
| <b>Community Development:</b>             |                    |                                     |                   |                              |  |
| Engineering Services - Design             | 1,092,579          | 59,504                              | 1,152,083         | 1,115,997                    | 36,086                                 |
| Public Service Administration             | 259,143            | 8,253                               | 267,396           | 314,453                      | (47,057)                               |
| Planning and Environmental Services       | 1,053,248          | 298,620                             | 1,351,868         | 1,092,821                    | 259,047                                |
| Economic Development Services and Tourism | 483,053            | 22,940                              | 505,993           | 505,993                      |  |
| Development and Construction Services     | 2,103,189          | 42,943                              | 2,146,132         | 2,249,766                    | (103,634)                              |
| Development Support/Public Projects       | 426,136            | 8,978                               | 435,114           | 431,754                      | 3,360                                  |
| Housing Services                          | 98,885             | 57,430                              | 156,315           | 139,095                      | 17,220                                 |
| Neighborhood Services                     | 157,203            | 15,197                              | 172,400           | 165,287                      | 7,113                                  |
| Human Services                            | 1,214,818          | 153,209                             | 1,368,027         | 1,336,555                    | 31,472                                 |
| <b>Total Community Development</b>        | <b>6,888,254</b>   | <b>667,074</b>                      | <b>7,555,328</b>  | <b>7,351,721</b>             | <b>203,607</b>                         |
| <b>Culture and Leisure:</b>               |                    |                                     |                   |                              |  |
| Recreation Services                       | 1,410,152          | 167,502                             | 1,577,654         | 1,737,155                    | (159,501)                              |
| Carnegie Art Museum                       | 230,740            | 38,650                              | 269,390           | 266,524                      | 2,866                                  |
| Parks and Public Grounds                  | 3,896,947          | 246,799                             | 4,143,746         | 4,538,320                    | (394,574)                              |
| <b>Total Culture and Leisure</b>          | <b>5,537,839</b>   | <b>452,951</b>                      | <b>5,990,790</b>  | <b>6,541,999</b>             | <b>(551,209)</b>                       |
| <b>Library Services:</b>                  |                    |                                     |                   |                              |  |
| Library Services                          | 2,597,889          | 188,566                             | 2,786,455         | 2,790,310                    | (3,855)                                |
| <b>Total Library Services</b>             | <b>2,597,889</b>   | <b>188,566</b>                      | <b>2,786,455</b>  | <b>2,790,310</b>             | <b>(3,855)</b>                         |

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Continued

**City of Oxnard, California**

**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual on a Budgetary Basis (Continued)  
For Fiscal Year Ended June 30, 2002  
(Unaudited)**

|   | Original<br>Budget   | Changes<br>Increases<br>(Decreases) | Revised<br>Budget    | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------|-------------------------------------|----------------------|------------------------------|--|
| <b>Capital Outlay:</b>  |                      |                                     |                      |                              |  |
| <b>General Government</b>   |                      |                                     |                      |                              |  |
| Legislative   | 1,500                |                                     | 1,500                | 1,125                        | 375                                    |
| Administration and Support Services                                     | 3,211,702            |                                     | 3,211,702            | 3,029,264                    | 182,438                                |
| <b>Public Safety</b>  |                      |                                     |                      |                              |  |
| Police  | 1,131,507            |                                     | 1,131,507            | 1,083,970                    | 47,537                                 |
| Fire  | 175,509              |                                     | 175,509              | 187,818                      | (12,309)                               |
| <b>Transportation:</b>  | 75,255               |                                     | 75,255               | 67,339                       | 7,916                                  |
| <b>Community Development</b>  |                      |                                     |                      |                              |  |
| Engineering Services - Design   | 16,610               |                                     | 16,610               | 16,610                       |  |
| Public Services Administration  | 1,977                |                                     | 1,977                | 1,977                        |  |
| Development and Construction Services                                   | 159,249              |                                     | 159,249              | 158,713                      | 536                                    |
| Development Support/Public Projects                                     | 3,547                |                                     | 3,547                | 1,636                        | 1,911                                  |
| Neighborhood Services   | 19,324               |                                     | 19,324               | 19,324                       |  |
| <b>Culture and Leisure:</b>   |                      |                                     |                      |                              |  |
| Recreation Services   | 35,000               |                                     | 35,000               |                              | 35,000                                 |
| Parks and Public Grounds  | 192,365              |                                     | 192,365              | 210,915                      | (18,550)                               |
| <b>Library Services</b>   | 135,583              |                                     | 135,583              | 135,583                      |  |
| <b>Total Capital Outlay</b>   | <u>5,159,128</u>     | <u>—</u>                            | <u>5,159,128</u>     | <u>4,914,274</u>             | <u>244,854</u>                         |
| <b>Total Operating Expenditures</b>                                     | <u>64,865,980</u>    | <u>6,533,872</u>                    | <u>71,399,852</u>    | <u>71,374,194</u>            | <u>25,658</u>                          |
| <b>Other Financing Uses - Transfers Out:</b>                            |                      |                                     |                      |                              |  |
| Capital Outlay Fund   | 2,197,731            |                                     | 2,197,731            | 2,197,731                    |  |
| City of Oxnard Financing Authority                                      | 1,742,251            | (59,950)                            | 1,682,301            | 1,412,188                    | 270,113                                |
| PACC Operating Fund   | 724,849              |                                     | 724,849              | 724,849                      |  |
| Golf Course Fund  | 947,981              |                                     | 947,981              | 947,981                      |  |
| <b>Total Transfers out</b>  | <u>5,612,812</u>     | <u>(59,950)</u>                     | <u>5,552,862</u>     | <u>5,282,749</u>             | <u>270,113</u>                         |
| <b>Total Expenditures</b>   | <u>70,478,792</u>    | <u>6,473,922</u>                    | <u>76,952,714</u>    | <u>76,656,943</u>            | <u>295,771</u>                         |
| <b>Excess (deficiency) of Revenues Over Expenditures and Other Uses</b> | <u>2,367,672</u>     | <u>(6,312,922)</u>                  | <u>(3,945,250)</u>   | <u>5,287,853</u>             | <u>8,641,561</u>                       |
| <b>Fund Balance, July 1</b>   | <u>21,496,145</u>    | <u>—</u>                            | <u>21,496,145</u>    | <u>21,496,145</u>            | <u>—</u>                               |
| <b>Fund Balance, June 30</b>  | <u>\$ 23,863,817</u> | <u>\$ (6,312,922)</u>               | <u>\$ 17,550,895</u> | <u>26,783,998</u>            | <u>\$ 8,641,561</u>                    |
| Adjustments to GAAP Basis:  |                      |                                     |                      |                              |  |
| Incumbrances  |                      |                                     |                      | 612,620                      |  |
| <b>Fund Balance, GAAP Basis - June 30</b>                               |                      |                                     |                      | <u>\$ 27,396,618</u>         |  |

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**City of Oxnard, California**

**Major Special Revenue Funds  
Major Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual On Budgetary Basis  
Year Ended June 30, 2002  
(Unaudited)**

|   | Original Budget      | Changes<br>Increases<br>(Decreases) | Revised<br>Budget   | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------|-------------------------------------|---------------------|------------------------------|--|
| <b>DEVELOPMENT FEES FUND</b>  |                      |                                     |                     |                              |  |
| <b>Revenues:</b>  |                      |                                     |                     |                              |  |
| Growth and Development Fees   | \$ 8,937,040         | \$ 300,000                          | \$ 9,237,040        | \$ 7,432,528                 | \$ (1,804,512)                         |
| Interest  | 750,666              |                                     | 750,666             | 1,131,094                    | 380,428                                |
| Miscellaneous   |                      |                                     |                     | 67,726                       | 67,726                                 |
| <b>Total Revenues</b>   | <u>9,687,706</u>     | <u>300,000</u>                      | <u>9,987,706</u>    | <u>8,631,348</u>             | <u>(1,356,358)</u>                     |
| <b>Expenditures</b>   |                      |                                     |                     |                              |  |
| Community Development   | 2,446,745            | 1,341,894                           | 3,788,639           | 13,068                       | (3,775,571)                            |
| Capital Outlay  | 2,939,040            | 15,238,368                          | 18,177,408          | 3,896,450                    | (14,280,958)                           |
| <b>Total Expenditures</b>   | <u>5,385,785</u>     | <u>16,580,262</u>                   | <u>21,966,047</u>   | <u>3,909,518</u>             | <u>(18,056,529)</u>                    |
| <b>Excess (Deficiency) of Revenues over (under) Expenditures</b>                            | <u>4,301,921</u>     | <u>(16,280,262)</u>                 | <u>(12,278,341)</u> | <u>4,721,830</u>             | <u>17,000,171</u>                      |
| <b>Other Financing Sources (Uses):</b>  |                      |                                     |                     |                              |  |
| Transfers In  |                      |                                     |                     | 1,265,481                    | 1,265,481                              |
| Transfers Out   | (1,065,904)          | (53,520)                            | (1,119,424)         | (2,764,183)                  | (1,644,759)                            |
| <b>Total Other Financing Sources (Uses):</b>  | <u>(1,065,904)</u>   | <u>(53,520)</u>                     | <u>(1,119,424)</u>  | <u>(1,498,702)</u>           | <u>(379,278)</u>                       |
| <b>Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)</b> | <u>2,936,017</u>     | <u>(16,333,782)</u>                 | <u>(13,397,765)</u> | <u>3,223,128</u>             | <u>16,620,893</u>                      |
| <b>Fund Balance, July 1</b>   | <u>22,968,969</u>    | <u>—</u>                            | <u>22,968,969</u>   | <u>22,968,969</u>            | <u>—</u>                               |
| <b>Fund Balance, June 30</b>  | <u>\$ 25,904,986</u> | <u>\$ (16,333,782)</u>              | <u>\$ 9,571,204</u> | <u>\$ 26,192,097</u>         | <u>\$ 16,620,893</u>                   |

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Continued

**City of Oxnard, California**

**Major Special Revenue Funds  
Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)  
Budget and Actual on a Budgetary Basis  
Fiscal Year Ended June 30, 2002**

|   | Original Budget   | Changes<br>Increases<br>(Decreases) | Revised<br>Budget     | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------|-------------------------------------|-----------------------|------------------------------|--|
| <b>HUD &amp; CDBG GRANTS FUND</b>                 |                   |                                     |                       |                              |  |
| <b>Revenues:</b>                                  |                   |                                     |                       |                              |  |
| Intergovernmental                                 | \$ 4,225,373      | \$ (5,000)                          | \$ 4,220,373          | \$ 4,253,749                 | \$ 33,376                              |
| Miscellaneous                                     | —                 | —                                   | —                     | 184,190                      | 184,190                                |
| <b>Total Revenues</b>                             | <b>4,225,373</b>  | <b>(5,000)</b>                      | <b>4,220,373</b>      | <b>4,437,939</b>             | <b>217,566</b>                         |
| <b>Expenditures:</b>                              |                   |                                     |                       |                              |  |
| Community Development                             | 1,683,299         | 2,030,656                           | 3,713,955             | 1,663,222                    | (2,050,733)                            |
| Culture and Leisure                               | 215,500           | 363,405                             | 578,905               | 502,154                      | (76,751)                               |
| Capital Outlay                                    | 1,505,389         | 2,560,090                           | 4,065,479             | 2,365,463                    | (1,700,016)                            |
| <b>Total Expenditures</b>                         | <b>3,404,188</b>  | <b>4,954,151</b>                    | <b>8,358,339</b>      | <b>4,530,839</b>             | <b>(3,827,500)</b>                     |
| Excess (Deficiency) of Revenues over Expenditures | 821,185           | (4,959,151)                         | (4,137,966)           | (92,900)                     | 4,045,066                              |
| <b>Fund Balance, July 1</b>                       | <b>60,443</b>     | <b>(2,516,097)</b>                  | <b>(2,455,654)</b>    | <b>328,871</b>               | <b>2,784,525</b>                       |
| <b>Fund Balance (Deficit), June 30</b>            | <b>\$ 881,628</b> | <b>\$ (7,475,248)</b>               | <b>\$ (6,593,620)</b> | <b>\$ 235,971</b>            | <b>\$ 6,829,591</b>                    |

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Continued -

**City of Oxnard, California**

**Major Special Revenue Funds  
Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)  
Budget and Actual on a Budgetary Basis  
Fiscal Year Ended June 30, 2002**

|  | Original Budget   | Changes<br>Increases<br>(Decreases) | Revised<br>Budget     | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------------|-------------------------------------|-----------------------|------------------------------|--|
| <b>STATE AND FEDERAL GRANTS FUND</b>                                       |                   |                                     |                       |                              |  |
| <b>Revenues:</b>   |                   |                                     |                       |                              |  |
| Taxes  | \$ 3,618,996      | \$ 26,520                           | \$ 3,645,516          | \$ 5,189,718                 | \$ 1,544,202                           |
| Intergovernmental  | 107,000           | 18,232,936                          | 18,339,936            | 7,134,155                    | (11,205,781)                           |
| Interest   | —                 | 3,535                               | 3,535                 | 197,107                      | 193,572                                |
| Miscellaneous  | —                 | —                                   | —                     | 76,906                       | 76,906                                 |
| <b>Total Revenues</b>  | <b>3,725,996</b>  | <b>18,262,991</b>                   | <b>21,988,987</b>     | <b>12,597,886</b>            | <b>(9,391,101)</b>                     |
| <b>Expenditures:</b>   |                   |                                     |                       |                              |  |
| Public Safety  | 3,618,996         | 322,039                             | 3,941,035             | 5,618,687                    | (1,677,652)                            |
| Transportation   | —                 | 591,790                             | 591,790               | 181,136                      | 410,654                                |
| Community Development  | 104,500           | 6,858,134                           | 6,962,634             | 179,205                      | (6,783,429)                            |
| Culture and Leisure  | —                 | —                                   | —                     | 541,053                      | (541,053)                              |
| Capital Outlay   | 125,000           | 11,977,854                          | 12,102,854            | 4,147,966                    | (7,954,888)                            |
| <b>Total Expenditures</b>  | <b>3,848,496</b>  | <b>19,749,817</b>                   | <b>23,598,313</b>     | <b>10,668,047</b>            | <b>12,930,266</b>                      |
| Excess (Deficiency) of Revenues Over Expenditures                          | (122,500)         | (1,486,286)                         | (1,609,326)           | 1,929,839                    | 3,539,165                              |
| <b>Other Financing Uses:</b>   |                   |                                     |                       |                              |  |
| Transfers Out  | (2,500)           | (2,660)                             | (5,160)               | —                            | 5,160                                  |
| Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses | (125,000)         | (1,488,946)                         | (1,614,486)           | (1,929,839)                  | (3,544,325)                            |
| <b>Fund Balance, July 1</b>  | <b>233,470</b>    | <b>(2,288,673)</b>                  | <b>(2,055,203)</b>    | <b>3,709,879</b>             | <b>5,765,082</b>                       |
| <b>Fund Balance, June 30</b>   | <b>\$ 108,470</b> | <b>\$ (3,778,159)</b>               | <b>\$ (3,669,689)</b> | <b>\$ 5,639,718</b>          | <b>\$ 9,309,407</b>                    |

Continued -

## TREND INFORMATION

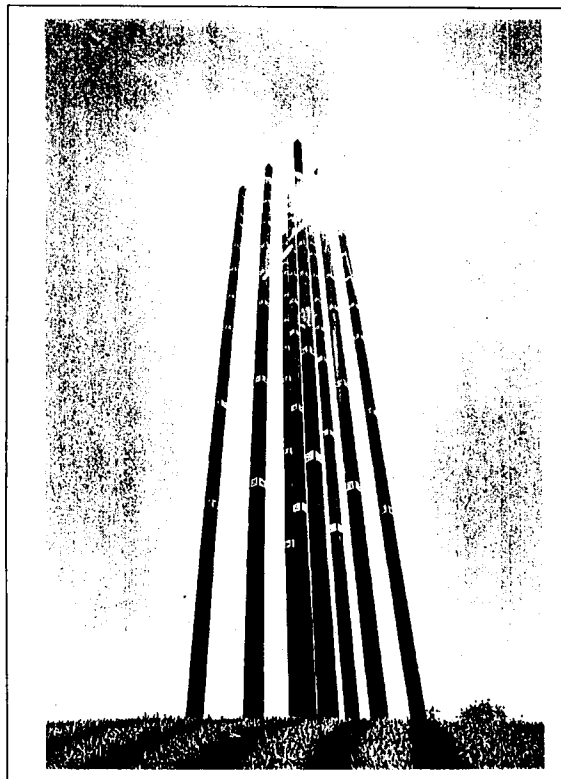
Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The City presents the most recent available three-year APC trend information for each plan, along with required supplementary information, as follows:

### Trend Information by Plan (dollar amount in thousands)

|               | Actuarial Valuation Date | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---------------|--------------------------|---------------------------|-------------------------------|------------------------|
| Police        | 06/30/00                 | \$ 2,308,772              | 100%                          | --                     |
|               | 06/30/01                 | 1,923,975                 | 100%                          | --                     |
|               | 06/30/02                 | 3,004,017                 | 100%                          | --                     |
| Fire          | 06/30/00                 | 519,267                   | 100%                          | --                     |
|               | 06/30/01                 | 507,719                   | 100%                          | --                     |
|               | 06/30/02                 | 526,308                   | 100%                          | --                     |
| Miscellaneous | 06/30/00                 | 2,070,165                 | 100%                          | --                     |
|               | 06/30/01                 | 2,132,982                 | 100%                          | --                     |
|               | 06/30/02                 | 2,482,732                 | 100%                          | --                     |

### Required Supplementary Information (dollar amount in thousands)

| Actuarial Valuation Date | Actuarial Asset Value | Entry Age Actuarial Accrued Liability | Unfunded/(Overfunded) Actuarial Accrued Liability | Funded Ratio | Annual Covered Payroll | UAAI, as a Percentage of Payroll |
|--------------------------|-----------------------|---------------------------------------|---|--------------|------------------------|----------------------------------|
| <b>Police</b>            |                       |                                       |   |              |                        |                                  |
| 06/30/99                 | \$ 92,289             | \$ 77,153                             | \$ (15,136)                                       | 119.6%       | 12,176                 | (124.31)%                        |
| 06/30/00                 | 105,776               | 98,871                                | (6,905)   | 107.0%       | 12,917                 | (53.57)%                         |
| 06/30/01                 | 108,946               | 106,034                               | (2,912)   | 102.7%       | 13,635                 | (21.40)%                         |
| <b>Fire</b>              |                       |                                       |   |              |                        |                                  |
| 06/30/99                 | 58,993                | 50,525                                | (8,468)   | 116.8%       | 4,752                  | (178.20)%                        |
| 06/30/00                 | 66,909                | 59,642                                | (7,267)   | 112.2%       | 5,413                  | (134.25)%                        |
| 06/30/01                 | 68,373                | 64,109                                | (4,265)   | 106.7%       | 5,574                  | (76.50)%                         |
| <b>Miscellaneous</b>     |                       |                                       |   |              |                        |                                  |
| 06/30/99                 | 160,768               | 122,709                               | (38,059)  | 131.0%       | 27,568                 | (138.05)%                        |
| 06/30/00                 | 175,584               | 131,545                               | (44,039)  | 131.5%       | 28,814                 | (152.84)%                        |
| 06/30/01                 | 179,046               | 141,750                               | (37,296)  | 126.3%       | 34,200                 | (109.10)%                        |



Part of the Art in Public Places Campaign  
This piece is titled "Connections"



## INTERNAL SERVICE FUNDS

Internal Service Funds are established to account for goods and services provided by one City department to other City departments or related entities, generally on a cost recovery basis.

**Workers' Compensation Fund**—This fund is used to account for the City's self-insurance program for workers' compensation claims.

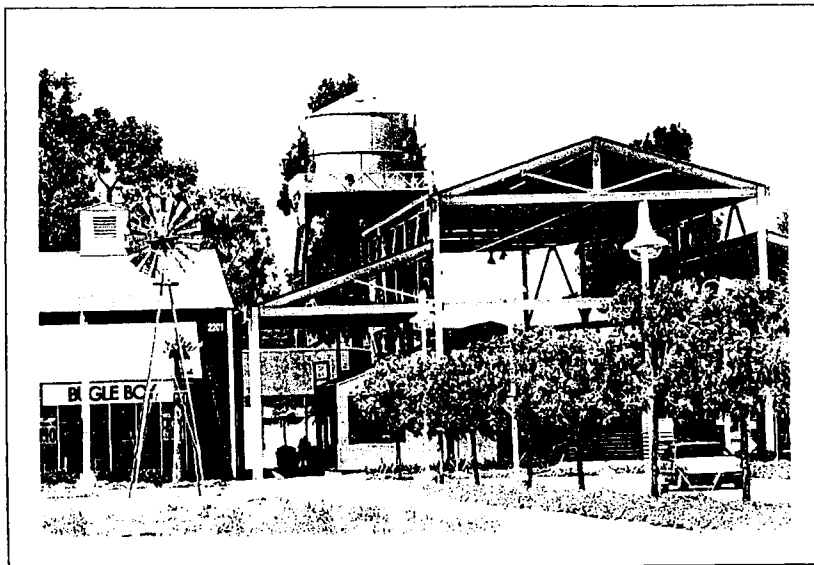
**Public Liability and Property Damage**—This fund is used to account for the City's self-insurance program of providing public liability and property damage insurance coverage and claims adjustment services to the City's operating funds.

**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.



Factory Outlet Shopping Center

**City of Oxnard, California**

**Internal Service Funds  
Combining Statement of Net Assets  
June 30, 2002**

|   | Workers'<br>Compensation | Public<br>Liability/Property<br>Damage | Utility<br>Customer<br>Services | Information<br>Services | Facilities<br>Maintenance | Equipment<br>Maintenance | Total                 |
|---|--------------------------|--|---------------------------------|-------------------------|---------------------------|--------------------------|-----------------------|
| <b>Assets</b>                                   |                          |  |                                 |                         |                           |                          |                       |
| <b>Current Assets:</b>                          |                          |  |                                 |                         |                           |                          |                       |
| Cash and Cash Equivalents                       | \$ 2,372,451             | \$ 6,851,499                           | \$ 515,891                      | \$ 1,147,487            | \$ 570,295                | \$ 201,734               | \$ 11,859,357         |
| Accounts and Other Receivables                  | 85,622                   | 828                                    |                                 |                         |                           |                          | 86,450                |
| <b>Capital Assets:</b>                          |                          |  |                                 |                         |                           |                          |                       |
| Property, Plant and Equipment                   | 16,198                   | 3,793                                  | 118,078                         | 5,883,413               | 760,604                   | 766,097                  | 7,548,183             |
| Less: Accumulated Depreciation                  | (1,427)                  | (2,739)                                | (52,339)                        | (5,572,400)             | (507,464)                 | (689,119)                | (6,825,488)           |
| Net Capital Assets                              | 14,771                   | 1,054                                  | 65,739                          | 311,013                 | 253,140                   | 76,978                   | 722,695               |
| <b>Total Assets</b>                             | <b>2,472,844</b>         | <b>6,853,381</b>                       | <b>581,630</b>                  | <b>1,658,500</b>        | <b>823,435</b>            | <b>278,712</b>           | <b>12,668,502</b>     |
| <b>Liabilities</b>                              |                          |  |                                 |                         |                           |                          |                       |
| <b>Current Liabilities:</b>                     |                          |  |                                 |                         |                           |                          |                       |
| Accounts Payable                                | 12,159                   | 41,288                                 | 19,978                          | 129,186                 | 76,784                    | 270,901                  | 550,296               |
| <b>Non-current Liabilities:</b>                 |                          |  |                                 |                         |                           |                          |                       |
| Self-Insurance Claims Liabilities               | 8,881,936                | 4,049,116                              |                                 |                         |                           |                          | 12,931,052            |
| Compensated Absences                            | 21,013                   |  | 74,278                          | 84,150                  | 171,257                   | 150,679                  | 501,377               |
| <b>Total Liabilities</b>                        | <b>8,915,108</b>         | <b>4,090,404</b>                       | <b>94,256</b>                   | <b>213,336</b>          | <b>248,041</b>            | <b>421,580</b>           | <b>13,982,725</b>     |
| <b>Net Assets</b>                               |                          |  |                                 |                         |                           |                          |                       |
| Invested in Capital Assets, Net of Related Debt | 14,771                   | 1,054                                  | 65,739                          | 311,013                 | 253,140                   | 76,978                   | 722,695               |
| Restricted                                      |                          |  |                                 |                         |                           |                          |                       |
| Unrestricted                                    | (6,457,035)              | 2,761,923                              | 421,635                         | 1,134,151               | 322,254                   | (219,846)                | (2,036,918)           |
| <b>Total Net Assets (Liabilities)</b>           | <b>\$ (6,442,264)</b>    | <b>\$ 2,762,977</b>                    | <b>\$ 487,374</b>               | <b>\$ 1,445,164</b>     | <b>\$ 575,394</b>         | <b>\$ (142,868)</b>      | <b>\$ (1,314,223)</b> |

**City of Oxnard, California**

**Internal Service Funds  
Combining Statement of Cash Flows  
June 30, 2002**

|                                    | Workers'<br>Compensation | Public<br>Liability/Property<br>Damage | Utility<br>Customer<br>Services | Information<br>Services | Facilities<br>Maintenance | Equipment<br>Maintenance | Total                 |
|------------------------------------|--------------------------|--|---------------------------------|-------------------------|---------------------------|--------------------------|-----------------------|
| <b>Operating Revenues:</b>         |                          |  |                                 |                         |                           |                          |                       |
| Charges for Services               | \$ 4,020,882             | \$ 3,286,500                           | \$ 1,000,405                    | \$ 2,911,826            | \$ 2,191,161              | \$ 3,823,954             | \$ 17,234,728         |
| <b>Operating Expenses:</b>         |                          |  |                                 |                         |                           |                          |                       |
| Salaries and Wages                 | 187,878                  | 41,570                                 | 398,774                         | 784,044                 | 1,097,963                 | 1,466,629                | 3,976,858             |
| Contractual Services               | 372,662                  | 101,498                                | 21,751                          | 207,080                 | 50,337                    | 1,202                    | 754,530               |
| Operating Supplies                 | 7,846                    | 1,375                                  | 174,314                         | 12,505                  | 162,268                   | 1,679,778                | 2,038,086             |
| Utilities                          | 3,589                    | 4,102                                  | 5,638                           | 683,482                 | 403,487                   | 12,301                   | 1,112,599             |
| Depreciation and Amortization      | 599                      | 1,264                                  | 6,127                           | 179,480                 | 52,565                    | 34,344                   | 274,379               |
| General and Administrative         | 220,428                  | 223,279                                | 301,985                         | 468,110                 | 259,649                   | 89,509                   | 1,562,960             |
| Repairs and Maintenance            | 5,280                    |  | 16,528                          | 227,015                 | 87,411                    | 632,584                  | 968,818               |
| Claims Expenses                    | 5,613,835                | 2,565,949                              |                                 |                         |                           |                          | 8,179,784             |
| <b>Total Operating Expenses</b>    | <b>6,412,117</b>         | <b>2,939,037</b>                       | <b>925,117</b>                  | <b>2,561,716</b>        | <b>2,113,680</b>          | <b>3,916,347</b>         | <b>18,868,014</b>     |
| Net Operating Income (Loss)        | (2,391,235)              | 347,463                                | 75,288                          | 350,110                 | 77,481                    | (92,393)                 | (1,633,286)           |
| Net Assets (Liabilities) - July 1  | (4,051,029)              | 2,415,514                              | 412,086                         | 1,095,054               | 497,913                   | (50,475)                 | 319,063               |
| Net Assets (Liabilities) - June 30 | <b>\$ (6,442,264)</b>    | <b>\$ 2,762,977</b>                    | <b>\$ 487,374</b>               | <b>\$ 1,445,164</b>     | <b>\$ 575,394</b>         | <b>\$ (142,868)</b>      | <b>\$ (1,314,223)</b> |

**City of Oxnard, California**

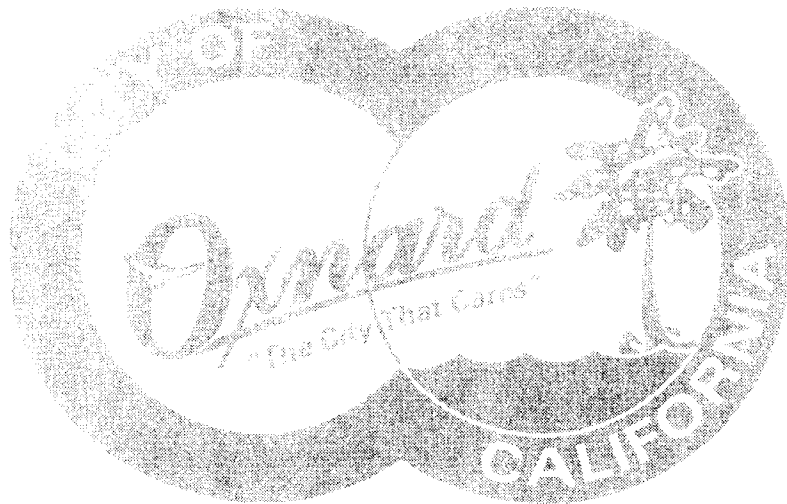
**Internal Service Funds  
Combining Statement of Cash Flows  
June 30, 2002**

|   | Workers' Compensation | Public Liability/Property Damage | Utility Customer Services | Information Services | Facilities Maintenance | Equipment Maintenance | Total          |
|---|-----------------------|----------------------------------|---------------------------|----------------------|------------------------|-----------------------|----------------|
| <b>Cash Flows from Operating Activities:</b>  |                       |                                  |                           |                      |                        |                       |                |
| Cash Received from Other Funds  | \$ 3,935,260          | \$ 3,286,472                     | \$ 1,000,405              | \$ 2,911,826         | \$ 2,191,511           | \$ 3,823,954          | \$ 17,149,428  |
| Cash Paid to Claimants and Risk Consultants   | (3,562,741)           | (2,676,889)                      | -                         | -                    | -                      | -                     | (6,239,630)    |
| Cash Paid to Suppliers  | (670,048)             | (332,323)                        | (556,800)                 | (1,660,459)          | (955,178)              | (2,417,681)           | (6,592,489)    |
| Cash Paid to Employees  | (166,865)             | (41,570)                         | (391,684)                 | (780,197)            | (1,071,597)            | (1,443,221)           | (3,895,134)    |
| Net Cash Provided by (Used In) Operating Activities   | (464,394)             | 235,690                          | 51,921                    | 471,170              | 164,736                | (36,948)              | 422,175        |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                                  |                       |                                  |                           |                      |                        |                       |                |
| Acquisition of Capital Assets   | (13,166)              | -                                | (7,375)                   | (58,028)             | (82,889)               | (39,010)              | (200,468)      |
| Net Cash Provided by Capital and Related Financing Activities                                     | (13,166)              | -                                | (7,375)                   | (58,028)             | (82,889)               | (39,010)              | (200,468)      |
| Net Increase (Decrease) in Cash and Cash Equivalents  | (477,560)             | 235,690                          | 44,546                    | 413,142              | 81,847                 | (75,958)              | 221,707        |
| Cash and Cash Equivalents, July 1, 2001   | 2,850,011             | 6,615,809                        | 471,345                   | 934,345              | 488,448                | 277,692               | 11,637,650     |
| Cash and Cash Equivalents, June 30, 2002  | \$ 2,372,451          | \$ 6,851,499                     | \$ 515,891                | \$ 1,347,487         | \$ 570,295             | \$ 201,734            | \$ 11,859,357  |
| <b>Reconciliation of Operating Income to Net Cash Provided by (used In) Operating Activities:</b> |                       |                                  |                           |                      |                        |                       |                |
| Operating Income (Loss)   | \$ (2,391,235)        | \$ 347,463                       | \$ 75,288                 | \$ 350,110           | \$ 77,481              | \$ (92,393)           | \$ (1,633,286) |
| Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by Operating Activities:    | 599                   | 1,264                            | 6,127                     | 179,480              | 52,565                 | 34,344                | 274,379        |
| Depreciation and Amortization   |                       |                                  |                           |                      |                        |                       |                |
| Changes in Net Assets and Liabilities:  |                       |                                  |                           |                      |                        |                       |                |
| Decrease in Accounts Receivables  | (85,622)              | (28)                             | -                         | -                    | 350                    | -                     | (85,300)       |
| Increase (decrease) in Accounts Payables  | (60,243)              | (2,069)                          | (36,584)                  | (62,267)             | 7,974                  | (2,307)               | (155,496)      |
| Increase (decrease) in Self-Insurance Claims Liabilities  | 2,051,094             | (110,940)                        | -                         | -                    | -                      | -                     | 1,940,154      |
| Increase (decrease) in Compensated Absences   | 21,013                | -                                | 7,090                     | 3,847                | 26,366                 | 23,408                | 81,724         |
| Net Cash Provided by (Used In) by Operating Activities  | \$ (464,394)          | \$ 235,690                       | \$ 51,921                 | \$ 471,170           | \$ 164,736             | \$ (36,948)           | \$ 422,175     |



City of Oxnard's Civic Center

## FIDUCIARY FUNDS



**City of Oxnard, California**

**Fiduciary Funds  
Statement of Changes in Fiduciary Net Assets  
June 30, 2002**

|                                  | Balance<br>July 1, 2001 | Additions            | Deductions           | Balance<br>June 30, 2002 |
|----------------------------------|-------------------------|----------------------|----------------------|--------------------------|
| <b>ARTWORKS FUND</b>             |                         |                      |                      |                          |
| <b>Assets:</b>                   |                         |                      |                      |                          |
| Cash and Cash Equivalents        | \$ 44,470               | \$ 1,973             | \$ —                 | \$ 46,443                |
| <b>Total Assets</b>              | <u>\$ 44,470</u>        | <u>\$ 1,973</u>      | <u>\$ —</u>          | <u>\$ 46,443</u>         |
| <b>Liabilities:</b>              |                         |                      |                      |                          |
| Trust and Agency Payables        | \$ 44,470               | \$ 1,973             | \$ —                 | \$ 46,433                |
| <b>Total Liabilities</b>         | <u>\$ 44,470</u>        | <u>\$ 1,973</u>      | <u>\$ —</u>          | <u>\$ 46,433</u>         |
| <b>IMPROVEMENT DISTRICT FUND</b> |                         |                      |                      |                          |
| <b>Assets:</b>                   |                         |                      |                      |                          |
| Cash and Cash Equivalents        | \$ 6,779,949            | \$ 10,542,497        | \$ 7,543,870         | \$ 9,778,576             |
| Investments with Fiscal Agents   | 5,255,774               | 3,744,152            | 3,960,522            | 5,039,404                |
| <b>Total Assets</b>              | <u>\$ 12,035,723</u>    | <u>\$ 14,286,649</u> | <u>\$ 11,504,392</u> | <u>\$ 14,817,980</u>     |
| <b>Liabilities:</b>              |                         |                      |                      |                          |
| Trust and Agency Payables        | \$ 12,035,723           | \$ 14,286,649        | \$ 11,504,392        | \$ 14,817,980            |
| <b>Total Liabilities</b>         | <u>\$ 12,035,723</u>    | <u>\$ 14,286,649</u> | <u>\$ 11,504,392</u> | <u>\$ 14,817,980</u>     |

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**City of Oxnard, California**

**Fiduciary Funds  
Statement of Changes in Fiduciary Net Assets (Continued)  
June 30, 2002**

|                                    | Balance<br>July 1, 2001 | Additions            | Deductions           | Balance<br>June 30, 2002 |
|------------------------------------|-------------------------|----------------------|----------------------|--------------------------|
| <b>TOTAL - ALL FIDUCIARY FUNDS</b> |                         |                      |                      |                          |
| <b>Assets:</b>                     |                         |                      |                      |                          |
| Cash and Cash Equivalents          | \$ 6,824,419            | \$ 10,544,470        | \$ 7,543,870         | \$ 9,825,019             |
| Investments with Fiscal Agents     | 5,255,774               | 3,744,152            | 3,960,522            | 5,039,404                |
| <b>Total Assets</b>                | <u>\$ 12,080,193</u>    | <u>\$ 14,288,622</u> | <u>\$ 11,504,392</u> | <u>\$ 14,864,423</u>     |
| <b>Liabilities:</b>                |                         |                      |                      |                          |
| Trust and Agency Payables          | \$ 12,080,193           | \$ 14,288,622        | \$ 11,504,392        | \$ 14,864,423            |
| <b>Total Liabilities</b>           | <u>\$ 12,080,193</u>    | <u>\$ 14,288,622</u> | <u>\$ 11,504,392</u> | <u>\$ 14,864,423</u>     |

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**City of Oxnard, California**

**Governmental Non-Major Funds  
Combining Balance Sheet  
Year Ended June 30, 2002**

|  | State Gas<br>Tax Fund | Traffic<br>Safety Fund | Transportation<br>Development<br>Fund | Maintenance<br>Assessment<br>Districts Fund | Total               |
|--|-----------------------|------------------------|---------------------------------------|---|---------------------|
| <b>Assets:</b>                             |                       |                        |                                       |   |                     |
| Cash and Cash Equivalents                  | \$ 2,458,521          | \$ 102,277             | \$ 3,187,325                          | \$ 2,645,335                                | \$ 8,393,458        |
| Accounts and Other Receivables             | 2,520                 |                        |                                       | 2,217                                       | 4,737               |
| Due From Other Governments                 |                       | 115,717                |                                       |   | 115,717             |
| <b>Total Assets</b>                        | <b>\$ 2,461,041</b>   | <b>\$ 217,994</b>      | <b>\$ 3,187,325</b>                   | <b>\$ 2,647,552</b>                         | <b>\$ 8,513,912</b> |
| <b>Liabilities and Fund Balances</b>       |                       |                        |                                       |   |                     |
| <b>Liabilities:</b>                        |                       |                        |                                       |   |                     |
| Accounts Payable                           | \$ 66,339             | \$ 13,842              | \$ 69,146                             | \$ 134,244                                  | \$ 283,571          |
| Other Liabilities                          | 53,048                | 13,376                 | 133,622                               | 71,321                                      | 271,367             |
| <b>Total Liabilities</b>                   | <b>119,387</b>        | <b>27,218</b>          | <b>202,768</b>                        | <b>205,565</b>                              | <b>554,938</b>      |
| <b>Fund Balances:</b>                      |                       |                        |                                       |   |                     |
| Designated for Authorized Projects         | 1,162,540             | 69,431                 | 2,984,557                             |   | 4,216,528           |
| Undesignated                               | 1,179,114             | 121,345                |                                       | 2,441,987                                   | 3,742,446           |
| <b>Total Fund Balances</b>                 | <b>2,341,654</b>      | <b>190,776</b>         | <b>2,984,557</b>                      | <b>2,441,987</b>                            | <b>7,958,974</b>    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 2,461,041</b>   | <b>\$ 217,994</b>      | <b>\$ 3,187,325</b>                   | <b>\$ 2,647,552</b>                         | <b>\$ 8,513,912</b> |

**City of Oxnard, California**

**Governmental Non-Major Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2002**

|   | State Gas<br>Tax Fund | Traffic<br>Safety Fund | Transportation<br>Development<br>Fund | Maintenance<br>Assessment<br>Districts Fund | Total               |
|---|-----------------------|------------------------|---------------------------------------|---|---------------------|
| <b>Revenues:</b>                                  |                       |                        |                                       |   |                     |
| Intergovernmental                                 | \$ 3,337,806          | \$                     | \$ 3,641,402                          | \$  | \$ 6,979,208        |
| Fines and Forfeitures                             |                       | 369,732                |                                       |   | 369,732             |
| Interest  | 91,438                |                        |                                       | 118,951                                     | 210,389             |
| Special Assessments                               |                       |                        |                                       | 1,515,592                                   | 1,515,592           |
| Miscellaneous                                     | 148,731               | 6,984                  | 169,873                               |   | 325,588             |
| <b>Total Revenues</b>                             | <b>3,577,975</b>      | <b>376,716</b>         | <b>3,811,275</b>                      | <b>1,634,543</b>                            | <b>9,400,509</b>    |
| <b>Expenditures:</b>                              |                       |                        |                                       |   |                     |
| <b>Current:</b>                                   |                       |                        |                                       |   |                     |
| Transportation                                    | 2,667,503             | 601,456                | 495,925                               |   | 3,764,884           |
| Community Development                             |                       |                        |                                       | 2,025,596                                   | 2,025,596           |
| Capital Outlay                                    | 489,503               | 191,145                | 2,117,265                             |   | 2,797,913           |
| <b>Total Expenditures</b>                         | <b>3,157,006</b>      | <b>792,601</b>         | <b>2,613,190</b>                      | <b>2,025,596</b>                            | <b>8,588,393</b>    |
| Excess (Deficiency) of Revenues Over Expenditures | 420,969               | (415,885)              | 1,198,085                             | (391,053)                                   | 812,116             |
| <b>Fund Balances, July 1</b>                      | <b>1,920,685</b>      | <b>606,661</b>         | <b>1,786,472</b>                      | <b>2,833,040</b>                            | <b>7,146,858</b>    |
| <b>Fund Balances, June 30</b>                     | <b>\$ 2,341,654</b>   | <b>\$ 190,776</b>      | <b>\$ 2,984,557</b>                   | <b>\$ 2,441,987</b>                         | <b>\$ 7,958,974</b> |

**City of Oxnard, California**

**Non-Major Special Revenue Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Budget and Actual on a Budgetary Basis**  
**Fiscal Year Ended June 30, 2002**

|   | Original<br>Budget   | Changes<br>Increases<br>(Decreases) | Revised<br>Budget   | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------|-------------------------------------|---------------------|------------------------------|--|
| <b>NON-MAJOR FUNDS</b>                            |                      |                                     |                     |                              |  |
| <b>Revenues:</b>                                  |                      |                                     |                     |                              |  |
| Intergovernmental                                 | \$ 7,030,496         | \$ 100,376                          | \$ 7,130,872        | \$ 6,979,208                 | \$ (151,664)                           |
| Fines and Forfeitures                             | 750,000              | —                                   | 750,000             | 369,732                      | (380,268)                              |
| Interest  | 196,500              | —                                   | 196,500             | 210,389                      | 13,889                                 |
| Special Assessments                               | 1,505,800            | —                                   | 1,505,800           | 1,515,592                    | 9,792                                  |
| Miscellaneous                                     | 412,272              | —                                   | 412,272             | 325,588                      | (86,684)                               |
| <b>Total Revenues</b>                             | <b>9,895,068</b>     | <b>100,376</b>                      | <b>9,995,444</b>    | <b>9,400,509</b>             | <b>(594,935)</b>                       |
| <b>Expenditures:</b>                              |                      |                                     |                     |                              |  |
| <b>Current:</b>                                   |                      |                                     |                     |                              |  |
| Public Safety                                     | —                    | —                                   | —                   | —                            | —                                      |
| Transportation                                    | 3,741,601            | 2,807,912                           | 6,549,513           | 3,764,884                    | 2,784,629                              |
| Community Development                             | —                    | —                                   | —                   | 2,025,596                    | (2,025,596)                            |
| Culture and Leisure                               | —                    | —                                   | —                   | —                            | —                                      |
| Capital Outlay                                    | 1,299,509            | 4,381,272                           | 5,680,781           | 2,797,913                    | 2,882,868                              |
| <b>Total Expenditures</b>                         | <b>5,041,110</b>     | <b>7,189,184</b>                    | <b>12,230,294</b>   | <b>8,558,393</b>             | <b>3,641,901</b>                       |
| Excess (Deficiency) of Revenues Over Expenditures | 4,853,958            | (7,088,808)                         | (2,234,850)         | 812,116                      | 3,046,966                              |
| <b>Fund Balance, July 1</b>                       | <b>7,146,858</b>     | <b>—</b>                            | <b>7,146,858</b>    | <b>7,146,858</b>             | <b>—</b>                               |
| <b>Fund Balance, June 30</b>                      | <b>\$ 12,000,816</b> | <b>\$ (7,088,808)</b>               | <b>\$ 4,912,008</b> | <b>\$ 7,958,974</b>          | <b>\$ 3,046,966</b>                    |

Continued -

**City of Oxnard, California**

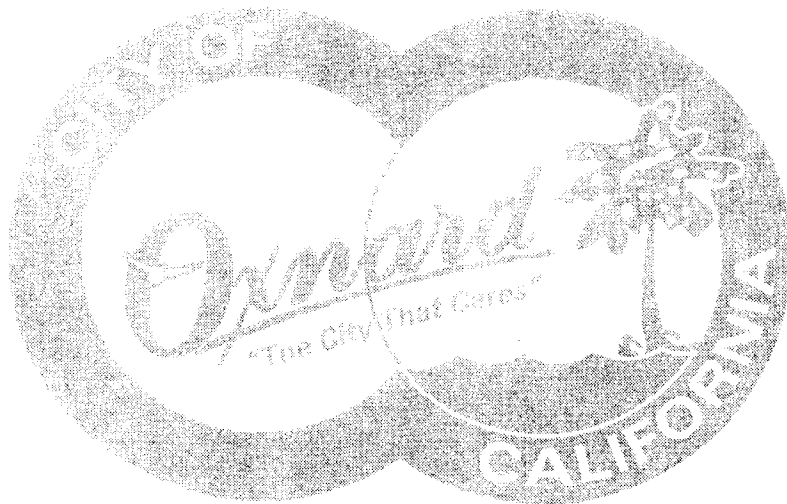
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Budget and Actual on a Budgetary Basis**  
**Fiscal Year Ended June 30, 2002**

|   | Original<br>Budget  | Changes<br>Increases<br>(Decreases) | Revised<br>Budget   | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---|---------------------|-------------------------------------|---------------------|------------------------------|--|
| <b>DEBT SERVICE FUND</b>  |                     |                                     |                     |                              |  |
| <b>Revenues:</b>  |                     |                                     |                     |                              |  |
| Taxes   | \$ 1,600,000        | \$ —                                | \$ 1,600,000        | \$ 1,629,857                 | \$ 29,857                              |
| Interest  | 200,000             | —                                   | 200,000             | 240,642                      | 40,642                                 |
| <b>Total Revenues</b>   | <b>1,800,000</b>    | <b>—</b>                            | <b>1,800,000</b>    | <b>1,870,499</b>             | <b>70,499</b>                          |
| <b>Expenditures:</b>  |                     |                                     |                     |                              |  |
| <b>Debt Service:</b>  |                     |                                     |                     |                              |  |
| Principal   | 2,450,000           | —                                   | 2,450,000           | 2,412,335                    | 37,665                                 |
| Interest  | 2,000,000           | —                                   | 2,000,000           | 1,988,947                    | 11,053                                 |
| <b>Total Expenditures</b>   | <b>4,450,000</b>    | <b>—</b>                            | <b>4,450,000</b>    | <b>4,401,282</b>             | <b>48,718</b>                          |
| Excess of Revenues Over Expenditures  | (2,650,000)         | —                                   | (2,650,000)         | (2,530,783)                  | 119,217                                |
| <b>Other Financing Sources (Uses):</b>  |                     |                                     |                     |                              |  |
| Transfers In  | 2,500,000           | —                                   | 2,500,000           | 2,531,971                    | 31,971                                 |
| Transfers Out   | —                   | —                                   | —                   | —                            | —                                      |
| <b>Total Other Financing Sources (Uses)</b>   | <b>2,500,000</b>    | <b>—</b>                            | <b>2,500,000</b>    | <b>2,531,971</b>             | <b>31,971</b>                          |
| Excess of Revenues and Financing Sources Over Expenditures and Other Financing Sources (Uses) | (150,000)           | —                                   | (150,000)           | 1,188                        | 151,188                                |
| <b>Fund Balance, July 1</b>   | <b>1,332,714</b>    | <b>—</b>                            | <b>1,332,714</b>    | <b>1,332,714</b>             | <b>—</b>                               |
| <b>Fund Balance, June 30</b>  | <b>\$ 1,182,714</b> | <b>\$ —</b>                         | <b>\$ 1,182,714</b> | <b>\$ 1,333,902</b>          | <b>\$ 151,188</b>                      |

## **STATISTICAL SECTION (Unaudited)**

The Statistical Section contains comprehensive statistical data which relates to physical, economic, social, and political characteristics of the City. It is intended to provide users with a broader and more complete understanding of the City and its financial affairs than is possible from the basic financial statements.

Statistical Section tables usually cover more than two fiscal years and often present data from outside the accounting records. The Statistical Section information is not subject to independent audit.





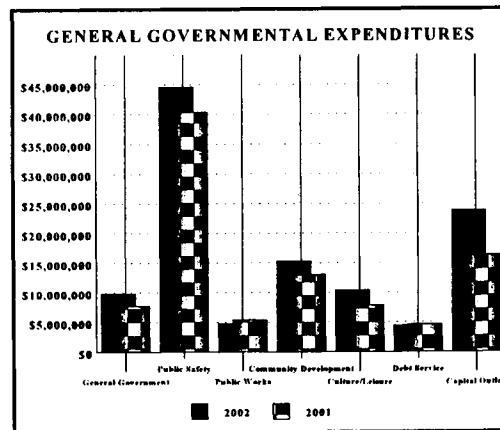
**City of Oxnard, California**

**TABLE I**  
**General Governmental Expenditures by Function (1)**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| Year Ended June 30, | General Government | Public Safety | Public Works | Community Development |
|---------------------|--------------------|---------------|--------------|-----------------------|
| 1993                | \$10,264,882       | \$26,103,004  | \$4,000,778  | \$17,263,104          |
| 1994                | 8,478,925          | 26,879,436    | 3,727,013    | 18,983,153            |
| 1995                | 6,890,394          | 29,668,271    | 3,777,513    | 20,471,405            |
| 1996                | 5,520,064          | 29,675,975    | 3,983,431    | 22,381,184            |
| 1997                | 7,070,153          | 34,058,231    | 4,081,468    | 20,108,988            |
| 1998                | 7,016,296          | 35,691,103    | 4,295,643    | 22,252,846            |
| 1999                | 7,579,837          | 32,862,850    | 3,990,342    | 25,786,055            |
| 2000                | 7,602,018          | 38,888,150    | 5,169,841    | 25,247,832            |
| 2001                | 7,713,044          | 40,353,308    | 5,384,755    | 13,031,954            |
| 2002                | 9,786,593          | 44,560,812    | 4,743,755    | 15,269,415            |

| Year Ended June 30, | Culture & Leisure & Other | Debt Service | Capital Outlay | Total        |
|---------------------|---------------------------|--------------|----------------|--------------|
| 1993                | \$8,096,053               | \$5,786,296  | \$21,549,039   | \$93,063,156 |
| 1994                | 7,909,184                 | 12,094,852   | 16,269,637     | 94,342,200   |
| 1995                | 8,243,316                 | 5,499,027    | 19,252,801     | 93,802,727   |
| 1996                | 7,738,299                 | 5,951,109    | 21,427,099     | 96,677,161   |
| 1997                | 7,728,394                 | 4,450,121    | 27,523,245     | 105,020,600  |
| 1998                | 7,788,172                 | 4,130,298    | 26,262,397     | 107,445,755  |
| 1999                | 8,772,328                 | 4,978,226    | 23,027,986     | 106,997,624  |
| 2000                | 8,238,815                 | 6,673,072    | 23,469,160     | 115,288,888  |
| 2001                | 7,799,434                 | 4,737,657    | 16,294,274     | 95,197,233   |
| 2002                | 10,362,415                | 4,401,282    | 23,794,668     | 112,918,609  |



NOTE: (1) Includes General, Special Revenue, Debt Service and Capital Project Funds.

SOURCE: Annual Financial Reports

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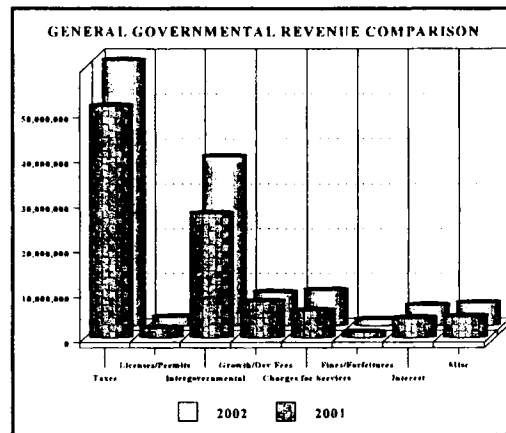
**City of Oxnard, California**

**TABLE II**  
**General Governmental Revenues by Source (1)**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| Year Ended June 30, | Taxes (2)     | Licenses & Permits | Inter-Governmental | Growth & Development Fees |
|---------------------|---------------|--------------------|--------------------|---------------------------|
| 1993                | \$ 34,223,604 | \$ 1,297,547       | \$ 29,480,089      | \$ 3,723,454              |
| 1994                | 36,502,990    | 1,134,066          | 36,137,977         | 2,173,428                 |
| 1995                | 36,275,589    | 1,050,127          | 38,062,782         | 1,646,717                 |
| 1996                | 37,710,655    | 1,266,647          | 41,482,116         | 3,561,774                 |
| 1997                | 36,976,727    | 1,609,510          | 40,929,504         | 3,675,892                 |
| 1998                | 39,024,110    | 1,391,272          | 45,808,968         | 4,332,493                 |
| 1999                | 38,111,470    | 2,213,020          | 49,262,250         | 5,232,503                 |
| 2000                | 42,054,756    | 2,474,296          | 47,735,813         | 11,840,096                |
| 2001                | 51,637,001    | 2,211,303          | 27,714,568         | 8,049,376                 |
| 2002                | 59,058,879    | 1,987,392          | 37,691,308         | 7,432,528                 |

| Year Ended June 30, | Charges for Services | Fines & Forfeitures | Interest     | Miscellaneous (3) | Total         |
|---------------------|----------------------|---------------------|--------------|-------------------|---------------|
| 1993                | \$ 2,849,259         | \$ 708,272          | \$ 4,202,193 | \$ 7,210,756      | \$ 83,695,174 |
| 1994                | 2,457,202            | 770,218             | 2,593,755    | 6,427,702         | 88,197,338    |
| 1995                | 2,413,364            | 949,834             | 3,675,911    | 7,426,779         | 91,501,103    |
| 1996                | 3,216,968            | 883,595             | 3,616,963    | 7,428,872         | 99,167,590    |
| 1997                | 2,760,071            | 807,091             | 3,743,337    | 5,459,143         | 95,961,275    |
| 1998                | 3,720,913            | 864,928             | 3,326,872    | 5,609,578         | 104,079,134   |
| 1999                | 7,191,112            | 1,211,785           | 4,241,599    | 5,898,116         | 113,361,855   |
| 2000                | 6,696,895            | 1,698,760           | 5,209,190    | 7,008,947         | 124,718,753   |
| 2001                | 6,070,045            | 1,284,259           | 4,389,201    | 4,737,657         | 106,093,410   |
| 2002                | 7,908,643            | 1,411,837           | 4,588,082    | 5,087,897         | 125,166,566   |



NOTES: (1) Includes General, Special Revenue, Debt Service and Capital Projects Funds

(2) See Table III for detailed breakdown of tax revenues

(3) Includes special assessments, dwelling rental and miscellaneous.

SOURCE: Annual Financial Reports

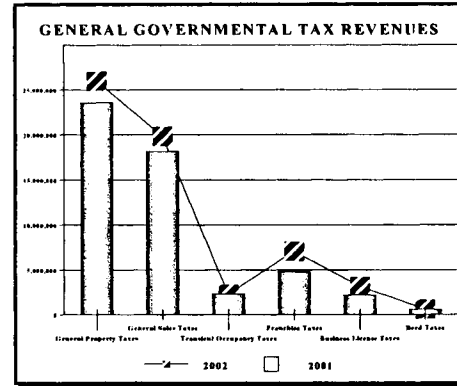
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**City of Oxnard, California**

**TABLE III**  
**General Governmental Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| Year Ended June 30, | General Property Taxes (1) | Transportation Development & Gas Taxes (2) | Storm Drain Taxes | General Sales Taxes | Transient Occupancy Taxes |
|---------------------|----------------------------|--|-------------------|---------------------|---------------------------|
| 1993                | \$ 17,616,500              | —  | \$ 266,844        | \$ 11,252,058       | \$ 1,343,909              |
| 1994                | 18,088,810                 | —  | 242,069           | 12,218,117          | 1,462,716                 |
| 1995                | 17,568,401                 | —  | 23,772            | 12,873,650          | 1,348,203                 |
| 1996                | 17,400,887                 | —  | 1,549             | 14,675,015          | 1,445,430                 |
| 1997                | 17,521,122                 | —  | —                 | 13,481,032          | 1,626,661                 |
| 1998                | 17,962,774                 | —  | —                 | 14,867,135          | 1,763,012                 |
| 1999                | 15,058,320                 | —  | —                 | 15,499,016          | 1,907,745                 |
| 2000                | 17,416,795                 | —  | —                 | 17,357,447          | 1,876,543                 |
| 2001                | 23,574,731 (4)             | —  | —                 | 18,140,143          | 2,328,218                 |
| 2002                | 26,055,636                 | —  | —                 | 19,846,352          | 2,321,758                 |

| Year Ended June 30, | Utility Taxes (3) | Franchise Taxes | Business Licenses Taxes | Deed Taxes | Total         |
|---------------------|-------------------|-----------------|-------------------------|------------|---------------|
| 1993                | —                 | \$ 1,907,900    | \$ 1,658,726            | \$ 177,667 | \$ 34,223,604 |
| 1994                | —                 | 3,082,877       | 1,200,942               | 207,459    | 36,502,990    |
| 1995                | —                 | 2,413,639       | 1,876,616               | 171,308    | 36,275,589    |
| 1996                | —                 | 1,872,601       | 2,039,348               | 275,825    | 37,710,655    |
| 1997                | —                 | 1,886,383       | 2,220,692               | 240,837    | 36,976,727    |
| 1998                | —                 | 1,811,761       | 2,303,850               | 315,578    | 39,024,110    |
| 1999                | —                 | 2,842,255       | 2,431,690               | 372,444    | 38,111,470    |
| 2000                | —                 | 2,506,613       | 2,550,678               | 346,680    | 42,054,756    |
| 2001                | —                 | 4,807,104       | 2,203,188               | 583,617    | 51,637,001    |
| 2002                | —                 | 7,085,201       | 3,194,683               | 555,249    | 59,058,879    |



- NOTES:
- (1) See Table IV for detailed breakdown of general property tax levies and collections.
  - (2) Transportation development and gas taxes (previously included as tax revenue source) were reclassified as intergovernmental revenues in fiscal year 1987.
  - (3) As a result of declining revenues, the City Council approved the 4% utilities tax on July 26, 1983 per Ordinance No. 1978, which was subsequently amended on June 24, 1986 per Ordinance No. 2084. The amendment calls for a structured rate reduction until it zeroed out in fiscal year 1991. However, on March 10, 1987, Ordinance No. 2109 was passed by the City Council repealing the utilities tax law that took effect on July 1, 1987.
  - (4) This amount includes a \$2,561,873 audit adjustment of the Southern California Gas Company franchise for the year 1983 through 1989. Franchise taxes for the year 1991 are \$1,138,596.

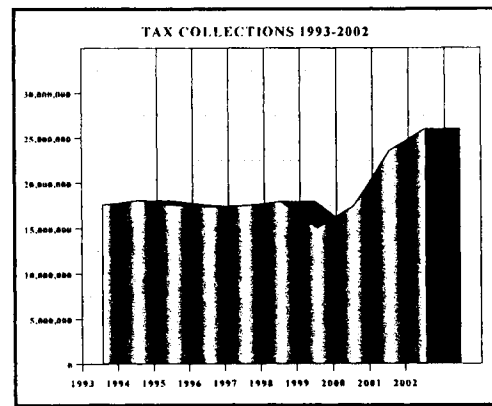
SOURCE: Annual Financial Reports

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**City of Oxnard, California**

**TABLE IV**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| Year Ended June 30, | Total Tax Levy | Current Tax Collections | Percent of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Total Collections As a % of Tax Levy |
|---------------------|----------------|-------------------------|---------------------------|----------------------------|-----------------------|--------------------------------------|
| 1993                | \$ 18,331,754  | \$ 16,929,453           | 92.35%                    | \$687,047                  | \$ 17,616,500         | 96.10%                               |
| 1994                | 17,571,000     | 17,467,060              | 99.40%                    | 621,750                    | 18,088,810            | 102.95%                              |
| 1995                | 17,318,091     | 17,000,969              | 98.17%                    | 567,432                    | 17,568,401            | 101.45%                              |
| 1996                | 18,296,398     | 16,831,456              | 91.99%                    | 569,431                    | 17,400,887            | 95.11%                               |
| 1997                | 18,233,366     | 17,033,821              | 93.42%                    | 487,301                    | 17,521,122            | 96.09%                               |
| 1998                | 18,113,687     | 17,712,334              | 97.78%                    | 250,440                    | 17,962,774            | 99.17%                               |
| 1999                | 15,014,300     | 14,868,769              | 99.03%                    | 189,551                    | 15,058,320            | 100.29%                              |
| 2000                | 17,038,470     | 17,317,763              | 101.64%                   | 99,032                     | 17,416,795            | 102.22%                              |
| 2001                | 23,380,000     | 23,484,567 (2)          | 100.45%                   | 90,164                     | 23,574,731            | 100.83%                              |
| 2002                | 25,900,000     | 25,718,029              | 99.30%                    | 284,711                    | 26,002,740            | 100.40%                              |



NOTE: (1) Total tax collections agreed to General Property Taxes shown in Table III.

(2) Voter's approved tax for \$3,977,315 was transferred from trust and agency to the special revenue fund in FY 2001

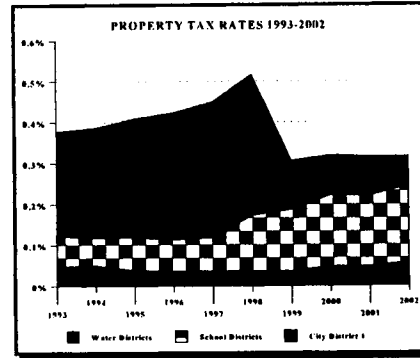
SOURCE: Finance and Management Services Department

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**City of Oxnard, California**

**TABLE V**  
**Property Tax Rates**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| Year<br>Ended<br>June 30, | Basic<br>County (1) | City<br>District (2) | School<br>Districts | Water<br>Districts | Total<br>Tax Rates |
|---------------------------|---------------------|----------------------|---------------------|--------------------|--------------------|
| 1993                      | 1.0000%             | 0.0490%              | 0.0736%             | 0.2555%            | 1.3781%            |
| 1994                      | 1.0000%             | 0.0495%              | 0.0685%             | 0.2693%            | 1.3873%            |
| 1995                      | 1.0000%             | 0.0380%              | 0.0805%             | 0.2911%            | 1.4096%            |
| 1996                      | 1.0000%             | 0.0362%              | 0.0773%             | 0.3105%            | 1.4240%            |
| 1997                      | 1.0000%             | 0.0367%              | 0.0807%             | 0.3328%            | 1.4502%            |
| 1998                      | 1.0000%             | 0.0367%              | 0.1360%             | 0.3449%            | 1.5176%            |
| 1999                      | 1.0000%             | 0.0367%              | 0.1491%             | 0.1212%            | 1.3070%            |
| 2000                      | 1.0000%             | 0.0475%              | 0.1740%             | 0.0970%            | 1.3194%            |
| 2001                      | 1.0000%             | 0.0475%              | 0.1714%             | 0.0977%            | 1.3166%            |
| 2002                      | 1.0000%             | 0.0575%              | 0.1867%             | 0.0723%            | 1.3165%            |



- NOTES: (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. Prior to fiscal year 1981-82, assessed valuation was stated at 25% of market value or \$4.00 per \$100 of assessed value.
- (2) In June 1978, California voters approved Proposition 13 (Jarvis-Gahn Initiative) which added Article XIII A to the California Constitution. Article XIII A limits ad valorem taxes on real property to 1 percent of the full cash value plus taxes necessary to repay indebtedness approved by the voters prior to July 1, 1978. Voters approved obligation of the City are comprised of the "1969 Storm Drain Bond" and "Public Safety Retirement." The "1969 Storm Drain Bond" was redeemed and paid off as of June 30, 1994.

SOURCE: Ventura County Auditor-Controller's Office

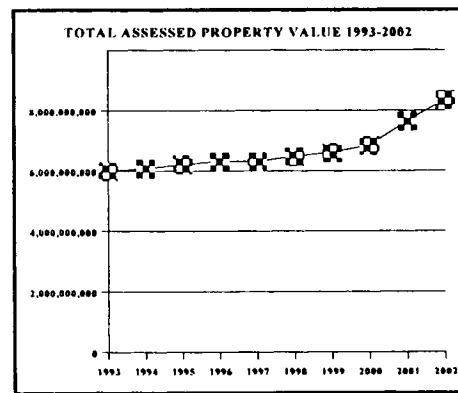
**City of Oxnard, California**

**TABLE VI**  
**Assessed and Estimated Actual Value of Property**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| YEAR<br>ENDED<br>JUNE 30, | REAL PROPERTY         |                           | PERSONAL PROPERTY |                           |  |
|---------------------------|-----------------------|---------------------------|-------------------|---------------------------|--|
|                           | ASSESSED<br>VALUE (1) | ESTIMATED<br>ACTUAL VALUE | ASSESSED<br>VALUE | ESTIMATED<br>ACTUAL VALUE |  |
| 1993                      | \$ 5,989,433,136      | \$ 5,989,433,136          | \$ 81,514,123     | \$ 81,514,123             |  |
| 1994                      | 6,082,455,163         | 6,082,455,163             | 108,703,880       | 108,703,880               |  |
| 1995                      | 6,215,308,381         | 6,215,308,381             | 117,493,334       | 117,493,334               |  |
| 1996                      | 6,312,352,104         | 6,312,352,104             | 119,814,735       | 119,814,735               |  |
| 1997                      | 6,307,831,466         | 6,307,831,466             | 101,123,835       | 101,123,835               |  |
| 1998                      | 6,473,207,602         | 6,473,207,602             | 94,844,935        | 94,844,935                |  |
| 1999                      | 6,605,309,284         | 6,605,309,284             | 95,463,165        | 95,463,165                |  |
| 2000                      | 6,844,276,538         | 6,844,276,538             | 91,597,348        | 91,597,348                |  |
| 2001                      | 7,645,814,717         | 7,645,814,717             | 97,930,553        | 97,930,553                |  |
| 2002                      | 8,351,831,139         | 8,351,831,139             | 111,351,225       | 111,351,225               |  |

| Year<br>Ended<br>June 30, | EXEMPTIONS            |                           | TOTAL             |                           | RATIO OF TOTAL<br>ASSESSED VALUE<br>TO TOTAL<br>ESTIMATED ACTUAL VALUE |
|---------------------------|-----------------------|---------------------------|-------------------|---------------------------|--|
|                           | ASSESSED<br>VALUE (1) | ESTIMATED<br>ACTUAL VALUE | ASSESSED<br>VALUE | ESTIMATED<br>ACTUAL VALUE |  |
| 1993                      | \$ 749,713,311        | \$ 749,713,311            | \$ 5,321,233,948  | \$ 5,321,233,948          | 100.00%  |
| 1994                      | 692,726,941           | 692,726,941               | 5,498,432,102     | 5,498,432,102             | 100.00%  |
| 1995                      | 697,128,516           | 697,128,516               | 5,635,673,199     | 5,635,673,199             | 100.00%  |
| 1996                      | 667,234,581           | 667,234,581               | 5,764,932,258     | 5,764,932,258             | 100.00%  |
| 1997                      | 720,506,163           | 720,506,163               | 5,688,449,138     | 5,688,449,138             | 100.00%  |
| 1998                      | 722,494,121           | 722,494,121               | 5,845,558,410     | 5,845,558,410             | 100.00%  |
| 1999                      | 737,477,086           | 737,477,086               | 5,963,295,363     | 5,963,295,363             | 100.00%  |
| 2000                      | 874,969,634           | 874,969,634               | 6,060,904,252     | 6,060,904,252             | 100.00%  |
| 2001                      | 846,810,724           | 846,810,724               | 6,896,934,546     | 6,896,934,546             | 100.00%  |
| 2002                      | 905,863,935           | 905,863,935               | 7,557,318,429     | 7,557,318,429             | 100.00%  |



- NOTES: (1) Pursuant to Internal Revenue Service and Tax Code Section 135, property tax valuation is stated at 100% of actual value.
- (2) The above exemption figures include homeowners business inventory, redevelopment agency tax increments and other county exemptions.

SOURCE: Ventura County Auditor - Controller's Office

**City of Oxnard, California**

**TABLE VII**  
**Principal Taxpayers**  
**June 30, 2002**  
**(Unaudited)**

| <b>LIST NO.</b> | <b>TAXPAYER</b>                         | <b>TYPE OF BUSINESS</b>      | <b>ASSESSED VALUATION</b> | <b>PERCENTAGE OF ASSESSED VALUATION</b> |
|-----------------|---|------------------------------|---------------------------|---|
| 1               | PROCTOR & GAMBLE PAPER PRODUCTS COMPANY | MANUFACTURING-PAPER PRODUCTS | \$ 269,163,758            | 3.562%                                  |
| 2               | ST. JOHN'S REGIONAL MEDICAL CENTER      | HOSPITAL                     | 149,730,718               | 1.981%                                  |
| 3               | WILLAMETTE INDUSTRIES INC.              | PROCESSED PAPER MANUFACTURER | 67,773,739                | 0.897%                                  |
| 4               | CHW CENTRAL COAST                       | REAL ESTATE DEVELOPMENT      | 51,491,600                | 0.681%                                  |
| 5               | TIGER VENTURA COUNTY                    | REAL ESTATE DEVELOPMENT      | 47,681,230                | 0.631%                                  |
| 6               | SEMINIS INC.                            | SEEDS                        | 45,118,255                | 0.597%                                  |
| 7               | ORMOND BEACH POWER, Gen. LLC            | POWER PLANT                  | 42,767,608                | 0.566%                                  |
| 8               | BMW OF NORTH AMERICA INC.               | AUTO MANUFACTURER            | 39,336,819                | 0.521%                                  |
| 9               | OCEAN VISTA POWER GENERATION            | POWER PLANT                  | 37,205,756                | 0.492%                                  |
| 10              | DONWEN CORPORATION                      | COMMERCIAL DEVELOPMENT       | 36,509,318                | 0.483%                                  |
| 11              | FRED KAVIJ                              | REAL ESTATE DEVELOPMENT      | 34,162,579                | 0.452%                                  |
| 12              | VERIZON MEDIA VENTURES INC.             | TELECOMMUNICATION            | 31,386,300                | 0.415%                                  |
| 13              | TERMINAL FREEZERS INC.                  | FOOD PROCESSING              | 30,197,990                | 0.400%                                  |
| 14              | ARDEN REALTY LTD PARTNERSHIP            | REAL ESTATE DEVELOPMENT      | 28,611,701                | 0.379%                                  |
| 15              | OTHER TAXPAYERS                         | VARIOUS                      | 6,646,181,058             | 87.944%                                 |
| <b>TOTALS</b>   |   |                              | <b>\$ 7,557,318,429</b>   | <b>100.000%</b>                         |

NOTE: Assessed valuation includes land, building and improvements.  
SOURCE: Information Services Department

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**City of Oxnard, California**

**TABLE VIII**  
**Computation of Legal Debt Margin**  
**June 30, 2002**  
**(In Thousands)**

|   |                     |
|---|---------------------|
| NET ASSESSED VALUE                                  | \$ 7,557,318        |
| ADD: Exempt property                                | 905,864             |
| Total assessed value                                | 8,463,182           |
| DEBT LIMIT - 15% of total assessed value            | 1,269,477           |
| AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:            |                     |
| Gross bonded debt                                   | \$ 116,570          |
| Less:   |                     |
| Assets in debt service funds for principal payments | —                   |
| Other deductions allowed by law:                    |                     |
| Revenue bonds - Governmental Activities             | (9,080)             |
| Revenue bonds - Business-type activities            | (84,575)            |
| Tax allocation bond - Redevelopment Agency          | (14,475)            |
| Certificates of participation                       | (8,440)             |
| Net amount of debt applicable to debt limit         | —                   |
| <b>LEGAL DEBT MARGIN</b>                            | <b>\$ 1,269,477</b> |

SOURCE: Finance and Management Services Department

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**City of Oxnard, California**

**TABLE IX**  
**Computation of Direct & Overlapping Bonded Debt**  
**June 30, 2002**  
**(Unaudited)**

| JURISDICTION                                      | NET DEBT<br>OUTSTANDING<br>6-30-02 | % OF DEBT<br>APPLICABLE<br>TO CITY OF<br>OXNARD | * LESS:<br>EXCLUSIONS | AMOUNT OF<br>DEBT<br>APPLICABLE<br>TO CITY OF<br>OXNARD |
|---|------------------------------------|---|-----------------------|---|
| <b>Direct Bonded Debt:</b>                        |                                    |   |                       |   |
| City of Oxnard                                    | \$ 29,390,000                      | 100.000%  | \$ 29,390,000         | \$ --   |
| City of Oxnard-Pooled Insurance Obligation        | 1,227,732                          | 100.000%  | 1,227,732             | --  |
| City of Oxnard-1915 Act Bonds                     | 32,020,000                         | 100.000%  | 32,020,000            | --  |
| City of Oxnard Community Facilities District 88-1 | 2,015,000                          | 100.000%  | 2,015,000             | --  |
| <b>TOTAL DIRECT BONDED DEBT</b>                   | <b>64,652,732</b>                  |   | <b>64,652,732</b>     | <b>--</b>   |
| <b>Overlapping Bonded Debt:</b>                   |                                    |   |                       |   |
| Ventura County Superintendent of Schools - COP    | 294,795                            | 13.585%   | --                    | 40,048  |
| Ventura County Community College District - COP   | 1,502,264                          | 13.589%   | --                    | 204,143   |
| Ventura County General Fund Obligations           | 11,859,026                         | 13.585%   | --                    | 1,611,049   |
| Ventura County Pension Obligation                 | 14,017,003                         | 13.585%   | --                    | 1,904,210   |
| Metropolitan Water District                       | 3,632,202                          | 0.722%  | --                    | 26,224  |
| Oxnard Union High School District                 | 23,003,820                         | 43.502%   | --                    | 10,007,122  |
| Oxnard Union High School District - COP           | 8,130,524                          | 43.502%   | --                    | 3,536,941   |
| Oxnard School District                            | 66,248,007                         | 90.108%   | --                    | 59,694,754  |
| Oxnard School District - COP                      | 6,185,914                          | 90.108%   | --                    | 5,574,003   |
| Rio School District                               | 16,245,513                         | 84.568%   | --                    | 13,738,505  |
| Rio School District - COP                         | 4,710,438                          | 84.568%   | --                    | 3,983,523   |
| Hueneme School District                           | 5,784,344                          | 50.808%   | --                    | 2,938,909   |
| Ocean View School District                        | 1,473,940                          | 38.839%   | --                    | 572,464   |
| Ocean View School District - COP                  | 904,949                            | 38.839%   | --                    | 351,473   |
| <b>TOTAL OVERLAPPING BONDED DEBT</b>              | <b>163,992,739</b>                 |   | <b>--</b>             | <b>104,183,368</b>                                      |
| <b>TOTAL DIRECT &amp; OVERLAPPING BONDED DEBT</b> | <b>\$ 228,645,471</b>              |   | <b>\$ 64,652,732</b>  | <b>\$ 104,183,368</b>                                   |

\* NOTE: Exclusions represent all bonds which are not tax supported obligations of the City.

SOURCE: California Municipal Statistics, Inc.

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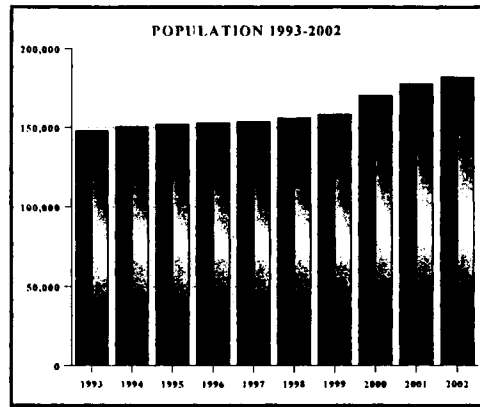
**City of Oxnard, California**

**TABLE X**  
**Ratio of Net General Bonded Debt to Assessed Value**  
**And Net Bonded Debt per Capita**  
**June 30, 2002(Unaudited)**

| Year<br>Ended<br>June 30, | (1)<br>Population | Assessed<br>Value (2) | General<br>Gross<br>Bonded<br>Debt (3) | Less<br>Certain<br>Debt<br>Service<br>Funds |
|---------------------------|-------------------|-----------------------|--|---|
| 1993                      | 148,000           | \$ 5,321,233,948      | \$ 250,000                             | \$ 25,310                                   |
| 1994                      | 150,600           | 5,498,432,102         | --                                     | 6,315                                       |
| 1995                      | 152,100           | 5,635,673,199         | --                                     | --  |
| 1996                      | 152,800           | 5,764,932,258         | --                                     | --  |
| 1997                      | 153,700           | 5,688,449,138         | --                                     | --  |
| 1998                      | 156,000           | 5,845,558,416         | --                                     | --  |
| 1999                      | 158,300           | 5,963,295,363         | --                                     | --  |
| 2000                      | 170,358           | 6,060,904,252         | --                                     | --  |
| 2001                      | 177,700           | 6,896,934,546         | --                                     | --  |
| 2002                      | 182,027           | 7,557,318,429         | --                                     | --  |

| Year<br>Ended<br>June 30, | Net<br>General<br>Bonded<br>Debt | Ratio of Net<br>General<br>Bonded Debt<br>To Assessed<br>Value | Ratio<br>Of<br>Debt/<br>Capita |
|---------------------------|----------------------------------|--|--------------------------------|
| 1993                      | \$ 224,690                       | .00004   | 1.50                           |
| 1994                      | --                               | --   | --                             |
| 1995                      | --                               | --   | --                             |
| 1996                      | --                               | --   | --                             |
| 1997                      | --                               | --   | --                             |
| 1998                      | --                               | --   | --                             |
| 1999                      | --                               | --   | --                             |
| 2000                      | --                               | --   | --                             |
| 2001                      | --                               | --   | --                             |
| 2002                      | --                               | --   | --                             |



- NOTES: (1) Source: The California Department of Finance, Demographic Research Unit
- (2) The passage of Proposition 13 on June 6, 1978 changed the basis of property tax valuation from 25% of assessed value to 100% of actual values as required under section 135 of the Revenue and Tax Code.  
Source: Ventura County Assessor's Office
- (3) Gross bonded debt includes general obligation bond.  
Source: Financial Services, Finance Department

**City of Oxnard, California**

**TABLE XI**  
**Ration of Annual Debt Service Expenditures for**  
**General Bonded Debt to General Governmental Expenditures (1)**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| <u>YEAR<br/>ENDED<br/>JUNE 30</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL DEBT<br/>SERVICE</u> | <u>TOTAL GENERAL<br/>GOVERNMENTAL<br/>EXPENDITURES</u> | <u>RATIO OF DEBT<br/>SERVICE TO<br/>GENERAL<br/>GOVERNMENTAL<br/>EXPENDITURES</u> |
|-----------------------------------|------------------|-----------------|-------------------------------|--|---|
| 1993                              | \$ 250,000       | \$ 27,220       | \$ 277,220                    | \$ 93,063,156  | 0.00301   |
| 1994                              | 250,000          | 13,500          | 263,500                       | 94,342,200   | 0.00291   |
| 1995                              |                  |                 |                               | 93,802,727   | ---   |
| 1996                              |                  |                 |                               | 96,677,161   | ---   |
| 1997                              |                  |                 |                               | 105,020,600  | ---   |
| 1998                              |                  |                 |                               | 107,445,755  | ---   |
| 1999                              |                  |                 |                               | 106,997,624  | ---   |
| 2000                              |                  |                 |                               | 115,288,888  | ---   |
| 2001                              |                  |                 |                               | 95,197,233   | ---   |
| 2002                              |                  |                 |                               | 112,918,609  | ---   |

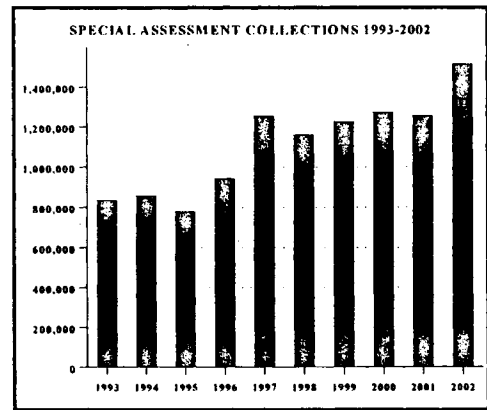
SOURCE: Finance and Management Services Department

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**City of Oxnard, California**

**TABLE XII**  
**Special Assessment Collections**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| <u>YEAR<br/>ENDED<br/>JUNE 30</u> | <u>SPECIAL<br/>ASSESSMENT<br/>BILLINGS</u> | <u>CURRENT<br/>SPECIAL<br/>ASSESSMENT<br/>COLLECTIONS</u> | <u>DELINQUENT<br/>SPECIAL<br/>ASSESSMENT<br/>COLLECTIONS</u> | <u>TOTAL<br/>SPECIAL<br/>ASSESSMENT<br/>COLLECTIONS</u> | <u>PERCENTAGE<br/>OF<br/>COLLECTIONS</u> |
|-----------------------------------|--|---|--|---|--|
| 1993                              | \$ 959,496                                 | \$ 807,914  | \$ 26,814  | \$ 834,728  | 87.00%                                   |
| 1994                              | 900,106                                    | 825,373   | 31,896   | 857,269   | 95.24%                                   |
| 1995                              | 823,723                                    | 772,916   | 4,538  | 777,454   | 94.38%                                   |
| 1996                              | 779,702                                    | 925,430   | 15,777   | 941,207   | 120.71%                                  |
| 1997                              | 826,460                                    | 1,041,980   | 210,659  | 1,252,639   | 151.56%                                  |
| 1998                              | 988,389                                    | 992,014   | 166,813  | 1,158,827   | 117.24%                                  |
| 1999                              | 1,418,496                                  | 1,040,354   | 183,786  | 1,224,140   | 86.30%                                   |
| 2000                              | 1,035,779                                  | 1,079,243   | 191,018  | 1,270,261   | 122.64%                                  |
| 2001                              | 1,247,385                                  | 1,250,930   | 2,894  | 1,253,824   | 100.52%                                  |
| 2002                              | 1,505,800                                  | 1,515,592   | ---  | 1,515,592   | 100.65%                                  |



SOURCE: Finance and Management Services Department

**City of Oxnard, California**

**TABLE XIII**  
**Water Revenue Bond Coverage**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| <u>YEAR<br/>ENDED<br/>JUNE 30.</u> | <u>GROSS<br/>REVENUE (3)</u> | <u>DIRECT<br/>OPERATING<br/>EXPENSES (1)</u> | <u>NET REVENUE<br/>AVAILABLE FOR<br/>DEBT SERVICE</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> | <u>COVERAGE</u> |
|------------------------------------|------------------------------|--|---|------------------|-----------------|--------------|-----------------|
| 1993                               | \$ 13,839,532                | \$ 11,667,081                                | \$ 2,172,451  | \$ —             | \$ —            | \$ — (2)     | 100.00          |
| 1994                               | 13,623,950                   | 11,307,219                                   | 2,316,731   | 395,000          | 254,354         | 649,354(2)   | 3.57            |
| 1995                               | 12,788,390                   | 12,697,772                                   | 90,618  | 690,000          | 171,009         | 861,009      | (10.52)         |
| 1996                               | 12,887,673                   | 11,599,467                                   | 1,288,206   | 715,000          | 144,788         | 859,788      | 1.50            |
| 1997                               | 13,594,356                   | 12,875,166                                   | 719,190   | 745,000          | 115,295         | 860,295      | .84             |
| 1998                               | 13,508,174                   | 13,364,858                                   | 143,316   | 551,127          | 157,283         | 708,410      | .20             |
| 1999                               | 14,980,803                   | 13,780,587                                   | 1,200,216   | 543,537          | 128,855         | 672,392      | 1.78            |
| 2000                               | 16,529,128                   | 15,057,247                                   | 1,471,881   | 534,642          | 230,776         | 765,418      | 1.92            |
| 2001                               | 16,226,461                   | 15,347,727                                   | 878,734   | 522,065          | 224,747         | 746,812      | 1.18            |
| 2002                               | 17,856,094                   | 18,141,656                                   | (285,562)   | 794,388          | 709,225         | 1,503,613    | -0.19           |

NOTES: (1) The above operating expense figures do not include depreciation and debt service expenses.  
(2) The 1961 Water Revenue Bond (Series A-D) was fully paid on June 1, 1992, and Water Revenue Bond Series '93 was issued on January 27, 1993.

**City of Oxnard, California**

**TABLE XIV**  
**Sewer Revenue Bond Coverage**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| <u>DEBT SERVICE REQUIREMENTS</u>   |                              |  |   |                  |                 |              |                 |
|------------------------------------|------------------------------|--|---|------------------|-----------------|--------------|-----------------|
| <u>Year<br/>Ended<br/>June 30.</u> | <u>Total<br/>Revenue (2)</u> | <u>Direct<br/>Operating<br/>Expenses (1)</u> | <u>Net Revenue<br/>Available for<br/>Debt Service</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Coverage</u> |
| 1993                               | \$ 17,261,664                | \$ 10,408,533                                | \$ 6,853,131  | \$ 125,000       | \$ 9,375        | \$ 134,375   | 51.04           |
| 1994                               | 17,146,827                   | 10,366,702                                   | 6,780,125   | 1,175,000        | 2,498,315       | 3,673,315    | 1.85            |
| 1995                               | 16,720,206                   | 9,963,122                                    | 6,757,084   | 1,450,000        | 2,962,728       | 4,412,728    | 1.55            |
| 1996                               | 16,530,595                   | 9,763,030                                    | 6,767,565   | 1,500,000        | 3,276,118       | 4,776,118    | 1.42            |
| 1997                               | 17,132,675                   | 9,555,298                                    | 7,577,377   | 1,560,000        | 3,220,618       | 4,780,618    | 1.59            |
| 1998                               | 17,180,389                   | 9,964,354                                    | 7,216,035   | 1,615,000        | 3,158,218       | 4,773,218    | 1.51            |
| 1999                               | 18,371,484                   | 11,561,115                                   | 6,810,369   | 1,685,000        | 2,843,492       | 4,528,492    | 1.50            |
| 2000                               | 17,749,682                   | 11,315,240                                   | 6,434,442   | 1,760,000        | 2,653,560       | 4,413,560    | 1.46            |
| 2001                               | 18,254,171                   | 11,591,100                                   | 6,663,071   | 1,840,000        | 2,568,810       | 4,408,810    | 1.51            |
| 2002                               | 22,005,625                   | 11,978,948                                   | 10,026,677  | 1,925,000        | 248,427         | 4,409,277    | 2.27            |

NOTES: (1) The above operating expense figures do not include depreciation and debt service expenses.

SOURCE: Finance and Management Services Department

**City of Oxnard, California**

**TABLE XV**  
**Demographic Statistics**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| FISCAL<br>YEAR | POPULATION (1) | PER CAPITA<br>INCOME (2) | MEDIAN<br>AGE (3) | SCHOOL<br>ENROLLMENT (4) | UNEMPLOYMENT RATE (5) |       |       |
|----------------|----------------|--------------------------|-------------------|--------------------------|-----------------------|-------|-------|
|                |                |                          |                   |                          | CITY                  | STATE | U.S.  |
| 1993           | 148,000        | \$ 12,190                | 33                | 34,666                   | 12.22%                | 9.40% | 8.69% |
| 1994           | 150,600        | 12,245                   | 33                | 33,926                   | 10.40%                | 8.70% | 6.20% |
| 1995           | 152,100        | 12,480                   | 33                | 34,387                   | 8.8%                  | 8.50% | 6.30% |
| 1996           | 152,800        | 13,385                   | 33                | 34,504                   | 9.4%                  | 7.30% | 5.50% |
| 1997           | 153,700        | 14,300                   | 33                | 37,211                   | 8.4%                  | 6.2%  | 5.0%  |
| 1998           | 156,000        | 15,349                   | 34                | 38,073                   | 7.0%                  | 6.3%  | 4.9%  |
| 1999           | 158,300        | 16,538                   | 34                | 38,793                   | 6.4%                  | 5.4%  | 4.3%  |
| 2000           | 160,300        | 19,217                   | 32                | 40,238                   | 6.38%                 | 5.3%  | 4.0%  |
| 2001           | 177,700        | 19,630                   | 30                | 39,865                   | 4.9%                  | 4.9%  | 4.4%  |
| 2002           | 182,027        | 19,777                   | 30                | 42,106                   | 5.2%                  | 6.5%  | 5.9%  |

SOURCES:

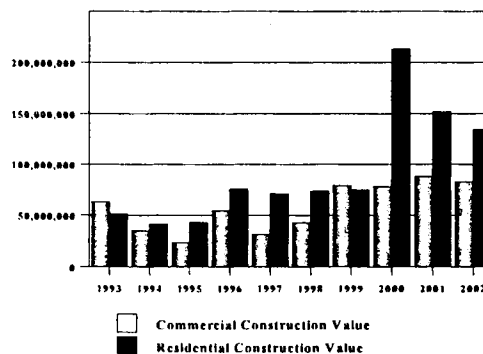
- (1) California Department of Finance, Demographic Research Unit
- (2) CPI Index of Urban Wage Earners
- (3) US Census
- (4) Oxnard School Districts (Elementary) and Oxnard Union High School District
- (5) State Employment Development Department (data is based on annual average)

**City of Oxnard, California**

**TABLE XVI**  
**Property Value, Construction and Bank Deposits**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| FISCAL<br>YEAR | PROPERTY VALUES |                  |                  | COMMERCIAL<br>CONSTRUCTION |               | RESIDENTIAL<br>CONSTRUCTION |                | BANK*<br>DEPOSITS |
|----------------|-----------------|------------------|------------------|----------------------------|---------------|-----------------------------|----------------|-------------------|
|                | COMMERCIAL      | RESIDENTIAL      | TOTAL            | NUMBER<br>OF<br>UNITS      | VALUE         | NUMBER<br>OF<br>UNITS       | VALUE          |                   |
| 1993           | \$1,694,440,117 | \$ 4,294,993,019 | \$ 5,989,433,136 | 30                         | \$ 62,892,245 | 276                         | \$ 51,430,7485 | 1,135,318         |
| 1994           | 1,734,168,165   | 4,348,286,998    | 6,082,455,163    | 19                         | 35,028,952    | 215                         | 41,382,626     | 1,022,074         |
| 1995           | 1,776,507,499   | 4,438,800,882    | 6,215,308,381    | 19                         | 23,357,165    | 171                         | 42,915,313     | 886,278           |
| 1996           | 1,821,493,471   | 4,490,858,633    | 6,312,352,104    | 24                         | 54,428,310    | 338                         | 75,642,129     | 827,423           |
| 1997           | 1,822,016,387   | 4,485,815,079    | 6,307,831,466    | 29                         | 31,264,797    | 392                         | 70,772,213     | 903,927           |
| 1998           | 1,878,967,522   | 4,594,240,080    | 6,473,207,602    | 27                         | 42,732,437    | 393                         | 73,409,979     | 823,506           |
| 1999           | 1,951,680,008   | 4,653,629,276    | 6,605,309,284    | 66                         | 78,960,175    | 356                         | 74,685,262     | 752,363           |
| 2000           | 2,014,131,847   | 4,830,144,691    | 6,844,276,538    | 41                         | 77,650,163    | 824                         | 212,784,494    | 919,437           |
| 2001           | 2,267,262,765   | 5,378,551,952    | 7,645,814,717    | 41                         | 87,711,175    | 625                         | 151,748,368    | 784,519           |
| 2002           | 2,494,786,288   | 5,857,044,851    | 8,351,831,139    | 40                         | 82,553,859    | 539                         | 134,526,090    | 1,060,847         |

**CONSTRUCTION**



\* Amounts expressed in thousands

SOURCE: The Findley Reports (Fiscal year 1990 includes credit union and savings & loan institutions)



**City of Oxnard, California**

**TABLE XVII  
Schedule of Insurance in Force  
June 30, 2002  
(Unaudited)**

| TYPE OF COVERAGE<br>& NAME OF INSURER            | POLICY<br>NUMBER            | POLICY PERIOD<br>FROM | TO       | DETAILS OF COVERAGE  | LIABILITY<br>LIMITS                  | DEDUCTIBLE<br>SELF-INSURED<br>RETENTION | ANNUAL<br>PREMIUMS |
|--|-----------------------------|-----------------------|----------|--|--------------------------------------|---|--------------------|
| <b>LIABILITY:</b>                                |                             |                       |          |  |                                      |   |                    |
| BICEP  | APEP100701                  | 07/01/01              | 07/01/02 | Municipal Liability 5 City Insurance Pool - In 97-98, the pool purchased commercial insurance for exposures between \$1 million and \$20 million | \$ 25,000,000                        | \$ 1,000,000                            | \$ 470,462         |
| Navigators Insurance Company                     | SF02LIA270941               | 06/13/02              | 06/13/03 | Marine Liability - this insurance is charged to the Mandalay Bay Assessment District   | 1,000,000                            | 2,500                                   | 17,500             |
| <b>PROPERTY:</b>                                 |                             |                       |          |  |                                      |   |                    |
| Travelers Insurance Company                      | KTJCM8295T057301            | 07/01/00              | 07/01/01 | All Risks excluding quake & flood - includes City buildings & contents & rental interruption when required by bond financings                    | 198,877,871                          | 10,000                                  | 80,110             |
| Royal Insurance Company of America               | PTS464149                   | 07/01/01              | 07/01/02 | Automobile/Mobile Equipment Physical Damage including Comprehensive and Collision  | 19,630,216                           | 10,000                                  | 67,528             |
| Lloyd's of London                                | 11F02ABH16                  | 04/21/02              | 04/21/03 | Fine Arts - Carnegie & Oxnard Public Library - protects the City for losses to exhibits of art belonging to others                               | 1,750,000                            | 500                                     | 4,375              |
| Clarendon National Pacific Insurance Company     | 101163EQ-1<br>ZG0017434     | 11/01/01              | 11/01/02 | Difference in Conditions including Flood and Earthquake, excluding EQSL, Burglary and Theft;   | 5,000,000                            | 5% of loss, subject to                  | 207,023            |
| Clarendon National Insurance Company of the West | 101164EAQ1<br>XC11172301101 |                       |          | Real and Personal Property, Business Interruption/Extra Expense, EDP but excluding vehicles  | 5,000,000<br>7,500,000<br>25,000,000 | \$100,000 per occurrence minimum        |                    |
| Travelers Casualty & Surety Company of IL        | BMG560X6441                 | 07/01/01              | 07/01/02 | Boiler and Machinery - includes air conditioning, heating and other types of machinery   | 5,000,000                            | 10,000                                  | 6,424              |
| <b>WORKERS' COMPENSATION:</b>                    |                             |                       |          |  |                                      |   |                    |
| AIG  | 4158684                     | 07/01/01              | 07/01/02 | Excess Workers' Compensation   | CA Statutes                          | 500,000                                 | 45,613             |
| <b>EMPLOYEE BONDS:</b>                           |                             |                       |          |  |                                      |   |                    |
| Fidelity & Deposit                               | CCP895567806                | 04/08/00              | 04/08/03 | Public Employees Dishonesty Bond   | 500,000                              | 5,000                                   | 3,700              |
| Hartford Insurance Company                       | 57BSBAN9382                 | 11/22/00              | 11/22/02 | City Treasurer, Dale V. Belcher  | 50,000                               | NA                                      | 200                |
| Hartford Insurance Company                       | SUN322044                   | 11/02/01              | 11/02/02 | Asst. City Treasurer, Danielle Navas   | 50,000                               | NA                                      | 250                |
| Hartford Insurance Company                       | 57BSBAN9384                 | 11/24/00              | 11/24/02 | City Clerk, Daniel Martinez  | 50,000                               | NA                                      | 200                |
| Hartford Insurance Company                       | SUN405562                   | 01/21/02              | 01/21/03 | Asst. City Clerk, Jill Beaty   | 5,000                                | NA                                      | 100                |
| Hartford Insurance Company                       | 57BSBA112846                | 10/20/01              | 10/20/02 | Finance Director, Stanley L. Kleinman  | 25,000                               |   | 100                |

SOURCE: Finance and Management Services, Financial Services Division

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**City of Oxnard, California**

**TABLE XVIII  
State of California  
Miscellaneous Statistics  
As of June 30, 2002  
(Unaudited)**

|   |                                    |
|---|------------------------------------|
| Date of Incorporation                                   | June 30, 1903                      |
| Form of Government-General Law City                     | Council/Manager                    |
| Incorporated Area in square miles                       | 25.9                               |
| Sphere of influence in square miles                     | 30.8                               |
| Elections: (3)  | General<br>Municipal<br>(11-07-00) |
| Number of registered voters                             | 61,206                             |
| Number of votes cast                                    | 40,503                             |
| Percentage of votes cast to number of registered voters | 66.17%                             |
| Number of full-time employees (2)                       |                                    |
| General government                                      | 181                                |
| Public safety   | 427                                |
| Transportation  | 82                                 |
| Community development                                   | 91                                 |
| Culture & Leisure                                       | 78                                 |
| Utilities   | 200                                |
| Total full-time employees                               | <u>1,059</u>                       |
| <b>GENERAL GOVERNMENT:</b>                              |                                    |
| Miles of paved streets                                  | 394                                |
| Number of street lights - Edison                        | 8,827                              |
| Number of street lights - City                          | 568                                |

**City of Oxnard, California**

**TABLE XVIII  
State of California  
Miscellaneous Statistics  
As of June 30, 2002  
(Unaudited)**

**PUBLIC SAFETY:**

|  |        |
|--|--------|
| Police:  |        |
| Number of volunteers                                   | 13     |
| Number of sworn officers                               | 209    |
| Number of non-safety employees                         | 131    |
| Ratio of sworn officers over population (per thousand) | 1.28:1 |
| Fire:  |        |
| Number of volunteers                                   | 0      |
| Number of sworn officers                               | 87     |
| Number of fire hydrants                                | 4,150  |

**TRANSPORTATION:**

|                           |     |
|---------------------------|-----|
| Number of police vehicles | 192 |
| Number of fire vehicles   | 46  |
| Number of refuse vehicles | 129 |

**CULTURE AND LEISURE:**

|   |    |
|---|----|
| Parks & Recreation facilities (public): |    |
| Parks                                   | 39 |
| Ball fields                             | 9  |
| Golf course                             | 1  |
| Ball diamonds                           | 17 |
| Basketball courts                       | 18 |
| Craft/Activity buildings                | 8  |
| Gymnasiums                              | 2  |
| Swimming pools                          | 1  |
| Tennis courts                           | 36 |
| Auditoriums                             | 1  |
| Museum                                  | 1  |
| Community centers                       | 3  |

Continued -

**City of Oxnard, California**

**TABLE XVIII  
State of California  
Miscellaneous Statistics  
As of June 30, 2002  
(Unaudited)**

|   |            |
|---|------------|
| Library:                                  |            |
| Number of books                           | 344,559    |
| Number of microforms                      | 16,650     |
| Number of audio tapes                     | 16,202     |
| Number of video tapes                     | 6,101      |
| Number of CD-ROMS (data disk)             | 451        |
| Education:                                |            |
| Number of enrollments:                    |            |
| Elementary                                | 29,503     |
| High school                               | 12,603     |
| College                                   | 7,742      |
| <b>UTILITY STATISTICS (1):</b>            |            |
| Water:                                    |            |
| Storage capacity in gallons               | 9,000,000  |
| Daily consumption in gallons              | 22,500,000 |
| Miles of main pipes                       | 425        |
| Number of customers                       | 34,766     |
| Sewer (Secondary bio-filtration systems): |            |
| Daily treatment capacity in gallons       | 22,000,000 |
| Miles of sewer pipes                      | 700        |
| Number of customers                       | 32,634     |

SOURCE: (1) Public Works Department, Water and Sewer Plant Divisions  
(2) Human Resources Division  
(3) City Clerk's Office



600 Anton Boulevard  
Suite 700  
Costa Mesa, CA 92626-7651

**Independent Accountants' Report  
on Applying Agreed-Upon Procedures**

The Honorable City Council  
City of Oxnard, California:

We have performed the procedures enumerated below, which were agreed to by the City Council and management of the City of Oxnard, California (the City), on the Appropriations Limit Worksheet for the year ended June 30, 2002 solely to assist the City in evaluating compliance with the requirements of Section 1.5 of Article XIIB of the California Constitution. These procedures were recommended by the League of California Cities and presented in their Article XIIB Appropriations Limitation Uniform Guidelines. The City's management is responsible for the Appropriations Limit Worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

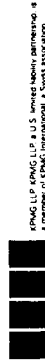
1. We obtained the City's completed Appropriations Limit worksheets and determined that the limit and annual adjustment factors were adopted by resolution of the City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.
2. We agreed the June 30, 2001 Appropriations Limit presented in the accompanying Appropriations Limit Worksheet to the June 30, 2001 Appropriations Limit as adopted by the City Council.
3. We agreed the fiscal year 2002 information presented in the accompanying Appropriations Limit Worksheet to the supporting worksheets designed and prepared by the City.

4. For the accompanying Appropriations Limit Worksheet, we added the June 30, 2001 limit to the total fiscal year 2002 annual adjustment, and agreed the resulting amount to the June 30, 2002 limit.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City Council and management of the City of Oxnard, California and is not intended to be and should not be used by anyone other than these specified parties.

November 8, 2002

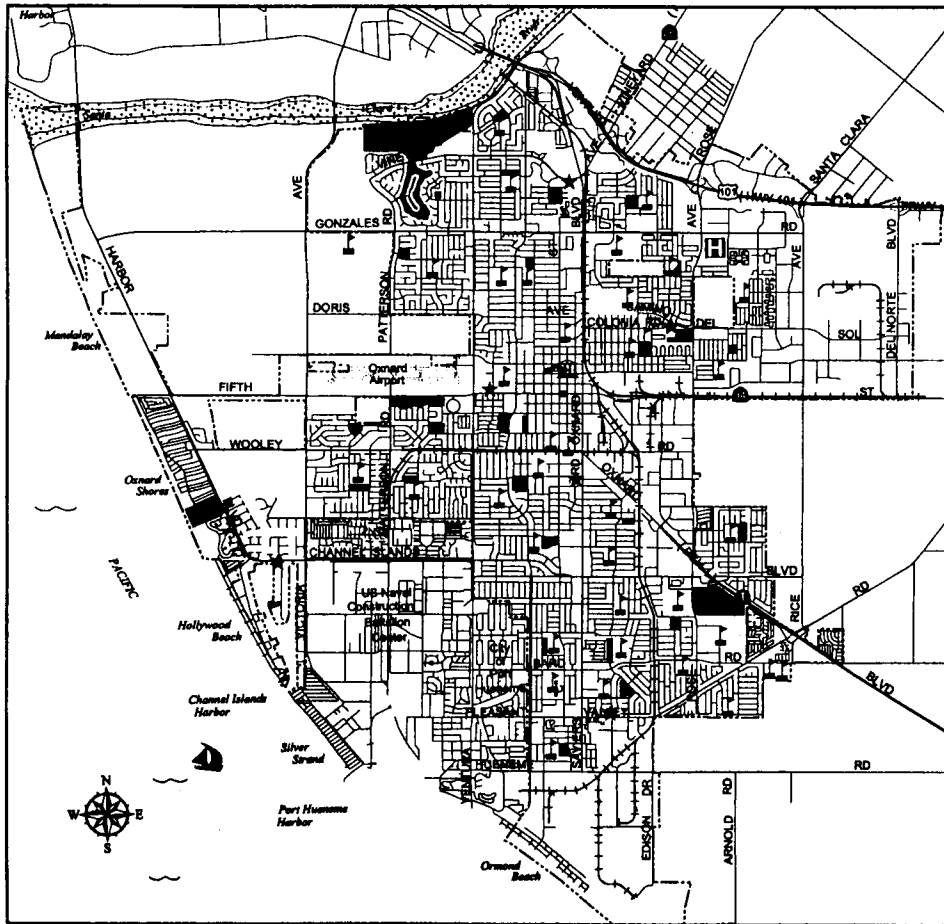


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**CITY OF OXNARD, CALIFORNIA  
Appropriations Limit Worksheet  
June 30, 2002**

|                                       |             |    |            |
|---------------------------------------|-------------|----|------------|
| Appropriations Limit at June 30, 2001 |             | \$ | 89,509,928 |
| Adjustment Factors:                   |             |    |            |
| Population Factor                     | 1.0294527   |    |            |
| Inflation Factor                      | x 1.0782000 |    |            |
| Total adjustment factor (rounded)     |             | x  | 1.1099559  |
| Annual adjustment                     |             |    | 9,842,141  |
| Appropriations Limit at June 30, 2002 |             | \$ | 99,352,069 |

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| LEGEND |               |
|--------|---------------|
|        | PUBLIC SAFETY |
|        | CITY HALL     |
|        | FIRE STATION  |
|        | HOSPITAL      |
|        | GOLF COURSE   |
|        | SCHOOL        |
|        | RAILROAD      |
|        | PARK          |
|        | CITY LIMIT    |

## CITY OF OXNARD



December 4, 2002

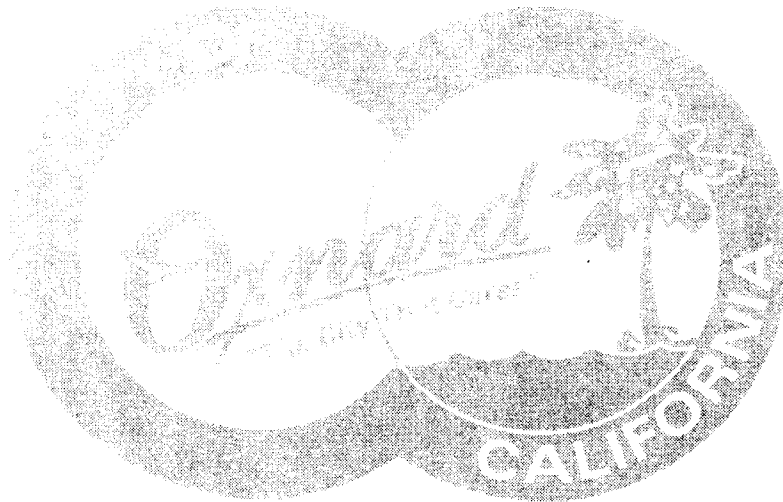
The mapped data is created and designed by the City of Oxnard GIS Program, which is developed and operated solely for the convenience of the City. The map is for illustrative purposes only. The City does not warrant the accuracy of this map, and no decision involving a risk of injury or economic loss should be made in reliance thereon.

oxnard\_projectedcitymapcitymap.mxd

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## **OTHER NON-GAAP STATEMENTS AND SCHEDULES FOR MANAGEMENT USE**

The statements and schedules following are presented for management use and analysis. Under GASB 34, these statements and schedules are no longer required. They have been combined with other statements in the CAFR. However, because they are important financial information for management, we deem it necessary that they be presented individually and included in this document.



**City of Oxnard, California**

**Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedule by Source  
June 30, 2002 and 2001**

|  | 2002                  | 2001                  |
|--|-----------------------|-----------------------|
| <b>Governmental Funds Capital Assets:</b>                          |                       |                       |
| Land   | \$ 24,046,598         | \$ 20,713,678         |
| Land Improvements  | 1,159,280             | 1,159,280             |
| Buildings  | 29,176,812            | 29,176,812            |
| Improvements Other Than Building                                   | 19,013,090            | 19,013,090            |
| Equipment and Machinery  | 39,001,698            | 35,931,446            |
| Construction in Progress   | 34,623,411            | 17,031,447            |
| <b>Sub-Total</b>   | <b>147,020,889</b>    | <b>123,025,753</b>    |
| Accumulated Depreciation   | (39,876,051)          | (36,010,561)          |
| <b>Total</b>   | <b>\$ 107,144,838</b> | <b>\$ 87,015,192</b>  |
| <b>Investments in Governmental Funds Capital Assets by Source:</b> |                       |                       |
| General Fund   | \$ 98,561,389         | \$ 88,374,086         |
| Federal and State Funds  | 21,450,775            | 14,937,346            |
| Contributions and Donations  | 2,420,868             | 2,420,868             |
| Other Agencies/Authorities   | 9,797,722             | 2,703,786             |
| Lease Purchases  | 7,241,952             | 7,241,952             |
| Internal Service Funds   | 7,548,183             | 7,347,715             |
| <b>Total</b>   | <b>\$ 147,020,889</b> | <b>\$ 123,025,753</b> |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City of Oxnard, California**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2002**

|                                  | Land                 | Land Improvements   | Buildings            | Improvements Other Than Buildings | Equipment            | Construction In Progress | Total                 |
|----------------------------------|----------------------|---------------------|----------------------|-----------------------------------|----------------------|--------------------------|-----------------------|
| <b>General Government:</b>       |                      |                     |                      |                                   |                      |                          |                       |
| Council                          | \$ --                | \$ --               | \$ 29,845            | \$ --                             | \$ 116,871           | \$ --                    | \$ 146,716            |
| City Clerk                       | --                   | --                  | --                   | --                                | 23,303               | --                       | 23,303                |
| City Manager                     | --                   | --                  | 1,675,829            | 254,399                           | 673,370              | --                       | 2,603,598             |
| City Attorney                    | --                   | --                  | --                   | --                                | 8,162                | --                       | 8,162                 |
| Finance                          | 3,332,920            | --                  | 197,486              | 84,503                            | 1,317,807            | --                       | 4,932,716             |
| Community Development            | 5,996,553            | 469,847             | 15,716,305           | 478,417                           | 284,828              | --                       | 22,945,950            |
| Community Service                | --                   | --                  | --                   | 225,158                           | 670,036              | --                       | 895,194               |
| Community Development Commission | 1,221,289            | 689,433             | --                   | --                                | 130,580              | --                       | 2,041,302             |
| Internal Service Funds           | --                   | --                  | --                   | --                                | 7,548,183            | --                       | 7,548,183             |
| <b>Total General Government</b>  | <b>10,550,762</b>    | <b>1,159,280</b>    | <b>17,619,465</b>    | <b>1,042,477</b>                  | <b>10,773,140</b>    | <b>--</b>                | <b>41,145,124</b>     |
| <b>Public Safety:</b>            |                      |                     |                      |                                   |                      |                          |                       |
| Police                           | --                   | --                  | 1,778,934            | 80,938                            | 10,367,446           | --                       | 12,227,318            |
| Fire                             | 1,893,510            | --                  | 694,529              | 78,119                            | 4,584,680            | --                       | 7,250,838             |
| <b>Total Public Safety</b>       | <b>1,893,510</b>     | <b>--</b>           | <b>2,473,463</b>     | <b>159,057</b>                    | <b>14,952,126</b>    | <b>--</b>                | <b>19,478,156</b>     |
| <b>Transportation:</b>           |                      |                     |                      |                                   |                      |                          |                       |
| Engineering and Public Works     | --                   | --                  | 5,758,845            | --                                | 198,603              | 24,550,449               | 30,507,897            |
| Transportation                   | --                   | --                  | 137,268              | --                                | 179,778              | 2,797,913                | 3,114,959             |
| Street Maintenance               | 7,760                | --                  | 172,037              | 239,423                           | 2,087,769            | 6,513,429                | 9,020,418             |
| <b>Total Transportation</b>      | <b>7,760</b>         | <b>--</b>           | <b>6,068,150</b>     | <b>239,423</b>                    | <b>2,466,150</b>     | <b>33,861,791</b>        | <b>42,643,274</b>     |
| <b>Culture and Leisure:</b>      |                      |                     |                      |                                   |                      |                          |                       |
| Parks and Recreation             | --                   | --                  | 3,015,734            | 17,572,133                        | 10,370,191           | 761,620                  | 31,719,678            |
| Library                          | 11,594,566           | --                  | --                   | --                                | 440,091              | --                       | 12,034,657            |
| <b>Total Culture and Leisure</b> | <b>11,594,566</b>    | <b>--</b>           | <b>3,015,734</b>     | <b>17,572,133</b>                 | <b>10,810,282</b>    | <b>761,620</b>           | <b>43,754,335</b>     |
| <b>Total</b>                     | <b>\$ 24,046,598</b> | <b>\$ 1,159,280</b> | <b>\$ 29,176,812</b> | <b>\$ 19,013,090</b>              | <b>\$ 39,001,698</b> | <b>\$ 34,623,411</b>     | <b>\$ 147,020,889</b> |

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City of Oxnard, California**

**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Changes of Function and Activity**  
**For Fiscal Year Ended June 30, 2001**

|                                  | Balance<br>July 1, 2001 | Additions            | Deletions | Balance<br>June 30, 2002 |
|----------------------------------|-------------------------|----------------------|-----------|--------------------------|
| <b>General Government:</b>       |                         |                      |           |                          |
| Council                          | \$ 146,716              | \$ -                 | -         | \$ 146,716               |
| City Clerk                       | 22,178                  | 1,125                | -         | 23,303                   |
| City Manager                     | 2,602,042               | 1,556                | -         | 2,603,598                |
| City Attorney                    | 8,162                   | -                    | -         | 8,162                    |
| Finance                          | 1,510,011               | 3,422,705            | -         | 4,932,716                |
| Community Development            | 22,787,437              | 158,513              | -         | 22,945,950               |
| Community Service                | 238,719                 | 656,475              | -         | 895,194                  |
| Community Development Commission | 2,041,302               | -                    | -         | 2,041,302                |
| Internal Service Funds           | 7,347,715               | 200,468              | -         | 7,548,183                |
| <b>Total General Government</b>  | <b>36,704,282</b>       | <b>4,440,842</b>     | <b>-</b>  | <b>41,145,124</b>        |
| <b>Public Safety:</b>            |                         |                      |           |                          |
| Police                           | 11,323,599              | 903,719              | -         | 12,227,318               |
| Fire                             | 7,063,020               | 187,818              | -         | 7,250,838                |
| <b>Total Public Safety</b>       | <b>18,386,619</b>       | <b>1,091,537</b>     | <b>-</b>  | <b>19,478,156</b>        |
| <b>Transportation:</b>           |                         |                      |           |                          |
| Engineering and Public Works     | 22,802,052              | 7,705,845            | -         | 30,507,897               |
| Transportation                   | 317,046                 | 2,797,913            | -         | 3,114,959                |
| Street Maintenance               | 2,506,989               | 6,513,429            | -         | 9,020,418                |
| <b>Total Transportation</b>      | <b>25,626,087</b>       | <b>17,017,187</b>    | <b>-</b>  | <b>42,643,274</b>        |
| <b>Culture and Leisure:</b>      |                         |                      |           |                          |
| Parks and Recreation             | 30,714,199              | 1,005,479            | -         | 31,719,678               |
| Library                          | 11,594,566              | 440,091              | -         | 12,034,657               |
| <b>Total Culture and Leisure</b> | <b>42,308,765</b>       | <b>1,445,570</b>     | <b>-</b>  | <b>43,754,335</b>        |
| <b>Total</b>                     | <b>\$ 115,678,038</b>   | <b>\$ 23,995,136</b> | <b>-</b>  | <b>\$ 147,020,889</b>    |

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.*



**City of Oxnard**
**Governmental Fund Types  
Combining Balance Sheet  
June 30, 2002**

|  | General              | Special Revenue      | Debt Service        | Capital Projects     | Totals                |
|--|----------------------|----------------------|---------------------|----------------------|-----------------------|
| <b>Assets:</b>                             |                      |                      |                     |                      |                       |
| Cash and Cash Equivalents                  | \$ 30,283,168        | \$ 44,511,577        | \$ 3                | \$ 15,165,856        | \$ 89,960,604         |
| Investments with Fiscal Agents             | —                    | 34,847               | 1,333,899           | 3,125,391            | 4,494,137             |
| Accounts and Other Receivables             | 2,158,147            | 6,842,592            | —                   | 2,378,179            | 11,378,918            |
| Due From Other Funds                       | 3,109,685            | —                    | —                   | —                    | 3,109,685             |
| Due From Other Governments                 | 4,944,378            | 2,940,603            | —                   | —                    | 7,884,981             |
| Notes Receivable                           | —                    | —                    | —                   | 2,209,273            | 2,209,273             |
| Properties Held for Resale                 | —                    | —                    | —                   | 7,263,384            | 7,263,384             |
| Advances to Other Funds                    | 173,035              | —                    | —                   | —                    | 173,035               |
| Other Assets                               | —                    | 185,108              | —                   | —                    | 185,108               |
| <b>Total Assets</b>                        | <b>\$ 40,668,413</b> | <b>\$ 54,514,727</b> | <b>\$ 1,333,902</b> | <b>\$ 30,142,083</b> | <b>\$ 126,659,125</b> |
| <b>Liabilities and Fund Balances</b>       |                      |                      |                     |                      |                       |
| <b>Liabilities:</b>                        |                      |                      |                     |                      |                       |
| Accounts Payable                           | 1,258,086            | 1,443,322            | —                   | 360,731              | 3,062,139             |
| Other Liabilities                          | 9,645,661            | 4,231,185            | —                   | 1,721,523            | 15,598,369            |
| Due to Other Funds                         | —                    | 513,577              | —                   | 971,784              | 1,485,361             |
| Deferred Revenues                          | 2,368,048            | 8,299,883            | —                   | 2,741,936            | 13,409,867            |
| <b>Total Liabilities</b>                   | <b>13,271,795</b>    | <b>14,487,967</b>    | <b>—</b>            | <b>5,795,974</b>     | <b>33,555,736</b>     |
| <b>Fund Balances:</b>                      |                      |                      |                     |                      |                       |
| Reserved                                   | 1,870,298            | 2,625,011            | 1,333,902           | 9,928,686            | 15,757,897            |
| Unreserved:                                |                      |                      |                     |                      |                       |
| Designated for Authorized Projects         | —                    | 22,759,160           | —                   | 10,471,428           | 33,230,588            |
| Undesignated                               | 25,526,320           | 14,642,589           | —                   | 3,945,995            | 44,114,904            |
| <b>Total Fund Balances</b>                 | <b>27,396,618</b>    | <b>40,026,760</b>    | <b>1,333,902</b>    | <b>24,346,109</b>    | <b>93,103,389</b>     |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 40,668,413</b> | <b>\$ 54,514,727</b> | <b>\$ 1,333,902</b> | <b>\$ 30,142,083</b> | <b>\$ 126,659,125</b> |

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**City of Oxnard**
**Governmental Fund Types  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Year Ended June 30, 2002**

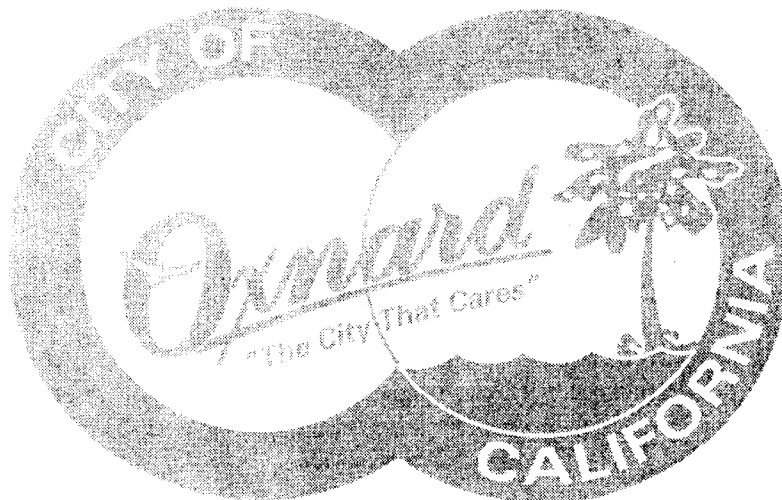
|  | General Fund         | Special Revenue      | Debt Service        | Capital Projects     | Total                 |
|--|----------------------|----------------------|---------------------|----------------------|-----------------------|
| <b>Revenues:</b>   |                      |                      |                     |                      |                       |
| Taxes  | \$ 47,680,588        | \$ 5,189,718         | \$ 1,629,857        | \$ 4,558,716         | \$ 59,058,879         |
| Licenses and Permits   | 1,987,392            | —                    | —                   | —                    | 1,987,392             |
| Intergovernmental  | 16,775,684           | 18,367,112           | —                   | 2,548,512            | 37,691,308            |
| Growth and Development Fees  | —                    | 7,432,528            | —                   | —                    | 7,432,528             |
| Charges for Services   | 7,908,643            | —                    | —                   | —                    | 7,908,643             |
| Fines and Forfeitures  | 1,042,105            | 369,732              | —                   | —                    | 1,411,837             |
| Interest   | 2,422,164            | 1,538,590            | 240,642             | 421,275              | 4,622,671             |
| Special Assessments  | —                    | 1,515,592            | —                   | —                    | 1,515,592             |
| Miscellaneous  | 1,422,636            | 654,410              | —                   | 1,460,841            | 3,537,887             |
| <b>Total Revenues</b>  | <b>\$ 79,239,212</b> | <b>\$ 35,067,682</b> | <b>\$ 1,870,499</b> | <b>\$ 8,989,344</b>  | <b>\$ 125,166,737</b> |
| <b>Expenditures:</b>   |                      |                      |                     |                      |                       |
| <b>Current:</b>  |                      |                      |                     |                      |                       |
| General Government   | \$ 9,786,593         | \$ —                 | \$ —                | \$ —                 | \$ 9,786,593          |
| Public Safety  | 38,942,125           | 5,618,687            | —                   | —                    | 44,560,812            |
| Transportation   | 797,735              | 3,946,020            | —                   | —                    | 4,743,755             |
| Community Development  | 7,228,529            | 3,881,091            | —                   | 4,159,966            | 15,269,586            |
| Culture and Leisure  | 9,318,877            | 1,043,207            | —                   | —                    | 10,362,084            |
| Capital Outlay   | 4,687,715            | 13,207,792           | —                   | 5,899,161            | 23,794,668            |
| <b>Debt Service:</b>   |                      |                      |                     |                      |                       |
| Principal  | —                    | —                    | 2,412,335           | —                    | 2,412,335             |
| Interest   | —                    | —                    | 1,988,947           | —                    | 1,988,947             |
| <b>Total Expenditures</b>  | <b>70,761,574</b>    | <b>27,696,797</b>    | <b>4,401,282</b>    | <b>10,059,127</b>    | <b>112,918,780</b>    |
| Excess (Deficiency) of Revenues over Expenditures                                  | 8,477,638            | 7,370,885            | (2,530,783)         | (1,069,783)          | 12,247,957            |
| <b>Other Financing Sources (Uses):</b>   |                      |                      |                     |                      |                       |
| Transfers In   | —                    | 1,265,481            | 2,531,971           | 2,576,650            | 6,374,102             |
| Transfers Out  | (5,282,749)          | (2,764,183)          | —                   | —                    | (8,046,932)           |
| Proceeds from Capital Lease  | 2,705,584            | —                    | —                   | —                    | 2,705,584             |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(2,577,165)</b>   | <b>(1,498,702)</b>   | <b>2,531,971</b>    | <b>2,576,650</b>     | <b>1,032,754</b>      |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 5,900,473            | 5,872,183            | 1,188               | 1,506,867            | 13,280,711            |
| <b>Fund Balance, July 1</b>  | <b>21,496,145</b>    | <b>34,154,577</b>    | <b>1,332,714</b>    | <b>22,839,242</b>    | <b>79,822,678</b>     |
| <b>Fund Balance, June 30</b>   | <b>\$ 27,396,618</b> | <b>\$ 40,026,760</b> | <b>\$ 1,333,902</b> | <b>\$ 24,346,109</b> | <b>\$ 93,103,389</b>  |

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## GENERAL FUND

The General Fund is used to account for all financial resources traditionally associated with government activities which are not required legally to be accounted for in another fund. Principal sources of revenues are property taxes, sales tax, license and permits, state shared revenues, and billings for outside and interfund services. Primary expenditures in the General Fund are made for general administration, police and fire protection, parks maintenance, streets and transportation services, and community development.



**City of Oxnard, California**

**General Fund  
Balance Sheet  
June 30, 2002**

|  |                      |
|--|----------------------|
| <b>Assets:</b>                             |                      |
| Cash and Cash Equivalent                   | \$ 30,283,168        |
| Accounts and Other Receivables             | 2,158,147            |
| Due From Other Funds                       | 3,109,685            |
| Due From Other Governments                 | 4,944,378            |
| Advances To Other Funds                    | 173,035              |
| <b>Total Assets</b>                        | <b>\$ 40,668,413</b> |
| <b>Liabilities and Fund Balances</b>       |                      |
| <b>Liabilities:</b>                        |                      |
| Accounts Payable                           | \$ 1,258,086         |
| Other Liabilities                          | 9,645,661            |
| Deferred Revenues                          | 2,368,048            |
| <b>Total Liabilities</b>                   | <b>13,271,795</b>    |
| <b>Fund Balances:</b>                      |                      |
| <b>Reserved</b>                            |                      |
| Encumbrances                               | 612,620              |
| Carryover Savings                          | 920,026              |
| Restricted Revenue                         | 164,617              |
| Advances To Other Funds                    | 173,035              |
| <b>Total Reserved</b>                      | <b>1,870,298</b>     |
| <b>Unreserved</b>                          | <b>25,526,320</b>    |
| <b>Total Fund Balances</b>                 | <b>27,396,618</b>    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 40,668,413</b> |

**City of Oxnard, California**

**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Year Ended June 30, 2002**

|   |                      |
|---|----------------------|
| <b>Revenues:</b>  |                      |
| Taxes   | \$ 47,680,588        |
| Licenses and Permits  | 1,987,392            |
| Intergovernmental   | 16,775,684           |
| Charges for Services  | 7,908,643            |
| Fines and Forfeitures   | 1,042,105            |
| Interest  | 2,422,164            |
| Miscellaneous   | 1,422,636            |
| <b>Total Revenues</b>   | <b>\$ 79,239,212</b> |
| <b>Expenditures:</b>  |                      |
| <b>Current:</b>   |                      |
| General Government:   |                      |
| Legislative   | \$ 939,466           |
| Administration and Support Services   | 8,847,127            |
| Sub-Total   | 9,786,593            |
| Public Safety   | 38,942,125           |
| Transportation  | 797,735              |
| Community Development   | 7,228,529            |
| Culture and Leisure   | 6,529,659            |
| Library Services  | 2,789,218            |
| Capital Outlay  | 4,687,715            |
| <b>Total Expenditures</b>   | <b>70,761,574</b>    |
| Excess of Revenues Over Expenditures  | 8,477,638            |
| Proceeds from Capital Lease   | 2,705,584            |
| Operating Transfers Out   | (5,282,749)          |
| Other Financing Uses - Operating Transfers Out  | (2,577,165)          |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | 5,900,473            |
| <b>Fund Balance, July 1</b>   | <b>21,496,145</b>    |
| <b>Fund Balance, June 30</b>  | <b>\$ 27,396,618</b> |

## **SPECIAL REVENUE FUNDS**

The 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).

**Park Fees Quimby Reserve Fund**—As a result of the passage of the Quimby Act of 1965, the City requires that a developer set aside land or pay fees in lieu of land dedication. Park fees are earmarked primarily for the acquisition and development of neighborhood parks within the City.

**Parks Acquisition and Development Fund**—This fund is used to account for park and recreation facilities fees assessed on new developments on a per unit basis. Park development revenues are set aside for the acquisition of land and improvement of the City's park facilities.

**Storm Drain Facilities Fund**—This fund is used to account for revenue and expenditures related to the installation of storm drainage facilities from all new property developments.

**Circulation System Improvement Fees**—This fund is used to provide an additional funding source necessary to meet the need for circulation system improvements. This fee is assessed on new developments and calculated based on the expected number of trips daily. Funds collected from this fee can only be used to fund projects included in the 15-Year Circulation Improvement List.

**Capital Growth Fee Funds**—These Funds were established to account for capital growth fees collected and to pay for community development expenditures designated to each community sector responsible for the growth:

- **Capital Growth Fee Fund—Residential**—used to account for all developments/improvements in a residential area;
- **Capital Growth Fee Fund—Non Residential**—used to account for all developments/improvements in commercial and industrial areas.

**Utility Undergrounding Fees Fund**—This fund is used to account for utility undergrounding fees collected by the City in lieu of undergrounding existing overhead utility lines. These fees are restricted for the construction of utility undergrounding projects.

**Housing In-Lieu Fees Fund**—This fund is used to account for fees collected in lieu of the affordable housing requirement for housing development. This fund was created in April 1999.

**Community Development Block Grants (CDBG) and HUD Home Loan**—To account for Federal entitlements received by the City from CDBG for the purpose of developing a viable urban community, providing decent housing and a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income. Funds are allocated and administered by the U.S. Department of Housing and Urban Development (HUD).

**State and Federal Grants Funds**—These funds account for the receipt and expenditures of monies received from State and federal grants in aid.

**State Gas Tax Fund**—This fund is used to account for the allocated share of Gas Tax Revenue received by the City from the State of California. Spending of gas tax is legally restricted by the State to be used for maintenance and improvement of public streets, in accordance with Section 2106, 2107, and 2107.5 of the Streets and Highway Code.

**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**—In July 1972, the State of California enacted the Transportation Development Act (known as TDA:SB325). A Local Transportation Fund (LTF) was created for each county to disburse TDA revenues derived from 1/4 cent of the 6 1/4 percent State Retail Sales Tax. Apportionments are locally administered by the Southern California Association of Governments (SCAG) and Ventura County Transportation Commission (VCTC). This fund is used to account for this revenue and restrict the use for street maintenance and road improvements, and construction of pedestrian and bike facilities.

**Maintenance Assessment District**—To account for assessment revenues and expenditures related to waterways and landscape maintenance of various district area in the City. Maintenance work is undertaken by the City. Lot owners within the affected district areas are assessed a maintenance fee based on estimated maintenance cost per lot square footage.

**City of Oxnard, California**

**Special Revenue Funds  
Combining Balance Sheet  
For Fiscal Year Ended June 30, 2002**

|                                     | Development Fees Funds      |  |                              |                                      |                                  |                                       |                                  |                            |                      |
|-------------------------------------|-----------------------------|--|------------------------------|--------------------------------------|----------------------------------|---------------------------------------|----------------------------------|----------------------------|----------------------|
|                                     | Park Fees<br>Quimby Reserve | Park<br>Acquisition and<br>Development | Storm<br>Drain<br>Facilities | Circulation<br>System<br>Improvement | Capital<br>Growth<br>Residential | Capital<br>Growth Non-<br>Residential | Utilities<br>Underground<br>Fees | Housing<br>In-Lieu<br>Fees | Total                |
| Assets:                             |                             |  |                              |                                      |                                  |                                       |                                  |                            |                      |
| Cash and Cash Equivalents           | \$ 8,364,781                | \$ 4,169,201                           | \$ 5,654,283                 | \$ 6,288,016                         | \$ 1,950,323                     | \$ 646,983                            | \$ 1,541,326                     | \$ 1,190,433               | \$ 29,805,346        |
| Investments with Fiscal Agents      | —                           | —                                      | —                            | —                                    | —                                | —                                     | —                                | —                          | —                    |
| Accounts and Other Receivables      | 1,610                       | 816                                    | 362,637                      | 276,298                              | —                                | 39,991                                | —                                | —                          | 681,352              |
| Due From Other Governments          | —                           | —                                      | —                            | —                                    | —                                | —                                     | —                                | —                          | —                    |
| Total Assets                        | <u>\$ 8,366,391</u>         | <u>\$ 4,170,017</u>                    | <u>\$ 6,016,920</u>          | <u>\$ 6,564,314</u>                  | <u>\$ 1,950,323</u>              | <u>\$ 686,974</u>                     | <u>\$ 1,541,326</u>              | <u>\$ 1,190,433</u>        | <u>\$ 30,486,698</u> |
| Liabilities And Fund Balances       |                             |  |                              |                                      |                                  |                                       |                                  |                            |                      |
| Liabilities:                        |                             |  |                              |                                      |                                  |                                       |                                  |                            |                      |
| Accounts Payable                    | \$ 59,614                   | \$ 58,902                              | \$ 20,704                    | \$ 89,072                            | \$ —                             | \$ —                                  | \$ —                             | \$ —                       | \$ 228,292           |
| Other Liabilities                   | 21,046                      | 3,574,282                              | —                            | 111,308                              | —                                | 31,449                                | —                                | —                          | 3,738,085            |
| Due to Other Funds                  | —                           | —                                      | —                            | —                                    | —                                | —                                     | —                                | —                          | —                    |
| Deferred Revenues                   | —                           | —                                      | —                            | 286,724                              | —                                | 41,500                                | —                                | —                          | 328,224              |
| Total Liabilities                   | <u>80,660</u>               | <u>3,633,184</u>                       | <u>20,704</u>                | <u>487,104</u>                       | <u>—</u>                         | <u>72,949</u>                         | <u>—</u>                         | <u>—</u>                   | <u>4,294,601</u>     |
| Fund Balances:                      |                             |  |                              |                                      |                                  |                                       |                                  |                            |                      |
| Reserved:                           |                             |  |                              |                                      |                                  |                                       |                                  |                            |                      |
| Receivables                         | —                           | —                                      | —                            | —                                    | —                                | —                                     | —                                | —                          | —                    |
| Restricted Revenue                  | —                           | —                                      | —                            | —                                    | —                                | —                                     | —                                | —                          | —                    |
| Park Development                    | 235,362                     | —                                      | —                            | —                                    | —                                | —                                     | —                                | —                          | 235,362              |
| Total Reserved                      | <u>235,362</u>              | <u>—</u>                               | <u>—</u>                     | <u>—</u>                             | <u>—</u>                         | <u>—</u>                              | <u>—</u>                         | <u>—</u>                   | <u>235,362</u>       |
| Unreserved:                         |                             |  |                              |                                      |                                  |                                       |                                  |                            |                      |
| Designated for Authorized Projects  | 6,580,912                   | 382,085                                | 3,752,902                    | 4,908,069                            | —                                | 7,429                                 | 96,026                           | 56,481                     | 15,783,904           |
| Undesignated                        | 1,469,457                   | 154,748                                | 2,243,314                    | 1,169,141                            | 1,950,323                        | 606,596                               | 1,445,300                        | 1,133,952                  | 10,172,831           |
| Total Unreserved                    | <u>8,050,369</u>            | <u>536,833</u>                         | <u>5,996,216</u>             | <u>6,077,210</u>                     | <u>1,950,323</u>                 | <u>614,025</u>                        | <u>1,541,326</u>                 | <u>1,190,433</u>           | <u>25,956,735</u>    |
| Total Fund Balances                 | <u>8,285,731</u>            | <u>536,833</u>                         | <u>5,996,216</u>             | <u>6,077,210</u>                     | <u>1,950,323</u>                 | <u>614,025</u>                        | <u>1,541,326</u>                 | <u>1,190,433</u>           | <u>26,192,097</u>    |
| Total Liabilities and Fund Balances | <u>\$ 8,366,391</u>         | <u>\$ 4,170,017</u>                    | <u>\$ 6,016,920</u>          | <u>\$ 6,564,314</u>                  | <u>\$ 1,950,323</u>              | <u>\$ 686,974</u>                     | <u>\$ 1,541,326</u>              | <u>\$ 1,190,433</u>        | <u>\$ 30,486,698</u> |

Continued -

**City of Oxnard, California**

**Special Revenue Funds  
Combining Balance Sheet (Continued)  
For Fiscal Year Ended June 30, 2002**

|  | Non-Major Funds        |                             |                     |                   |                               |  |                      |
|--|------------------------|-----------------------------|---------------------|-------------------|-------------------------------|--|----------------------|
|  | HUD and CDBG<br>Grants | State and Federal<br>Grants | State<br>Gas Tax    | Traffic Safety    | Transportation<br>Development | Maintenance<br>Assessment<br>Districts | Total                |
| <b>Assets:</b>                             |                        |                             |                     |                   |                               |  |                      |
| Cash and Cash Equivalents                  | \$ —                   | \$ 6,312,773                | \$ 2,458,521        | \$ 102,277        | \$ 3,187,325                  | \$ 2,645,335                           | \$ 44,511,577        |
| Investments with Fiscal Agents             | 34,847                 | —                           | —                   | —                 | —                             | —                                      | 34,847               |
| Accounts and Other Receivable              | 3,149,484              | 3,007,019                   | 2,520               | —                 | —                             | 2,217                                  | 6,842,592            |
| Due From Other Governments                 | 1,094,213              | 1,730,673                   | —                   | 115,717           | —                             | —                                      | 2,940,603            |
| Other Assets                               | 185,108                | —                           | —                   | —                 | —                             | —                                      | 185,108              |
| <b>Total Assets</b>                        | <b>\$ 4,463,652</b>    | <b>\$ 11,050,465</b>        | <b>\$ 2,461,041</b> | <b>\$ 217,994</b> | <b>\$ 3,187,325</b>           | <b>\$ 2,647,552</b>                    | <b>\$ 54,514,727</b> |
| <b>Liabilities and Fund Balances</b>       |                        |                             |                     |                   |                               |  |                      |
| <b>Liabilities:</b>                        |                        |                             |                     |                   |                               |  |                      |
| Accounts Payable                           | \$ 491,932             | \$ 439,527                  | \$ 66,339           | \$ 13,842         | \$ 69,146                     | \$ 134,244                             | \$ 1,443,322         |
| Other Liabilities                          | 165,903                | 55,830                      | 53,048              | 13,376            | 133,622                       | 71,321                                 | 4,231,185            |
| Due to Other Funds                         | —                      | 513,577                     | —                   | —                 | —                             | —                                      | 513,577              |
| Deferred Revenues                          | 3,569,846              | 4,401,813                   | —                   | —                 | —                             | —                                      | 8,299,883            |
| <b>Total Liabilities</b>                   | <b>4,227,681</b>       | <b>5,410,747</b>            | <b>119,387</b>      | <b>27,218</b>     | <b>202,768</b>                | <b>205,565</b>                         | <b>14,487,967</b>    |
| <b>Fund Balances:</b>                      |                        |                             |                     |                   |                               |  |                      |
| <b>Reserved:</b>                           |                        |                             |                     |                   |                               |  |                      |
| Receivables                                | —                      | 1,730,673                   | —                   | —                 | —                             | —                                      | 1,730,673            |
| Restricted Revenue                         | —                      | 658,976                     | —                   | —                 | —                             | —                                      | 658,976              |
| Park Development                           | —                      | —                           | —                   | —                 | —                             | —                                      | 235,362              |
| <b>Total Reserved</b>                      | <b>—</b>               | <b>2,389,649</b>            | <b>—</b>            | <b>—</b>          | <b>—</b>                      | <b>—</b>                               | <b>2,625,011</b>     |
| <b>Unreserved:</b>                         |                        |                             |                     |                   |                               |  |                      |
| Designated for Authorized Projects         | —                      | 2,758,728                   | 1,162,540           | 69,431            | 2,984,557                     | —                                      | 22,759,160           |
| Undesignated                               | 235,971                | 491,341                     | 1,179,114           | 121,345           | —                             | 2,441,987                              | 14,642,589           |
| <b>Total Unreserved</b>                    | <b>235,971</b>         | <b>3,250,069</b>            | <b>2,341,654</b>    | <b>190,776</b>    | <b>2,984,557</b>              | <b>2,441,987</b>                       | <b>37,401,749</b>    |
| <b>Total Fund Balances</b>                 | <b>235,971</b>         | <b>5,639,718</b>            | <b>2,341,654</b>    | <b>190,776</b>    | <b>2,984,557</b>              | <b>2,441,987</b>                       | <b>40,026,760</b>    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 4,463,652</b>    | <b>\$ 11,050,465</b>        | <b>\$ 2,461,041</b> | <b>\$ 217,994</b> | <b>\$ 3,187,325</b>           | <b>\$ 2,647,552</b>                    | <b>\$ 54,514,727</b> |

**City of Oxnard, California**

**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
*(Actual on a GAAP Basis)*  
**For Fiscal Year Ended June 30, 2002**

|   | Development Fees Funds      |   |                                   |                                      |                                  |                                       |                                  |                            |               |
|---|-----------------------------|---|-----------------------------------|--------------------------------------|----------------------------------|---------------------------------------|----------------------------------|----------------------------|---------------|
|   | Park Fees<br>Quimby Reserve | Park Acquisition<br>and Development<br>Fund | Storm<br>Drain Facilities<br>Fund | Circulation<br>System<br>Improvement | Capital<br>Growth<br>Residential | Capital<br>Growth Non-<br>Residential | Utilities<br>Underground<br>Fees | Housing<br>In-Lieu<br>Fees | Total         |
| Revenues:   |                             |   |                                   |                                      |                                  |                                       |                                  |                            |               |
| Taxes   | \$ ---                      | \$ ---                                      | \$ ---                            | \$ ---                               | \$ ---                           | \$ ---                                | \$ ---                           | \$ ---                     | \$ ---        |
| Intergovernmental   | ---                         | ---   | ---                               | ---                                  | ---                              | ---                                   | ---                              | ---                        | ---           |
| Growth and Development Fees   | 1,575,450                   | 127,750                                     | 1,353,016                         | 2,106,567                            | 1,049,847                        | 349,820                               | 98,535                           | 771,543                    | 7,432,528     |
| Fines and Forfeitures   | ---                         | ---   | ---                               | ---                                  | ---                              | ---                                   | ---                              | ---                        | ---           |
| Interest  | 322,803                     | 29,198                                      | 241,453                           | 271,616                              | 119,239                          | 46,181                                | 63,334                           | 37,270                     | 1,131,094     |
| Special Assessments   | ---                         | ---   | ---                               | ---                                  | ---                              | ---                                   | ---                              | ---                        | ---           |
| Miscellaneous   | 3,500                       | ---   | 64,226                            | ---                                  | ---                              | ---                                   | ---                              | ---                        | 67,726        |
| Total Revenues  | 1,901,753                   | 156,948                                     | 1,658,695                         | 2,378,183                            | 1,169,086                        | 396,001                               | 161,869                          | 808,813                    | 8,631,348     |
| Expenditures:   |                             |   |                                   |                                      |                                  |                                       |                                  |                            |               |
| Public Safety   | ---                         | ---   | ---                               | ---                                  | ---                              | ---                                   | ---                              | ---                        | ---           |
| Transportation  | ---                         | ---   | ---                               | ---                                  | ---                              | ---                                   | ---                              | ---                        | ---           |
| Community Development   | ---                         | ---   | ---                               | ---                                  | ---                              | ---                                   | ---                              | 13,068                     | 13,068        |
| Capital Outlay  | 490,788                     | 270,832                                     | 1,040,749                         | 2,091,521                            | 2,560                            | ---                                   | ---                              | ---                        | 3,896,450     |
| Total Expenditures  | 490,788                     | 270,832                                     | 1,040,749                         | 2,091,521                            | 2,560                            | ---                                   | ---                              | 13,068                     | 3,909,518     |
| Excess (Deficiency) of Revenues Over Expenditures   | 1,410,965                   | (113,884)                                   | 617,946                           | 286,662                              | 1,166,526                        | 396,001                               | 161,869                          | 795,745                    | 4,721,830     |
| Other Financing Sources (Uses):   |                             |   |                                   |                                      |                                  |                                       |                                  |                            |               |
| Operating Transfers In  | ---                         | ---   | ---                               | ---                                  | 1,265,481                        | ---                                   | ---                              | ---                        | 1,265,481     |
| Operating Transfers Out   | ---                         | ---   | ---                               | (378,919)                            | (1,119,783)                      | (1,265,481)                           | ---                              | ---                        | (2,764,183)   |
| Total Other Financing Sources (Uses)  | ---                         | ---   | ---                               | (378,919)                            | 145,698                          | (1,265,481)                           | ---                              | ---                        | (1,498,702)   |
| Excess (Deficiency) of Revenues and Other Sources<br>Over (Under) Expenditures and Other Uses | 1,410,965                   | (113,884)                                   | 617,946                           | (92,257)                             | 1,312,224                        | (869,480)                             | 161,869                          | 795,745                    | 3,223,128     |
| Fund Balance, July 1  | 6,874,766                   | 650,717                                     | 5,378,270                         | 6,169,467                            | 638,099                          | 1,483,505                             | 1,379,457                        | 394,688                    | 22,968,969    |
| Fund Balance, June 30   | \$ 8,285,731                | \$ 536,833                                  | \$ 5,996,216                      | \$ 6,077,210                         | \$ 1,958,323                     | \$ 614,025                            | \$ 1,541,326                     | \$ 1,190,433               | \$ 26,192,097 |

Continued -

**City of Oxnard, California**

**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance(Continued)**  
*(Actual on a GAAP Basis)*  
**For Fiscal Year Ended June 30, 2002**

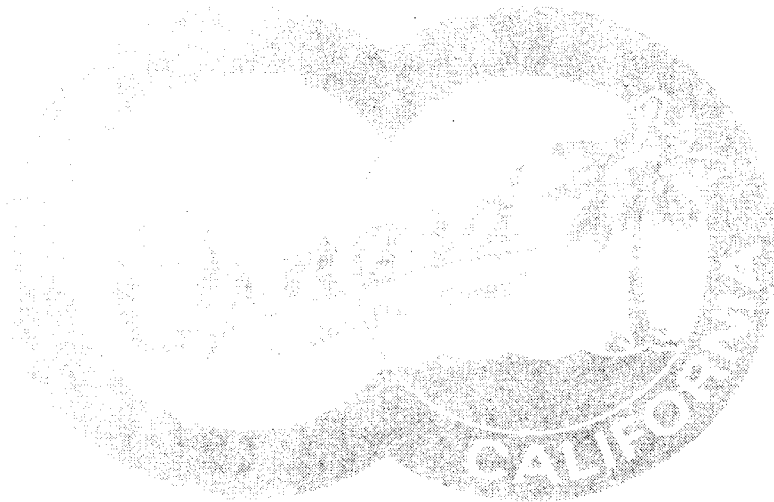
|  | Non-major Funds        |                             |                     |                   |                               |  |                      |
|--|------------------------|-----------------------------|---------------------|-------------------|-------------------------------|--|----------------------|
|  | HUD and CDBG<br>Grants | State and Federal<br>Grants | State<br>Gas Tax    | Traffic Safety    | Transportation<br>Development | Maintenance<br>Assessment<br>Districts | Total                |
| <b>Revenues</b>  |                        |                             |                     |                   |                               |  |                      |
| Taxes  | \$ —                   | \$ 5,189,718                | \$ —                | \$ —              | \$ —                          | \$ —                                   | \$ 5,189,718         |
| Intergovernmental  | 4,253,749              | 7,134,155                   | 3,337,806           | —                 | 3,641,402                     | —                                      | 18,367,112           |
| Growth and Development Fees  | —                      | —                           | —                   | —                 | —                             | —                                      | 7,432,528            |
| Fines and Forfeitures  | —                      | —                           | —                   | 369,732           | —                             | —                                      | 369,732              |
| Interest   | —                      | 197,107                     | 91,438              | —                 | —                             | 118,951                                | 1,538,590            |
| Special Assessments  | —                      | —                           | —                   | —                 | —                             | 1,515,592                              | 1,515,592            |
| Miscellaneous  | 184,190                | 76,906                      | 148,731             | 6,984             | 169,873                       | —                                      | 654,410              |
| <b>Total Revenues</b>  | <b>4,437,939</b>       | <b>12,597,886</b>           | <b>3,577,975</b>    | <b>376,716</b>    | <b>3,811,275</b>              | <b>1,634,543</b>                       | <b>35,067,682</b>    |
| <b>Expenditures</b>  |                        |                             |                     |                   |                               |  |                      |
| Current:   |                        |                             |                     |                   |                               |  |                      |
| Public Safety  | —                      | 5,618,687                   | —                   | —                 | —                             | —                                      | 5,618,687            |
| Transportation   | —                      | 181,136                     | 2,667,503           | 601,456           | 495,925                       | —                                      | 3,946,020            |
| Community Development  | 1,663,222              | 179,205                     | —                   | —                 | —                             | 2,025,596                              | 3,881,091            |
| Culture and Leisure  | 502,154                | 541,053                     | —                   | —                 | —                             | —                                      | 1,043,207            |
| Capital Outlay   | 2,365,463              | 4,147,966                   | 489,503             | 191,145           | 2,117,265                     | —                                      | 13,207,792           |
| <b>Total Expenditures</b>  | <b>4,530,839</b>       | <b>10,468,047</b>           | <b>3,157,006</b>    | <b>792,601</b>    | <b>2,613,190</b>              | <b>2,025,596</b>                       | <b>27,696,797</b>    |
| Excess (Deficiency) of Revenues Over Expenditures  | (92,900)               | 1,929,839                   | 420,969             | (415,885)         | 1,198,085                     | (391,053)                              | 7,370,885            |
| <b>Other Financing Sources (Uses):</b>   |                        |                             |                     |                   |                               |  |                      |
| Operating Transfers In   | —                      | —                           | —                   | —                 | —                             | —                                      | 1,265,481            |
| Operating Transfers Out  | —                      | —                           | —                   | —                 | —                             | —                                      | (2,764,183)          |
| <b>Total Other Financing Sources (Uses)</b>  | <b>—</b>               | <b>—</b>                    | <b>—</b>            | <b>—</b>          | <b>—</b>                      | <b>—</b>                               | <b>(1,498,702)</b>   |
| Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses | (92,900)               | 1,929,839                   | 420,969             | (415,885)         | 1,198,085                     | (391,053)                              | 5,872,183            |
| <b>Fund Balance, July 1</b>  | <b>328,871</b>         | <b>3,709,879</b>            | <b>1,920,685</b>    | <b>606,661</b>    | <b>1,786,472</b>              | <b>2,833,040</b>                       | <b>34,154,577</b>    |
| <b>Fund Balance, June 30</b>   | <b>\$ 235,971</b>      | <b>\$ 5,639,718</b>         | <b>\$ 2,341,654</b> | <b>\$ 190,776</b> | <b>\$ 2,984,557</b>           | <b>\$ 2,441,987</b>                    | <b>\$ 40,026,760</b> |

## **DEBT SERVICE FUNDS**

The Debt Service Funds are used to account for the accumulation of resources and payments of principal and interest of the City of Oxnard and related entities' general long-term debt.

Community Development Commission—Used to account for the payment of principal and interest on tax allocation bonds. Revenue is derived from tax levies on properties within the redevelopment area.

COFA Debt Service—Used to account for the payment of principal and interest on certain certificate of participation bonds other than those accounted for in various enterprise funds. (A blended Component Unit of the City of Oxnard)



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**City of Oxnard, California**

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*Debt Service Funds  
Combining Balance Sheet  
Year Ended June 30, 2002*

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|  | Community<br>Development<br>Commission | City of<br>Oxnard<br>Financing<br>Authority | Total               |
|--|--|---|---------------------|
| <b>Assets:</b>                             |  |   |                     |
| Cash and Cash Equivalents                  | \$ 3                                   | \$ --                                       | \$ 3                |
| Investments with Fiscal Agents             | --                                     | 1,333,899                                   | 1,333,899           |
| <b>Total Assets</b>                        | <b>\$ 3</b>                            | <b>\$ 1,333,899</b>                         | <b>\$ 1,333,902</b> |
| <b>Fund Balances:</b>                      |  |   |                     |
| Reserved for Repayment of Debt             | \$ 3                                   | \$ 1,333,899                                | \$ 1,333,902        |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 3</b>                            | <b>\$ 1,333,899</b>                         | <b>\$ 1,333,902</b> |

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**City of Oxnard, California**

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*Debt Service Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Year Ended June 30, 2002*

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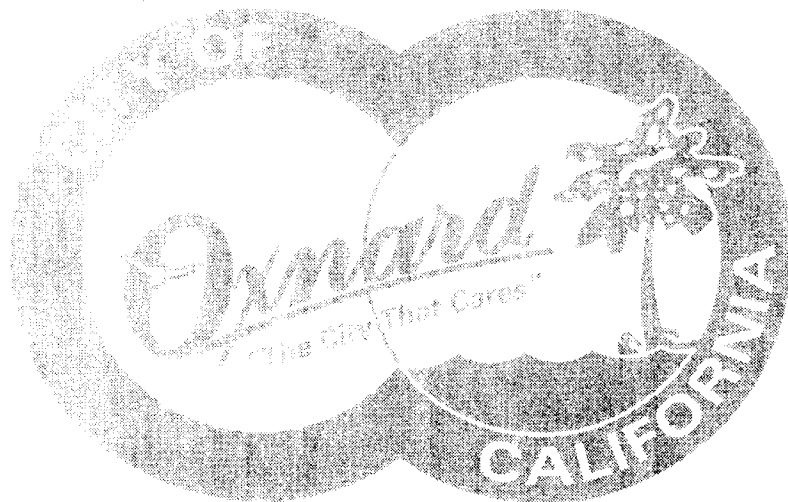
|  | Community<br>Development<br>Commission | City of<br>Oxnard<br>Financing<br>Authority | Total               |
|--|--|---|---------------------|
| <b>Revenues:</b>                                       |  |   |                     |
| Taxes  | \$ 1,629,857                           | \$ 240,642                                  | \$ 1,870,499        |
| Interest   | --                                     | --  | --                  |
| <b>Total Revenues</b>                                  | <b>1,629,857</b>                       | <b>240,642</b>                              | <b>1,870,499</b>    |
| <b>Expenditures:</b>                                   |  |   |                     |
| Debt Service:  |  |   |                     |
| Principal  | 602,335                                | 1,810,000                                   | 2,412,335           |
| Interest   | 1,027,522                              | 961,425                                     | 1,988,947           |
| <b>Total Expenditures</b>                              | <b>1,629,857</b>                       | <b>2,771,425</b>                            | <b>4,401,282</b>    |
| Excess (Deficiency) of Revenues Over Expenditures      |  | (2,530,783)                                 | (2,530,783)         |
| Other Financing Sources-Operating Transfers In         |  | 2,531,971                                   | 2,531,971           |
| Excess of Revenues and Other Sources Over Expenditures |  | 1,188                                       | 1,188               |
| <b>Fund Balance, July 1</b>                            | <b>3</b>                               | <b>1,332,711</b>                            | <b>1,332,714</b>    |
| <b>Fund Balance, June 30</b>                           | <b>\$ 3</b>                            | <b>\$ 1,333,899</b>                         | <b>\$ 1,333,902</b> |

## CAPITAL PROJECTS FUNDS

The Capital Projects Funds are established to account for financial resources designated for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

**Capital Outlay/Capital Projects Fund**—This fund is used to account for financing and construction of general government capital projects. The City of Oxnard finances its capital projects primarily from General Fund revenues, local restricted special revenues, state subventions, and Federal entitlements.

**Community Development Commission**—Used to account for expenditures incurred on the redevelopment projects, finance primarily from tax increments.





**City of Oxnard, California**

**Capital Projects Fund  
Combining Balance Sheet  
Year Ended June 30, 2002**

|  | Capital<br>Outlay<br>Fund | Community<br>Development<br>Commission | Total                |
|--|---------------------------|--|----------------------|
| <b>Assets</b>                              |                           |  |                      |
| Cash and Cash Equivalents                  | \$ 7,692,466              | \$ 7,473,390                           | \$ 15,165,856        |
| Investments with Fiscal Agents             | 2,669,362                 | 456,029                                | 3,125,391            |
| Account and Other Receivable               | 1,866,945                 | 511,234                                | 2,378,179            |
| Due From Other Funds                       | —                         | —                                      | —                    |
| Notes Receivable                           | —                         | 2,209,273                              | 2,209,273            |
| Properties Held for Resale                 | —                         | 7,263,384                              | 7,263,384            |
| <b>Total Assets</b>                        | <b>\$ 12,228,773</b>      | <b>\$ 17,913,310</b>                   | <b>\$ 30,142,083</b> |
| <b>Liabilities</b>                         |                           |  |                      |
| Accounts Payable                           | \$ 223,385                | \$ 137,346                             | \$ 360,731           |
| Other Liabilities                          | 720,103                   | 1,001,420                              | 1,721,523            |
| Due to Other Funds                         | —                         | 971,784                                | 971,784              |
| Deferred Revenue                           | 2,741,936                 | —                                      | 2,741,936            |
| <b>Total Liabilities</b>                   | <b>3,685,424</b>          | <b>2,110,550</b>                       | <b>5,795,974</b>     |
| <b>Fund Balances</b>                       |                           |  |                      |
| <b>Reserved:</b>                           |                           |  |                      |
| Restricted Revenue                         | —                         | —                                      | —                    |
| Receivables                                | —                         | 456,029                                | 456,029              |
| Carryover Savings                          | —                         | 2,209,273                              | 2,209,273            |
| Properties Held for Resale                 | —                         | 7,263,384                              | 7,263,384            |
| <b>Total Reserved</b>                      | <b>—</b>                  | <b>9,928,686</b>                       | <b>9,928,686</b>     |
| <b>Unreserved</b>                          |                           |  |                      |
| Designated for Authorized Projects         | 7,556,992                 | 2,914,436                              | 10,471,428           |
| Undesignated                               | 986,357                   | 2,959,638                              | 3,945,995            |
| <b>Total Unreserved</b>                    | <b>8,543,349</b>          | <b>5,874,074</b>                       | <b>14,417,423</b>    |
| <b>Total Fund Balances</b>                 | <b>8,543,349</b>          | <b>15,802,760</b>                      | <b>24,346,109</b>    |
| <b>Total Liabilities And Fund Balances</b> | <b>\$ 12,228,773</b>      | <b>\$ 17,913,310</b>                   | <b>\$ 30,142,083</b> |

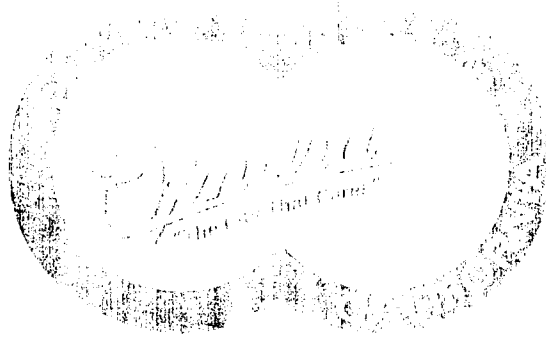
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**City of Oxnard, California**

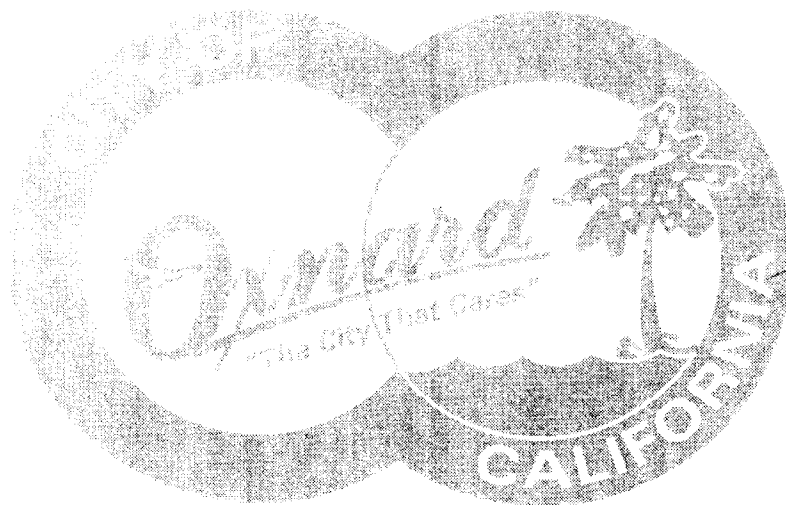
**Capital Projects Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2002**

|  | Capital<br>Outlay<br>Fund | Community<br>Development<br>Commission | Total                |
|--|---------------------------|--|----------------------|
| <b>Revenues:</b>   |                           |  |                      |
| Taxes  | \$ —                      | \$ 4,558,716                           | \$ 4,558,716         |
| Intergovernmental  | 2,548,512                 | —                                      | 2,548,512            |
| Interest   | 122,999                   | 263,687                                | 386,686              |
| Miscellaneous - Rental Income  | 753,359                   | 741,900                                | 1,495,259            |
| <b>Total Revenues</b>  | <b>\$ 3,424,870</b>       | <b>\$ 5,564,303</b>                    | <b>\$ 8,989,173</b>  |
| <b>Expenditures:</b>   |                           |  |                      |
| Community Development  | \$ —                      | \$ 4,159,795                           | \$ 4,159,795         |
| Capital Outlay   | 5,499,588                 | 399,573                                | 5,899,161            |
| <b>Total Expenditures</b>  | <b>5,499,588</b>          | <b>4,559,368</b>                       | <b>10,058,956</b>    |
| Excess (Deficiency) of Revenues (Under) Over Expenditures                | (2,074,718)               | 1,004,935                              | (1,069,783)          |
| Other Financing Source- Operating Transfers In                           | 2,576,650                 | —                                      | 2,576,650            |
| Excess of Revenues and Other Sources<br>Over Expenditures and Other Uses | 501,932                   | 1,004,935                              | 1,506,867            |
| <b>Fund Balance, July 1</b>  | <b>8,041,417</b>          | <b>14,797,825</b>                      | <b>22,839,242</b>    |
| <b>Fund Balance, June 30</b>   | <b>\$ 8,543,349</b>       | <b>\$ 15,802,760</b>                   | <b>\$ 24,346,109</b> |

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**GOVERNMENTAL FUND TYPES**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**on Budgetary Basis**



# **GOVERNMENTAL FUND TYPES**

Schedule of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual  
on Budgetary Basis

**City of Oxnard, California**

**General Fund  
Schedule of Resources  
Budget and Actual on a Budgetary Basis  
Year Ended June 30, 2002**

|  | Original<br>Budget | Changes<br>Increase<br>(Decrease) | Revised<br>Budget | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------|-----------------------------------|-------------------|------------------------------|--|
| <b>Taxes:</b>                          |                    |                                   |                   |                              |  |
| Property Tax                           | \$ 13,181,600      | \$ --                             | \$ 13,181,600     | \$ 14,339,738                | \$ 1,158,138                           |
| Sales Tax                              | 18,200,000         | ---                               | 18,200,000        | 19,846,352                   | 1,646,352                              |
| Transient Occupancy Tax                | 2,400,000          | ---                               | 2,400,000         | 2,321,758                    | (78,242)                               |
| <b>Other Taxes:</b>                    |                    |                                   |                   |                              |  |
| Franchise Tax                          | 4,639,000          | ---                               | 4,639,000         | 7,104,953                    | 2,465,953                              |
| Business License (Net of Refund)       | 2,400,000          | 39,500                            | 2,439,500         | 3,174,931                    | 735,431                                |
| Deed Transfer Tax                      | 385,000            | ---                               | 385,000           | 608,145                      | 223,145                                |
| <b>Total Other Taxes:</b>              | <b>7,424,000</b>   | <b>39,500</b>                     | <b>7,463,500</b>  | <b>10,888,029</b>            | <b>3,424,529</b>                       |
| Penalties/Interest on Delinquent Taxes | 170,000            | ---                               | 170,000           | 284,711                      | 114,711                                |
| <b>Total Taxes</b>                     | <b>41,375,600</b>  | <b>39,500</b>                     | <b>41,415,100</b> | <b>47,680,588</b>            | <b>6,265,488</b>                       |
| <b>Licenses and Permits</b>            | <b>2,213,300</b>   | <b>50,000</b>                     | <b>2,263,300</b>  | <b>1,987,392</b>             | <b>(275,908)</b>                       |
| <b>Intergovernmental:</b>              |                    |                                   |                   |                              |  |
| <b>State Shared Revenues:</b>          |                    |                                   |                   |                              |  |
| Homeowners Property Tax Relief         | 300,000            | ---                               | 300,000           | 218,355                      | (81,645)                               |
| State Mandated Reimbursement -SI190    | 566,000            | ---                               | 566,000           | 334,076                      | (231,924)                              |
| P.O.S.T. Reimbursement - Police        | ---                | ---                               | ---               | 113,438                      | 113,438                                |
| Motor Vehicle in Lieu of Tax           | 8,400,000          | ---                               | 8,400,000         | 9,928,351                    | 1,528,351                              |
| Off Highway Vehicle in Lieu of Tax     | 4,000              | ---                               | 4,000             | 4,175                        | 175                                    |
| Public Safety Augmentation             | 870,000            | ---                               | 870,000           | 877,457                      | 7,457                                  |
| AB 1191                                | 175,000            | ---                               | 175,000           | 108,199                      | (66,801)                               |
| <b>Total State Shared Revenues</b>     | <b>10,315,000</b>  | <b>---</b>                        | <b>10,315,000</b> | <b>11,584,051</b>            | <b>1,269,051</b>                       |
| <b>Local Shared Revenues:</b>          |                    |                                   |                   |                              |  |
| Infrastructure Use Revenues            | 1,902,690          | ---                               | 1,902,690         | 1,902,690                    | ---                                    |
| Indirect Cost Reimbursements           | 3,357,153          | ---                               | 3,357,153         | 3,288,943                    | (68,210)                               |
| <b>Total Local Shared Revenues</b>     | <b>5,259,843</b>   | <b>---</b>                        | <b>5,259,843</b>  | <b>5,191,633</b>             | <b>(68,210)</b>                        |
| <b>Total Intergovernmental</b>         | <b>15,574,843</b>  | <b>---</b>                        | <b>15,574,843</b> | <b>16,775,684</b>            | <b>1,200,841</b>                       |

Continued -

**City of Oxnard, California**

**General Fund  
Schedule of Resources (Continued)  
Budget and Actual on a Budgetary Basis  
Year Ended June 30, 2002**

|  | Original<br>Budget   | Changes<br>Increase<br>(Decrease) | Revised<br>Budget    | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|----------------------|-----------------------------------|----------------------|------------------------------|--|
| <b>Charges for Services:</b>                       |                      |                                   |                      |                              |  |
| General Government                                 | 112,930              | ---                               | 112,930              | 160,123                      | 47,193                                 |
| Public Safety                                      | 1,049,332            | (1,500)                           | 1,047,832            | 1,451,935                    | 404,103                                |
| Parks and Recreation                               | 449,763              | 10,000                            | 459,763              | 440,863                      | (18,900)                               |
| Community Development                              | 1,673,300            | 20,500                            | 1,693,800            | 2,605,921                    | 912,121                                |
| Other Current Service Charges                      | 64,000               | ---                               | 64,000               | 104,262                      | 40,262                                 |
| Tipping Fees                                       | 90,000               | ---                               | 90,000               | 110,000                      | 20,000                                 |
| Miscellaneous Service Charges                      | 131,150              | ---                               | 131,150              | 111,299                      | (19,851)                               |
| Services to Other Programs                         | 2,721,823            | 93,460                            | 2,815,283            | 2,924,240                    | 108,957                                |
| <b>Total Charges for Services</b>                  | <b>6,292,298</b>     | <b>122,460</b>                    | <b>6,414,758</b>     | <b>7,908,643</b>             | <b>1,493,885</b>                       |
| <b>Fines and Forfeitures:</b>                      | <b>675,300</b>       | <b>---</b>                        | <b>675,300</b>       | <b>1,042,105</b>             | <b>366,805</b>                         |
| <b>Interest</b>                                    | <b>2,687,400</b>     | <b>126,000</b>                    | <b>2,813,400</b>     | <b>2,422,164</b>             | <b>(391,236)</b>                       |
| <b>Miscellaneous:</b>                              |                      |                                   |                      |                              |  |
| Rent and Royalties                                 | 48,002               | 19,750                            | 67,752               | 46,532                       | (21,220)                               |
| Reimbursements                                     | 190,650              | 11,580                            | 202,230              | 255,269                      | 53,039                                 |
| Bond Deposits                                      | 6,000                | ---                               | 6,000                | 34,437                       | 28,437                                 |
| Payments on Loans                                  | ---                  | ---                               | ---                  | 385,113                      | 385,113                                |
| Other  | 749,171              | (208,290)                         | 540,881              | 510,435                      | (30,446)                               |
| Special Assessments - Other                        | 69,300               | ---                               | 69,300               | 70,930                       | 1,630                                  |
| <b>Sale of Fixed Assets:</b>                       |                      |                                   |                      |                              |  |
| Sale of Vehicle/Equipment                          | 45,000               | ---                               | 45,000               | 96,935                       | 51,935                                 |
| Sale of Unclaimed Property                         | 7,000                | ---                               | 7,000                | 22,985                       | 15,985                                 |
| <b>Total Sale of Fixed Assets</b>                  | <b>52,000</b>        | <b>---</b>                        | <b>52,000</b>        | <b>119,920</b>               | <b>67,920</b>                          |
| <b>Total Miscellaneous</b>                         | <b>1,115,123</b>     | <b>(176,960)</b>                  | <b>938,163</b>       | <b>1,422,636</b>             | <b>484,473</b>                         |
| <b>Total Operating Revenues</b>                    | <b>69,933,864</b>    | <b>161,000</b>                    | <b>70,094,864</b>    | <b>79,239,212</b>            | <b>9,144,348</b>                       |
| <b>Other Financing Sources:</b>                    |                      |                                   |                      |                              |  |
| Proceeds from Capital Lease                        | 2,912,600            | ---                               | 2,912,600            | 2,705,584                    | (207,016)                              |
| <b>Total Other Financing Sources</b>               | <b>2,912,600</b>     | <b>---</b>                        | <b>2,912,600</b>     | <b>2,705,584</b>             | <b>(207,016)</b>                       |
| <b>Total Revenues</b>                              | <b>72,846,464</b>    | <b>161,000</b>                    | <b>73,007,464</b>    | <b>81,944,796</b>            | <b>8,937,332</b>                       |
| <b>Fund Balance - Budgetary Basis July 1, 2001</b> | <b>21,496,145</b>    | <b>---</b>                        | <b>21,496,145</b>    | <b>21,496,145</b>            | <b>---</b>                             |
| <b>Total Resources</b>                             | <b>\$ 94,342,609</b> | <b>\$ 161,000</b>                 | <b>\$ 94,503,609</b> | <b>\$ 103,440,941</b>        | <b>\$ 8,937,332</b>                    |

**City of Oxnard, California**

**General Fund  
Schedule of Requirements  
Budget and Actual on a Budgetary Basis  
Year Ended June 30, 2002**

|   | Original<br>Budget | Changes<br>Increase<br>(Decrease) | Revised<br>Budget | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-----------------------------------|-------------------|------------------------------|--|
| <b>General Government:</b>                      |                    |                                   |                   |                              |  |
| <b>Legislative</b>                              |                    |                                   |                   |                              |  |
| City Council                                    | \$ 208,567         | \$ 890                            | \$ 209,457        | \$ 199,510                   | \$ 9,947                               |
| City Treasurer                                  | 424,094            | 11,952                            | 436,046           | 432,768                      | 3,278                                  |
| City Clerk                                      | 309,633            | 5,847                             | 315,480           | 310,653                      | 4,827                                  |
| <b>Total Legislative</b>                        | <b>942,294</b>     | <b>18,689</b>                     | <b>960,983</b>    | <b>942,931</b>               | <b>18,052</b>                          |
| <b>Administrative and Support Service:</b>      |                    |                                   |                   |                              |  |
| City Manager                                    | 1,544,304          | 117,761                           | 1,662,065         | 1,598,966                    | 63,099                                 |
| City Attorney                                   | 1,103,854          | 179,746                           | 1,283,600         | 1,217,142                    | 66,458                                 |
| Financial Services                              | 2,984,238          | 176,917                           | 3,161,155         | 2,969,735                    | 191,420                                |
| Non-Departmental:<br>Non-Program                | 12,125,770         | 3,099,857                         | 15,225,627        | 13,898,611                   | 1,327,016                              |
| Amount Reclassified as Transfers Out            | (5,553,381)        | 519                               | (5,552,862)       | (5,282,749)                  | (270,113)                              |
| Amount Reclassified as Capital Outlay           | (3,200,000)        |                                   | (3,200,000)       | (3,012,000)                  | (188,000)                              |
| Amount Estimated for CDC Loans                  | (3,034,239)        | 308,679                           | (2,725,560)       | (2,725,560)                  |  |
| <b>Sub-Total</b>                                | <b>338,150</b>     | <b>3,409,055</b>                  | <b>3,747,205</b>  | <b>2,878,302</b>             | <b>868,903</b>                         |
| <b>Total Administrative and Support Service</b> | <b>5,970,546</b>   | <b>3,883,479</b>                  | <b>9,854,025</b>  | <b>8,664,145</b>             | <b>1,189,880</b>                       |
| Other   | 77,000             | 227,376                           | 304,376           | 303,132                      | 1,244                                  |
| <b>Total General Government</b>                 | <b>6,989,840</b>   | <b>4,129,544</b>                  | <b>11,119,384</b> | <b>9,910,208</b>             | <b>1,209,176</b>                       |
| <b>Public Safety:</b>                           |                    |                                   |                   |                              |  |
| Police  | 27,232,298         | 658,880                           | 27,891,178        | 27,950,128                   | (58,950)                               |
| Fire  | 8,504,469          | 433,875                           | 8,938,344         | 9,990,974                    | (1,052,630)                            |
| Street Lighting - SCL                           | 1,181,154          | 461                               | 1,181,615         | 1,126,845                    | 54,770                                 |
| <b>Total Public Safety</b>                      | <b>36,917,921</b>  | <b>1,093,216</b>                  | <b>38,011,137</b> | <b>39,067,947</b>            | <b>(1,056,810)</b>                     |

Continued -

**City of Oxnard, California**

**General Fund  
Schedule of Requirements (Continued)  
Budget and Actual on a Budgetary Basis  
Year Ended June 30, 2002**

|  | Original<br>Budget | Changes<br>Increase<br>(Decrease) | Revised<br>Budget | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------|-----------------------------------|-------------------|------------------------------|--|
| <b>Transportation:</b>                   | <b>775,109</b>     | <b>2,521</b>                      | <b>777,630</b>    | <b>797,735</b>               | <b>(20,105)</b>                        |
| <b>Community Development:</b>            |                    |                                   |                   |                              |  |
| Engineering Services - Design            | 1,092,579          | 59,504                            | 1,152,083         | 1,115,997                    | 36,086                                 |
| Public Service Administration            | 259,143            | 8,253                             | 267,396           | 314,453                      | (47,057)                               |
| Planning and Environmental Services      | 1,053,248          | 298,620                           | 1,351,868         | 1,092,821                    | 259,047                                |
| Economic Development and Tourism Service | 483,053            | 22,940                            | 505,993           | 505,993                      | —                                      |
| Development and Construction Service     | 2,103,189          | 42,943                            | 2,146,132         | 2,249,766                    | (103,634)                              |
| Development Support/Public Projects      | 426,136            | 8,978                             | 435,114           | 431,754                      | 3,360                                  |
| Housing Services                         | 98,885             | 57,430                            | 156,315           | 139,095                      | 17,220                                 |
| Neighborhood Services                    | 157,203            | 15,197                            | 172,400           | 165,287                      | 7,113                                  |
| Human Services                           | 1,214,818          | 153,209                           | 1,368,027         | 1,336,555                    | 31,472                                 |
| <b>Total Community Development</b>       | <b>6,888,254</b>   | <b>667,074</b>                    | <b>7,555,328</b>  | <b>7,351,721</b>             | <b>203,607</b>                         |
| <b>Culture and Leisure:</b>              |                    |                                   |                   |                              |  |
| Recreation Services                      | 1,410,152          | 167,502                           | 1,577,654         | 1,737,155                    | (159,501)                              |
| Carnegie Art Museum                      | 230,740            | 38,650                            | 269,390           | 266,524                      | 2,866                                  |
| Parks and Public Grounds                 | 3,896,947          | 246,799                           | 4,143,746         | 4,538,320                    | (394,574)                              |
| <b>Total Culture and Leisure</b>         | <b>5,537,839</b>   | <b>452,951</b>                    | <b>5,990,790</b>  | <b>6,541,999</b>             | <b>(551,209)</b>                       |
| <b>Library Services:</b>                 | <b>2,597,889</b>   | <b>188,566</b>                    | <b>2,786,455</b>  | <b>2,790,310</b>             | <b>(3,855)</b>                         |
| <b>Capital Outlay:</b>                   |                    |                                   |                   |                              |  |
| <b>General Government</b>                |                    |                                   |                   |                              |  |
| Legislative                              | 1,500              | —                                 | 1,500             | 1,125                        | 375                                    |
| Administration and Support Services      | 3,211,702          | —                                 | 3,211,702         | 3,029,264                    | 182,438                                |
| <b>Public Safety</b>                     |                    |                                   |                   |                              |  |
| Police                                   | 1,131,507          | —                                 | 1,131,507         | 1,083,970                    | 47,537                                 |
| Fire                                     | 175,509            | —                                 | 175,509           | 187,818                      | (12,309)                               |
| <b>Transportation:</b>                   | <b>75,255</b>      | <b>—</b>                          | <b>75,255</b>     | <b>67,339</b>                | <b>7,916</b>                           |

Continued -

**City of Oxnard, California**

**General Fund  
Schedule of Requirements (Continued)  
Budget and Actual on a Budgetary Basis  
Year Ended June 30, 2002**

|                                       | Original<br>Budget   | Changes<br>Increase<br>(Decrease) | Revised<br>Budget    | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|----------------------|-----------------------------------|----------------------|------------------------------|--|
| <b>Community Development</b>          |                      |                                   |                      |                              |  |
| Engineering Services - Design         | 16,610               |                                   | 16,610               | 16,610                       | --                                     |
| Public Service Administration         | 1,977                |                                   | 1,977                | 1,977                        | --                                     |
| Development and Construction Services | 159,249              |                                   | 159,249              | 158,713                      | 536                                    |
| Development Support/Public Projects   | 3,547                |                                   | 3,547                | 1,636                        | 1,911                                  |
| Neighborhood Services                 | 19,324               |                                   | 19,324               | 19,324                       | --                                     |
| <b>Culture and Leisure</b>            |                      |                                   |                      |                              |  |
| Recreation Services                   | 35,000               |                                   | 35,000               | --                           | 35,000                                 |
| Parks and Public Grounds              | 192,365              |                                   | 5,159,128            | 210,915                      | (18,550)                               |
| Library Services                      | 135,583              |                                   | 135,583              | 135,583                      | --                                     |
| <b>Total Capital Outlay</b>           | <b>5,159,128</b>     | <b>--</b>                         | <b>71,399,852</b>    | <b>4,914,274</b>             | <b>244,854</b>                         |
| <b>Total Operating Expenditures</b>   | <b>64,865,980</b>    | <b>6,533,872</b>                  | <b>71,399,852</b>    | <b>71,374,194</b>            | <b>25,658</b>                          |
| <b>Other Financing Uses:</b>          |                      |                                   |                      |                              |  |
| Capital Outlay Fund                   | 2,197,731            |                                   | 2,197,731            | 2,197,731                    | --                                     |
| City of Oxnard Financing Authority    | 1,742,251            | (59,950)                          | 1,682,301            | 1,412,188                    | 270,113                                |
| PACC Operating Fund                   | 724,849              |                                   | 724,849              | 724,849                      | --                                     |
| Golf Course Fund                      | 947,981              |                                   | 947,981              | 947,981                      | --                                     |
| <b>Total Operating Transfers Out</b>  | <b>5,612,812</b>     | <b>(59,950)</b>                   | <b>5,552,862</b>     | <b>5,282,749</b>             | <b>270,113</b>                         |
| <b>Total Expenditures</b>             | <b>70,478,792</b>    | <b>6,473,922</b>                  | <b>76,952,714</b>    | <b>76,656,943</b>            | <b>295,771</b>                         |
| <b>Fund Balance - June 30, 2002</b>   | <b>23,863,817</b>    | <b>(6,312,922)</b>                | <b>17,550,895</b>    | <b>26,783,998</b>            | <b>(9,233,103)</b>                     |
| <b>Total Requirements</b>             | <b>\$ 94,342,609</b> | <b>\$ 161,000</b>                 | <b>\$ 94,503,609</b> | <b>\$ 103,440,941</b>        | <b>\$ (8,937,332)</b>                  |



**City of Oxnard, California**

**Special Revenue Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual On Budgetary Basis  
Year Ended June 30, 2002**

|   | Original<br>Budget   | Changes<br>Increases<br>(Decreases) | Revised<br>Budget      | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------|-------------------------------------|------------------------|------------------------------|--|
| <b>Revenues:</b>  |                      |                                     |                        |                              |  |
| Taxes   | \$ 3,618,996         | \$ 26,520                           | \$ 3,645,516           | \$ 5,189,718                 | \$ 1,544,202                           |
| Intergovernmental   | 11,362,869           | 18,328,312                          | 29,691,181             | 18,367,112                   | (11,324,069)                           |
| Growth and Development Fees                               | 8,637,040            | 300,000                             | 8,937,040              | 7,432,528                    | (1,504,512)                            |
| Fines and Forfeitures                                     | 750,000              | ---                                 | 750,000                | 369,732                      | (380,268)                              |
| Interest  | 947,166              | 3,535                               | 950,701                | 1,538,590                    | 587,889                                |
| Special Assessment  | 1,505,800            | ---                                 | 1,505,800              | 1,515,592                    | 9,792                                  |
| Miscellaneous   | 412,272              | ---                                 | 412,272                | 654,410                      | 242,138                                |
| <b>Total Revenues</b>                                     | <b>27,234,143</b>    | <b>18,658,367</b>                   | <b>45,892,510</b>      | <b>35,067,682</b>            | <b>(10,824,828)</b>                    |
| <b>Expenditures:</b>                                      |                      |                                     |                        |                              |  |
| Public Safety   | 3,618,996            | 322,039                             | 3,941,035              | 5,618,687                    | (1,677,652)                            |
| Transportation  | 3,741,601            | 3,399,702                           | 7,141,303              | 3,946,020                    | 3,195,283                              |
| Community Development                                     | 4,234,544            | 10,230,684                          | 14,465,228             | 3,881,091                    | 10,584,137                             |
| Culture and Leisure                                       | 215,500              | 363,405                             | 578,905                | 1,043,207                    | (464,302)                              |
| Capital Outlay  | 4,868,938            | 34,230,320                          | 39,099,258             | 13,207,792                   | 25,891,466                             |
| <b>Total Expenditures</b>                                 | <b>16,679,579</b>    | <b>48,546,150</b>                   | <b>65,225,729</b>      | <b>27,696,797</b>            | <b>37,528,932</b>                      |
| Excess (deficiency) of Revenues Over Expenditures         | 10,554,564           | (29,887,783)                        | (19,333,219)           | 7,370,885                    | (26,704,104)                           |
| <b>Other Financing Sources (Uses):</b>                    |                      |                                     |                        |                              |  |
| Operating Transfers In                                    | ---                  | ---                                 | ---                    | 1,265,481                    | 1,265,481                              |
| Operating Transfers Out                                   | (4,959,630)          | 2,907,356                           | (2,052,274)            | (2,764,183)                  | (711,909)                              |
| <b>Total Other Financing Sources (Uses)</b>               | <b>(4,959,630)</b>   | <b>2,907,356</b>                    | <b>(2,052,274)</b>     | <b>(1,498,702)</b>           | <b>553,572</b>                         |
| Excess (deficiency) of Revenues Over (under) Expenditures | 5,594,934            | (26,980,427)                        | (21,385,493)           | 5,872,183                    | 27,257,676                             |
| <b>Fund Balance, July 1</b>                               | <b>31,088,442</b>    | <b>(21,541,285)</b>                 | <b>9,547,157</b>       | <b>34,154,577</b>            | <b>24,607,420</b>                      |
| <b>Fund Balance, June 30</b>                              | <b>\$ 36,683,376</b> | <b>\$ (48,521,712)</b>              | <b>\$ (11,838,336)</b> | <b>\$ 40,026,760</b>         | <b>\$ 51,865,096</b>                   |



**City of Oxnard, California**

**Special Revenue Funds  
Schedule of Revenue Expenditures and Changes in Fund Balances  
Budget and Actual On Budgetary Basis  
Year Ended June 30, 2002**

|  | Original<br>Budget  | Changes<br>Increases<br>(Decreases) | Revised<br>Budget   | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------|-------------------------------------|---------------------|------------------------------|--|
| <b>PARK FEES QUIMBY RESERVE FUND</b>   |                     |                                     |                     |                              |  |
| <b>Revenues:</b>   |                     |                                     |                     |                              |  |
| Growth and Development Fees  | \$ 2,354,040        | \$ --                               | \$ 2,354,040        | \$ 1,575,450                 | \$ (778,590)                           |
| Interest   | 290,000             | --                                  | 290,000             | 322,803                      | 32,803                                 |
| Miscellaneous  | --                  | --                                  | --                  | 3,500                        | 3,500                                  |
| <b>Total Revenues</b>  | <b>2,644,040</b>    | <b>--</b>                           | <b>2,644,040</b>    | <b>1,901,753</b>             | <b>(742,287)</b>                       |
| <b>Expenditures:</b>   |                     |                                     |                     |                              |  |
| Community Development  | --                  | 271,210                             | 271,210             | --                           | 271,210                                |
| Capital Outlay   | 2,354,040           | 4,498,472                           | 6,852,512           | 490,788                      | 6,361,724                              |
| <b>Total Expenditures</b>  | <b>2,354,040</b>    | <b>4,769,682</b>                    | <b>7,123,722</b>    | <b>490,788</b>               | <b>6,632,934</b>                       |
| Excess (deficiency) of Revenues Over Expenditures                                  | 290,000             | (4,769,682)                         | (4,479,682)         | 1,410,965                    | 5,890,647                              |
| <b>Other Financing Sources (Uses):</b>   |                     |                                     |                     |                              |  |
| Operating Transfers Out  | (290,000)           | 263,131                             | (26,869)            | --                           | 26,869                                 |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(290,000)</b>    | <b>263,131</b>                      | <b>(26,869)</b>     | <b>--</b>                    | <b>26,869</b>                          |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | --                  | (4,506,551)                         | (4,506,551)         | 1,410,965                    | 5,917,516                              |
| <b>Fund Balance, July 1</b>  | <b>6,817,571</b>    | <b>(2,909,388)</b>                  | <b>3,908,183</b>    | <b>6,874,766</b>             | <b>2,966,583</b>                       |
| <b>Fund Balance, June 30</b>   | <b>\$ 6,817,571</b> | <b>\$ (7,415,939)</b>               | <b>\$ (598,368)</b> | <b>\$ 8,285,731</b>          | <b>\$ 8,884,099</b>                    |

Continued -

**City of Oxnard, California**

**Special Revenue Funds  
Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)  
Budget and Actual On Budgetary Basis  
Year Ended June 30, 2002**

|  | Original<br>Budget | Changes<br>Increases<br>(Decreases) | Revised<br>Budget   | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------|-------------------------------------|---------------------|------------------------------|--|
| <b>PARKS ACQUISITIONS AND DEVELOPMENT FUND</b>                                     |                    |                                     |                     |                              |  |
| <b>Revenues:</b>   |                    |                                     |                     |                              |  |
| Growth and Development Fees  | \$ 190,000         | \$ --                               | \$ 190,000          | \$ 127,750                   | \$ (62,250)                            |
| Interest   | --                 | --                                  | --                  | 29,198                       | 29,198                                 |
| <b>Total Revenues</b>  | <b>190,000</b>     | <b>--</b>                           | <b>190,000</b>      | <b>156,948</b>               | <b>(33,052)</b>                        |
| <b>Expenditures:</b>   |                    |                                     |                     |                              |  |
| Community Development  | --                 | 317,436                             | 317,436             | --                           | 317,436                                |
| Capital Outlay   | --                 | 246,361                             | 246,361             | 270,832                      | (24,471)                               |
| <b>Total Expenditures</b>  | <b>--</b>          | <b>563,797</b>                      | <b>563,797</b>      | <b>270,832</b>               | <b>292,965</b>                         |
| Excess (Deficiency) of Revenues Over Expenditures                                  | 190,000            | (563,797)                           | (373,797)           | (113,884)                    | 259,913                                |
| <b>Other Financing Sources (Uses):</b>   |                    |                                     |                     |                              |  |
| Operating Transfers Out  | (190,000)          | 62,268                              | (127,732)           | --                           | 127,732                                |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(190,000)</b>   | <b>62,268</b>                       | <b>(127,732)</b>    | <b>--</b>                    | <b>127,732</b>                         |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | --                 | (501,529)                           | (501,529)           | (113,884)                    | 387,645                                |
| <b>Fund Balance, July 1</b>  | <b>728,733</b>     | <b>(371,249)</b>                    | <b>357,484</b>      | <b>650,717</b>               | <b>293,233</b>                         |
| <b>Fund Balance, June 30</b>   | <b>\$ 728,733</b>  | <b>\$ (872,778)</b>                 | <b>\$ (144,045)</b> | <b>\$ 536,833</b>            | <b>\$ 680,878</b>                      |

Continued -



**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|  | Original<br>Budget  | Changes<br>Increases<br>(Decreases) | Revised<br>Budget     | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------|-------------------------------------|-----------------------|------------------------------|--|
| <b>STORM DRAIN FACILITIES FUND</b>   |                     |                                     |                       |                              |  |
| <b>Revenues:</b>   |                     |                                     |                       |                              |  |
| Growth and Development Fees  | \$ 1,861,000        | \$ 300,000                          | \$ 2,161,000          | \$ 1,353,016                 | \$ (807,984)                           |
| Interest   | 160,000             | --                                  | 160,000               | 241,453                      | 81,453                                 |
| Other Financing Sources  | --                  | --                                  | --                    | 64,226                       | 64,226                                 |
| <b>Total Revenues</b>  | <b>2,021,000</b>    | <b>300,000</b>                      | <b>2,321,000</b>      | <b>1,658,695</b>             | <b>(662,305)</b>                       |
| <b>Expenditures:</b>   |                     |                                     |                       |                              |  |
| Community Development  | 355,573             | 3,983                               | 359,556               | --                           | 359,556                                |
| Capital Outlay   | --                  | 4,838,825                           | 4,838,825             | 1,040,749                    | 3,798,076                              |
| <b>Total Expenditures</b>  | <b>355,573</b>      | <b>4,842,808</b>                    | <b>5,198,381</b>      | <b>1,040,749</b>             | <b>4,157,632</b>                       |
| Excess (Deficiency) of Revenues Over Expenditures                                  | 1,665,427           | (4,542,808)                         | (2,877,381)           | 617,946                      | 3,495,327                              |
| <b>Other Financing Sources (Uses):</b>   |                     |                                     |                       |                              |  |
| Operating Transfers Out  | (538,904)           | --                                  | (538,904)             | --                           | 538,904                                |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(538,904)</b>    | <b>--</b>                           | <b>(538,904)</b>      | <b>--</b>                    | <b>538,904</b>                         |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 1,126,523           | (4,542,808)                         | (3,416,285)           | 617,946                      | 4,034,231                              |
| <b>Fund Balance, July 1</b>  | <b>4,141,877</b>    | <b>(3,771,157)</b>                  | <b>370,720</b>        | <b>5,378,270</b>             | <b>5,007,550</b>                       |
| <b>Fund Balance (Deficit), June 30</b>   | <b>\$ 5,268,400</b> | <b>\$ (8,313,965)</b>               | <b>\$ (3,045,565)</b> | <b>\$ 5,996,216</b>          | <b>\$ 9,041,781</b>                    |

Continued -

**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|  | Original<br>Budget  | Changes<br>Increases<br>(Decreases) | Revised<br>Budget     | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------|-------------------------------------|-----------------------|------------------------------|--|
| <b>CIRCULATION SYSTEM IMPROVEMENT FEE FUND</b>                                     |                     |                                     |                       |                              |  |
| <b>Revenues:</b>   |                     |                                     |                       |                              |  |
| Growth and Development Fees  | \$ 2,110,000        | \$ --                               | \$ 2,110,000          | \$ 2,106,567                 | \$ (3,433)                             |
| Interest   | 140,000             | --                                  | 140,000               | 271,616                      | 131,616                                |
| <b>Total Revenues</b>  | <b>2,250,000</b>    | <b>--</b>                           | <b>2,250,000</b>      | <b>2,378,183</b>             | <b>128,183</b>                         |
| <b>Expenditures:</b>   |                     |                                     |                       |                              |  |
| Community Development  | 967,389             | 630,261                             | 1,597,650             | --                           | 1,597,650                              |
| Capital Outlay   | 585,000             | 5,600,710                           | 6,185,710             | 2,091,521                    | 4,094,189                              |
| <b>Total Expenditures</b>  | <b>1,552,389</b>    | <b>6,230,971</b>                    | <b>7,783,360</b>      | <b>2,091,521</b>             | <b>5,691,839</b>                       |
| Excess (Deficiency) of Revenues over Expenditures                                  | 697,611             | (6,230,971)                         | (5,533,360)           | 286,662                      | 5,820,022                              |
| <b>Other Financing Sources (Uses):</b>   |                     |                                     |                       |                              |  |
| Operating Transfers Out  | (47,000)            | (378,919)                           | (425,919)             | (378,919)                    | 47,000                                 |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(47,000)</b>     | <b>(378,919)</b>                    | <b>(425,919)</b>      | <b>(378,919)</b>             | <b>47,000</b>                          |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 650,611             | (6,609,890)                         | (5,959,279)           | (92,257)                     | 5,867,022                              |
| <b>Fund Balance, July 1</b>  | <b>5,033,720</b>    | <b>(2,872,891)</b>                  | <b>2,160,829</b>      | <b>6,169,467</b>             | <b>4,008,638</b>                       |
| <b>Fund Balance (Deficit), June 30</b>   | <b>\$ 5,684,331</b> | <b>\$ (9,482,781)</b>               | <b>\$ (3,798,450)</b> | <b>\$ 6,077,210</b>          | <b>\$ 9,875,660</b>                    |

Continued -

**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|  | Original<br>Budget  | Changes<br>Increases<br>(Decreases) | Revised<br>Budget   | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------|-------------------------------------|---------------------|------------------------------|--|
| <b>CAPITAL GROWTH FEES - RESIDENTIAL FUND</b>  |                     |                                     |                     |                              |  |
| <b>Revenues:</b>   |                     |                                     |                     |                              |  |
| Growth and Development Fees  | \$ 1,800,000        | --                                  | \$ 1,800,000        | \$ 1,049,847                 | \$ (750,153)                           |
| Interest   | 53,666              | --                                  | 53,666              | 119,239                      | 65,573                                 |
| <b>Total Revenues</b>  | <b>1,853,666</b>    | <b>--</b>                           | <b>1,853,666</b>    | <b>1,169,086</b>             | <b>(684,580)</b>                       |
| <b>Expenditures:</b>   |                     |                                     |                     |                              |  |
| Community Development  | 1,123,783           | --                                  | 1,123,783           | -                            | 1,123,783                              |
| Capital Outlay   | -                   | --                                  | -                   | 2,560                        | (2,560)                                |
| <b>Total Expenditures</b>  | <b>1,123,783</b>    | <b>--</b>                           | <b>1,123,783</b>    | <b>2,560</b>                 | <b>1,121,223</b>                       |
| Excess (Deficiency) of Revenues Over Expenditures  | 729,883             | --                                  | 729,883             | 1,166,526                    | 436,643                                |
| <b>Other Financing Sources (Uses):</b>   |                     |                                     |                     |                              |  |
| Operating Transfers In   | -                   | --                                  | -                   | 1,265,481                    | 1,265,481                              |
| Operating Transfers Out  | -                   | --                                  | -                   | (1,119,783)                  | (1,119,783)                            |
| <b>Total Other Financing Sources (Uses)</b>  | <b>--</b>           | <b>--</b>                           | <b>--</b>           | <b>145,698</b>               | <b>145,698</b>                         |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Financing Uses | 729,883             | --                                  | 729,883             | 1,312,224                    | 582,341                                |
| <b>Fund Balance, July 1</b>  | <b>1,277,739</b>    | <b>--</b>                           | <b>1,277,739</b>    | <b>638,099</b>               | <b>(639,640)</b>                       |
| <b>Fund Balance (Deficit), June 30</b>   | <b>\$ 2,007,622</b> | <b>--</b>                           | <b>\$ 2,007,622</b> | <b>\$ 1,950,323</b>          | <b>\$ (57,299)</b>                     |

Continued -

**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|  | Original<br>Budget  | Changes<br>Increases<br>(Decreases) | Revised<br>Budget   | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------|-------------------------------------|---------------------|------------------------------|--|
| <b>CAPITAL GROWTH FEES - NON-RESIDENTIAL FUND</b>                                  |                     |                                     |                     |                              |  |
| <b>Revenues:</b>   |                     |                                     |                     |                              |  |
| Growth and Development Fees  | \$ 280,000          | \$ --                               | \$ 280,000          | \$ 349,820                   | \$ 69,820                              |
| Interest   | 45,000              | --                                  | 45,000              | 46,181                       | 1,181                                  |
| <b>Total Revenues</b>  | <b>325,000</b>      | <b>--</b>                           | <b>325,000</b>      | <b>396,001</b>               | <b>71,001</b>                          |
| <b>Expenditures:</b>   |                     |                                     |                     |                              |  |
| Community Development  | --                  | 7,429                               | 7,429               | --                           | 7,429                                  |
| <b>Total Expenditures</b>  | <b>--</b>           | <b>7,429</b>                        | <b>7,429</b>        | <b>--</b>                    | <b>7,429</b>                           |
| Excess (Deficiency) of Revenues over Expenditures                                  | 325,000             | (7,429)                             | 317,571             | 396,001                      | 78,430                                 |
| <b>Other Financing Sources (Uses):</b>   |                     |                                     |                     |                              |  |
| Operating Transfers Out  | --                  | --                                  | -                   | (1,265,481)                  | (1,265,481)                            |
| <b>Total Other Financing Sources (Uses)</b>  | <b>--</b>           | <b>--</b>                           | <b>--</b>           | <b>(1,265,481)</b>           | <b>(1,265,481)</b>                     |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 325,000             | (7,429)                             | 317,571             | (869,480)                    | (1,187,051)                            |
| <b>Fund Balance, July 1</b>  | <b>1,373,425</b>    | <b>--</b>                           | <b>1,373,425</b>    | <b>1,483,405</b>             | <b>109,980</b>                         |
| <b>Fund Balance, June 30</b>   | <b>\$ 1,698,425</b> | <b>\$ (7,429)</b>                   | <b>\$ 1,690,996</b> | <b>\$ 613,925</b>            | <b>\$ 1,077,071</b>                    |

Continued -

**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|  | Original<br>Budget  | Changes<br>Increases<br>(Decreases) | Revised<br>Budget   | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------|-------------------------------------|---------------------|------------------------------|--|
| <b>UTILITIES UNDERGROUNDING FEES FUND</b>        |                     |                                     |                     |                              |  |
| <b>Revenues:</b>                                 |                     |                                     |                     |                              |  |
| Growth and Development Fees                      | \$ 42,000           | \$ -                                | \$ 42,000           | \$ 98,535                    | \$ 56,535                              |
| Interest   | 62,000              | -                                   | 62,000              | 63,334                       | 1,334                                  |
| <b>Total Revenues</b>                            | <b>104,000</b>      | <b>-</b>                            | <b>104,000</b>      | <b>161,869</b>               | <b>57,869</b>                          |
| <b>Expenditures:</b>                             |                     |                                     |                     |                              |  |
| Community Development                            | -                   | 96,026                              | 96,026              | -                            | 96,026                                 |
| <b>Total Expenditures</b>                        | <b>-</b>            | <b>96,026</b>                       | <b>96,026</b>       | <b>-</b>                     | <b>96,026</b>                          |
| Excess (Deficiency) of Revenues and Expenditures | 104,000             | (96,026)                            | 7,974               | 161,869                      | 153,895                                |
| <b>Fund Balance, July 1</b>                      | <b>1,258,086</b>    | <b>(98,126)</b>                     | <b>1,159,960</b>    | <b>1,379,457</b>             | <b>219,497</b>                         |
| <b>Fund Balance (Deficit), June 30</b>           | <b>\$ 1,362,086</b> | <b>\$ (194,152)</b>                 | <b>\$ 1,167,934</b> | <b>\$ 1,541,326</b>          | <b>\$ 373,392</b>                      |

Continued -

**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|   | Original<br>Budget | Changes<br>Increases<br>(Decreases) | Revised<br>Budget | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------------------------|-------------------|------------------------------|--|
| <b>HOUSING IN-LIEU FUND</b>                       |                    |                                     |                   |                              |  |
| <b>Revenues:</b>                                  |                    |                                     |                   |                              |  |
| Growth and Development Fees                       | -                  | \$ -                                | \$ -              | \$ 771,543                   | \$ 771,543                             |
| Interest  | -                  | -                                   | -                 | 37,270                       | 37,270                                 |
| <b>Total Revenues</b>                             | <b>-</b>           | <b>-</b>                            | <b>-</b>          | <b>808,813</b>               | <b>808,813</b>                         |
| <b>Expenditures:</b>                              |                    |                                     |                   |                              |  |
| Community Development                             | -                  | 15,549                              | 15,549            | 13,068                       | 2,481                                  |
| Capital Outlay                                    | -                  | 54,000                              | 54,000            | -                            | 54,000                                 |
| <b>Total Expenditures</b>                         | <b>-</b>           | <b>69,549</b>                       | <b>69,549</b>     | <b>13,068</b>                | <b>56,481</b>                          |
| Excess (Deficiency) of Revenues over Expenditures | -                  | (69,549)                            | (69,549)          | 795,745                      | 865,294                                |
| <b>Fund Balance, July 1</b>                       | <b>-</b>           | <b>418,902</b>                      | <b>418,902</b>    | <b>394,688</b>               | <b>(24,214)</b>                        |
| <b>Fund Balance (Deficit), June 30</b>            | <b>-</b>           | <b>\$ 349,353</b>                   | <b>\$ 349,353</b> | <b>\$ 1,190,433</b>          | <b>\$ 841,080</b>                      |

Continued -

**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|   | Original<br>Budget | Changes<br>Increases<br>(Decreases) | Revised<br>Budget     | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|-------------------------------------|-----------------------|------------------------------|--|
| <b>HUD &amp; CDBG GRANTS FUND</b>                 |                    |                                     |                       |                              |  |
| <b>Revenues:</b>                                  |                    |                                     |                       |                              |  |
| Intergovernmental                                 | \$ 4,225,373       | \$ (5,000)                          | \$ 4,220,373          | \$ 4,253,749                 | \$ 33,376                              |
| Miscellaneous                                     |                    |                                     |                       | \$ 184,190                   | \$ 184,190                             |
| <b>Total Revenues</b>                             | <b>4,225,373</b>   | <b>(5,000)</b>                      | <b>4,220,373</b>      | <b>4,437,939</b>             | <b>217,566</b>                         |
| <b>Expenditures:</b>                              |                    |                                     |                       |                              |  |
| Community Development                             | 1,683,299          | 2,030,656                           | 3,713,955             | 1,663,222                    | 2,050,733                              |
| Culture and Leisure                               | 215,500            | 363,405                             | 578,905               | 502,154                      | 76,751                                 |
| Capital Outlay                                    | 1,505,389          | 2,560,090                           | 4,065,479             | 2,365,463                    | 1,700,016                              |
| <b>Total Expenditures</b>                         | <b>3,404,188</b>   | <b>4,954,151</b>                    | <b>8,358,339</b>      | <b>4,530,839</b>             | <b>3,827,500</b>                       |
| Excess (Deficiency) of Revenues over Expenditures | 821,185            | (4,959,151)                         | (4,137,966)           | (92,900)                     | 4,045,066                              |
| <b>Fund Balance, July 1</b>                       | <b>60,443</b>      | <b>(2,516,097)</b>                  | <b>(2,455,654)</b>    | <b>328,871</b>               | <b>2,784,525</b>                       |
| <b>Fund Balance (Deficit), June 30</b>            | <b>\$ 881,628</b>  | <b>\$ (7,475,248)</b>               | <b>\$ (6,593,620)</b> | <b>\$ 235,971</b>            | <b>\$ 6,829,591</b>                    |

Continued -

**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|  | Original<br>Budget  | Changes<br>Increases<br>(Decreases) | Revised<br>Budget   | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------|-------------------------------------|---------------------|------------------------------|--|
| <b>STATE AND FEDERAL GRANTS FUND</b>   |                     |                                     |                     |                              |  |
| <b>Revenues:</b>   |                     |                                     |                     |                              |  |
| Taxes  | \$ 3,645,516        | —                                   | \$ 3,645,516        | \$ 5,189,718                 | \$ 1,544,202                           |
| Intergovernmental  | 20,977,243          | —                                   | 20,977,243          | 7,134,155                    | (13,843,088)                           |
| Interest   | 6,228               | —                                   | 6,228               | 197,107                      | 190,879                                |
| Miscellaneous  | —                   | —                                   | —                   | 76,906                       | 76,906                                 |
| <b>Total Revenues</b>  | <b>24,628,987</b>   | <b>—</b>                            | <b>24,628,987</b>   | <b>12,597,886</b>            | <b>(12,031,101)</b>                    |
| <b>Expenditures:</b>   |                     |                                     |                     |                              |  |
| Public Safety  | 11,482,413          | —                                   | 11,482,413          | 5,618,687                    | 5,863,726                              |
| Transportation   | 575,272             | —                                   | 575,272             | 181,136                      | 394,136                                |
| Community Development  | 301,687             | —                                   | 301,687             | 179,205                      | 122,482                                |
| Culture and Leisure  | 1,697,419           | —                                   | 1,697,419           | 541,053                      | 1,156,366                              |
| Capital Outlay   | 12,626,682          | —                                   | 12,626,682          | 4,147,966                    | 8,478,716                              |
| <b>Total Expenditures</b>  | <b>26,683,473</b>   | <b>—</b>                            | <b>26,683,473</b>   | <b>10,668,047</b>            | <b>16,015,426</b>                      |
| Excess (Deficiency) of Revenues Over Expenditures                                  | (2,054,486)         | —                                   | (2,054,486)         | 1,929,839                    | 3,984,325                              |
| Operating Transfers In   | —                   | —                                   | —                   | —                            | —                                      |
| Operating Transfers Out  | —                   | —                                   | —                   | —                            | —                                      |
| <b>Total Other Financing Sources (Uses)</b>  | <b>—</b>            | <b>—</b>                            | <b>—</b>            | <b>—</b>                     | <b>—</b>                               |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | (2,054,486)         | —                                   | (2,054,486)         | 1,929,839                    | 3,984,325                              |
| <b>Fund Balance, July 1</b>  | <b>3,709,879</b>    | <b>—</b>                            | <b>3,709,879</b>    | <b>3,709,879</b>             | <b>—</b>                               |
| <b>Fund Balance, June 30</b>   | <b>\$ 1,655,393</b> | <b>—</b>                            | <b>\$ 1,655,393</b> | <b>\$ 5,639,718</b>          | <b>\$ 3,984,325</b>                    |

Continued -

**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|  | Original<br>Budget  | Changes<br>Increases<br>(Decreases) | Revised<br>Budget   | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------|-------------------------------------|---------------------|------------------------------|--|
| <b>STATE GAS TAX FUND</b>  |                     |                                     |                     |                              |  |
| <b>Revenues:</b>   |                     |                                     |                     |                              |  |
| Intergovernmental  | \$ 3,560,500        | \$ --                               | \$ 3,560,500        | \$ 3,337,806                 | \$ (222,694)                           |
| Interest   | 100,500             | --                                  | 100,500             | 91,438                       | (9,062)                                |
| Miscellaneous  | 249,000             | --                                  | 249,000             | 148,731                      | (100,269)                              |
| <b>Total Revenues</b>  | <b>3,910,000</b>    | <b>--</b>                           | <b>3,910,000</b>    | <b>3,577,975</b>             | <b>(332,025)</b>                       |
| <b>Expenditures:</b>   |                     |                                     |                     |                              |  |
| Transportation   | 2,554,338           | 146,636                             | 2,700,974           | 2,667,503                    | 33,471                                 |
| Capital Outlay   | 3,520               | 1,722,636                           | 1,726,156           | 489,503                      | 1,236,653                              |
| <b>Total Expenditures</b>  | <b>2,557,858</b>    | <b>1,869,272</b>                    | <b>4,427,130</b>    | <b>3,157,006</b>             | <b>1,270,124</b>                       |
| Excess (Deficiency) of Revenues over Expenditures                                  | 1,352,142           | (1,869,272)                         | (517,130)           | 420,969                      | 938,099                                |
| <b>Other Financing Sources (Uses):</b>   |                     |                                     |                     |                              |  |
| Operating Transfers Out  | (1,000,000)         | 72,736                              | (927,264)           | --                           | 927,264                                |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(1,000,000)</b>  | <b>72,736</b>                       | <b>(927,264)</b>    | <b>--</b>                    | <b>927,264</b>                         |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 352,142             | (1,796,536)                         | (1,444,394)         | 420,969                      | 1,865,363                              |
| <b>Fund Balance, July 1</b>  | <b>2,115,862</b>    | <b>(1,526,448)</b>                  | <b>589,414</b>      | <b>1,920,685</b>             | <b>1,331,271</b>                       |
| <b>Fund Balance (Deficit), June 30</b>   | <b>\$ 2,468,004</b> | <b>\$ (3,322,984)</b>               | <b>\$ (854,980)</b> | <b>\$ 2,341,654</b>          | <b>\$ 3,196,634</b>                    |

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**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|  | Original<br>Budget | Changes<br>Increases<br>(Decreases) | Revised<br>Budget | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------------|-------------------------------------|-------------------|------------------------------|--|
| <b>TRAFFIC SAFETY FUND</b>                       |                    |                                     |                   |                              |  |
| <b>Revenues:</b>                                 |                    |                                     |                   |                              |  |
| Fines and Forfeitures                            | \$ 750,000         | \$ --                               | \$ 750,000        | \$ 369,732                   | \$ (380,268)                           |
| Miscellaneous                                    | --                 | --                                  | --                | 6,984                        | 6,984                                  |
| <b>Total Revenues</b>                            | <b>750,000</b>     | <b>--</b>                           | <b>750,000</b>    | <b>376,716</b>               | <b>(373,284)</b>                       |
| <b>Expenditures:</b>                             |                    |                                     |                   |                              |  |
| Transportation                                   | 722,359            | --                                  | 722,359           | 601,456                      | 120,903                                |
| Capital Outlay                                   | 50,000             | 210,576                             | 260,576           | 191,145                      | 69,431                                 |
| <b>Total Expenditures</b>                        | <b>772,359</b>     | <b>210,576</b>                      | <b>982,935</b>    | <b>792,601</b>               | <b>190,334</b>                         |
| Excess (Deficiency) of Revenues and Expenditures | (22,359)           | (210,576)                           | (232,935)         | (415,885)                    | (182,950)                              |
| <b>Fund Balance, July 1</b>                      | <b>717,750</b>     | <b>(325,838)</b>                    | <b>391,912</b>    | <b>606,661</b>               | <b>214,749</b>                         |
| <b>Fund Balance (Deficit), June 30</b>           | <b>\$ 695,391</b>  | <b>\$ (536,414)</b>                 | <b>\$ 158,977</b> | <b>\$ 190,776</b>            | <b>\$ 31,799</b>                       |

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**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|  | Original<br>Budget  | Changes<br>Increases<br>(Decreases) | Revised<br>Budget     | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------|-------------------------------------|-----------------------|------------------------------|--|
| <b>TRANSPORTATION DEVELOPMENT FUND</b>   |                     |                                     |                       |                              |  |
| <b>Revenues:</b>   |                     |                                     |                       |                              |  |
| Intergovernmental  | \$ 3,469,996        | \$ 100,376                          | \$ 3,570,372          | \$ 3,641,402                 | \$ 71,030                              |
| Miscellaneous  | 163,272             | —                                   | 163,272               | 169,873                      | 6,601                                  |
| <b>Total Revenues</b>  | <b>3,633,268</b>    | <b>100,376</b>                      | <b>3,733,644</b>      | <b>3,811,275</b>             | <b>77,631</b>                          |
| <b>Expenditures:</b>   |                     |                                     |                       |                              |  |
| Transportation   | 464,904             | 2,661,276                           | 3,126,180             | 495,925                      | 2,630,255                              |
| Capital Outlay   | 223,900             | 2,519,596                           | 2,743,496             | 2,117,265                    | 626,231                                |
| <b>Total Expenditures</b>  | <b>688,804</b>      | <b>5,180,872</b>                    | <b>5,869,676</b>      | <b>2,613,190</b>             | <b>3,256,486</b>                       |
| Excess (Deficiency) of Revenues over Expenditures                                  | 2,944,464           | (5,080,496)                         | (2,136,032)           | 1,198,085                    | 3,334,117                              |
| <b>Other Financing Uses:</b>   |                     |                                     |                       |                              |  |
| Operating Transfers out  | (2,891,226)         | 2,890,800                           | (426)                 | —                            | 426                                    |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(2,891,226)</b>  | <b>2,890,800</b>                    | <b>(426)</b>          | <b>—</b>                     | <b>426</b>                             |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 53,238              | (2,189,696)                         | (2,136,458)           | 1,198,085                    | 3,334,543                              |
| <b>Fund Balance, July 1</b>  | <b>2,817,334</b>    | <b>(2,777,108)</b>                  | <b>40,226</b>         | <b>1,786,472</b>             | <b>1,746,246</b>                       |
| <b>Fund Balance, June 30</b>   | <b>\$ 2,870,572</b> | <b>\$ (4,966,804)</b>               | <b>\$ (2,096,232)</b> | <b>\$ 2,984,557</b>          | <b>\$ 5,080,789</b>                    |

Continued -

**City of Oxnard, California**

**Special Revenue Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

|   | Original<br>Budget  | Changes<br>Increases<br>(Decreases) | Revised<br>Budget   | Actual<br>Budgetary<br>Basis | Variance<br>Favorable<br>(Unfavorable) |
|---|---------------------|-------------------------------------|---------------------|------------------------------|--|
| <b>MAINTENANCE ASSESSMENT DISTRICT FUND</b>       |                     |                                     |                     |                              |  |
| <b>Revenues:</b>                                  |                     |                                     |                     |                              |  |
| Interest  | \$ 96,000           | \$ —                                | \$ 96,000           | \$ 118,951                   | \$ 22,951                              |
| Special Assessments                               | 1,505,800           | —                                   | 1,505,800           | 1,515,592                    | 9,792                                  |
| <b>Total Revenues</b>                             | <b>1,601,800</b>    | <b>—</b>                            | <b>1,601,800</b>    | <b>1,634,543</b>             | <b>32,743</b>                          |
| <b>Expenditures:</b>                              |                     |                                     |                     |                              |  |
| Community Development                             | —                   | —                                   | —                   | 2,025,596                    | 2,025,596                              |
| Capital Outlay                                    | 22,089              | 1,200                               | 23,289              | —                            | (23,289)                               |
| <b>Total Expenditures</b>                         | <b>22,089</b>       | <b>1,200</b>                        | <b>23,289</b>       | <b>2,025,596</b>             | <b>2,002,307</b>                       |
| Excess (Deficiency) of Revenues over Expenditures | 1,579,711           | (1,200)                             | 1,578,511           | (391,053)                    | (1,969,564)                            |
| <b>Fund Balance, July 1</b>                       | <b>4,512,432</b>    | <b>(2,503,212)</b>                  | <b>2,009,220</b>    | <b>2,833,040</b>             | <b>823,820</b>                         |
| <b>Fund Balance (Deficit), June 30</b>            | <b>\$ 6,092,143</b> | <b>\$ (2,504,412)</b>               | <b>\$ 3,587,731</b> | <b>\$ 2,441,987</b>          | <b>\$ (1,145,744)</b>                  |

Continued -

**City of Oxnard, California**

**Debt Service Funds**

**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**

**Budget and Actual On Budgetary Basis**

**Year Ended June 30, 2002**

| <b>DEBT SERVICE FUNDS</b>   |                            |  |                           |                                       |   |
|---|----------------------------|--|---------------------------|---------------------------------------|---|
|   | <b>Original<br/>Budget</b> | <b>Changes<br/>Increases<br/>(Decreases)</b> | <b>Revised<br/>Budget</b> | <b>Actual<br/>Budgetary<br/>Basis</b> | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>Revenues:</b>  |                            |  |                           |                                       |   |
| Taxes   | \$ 1,600,000               | \$ —   | \$ 1,600,000              | \$ 1,629,857                          | \$ 29,857                                       |
| Interest  | 200,000                    | —  | 200,000                   | 240,642                               | 40,642  |
| <b>Total Revenues</b>   | <b>1,800,000</b>           | <b>—</b>                                     | <b>1,800,000</b>          | <b>1,870,499</b>                      | <b>70,499</b>                                   |
| <b>Expenditures:</b>  |                            |  |                           |                                       |   |
| <b>Debt Service:</b>  |                            |  |                           |                                       |   |
| Principal   | 2,450,000                  | —  | 2,450,000                 | 2,412,335                             | 37,665  |
| Interest  | 2,000,000                  | —  | 2,000,000                 | 1,988,947                             | 11,053  |
| <b>Total Expenditures</b>   | <b>4,450,000</b>           | <b>—</b>                                     | <b>4,450,000</b>          | <b>4,401,282</b>                      | <b>48,718</b>                                   |
| Excess (Deficiency) of Revenues over Expenditures                                   | (2,650,000)                | —  | (2,650,000)               | (2,530,783)                           | 119,217   |
| <b>Other Financing Sources (Uses):</b>  |                            |  |                           |                                       |   |
| Operating Transfers In  | 2,500,000                  | —  | 2,500,000                 | 2,531,971                             | 31,971  |
| Operating Transfers Out   | —                          | —  | —                         | —                                     | —   |
| <b>Total Other Financing Sources (Uses)</b>   | <b>2,500,000</b>           | <b>—</b>                                     | <b>2,500,000</b>          | <b>2,531,971</b>                      | <b>31,971</b>                                   |
| Excess of Revenues and Financing Sources Over Expenditures and Other Financing Uses | (150,000)                  | —  | (150,000)                 | 1,188                                 | 151,188   |
| <b>Fund Balance, July 1</b>   | <b>1,332,714</b>           | <b>—</b>                                     | <b>1,332,714</b>          | <b>1,332,714</b>                      | <b>—</b>  |
| <b>Fund Balance (Deficit), June 30</b>  | <b>\$ 1,182,714</b>        | <b>\$ —</b>                                  | <b>\$ 1,182,714</b>       | <b>\$ 1,333,902</b>                   | <b>\$ 151,188</b>                               |



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**APPENDIX D**  
**PROPOSED FORM OF BOND COUNSEL OPINION**

Closing Date, 2003

Board of Directors  
City of Oxnard Financing Authority  
300 West Third Street  
Oxnard, California 93030

\$18,640,000  
City of Oxnard Financing Authority  
Lease Revenue Refunding Bonds, 2003 Series A  
(Final Opinion)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Oxnard Financing Authority (the "Authority") of \$18,640,000 aggregate principal amount of the City of Oxnard Financing Authority Lease Revenue Refunding Bonds, 2003 Series A (the "Bonds"), pursuant to 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 May 1, 2003 (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 May 1, 2003 (the "Lease"), by and between the Authority and the City, as applicable.

In such connection, we have reviewed the Trust Agreement, the Lease, the Property Lease, dated as of May 1, 2003 (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.

Certain agreements, requirements, and procedures contained or referred to in the Trust Agreement, the Lease, the Property Lease, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

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. 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 opinion, 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 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 an investigation of the state of title to each of the Sites 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 undertake no responsibility for the accuracy, completeness, or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

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 and Additional 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 Pledged Assets (as defined in the Trust Agreement). The Lease creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Base Rental payments.
3. Interest on the Bonds is excludable 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. 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 corporate alternative minimum taxable income. We express no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Except as stated in paragraph (3), we express no opinion as to federal or State of California tax consequences of the ownership of the Bonds, including whether interest on the Bonds is (a) included in the calculation of the amount subject to the "branch-level" tax imposed by Section 884 of the Code upon the earnings of certain foreign corporations engaged in a trade or business within the United States or (b) included in the income of certain Subchapter S corporations for purposes of the tax imposed thereon by Section 1375 of the Code. We also express no opinion as to any other federal, state or local or any foreign tax consequences with respect to acquisition, ownership or disposition of the Bonds.

Respectfully submitted,

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by and between the City of Oxnard Financing Authority (the “Authority”) and Wells Fargo Bank, National Association, in its capacity as dissemination agent (the “Dissemination Agent”), in connection with the issuance by the Authority of its Lease Revenue Refunding Bonds, 2003 Series A, in the aggregate principal amount of \$18,640,000 (the “Bonds”) (the “Bonds”). The Bonds are being issued pursuant to 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 that certain Trust Agreement, dated as of May 1, 2003 (the “Trust Agreement”), by and among the Authority, the City of Oxnard (the “City”) and Wells Fargo Bank, National Association, as trustee (the “Trustee”), in order to provide funds to refund certain outstanding obligations of the Authority. 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 parties hereto for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities and Exchange Act of 1934.

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 May 1, 2003 (the “Lease”), by and between the Authority and the City, which apply to any capitalized terms 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 six (6) 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 Wells Fargo Bank, National Association, or any successor Dissemination Agent designated in writing by the Authority, which successor must have filed a written acceptance of such designation with the Authority.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“*National Repository*” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. A list of the approved National Repositories can be found on the Securities and Exchange Commission website at <http://www.sec.gov/info/municipal/nrmsir.htm>.

“*Official Statement*” means the Official Statement relating to the Bonds.

“*Participating Underwriter*” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Repository*” shall mean each National Repository and each State Repository.

“*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.

“*State Repository*” shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

Section 3. Provisions of Annual Reports.

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing December 31, 2003, provide to each Repository and any Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement, with a copy to the Trustee and the Participating Underwriter. Not later than fifteen (15) Business Days prior to said 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 may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the City may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. If the Authority’s fiscal year changes, it shall give 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 the Repositories with an Annual Report by the date required in subsection (a), the Authority shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

1. determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any;
2. file a report with the Authority and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided; and
3. take any other actions mutually agreed upon between the Dissemination Agent and the Authority.

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, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available at the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the City, the Authority and the Bonds for the fiscal year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the City for such fiscal year described in subsection (a) above:

1. Principal amount of the Bonds (including principal amount and years of maturity of Bonds, if any, called for redemption in advance of maturity) and any bonds issued to refund the same.
2. Balance in the funds and accounts established under the Trust Agreement or the Lease.
3. If the amount on deposit in the Reserve Fund is not equal to the Reserve Fund Requirement, the amount of the delinquency or surplus, as applicable.
4. A detailed description of any material changes to or substitutions of any Components of the Property, if any.

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 City, the Authority or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. 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, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders.
8. Bond calls.
9. Defeasances.
10. Release, substitution, or sale of property securing repayments of the securities.
11. Rating changes.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall as soon as possible determine if such event would be material under applicable federal securities law.

(c) If the Authority determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the Authority shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository, with a copy to the Trustee and the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) 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.

Section 6. Termination of Reporting Obligation. The obligations of the Authority 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 Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be appointed as the Dissemination Agent. The initial Dissemination Agent shall be Wells Fargo Bank, National Association.

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 relates 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 requirements, change in law, or change in the identity, nature, or status of the Authority or type of business conducted;

(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 holders of the Bonds in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of the Authority or nationally recognized bond counsel, materially impair the interest of Bondholders.

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 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 the Repositories.

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 occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Authority to comply with any provisions of this Disclosure Agreement any Participating Underwriter or any holder or beneficial owner of the Bonds, or the Trustee on behalf of the holders of the Bonds, 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, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and 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 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. The Disclosure Agreement shall insure solely to the benefit of the City, the Authority, the Dissemination Agent, the Trustee, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Date: [Closing Date]

CITY OF OXNARD FINANCING AUTHORITY

By: \_\_\_\_\_  
Authorized Signatory

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory



EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT  
NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD 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 Refunding Bonds,  
2003 Series A

NOTICE IS HEREBY GIVEN that the City of Oxnard Financing Authority has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated [Closing Date]. The Authority anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory

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**APPENDIX F**

**SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY**

**(SEE FOLLOWING PAGES)**

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## Financial Guaranty Insurance Policy

Ambac Assurance Corporation  
One State Street Plaza, 15th Floor  
New York, New York 10004  
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)

Authorized Officer of Insurance Trustee



Ambac Assurance Corporation  
One State Street Plaza, 15th Floor  
New York, New York 10004  
Telephone: (212) 668-0340

## Endorsement

Policy for:

Attached to and forming part of Policy No.:

Effective Date of Endorsement:

In the event that Ambac Assurance Corporation were to become insolvent, any claims arising under the Policy would be excluded from coverage by the California Insurance Guaranty Association, established pursuant to the laws of the State of California.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

**In Witness Whereof**, Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

### Ambac Assurance Corporation

President



Secretary

Authorized Representative