

*In the opinion of Pillsbury Winthrop Shaw Pittman 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 (the “Code”), except interest on a Bond during any period that such Bond is held by a “substantial user” of the facilities financed by the Bonds or by a “related person” within the meaning of Section 147(a) of the Code. It should be noted, however, that such interest is an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. 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.”*

**\$20,955,000**  
**CITY OF OXNARD FINANCING AUTHORITY**  
**SOLID WASTE REVENUE REFUNDING BONDS**  
**SERIES 2005**

**Dated: Date of Delivery****Due: May 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 Solid Waste Revenue Refunding Bonds, Series 2005 (the “Bonds”), are being issued in the aggregate principal amount of \$20,955,000 by the City of Oxnard Financing Authority (the “Authority”) pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code, commonly known as the Marks-Roos Local Bond Pooling Act of 1985, and the provisions of an Indenture, dated as of April 1, 2005 (the “Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”). The proceeds of the Bonds will be used (i) to refund the 1995 Bonds (as defined herein), (ii) to finance the acquisition of certain solid waste equipment for the Solid Waste System (as defined herein) of the City of Oxnard (the “City”), as more fully described herein, (iii) to make the required deposit to a reserve fund for the Bonds, and (iv) to finance certain costs of issuance related to the Bonds. See “THE FINANCING PLAN,” “ESTIMATED SOURCES AND USES OF FUNDS,” “THE 2005 PROJECT,” and “APPENDIX A – Summary of Certain Provisions of Principal Legal Documents.” 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.”

The Bonds will be delivered as fully registered bonds 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”), or such other name as may be requested by an authorized representative of DTC. DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof for each maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased. See “THE BONDS – Book-Entry Only System.”

Payments of interest on the Bonds will be made by the Trustee to DTC, which will in turn remit such interest to its participants for subsequent dispersal to beneficial owners of the Bonds as described herein. Interest on the Bonds is payable semiannually on each May 1 and November 1, commencing November 1, 2005, 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 mandatory redemption prior to their stated maturities as described herein.**

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, a Wisconsin-domiciled stock insurance company, simultaneously with the delivery of the Bonds.



The Bonds are payable solely from Revenues, consisting primarily of Installment Payments to be made by the City pursuant to an Amended and Restated Installment Purchase Agreement, dated as of April 1, 2005 (the “Installment Purchase Agreement”), by and between the Authority and the City. The Installment Payments are a special limited obligation of the City, payable from and secured by a pledge of and lien on (i) all Net System Revenues and (ii) all moneys in the funds and accounts established under the Indenture (other than amounts on deposit in the Rebate Fund and the Costs of Issuance Fund). Pursuant to the Installment Purchase Agreement, the City may incur Additional Obligations secured by Net System Revenues on a parity with the Installment Payments to the extent the City can provide evidence that the Net System Revenues will be sufficient to meet certain debt coverage requirements as described herein. See “SECURITY FOR THE BONDS – Limitations Regarding Additional Obligations.”

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED SOLELY BY THE REVENUES PLEDGED THEREOF UNDER THE INDENTURE. 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 INSTALLMENT PAYMENTS UNDER THE INSTALLMENT PURCHASE AGREEMENT 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 INSTALLMENT PAYMENTS UNDER THE INSTALLMENT PURCHASE AGREEMENT CONSTITUTE 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**

<b>Maturity Date (May 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>(1)</sup> No.</b>	<b>Maturity Date (May 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP<sup>(1)</sup> No.</b>
2006	\$1,575,000	4.000%	2.930%	691877 AR5	2012	\$2,065,000	5.000%	3.950%	691877 AX2
2007	1,645,000	4.000	3.170	691877 AS3	2013	2,165,000	5.000	4.080	691877 AY0
2008	1,715,000	4.000	3.330	691877 AT1	2014	2,275,000	5.000	4.180	691877 AZ7
2009	1,785,000	5.000	3.500	691877 AU8	2015	2,390,000	5.000	4.280	691877 BA1
2010	1,875,000	5.000	3.650	691877 AV6	2016	1,500,000	5.000	4.380	691877 BB9
2011	1,965,000	5.000	3.800	691877 AW4					

<sup>(1)</sup> Copyright 2005, 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 Underwriters, subject to the approval of legality by Pillsbury Winthrop Shaw Pittman LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney and by Disclosure Counsel, Pillsbury Winthrop Shaw Pittman LLP, Los Angeles, California. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC in New York, New York on or about April 28, 2005.*

No dealer, broker, salesperson, or other person has been authorized by the City, the Authority, or the Underwriters 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 the Bonds, nor will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

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

The information set forth in this Official Statement has been obtained from the City, the Authority, and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation by the 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 Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do 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 UNDERWRITERS 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. Thomas E. Holden, *Mayor*  
Andres Herrera, *Mayor Pro Tem*  
Dean Maulhardt, *Councilmember*  
John C. Zaragoza, *Councilmember*  
Timothy B. Flynn, *Councilman*

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### **GOVERNING BOARD OF THE AUTHORITY**

Tom Conway, *Chairman*  
Charles Covarrubias, *Vice Chairman*  
Francisco J. Dominguez, *Board Member*  
Patricia Maki, *Board Member*

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### **CITY OFFICIALS**

Edmund F. Sotelo, *City Manager*  
Karen R. Burnham, *Assistant City Manager*  
Granville Bowman, *Director of Public Works*  
Gary Gillig, *City Attorney*  
Daniel Martinez, *City Clerk*  
Dale Belcher, *City Treasurer*  
Andrea Daroca, *Finance and Management Services Director*  
Michael J. More, *Financial Services Manager*  
Beth Vo, *Financial Analyst III*  
Don Smith, *Solid Waste Superintendent*  
Grant Dunne, *Management Analyst*

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### **PROFESSIONAL SERVICES**

#### ***Bond Counsel and Disclosure Counsel***

Pillsbury Winthrop Shaw Pittman LLP  
Los Angeles, California

#### ***Trustee and Escrow Agent***

Wells Fargo Bank, National Association  
Los Angeles, California

#### ***Verification Agent***

Causey, Demgen & Moore Inc.  
Denver, Colorado

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**\$20,955,000**  
**CITY OF OXNARD FINANCING AUTHORITY**  
**SOLID WASTE REVENUE REFUNDING BONDS**  
**SERIES 2005**

**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 Solid Waste Revenue Refunding Bonds, Series 2005 (the “Bonds”), in an aggregate principal amount of \$20,955,000. 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 entitled “Summary of Certain Provisions of Principal Legal Documents – Selected Definitions.”

**Authorization**

The Bonds are being issued by the City of Oxnard Financing Authority (the “Authority”), a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California, pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code, commonly known as the Marks-Roos Local Bond Pooling Act of 1985 (the “Act”), and the provisions of an Indenture, dated as of April 1, 2005 (the “Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”).

**Purpose of Issuance**

The proceeds of the Bonds will be used (i) to refund the 1995 Bonds (as defined herein), (ii) to finance the acquisition of certain solid waste equipment for the Solid Waste System (as defined herein) of the City of Oxnard (the “City”), as more fully described herein, (iii) to make the required deposit to a reserve fund for the Bonds, and (iv) to finance certain costs of issuance related to the Bonds. See “THE FINANCING PLAN,” “ESTIMATED SOURCES AND USES OF FUNDS,” “THE 2005 PROJECT,” and “APPENDIX A – Summary of Certain Provisions of Principal Legal Documents.”

**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 November 1 and May 1, commencing November 1, 2005, and will be paid by check, mailed by first class mail to the registered owners thereof as of the applicable Record Date; provided, however, that any registered 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 – Authorization and Payment of Bonds.”

## **Redemption**

***No Optional Redemption.*** The Bonds are not subject to optional redemption prior to their respective stated maturities. See “THE BONDS – No Optional Redemption of Bonds.”

***Mandatory Redemption from Excess Moneys in Project Fund.*** The Bonds are subject to mandatory redemption prior to their respective stated maturities in whole or in part on any date, in Authorized Denominations, of such maturities or portions of maturities as shall be directed by the Authority, at the direction of the City, and by lot within any such maturity if less than all of the Bonds of such maturity are to be redeemed, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, from moneys transferred from the Project Fund to the Payment Fund pursuant to the Indenture. See “THE BONDS – Mandatory Redemption from Excess Moneys in Project Fund.”

## **Security for the Bonds**

The Bonds are limited obligations of the Authority and are payable solely from Revenues received by the Trustee pursuant to the Indenture. Such Revenues are derived from the Installment Payments to be made by the City to the Authority pursuant to the Amended and Restated Installment Purchase Agreement, dated as of April 1, 2005 (the “Installment Purchase Agreement”), by and between the Authority and the City, and the interest or profits from the investment of moneys on deposit in certain funds held under the Indenture. The Installment Payments are payable solely from Net System Revenues, which are comprised of System Revenues less Maintenance and Operation Costs of the Solid Waste System. The obligation of the City to make Installment Payments is secured by a pledge of and lien on the Net System Revenues. Pursuant to the Installment Purchase Agreement, the City may incur Additional Obligations secured by the Net System Revenues on a parity with the Installment Payments to the extent the City can provide evidence that the Net System Revenues will be sufficient to meet certain debt coverage requirements as described herein. See “SECURITY FOR THE BONDS.”

Pursuant to the Indenture, the City will be 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 – Indenture.”

Concurrently with the issuance of the Bonds, Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company (the “Bond Insurer”) will issue its Bond Insurance Policy (as defined herein) insuring payment of the principal of and interest on the Bonds as the same shall become due (other than by reason of acceleration or advance redemption), as further described herein. See “FINANCIAL GUARANTY INSURANCE POLICY” and “APPENDIX F – Specimen Bond Insurance Policy.”

## **Rate Covenant**

The Installment Purchase Agreement provides that the City will fix, prescribe, and collect rates and charges for the Solid Waste System that will be at least sufficient to yield during each Fiscal Year Net

System Revenues equal to the sum of (a) 100% of the Debt Service (i.e., principal, interest, and redemption premiums due with respect to all outstanding Bonds and any parity obligations, as more particularly described herein) for such Fiscal Year, plus (b) the amount by which the amount on deposit in the Solid Waste Fund on the last day of the immediately preceding Fiscal Year was less than 25% of Maximum Annual Debt Service as of such day. The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net System Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements described above. See “SECURITY FOR THE BONDS – Rate Covenant.”

### **Continuing Disclosure**

The Authority will covenant in the Continuing Disclosure Agreement, dated the date of issuance of the Bonds (the “Continuing Disclosure Agreement”), by and between the Authority and the Trustee, as dissemination agent, to provide certain financial information and operating data relating to the City and the Authority and notices of certain events, if material. The specific nature of the information to be provided, the applicable deadlines for filing such information, and the entities to which such information must be provided will be set forth in the Continuing Disclosure Agreement, a form of which is attached hereto as Appendix E. See “CONTINUING DISCLOSURE” and “APPENDIX E – Form of Continuing Disclosure Agreement.”

### **Limited Obligations**

**The Bonds are limited obligations of the Authority payable solely from and secured solely by the Revenues pledged therefor under the Indenture. 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 Installment Payments under the Installment Purchase Agreement 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 Installment 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. For certain financial information with respect to the City and the Solid Waste System, see “THE SOLID WASTE SYSTEM.”**

## **THE BONDS**

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

The Bonds are being issued pursuant to the Act and the provisions of the Indenture. 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 May 1 and November 1, commencing November 1, 2005 (each, an “Interest Payment Date”), to registered 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 registered 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.

### **No Optional Redemption of Bonds**

The Bonds are not subject to optional redemption prior to their respective stated maturities.

### **Mandatory Redemption from Excess Moneys in Project Fund**

The Bonds are subject to mandatory redemption prior to their respective stated maturities in whole or in part on any date, in Authorized Denominations, of such maturities or portions of maturities as shall be directed by the Authority, at the direction of the City, and by lot within any such maturity if less than all of the Bonds of such maturity are to be redeemed, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, from moneys transferred from the Project Fund to the Payment Fund pursuant to the Indenture.

### **Notice of Redemption**

Upon deposit with the Trustee of an amount sufficient to redeem the Bonds as provided in the Indenture, notice of redemption will be mailed first-class mail by the Trustee, not less than 30 nor more than 60 days prior to the redemption date, to (i) the respective registered owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Bond Insurer, (iii) the Securities Depositories, and (iv) the Information Services. Notice of redemption to the Securities Depositories and the Information Services will be given by certified or registered mail, overnight delivery, or confirmed facsimile transmission. Each notice of redemption shall state the redemption date, the redemption price (if any), the CUSIP number(s) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that, so long as funds are provided therefor, on the redemption date there will become due and payable on the Bonds to be redeemed all of the principal amount thereof on the redemption date and that from and after such redemption date interest thereon shall cease to accrue. Such notice shall also require such Bonds to be surrendered at the address of the Trustee specified in the redemption notice.

Failure by the Trustee to give notice as described in this paragraph to any one or more of the Information Services or Securities Depositories, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice of redemption as described in this paragraph to any one or more of the respective registered owners of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the registered owners to whom such notice was mailed.

## **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. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. 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, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity, corporate, and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participations") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealer, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the

identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 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, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of 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 unless authorized by a Direct Participant in accordance with DTC's procedures. 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 Indenture. The City or the Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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.

## **THE FINANCING PLAN**

### **Refunding of the 1995 Bonds**

A portion of the proceeds from the sale of the Bonds will be used to refund the outstanding City of Oxnard Financing Authority Solid Waste Revenue Bonds, Series 1995, which were issued by the Authority on September 7, 1995, in the aggregate principal amount of \$25,000,000 (the "1995 Bonds"), of which \$17,920,000 in principal amount is currently outstanding. The 1995 Bonds were issued by the Authority to finance the acquisition of approximately 16.5 acres of land in the eastern part of the City, the planning, design, and construction of the Del Norte Regional Recycling and Transfer Station (the "Del Norte Station") on such land, the purchase of certain solid waste transfer and materials recovery equipment, and the purchase of rolling stock to be used in transferring solid waste from the Del Norte Station site to a landfill for disposal (collectively, the "1995 Project").

The 1995 Bonds will be refunded and defeased in accordance with the terms of that certain Indenture, dated as of September 1, 1995 (the "1995 Indenture"), by and between the Authority and First Interstate Bank of California (as predecessor-in-interest to the Trustee), as trustee (the "1995 Trustee"). On the date of delivery of the Bonds, a portion of the proceeds from the sale of the Bonds (the "1995 Bond Refunding Proceeds"), together with certain moneys currently on deposit in the funds and accounts established under the 1995 Indenture and currently being held by the 1995 Trustee (together with the 1995 Bond Refunding Proceeds, the "Escrow Proceeds"), will be delivered to the Trustee, acting as escrow agent (the "Escrow Agent") under that certain Escrow Agreement, dated as of April 1, 2005 (the "Escrow Agreement"), by and between the Authority and the Escrow Agent. The Escrow Agent will hold the Escrow Proceeds in an irrevocable escrow fund (the "Escrow Fund") for the benefit of the owners of the 1995 Bonds, to be applied solely as provided in the Escrow Agreement.

Pursuant to the Escrow Agreement, the Escrow Agent will hold the moneys on deposit in the Escrow Fund as uninvested cash to (i) refund and redeem the 1995 Bonds and discharge the 1995 Indenture in accordance with its terms and (ii) to pay on May 1, 2005, the accrued interest on the 1995 Bonds maturing on and after May 1, 2005, the principal amount of the 1995 Bonds maturing on May 1, 2005, and the redemption price of 102% of the principal amount payable with respect to the 1995 Bonds maturing after May 1, 2005. The mathematical sufficiency of the uninvested cash in the Escrow Fund to effectuate the refunding described in the preceding sentence will be verified by Causey, Demgen & Moore Inc., as verification agent. See "VERIFICATION."

### **The 2005 Project**

A portion of the proceeds from the sale of the Bonds will be used to finance the acquisition by the City of certain solid waste equipment (the "2005 Project"), as more particularly described in this Official Statement under the caption "THE 2005 PROJECT." See also "ESTIMATED SOURCES AND USES OF FUNDS."

## Reserve Fund and Costs of Issuance

A portion of the proceeds from the sale of the Bonds will be used (i) to make the required deposit to the reserve fund established for the Bonds under the Indenture (the “Reserve Fund”) and (ii) to pay certain costs of issuance related to the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “SECURITY FOR THE BONDS –Reserve Fund.”

### ESTIMATED SOURCES AND USES OF FUNDS

The following table details the estimated sources and uses of Bond proceeds and available moneys on deposit in the funds and accounts established for the 1995 Bonds.

#### Estimated Sources:

Principal Amount of Bonds	\$20,955,000.00
Transferred by the 1995 Trustee from the 1995 Payment Fund	1,607,514.51
Transferred by the 1995 Trustee from the 1995 Reserve Fund	2,130,817.99
Plus: Original Issue Premium	1,040,131.00
Less: Underwriters’ Discount	<u>(136,207.50)</u>
Total Sources	\$25,597,256.00

#### Estimated Uses:

Transfer to Escrow Agent for deposit into Escrow Fund <sup>(1)</sup>	\$18,779,432.50
Transfer to Bond Insurer <sup>(2)</sup>	205,586.03
Deposit into Project Fund <sup>(3)</sup>	4,120,000.00
Deposit into Reserve Fund <sup>(4)</sup>	2,199,513.10
Deposit into the Costs of Issuance Fund <sup>(5)</sup>	<u>292,724.37</u>
Total Uses	\$25,597,256.00

<sup>(1)</sup> Comprised of the entire amount transferred by the 1995 Trustee from the 1995 Payment Fund, plus \$17,171,917.99 from the proceeds of the Bonds.

<sup>(2)</sup> Represents the premium for the Bond Insurance Policy.

<sup>(3)</sup> Moneys in the Project Fund will be used to pay for the acquisition of the 2005 Project.

<sup>(4)</sup> Equal to the Reserve Requirement; comprised of the entire amount transferred by the 1995 Trustee from the 1995 Reserve Fund, plus \$68,695.11 from the proceeds of the Bonds.

<sup>(5)</sup> Moneys in the Costs of Issuance Fund will be used to pay the fees and expenses of Bond Counsel, Disclosure Counsel, the Trustee, the Verification Agent, printing, and other miscellaneous costs related to the issuance of the Bonds.

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## DEBT SERVICE SCHEDULE

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

Payment Date	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 1, 2005		\$ 507,520	\$ 507,520
May 1, 2006	\$1,575,000	499,200	2,074,200
November 1, 2006		467,700	467,700
May 1, 2007	1,645,000	467,700	2,112,700
November 1, 2007		434,800	434,800
May 1, 2008	1,715,000	434,800	2,149,800
November 1, 2008		400,500	400,500
May 1, 2009	1,785,000	400,500	2,185,500
November 1, 2009		355,875	355,875
May 1, 2010	1,875,000	355,875	2,230,875
November 1, 2010		309,000	309,000
May 1, 2011	1,965,000	309,000	2,274,000
November 1, 2011		259,875	259,875
May 1, 2012	2,065,000	259,875	2,324,875
November 1, 2012		208,250	208,250
May 1, 2013	2,165,000	208,250	2,373,250
November 1, 2013		154,125	154,125
May 1, 2014	2,275,000	154,125	2,429,125
November 1, 2014		97,250	97,250
May 1, 2015	2,390,000	97,250	2,487,250
November 1, 2015		37,500	37,500
May 1, 2016	<u>1,500,000</u>	<u>37,500</u>	<u>1,537,500</u>
Totals	\$20,955,000	\$6,456,470	\$27,411,470

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Source: Underwriters.

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## SECURITY FOR THE BONDS

### Installment Payments

The City has agreed to purchase the 1995 Project and the 2005 Project from the Authority pursuant to the Installment Purchase Agreement. (See “THE FINANCING PLAN” and “THE 2005 PROJECT.”) Pursuant to the Installment Purchase Agreement, the City has covenanted to pay the Authority, solely from Net System Revenues and from no other sources, the Purchase Price in Installment Payments in the amounts and on the dates as set forth in the Installment Purchase Agreement. The obligation of the City to make the Installment Payments solely from Net System Revenues is absolute and unconditional (subject to the parity lien of any Additional Obligations; see “Net System Revenues” and “Limitations Regarding Additional Obligations” below) and, until such time as the Purchase Price shall have been paid in full, the City shall not discontinue or suspend any Installment Payments required to be made by the Installment Purchase Agreement.

The Bonds are special obligations of the Authority issued pursuant to the Indenture and are payable solely from the Installment Payments to be made by the City pursuant to the Installment Purchase Agreement and amounts held from time to time in certain of the funds and accounts established under the Indenture (the “Revenues”). Pursuant to the Indenture, the Installment Payments are required to be made in amounts that are sufficient, but no more than sufficient, to pay the scheduled payments of principal of and interest on the outstanding Bonds. The Installment Payments are secured by a pledge, charge, and lien upon, and are payable solely from, the Net System Revenues of the City’s Solid Waste System. **Neither the full faith and credit nor the taxing power of the City, the County, the State, or any political subdivision of the State is pledged to the payment of the Bonds.**

### Net System Revenues

The City’s obligation to make Installment Payments under the Installment Purchase Agreement is secured by a pledge of and lien on the Net System Revenues. In order to carry out and effectuate its pledge of Net System Revenues, the City has agreed and covenanted in the Installment Purchase Agreement to deposit all System Revenues when and as received into the Solid Waste Revenue Fund, which fund the City agrees and covenants to maintain so long as any Installment Payments remain unpaid. All moneys in the Solid Waste Revenue Fund will be held in trust and applied and used solely as provided in the Installment Purchase Agreement.

The Installment Purchase Agreement includes the following definitions:

“Net System Revenues” means System Revenues less the Maintenance and Operations Costs of the Solid Waste System.

“Solid Waste System” means the entire solid waste system of the City, including without limitation all improvements, works, or facilities owned, controlled, or operated by the City to provide solid waste service as such improvements, works, or facilities so exist, together with all additions to improvements of and extensions to said solid waste system later constructed, purchased, or organized.

“System Revenues” means, for any Fiscal Year or other period, all rates, fees, and charges received for, and all other income and receipts derived by the City from, the operation of the Solid Waste System or arising from the Solid Waste System, determined in accordance with generally accepted accounting principles, including all proceeds of insurance covering business

interruption loss relating to the Solid Waste System, investment earnings on such amounts, and all other money howsoever derived by the City from the operation of the Solid Waste System or arising from the Solid Waste System; provided, however, that System Revenues shall include fees and charges collected during such Fiscal Year or other period, but only to the extent that such fees and charges could be properly expended on a Solid Waste System project for which the proceeds were used or are available to be used.

“Maintenance and Operation Costs of the Solid Waste System” means, for any Fiscal Year or other period, the reasonable and necessary costs spent or incurred by the City for maintaining and operating the Solid Waste System, calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Solid Waste System in good repair and working order, and including Administrative Costs, salaries and wages of employees, payments to employee retirement systems (to the extent paid from System Revenues), overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, or engineers, and insurance premiums, and including all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms of the Bonds, the Installment Purchase Agreement, or any Additional Obligations, including any amounts required to be deposited in the Rebate Fund pursuant to the Tax Certificate, but excluding in all cases (i) depreciation and replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) costs of capital additions, replacements, betterments, extensions, or improvements to the Solid Waste System, which under generally accepted accounting principles are chargeable to a capital account or to a reserve for depreciation, (iv) charges for the payment of principal and interest on any general obligation bond heretofore or hereafter issued for Solid Waste System purposes, and (v) charges for the payment of any debt service on the Obligations or on any obligation subordinate to the Obligations.

“Additional Obligations” means Obligations other than the Installment Payments.

“Administrative Costs” means the ordinary and necessary administrative costs and incidental expenses related to the Bonds, the Indenture, the Installment Purchase Agreement, and any Additional Obligations, including, but not limited to Trustee fees (including any fees and expenses of its counsel) and indemnification payable by the Authority pursuant to the Indenture and fees incurred in connection with the calculation of arbitrage rebate due to the federal government with respect to the Bonds.

“Obligations” means City Bonds and Contract Payments.

“Contract Payments” means the Installment Payments due and payable under the Installment Purchase Agreement or the installment or lease payments of interest and principal or, if there are no separate payments of interest and principal, the installment or lease payments, scheduled to be paid by the City under and pursuant to the Contracts.

“Contracts” means the Installment Purchase Agreement and all contracts or leases of the City authorized and executed by the City under and pursuant to the laws of the State of California, the installment or lease payments under which are payable from the Net System Revenues on a parity with the Installment Payments.

“City Bonds” means all revenue bonds or notes of the City authorized, executed, issued, and delivered under and pursuant to the laws of the State of California, the payments of which are made from the Net System Revenues and which are on a parity with the Installment Payments.

The term “City Bonds” includes, but is not limited to, obligations in the form of bonds, notes, bond anticipation notes, and commercial paper.

All Net System Revenues are pledged on a parity and *pro rata* basis to all Obligations. Upon the issuance of the Bonds and the refunding and defeasance of the 1995 Bonds, there will be no Additional Obligations currently outstanding. The City shall not be required to advance any moneys derived from any source of income other than Net System Revenues and the other funds provided in the Installment Purchase Agreement for the payment of the Installment Payments or for the performance of any agreements or covenants required to be performed by it contained in the Installment Purchase Agreement. The City may, however, but in no event shall it be obligated to, advance moneys for any such purpose so long as such moneys are derived from a source legally available therefor. See “Limitations Regarding Additional Obligations” below and “APPENDIX A – Summary of Certain Provisions of Principal Legal Documents.”

**The obligation of the City to make the Installment Payments is a special obligation of the City payable solely from Net System Revenues and other funds provided for in the Installment Purchase Agreement and does not constitute a debt 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.**

#### **Rate Covenant**

The City has covenanted in the Installment Purchase Agreement to fix, prescribe, and collect fees, rates, and charges for the Solid Waste System that will be at least sufficient to yield, during each Fiscal Year, Net System Revenues equal to the sum of (a) 100% of the Debt Service for such Fiscal Year and certain costs then due and owing under the Reserve Fund Policy, if any, plus (b) the amount by which the amount on deposit in the Solid Waste Revenue Fund on the last day of the immediately preceding Fiscal Year was less than 25% of Maximum Annual Debt Service as of such day. The City may make adjustments from time to time in the rates and charges described above and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net System Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements described in this paragraph. See “APPENDIX A – Summary of Certain Provisions of Principal Legal Documents.”

The Installment Purchase Agreement includes the following definitions:

“Debt Service” means, for any Fiscal Year or other period, the sum of (i) the interest payable during such Fiscal Year or other period on all outstanding City Bonds, assuming that all outstanding serial City Bonds are retired as scheduled and that all outstanding term City Bonds 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 sale of any City Bonds), (2) that portion of the principal amount of all outstanding serial City Bonds maturing on any principal payment date which falls in such Fiscal Year or other period, (3) that portion of the principal amount of all outstanding term City Bonds required to be redeemed or paid on any redemption date which falls in such Fiscal Year or other period (together with the redemption premiums, if any, thereon), and (4) that portion of the Contract Payments required to be made in such Fiscal Year or other period (all subject to certain assumptions set forth in the Installment Purchase Agreement).

“Maximum Annual Debt Service” means, at any point in time, with respect to Obligations then outstanding, the maximum amount of Debt Service on the Obligations in the

then current or any future Fiscal Year or other period, calculated by the City or by an Independent Certified Public Accountant and provided to the Trustee.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period selected and designated as the official Fiscal Year of the City.

## **Reserve Fund**

Pursuant to the Installment Purchase Agreement, the City is required to maintain or cause to be maintained the Reserve Fund, which is pledged to the payment of principal of and interest on the Bonds, at the Reserve Requirement. Pursuant to the Indenture, the Trustee is required to annually set aside from the Payment Fund and deposit in the Reserve Fund from amounts received from the City pursuant to the Installment Purchase Agreement an amount of money which, together with the amount already on deposit therein, will be equal to the Reserve Requirement. The Reserve Requirement is equal to the least of (i) 10% of the outstanding principal amount of the Bonds, (ii) the Maximum Annual Debt Service on the Bonds, and (iii) 125% of the Average Annual Debt Service on the Bonds. No deposit need be made in the Reserve Fund so long as there shall be on deposit therein a sum equal to at least the Reserve Requirement for the succeeding Bond Year. The Trustee is required to promptly notify the City and the Authority if the amount on deposit in the Reserve Fund is less than the Reserve Requirement.

Pursuant to the Indenture, all money in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on or principal of, or redemption premiums, if any, on the Bonds in the event that no other money of the Authority is lawfully available therefor, or for the retirement of all Bonds then outstanding. All interest income received by the Trustee on investment of moneys in the Reserve Fund shall be retained in the Reserve Fund so long as amounts on deposit in the Reserve Fund are less than the Reserve Requirement for the following Bond Year.

In lieu of funding the Reserve Fund with cash, the Authority, at its option, may fund all or any portion of the Reserve Requirement by providing to the Trustee (a) an irrevocable, unconditional letter of credit approved in writing by the Bond Insurer and issued by a bank or other financial institution approved in writing by the Bond Insurer and whose long-term uncollateralized debt obligations are rated in one of the two highest rating categories by S&P or Moody's or, if the Bonds are not then rated, by any nationally recognized rating agency, or a qualified reserve fund insurance policy approved in writing by the Bond Insurer.

## **Bond Insurance Policy**

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

## **Limitations Regarding Additional Obligations**

The City may at any time incur Additional Obligations payable from Net System Revenues and secured on a parity with the payment by the City of the Installment Payments; provided:

- (1) There shall not have occurred and be continuing an Event of Default under the Installment Purchase Agreement or the Indenture; and

- (2) The City obtains or provides a certificate or certificates prepared by a Consultant showing that (i) the Net System Revenues as shown by the books of the City for the twelve calendar months ending within 90 days prior to the incurring of such Additional Obligations shall have amounted to at least 100% of Debt Service for such twelve calendar month period, plus the amount by which the amount on deposit in the Solid Waste Revenue Fund on the date prior to the first day of such twelve calendar month period was less than 25% of Maximum Annual Debt Service, (ii) the estimated Net System Revenues for the twelve calendar months following the date of incurring such Additional Obligations will be at least equal to 100% of Debt Service on all Obligations to be outstanding immediately after the incurring of such Additional Obligations, and (iii) the amount on deposit in the Solid Waste Revenue Fund on the date of incurring such Additional Obligations is at least equal to 25% of Maximum Annual Debt Service as of the date of incurring of such Additional Obligations.

The determination of Net System Revenues for use in the calculation described above is more fully described in the Installment Purchase Agreement and in “APPENDIX A – Summary of Certain Provisions of Principal Legal Documents – Installment Purchase Agreement – Additional Obligations.”

The certificate or certificates described above shall not be required if the Additional Obligations being incurred are for the purpose of refunding then outstanding Obligations and at the time of the incurring of such Additional Obligations a certificate of an Authorized City Representative shall be delivered showing that Maximum Annual Debt Service on all outstanding Obligations after the incurring of such Additional Obligations will not exceed Maximum Annual Debt Service on all Obligations outstanding prior to the incurring of such Additional Obligations.

## **Insurance**

Pursuant to the Installment Purchase Agreement, the City is required to procure and maintain or cause to be procured and maintained insurance on the Solid Waste System with responsible insurers, or provide self insurance reserves (which may be provided in the form of risk sharing pools), in such amounts and against such risks as are usually covered in connection with systems similar to the Solid Waste System, exclusive of earthquake and flood insurance. The City is also required to procure and maintain such other insurance that it shall deem advisable or necessary to protect its interests and the interests of the Authority with respect to the Solid Waste System.

All policies of insurance required to be maintained pursuant to the Installment Purchase Agreement shall, to extent reasonably obtainable, provide that the Authority and the Trustee shall be given 30 days written notice of any intended cancellation thereof or reduction of coverage provided thereby. The City will certify to the Trustee annually on or before July 1 of each Fiscal Year that it is in compliance with such insurance requirements. See “APPENDIX A – Summary of Certain Provisions of Principal Legal Documents – Installment Purchase Agreement – Covenants of the City – Insurance.”

## **Action On Default**

Upon the happening and continuance of any Event of Default as defined in the Indenture, the owners of not less than 25% in aggregate principal amount of the Bonds then outstanding have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, by a written instrument executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture; provided that, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, the Bond Insurer shall be entitled to control and direct the enforcement

of all rights and remedies granted to the Bond owners or the Trustee for the benefit of the Bond owners under the Indenture. See “APPENDIX A – Summary of Certain Provisions of Principal Legal Documents.”

### **Investment of Moneys**

Amounts held in any fund or account held under the Indenture will be invested in Permitted Investments, subject to the conditions provided for in the Indenture. All investment earnings on monies on deposit in any fund or account held under the Indenture will be transferred to the Payment 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 Code. See “APPENDIX A – Summary of Certain Provisions of Principal Legal Documents – The Indenture.”

### **FINANCIAL GUARANTY INSURANCE POLICY**

The following information has been furnished by the Bond Insurer for use in this Official Statement. Reference is made to Appendix F for a specimen of the Bond Insurance Policy.

***Payment Pursuant to Financial Guaranty Insurance Policy.*** The Bond Insurer has made a commitment to issue the Bond Insurance Policy relating to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Bond Insurance Policy, the Bond Insurer 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 that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Bond Insurance Policy). The Bond Insurer will make such payments to the Insurance Trustee on the later of the date on which such principal and interest become Due for Payment or within one business day following the date on which the Bond Insurer shall have received notice of Nonpayment from the Trustee. The Bond Insurance Policy will extend for the term of the Bonds and, once issued, cannot be canceled by the Bond Insurer.

The Bond Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates (if applicable), 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, the Bond Insurer 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 (if applicable). 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 that has become Due for Payment and that is made to the registered owner of a Bond by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from such registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available.

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

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption, if any) or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment, or acceleration premium.
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, paying agent, or bond registrar, if any.

If it becomes necessary to call upon the Bond 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 the Bond Insurer to the extent of the payment under the Bond Insurance Policy. Payment of interest pursuant to the Bond Insurance Policy requires proof of Bond owner entitlement to interest payments and an appropriate assignment of the Bond owner's right to payment to the Bond Insurer.

Upon payment of the insurance benefits, the Bond Insurer 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 the Bond Insurer were to become insolvent, any claims arising under the Bond 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.** The Bond Insurer 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, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands, with admitted assets of approximately \$8,329,000,000 (unaudited) and statutory capital of \$5,224,000,000 (unaudited) as of December 31, 2004. Statutory capital consists of the Bond Insurer's policyholders' surplus and statutory contingency reserve. S&P, Moody's, and Fitch Ratings have each assigned a triple-A financial strength rating to the Bond Insurer.

The Bond Insurer 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 the Bond Insurer under policy provisions substantially identical to those contained in its Bond Insurance Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Authority of the Bonds.

The Bond Insurer 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 the Bond Insurer and presented under the heading "FINANCIAL GUARANTY INSURANCE POLICY."

**Available Information.** The parent company of the Bond Insurer, 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 the Bond Insurer's financial statements prepared in accordance with statutory accounting standards are available from the Bond Insurer. The address of the Bond Insurer'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 document filed by the Company with the SEC (File No. 1-10777) is incorporated by reference in this Official Statement:

- The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, and filed on March 15, 2005.

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 payable solely from Net System Revenues and amounts held in certain funds and accounts established under the Indenture. Consequently, the payment of principal of and interest on the Bonds will be dependent upon the availability and sufficiency of such Net System Revenues. The Bonds do not constitute an obligation of the Authority for which the Authority must levy or pledge any form of taxation or for which the Authority has levied or pledged any form of taxation. The Installment Payments do not constitute an obligation of the City for which the City must 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 Installment Payments constitute a debt or 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.

### **System Demand**

There can be no assurance that the local demand for the services provided by the Solid Waste System will be maintained at levels described in this Official Statement. Because of changes in demographics within the boundaries of the City, it is possible for the demand for solid waste services to decline over the term of the Bonds. A significant decline in demand might create a situation in which the City could not increase rates sufficiently to offset the decrease in subscribers or usage. This would reduce the City's ability to make Installment Payments, which could in turn adversely impact the Authority's ability to make repayments of the principal or interest on the Bonds.

## **Increased System Expenses**

Changes in technology, increases in the cost of energy, or other expenses could reduce Net System Revenues, which could in turn require substantial increases in rates or charges in order to comply with the rate covenant in the Installment Purchase Agreement. The City's ability to make its required Installment Payments may be adversely affected until such time as the City is able to increase rates and charges to pay for such increased costs.

## **General Risks Associated with Establishment, Ownership, and Operation of Solid Waste Facilities**

There are serious, often unforeseeable, risks and potentially substantial cost exposures associated with the establishment, ownership, and operation of solid waste facilities. Although the City does not own or operate any landfills, the risks and costs to the City include those associated with landfills, as such risks and costs may increase disposal fees paid by the City. In addition, there are independent risks and costs associated with the establishment, ownership, and operation of solid waste collection, recovery, processing, and transfer facilities. These risk factors include, but are not limited to: (i) the difficulty of obtaining permits to expand or establish new sites and facilities and public and private opposition to the location, expansion, and operation of these facilities; (ii) increasing political activities at all levels that seek to restrict the operation of solid waste facilities as well as the movement of solid waste; (iii) increased costs associated with landfill operations and the recovery of such costs by landfill operators; (iv) alleged possible adverse effects on groundwater and the environment; (v) substantial regulatory compliance expenditures, fines, or other sanctions and civil damage liabilities; (vi) demonstrating financial responsibility (see "Regulation – Federal and State Laws Governing Solid Waste Disposal" below) and conforming to prescribed or changing standards and methods of operation; (vii) judicial and administrative proceedings regarding alleged possible adverse environmental and health effects of solid waste facilities; and (viii) legislation that requires additional waste recycling, minimization, and incineration.

## **Regulation**

The kinds and degree of solid waste collection and disposal effected through the Solid Waste System is regulated at the federal, State, and local levels. The Resource Conservation and Recovery Act of 1976 ("RCRA") granted authority to the United States Environmental Protection Agency (the "EPA") to control the disposal of solid waste and directed the EPA to establish uniform national standards for the disposal of nonhazardous municipal solid waste in landfills. In 1979, the EPA established minimum standards for such disposal of solid waste and subsequently established strict, comprehensive regulations (the "Subtitle D Regulations") in October 1991 with which existing landfills must comply if they continue to accept municipal solid waste after October 9, 1993. Flexibility in complying with the Subtitle D Regulations may be granted to states with EPA-approved solid waste plans. In those states where the EPA has approved a state solid waste plan, state landfill regulations will govern. Otherwise, the Subtitle D Regulations will govern. Title 14 of the California Code of Regulations ("Title 14") was approved by the EPA in September 1993 and governs solid waste disposal in California.

Laws and regulations at both the State and federal levels often impose retroactive liability, particularly with respect to cleanup activities relating to landfills. Compliance with these laws and regulations may be costly and, as more stringent standards are developed to protect the environment, these costs will likely increase. Consequently, the City's expenses in connection with the Solid Waste System may increase directly through the compliance costs faced by the Solid Waste System and indirectly through increases in the fees paid by the City, including landfill disposal fees to other solid waste facilities facing increased compliance costs.

Future federal or State legislation or regulation affecting solid waste and recycling issues may be adopted. It is not possible to predict the direction that future federal regulation will take with respect to solid waste management.

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

The Installment Purchase Agreement requires the Authority to obtain and keep in force various forms of insurance, subject to deductibles, for repair or replacement of the Solid Waste System facilities in the event of damage or destruction thereto. The Authority makes no representation as to the ability of any insurer to fulfill its obligations under any insurance policy provided for in the Installment Purchase Agreement and no assurance can be given as to the adequacy of any such insurance. Payment of Installment Payments is not dependant on the availability of the facilities of the Solid Waste System.

The Installment Purchase Agreement does not require the City to maintain earthquake insurance for the Solid Waste System. 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 Solid Waste System are subject, have been designed to reduce the risk to the public and adequately mitigate seismic hazards. There are no known major 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 the Solid Waste System or portions of it. In such a case, under certain circumstances, the Net System Revenues could possibly be reduced or eliminated if the City was unable to provide solid waste services to its customers, or if large amounts of System Revenues were required to be applied to make extensive repairs to the Solid Waste System. Such a reduction or elimination of Net System Revenues could impair the ability of the City to make Installment Payments, which in turn would impair the ability of the Authority to make payments of principal of and interest on the Bonds when due. The chance that the occurrence of severe seismic activity in the area of the Solid Waste System could result in substantial damage and interference with the City’s right to use all or a portion of the Solid Waste System, and thereby result in a reduction or elimination of Net System Revenues, is mitigated by the City’s standards for development.

The Installment Purchase Agreement does not require the City to maintain flood insurance for the Solid Waste System. The components of the Solid Waste System are located in a flood insurance rate zone designated by the Federal Emergency Management Agency (“FEMA”) as “Zone B.” 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. 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.

### **Limited Recourse on Default**

If the City defaults on its obligation to make Installment Payments, the Trustee, as assignee of the Authority, has the right to accelerate the total unpaid principal amount of the Installment Payments. However, in the event of a default and such acceleration, the Bond Insurance Policy does not guarantee

the payment of any accelerated amounts and there can be no assurance that the City will have sufficient Net System Revenues to pay the accelerated Installment Payments.

### **Limitations on Available Remedies**

The enforceability of the obligations of the City and the rights and remedies of the registered owners of the Bonds may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles that may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the registered owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

### **Absence of Market for the Bonds**

There can be no assurance that there will ever be a secondary market for purchase or sale of the Bonds and, from time to time, there may be no market for them, depending upon prevailing market conditions and the financial condition or market position of firms who may make the secondary market.

### **Constitutional Limitations**

California law imposes various taxing, revenue, and appropriations limitations on public agencies such as the City. See "CONSTITUTIONAL PROVISIONS AFFECTING SOLID WASTE SYSTEM REVENUES AND EXPENDITURES" below for a discussion of these limitations.

### **Loss of Tax Exemption**

As discussed under the caption "TAX MATTERS" herein, interest on the Bonds could become included in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City or the Authority in violation of their respective covenants in the Indenture and the Installment Purchase Agreement.

### **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 PROVISIONS AFFECTING SOLID WASTE SYSTEM REVENUES AND EXPENDITURES**

### **California Constitution Article XIII B Limitations**

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 of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living, population, and services rendered by the government entity. The “base year” for establishing this appropriations limit is the 1978-79 fiscal year, and the limit is adjusted annually to reflect changes in population, consumer prices, and increases or decreases in the cost of services provided by these public agencies.

Appropriations of an entity of local government subject to Article XIII B include generally authorizations to expend during a fiscal year the proceeds of taxes levied by or for the entity and the proceeds of State subventions, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance, and disability insurance funds. “Proceeds of taxes” include, but are not limited to, all tax revenues, most State subventions, and the proceeds to the local governmental entity from (1) regulatory licenses, user charges, and user fees (to the extent that such proceeds exceed the cost reasonably borne by such entity), and (2) the investment of tax revenues. Article XIII B provides that if a governmental entity’s revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit, including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters and payments required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the providing of existing services more costly. The City believes that its charges for solid waste services do not exceed the costs it reasonably bears in providing such services and, therefore, are not subject to the limitations of Article XIII B. The City has covenanted in the Installment Purchase Agreement that it will prescribe rates and charges sufficient to provide for payments of the Bonds each year.

### **California Constitution Article XIII C and Article XIII D Limitations**

On November 5, 1996, the voters of the State approved Proposition 218, the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State 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. These provisions could adversely affect the financial condition of the City, its ability to comply with its covenants under the Installment Purchase Agreement, and/or the Authority’s ability to pay principal of or interest on the Bonds. In such event, there can be no assurance that remedies will be available to fully protect the interests of the holders of the Bonds. See “RISK FACTORS – Limitations on Remedies” above.

Article XIII D contains several new provisions affecting the ability of local governments to impose or increase “fees” and “charges,” defined for purposes of Article XIII D 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 user fees or charges for a property related service;” provided, however, that Article XIII D specifically provides that it shall not be construed to “affect existing laws relating to the imposition of fees or charges as a condition of property development.” The City believes that its charges related to the Solid Waste System are fees or charges as

a condition of property development within the meaning of Article XIID, although no assurance can be given that a court would not determine otherwise. "Property related service" means a public service having a direct relationship to property ownership (which term may include tenancies). All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges that (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) with respect to any parcel or person, exceed the proportional cost of the service attributable to the parcel, (iv) are for a service not actually used by, or immediately available to, the owner of the property in question, or (v) are used for general governmental services, including police, fire, ambulance, or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Although the City believes that its solid waste service charges are not property related fees or charges within the meaning of Article XIID, the City further believes that its solid waste service charges, if determined to be such property related fees or charges, would satisfy all of these requirements. However, in any legal action contesting the validity of a fee or charge, the City will have the burden of proving exemption from or compliance with Article XIID and no assurance can be given that a court would not determine otherwise. 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. The City is unable to predict whether the imposition or increase of any fee and charge, including any increase in its solid waste service charge, will be prevented by such a majority protest.

Moreover, Article XIID also provides that, except for fees or charges for sewer, 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. The City believes that its solid waste service charges are charges for refuse collection services within the meaning of Article XIID, although no assurance can be given that a court would not determine otherwise.

Article XIID states that, beginning July 1, 1997, all "fees" or "charges" must comply with its provisions. It is unclear how the provisions of Article XIID will be applied to fees or charges established prior to such date. The City does not plan to conduct any new hearings, elections, or other proceedings with respect to any of its existing fees or charges related to its Solid Waste System.

In addition to the provisions described above, Article XIIC removes limitations on the initiative power in matters of local taxes, assessments, fees, and charges. Consequently, the voters of the City could, by future initiative, repeal, reduce, or prohibit the future imposition or increase of any local tax, assessment, fee, or charge. "Assessment," "fee," and "charge" are not defined in Article XIIC and it is unclear whether the definitions of such terms contained in Article XIID (which are generally property related as described above) apply with respect to Article XIIC. No assurance can be given that the voters of the City will not, in the future, approve initiatives which repeal, reduce, or prohibit the future imposition or increase of assessments, fees, or charges. The City believes that the initiative power cannot be used to alter covenants in the Installment Purchase Agreement concerning the imposition of the City's charges or reduce or repeal such charges to the extent that the City could not meet its obligation to make Installment Payments. In addition to the foregoing, the City's general financial condition may be affected by other provisions of Article XIIC and Article XIID, including (A) provisions of Article XIIC (i) requiring taxes for general governmental purposes to be approved by a majority vote and taxes for specific purposes, even if deposited into general fund, to be approved by a two-thirds vote, (ii) subjecting all taxes, assessments, fees, and charges to reduction or repeal at any time through the initiative process

(as mentioned above), and (iii) provisions of Article XIID that could reduce the ability of the City to fund certain services or programs that it may be required or choose to fund from its general fund, such as provisions (1) adding requirements making it generally more difficult to levy and maintain “assessments,” defined to mean a levy or charge upon real property for a particular and distinct benefit to the property over and above general benefits conveyed to property located in the district or to the public at large, (2) requiring any imposition or increase of property related fees or charges other than for sewer, water, and refuse collection services or fees for electrical or gas service (which are not treated as property related for purposes of Article XIID) to be approved by “majority of the property owners” subject to the fee or charge or, at the option of the local government, two-thirds vote of the electorate residing in the affected area.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determinations.

### **Future Initiatives**

Articles XIIB, XIIC, and XIID of the Constitution were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting Solid Waste System revenues or the City’s ability to generate or expend revenues.

## **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 among 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 governing board (the “Board”). There is currently one vacancy on the Board. The current members of the Board are listed below:

<b><u>Name</u></b>	<b><u>Office</u></b>
Tom Conway	Chairman
Charles Covarrubias	Vice Chairman
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 General Counsel and the Controller, serve in these capacities by virtue of their duties as City Attorney and Finance and Management Services Director, respectively, or, in the case of the Secretary and Assistant Controller, are appointed by officers of the Authority and serve at the pleasure of the Board. The Authority officers are:

<u>Name</u>	<u>Position</u>
Andrea Daroca	Controller
Michael J. More	Assistant Controller
Gary Gillig	General Counsel
Jill Beaty	Secretary

Neither the Authority nor the members of the Board have any obligations or liability to the owners of the Bonds with respect to the payment of Installment Payments by the City under the Installment Purchase Agreement or with respect to the performance of the City of other covenants made by it in the Installment Purchase Agreement.

### **THE 2005 PROJECT**

The City is purchasing the 1995 Project and the 2005 Project from the Authority with Installment Payments pursuant to the Installment Purchase Agreement. The following table describes the equipment that will comprise the 2005 Project:

<b>Equipment</b>	<b>Quantity</b>	<b>Estimated Total Cost</b>	<b>Estimated Useful Life</b>
Residential Rapid Rail Green Waste Collection Trucks	3	\$ 555,000	8 years
Commercial Front-End Loader Trucks	10	1,500,000	8 years
Industrial Roll-off Trucks	2	200,000	10 years
Long Haul Refuse Tractors	8	640,000	8 years
Long Haul Refuse Trailers	8	400,000	8 years
Wheel Loader/Compactor	1	400,000	5 years
Bobcat - Small Loader	4	180,000	5 years
1/2 Ton Pick-Up Truck	4	120,000	10 years
Lift Truck for Container Shop	1	60,000	5 years
2 Ton Dump Truck - Specials	1	<u>65,000</u>	7 years
		<b>\$4,120,000</b>	

### **THE SOLID WASTE SYSTEM**

#### **General**

The Solid Waste System provides solid waste collection services to approximately 43,000 residences, businesses, and industrial complexes within the City. In addition, the Solid Waste System provides on-call, temporary industrial services for construction/demolition projects and for seasonal users, such as agricultural customers. A City ordinance provides that the collection, removal, and disposal of all solid waste be performed exclusively by the City or its authorized representatives. Solid waste collection is not franchised to private collectors, but is provided directly by the City.

The facilities of the Solid Waste System include the ownership and operation of 17 sideloader vehicles for automated collection of residential solid waste and recyclable materials, 7 sideloader vehicles for automatic collection of residential green waste materials, 15 front-end loader vehicles for automated collection of commercial solid waste and recyclable materials, 12 roll-off vehicles for industrial solid

waste and recyclable materials, 18 tractor-trailers that haul solid waste from the City owned Del Norte Station to designated landfills, and 32 non-collection vehicles such as sedans, equipment trailers, sweepers, heavy-duty special pick-up trucks, and light-weight passenger pick-up trucks.

***Del Norte Regional Recycling and Transfer Station.*** The Del Norte Station is owned by the City and managed and operated by Republic Services, Inc. (“Republic Services”). The Del Norte Station is approximately 120,000 square feet (5 acres) and is situated on 16.5 acres of land. The Del Norte Station includes a scale house, tipping floor, processing and storage areas, waste and recycling processing equipment, operational and administrative offices, employee conference room, truck staging areas, container storage area, maintenance shop, wash rack, visitor education center, recycling drop-off center, and visitor and employee parking. At its current level of operation, the Del Norte Station is operating at approximately 33% of its available capacity. The City owns 10 acres of undeveloped land adjoining the Del Norte Station from the south. The City intends to use this land for future Del Norte Station expansion. The Solid Waste System budgets approximately \$800,000 per year for the Del Norte Station and fleet replacement each year.

The Solid Waste Association of North America (“SWANA”) named the Del Norte Station the winner of the 2000 SWANA Transfer Station Excellence Bronze Award. This award is presented annually to recognize outstanding transfer station performance in operation, design, efficiency, and overall integrated recycling and waste reduction education in the United States and Canada. The award is based on several criteria meant to evaluate a commitment to environmentally and economically sound solid waste management. Among these criteria are environmental compliance, program efficiency and effectiveness, safety, and innovation. Over 89 transfer stations from across the United States and Canada competed for the honor.

***Management of the Del Norte Station.*** Proceeds from the sale of the 1995 Bonds were used to finance the planning, design, and construction of the Del Norte Station, which was completed in August 1996. The City has entered into an Agreement for the Design, Construction & Equipping Management and Operation of a Materials Recovery Facility and Transfer Station, Transfer of Waste for Disposal, and Marketing of Recovered Materials, dated March 23, 1995, as amended on January 26, 1999, and as further amended on April 30, 2001 (collectively, the “Del Norte Agreement”), by and between the City and Republic Services, as successor contractor thereunder. Pursuant to the Del Norte Agreement, Republic Services currently provides management services for the Del Norte Station, which is owned by the City. The Del Norte Agreement expires in accordance with its terms on January 17, 2012.

***Simi Valley Landfill.*** In November 1997, Republic Services, as operator of the City’s Del Norte Station, and Waste Management, Incorporated, owner and operator of the Simi Valley Landfill, entered into a landfill agreement. This agreement secured landfill disposal for City residual tonnage at the Simi Valley Landfill. On September 25, 2001, this agreement was superseded by an agreement between the City and Waste Management, Incorporated. The Simi Valley Landfill is located approximately 30 miles from Oxnard in eastern Ventura County in Simi Valley. The tipping fee for fiscal year 2003-04 was \$21.08 with a “put-or-pay” tonnage commitment of 781 tons per day, including annual escalation for the tipping fee and tonnage commitment. The agreement term is five years, ending in 2006, and the agreement provides for one or more additional five-year terms upon mutual written agreement between both parties. The Simi Valley Landfill is permitted to the year 2034 and daily capacity is 3,000 residual tons per day and 6,250 recyclable material tons per day.

***Toland Road Landfill.*** On November 20, 2000, the City entered into an agreement with the Ventura Regional Sanitation District (“VRSD”) for disposal services at the Toland Road Landfill. The Toland Road Landfill is located about 25 miles from Oxnard in north-central Ventura County near Santa Paula. The Toland Road Landfill is owned and operated by VRSD. The landfill is permitted to the year

2020 and daily capacity is 1,500 tons per day. This agreement provides landfill disposal services to the City with a tonnage commitment of 150 tons per day until July 1, 2005, and 200 tons per day thereafter, until July 1, 2020. The tipping fee for fiscal year 2003-04 was \$19.81, with a bi-annual escalation for the tipping fee. The term of agreement is 20 years.

## Service Area

The Solid Waste System currently serves a population of approximately 182,000 and collects an aggregate of approximately 195,000 tons of solid waste and recyclable materials per year. The following table shows a six-year collection history and a fiscal year 2004-05 estimation of annual solid waste and recyclable material collection received at the Del Norte Facility from the City and other haulers throughout region.

**TABLE 1  
SOLID WASTE SYSTEM  
ANNUAL SOLID WASTE COLLECTION (TONS)**

	Actual FY 1999	Actual FY 2000	Actual FY 2001	Actual FY 2002	Actual FY 2003	Actual FY 2004	Estimated FY 2005
<b>City of Oxnard Incoming Tonnage Type (Collected by City's Solid Waste System)</b>							
Oxnard Solid Waste <sup>(1)</sup>	140,050	141,660	135,196	142,674	145,837	165,655	171,000
Oxnard Source Separated Recyclable <sup>(2)</sup>	12,912	14,340	15,781	15,880	16,825	16,863	17,700
Oxnard Green Waste Materials <sup>(3)</sup>	<u>12,345</u>	<u>10,716</u>	<u>14,244</u>	<u>17,772</u>	<u>17,152</u>	<u>12,450</u>	<u>16,000</u>
<b>City of Oxnard Municipal Collection Totals <sup>(4)</sup></b>	<b>165,307</b>	<b>166,716</b>	<b>165,221</b>	<b>176,326</b>	<b>179,814</b>	<b>194,968</b>	<b>204,700</b>
Drop-Off Recyclable Materials (BuyBack) <sup>(5)</sup>	50,215	47,987	42,220	34,617	32,257	24,651	27,000
Non-City of Oxnard Permitted and Self Hauler Waste Tons <sup>(6)</sup>	<u>113,504</u>	<u>142,031</u>	<u>145,121</u>	<u>135,281</u>	<u>135,832</u>	<u>142,384</u>	<u>145,000</u>
<b>Totals for Users other than City of Oxnard <sup>(7)</sup></b>	<b>163,719</b>	<b>190,018</b>	<b>187,341</b>	<b>169,898</b>	<b>168,089</b>	<b>167,035</b>	<b>172,000</b>
<b>Grand Totals:</b>	<b>329,026</b>	<b>356,734</b>	<b>352,562</b>	<b>346,224</b>	<b>347,903</b>	<b>362,003</b>	<b>376,700</b>

<sup>(1)</sup> Represents solid waste tons collected by City of Oxnard municipal collection trucks and delivered to Del Norte Facility.

<sup>(2)</sup> Represents source separated recyclable tons collected by City of Oxnard municipal collection trucks and delivered to Del Norte Facility.

<sup>(3)</sup> Represents green waste tons collected by City of Oxnard municipal collection trucks and delivered to Del Norte Facility. Represents estimated amount of green waste collected; actual data not available.

<sup>(4)</sup> Represents totals for City of Oxnard municipal collection delivered to Del Norte Facility.

<sup>(5)</sup> Represents recyclable material tons collected other than City of Oxnard municipal trucks and delivered to Del Norte Facility.

<sup>(6)</sup> Represents solid waste tons collected other than City of Oxnard municipal trucks and delivered to Del Norte Facility.

<sup>(7)</sup> Represents total tons collected other than City of Oxnard municipal trucks and delivered to Del Norte Facility. Approximately 18% of this amount is attributable to a Solid Waste Handling Agreement between the City of Port Hueneme and the City, dated June 5, 1997, as amended (the "Port Hueneme Agreement"), pursuant to which the City has agreed to collect solid waste for the City of Port Hueneme. The Port Hueneme Agreement is subject to automatic extensions (if no cancellation of such automatic extension has been delivered to either party), which occur on each anniversary date of the Port Hueneme Agreement when two years remain on the term thereof, such that the minimum and maximum time remaining on the Port Hueneme Agreement is always two years and three years, respectively. As of the date of this Official Statement, no cancellation of the automatic extension provision of the Port Hueneme Agreement has been delivered by either party.

Source: City of Oxnard.

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As of June 30, 2004, the Solid Waste System had 42,429 active service accounts, of which 34,511 were residential and 7,918 were commercial (including apartments, condominiums, mobile home parks using a commercial front end loader type container collection systems, and approximately 155 industrial accounts). The following table shows the growth in the number of active service accounts since June 30, 2000.

**TABLE 2**  
**SOLID WASTE SYSTEM**  
**ACTIVE SERVICE ACCOUNTS**

<b><u>June 30</u></b>	<b><u>Residential</u></b> <b><u>Accounts</u></b>	<b><u>Commercial</u></b> <b><u>Accounts</u></b>	<b><u>Total</u></b> <b><u>Accounts</u></b>	<b><u>%</u></b> <b><u>Increase</u></b>
2004	34,511	7,918	42,429	3.06%
2003	33,580	7,549	41,129	3.09
2002	32,533	7,324	39,857	2.19
2001	31,659	7,324	38,983	3.84
2000	30,544	6,942	37,486	5.23

Source: City of Oxnard.

The Solid Waste System's twenty largest customers in order of billing for the twelve-month period ending December 31, 2004, are listed in the following table.

**TABLE 3**  
**SOLID WASTE SYSTEM**  
**TWENTY LARGEST CUSTOMERS BY ORDER OF BILLING**  
**FOR TWELVE-MONTH PERIOD ENDING DECEMBER 31, 2004**

<b><u>Name of Account</u></b>	<b><u>Twelve-Month Billing</u></b> <b><u>through December 31, 2004</u></b>	<b><u>Percentage of</u></b> <b><u>Total Billing</u></b> <sup>(1)</sup>
Willamette Industries <sup>(2)</sup>	\$ 717,968	3.26%
Boskovitch Farms	102,772	0.47
Reliant Energy Ormond Beach	86,103	0.39
Parc Rose	85,450	0.39
Venco Western	82,424	0.37
Holiday Manor	81,566	0.37
Villa Sirena Apartments	71,334	0.32
Home Depot	70,930	0.32
Tierra Vista Apartments	69,043	0.31
City of Oxnard Parks Div	68,009	0.31
Colony HOA	63,752	0.29
Costco Wholesale	59,612	0.27
California Lighthouse HOA	58,510	0.27
Retarded Citizens	55,023	0.25
KW Rancho Ellen LLC	51,782	0.24
Oxnard Pacific Mobile Estates	48,406	0.22
St. Johns Hospital	44,484	0.20
Workrite	<u>43,838</u>	<u>0.20</u>
<b>TOTAL</b>	<b>\$ 1,945,218</b>	<b>8.83%</b>

(1) Total Solid Waste System billing for 2004, including residential, commercial, and industrial service, was \$22,019,582.

(2) Willamette Industries operates a paper manufacturing facility in the City.

Source: City of Oxnard.

## Solid Waste System Rates and Charges

In May 1959, the City Council of the City (the “City Council”) adopted Ordinance 610 regulating the collection of refuse and garbage within the City. Various other ordinances have been adopted to refine and revise solid waste regulations, including Ordinance 1708 (adopted in September 1978), which addresses fees for collection and disposal services. Fees for services are charged to provide sufficient funding for the costs of administration, operation, and capital improvements of the Solid Waste System. In July 1995, the City Council adopted Ordinance 2372 (effective August 10, 1995) revising the City’s solid waste regulation in part to reflect changes in state recycling and solid waste laws and regulations.

The Solid Waste System’s monthly collection rates and charges are adopted annually by the City Council prior to the commencement of each fiscal year and are not subject to review by any state or local governmental agency. Residential service charges are levied on the basis of a flat monthly fee, currently \$23.01 per month for single family detached residential units as adopted by the City Council for fiscal year 2003-04. The residential rates for fiscal year 2003-04 increased over the corresponding rates adopted by the City Council (effective July 2002) for fiscal year 2002-03. Multifamily units using single family containers at the curb are charged a slightly lower rate. The rate approved by the City Council for fiscal year 2003-04 for commercial customers, and for multifamily units using commercial bins, is between \$97.32 and \$962.13 per month, depending on the size of the metal bins, the number of bins, and the frequency of collection. The commercial rates for fiscal year 2003-04 did not increase over the corresponding rates adopted by the City Council for fiscal year 2002-03. Industrial roll off customers pay a fee from \$101.05 to \$137.09 for collection service, plus they are charged the actual cost for tons disposed at the landfill. The industrial rates for fiscal year 2003-04 increased over the corresponding rates adopted by the City Council for fiscal year 2002-03.

Solid Waste System service charges are billed monthly by the City. Solid waste, sewer, and water service charges are issued jointly in a general utility bill. The general utility bill is due within 21 days from the date the bill is mailed. All services may be disconnected if payment is 45 days delinquent. The City’s write off from uncollectible bills was less than 0.4% of operating revenues for fiscal year 2003-04.

On June 11, 2004, the City Council considered customer rates for fiscal year 2004-05. The City Council determined that a rate increase was not needed to meet operating costs to be incurred for the collection and disposal of solid waste and for the collection, processing, and marketing of recyclables. Accordingly, no rate increase was adopted. City staff has initiated a study of the current solid waste rates; however, no determination has been made with respect to any changes in such rates for fiscal year 2005-06 or any subsequent fiscal year.

The following table shows the history of monthly collection rates for single family detached-unit residential customers in Oxnard.

**TABLE 4**  
**SOLID WASTE SYSTEM MONTHLY COLLECTION RATES FOR**  
**SINGLE FAMILY DETACHED UNIT RESIDENTIAL CUSTOMERS**  
**FISCAL YEARS 1999-00 TO 2003-04**

<u>Fiscal Year</u>	<u>Monthly Collection Rate</u>	<u>Percentage Change</u>
2003-04	23.01	5%
2002-03	21.91	0
2001-02	21.91	6
2000-01	20.67	0
1999-00	20.67	0

Source: City of Oxnard.

The following table compares the City's 2003-04 monthly solid waste collection rate for single family detached-unit residential customers with the monthly rates of some of its neighboring cities as of June 30, 2004.

**TABLE 5**  
**SOLID WASTE SYSTEM**  
**MONTHLY COLLECTION RATES FOR**  
**AVERAGE SINGLE FAMILY DETACHED-UNIT RESIDENTIAL CUSTOMER**

<u>City</u>	<u>Monthly Rate</u>
Unincorporated Area (County)	\$25.60
Santa Paula	23.50
Ventura	23.17
<b>Oxnard</b>	<b>23.01</b>
Camarillo	22.42
Ojai	21.65
Fillmore	20.99
Port Hueneme	20.00

Source: City of Oxnard.

The following table compares the City's 2003-04 monthly solid waste collection rate for commercial customers receiving weekly collection with the monthly rates of some of its neighboring cities as of June 30, 2004.

**TABLE 6**  
**SOLID WASTE SYSTEM**  
**MONTHLY COLLECTION RATES FOR**  
**COMMERCIAL CUSTOMERS WITH WEEKLY COLLECTION**

<u>City</u>	<u>Monthly Rate<sup>(1)</sup></u>	<u>Approximate Cost Cubic Yard/Month</u>
Camarillo	131.39	10.94
<b>Oxnard</b>	<b>162.60<sup>(2)</sup></b>	<b>10.16</b>
Ventura	115.09	9.59
Fillmore	110.11	9.17
Port Hueneme	40.00	2.50
Ojai	(3)	(3)
Santa Paula	(3)	(3)

<sup>(1)</sup> Comparison based upon 3-cubic yard bin monthly commercial charge for bins collected once per week.

<sup>(2)</sup> The City of Oxnard uses a 4-cubic yard bin.

<sup>(3)</sup> Not available.

Source: City of Oxnard.

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## **Solid Waste Diversion**

The City operates a number of recycling programs, including City-wide curbside recycling, commercial and industrial recycling collection, drop-off recycling bins, and school recycling programs, all of which provide alternatives to disposal of solid waste. These efforts have allowed the City to increase its solid waste diversion from a 25% base in 1995, to approximately 66% in 2003, the most recent year for which full year measurement is available. The State of California has set mandatory solid waste diversion goals of 25% by December 31, 1995 and 50% by January 1, 2000. The California Integrated Waste Management Act (the "CIWMA") requires every city and county in the State of California to prepare a Source Reduction and Recycling Element that identifies how such jurisdiction will meet the mandatory solid waste diversion goals set by the State. Failure to comply with the mandates of CIWMA could result in the imposition of civil penalties by the State.

The Oxnard Source Reduction and Recycling Element (the "SRRE") was adopted by the City Council in February 1992. The California Integrated Waste Management Board (the "CIWMB") approved the City's SRRE on July 25, 1995. Major SRRE programs include source reduction, recycling, composting, special waste, and public education. The source reduction programs include backyard composting, technical assistance on how to reduce packaging waste and re-use materials, rate incentives for residents and businesses that produce less waste, and education and public award programs. Major recycling programs include curbside recycling, commercial and industrial recycling, multifamily unit recycling, drop-off locations, and green waste recycling pilot programs. The SRRE also describes the need for a regional materials recovery facility, which need was met when the Del Norte Station opened in August 1996.

Major composting activities include citywide residential and commercial green waste collection programs. The Solid Waste System delivers green waste to private sector facilities for composting. Special waste programs facilitate the re-use and proper disposal of sewage sludge by the City. Public education programs include school assemblies and in-class instruction, teacher training workshops, environmental education curriculum, school recycling programs, and other programs for youth. SRRE programs for adults include utility bill inserts, displays, a speakers bureau, news releases, videos, brochures, and flyers.

Most of the source reduction, recycling, special waste, and public education programs described in the SRRE have already been implemented. The impact of these programs has already been felt, and these programs should have no major effects on the Solid Waste System in the future. The SRRE-related programs are implemented by the Solid Waste Reduction and Education Program, which has a budget of approximately \$600,000 per fiscal year. Current Solid Waste customer fees have been calculated to include funding for these SRRE programs.

In addition to the SRRE, the City has adopted a Household Hazardous Waste Element ("HHWE"), which describes programs on how to reduce the use of hazardous household products and how residents can participate in re-use and recycling of other household hazardous waste. It is estimated HHWE Programs cost the City approximately \$150,000 per year. These programs are partially offset by approximately \$50,000 in motor oil recycling grant funding provided by the State. Solid Waste customer fees have been calculated to include sufficient funding for these HHWE programs. The current funding level is not expected to increase in the future. In 2003, approximately 133 tons of household hazardous waste were collected, including electronic waste.

On June 15, 2004, the CIWMB approved Oxnard's diversion rate at 67% for calendar year 2002. This waste reduction achievement puts Oxnard at the top of the currently approved diversion rates in the County and among the highest in the State.

## **Outstanding Debt**

Upon defeasance of the 1995 Bonds with proceeds from the sale of the Bonds, the Solid Waste Fund will have no outstanding debt obligations payable from Net System Revenues except the Bonds.

## **Historical Revenues, Expenses, and Debt Service Coverage**

On June 11, 2004, the City Council adopted a \$34,550,932 operating budget for the Solid Waste System for fiscal year 2004-05. Table 7 below contains a detailed four-year historical summary of the Solid Waste System's revenues and expenses for fiscal years 2000-01, 2001-01, 2002-03, and 2003-04, together with estimated revenues and expenses for fiscal year 2004-05 and projected revenues and expenses for fiscal years 2005-06 through 2009-10, plus related debt service coverage estimates. The City presently does not contemplate incurring additional indebtedness secured on a parity with the Bonds. The City, however, reserves the right to incur additional indebtedness in accordance with the terms Installment Purchase Agreement. See "SECURITY FOR THE BONDS – Limitations Regarding Additional Obligations."

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**TABLE 7**  
**CITY OF OXNARD**  
**SOLID WASTE FUND**  
**HISTORICAL AND PROJECTED**  
**REVENUES, EXPENDITURES, AND DEBT SERVICE COVERAGE**  
**FISCAL YEARS ENDING JUNE 30**

	ACTUAL					PROJECTED				
	FY 2001	FY 2002	FY 2003	FY 2004	Estimated FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
<b>Operating Revenues</b>										
Charges for Services <sup>(1)(2)</sup>	\$28,709,979	\$28,285,631	\$29,349,536	\$32,253,226	\$35,180,178	\$36,939,187	\$38,786,146	\$40,725,454	\$42,761,726	\$44,899,813
Developers' Fees	--	196,058	269,111	74,044	74,044	77,746	81,633	85,715	90,001	94,501
Miscellaneous and Reimbursements	633,912	(48,829)	193,126	638,476	348,501	365,926	384,222	403,433	423,605	444,785
Interest Income	353,785	282,109	219,618	234,794	133,163	137,158	141,273	145,511	149,876	154,372
Other Revenues-Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Operating Revenues</b>	<b>\$29,697,676</b>	<b>\$28,714,969</b>	<b>\$30,031,391</b>	<b>\$33,200,540</b>	<b>\$35,735,886</b>	<b>\$37,520,017</b>	<b>\$39,393,274</b>	<b>\$41,360,113</b>	<b>\$43,425,208</b>	<b>\$45,593,471</b>
<b>Operating Expenses</b>										
Salaries and Wages	\$ 4,188,946	\$ 4,639,425	\$ 4,931,504	\$ 5,233,305	\$ 5,719,903	\$ 5,891,500	\$ 6,068,245	\$ 6,250,292	\$ 6,437,801	\$ 6,630,935
Contractual Services <sup>(3)</sup>	11,163,927	9,662,840	9,459,340	11,374,588 <sup>(7)</sup>	12,885,149 <sup>(7)</sup>	13,271,703	13,669,855	14,079,950	14,502,349	14,937,419
Operating Supplies	361,659	811,633	749,556	816,973	1,014,538	1,044,974	1,076,323	1,108,613	1,141,871	1,176,128
Utilities	6,261,883	6,148,956	5,704,094	6,237,927	6,131,349	6,315,289	6,504,748	6,699,891	6,900,887	7,107,914
General and Administration	2,039,018	2,502,279	2,262,862	3,861,152 <sup>(8)</sup>	2,849,828	2,935,323	3,023,383	3,114,084	3,207,507	3,303,732
Repairs and Maintenance	<u>2,737,027</u>	<u>2,475,865</u>	<u>2,716,553</u>	<u>3,050,454</u>	<u>3,052,339</u>	<u>3,143,909</u>	<u>3,238,226</u>	<u>3,238,226</u>	<u>3,435,434</u>	<u>3,538,497</u>
<b>Total Operating Expenses</b>	<b>\$26,752,460</b>	<b>\$26,240,998</b>	<b>\$25,823,909</b>	<b>\$30,574,399</b>	<b>\$31,653,106</b>	<b>\$32,602,699</b>	<b>\$33,580,780</b>	<b>\$33,580,780</b>	<b>\$35,625,850</b>	<b>\$36,694,625</b>
<b>Net Operating Income (Loss)</b>	<b>\$2,945,216</b>	<b>\$2,473,971</b>	<b>\$4,207,482</b>	<b>\$2,626,141</b>	<b>\$4,082,780</b>	<b>\$4,917,318</b>	<b>\$5,812,494</b>	<b>\$6,771,909</b>	<b>\$7,799,358</b>	<b>\$8,898,846</b>
<b>Total Annual Debt Service <sup>(4)</sup></b>	<b>\$2,126,520</b>	<b>\$2,130,350</b>	<b>\$2,130,230</b>	<b>\$2,126,965</b>	<b>\$2,130,465</b>	<b>\$2,556,153</b>	<b>\$2,612,395</b>	<b>\$2,550,407</b>	<b>\$2,552,605</b>	<b>\$2,548,933</b>
<b>Debt Service Coverage Ratio (Net Operating Income Only) <sup>(5)</sup></b>	<b>1.38</b>	<b>1.16</b>	<b>1.98</b>	<b>1.23</b>	<b>1.92</b>	<b>1.92</b>	<b>2.22</b>	<b>2.66</b>	<b>3.06</b>	<b>3.49</b>
Year Ending Cash Balance	\$4,256,836	\$2,810,682	\$2,796,525	\$2,296,668	\$2,625,813	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
<b>Debt Service Coverage Ratio (Net Operating Income and Cash) <sup>(6)</sup></b>	<b>3.39</b>	<b>2.48</b>	<b>3.29</b>	<b>2.31</b>	<b>3.15</b>	<b>2.90</b>	<b>2.88</b>	<b>3.64</b>	<b>4.03</b>	<b>4.47</b>
<b>Debt Service Coverage Required by Rate Covenant</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>

(1) Although the number of active Solid Waste service accounts has increased by an average of 3.5% per year for the past five years, the projected amounts in fiscal years 2006 through 2010 are based on an assumed increase in the number of active service accounts of 5% per year due to anticipated growth in development within the City.

(2) Approximately 28% of the charges for Solid Waste services are for the collection of Solid Waste from users other than the City. See "TABLE 1 – Solid Waste System – Annual Solid Waste Collection (Tons)."

(3) Expenditures made to Republic Services pursuant to the Del Norte Agreement comprise approximately 89% of this figure for each fiscal year. See "THE SOLID WASTE SYSTEM – General – Del Norte Regional Recycling and Transfer Station" and "– Management of the Del Norte Station."

(4) For fiscal years 2006 to 2010, the annual debt service payments for the Bonds are estimated.

(5) The debt service coverage ratio is calculated by dividing the Net Operating Income by the Total Annual Debt Service.

(6) The debt service coverage ratio is calculated by dividing the sum of the Net Operating Income and the Year Ending Cash Balance by the Total Annual Debt Service.

(7) Increase due to larger volume in buying, processing, and selling of recyclable materials.

(8) Actual expenditures for General and Administration are overstated by \$747,758 due to underreported General and Administration amount in City of Oxnard Comprehensive Annual Financial Report for fiscal year 2002-03.

Source: City of Oxnard Comprehensive Annual Financial Report for fiscal years 2001 to 2004; City Finance Department for fiscal years 2005 to 2010.

## TAX MATTERS

### Bond Counsel Opinion

In the opinion of Pillsbury Winthrop Shaw Pittman 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 under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), except interest on a Bond during any period that such Bond is held by a “substantial user” of the facilities financed by the Bonds or by a “related person” within the meaning of Section 147(a) of the Code. It should be noted, however, that such interest is an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxes. 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. A copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto and will accompany the Bonds.

The Code imposes various restriction, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest received by persons such as the registered owners of the Bonds. The City and the Authority have covenanted to comply with certain restrictions designed to assure 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 Indenture, the Installment Purchase Agreement, 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 that 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 income tax purposes (except interest on a Bond during any period that such Bond is held by a “substantial user” of the facilities financed by the Bonds or by a “related person” within the meaning of Section 147(a) of the Code) and exempt from State of California personal income taxes, 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 Underwriters nor Bond Counsel are 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 Bond 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. The specific nature of the information to be provided, the applicable deadlines for filing such information, and the entities to which such information must be provided will be set forth in the Continuing Disclosure Agreement, a form of which is attached hereto as Appendix E. This covenant is being made by the Authority in order to assist the Underwriters 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.”

## **UNDERWRITING**

The Bonds are being purchased by Stone & Youngberg LLC and RBC Dain Rauscher (collectively, the “Underwriters”). The Underwriters have agreed to purchase the Bonds at a price of \$21,858,923.50 (which represents the aggregate principal amount of the Bonds, less an Underwriters’ discount of \$136,207.50, plus an original issue premium of \$1,040,131.00).

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

The Underwriters 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 Underwriters expect 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 Underwriters 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 Installment Purchase Agreement, or the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceeding of the City or the Authority taken with respect to any of the foregoing, or that will materially adversely affect the City's ability to pay Installment Payments when due.

## **CERTAIN LEGAL MATTERS**

Pillsbury Winthrop Shaw Pittman 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 Underwriters 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 Shaw Pittman LLP, Los Angeles, California.

## **VERIFICATION**

Causey, Demgen & Moore Inc., a firm of independent certified public accountants, will verify the accuracy of (i) the mathematical computations of the adequacy of the maturing principal of and interest earned on the obligations of the United States of America held under the Escrow Agreement by the Escrow Agent, together with other available funds held by the Escrow Agent, to provide for the refunding and defeasance of the 1995 Bonds, and (ii) certain mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under the Code.

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## MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds and 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/ Michael J. More  
Assistant 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 principal legal documents relating to the issuance of the Bonds, including the Indenture, the Installment Purchase Agreement, the Sale Agreement, and the Agency Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to said documents.*

#### SELECTED DEFINITIONS

“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), (2) the principal amount of all Outstanding Bonds maturing by their terms in such Bond Year, (3) that portion of the principal amount of all Outstanding term Bonds scheduled to be redeemed or paid from sinking fund payments in such Bond Year.

“Authority” means the City of Oxnard Financing Authority, a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California.

“Authority Fiscal Year” means the fiscal year of the Authority which, as of the date of the Indenture, is the period from July 1 to and including the following June 30.

“Authorized Denominations” means \$5,000 and any integral multiple thereof.

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

“Beneficial Owners” means those individuals, partnerships, corporations, or other entities for which the Participants have caused the Depository to hold Book-Entry Bonds.

“Bond Insurance Policy” means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees payment of the principal of and interest on the Bonds.

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

“Bond Year” means the period of twelve consecutive months commencing on May 2 and ending on May 1 in any year during which Bonds are or will be Outstanding; provided, however, that the first Bond Year shall commence on the Closing Date and end on May 1, 2006, and that the final Bond Year shall end on the date on which the Bonds are fully paid or redeemed.

“Book-Entry Bonds” means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for the Bonds, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

“Business Day” means any day other than (1) a Saturday, Sunday, or a day on which banking institutions in the State or in the city in which the principal office of the Trustee or the Bond Insurer is located are authorized or obligated by law or executive order to be closed, or (2) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture, and, unless otherwise specifically provided in the Indenture, no interest shall accrue for the period from and after such nominal date.

“Certificate of the Authority” means an instrument in writing signed by the Chairman, the Vice Chairman, the Secretary, the Controller, or the Assistant 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 Treasurer (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.

“Closing Date” means April 28, 2005.

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

“Computation Year” means with respect to the Bonds the period beginning on the Closing Date and ending on May 1, 2006, and thereafter each successive twelve month period commencing on the following May 2 and ending on the following May 1.

“Consultant” means the consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant, or accounting firm retained by the City to perform the acts and carry out the duties provided for such consultant in the Installment Purchase Agreement. Such consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant, or accounting firm shall be recognized within its profession for work of the character required.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority relating to the issuance, sale, and delivery of the Bonds and the execution and delivery of the Installment Purchase Agreement, the Sale Agreement, the Agency Agreement, the Escrow Agreement, the Continuing Disclosure Agreement, the Indenture, and the preliminary and final official statements pertaining to the Bonds, including administrative fees, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (including legal fees), financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies or credit ratings, fees for transportation and safekeeping of the Bonds, and charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established pursuant to the Indenture.

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

“Events of Default” has the meaning given to such term in the Indenture.

“Maximum Annual Debt Service” means the maximum Annual Debt Service for any Bond Year prior to the maturity of the Bonds.

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

“1995 Payment Fund” has the meaning given to such term in the Indenture.

“1995 Reserve Fund” has the meaning given to such term in the Indenture.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority or the City.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore or thereupon executed by the Authority and authenticated and delivered by the Trustee pursuant to the Indenture (including Bonds, the principal of and interest on which has been paid by the Bond Insurer pursuant to the Bond Insurance Policy), except --

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of the Indenture; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the Authority and authenticated and delivered pursuant to the Indenture.

Notwithstanding anything in the Indenture 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 Bond 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 any person who shall be the registered owner of any Outstanding Bond, as shown on the registration books required to be maintained by the Trustee pursuant to the Indenture.

“Participant” means each broker-dealer, bank, and other financial institution from time to time for which the Depository holds Book-Entry Bonds as securities depository.

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

“Payment Fund” means the fund by that name established pursuant to the Indenture.

“Permitted Investments” means any of the following to the extent then permitted by law and the Indenture:

- (1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America (“U.S. Government Securities”).
- (2) Direct obligations of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:
  - (a) Export-Import Bank of the United States - Direct obligations and fully guaranteed certificates of beneficial interest;
  - (b) Federal Housing Administration – debentures;

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

(3) Direct obligations<sup>1</sup> of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

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

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

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

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<sup>1</sup> The following are explicitly excluded from the securities enumerated in clauses 2 and 3:

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

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

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

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

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

(10) Repurchase agreements that meet the following criteria:

(a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.

(b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors’ Protection Corporation (“SIPC”) jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed rating of A3/P-1 or better by Moody’s and A-/A-1 or better by S&P, or (ii) domestic structured investment companies approved by the Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody’s and AAA by S&P.

(c) The repurchase agreement shall require termination thereof if the counterparty’s ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody’s, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.

(d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA, or FHLMC described in clauses 2(d), 3(a), and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA, FNMA, or FHLMCs. The repurchase agreement shall require (i) the Trustee or an independent third party acting solely as agent for the Trustee (the “Agent”) to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) Business Days of such valuation.

(e) The repurchase securities shall be delivered free and clear of any lien to the Trustee or the Agent, and such Agent is (i) a Federal Reserve Bank or (ii) a bank which is a member of the FDIC and which has combined capital, surplus, and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee shall have

received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.

(f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the Authority and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.

(g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.

(h) The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities, unless the Bond Insurer directs otherwise:

(i) insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;

(ii) failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under clause 10(d) above; or

(iii) failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

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

(a) A master agreement or specific written investment agreement governs the transaction.

(b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies approved by the Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured, and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies approved by the Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in clause 11(f) below.

(d) The investment agreement shall provide that, if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay

the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.

(e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn, or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty.

(f) The investment agreement shall provide for the delivery of collateral described in clause (i) or (ii) below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:

(i) U.S. Government Securities at 104% of principal plus accrued interest; or

(ii) Obligations of GNMA, FNMA, or FHLMC (described in clauses 2(d), 3(a), and 3(b) above) at 105% of principal and accrued interest.

(g) The investment agreement shall require the Trustee or the Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:

(i) the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal, or Reuters;

(ii) valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or

(iii) the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

(h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account, and registered in the name of the Trustee or the Agent.

(i) The provider shall grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under clause 11(f) above, the Trustee and the Bond Insurer shall receive an opinion of counsel as to the perfection of the security interest in the collateral.

(j) The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee, or other penalty, upon not more than two (2) Business Days notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the

applicable fund or account established under the authorizing document, as well as the following:

- (i) In the event of a deficiency in the debt service account;
- (ii) Upon acceleration after an event of default;
- (iii) Upon refunding of the Bonds in whole or in part;
- (iv) Reduction of the Reserve Requirement for the Bonds; or
- (v) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

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

(k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities, unless:

- (i) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times, or in the amounts described above;
- (ii) Insolvency of the provider or the guarantor (if any) under the investment agreement;
- (iii) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
- (iv) Failure by the provider to make a payment or observe any covenant under the agreement;
- (v) The guaranty (if any) is terminated, repudiated, or challenged; or
- (vi) Any representation of warranty furnished to the Trustee or the Authority in connection with the agreement is false or misleading.

(l) The investment agreement must incorporate the following general criteria:

- (i) "Cure periods" for payment default shall not exceed two (2) Business Days;
- (ii) The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee or the Bond Insurer;

(iii) Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior consent of the Bond Insurer;

(iv) If the investment agreement is for the Reserve Fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate;

(v) The provider shall be required to immediately notify the Bond Insurer and the Trustee of any event of default or any suspension, withdrawal, or downgrade of the provider's ratings;

(vi) The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim; and

(vii) The agreement shall require the provider to submit information reasonably requested by the Bond Insurer, including balance invested with the provider, type and market value of collateral, and other pertinent information.

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

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the SIPC jurisdiction, if such broker/dealer or bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured, and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies approved by the Bond Insurer and rated, or domestic structured investment companies with a guarantor rated, Aaa by Moody's and AAA by S&P.

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn, or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.

(d) Permitted securities shall include the investments listed in clauses 1, 2, and 3 above.

(e) The forward delivery agreement shall include the following provisions:

(i) The permitted securities must mature at least one (1) Business Day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.

(ii) The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

(iii) Any breakage fees shall be payable only on Interest Payment Dates and shall be subordinated to the payment of debt service fund and Reserve Fund replenishments.

(vi) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency, or receivership of the provider, the securities will not be considered to be a part of the provider's estate, and shall otherwise be acceptable to the Bond Insurer.

(v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior written consent of the Bond Insurer.

(13) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the issuer or the Trustee to put the securities back to the provider under a put, guaranty, or other hedging arrangement, only with the prior written consent of the Bond Insurer.

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

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

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

(17) Other forms of investments approved in writing by the Bond Insurer with notice by the Authority to S&P.

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

(a) Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

(b) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.

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

“Project Costs” means the contract prices paid or to be paid for the acquisition, construction, installation, or improvement of any portion of the 2005 Project and related facilities in accordance with a purchase or construction contract or contracts therefor. Project Costs include any other administrative, engineering, legal, financial, and other costs incurred by the City or the Authority in connection with the construction of the 2005 Project.

“Project Fund” means the Fund by that name established and held by the Trustee pursuant to the Indenture.

“Qualified Reserve Fund Policy” means an insurance policy or surety bond issued by a company licensed to issue an insurance policy or surety bond, the claims-paying ability of which is rated in the highest category by A.M. Best & Company, S&P, or Moody’s.

“Rebate Fund” means the fund by that name established pursuant to the Indenture.

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

“Reserve Fund” means the fund by that name established pursuant to the Indenture.

“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. As of the Closing Date, the Reserve Requirement is equal to \$2,199,513.10.

“Revenues” means all Installment Payments made pursuant to the Installment Purchase Agreement, and the interest or profits from the investment of money in the funds established under the Indenture (other than the Rebate Fund), subject to the provisions of the Indenture.

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

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

“Written Request of the City” means an instrument in writing signed by the Treasurer (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.

## **THE INDENTURE**

### **Investment of Moneys in Funds**

Moneys in the funds established under the Indenture shall, in accordance with a Written Request of the City, be invested by the Trustee in Permitted Investments. The Trustee may conclusively rely on any direction contained in a Written Request of the City to invest in investments that such investments are Permitted Investments. In the absence of a Written Request of the City, the Trustee shall invest moneys in interest bearing demand or time deposit accounts with the Trustee or in accordance with clause (15) of the definition of Permitted Investments. 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 Indenture. 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 (exclusive of investment agreements and other Permitted Investments approved in writing by the Bond Insurer); 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. The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment required under the Indenture. Notwithstanding anything in the Indenture to the contrary, the Trustee shall not be responsible for any loss from investments, sales, or transfers undertaken in accordance with the Indenture. Any interest, income, or profits from the deposits or investments of all funds (except the Rebate Fund and, to the extent required by the Indenture, the Reserve Fund) shall be transferred as follows: (1) prior to completion of the Project, to the Project Fund; and (2) thereafter, to the Payment Fund for the payment of principal and/or interest on the Bonds on the next Interest Payment Date. For purposes of determining the amount of deposit in any fund held under the Indenture, all Permitted Investments credited to such fund shall be valued at the cost thereof. Investments shall be valued as frequently as deemed necessary by the Bond Insurer, but not less often than, on or about June 30 of each year commencing on June 30, 2005, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date. Except as otherwise provided in the Indenture, Permitted Investments representing an investment of moneys attributable to any fund and all investment profits or losses thereon shall be deemed at all times to be a part of said fund.

The Trustee may act as principal or agent in the acquisition or disposition of investments and may commingle moneys in funds and accounts for the purpose of investment.

### **Payment Procedure Pursuant to Bond Insurance Policy**

As long as the Bond 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 Indenture 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 the 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, the Bond Register maintained by the Trustee and all records relating to the funds and accounts maintained under the Indenture.

(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 Bond 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 Bond 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 Indenture, 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 Bond 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.

## **Tax Covenants of the Authority**

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 Indenture, absent an Opinion of Counsel that the exclusion from gross income of interest with respect to the Bonds will not be adversely affected for federal income tax purposes, the Authority shall comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and the Authority specifically covenants, without limiting the generality of the foregoing, as follows:

(g) Exempt Facility Test. The Authority shall take all necessary action to ensure that at least ninety-five percent (95%) of the net proceeds of the Bonds (consisting of the face amount of the Bonds, plus original issue premium, less original issue discount, and less the initial Reserve Requirement deposited in the Reserve Fund, plus earnings thereon), are utilized to pay for Project Costs which constitute Qualified Project Costs of a solid waste disposal facility within the meaning of Section 142(a)(6) of the Code and/or to refinance bonds at least ninety-five percent (95%) of the net proceeds of which were utilized to pay for Project Costs which constitute Qualified Project Costs of a solid waste disposal facility within the meaning of Section 142(a)(6) of the Code.

(h) Governmental Ownership. The Authority shall not permit the Project to be owned other than exclusively by the City. The Authority shall not permit a lease or operating agreement to be entered into with respect to the Project for a term in excess of twenty (20) years from the date such agreement is entered into. The Authority shall not permit a lessee or operator to have the right or option to purchase the Project other than at fair market value.

(i) 120% of Useful Life Test. The Authority shall not permit the average maturity of the Bonds (as described in the Tax Certificate) to be in excess of one hundred twenty percent (120%) of the average reasonably expected economic life of the Project.

(j) Land Limit. The Authority shall not permit twenty-five percent (25%) or more of the face amount of the Bonds, plus accrued interest and premium, less original discount and the initial Reserve Requirement deposited in the Reserve Fund, to be used (directly or indirectly) for the acquisition of land (or an interest therein).

(k) Existing Property. The Authority shall not permit any proceeds of the Bonds to be utilized to acquire property (or an interest therein) if the first use of such property is not pursuant to such acquisition.

(l) Prohibited Facilities. The Authority shall not permit any portion of the proceeds of the Bonds to be used to provide any airplane, skybox, or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises or to store radioactive waste.

(m) Issuance Costs. The Authority shall not permit more than two percent (2%) of the face amount of the Bonds, plus accrued interest and premium, and less original issue discount, to be utilized to finance Costs of Issuance.

(n) Arbitrage. The Authority shall make no 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.

(o) Federal Guaranty. The Authority shall make no 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.

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

(q) Hedge Bonds. The Authority shall make no 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 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.

(r) Miscellaneous. The Authority shall take no 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 shall comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

(s) Rebate Fund. The Trustee shall establish the Rebate Fund and the Authority shall comply with the requirements below 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 Indenture and the Tax Certificate, unless the Authority obtains an Opinion of 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.

(t) Excess Investment Earnings.

(i) Computation. Prior to the end of the fifth Computation Year with respect to the Bonds, the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations promulgated thereunder (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (*e.g.*, the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), for this purpose treating the last day of said Computation Year as a computation date, within the meaning of Section 1.148-3(e) of the Treasury Regulations promulgated thereunder (the “Rebatable Arbitrage”). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the Indenture and the Tax Certificate.

(ii) Transfer. Prior to the end of the fifth Computation Year with respect to the Bonds, upon the Authority’s written direction, an amount shall be deposited to the Rebate Fund by the Trustee from any legally available funds, including the other funds and accounts established in the Indenture, so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (n)(i) above. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written instructions from the Authority, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Payment Fund.

(iii) Payment to the Treasury. Upon receipt of a Written Request of the Authority, the Trustee shall pay to the United States Treasury, out of amounts in the Rebate Fund:

(X) Not later than sixty (60) days after the end of (A) the fifth Computation Year with respect to the Bonds, and (B) each applicable fifth Computation Year thereafter, an amount equal to at least ninety percent (90%) of the Rebatale Arbitrage calculated as of the end of such Computation Year; and

(Y) Not later than sixty (60) days after the payment of all the Bonds, an amount equal to one hundred percent (100%) of the Rebatale Arbitrage calculated as of the end of such applicable Computation Year, and any income attributable to the Rebatale Arbitrage, computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source, including the other funds and accounts established in the Indenture, equal to such deficiency in the Rebate Fund prior to the time such payment is due. Each payment required to be made pursuant to the Indenture shall be made to the Internal Revenue Service Center, Ogden, UT 84201-0027 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(u) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Bonds and the payments described in the Indenture may be transferred by the Trustee to the Authority at the written direction of the Treasurer and utilized in any manner by the Authority.

(v) Survival of Defeasance. Notwithstanding anything in the Indenture to the contrary, the obligation to comply with the defeasance requirements set forth in the Indenture shall survive the defeasance of the Bonds.

(w) Trustee Responsible. The Trustee shall have no obligations or responsibilities under the section of the Indenture regarding tax covenants other than to follow the written directions of the Finance and Management Services Director of the City.

### **Amendment of the Indenture**

The Indenture and the rights and obligations of the Authority and of the Owners, as applicable, may be amended at any time by a Supplemental Indenture, which shall become binding with the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, and the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture, are filed with the Trustee. Any rating agency then rating the Bonds shall receive a notice of each amendment of the Indenture and shall receive a copy thereof at least fifteen (15) days in advance of the execution or adoption of such amendment. In addition, the Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture. No such amendment shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the Authority to pay the interest on or principal of or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency provided in the Indenture without the express written consent of the Owner of such Bond, (2) reduce the percentage of principal amount of Bonds owned by Owners whose consent is required for the execution of any Supplemental Indenture, (3) permit the creation by the Authority of any pledge of the Revenues as provided in the Indenture superior to or on a parity with the

pledge created by the Indenture for the benefit of the Bonds, or (4) modify any rights or obligations of the Trustee without its prior written assent thereto.

The Indenture and the rights and obligations of the Authority and of the Owners, as applicable, may also be amended at any time by a Supplemental Indenture, which shall become binding upon adoption without the consent of any Owners but 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 Bond Insurance Policy, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel and only for any one or more of the following purposes:

(a) to add to the conditions, covenants, and terms contained in the Indenture required to be observed or performed by the Authority other conditions, covenants, and terms thereafter to be observed or performed by the Authority, or to surrender any right reserved in the Indenture to or conferred in the Indenture on the Authority, and which in either case shall not adversely affect the interests of the Owners provided, that the Trustee shall not take the Bond Insurance Policy into consideration in determining whether the rights of the Owners of the Bonds are adversely affected by actions of the Trustee under the Indenture;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing, or supplementing any defective provision contained in the Indenture or in regard to questions arising under the Indenture which the Authority may deem desirable or necessary and not inconsistent with the Indenture or which may be required by S&P for a rating on the Bonds, and which shall not adversely affect the interests of the Owners; or

(c) to prescribe further limitations and procedures regarding the use of the proceeds of the Bonds and the moneys held under the Indenture in order to comply with any United States Treasury Regulations and any amendments thereto or any federal legislation now pending or hereafter enacted governing the exclusion from gross income for purposes of federal income taxation of the interest on the Bonds.

### **Disqualified Bonds**

Bonds owned or held by or for the account of the Authority or the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in the Indenture, and shall not be entitled to consent to or take any other action provided in the Indenture.

### **Events of Default and Acceleration of Maturities**

If one or more of the following events (each, an “Event of Default”) shall happen, that is to say:

(a) if default shall be made in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable; provided, however, that in determining whether a payment default has occurred or whether a payment on the Bonds has been made under the Indenture, no effect shall be given to payments made under the Bond Insurance Policy;

(b) if default shall be made in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption; provided, however, that in determining whether a payment default has occurred or whether a payment on the Bonds has been made under the Indenture, no effect shall be given to payments made under the Bond Insurance Policy;

(c) if default shall be made by the Authority in the performance of any of the other agreements or covenants required in the Indenture to be performed by the Authority, and such default shall have continued for a period of sixty (60) days after the Authority shall have been given notice in writing of such default by the Trustee;

(d) if any Event of Default (as defined in the Installment Purchase Agreement) shall have occurred and be continuing under the Installment Purchase Agreement; or

(e) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property;

then and in each and every such case during the continuance of such Event of Default the Trustee may, and, upon the written direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, or the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, with the consent of the Bond Insurer, shall, by notice in writing to the Authority and the Bond Insurer, declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become due and payable, anything contained in the Indenture or in the Bonds to the contrary notwithstanding. The foregoing, however, is subject to the condition that if at any time after the Bonds have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay the unpaid principal amount of the Bonds due prior to such declaration and the accrued interest on all Outstanding Bonds, with interest on such overdue installments at the rate or rates applicable thereto in accordance with their terms, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Authority (other than in the payment of the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the City, may rescind and annul declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon. In the event of payment default as provided in subsection (a) or (b) above, the Trustee shall notify the Bond Insurer immediately of such default and in the event of all other Events of Default as described above, the Trustee shall notify the Bond Insurer within thirty (30) days of the Trustee's actual knowledge thereof.

Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Indenture, including, without limitation, the right to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, as well as the right to rescind and annul such declaration and its consequences. The Bond Insurer shall be entitled to notify the Authority, the Trustee, or any applicable receiver of the occurrence of an Event of Default with respect to the Bonds and request the Trustee or such receiver to intervene in judicial proceedings that affect such Bonds or the security therefor. The Trustee or such receiver shall be required to accept such notice of Event of Default from the Bond Insurer.

### **Waiver of Events of Default; Effect of Waiver**

The Trustee shall waive any Event of Default under the Indenture and its consequences and rescind any declaration of acceleration upon the written direction of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, or the written request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding. If any Event of Default shall have been waived as provided in the Indenture, the Trustee shall promptly give written notice of such waiver to the Authority and shall give notice thereof by first class mail, postage prepaid, to all Owners of Outstanding Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission, and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

No delay or omission of the Trustee, the Bond Insurer, or of any Owner of the Bonds to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee, the Bond Insurer, and to the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

### **Rights of Owners**

Anything in the Indenture to the contrary notwithstanding, subject to the limitations and restrictions as to the rights of the Owners therein, upon the happening and continuance of any Event of Default, the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have the right, upon providing the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Indenture with respect to such Bonds.

The Trustee may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is prejudicial to rights of other Owners or would subject the Trustee to personal liability.

### **Restriction on Owners' Action**

In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in the Indenture, no Owner of any of the Bonds shall have any right to institute any suit, action, or proceeding in equity or at law for the enforcement of any trust under the Indenture, or any other remedy under the Indenture or on said Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as provided in the Indenture and unless the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding, or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in the Indenture granted, or to institute such action, suit, or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request, and offer of indemnity are declared pursuant to the Indenture in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Indenture or for any other remedy under the Indenture; it being understood and intended that no one or more Owners of the Bonds secured by the

Indenture shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security of the Indenture, or to enforce any right under the Indenture or under the Bonds, except in the manner in the Indenture provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner in the Indenture provided, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of the Indenture.

### **Defeasance**

(a) 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 therein and in the Indenture, then the Owners of such Bonds shall cease to be entitled to the pledge of the Revenues as provided in the Indenture, and all agreements, covenants, and other obligations of the Authority to the Owners of such Bonds under the Indenture 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 Indenture 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 Indenture required or contemplated to be kept, performed, and observed by the Authority or on its part on or prior to that time, then the Indenture 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 Indenture and such lien and all covenants, agreements, and other obligations of the Authority under the Indenture shall cease, terminate, become void, and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture 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 Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture 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 Indenture 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 Bond 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 Revenues 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.

(b) 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 subsection (a) above if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Indenture, notice of redemption of such Bonds on said redemption

date, said notice to be given in accordance with the Indenture, (2) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligations or guaranteed securities the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination thereof) (or any such other obligations or securities as shall be approved in writing by the Bond Insurer) 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 the Indenture 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 Book-Entry Bonds, the Trustee shall give notice to the Depository of the redemption of all or part of such Book-Entry Bonds on the date proceeds or other funds are deposited in escrow with respect to such Book-Entry Bonds. In connection with clause (2)(B) above, if a forward supply contract is employed in connection with the refunding of Bonds, (x) the verification report from an independent certified public accountant (as described such clause (B)(2)) shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract and (y) the applicable escrow agreement or other authorizing document shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and such agreement or other document, the terms of such agreement or other document shall be controlling. Mandatory redemption or purchase in whole must occur no later than the earlier of the first possible tender or redemption date.

(c) After the payment of all the interest of and principal on all Outstanding Bonds as provided in the Indenture, 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 Indenture, and the Trustee shall pay over or deliver to the Authority all moneys or securities held by it pursuant to the Indenture which are not required for the payment of the interest and principal represented by such Bonds. Notwithstanding the discharge and satisfaction of the Indenture, Owners of Bonds shall thereafter be entitled to payments due under the Bonds, but only from amounts deposited pursuant to the Indenture and from no other source.

### **Unclaimed Money**

Anything contained in the Indenture to the contrary notwithstanding, the Trustee shall notify the Authority and the Bond Insurer of any money held by the Trustee in trust for the payment and discharge of any of the Bonds which has remained unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee. The Trustee shall at the Written Request of the Authority repay such money to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Authority for the payment of such Bonds.

## **THE INSTALLMENT PURCHASE AGREEMENT**

### **Purchase and Sale of Project**

Pursuant to the Installment Purchase Agreement, the City agrees to purchase from the Authority, and the Authority agrees to sell to the City, for the Purchase Price, the Project in accordance with the provisions of the Installment Purchase Agreement. All right, title, and interest in the Project sold to the City by the Authority shall immediately vest in the City on the Closing Date without further action on the part of the City or the Authority.

### **Purchase Price**

The Purchase Price to be paid by the City under the Installment Purchase Agreement to the Authority, solely from Net System Revenues and from no other sources, is the aggregate amount of debt service scheduled to be paid on the Bonds, subject to prepayment as provided in the Installment Purchase Agreement.

### **Installment Payments**

(a) The City shall, subject to any rights of prepayment provided in the Installment Purchase Agreement, pay to the Authority, solely from Net System Revenues and from no other sources, the Purchase Price in Installment Payments to May 1, 2016, in the amounts and on the Installment Payment Dates as set forth in the Installment Purchase Agreement. Pursuant to the Indenture, the Installment Payments are to be applied to the payment of the principal of and interest on the Bonds and Installment Payments shall be made in amounts that are sufficient, but no more than sufficient, to pay the scheduled payments of principal of and interest on the Outstanding Bonds. If and to the extent that, on any Installment Payment Date, there are amounts on deposit in the Payment Fund established under the Indenture, which amounts are not being held for the payment of specific Bonds, said amounts shall be credited against the Installment Payment due on such date. If all or a portion of the Bonds are no longer Outstanding as a result of redemption, early retirement through purchase by the City or the Authority, or defeasance of such Bonds, the schedule of Installment Payments set forth in the Installment Purchase Agreement shall be deemed to have been modified so that the Installment Payments are sufficient, but no more than sufficient, to pay the scheduled payments of principal of and interest on the Outstanding Bonds. Upon any such redemption, purchase, or defeasance, the City shall recalculate Installment Payments and shall provide the Trustee with a modified schedule of Installment Payments.

(b) Each Installment Payment shall be paid to the Trustee, as assignee of the Authority, no later than one (1) Business Day prior to the applicable Installment Payment Date, in lawful money of the United States of America, in funds which will be immediately available following payment. In the event the City fails to make any of the payments required to be made by it under the Installment Purchase Agreement, such payment shall continue as an obligation of the City until such amount shall have been fully paid.

(c) The City shall, on or before June 30 of each Fiscal Year, deposit or cause to be deposited, solely from Net System Revenues, in the Reserve Fund such amounts as are necessary to increase the amount on deposit therein to the Reserve Requirement for the Bond Year in which such June 30 occurs. Furthermore, in the event that the Trustee at any time notifies 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, solely from Net System Revenues, in the Reserve Fund such amounts as are necessary to increase the amount on deposit therein to the Reserve Requirement.

(d) The obligation of the City to make the Installment Payments solely from Net System Revenues is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to the Installment Purchase Agreement), the City shall not discontinue or suspend any Installment Payments required to be made by it under the Installment Purchase Agreement when due, whether or not the Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced, curtailed, or terminated in whole or in part, and such Installment Payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

### **Pledge of the Net System Revenues**

All Net System Revenues are pledged to the payment of the Obligations as provided in the Installment Purchase Agreement, and the Net System Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided, however, that out of the Net System Revenues there may be apportioned such sums for such purposes as are expressly permitted by the Installment Purchase Agreement. This pledge shall constitute a first lien on the Net System Revenues for the payment of the Obligations.

### **Allocation of System Revenues**

(a) In order to carry out and effectuate the pledge contained in the Installment Purchase Agreement, the City agrees and covenants that all System Revenues shall be received by the City in trust and shall be deposited when and as received in the Solid Waste Revenue Fund, which fund the City agrees and covenants to maintain so long as any Installment Payments remain unpaid, and all moneys in the Solid Waste Revenue Fund shall be so held in trust and applied and used solely as provided in the Installment Purchase Agreement. The City shall disburse System Revenues from the Solid Waste Revenue Fund to pay, in the following order of priority, (i) all Maintenance and Operation Costs of the Solid Waste System, (ii) to (x) the Trustee, as assignee of the Authority, the Installment Payments as and when due under the Installment Purchase Agreement, and (y) the appropriate entity, the Contract Payments (other than Installment Payments) and principal and interest payments on City Bonds as and when they become due and payable pursuant to the instrument under which they are issued or arise, and (iii) to (1) the Reserve Fund created under the Indenture, any amounts necessary to make up any deficiency in the Reserve Requirement, and (2) the reserve fund created with respect to or for the benefit of any other Obligation, any amounts necessary to make up any deficiency in such fund. In the event there are insufficient Net System Revenues to make all of the payments contemplated by clause (ii) of the preceding sentence, then said payments provided shall be made, as nearly as practicable, *pro rata*, based upon the respective principal amounts of the Installment Payments, City Bonds, and other Contract Payments then due and payable. In the event there are insufficient Net System Revenues to make all of the payments contemplated by clause (iii) of such preceding sentence, then said payments provided shall be made, as nearly as practicable, *pro rata*, based upon the respective deficient amounts in the applicable reserve funds.

(b) After all of the payments contemplated by the immediately preceding paragraph have been made, any System Revenues remaining in the Solid Waste Revenue Fund may from time to time be used to pay for capital expenditures for the Solid Waste System or any other Solid Waste System purpose, including payments on account of subordinated debt, provided that, after any such payment, there will remain in the Solid Waste Revenue Fund an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the payment of all Maintenance and Operations Costs of the Solid Waste System during the next forty-five (45) days.

## **Additional Obligations**

The City may at any time incur Additional Obligations payable on a parity with the payment by the City of the Installment Payments provided:

(a) there shall not have occurred and be continuing an Event of Default under the terms of the Installment Purchase Agreement or the Indenture; and

(b) the City obtains or provides a certificate or certificates prepared by a Consultant showing that:

(i) the Net System Revenues as shown by the books of the City for the twelve (12) calendar months ending within ninety (90) days prior to the incurring of such Additional Obligations shall have amounted to at least the sum of (x) one hundred percent (100%) of Debt Service for such twelve (12) calendar month period, plus (y) the amount by which the amount on deposit in the Solid Waste Revenue Fund on the date prior to the first day of such twelve (12) calendar month period was less than twenty-five percent (25%) of Maximum Annual Debt Service; for purposes of preparing the certificate or certificates described above, the Consultant or Consultants may rely upon financial statements prepared by the City, which have not been subject to audit by an Independent Certified Public Accountant if audited financial statements for the Fiscal Year or period are not available;

(ii) the estimated Net System Revenues for the twelve (12) calendar months following the date of incurring such Additional obligations will be at least equal to one hundred percent (100%) of Debt Service on all Obligations to be outstanding immediately after the incurring of such Additional Obligations; and

(iii) the amount on deposit in the Solid Waste Revenue Fund on the date of incurring such Additional Obligations is at least equal to twenty-five percent (25%) of Maximum Annual Debt Service as of the date of incurring of such Additional Obligations.

(c) For purposes of the computations to be made as described in clause (ii) above, the determination of the Net System Revenues:

(i) may take into account any increases in rates and charges that relate to the Solid Waste System and shall take into account any reduction in such rates and charges that will be effective prior to or at the time of incurring such proposed Additional Obligations; and

(ii) for the period contemplated by clause (ii) above, Maintenance and Operation Costs of the Solid Waste System shall be deemed to be the same as for the period for which a calculation is done pursuant to clause (i) above, but adjusted, if deemed necessary by the Consultant, for any increased Maintenance and Operation Costs of the Solid Waste System which are, in the judgment of the Consultant, essential to maintaining and operating the Solid Waste System, including any additions or betterments thereto to be made with the proceeds of such Additional Obligations.

The certificate or certificates described above shall not be required if the Additional Obligations being incurred are for the purpose of refunding then outstanding Obligations and at the time of the incurring of such Additional Obligations a Certificate of the City shall be delivered showing that Maximum Annual Debt Service on all outstanding Obligations after the incurring of such Additional

Obligations will not exceed Maximum Annual Debt Service on all Obligations outstanding prior to the incurring of such Additional Obligations.

### **Covenants of the City**

***Compliance with Installment Purchase Agreement.*** The City shall punctually pay the Installment Payments in strict conformity with the terms of the Installment Purchase Agreement, and shall faithfully observe and perform all the agreements, conditions, covenants, and terms contained therein required to be observed and performed by it, and shall not terminate the Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either, or any failure of the Authority to observe or perform any agreement, condition, covenant, or term contained in the Installment Purchase Agreement required to be observed and performed by it, whether express or implied, or any duty, liability, or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The City shall faithfully observe and perform all the agreements, conditions, covenants, and terms contained in the Indenture required to be observed and performed by it, and it is expressly understood and agreed by and between the parties to the Installment Purchase Agreement that, subject to the provisions of the Installment Purchase Agreement regarding partial invalidity, each of the agreements, conditions, covenants, and terms contained in each such contract and agreement is an essential and material term of the purchase of and payment for the Project by the City pursuant to, and in accordance with, and as authorized under the laws of the State of California.

***Against Encumbrances.*** The City shall not mortgage or otherwise encumber, pledge, or place any charge upon the Solid Waste System or any part thereof, or upon any of the System Revenues, prior to or on a parity with the Obligations, other than the Obligations.

So long as any Obligations are outstanding, the City will not issue any bonds or incur obligations payable from System Revenues or secured by a pledge, lien, or charge upon the System Revenues prior to or on a parity with the Obligations, other than the Obligations.

Nothing in the Installment Purchase Agreement, and particularly nothing in the preceding two paragraphs, shall prevent the City from authorizing and issuing bonds, notes, warrants, certificates, or other obligations or evidences of indebtedness which as to principal or interest, or both, (i) are payable from System Revenues after and subordinate to the payment from System Revenues of the principal of and interest on the Obligations, or (ii) are payable from moneys that are not System Revenues.

***Reserve Fund.*** The City shall maintain or cause to be maintained the Reserve Fund at the Reserve Requirement. In the event the amount therein falls below the Reserve Requirement, the City shall replenish or cause to be replenished the Reserve Fund up to the Reserve Requirement from the first available Net System Revenues as provided in the Installment Purchase Agreement or as otherwise permitted under the Indenture.

***Against Sale or Other Disposition of Property.*** The City shall not sell, lease, or otherwise dispose of the Solid Waste System or any part thereof essential to the proper operation of the Solid Waste System or to the maintenance of the System Revenues, except as provided in the Installment Purchase

Agreement. The City shall not enter into any agreement or lease which impairs the operation of the Solid Waste System or any part thereof necessary to secure adequate Net System Revenues for the payment of the Obligations or which would otherwise impair the rights of the Authority with respect to the System Revenues or the operation of the Solid Waste System. Any real or personal property which has become inoperative or which is not needed for the efficient and proper operation of the Solid Waste System, or any material or equipment which has become worn out, may be sold if such sale will not materially reduce the Net System Revenues and if the proceeds of such sale are deposited in the Solid Waste Revenue Fund.

***Against Competitive Facilities.*** The City shall not, to the extent permitted by existing law, construct, acquire, maintain, or operate and shall not, to the extent permitted by existing law and within the scope of its powers, permit any other public or private agency, authority, district, or political subdivision or any person whomsoever to acquire, construct, maintain, or operate within the City any system competitive with the Solid Waste System.

***Maintenance and Operation of the Solid Waste System; Budgets.*** The City shall maintain and preserve the Solid Waste System in good repair and working order at all times and shall operate or cause to be operated the Solid Waste System in an efficient and economical manner and shall pay or cause to be paid all Maintenance and Operation Costs of the Solid Waste System as they become due and payable. On or before August 1 of each Fiscal Year, commencing August 1, 2005, the City shall adopt, and, on or before three hundred (300) days after the beginning of the Fiscal Year, file with the Authority, the Bond Insurer, and the Trustee a budget approved by the City Council of the City that appropriates amounts for the payment of Obligations payable during such Fiscal Year.

***Amount of Rates and Charges; Operating Reserves.*** The City shall fix, prescribe, and collect fees, rates, and charges for the Solid Waste System which will be at least sufficient to yield during each Fiscal Year Net System Revenues equal to the sum of (a) one hundred percent (100%) of the Debt Service for such Fiscal Year, plus (b) the amount by which the amount on deposit in the Solid Waste Revenue Fund on the last day of the immediately preceding Fiscal Year was less than twenty-five percent (25%) of Maximum Annual Debt Service as of such day. The City may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net System Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of the Installment Purchase Agreement.

***Payment of Claims.*** The City shall pay and discharge any and all lawful claims for labor, materials, or supplies which, if unpaid, might become a lien on the Net System Revenues or any part thereof or on any funds in the hands of the City or the Trustee which might impair the security of the Installment Payments, but the City shall not be required to pay such claims if the validity thereof shall be contested in good faith.

***Compliance with Contracts.*** The City shall comply with, keep, observe, and perform all agreements, conditions, covenants, and terms, express or implied, required to be performed by it contained in all contracts for the use of the Solid Waste System and all other contracts affecting or involving the Solid Waste System to the extent that the City is a party thereto.

### ***Insurance.***

(a) The City shall procure and maintain or cause to be procured and maintained insurance on the Solid Waste System with responsible insurers, or provide self insurance (which may be provided in the form of risk-sharing pools), in such amounts and against such risks (including accident to or destruction of the Solid Waste System) as are usually covered in connection with systems similar to the Solid Waste System, exclusive of earthquake and flood insurance. In the event of any damage to or destruction of the Solid Waste System caused by the perils covered by such insurance or self insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair, or replacement of the damaged or destroyed portion of the Solid Waste System. The City shall begin such reconstruction, repair, or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair, or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair, or replacement so that the same shall be completed and the Solid Waste System shall be free and clear of all claims and liens unless the City determines that such property or facility is not necessary to the efficient or proper operation of the Solid Waste System and therefore determines not to reconstruct, repair, or replace such project or facility. If such Net Proceeds exceed the costs of such reconstruction, repair, or replacement, then the excess Net Proceeds shall be deposited in the Solid Waste Revenue Fund and be available for other proper uses of funds deposited in the Solid Waste Revenue Fund.

(b) The City shall procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the Authority, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with systems similar to the Solid Waste System; provided that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with systems similar to the Solid Waste System and is, in the opinion of an accredited actuary, actuarially sound.

All policies of insurance required to be maintained in the Installment Purchase Agreement shall, to extent reasonably obtainable, provide that the Authority and the Trustee shall be given thirty (30) days written notice of any intended cancellation thereof or reduction of coverage provided thereby. The City shall certify in a Certificate of the City to the Trustee annually on or before July 1 of each Fiscal Year that it is in compliance with the insurance requirements hereunder, provided that the Trustee shall not be responsible for obtaining or maintaining insurance as required in the Installment Purchase Agreement. If the City has elected to satisfy any insurance requirement under the Installment Purchase Agreement through self insurance, the City shall provide to the Trustee annually on or before July 1 of each Fiscal Year a certificate of an accredited actuary or the City's Finance and Management Services Director (or his or her designee), at the option of the City, certifying in writing that such self insurance is adequate to meet the particular requirements of the Installment Purchase Agreement.

### ***Accounting Records; Financial Statements and Other Reports.***

(a) The City shall keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Solid Waste System, which records shall be available for inspection by the Authority, the Bond Insurer, and the Trustee at reasonable hours and under reasonable conditions. The Trustee shall have no duty to inspect such records.

(b) The City shall prepare and file with the Authority and the Bond Insurer annually within three hundred (300) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2005) financial statements of the City for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

***Projection of Security Rights of the Authority.*** The City shall preserve and protect the security of the Installment Purchase Agreement and the rights of the Authority to the Installment Payments under the Installment Purchase Agreement and shall warrant and defend such rights against all claims and demands of all persons.

***Payment of Taxes and Compliance with Government Regulations.*** The City shall pay and discharge all taxes, assessments, and other governmental charges which may hereafter be lawfully imposed upon the Solid Waste System or any part thereof or upon the System Revenues when the same shall become due. The City shall duly observe and comply with all valid regulations and requirements of any governmental authority relative to the operation of the Solid Waste System or any part thereof, but the City shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

***Collection of Rates and Charges; No Free Service.*** The City shall have in effect at all times rules and regulations for the payment of bills for solid waste services. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the City may discontinue the service, and such premises shall not thereafter be reconnected to the service except in accordance with City operating rules and regulations governing such situations of delinquency. The City shall not permit any part of the Solid Waste System or any facility thereof to be used or taken advantage of free of charge by any authority, firm, or person, or by any public agency (including the United States of America, the State of California, and any city, county, district, political subdivision, or public authority or agency of any thereof) except recyclable household hazardous waste may be collected by the City without charge to the person disposing of such waste.

***Eminent Domain Proceeds.*** If all or any part of the Solid Waste System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied to the replacement of the property or facilities so taken, unless the City determines that such property or facility is not necessary to the efficient or proper operation of the Solid Waste System and therefore determines not to replace such property or facilities. Any Net Proceeds of such award not applied to replacement or remaining after such work has been completed shall be deposited in the Solid Waste Revenue Fund and be available for other proper uses of funds deposited in the Solid Waste Revenue Fund.

***Tax. Covenants.*** The City 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 Installment Purchase Agreement, absent an Opinion of Counsel that the exclusion from gross income of interest with respect to the Bonds will not be adversely affected for federal income tax purposes, the City shall comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and the City specifically covenants, without limiting the generality of the foregoing, as follows:

(a) **Exempt Facility Test.** The City shall take all necessary action to ensure that at least ninety-five percent (95%) of the net proceeds of the Bonds (consisting of the face amount of the Bonds, plus original issue premium, less original issue discount, and less the initial Reserve Requirement deposited in the Reserve Fund, plus earnings thereon), are utilized to pay for Project Costs which constitute Qualified Project Costs of a solid waste disposal facility within the meaning of Section 142(a)(6) of the Code and/or to refinance bonds at least ninety-five percent (95%) of the net proceeds of which were utilized to pay for Project Costs which constitute Qualified Project Costs of a solid waste disposal facility within the meaning of Section 142(a)(6) of the Code.

(b) Governmental Ownership. The City shall not permit the Project to be owned other than exclusively by the City. The City shall not permit a lease or operating agreement to be entered into with respect to the Project for a term in excess of twenty (20) years from the date such agreement is entered into. The City shall not permit a lessee or operator to have the right or option to purchase the Project other than at fair market value.

(c) 120% of Useful Life Test. The City shall not permit the average maturity of the Bonds (as described in the Tax Certificate) to be in excess of one hundred twenty percent (120%) of the average reasonably expected economic life of the Project.

(d) Land Limit. The City shall not permit twenty-five percent (25%) or more of the face amount of the Bonds, plus accrued interest and premium, less original discount and the initial Reserve Requirement deposited in the Reserve Fund, to be used (directly or indirectly) for the acquisition of land (or an interest therein).

(e) Existing Property. The City shall not permit any proceeds of the Bonds to be utilized to acquire property (or an interest therein) if the first use of such property is not pursuant to such acquisition.

(f) Prohibited Facilities. The City shall not permit any portion of the proceeds of the Bonds to be used to provide any airplane, skybox, or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises or to store radioactive waste.

(g) Issuance Costs. The City shall not permit more than two percent (2%) of the face amount of the Bonds, plus accrued interest and premium, and less original issue discount, to be utilized to finance Costs of Issuance.

(h) Arbitrage. The City shall make no 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.

(i) Federal Guaranty. The City shall make no 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.

(j) Information Reporting. 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.

(k) Hedge Bonds. The City shall make no 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 City 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.

(l) Miscellaneous. The City shall take no 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 shall comply with the covenants and requirements stated therein and incorporated by reference in the Installment Purchase Agreement.

**Further Assurances.** The City shall adopt, deliver, execute, and make any and all further assurances, instruments, and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Installment Purchase Agreement and for the better assuring and confirming unto the Authority of the rights and benefits provided to it in the Installment Purchase Agreement.

**Operate Solid Waste System.** The City shall operate the Solid Waste System in an efficient and economical manner, provided that the City may remove from service on a temporary or permanent basis such part or parts of the Solid Waste System, so long as the City shall have filed with the Trustee an Engineer's Report stating that such removal will not materially adversely affect Net System Revenues. Notwithstanding the foregoing, the City may contract with one or more private operators to operate and maintain all or any portion of the Solid Waste System; provided that said operation is under the supervision of the City and all revenue derived from the operation of the Solid Waste System will be deposited in the Solid Waste Revenue Fund.

### **Events of Default and Remedies of the Authority**

If one or more of the following Events of Default shall happen, that is to say —

- (i) if default shall be made in the due and punctual payment of or on account of any Obligation as the same shall become due and payable;
- (ii) if default shall be made by the City in the performance of any of the agreements or covenants required in the Installment Purchase Agreement to be performed by it (other than as specified in (i) above), and such default shall have continued for a period of sixty (60) days after the City shall have been given notice in writing of such default by the Authority;
- (iii) if any Event of Default shall have occurred under the Indenture and shall be continuing; or
- (iv) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property;

then and in each and every such case during the continuance of such Event of Default the Authority shall upon the written request of the Owners of twenty-five percent (25%) or more of the aggregate Obligations outstanding, by notice in writing to the City, declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained in the Installment Purchase Agreement to the contrary notwithstanding. The foregoing, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Installment Payments or the unpaid payment of any other Contract or City Bond referred to in clause (i) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments at the rate or rates applicable thereto

in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the City, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

### **Application of Net System Revenues Upon Acceleration**

All Net System Revenues received after the date of the declaration of acceleration by the Authority as provided in the Installment Purchase Agreement shall be applied as provided in the Indenture.

### **Other Remedies of the Authority**

The Authority shall have the right, subject to receipt of consent from the Bond Insurer —

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any councilmember, officer, or employee thereof, and to compel the City or any such councilmember, officer, or employee to perform and carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained in the Installment Purchase Agreement;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit in equity upon the happening of an Event of Default to require the City and its councilmembers, officers, and employees to account as the trustee of an express trust.

### **Discharge of Obligations**

If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon or if all Outstanding Bonds shall be deemed to have been paid at the times and in the manner stipulated in the Indenture, then all agreements, covenants, and other obligations of the City under the Installment Purchase Agreement shall thereupon cease, terminate, and become void and be discharged and satisfied.

### **Amendments**

Each of the Installment Purchase Agreement, the Sale Agreement, and the Agency Agreement may be amended in writing as may be mutually agreed by the City and the Authority, with the written consent of the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding pursuant to the Indenture, provided that no such amendment shall (a) extend the payment date of any Installment Payment, or reduce the amount of any Installment Payment without the prior written consent of the Owner of each Bond so affected, (b) reduce the percentage of principal amount of Bonds the consent of the Owners of which is required for the execution of any amendment of the Installment Purchase Agreement, or (c) amend the provisions of the Installment Purchase Agreement

without an unqualified Opinion of Counsel to the effect that such amendment does not materially adversely affect the exclusion of interest on the Bonds received by the Owners from gross income for federal income tax purposes.

Each of the Installment Purchase Agreement, the Sale Agreement, and the Agency Agreement and the rights and obligations of the City and the Authority thereunder may also be amended or supplemented at any time by an amendment or supplement thereto which shall become binding upon execution by the City and the Authority, without the written consent of any Owners of the Bonds but with the written consent of the Bond Insurer, so long as such Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, but only to the extent permitted by law and only upon receipt of an unqualified Opinion of Counsel to the effect that such amendment or supplement is permitted by the provisions of the Installment Purchase Agreement and is not inconsistent with the Installment Purchase Agreement, the Sale Agreement, or the Agency Agreement, as applicable, and does not adversely affect the exclusion of interest on the Bonds received by the Owners thereof from gross income for federal income tax purposes, and only for any one or more of the following purposes —

- (i) to add to the covenants and agreements of the Authority or the City contained in the Installment Purchase Agreement, the Sale Agreement, or the Agency Agreement, as applicable, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Authority or the City, and which shall not materially adversely affect the interests of the Owners of the Bonds;

- (ii) to cure, correct, or supplement any ambiguous or defective provision contained in the Installment Purchase Agreement, the Sale Agreement, or the Agency Agreement, as applicable, or in regard to questions arising under the Installment Purchase Agreement, the Sale Agreement, or the Agency Agreement, as applicable, as the Authority or the City may deem necessary or desirable and which shall not materially adversely affect the interests of the Owners of the Bonds; or

- (iii) to make such other amendments or modifications that shall not materially adversely affect the interests of the Owners of the Bonds.

## **THE SALE AGREEMENT**

The Sale Agreement is entered into between the City and the Authority and, pursuant to its terms, the City sells the 2005 Project to the Authority, and the Authority purchases the 2005 Project from the City. Title to the 2005 Project shall be deemed conveyed to and vested in the Authority, as provided in the Sale Agreement, without the necessity of any other instrument or document of conveyance. The term of the Sale Agreement shall be concurrent with the term of the Installment Purchase Agreement. The obligations of the Authority to perform and observe the agreements on its part contained in the Sale Agreement shall be absolute and unconditional, and, until such time as the Installment Purchase Agreement shall expire or be terminated in accordance with its provisions therefor, the Authority (i) shall perform and observe all of its agreements contained in the Sale Agreement and (ii) shall not terminate the Sale Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of, or damage to the 2005 Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either, or any failure of the City to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with the Sale Agreement.

## **THE AGENCY AGREEMENT**

The Agency Agreement is entered into between the City and the Authority and, pursuant to its terms, the Authority irrevocably appoints the City as its agent to carry out all phases of the supervision and completion of the 2005 Project and the City, as agent of the Authority, assumes all rights, duties, responsibilities, and liabilities of the Authority regarding such supervision and completion of the 2005 Project. Under the Agency Agreement and in accordance with its terms, the City, as agent of the Authority, shall enter into any purchase order, construction management agreement, architectural or engineering contract, or construction contract required for the construction, acquisition, and improvement of the 2005 Project.

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## 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 at nearly 186,122 in 2004, accounting for approximately 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, on average, 2.48% for the past decade and the adopted 2020 General Plan anticipates continued growth for the next ten years, with a projected population of 218,194 by the year 2020.

#### Population

The City’s population has grown from approximately 153,400 people in 1994 to approximately 186,122 in 2004. The following table shows the approximate changes in population in the City, the County, the State, and the United States for the years 1994 through 2004.

**Population of  
City, County, State and U.S.  
1994 through 2004<sup>(1)</sup>**

<u>Year</u>	<u>City</u>	<u>Population Percent Change</u>	<u>County</u>	<u>Percent Change</u>	<u>State (000)</u>	<u>Percent Change</u>	<u>United States (000)</u>	<u>Percent Change</u>
1994	153,400	--	697,200	--	31,418	--	263,436	--
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	174,500	2.37	763,900	1.42	34,367	1.46	285,094	1.21
2002	178,800	2.46	778,400	1.90	35,000	1.84	287,974	1.01
2003	181,800	1.68	791,300	1.66	35,591	1.69	290,810	0.98
2004	186,122	2.32	802,500	1.40	35,894	0.84	293,655	0.97

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. Voter-approved obligations of the City are comprised of the City's 1969 Storm Drain Bond and an obligation referred to as the "Public Safety Retirement." The 1969 Storm Drain Bond was redeemed and paid as of June 30, 1994. The following table details the City's property tax rates for the last 10 fiscal years.

### City of Oxnard Property Tax Rates 1995 through 2004

Year Ended June 30	County Tax	City District (Public Safety Retirement Debt)	School Districts	Water Districts	Total Tax Rates
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
2003	1.00	0.0675	0.1748	0.0817	1.3140
2004	1.00	0.0766	0.2022	0.0509	1.3297

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2004.

## 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 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**  
**1995 through 2004**

<u>Year Ended June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections as a Percentage of Tax Levy</u>
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
2003	30,040,000	29,892,747	99.51	190,546	29,233,880	97.32
2004	35,432,169	35,281,916	99.58	344,390	35,427,088	99.99

(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, 2004.

**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**  
**1995 through 2004**

<u>Year Ended June 30</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Exemptions</u>	<u>Total Assessed Value</u>
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
2003	9,093,618,247	124,301,084	1,110,078,014	8,107,847,317
2004	10,228,878,641	117,948,102	1,346,099,223	9,000,727,520

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2004.

## Principal Taxpayers

The following table lists the principal taxpayers in the City as of June 30, 2004.

### City of Oxnard Principal Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
The Procter & Gamble Paper Products Company	Manufacturing-Paper Products	\$ 246,155,414	2.413%
St. John's Regional Medical Center	Hospital	199,861,431	1.959
SI VIII LLC (1)	Real Estate Development	74,524,729	0.730
Weyerhaeuser Company	Processed Paper Manufacturer	59,789,800	0.586
Duesenberg Investment Company	Commercial Development	59,149,800	0.580
Fred Kavli	Real Estate Development	49,454,296	0.485
Seminis Inc.	Seeds	48,843,234	0.479
GSA Vintage-Rose Apartment	Real Estate Development	46,364,974	0.454
M&H Realty Partners IV LP	Real Estate Development	39,083,715	0.383
AT&T Credit Corporation Trust	Commercial Credit	37,561,723	0.368
BMW of North America Inc.	Auto Preparation	35,906,695	0.352
Donwen Corporation	Commercial Development	33,549,800	0.329
WPH Oxnard Coastal LLC	Real Estate Development	33,322,284	0.327
PEGH Investments LLC	Real Estate Development	31,978,482	0.313
Other Taxpayers	Various	<u>9,206,629,888</u>	<u>90.242</u>
Totals		\$10,202,176,265	100.000%

Source: City's Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2004.

## Outstanding Debt

The City uses a variety of tax increment, revenue and lease indebtedness to finance various capital acquisitions. The outstanding balances for indebtedness as of June 30, 2004, are set forth in the following table:

### City of Oxnard Outstanding Debt (As of June 30, 2004)

<u>Type of Debt</u>	<u>Outstanding Balance (as of June 30, 2004)</u>
Tax Allocation Bonds <sup>(1)</sup>	\$ 19,086,766.00
Revenue Bonds <sup>(2)</sup>	233,657,419.00
Certificates of Participation	<u>8,045,000.00</u>
Total	\$260,789,185.00

(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 and water system 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, 2004.

## Direct and Overlapping Bonded Debt

The following table details the City's direct and overlapping bonded debt as of June 30, 2004.

### City of Oxnard Direct and Overlapping Bonded Debt (As of June 30, 2004)

<u>Jurisdiction</u>	<u>Net Debt Outstanding (June 30, 2004)</u>	<u>Percentage of Debt Applicable to the City of Oxnard (Before Exclusions)</u>	<u>Less: Exclusions <sup>(1)</sup></u>	<u>Amount of Debt Applicable to the City of Oxnard</u>
<b><u>Direct Bonded Debt:</u></b>				
City of Oxnard Financing Authorities	\$ 27,030,000	100.000%	\$27,030,000	--
City of Oxnard – Pooled Insurance Obligation	922,361	100.000	922,361	--
City of Oxnard – 1915 Act Bonds	37,990,000	100.000	37,990,000	--
City of Oxnard Community Facilities District 1	9,740,000	100.000	9,740,000	--
City of Oxnard Community Facilities District 88-1	1,840,000	100.000	1,840,000	--
Oxnard Boulevard Interchange Community District	<u>10,315,000</u>	100.000	<u>10,315,000</u>	--
<b>Total Direct Bonded Debt</b>	<b>\$ 87,837,361</b>		<b>\$ 87,837,361</b>	--
<b><u>Overlapping Bonded Debt:</u></b>				
Metropolitan Water District	\$ 3,306,840	0.739%	--	\$ 24,438
Ventura County Community College District	10,745,133	13.829	--	1,485,944
Ventura County Superintendent of Schools – COP	1,915,454	13.825	--	264,812
Ventura County Community College District – COP	1,116,692	13.829	--	154,427
Ventura County General Fund Obligations	14,710,491	13.825	--	2,033,725
Ventura County Pension Obligation	10,157,228	13.829	--	1,404,643
Oxnard Union High School District	23,070,801	44.367	--	10,235,986
Oxnard Union High School District – COP	8,012,680	44.367	--	3,554,986
Oxnard School District	66,483,920	90.657	--	60,272,327
Oxnard School District – COP	6,006,026	90.657	--	5,444,883
Rio School District	15,514,346	83.884	--	13,014,054
Rio School District – COP	4,672,339	83.884	--	3,919,345
Hueneme School District	5,389,769	49.313	--	2,657,857
Ocean View School District	1,404,763	38.434	--	539,907
Ocean View School District – COP	<u>857,078</u>	38.434	--	<u>329,409</u>
<b>Total Overlapping Bonded Debt</b>	<b><u>\$173,363,560</u></b>		<b>--</b>	<b><u>\$105,336,743</u></b>
<b>Total Direct and Overlapping Bonded Debt</b>	<b><u>\$261,200,920</u></b>		<b><u>\$87,837,361</u></b>	<b><u>\$105,336,743</u></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, 2004.

## Taxable Retail Sales

Consumer spending in calendar year 2003 resulted in \$2,039,218 in taxable sales in the City, which is approximately 7.3% above calendar year 2002. The following table sets forth information regarding taxable sales in the City for each type of business for calendar years 1999 through 2003.

**City of Oxnard**  
**Taxable Retail Sales by Type of Business**  
**1999 - 2003**  
**(000s)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Apparel stores	\$ 50,341	\$ 43,441	\$ 46,037	\$ 53,650	\$ 50,399
General merchandise stores	262,491	241,410	257,339	273,297	290,338
Food stores	66,763	66,134	64,173	67,002	73,061
Eating and drinking places	121,892	128,529	133,815	145,771	153,932
Home furnishings and appliances	45,114	44,273	54,840	76,151	102,279
Building materials and farm implements	183,951	187,530	205,872	200,206	206,417
Auto dealers and auto supplies	321,044	345,079	412,761	472,647	513,072
Service stations	69,170	87,773	93,812	94,533	113,140
Other retail stores	<u>188,381</u>	<u>200,655</u>	<u>197,837</u>	<u>204,148</u>	<u>213,714</u>
Total Retail Outlets	1,309,147	1,344,824	1,466,486	1,587,405	1,716,352
All Other Outlets	<u>256,213</u>	<u>275,985</u>	<u>308,660</u>	<u>313,131</u>	<u>322,866</u>
Total All Outlets	\$1,565,360	\$1,620,809	\$1,775,146	\$1,900,536	\$2,039,218

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. Southern 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 Southern 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 welcomed 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, 2004**

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# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **Fiscal Year Ended June 30, 2004**

Prepared by  
Finance Department  
Stan Kleinman  
Finance Director

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*City of Oxnard, California*

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November 30, 2004

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

## INTRODUCTION

We are pleased to submit to you the Comprehensive Annual Financial report (CAFR) of the City of Oxnard, California (City) for the fiscal year ended June 30, 2004. The City compiles and prepares the annual financial report to provide interested parties with reliable information concerning the financial condition and results of operations for the City.

The basic financial statements are audited by an independent certified public accounting firm. The purpose of the audit is to ensure that the financial statements present fairly, in all material respects, the financial position and the results of operations of the City. Responsibility for both accuracy of the information and completeness and fairness of the presentation, including all disclosures, rests with management. The financial statements have been prepared in accordance with generally accepted accounting principles. This means that the statements have been prepared using guidelines that would allow the user to make meaningful comparison to the financial statements of other similar entities. All disclosures necessary to enable the reader to gain an understanding of the City of Oxnard's activities have been included.

Generally accepted accounting principles require that management provide narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City of Oxnard's MD&A can be found immediately following the report of the independent auditors.

## 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:

### 1. **Introductory Section:**

This section includes the letter of transmittal with comments on the operations of the City for the year ended June 30, 2004, the City's organization 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 the California Society of Municipal Finance Officers (CSMFO) Certificate of Award for Outstanding Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2003.

### 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:**

This section includes selected financial and demographic information, generally presented on a multi-year basis and 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 staggered 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 Oxnard Community Development Commission and 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 Oxnard Community Development Commission and with two tenant members as the 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 (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 government center of the County. Oxnard is the financial hub of and the largest city in the County, with a population estimated to be 186,122 in 2004, accounting for over 23 percent of the 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 2020 General Plan (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 an 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 staff.

Staff believes that the City’s internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

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 at a public meeting. 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 funds 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. On June 30, 2004, the City's special assessment debt outstanding totaled approximately \$61,840,000.

## **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, 2004, are as follows:

Tax Allocation Bonds	\$19,086,766
Revenue Bonds, Net of Unamortized Discount and Loss on Refunding	233,657,419
Capital Leases	4,645,493
Notes and Loans Payable	5,621,475
Certificates of Participation	8,045,000

The tax allocation bonds are paid from the increment revenues of property taxes levied within the City's redevelopment and renewal project 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, wastewater and treatment plant expansion, and public housing. Debt service on these issues are 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, 2004, amounted to \$4,645,493.

The General Fund of the City (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 wastewater 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 (State) mandates a limit on general obligation debt of 15 percent of true cash value of all taxable property within the City boundaries. On June 30, 2004, this limit was \$1,502,393,976.

## **SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2003-04**

### ***CITY MANAGER'S DEPARTMENT***

#### **Information Systems Division**

Accomplishments for Fiscal Year 2003-04 are outlined below:

- Created the Hardware/Software Policy to ensure a standard will be followed for all hardware and software. In addition, the policy specifies PCs will be replaced every three years.
- Configured a Virtual Private Network (VPN) to enable remote users to connect to the Citywide network through the Internet. Utilizing the Citrix Server, members of the Finance and Housing Departments can authenticate to the Novell Network through a secure and encrypted connection.
- Upgraded the GroupWise e-mail server, allowing us to add both the Library and Carnegie Art Museum to the Citywide e-mail system.
- Implemented a research and development lab, enabling Information Systems staff to test new hardware and software for future procurement. As a result, a wireless access point was added to the network, making it easier to set up training classes by eliminating the need for network cables.
- Designed and implemented the ability to accept MasterCard and Visa credit cards as payment for City services. Phase one of the project includes Business License and Utility Billing Divisions.
- Deployed an automated work order application for the Solid Waste Division to automate work processes and provide reports for data analysis.

### ***CITY TREASURER'S OFFICE***

Collection, cash management and safekeeping of all monies due to the City of Oxnard are the primary functions of the City Treasurer's Office. Accomplishments for Fiscal Year 2003-04 are outlined below:

- Provision of excellent customer service to an ever-increasing customer base while maintaining existing staffing level.
- Successful implementation of credit card payment acceptance primarily for business license renewals.
- Research for future implementation of additional payment methods and on-line payments, and/or procurement of automated remittance processing equipment is underway.
- Continuing efforts to streamline operations which resulted in transition from a PC-based banking program to direct banking service via the internet allowing more timely access to an retrieval of financial information.

## ***COMMUNITY DEVELOPMENT DEPARTMENT***

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

**Downtown Lighting Improvement Program Phase II** - This is the second phase of the CDC's program to improve downtown lighting, which consists of replacing streetlights with nostalgic lamp poles, adding streetlights, and enhancing existing parking lot lighting. This program, and the parking lot and alley improvement program are part of the downtown infrastructure improvements designed to rebuild the economic strength of the Downtown. Phase II of the Lighting Improvement Program will encompass the Meta Street area between Fourth and Seventh Streets, on the east side of Oxnard Boulevard.

**Downtown Parking Lot Improvement Program Phase I** - Completed the resurfacing and restriping of eighteen downtown parking lots and repaving and/or reconstruction of 13 sections of alley.

**Downtown Parking Lot Improvement Program Phase II** - The second phase of the Parking Lot Improvement Program will encompass the Meta Street area between Fourth and Seventh Streets, on the east side of Oxnard Boulevard.

**Downtown Façade Improvement Program** - Continued development of a new façade improvement program to begin in Summer 2004.

**Downtown Code Enforcement/Design Walk-Through, and Public Education Program** - Continued the monthly downtown walk-through program with planning division and code enforcement personnel to monitor compliance with zoning and permit requirements. The Development Guidelines (signage, façade, window treatment) produced in 2002 continue to be effective in assisting merchants in understanding the various permit and zone clearance requirements. The signage guideline was translated into Spanish, to be followed by the CBD Design Criteria for Over-the-Counter Downtown Design Review Permits Guide.

**Downtown Maintenance Drive-Through** - Continued the monthly drive-through with Solid Waste personnel to record maintenance issues and problems and then assign each problem to the appropriate department for follow-up (Streets, Solid Waste, Graffiti Abatement Program, Parks, Code Enforcement). This has resulted in a visible improvement to the Downtown.

**Downtown Partnership-based Business Improvement District (PBID)** - Continued to support the PBID in its management efforts by serving as a resource to staff and as an active member of a committee.

**Downtown Parking Structure** - Served as the downtown community liaison during the construction of the three level, 450-space parking structure, projected for completion in the Fall of 2004.

**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 was completed Spring 2004.

**HERO Oxnard South Revitalization** - Continuing to advance the improvement of the 29 medians collectively located on Saviers, Pleasant Valley and Hueneme Roads. Median construction began in August 2003. Continued to advance the revitalization of Oxnard South by attending community-based organization meetings. Started design of the last two phases of the median improvements.

**HERO Plan Amendment**- Amended the currently existing boundaries of the Project Area to include approximately 80 acres of non-continuous land. Notified over 3,500 residents, property owners and businesses of March 2, 2003 Joint Public Hearing pertaining to Plan Amendment adoption proceedings. Submitted post adoption documents to proper regulatory entities and taxing agencies.

**HERO - RiverPark** - Attend on-going coordination meetings to address issues of affordable housing, commercial retail and hotel development. Through retail attraction and retention efforts coordinate marketing strategies to secure anchor retail tenants. Monitor project process pursuant to the Owner Participation Agreement.

**Housing Rehabilitation and Ownership** - Provided financial assistance for the rehabilitation of six residential properties in the Southwinds and HERO Project Areas. Financially assisted one homebuyer's purchase of resale homes in the Southwinds and HERO Project. Replaced three mobile homes for very low-income families in the CCRP Project Area.

**Meta Street Apartments** - Completed the construction and occupancy of a 24-unit apartment complex, the first farmworker family housing project built in Oxnard. This project is in the Meta Street area, a severely depressed and blighted area. The 27 for-sale units will generate renewed life and interest in the downtown, construction to begin by the end of 2004.

**Ormond Beach** - Authorized and assisted property owner with the sale of three privately owned parcels on the corner of Arcturus Avenue and Hueneme Road, for the development of two commercial/industrial projects. Continued discussions with the California Coastal Conservancy over the possible sale of 309 acres of jointly owned property between the Community Development Commission and the Metropolitan Water District to the Coastal Conservancy for the expansion and preservation of wetlands in Ormond Beach.

**Security Lighting and Fencing** - Continue to provide homes with security fencing and lighting in the Southwinds neighborhood, to reduce crime, eliminate blight and to enhance the quality of the living environment.

**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. Completed the conversion of underutilized tennis courts to basketball courts at Southwinds Park, Fall 2003.

**Theater Project** - Completed Disposition and Development Agreement (DDA) for development of a 14 screen theater and retail complex on CDC-owned property and former Bank of America building in the downtown area. The proposed development is intended to serve as a catalyst for a downtown marketplace development, as well as future revitalization of downtown. Project completion is planned for Spring 2005.

**Vineyard/Esplanade Retail** - Contacted property owners and retailers in the vicinity of the Esplanade for encouragement to revitalize their properties along the Vineyard/Esplanade corridor. The owners of 360 West Esplanade Drive (office/retail shop building across the street from the Esplanade)

completed exterior upgrades, new landscaping and signage during Summer 2003. Current activity includes ongoing contact with property owners in the area to encourage further revitalization.

### ***DEVELOPMENT SERVICES***

The department and the Planning Division approved several residential and commercial projects either through Planning Commission Resolution or the Development Design Review process. The planning division completed the public outreach phase of the planned update to the 2020 General Plan by conducting many workshops around the city where residents could participate in determining how the City will change over the next 20 years. The next phase of the project, actual development of a draft document, will begin shortly.

The California Coastal Commission approved the Seabridge at Mandalay Bay project which represents the build out of the City's Mandalay Bay Specific Plan envisioned in the 1980's as a master planned community of commercial and residential development around an extension of the inland waterway canals. The Seabridge project includes 708 residential units in a mix of single family, condominium, live-work and rental units and approximately 200,000 square feet of visitor serving commercial development. The adjacent project Westport at Mandalay Bay, is under construction and includes 306 single family, duplex, townhomes and mixed use residential/commercial development.

The City has begun preparation of a Specific Plan and environmental impact report on the Ormond Beach Specific Plan area after receiving applications from property owners on both sides of Hueneme Road. The proposed uses are residential, commercial, schools and parks north of Hueneme Road and industrial uses located south of Hueneme Road and north wetlands and wetlands restoration areas.

### ***HUMAN RESOURCES DEPARTMENT***

Accomplishments for Fiscal Year 2003-04 are outlined below:

- Developed and implemented Service Action Plans with management team as part of Customer Service training; continued Customer training for new employees.
- Hired approximately 65 new employees.
- Enhanced the new employee orientation, integrating presentations on Credit Union, Workers' Compensation, Safety and Wellness, etc.
- Enhanced recruitment testing to expedite critical positions such as Police Officers, Public Safety Dispatchers, etc.
- Improved coordination with departments to meet recruitment needs.
- Increased City employee attendance at Liebert, Cassidy, Whitmore workshops as part of the Citywide management/supervisory training series.
- Maintained current knowledge with updated federal and State laws regarding HR and labor relations functions.
- Implemented leadership training with HR Team, which resulted in the establishments of a new and improved Mission Statement, focusing on providing better services to our customers.
- Provided employee benefit information workshops, i.e., Section 125 Plan, PARS, and increased retirement planning sessions for all City employees.
- Transitioned from a contract to self-administered/self-insured program with Delta Dental to avoid increases in rates for employees.
- Coordinated successful Employee Recognition Programs, i.e., service pin and Employee of the Quarter.
- Coordinated the most successful Citywide picnic in recent history.

- Conducted a contest to design the City's ID badge.
- Assisted in coordinating the most successful Blood Drive - 21 pints donated to United Blood Services.

## ***FIRE DEPARTMENT***

Accomplishments for Fiscal Year 2003-04 are outlined below:

- Oxnard Fire responded to 11,100 calls for service
- Obtained commitments for \$4,378,000 in grant funds
- Distributed assistance from City Corps and CERT 5,147 smoke detectors in high-risk areas of the City. A total of 393.5 volunteer hours were donated to the department from these groups for the Smoke Detector Saturation Program.
- Semi-finalist in Harvard's John F. Kennedy School of Government-Ash Institute for Democratic School of Governance and Innovation Awards for Innovation in American Government.
- Two successful prosecutions for environmental crimes with total fines collected by the department's CUPA Division of \$6,500.
- Community Emergency Response Team training for 22 neighborhood teams.
- Juvenile Fire-setter Counseling for 17 children and their families. Each child receiving a minimum of 3 hours of consultation.

## ***POLICE DEPARTMENT***

The Oxnard Police Department enjoyed another very successful year. Accomplishments for Fiscal Year 2003-04 are outlined below:

- A preliminary gang injunction has been approved by a Ventura County judge. It is anticipated that this civil injunction will help curb gang related crime in the city.
- Crime continued its decade long decline in the city. The crime rate in Oxnard continues to be lower than the crime rate in Ventura and Santa Barbara. The City now enjoys the fifth lowest crime rate in the nation among 43 cities with population between 150,000 and 200,000.
- A significant decline in alcohol related car crashes continued in Oxnard over the past year. This can be credited to a program which focuses attention on alcohol related issues in the city including minimizing problems associated with the sales and service of alcohol and the impact that outlets have on surrounding neighborhoods.
- The department continues to forge positive relationships with the youth in the city. These include Police Activities League, youth academies in the high schools, officers working on school campuses, anti-truancy programs, and education programs for youth stressing the importance of making good choices in their lives.
- The department continues to make the most of state and federal grant opportunities securing more than \$7 million in grants.
- A new photo red light program has been introduced in Oxnard. This program has had profound effects in reducing red light collisions at intersections.
- The annual "Every 15 Minutes" program was successfully presented at Oxnard High School in May 2003. A very emotional assembly highlights this two-day effort with students, parents and faculty participating in this proactive approach designed to curve teenage drinking and driving.

## ***OXNARD PUBLIC LIBRARY***

Accomplishments for Fiscal Year 2003-04 are outlined below:

- Since its designation as a U.S. passport acceptance facility in October 2001, the Oxnard Public Library has been a source of information to customers, providing answers to varied questions regarding the application process.
- Approximately 10,000 volunteer hours have been donated to the Oxnard Public Library, contributing to its success.
- A Self Check-in Book Return and Sorting System was installed at the Main Library in February 2004 to automatically check in returned library books, provide customers with a receipt, and sort the returned items into designated ergonomics bins for shelving.
- The Oxnard Public Library received a \$26,500 grant from the California State Library for the California Civil Liberties Public Education Program entitled Legacy of Interment.
- The Library was on its fourth year of funding from the California State Library for its Adult Literacy Grant for \$84,067.
- Library Technical Services ordered, cataloged, and processed 12,942 new items for the collection.
- The Library Historic Photograph Collection is available to the public using the Internet.

## ***CARNEGIE ART MUSEUM***

Accomplishments for Fiscal Year 2003-04 are outlined below:

- 37,474 visitors and clients served representing a 6% increase over prior fiscal year by developing special education outreach programs at school sites and offering art exhibits of increasing national caliber
- 764 tours and art education presentations to 156 partnering schools and agencies in Ventura and Northern Los Angeles County including 85% of Oxnard elementary/middle school and high school districts
- Public awareness of Carnegie exhibits enhanced by articles appearing in four national art publications and two newspapers: Artscene, Art Guide, ARTWEEK, Ceramic Monthly, Ventura County Star, and Los Angeles Times
- Produced three full-color interpretive exhibit brochures through museum's fundraising partnerships with the Carnegie Art Museum Cornerstones

## ***PUBLIC WORKS DEPARTMENT***

Accomplishments for Fiscal Year 2003-04 are outlined below:

### **Engineering Division**

The Engineering Division is responsible for the design, survey and contract administration projects such as: Pleasant Valley Road Widening, Median Road Improvements, Hueneme Road Median Improvements, Yucca Storm Drain Improvements, Snow Avenue Soundwall Improvements, Sanford Storm Drain, and Rose Avenue Widening Project.

### **Equipment Maintenance Division**

The Equipment Maintenance Division operated the 2003 Smog program, annual certification of aerial lift trucks, purchase of Police Sedans, equipment, vehicles for other departments for a total of 65 pieces, deleted 38 pieces of equipment/vehicles from inventory, expanded ASE certification of mechanics to 79% and first aid and CPR training.

### **Parks and Facilities Division**

The Parks and Facilities Division completed so many parks improvement projects such as: replaced Durley Park Tot playground; replaced Peninsula Park playground; demolition of old Ranger's House; installation of irrigation; cattail abatement at College Park; rehabilitation of Del Sol Park group Picnic Area; termite abatement at new Rainbow house; and replaced damaged park sign at Thompson and Carty Park. The division also completed the construction of the Oxnard Skate Park, Wilson Park, College Estates Park rehab, court resurfacing of 12 park locations, landscape median improvements of Oxnard Boulevard Glenwood to McDonald and completed 97 landscape plan checks for citywide sector development. The landscape assessments have accepted all improvements and are maintained by landscape contractors. The division also implemented Trees and Medians Program at Oxnard Blvd. And Vineyard Avenue, Ventura Frontage Road, new Golf course and Oxnard Shores.

### **Solid Waste Division**

The Solid Waste Division filed an annual report for calendar year 2003 with the California Integrated Waste Management Board at a diversion rate of 67%; applied for a competitive grant from the Department of Conservation in the amount of \$69,727; awarded grant funding to implement recycling in public areas at special events; implemented special event recycling at the California Strawberry Festival and promoted use of the Del Norte Regional Recycling & Transfer Station's Antifreeze, Battery, Oil Paint and Waste Recycling Center.

### **Streets Division**

The Streets and Waterways Division provides repair and maintenance services for the City of Oxnard's 465 lane miles of streets and alleys and 3.2 miles of inland waterway. Some of the capital improvement projects are: capital improvement plan resurfacing and reconstruction projects, asphalt maintenance, sidewalk, curb and gutter repair, pavement striping and marking, traffic sign maintenance, street sweeping, alley cleanup and inland waterways maintenance.

### **Transportation Planning**

Transportation Planning and Transit Services Division completed the interior renovations to the Oxnard Transportation Center (OTC), which included expanding the restrooms, new carpet, new paint, and Americans with Disabilities Act improvements inside and outside; new landscaping installed on Highway 101 east and west of the Del Norte Boulevard interchange; received additional grant funding for improvements to the exterior of the Oxnard Transportation Center for pedestrian and vehicular circulation.

## **Wastewater Division**

The Wastewater Division implemented a Source Control Program; enhanced collection system quality and capacity monitoring; collected a \$10,000 late report submissions assessment from Cook Composites and Polymers; implemented a Storm Water Quality Management Program; performed follow-up storm water inspections on commercial/industrial facilities subject to the State General Industrial Storm Water Permit; implemented a Collection System Maintenance and Upgrades Program, flood Control Program, Laboratory Services Program, Treatment Plant Operations Program, and Treatment Plant Maintenance and Upgrades Program.

## **Water Division**

The Water Division accomplishments for Fiscal Year 2003-04 are: Children's Water Science Festival, Ultra Low Flow Toilet Distribution Program, high-Efficiency Clothes Washer Rebate Program, Children's Science Theater, Molly Cool & Friends School Assemblies, Calendar Contest, Great Desalter Pilot Study, membrane Concentrate Pilot Wetlands Study; Great Program Environmental Impact Report, Emergency Response Plan & Training, Water Division Standard Operating Procedures, Automated Meter Reading Conversion, Update of Distribution System Atlas, Expansion of Blending Station 3, and Distribution System Cast Iron Mains Replacements.

## **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 ten-year capital improvement plan. Budgets are adopted annually by City Council resolution and are prepared for the General Fund, special revenue funds and 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 2004, supplemental budget appropriations approximating \$23,752,754 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 Council 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 2003-04 was \$164,550,359 which earned \$5,775,597 an average rate of 3.29 percent. At June 30, 2004, \$121,972,910 or 34.13 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 Council investment policy has been updated to meet requirements of the California Government Code revisions. The investment policy is adopted 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.

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

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental Funds	\$ 4,547,276	\$ 3,858,978	\$ 4,465,752
Proprietary Funds	2,370,706	2,292,082	1,565,422
<b>Total</b>	<u><u>\$ 6,917,982</u></u>	<u><u>\$ 6,151,060</u></u>	<u><u>\$ 6,031,174</u></u>
Average Annual Yield	3.29%	3.78%	4.61%

Interest income in Fiscal Year 2003-04 increased 12.47 percent versus last fiscal 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 2003-04 was \$672,579 including \$98,065 for debt service and a pure premium adjustment based on prior year's loss experience of \$48,213. The City paid \$216,728 for its excess workers' compensation insurance in Fiscal Year 2003-2004.

## **OTHER INFORMATION**

### **Independent Audit**

The firm of Mayer Hoffman McCann PC 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 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 is 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 for its comprehensive annual financial report for the fiscal year ended June 30, 2003.

This was the fifteenth 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. Staff believes the current report continues to conform to certificate of achievement program requirements, and staff is submitting it to the GFOA to determine its eligibility for another certificate.

### **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, Controller, Lettie De Dios, Accounting Manager, and the entire Finance Department staff. But a special word of thanks should go to our independent auditors, Mayer Hoffman McCann P.C., 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.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stan Kleinman", with a stylized flourish at the end.

Stan Kleinman  
Finance Director

# 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, 2003

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.



*Edward Haney*  
President

*Jeffrey L. Esser*  
Executive Director

# California Society of Municipal Finance Officers

Certificate of Award

***Outstanding Financial Reporting 2002-2003***

Presented to the

***City of Oxnard***

*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

*March 1, 2004*

*Bret M. Plimlee*

Chair, Professional & Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*



# City of Oxnard, California

## CITY COUNCIL



**DEAN MAULHARDT**  
Mayor Pro Tem



**DR. MANUEL M. LOPEZ**  
Mayor



**ANDRES HERRERA**  
Councilmember



**BEDFORD PINKARD**  
Councilmember

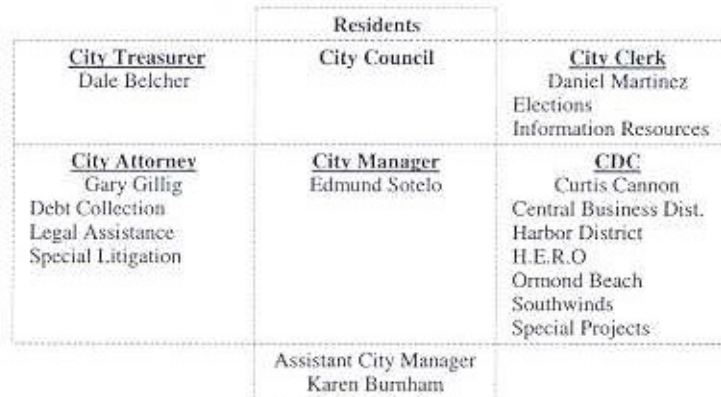


**JOHN C. ZARAGOZA**  
Councilmember



EDMUND F. SOTELO  
City Manager

## City of Oxnard Organizational Chart

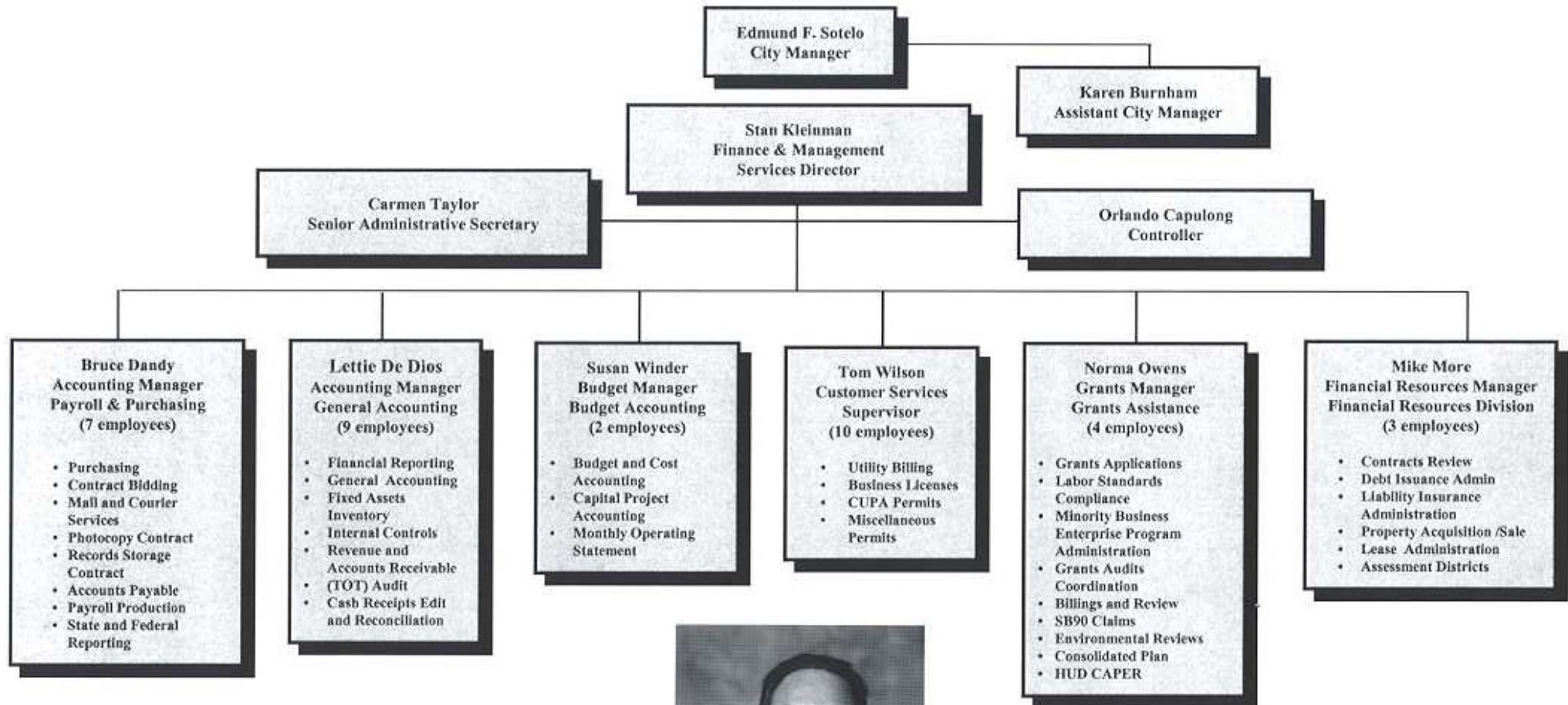


KAREN BURNHAM  
Assistant City Manager

<u>Police</u>	<u>Fire</u>	<u>Housing</u>	<u>Finance</u>	<u>Recreation and Community Services</u>	<u>Development Services</u>	<u>Public Works</u>	<u>City Manager</u>	<u>Human Resources</u>	<u>Library</u>
Art Lopez	Joe Milligan	Sal Gonzalez	Stan Kleinman	VACANT	Matt Winegar	Granville Bowman	Edmund Sotelo	Lino Corona	Barbara Murray
Administrative Services (Mike Matlock)	Disaster Preparedness (Bill Gallaher)	Administrative Services (Bob Zomalt)	Budget and Capital Improvement (Susan Winder)	Community Facilities (Bob Holden)	Development Support and Public Project Contracts	Construction & Maintenance (Daniel Rydberg)	Operations	Employee Benefits	Carnegie Art Museum
Emergency Communications	Emergency Services (Terry McAnally)	Affordable Housing (Ernie Whitaker)	Budget	Performing Arts and Convention Center		Inland Waterways	Budget	Employee Training	Circulation and Branch Services
Professional Standards	(Michael O'Malia)	Housing Assistance (Bernard Carn)	Capital Improvement Projects	Recreation & Community Services (Gil Ramirez)	Development Services (Rob Roshanian)	Parking Lots	Cable Television	Human Resources	Community Outreach
Support Services	(Clarence Slayton)	Modernization (Ruben Andrade)	Customer Service (Tom Wilson)	Recreation Services	Development Services	Street Maintenance & Repair	Community Relations	Labor Negotiations	Public Services
Field Operations (John Crombach)	Fire Prevention (Tom Waller)	Property Services (Rick Shear)	Business Licensing	Senior/Special Population Services	Planning (Marilyn Miller)	Traffic Signs & Markings	Legislative	Safety & Wellness	Support Services
Code Enforcement			Utility Billing	South Oxnard Center	Planning & Environmental Services	Engineering Services (Rob Roshanian)	Neighborhood Services	Workers' Compensation	
Community Patrol			Financial Resources (Mike More)	Special Events		Construction Services	Public Information		
Investigative Services (Charles Hookstra)			Debt & Property Management	Youth Development		Design	Special Projects		
Investigative Services			Liability Management			Equipment Maintenance (Paul Starr)	Information Systems (Grace Hoffman)		
Special Services			General Accounting (Lettie De Dios)			Parks & Facilities (Michael Henderson)	Citywide Network Support		
			Grants Management (Norma Owens)			Facilities Maintenance	Document Publishing Services		
			Grants Assistance			Landscape Assessment & Graffiti Removal	Geographic Information Systems		
			Payroll & Purchasing (Bruce Dandy)			Park/Facility Development	Municipal Software Support		
			Mail Service			Parks Maintenance	Telecommunications Support		
			Payroll & Benefits			River Ridge Golf Course			
			Purchasing			Street Lighting			

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

# CITY OF OXNARD, CALIFORNIA FINANCE DEPARTMENT



**STAN KLEINMAN**  
Finance Director

# VICINITY MAP





**Mayer Hoffman McCann P.C.**  
An Independent CPA Firm

## INDEPENDENT AUDITORS' REPORT

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, as of and for the year ended June 30, 2004, 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 of Oxnard, California 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. 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, 2004, 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.

The management's discussion and analysis and required supplementary information on pages 3 through 17 and 72 through 91, 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.

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

*Mayer Hoffman McCann P.C.*  
Oxnard, CA  
October 18, 2004

### SOUTHERN CALIFORNIA LOCATIONS

11601 WILSHIRE BOULEVARD, SUITE 2300 • LOS ANGELES, CA 90025 • PH 310.268.2000 • FAX 310.268.2001  
5060 CALIFORNIA AVENUE, SUITE 800 • BAKERSFIELD, CA 93309 • PH 661.325.7500 • FAX 661.325.7004  
300 ESPLANADE DRIVE, SUITE 250 • OXNARD, CA 93036 • PH 805.988.3222 • FAX 805.988.3220

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***Management's Discussion and Analysis***  
***Fiscal Year Ended June 30, 2004***

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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, 2004. 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.

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

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*Management's Discussion and Analysis*  
*Fiscal Year Ended June 30, 2004*

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### **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.

### **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

***Management's Discussion and Analysis***  
***Fiscal Year Ended June 30, 2004***

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, 2004 were:

Net Assets	2004	2003	Increase (Decrease)
Invested in Capital Assets, Net of Related Debt	\$ 163,866,751	\$ 277,222,076	\$(113,355,325)
Restricted	19,891,555	61,838,287	(41,946,732)
Unrestricted	250,371,602	54,980,979	195,390,623
<b>Total Net Assets</b>	<b><u>\$ 434,129,908</u></b>	<b><u>\$ 394,041,342</u></b>	<b><u>\$ 40,088,566</u></b>

The total net assets of the City increased 10.17 percent from \$394.0 million at June 30, 2003, to \$434.1 million at June 30, 2004. The increase of \$40,088,566 derives from the change in net assets as recorded in the Statement of Activities and which flows through to the Statement of Net Assets.

***Management's Discussion and Analysis***  
***Fiscal Year Ended June 30, 2004***

**Governmental Activities**

The following schedule summarizes the financial position of the City's governmental activities at June 30, 2004:

	<b>2004</b>	<b>2003</b>	<b>Increase (Decrease)</b>
Current Assets	\$ 166,686,780	\$ 141,852,530	\$ 24,834,250
Capital Assets (Net of Accumulated Depreciation)	161,750,881	139,470,628	22,280,253
Properties Held for Resale	4,854,250	5,040,057	(185,807)
Other Assets	181,814	—	181,814
<b>Total Assets</b>	<b>333,473,725</b>	<b>286,363,215</b>	<b>47,110,510</b>
Current Liabilities	50,672,527	46,734,948	3,937,579
Non-Current Liabilities	74,673,693	58,899,514	15,774,179
<b>Total Liabilities</b>	<b>125,346,220</b>	<b>105,634,462</b>	<b>19,711,758</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	104,613,981	105,248,878	(634,897)
Restricted	12,510,935	59,123,684	(46,612,749)
Unrestricted	91,002,589	16,356,191	74,646,398
<b>Total Net Assets</b>	<b>\$ 208,127,505</b>	<b>\$ 180,728,753</b>	<b>\$ 27,398,752</b>

At the end of Fiscal Year 2004, the current assets are 49.98 percent of the total assets with the remaining 50.02 percent representing capital assets, net of accumulated depreciation and properties held for resale and other assets. The current liabilities are 40.43 percent of the total liabilities. The current ratio for governmental activities at the end of the year is \$3.29 of current assets for every \$1.00 of current liabilities. Of the total

net assets, 50.26 percent was invested in capital assets, 6.01 percent was restricted, and the remaining 43.73 percent represented unrestricted which is available for future operations.

Net assets of the City's governmental activities as of June 30, 2004, and 2003 are comprised of the following:

	<b>2004</b>	<b>2003</b>	<b>Increase (Decrease)</b>
Invested in Capital Assets, Net of Related Debt	\$ 104,613,981	\$ 105,248,878	\$ (634,897)
Restricted	12,510,935	59,123,684	(46,612,749)
Unrestricted	91,002,589	16,356,191	74,646,398
<b>Total Net Assets</b>	<b>\$ 208,127,505</b>	<b>\$ 180,728,753</b>	<b>\$ 27,398,752</b>

The net assets of the City from governmental activities increased 15.16 percent from \$180.7 million at June 30, 2003, to \$208.1 million at June 30, 2004. The increase of \$27,398,752 is mainly due to increase in unrestricted net assets related to other projects and Redevelopment Projects authorized during the year.

The cost of all governmental activities during Fiscal Year 2004 was \$116,280,364. The amount that the City's taxpayers ultimately financed, however, was only \$60,334,442. Some of the cost of governmental activities was paid by those who directly benefitted from the programs (\$15,377,020) or by other government agencies and organizations that subsidized certain programs with operating grants and contributions (\$34,560,771).

Overall, the City generated program revenues from governmental activities amounting to \$55,945,922, fines and forfeitures (\$1,198,457),

***Management's Discussion and Analysis***  
***Fiscal Year Ended June 30, 2004***

and other programs (\$4,809,674). The remaining cost of governmental activities (\$60,334,442) was paid by the City's sources of general revenue (taxes and other general revenues).

The City's governmental activities include legislative, general government, 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, 2004:

	<u>2004</u>	<u>2003</u>	<u>Increase (Decrease)</u>
<b>Program Revenues:</b>			
Charges for Services	\$ 15,377,020	\$ 21,861,402	\$ (6,484,382)
Operating Grants and Other Contributions	34,560,771	22,410,477	12,150,294
<b>General Revenues:</b>			
Taxes	69,686,375	66,543,705	3,142,670
Growth and Development Fees	9,004,334	8,796,590	207,744
Fines and Forfeitures	1,198,457	1,727,674	(529,217)
State and Local Share Revenues	6,273,788	5,491,859	781,929
Other Program Revenue	4,809,674	573,234	4,236,440
Interest on Investments	4,547,276	3,858,978	688,298
<b>Total</b>	<b><u>145,457,695</u></b>	<b><u>131,263,919</u></b>	<b><u>14,193,776</u></b>
<b>Expenses:</b>			
Legislative	1,061,932	15,427	1,046,505
Administrative and Support Services	11,849,998	11,073,876	776,122
Public Safety	58,758,103	51,798,458	6,959,645
Transportation	8,595,630	8,576,565	19,065
Community Development	18,590,562	25,632,688	(7,042,126)
Culture and Leisure	11,177,403	8,194,868	2,982,535
Libraries	3,940,974	3,115,118	825,856
Interest on Long-term Debt	2,305,762	2,076,882	228,880
<b>Total Expenses</b>	<b><u>116,280,364</u></b>	<b><u>110,483,882</u></b>	<b><u>5,796,482</u></b>
Excess (Deficiency) of Revenues over Expenses	29,177,331	20,780,037	8,397,294
Transfers Out	(1,778,579)	(1,236,947)	(541,632)
<b>Changes in Net Assets - Governmental Activities</b>	<b><u>\$ 27,398,752</u></b>	<b><u>\$ 19,543,090</u></b>	<b><u>\$ 7,855,662</u></b>

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2004

### Governmental Activities

#### Sources of Revenues:

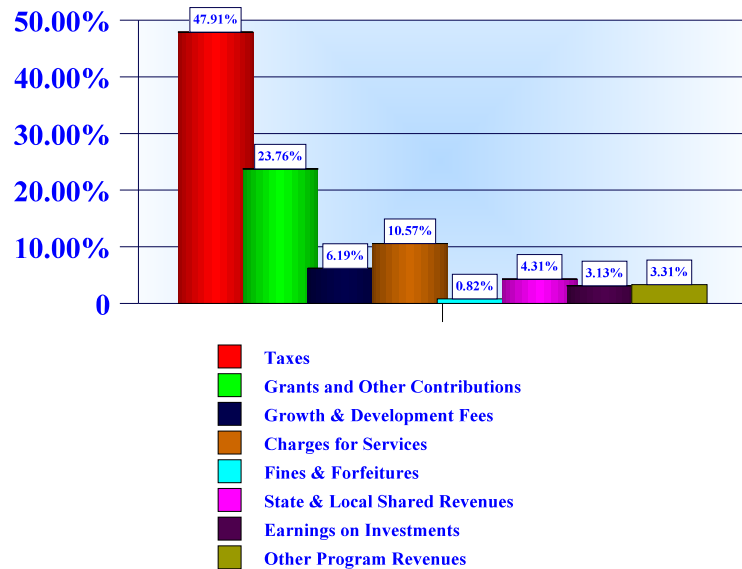
	2004	2003	Increase (Decrease)
Taxes	\$ 69,686,375	\$ 66,543,705	\$ 3,142,670
Grants and Other Contributions	34,560,771	22,410,477	12,150,294
Growth and Development Fees	9,004,334	8,796,590	207,744
Charges for Services	15,377,020	21,861,402	(6,484,382)
Fines and Forfeitures	1,198,457	1,727,674	(529,217)
State and Local Shared Revenues	6,273,788	5,491,859	781,929
Earnings on Investments	4,547,276	3,858,978	688,298
Other Program Revenues	4,809,674	573,234	4,236,440
<b>Total</b>	<b>\$ 145,457,695</b>	<b>\$ 131,263,919</b>	<b>\$ 14,193,776</b>

### Governmental Activities

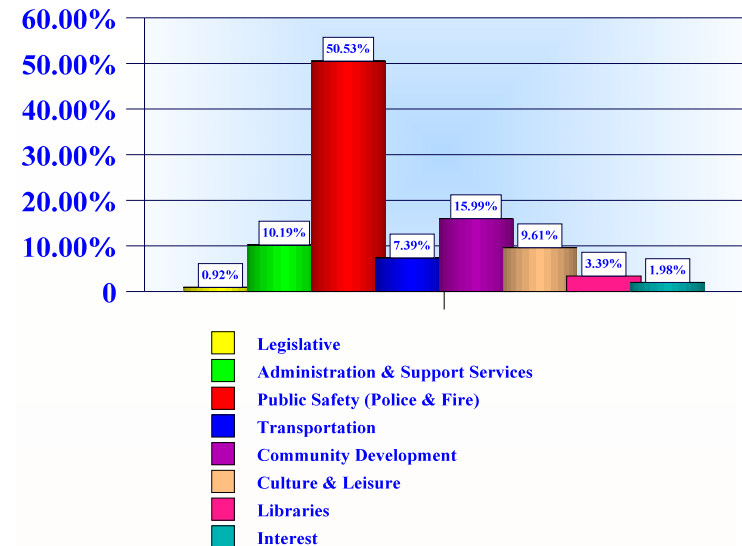
#### Functional Expenses:

	2004	2003	Increase (Decrease)
Legislative	\$ 1,061,932	\$ 15,427	\$ 1,046,505
Administration and Support Services	11,849,998	11,073,876	776,122
Public Safety (Police and Fire)	58,758,103	51,798,458	6,959,645
Transportation	8,595,630	8,576,565	19,065
Community Development	18,590,562	25,632,688	(7,042,126)
Culture and Leisure	11,177,403	8,194,868	2,982,535
Libraries	3,940,974	3,115,118	825,856
Interest	2,305,762	2,076,882	228,880
<b>Total</b>	<b>\$ 116,280,364</b>	<b>\$ 110,483,882</b>	<b>\$ 5,796,482</b>

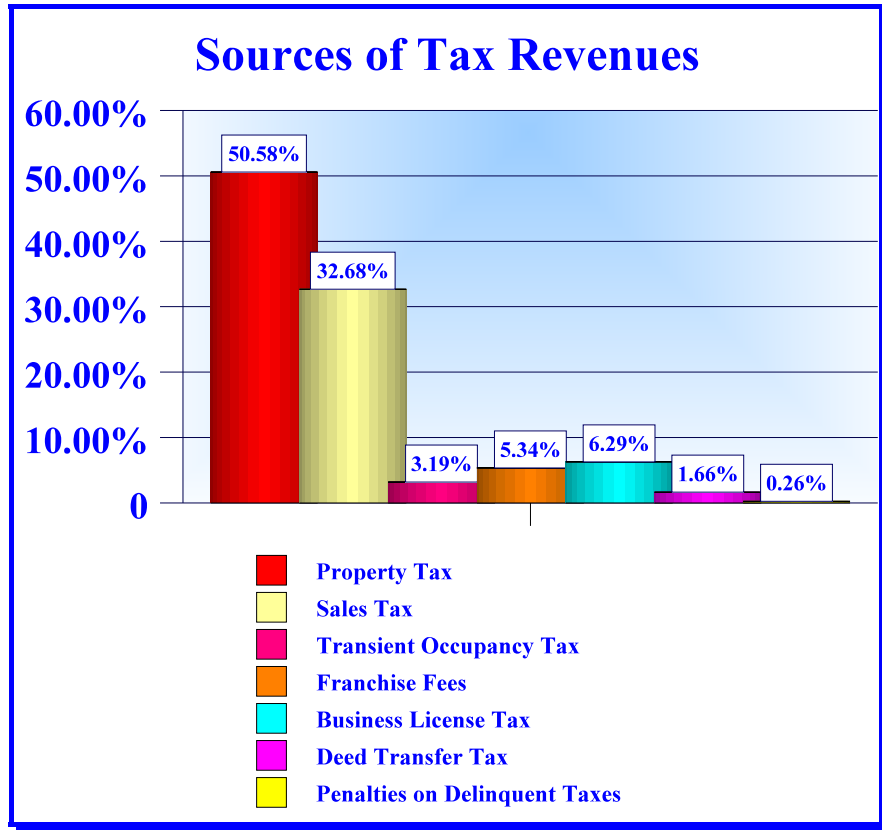
**Sources of Revenues**



**Functional Expenses**



*Management's Discussion and Analysis*  
*Fiscal Year Ended June 30, 2004*



The City's total sources of revenue showed a major increase of \$14,193,776 as compared to last fiscal year. The major increase in sources of revenue in Fiscal Year 2004 came from operating grants and other contributions (\$12,150,294), followed by other program revenues (\$4,236,440), taxes (\$3,142,670), state and local shared revenue

(\$781,929), interest on investments (\$688,298) and growth and development fees (\$207,744). However, charges for services showed decreases of (\$6,484,382) and fines and forfeitures (\$592,217) respectively. All other revenue sources (taxes, state and local shared revenue) and other services offset increases and decreases from last fiscal year.

Taxes, which are the largest source of revenue for the City, increased by \$3,142,670 or 4.72 percent, which is due to an increase in property tax (\$5,129,443), sales tax (\$1,996,462) and franchise tax (\$888,455), however, a decrease in franchise fees (\$25,728) and motor vehicle in-lieu fees were reclassified under taxes (\$2,063,796). The continued construction and sale of new residential houses contributed to the increase in property taxes. Also, the City's sales tax increased by 9.61 percent or \$1,996,462. Business license was up by \$1,020,242 due to increase in new businesses, which is a good indicator of our economy bouncing back. Business license and deed transfer tax were included in charges for services for Fiscal Year 2002-03.

Sources of tax revenues for the fiscal year ended June 30, 2004, and 2003 are as follows:

Sources of Tax:	2004	2003	Increase (Decrease)
Property Tax	\$ 35,245,432	\$ 30,115,989	\$ 5,129,443
Sales Tax	22,772,358	20,775,896	1,996,462
Transient Occupancy Tax	2,222,553	2,247,831	(25,278)
Franchise Fees	3,718,917	2,830,462	888,455
Business License Tax	4,386,245	—	4,386,245
Deed Transfer Tax	1,159,215	—	1,159,215
Penalties on Delinquent Taxes	181,655	190,546	(8,891)
<b>Total</b>	<b>\$ 69,686,375</b>	<b>\$ 56,160,724</b>	<b>\$ 13,525,651</b>

***Management's Discussion and Analysis***  
***Fiscal Year Ended June 30, 2004***

**Business-Type Activities**

The following schedule summarizes the financial condition of the City's business-type activities at June 30, 2004:

	<b>2004</b>	<b>2003</b>	<b>Increase (Decrease)</b>
Current Assets	\$ 182,762,774	\$ 51,517,191	\$ 131,245,583
Capital Assets (Net of Accumulated Depreciation)	267,215,166	254,936,853	12,278,313
Other Assets	630,608	758,755	(128,147)
<b>Total Assets</b>	<b>450,608,548</b>	<b>307,212,799</b>	<b>143,395,749</b>
Current Liabilities	15,017,621	12,876,467	2,141,154
Non-Current Liabilities	209,588,524	81,023,743	128,564,781
<b>Total Liabilities</b>	<b>224,606,145</b>	<b>93,900,210</b>	<b>130,705,935</b>
<b>Net Assets:</b>			
Invested in Capital Assets (Net of Related Debt)	59,252,770	171,973,198	(112,720,428)
Restricted	7,380,620	2,714,603	4,666,017
Unrestricted	159,369,013	38,624,788	120,744,225
<b>Total Net Assets</b>	<b>\$ 226,002,403</b>	<b>\$ 213,312,589</b>	<b>\$ 12,689,814</b>

The business-type activities showed a positive current ratio at June 30, 2004 - \$12.17 of current assets for every \$1.00 of current liabilities. Of the total net assets, 26.22 percent was invested in capital assets, 3.27 percent represented restricted net assets, and 70.51 percent was unrestricted which is available for future operations.

Net assets of the City's business-type activities as of June 30, 2004, and 2003 are as follows:

	<b>2004</b>	<b>2003</b>	<b>Increase (Decrease)</b>
Invested in Capital Assets, Net of Related Debt	\$ 59,252,770	\$ 171,973,198	\$ (112,720,428)
Restricted for:			
Debt Service	7,380,620	2,714,603	4,666,017
Unrestricted	159,369,013	38,624,788	120,744,225
<b>Total Net Assets</b>	<b>\$ 226,002,403</b>	<b>\$ 213,312,589</b>	<b>\$ 12,689,814</b>

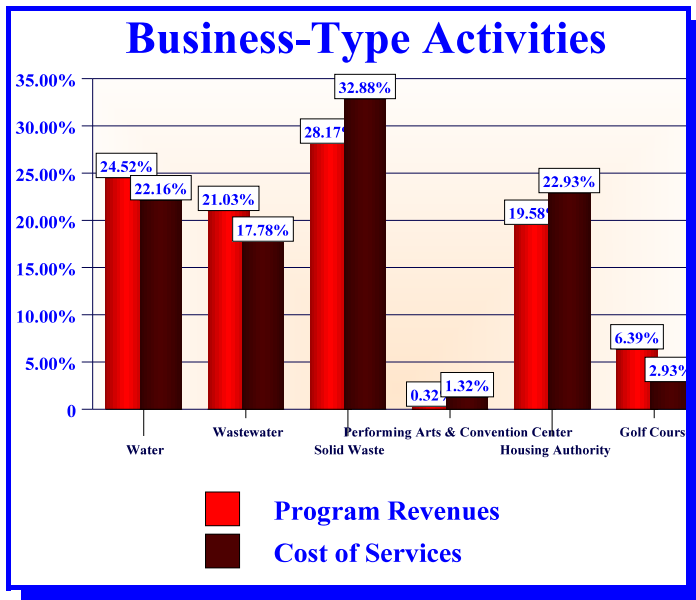
The net assets of the City's business-type activities increased 5.95 percent from \$213.31 million at June 30, 2003, to \$226.00 million at June 30, 2004. The increase of \$12,689,814 is primarily due to an increase in unrestricted net assets and an increase in operating income.

Total expenses for business-type activities for the year ended June 30, 2004, was \$106,662,007. Program revenues are primarily comprised of charges for services in the amount of \$115,782,822.

General revenues consist of earnings on investments \$2,080,206. Transfers from governmental activities amounted to \$1,488,793.

The City's business-type activities include: Water, Wastewater, Solid Waste, Performing Arts and Convention Center, Oxnard Housing Authority, and Municipal Golf Course.

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2004**



The following table presents the changes in net assets for business-type activities for the year ended June 30, 2004:

	2004	2003	Increase (Decrease)
<b>Program Revenues:</b>			
Charges for Services	\$ 115,782,822	\$ 95,802,268	\$ 19,980,554
Operating Grants and Other Contributions	—	3,422,902	(3,422,902)
<b>General Revenues:</b>			
Earnings on Investments	2,080,206	1,927,516	152,690
<b>Total Revenues</b>	<b>117,863,028</b>	<b>101,152,686</b>	<b>16,710,342</b>
<b>Expenses:</b>			
Water	23,636,082	19,281,560	4,354,522
Wastewater	18,960,096	22,141,678	(3,181,582)
Solid Waste	35,070,009	28,693,531	6,376,478
Performing Arts and Convention Center	1,402,812	1,284,733	118,079
Oxnard Housing Authority	24,462,843	22,800,927	1,661,916
Municipal Golf Course	3,130,165	2,052,025	1,078,140
<b>Total Expenses</b>	<b>106,662,007</b>	<b>96,254,454</b>	<b>10,407,553</b>
Excess (Deficiency) of Program Revenues over Expenses	11,201,021	4,898,232	6,302,789
Transfers In	1,488,793	1,236,947	251,846
<b>Changes in Net Assets</b>	<b>\$ 12,689,814</b>	<b>\$ 6,135,179</b>	<b>\$ 6,554,635</b>

The chart on the left 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, 2004*

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

**General Fund**

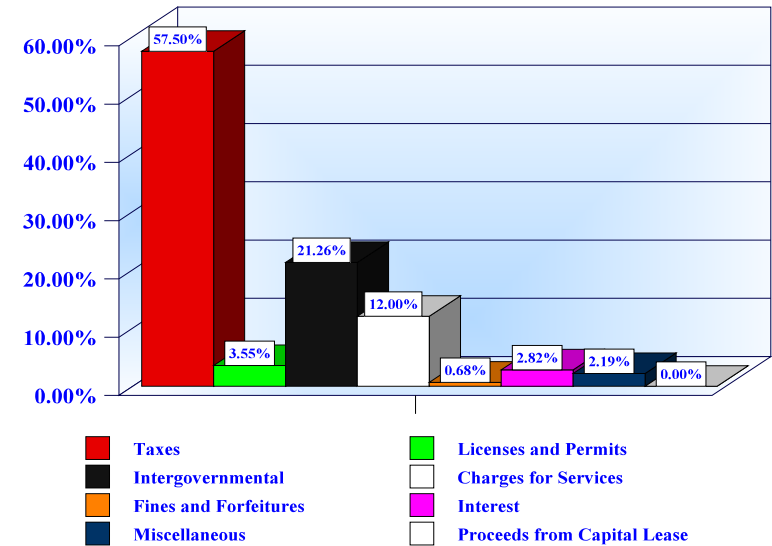
The General Fund accounts for all financial resources traditionally associated with government activities that are not required legally to be accounted for in another fund.

The General Fund ended the year with a fund balance of \$26,758,986, which is a decrease of \$1,230,007 as compared to the prior fiscal year. The fund balance is designated into categories for legally reserved or restricted (\$1,180,342) and unreserved, undesignated fund balance available for future operations (\$25,398,644). 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, 2004, were \$86,413,527. The revenues increased by \$5,878,770 (7.30%). This increase is due primarily to an increase in taxes (\$5,394,809), and charges for services (\$1,250,248) offset by a decrease in intergovernmental (\$1,297,876) and licenses and permits (\$679,761).

General Fund expenditures for the year ended June 30, 2004, reported an increase of \$7,521,152 from \$80,122,382 in Fiscal Year 2003 to \$87,643,534 in Fiscal Year 2004. Major increases were in public safety (\$3,723,024), transportation (\$2,794,223), culture and leisure and library revenues (\$3,304,831), and in general government (\$1,390,828). 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.

**Revenues**

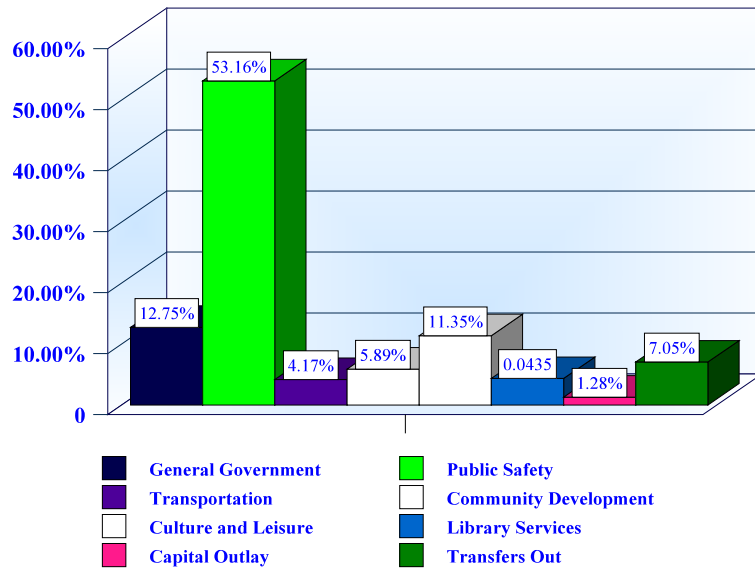


General Fund Revenues:	2004	2003	Increase (Decrease)
Taxes	\$ 51,695,969	\$ 46,301,160	5,394,809
Licenses and Permits	2,182,715	2,862,476	(679,761)
Intergovernmental	15,824,971	17,122,847	(1,297,876)
Charges for Services	10,910,939	9,660,691	1,250,248
Fines and Forfeitures	643,934	546,710	97,224
Interest	2,457,348	2,274,604	182,744
Miscellaneous	2,697,651	1,766,269	931,382
<b>Total</b>	<b>\$ 86,413,527</b>	<b>\$ 80,534,757</b>	<b>\$ 5,878,770</b>

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2004**

General Fund Expenditures:	2004	2003	Increase (Decrease)
General Government	\$ 11,172,020	\$ 9,781,192	\$ 1,390,828
Public Safety	46,588,182	42,865,158	3,723,024
Transportation	3,652,470	858,247	2,794,223
Community Development	5,162,918	7,293,452	(2,130,534)
Culture and Leisure	9,943,515	7,465,944	2,477,571
Library Services	3,818,769	2,991,509	827,260
Capital Outlay	1,118,408	2,488,603	(1,370,195)
Transfers Out	6,187,252	6,378,277	(191,025)
<b>Total</b>	<b>\$ 87,643,534</b>	<b>\$ 80,122,382</b>	<b>\$ 7,521,152</b>

**Expenditures**



**Major Special Revenue Funds**

***Development Fees Fund:***

Growth and development fees revenue for the year was \$10,149,352, which is 6.98 percent of the City's total revenues, as compared to 9.08 percent for prior year. Expenditures and transfers out totaled \$7,170,180 as compared to \$5,536,474 for prior year. The increase of 29.51 percent is due to capital outlay and operating transfers out.

***HUD and CDBG Grants Fund:***

Grant revenue for this fund totaled \$5,893,124, as compared to \$4,877,787 for prior fiscal year. The increase of \$1,016,037 is due to an increase in grant funding in the HUD and CDBG grants program. Expenditures for the Fiscal Year 2003-04 totaled \$5,893,824 and \$5,254,790 for prior fiscal year. The increase of \$639,034 is due to community development expenditures.

***State and Federal Grants Fund:***

During Fiscal Year 2004, this fund generated a total revenue of \$21,343,945, consisting of 39.01 percent of voter-approved property tax for public safety supplemental retirement; 60.31 percent of grant revenues (related primarily to transportation and public safety grants) and the remaining 0.68 percent representing miscellaneous revenues. For the fiscal year, the fund showed an excess of revenues over expenditures (\$3,771,316), increasing the fund balance to \$12,279,696.

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2004

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

The Capital Outlay Fund showed a net increase in fund balance of \$7,637,002, the Community Development Commission Fund showed an increase of \$5,179,347, and the Debt Service Fund showed the same fund balance of \$796,691. All funds ended the year with positive fund balances.

### Enterprise Funds

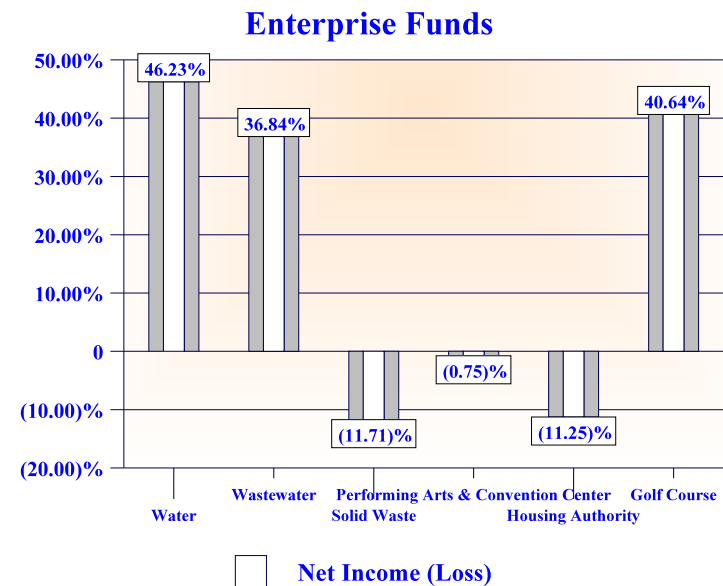
The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, wherein the cost of goods and services to the general public are financed or recovered primarily through user charges. The City's enterprise operations consist of water, wastewater 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 \$17,129,518 as compared to the prior fiscal year. Similarly, expenses indicated an increase totaling \$8,917,881 in Fiscal Year 2004. Total net income for the year ended June 30, 2004, was \$12,287,474, which increased net assets to \$225,944,169 (after allocating Internal Services Funds losses) from \$213,312,589 as of the prior year end.

The following presents the net income (loss) for the City's enterprise funds for the years ended June 30, 2004, and 2003:

	2004	2003	Change
Water	\$ 5,696,492	\$ 2,683,989	\$ 3,012,503
Wastewater	4,531,308	2,336,422	2,194,886
Solid Waste	(1,475,691)	1,213,161	(2,688,852)
Performing Arts and Convention Center	(92,466)	(195,832)	103,366
Oxnard Housing Authority	(1,388,700)	(1,291,243)	(97,457)
Municipal Golf Course	5,016,531	1,421,409	3,595,122
<b>Total</b>	<b>\$ 12,287,474</b>	<b>\$ 6,167,906</b>	<b>\$ 6,119,568</b>

Overall, the enterprise funds continue to exhibit a positive financial position at June 30, 2004, maintaining a high percentage of contingency reserve in comparison to the City's established reserve requirement for each fund.



***Management's Discussion and Analysis***  
***Fiscal Year Ended June 30, 2004***

**CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2004, amounts to \$428,966,047 (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 decreased by 40.97 percent from the prior year. The majority of this decrease related to governmental activities (\$854,893) and business-type activities (\$112,720,428).

Major capital assets additions during Fiscal Year 2004 included the following:

- Acquisitions of equipment, refuse trucks, police vehicles and computer equipment
- Construction in progress for water, wastewater and solid waste projects
- 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, 2004:

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 22,634,583	\$ 24,046,598	\$ 22,164,745	\$ 22,164,746	\$ 44,799,328	\$ 46,211,344
Land Improvements	1,159,280	1,159,280	—	—	1,159,280	1,159,280
Buildings	35,625,090	34,969,056	69,334,053	67,667,260	104,959,143	102,636,316
Improvements Other Than Buildings	55,504,774	42,417,623	181,666,777	181,673,337	237,171,551	224,090,960
Municipal Golf Course	—	—	5,803,242	5,803,242	5,803,242	5,803,242
Equipment and Machinery	29,695,267	34,223,946	40,027,689	40,154,112	69,722,956	74,378,058
Construction in Progress	60,883,905	51,888,765	101,582,806	80,100,812	162,466,711	131,989,577
Total	205,502,899	188,705,268	420,579,312	397,563,509	626,082,211	586,268,777
Accumulated Depreciation	43,752,018	49,234,640	153,364,146	142,626,656	197,116,164	191,861,297
<b>Total Capital Assets (net)</b>	<b><u>\$ 161,750,881</u></b>	<b><u>\$ 139,470,628</u></b>	<b><u>\$ 267,215,166</u></b>	<b><u>\$ 254,936,853</u></b>	<b><u>\$ 428,966,047</u></b>	<b><u>\$ 394,407,480</u></b>

Additional information on the City's capital assets can be found in Note 6 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, 2004, the City's long-term debt outstanding was \$262,961,116. Of this total, \$54,672,091 was in governmental activities and \$208,289,025 was in business-type activities. More detailed information about the City's total long-term liabilities are presented in Note 7 to the financial statement.

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2004

The following table provides a breakdown of the City's outstanding indebtedness as of June 30, 2004:

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Tax Allocation Bonds	\$ 19,086,766	\$ 13,850,000	\$ —	\$ —	\$ 19,086,766	\$ 13,850,000
Revenue Bonds	22,874,301	9,535,000	210,783,118	80,139,484	233,657,419	89,674,484
Capital Leases	1,729,354	307,187	2,916,139	2,824,171	4,645,493	3,131,358
Notes and Loans Payable	5,621,475	5,731,264	—	—	5,621,475	5,731,264
Certificate of Participation	8,045,000	8,245,000	—	—	8,045,000	8,245,000
<b>Total</b>	<b>\$ 57,356,896</b>	<b>\$ 37,668,451</b>	<b>\$ 213,699,257</b>	<b>\$ 82,963,655</b>	<b>\$ 271,056,153</b>	<b>\$ 120,632,106</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, 2004, amounted to \$4,645,493.

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, 2004, this limit was \$1,502,393,976.

### 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 72 through 79. 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.

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*Management's Discussion and Analysis*  
*Fiscal Year Ended June 30, 2004*

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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 5.32 percent. The components of this increase are briefly summarized as follows: \$31,578 increase allocated for legislative maintenance and operations due to a contract for special counsel, \$258,663 increase allocated for transportation and Community Development Commission due to one-time appropriations for Educational Revenue Augmentation Fund (ERAF) payment, \$3,966,479 increase allocated for public safety operations due to an increase in Fire Department safety supplies, body armor; increase in Police overtime for enhanced gang enforcement, replacement of two Police motorcycles, Police Mobile Data Computer Project, 1.5 Police positions for the Property Room, one Criminalist position, operating costs for the PAL program and Police and Fire salary adjustment reserve, \$886,341 increase allocated for Community Development maintenance and operations due to the addition of one Building Inspector and one vehicle in Development Services, \$326,362 increase allocated for culture and leisure maintenance and operations due to replacements of Parks Division trucks, replacement of the HVAC system at the PACC and temporary labor for the Skateboard Park, and \$163,965 increase for library services maintenance and operations due to Library grant application expenses.

During the year, General Fund revenues met budgetary estimates while expenditures were less than budgetary estimates. Actual expenditures

exceeded actual revenues (net of transfers in and out) by \$854,549 for Fiscal Year 2003-04.

The General Fund budget to actual statements can be found on page 72 through 76 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).

## **BASIC FINANCIAL STATEMENTS**

# City of Oxnard, California

## Statement of Net Assets Year Ended June 30, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents (Note 2)	\$ 122,357,744	\$ 42,192,615	\$ 164,550,359
Investments with Fiscal Agents (Note 2)	20,433,302	129,493,262	149,926,564
Accounts and Other Receivables (Note 4)	6,323,953	10,417,312	16,741,265
Notes Receivable	—	67,705	67,705
Due From Other Funds	3,475,598	418,024	3,893,622
Due From Other Governments	13,973,148	—	13,973,148
Advances to Other Funds	123,035	173,856	296,891
<b>Total Current Assets</b>	<b>166,686,780</b>	<b>182,762,774</b>	<b>349,449,554</b>
<b>Non-Current Assets:</b>			
Property Held for Resale	4,854,250	—	4,854,250
Other Assets	181,814	630,608	812,422
Capital Assets (Note 6):			
Land and Other Capital Assets not being depreciated	83,518,488	123,747,551	207,266,039
Other Capital Assets, Net of Depreciation	78,232,393	143,467,615	221,700,008
<b>Total Capital Assets</b>	<b>161,750,881</b>	<b>267,215,166</b>	<b>428,966,047</b>
Other Assets	166,786,945	267,845,774	434,632,719
<b>Total Assets</b>	<b>333,473,725</b>	<b>450,608,548</b>	<b>784,082,273</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts Payable (Note 4)	3,469,783	6,554,119	10,023,902
Other Liabilities (Note 4)	19,692,633	2,033,270	21,725,903
Deferred Revenues (Note 4)	16,799,684	—	16,799,684
Due to Other Funds	3,893,622	—	3,893,622
Long-term Debt Due Within One Year (Note 7)	6,816,805	6,430,232	13,247,037
<b>Total Current Liabilities</b>	<b>50,672,527</b>	<b>15,017,621</b>	<b>65,690,148</b>
<b>Non-Current Liabilities:</b>			
Advances to Other Funds	—	123,035	123,035
Self-Insurance Claims Liabilities (Note 13)	13,063,715	—	13,063,715
Compensated Absences (Note 1-H, 7)	6,937,887	1,176,464	8,114,351
Long-Term Debt Due In More Than One Year (Note 7)	54,672,091	208,289,025	262,961,116
<b>Total Non-Current Liabilities</b>	<b>74,673,693</b>	<b>209,588,524</b>	<b>284,262,217</b>
<b>Total Liabilities</b>	<b>125,346,220</b>	<b>224,606,145</b>	<b>349,952,365</b>
<b>Net Assets (Note 12):</b>			
Invested In Capital Assets, Net of Related Debt	104,613,981	59,252,770	163,866,751
Restricted	12,510,935	7,380,620	19,891,555
Unrestricted	91,002,589	159,369,013	250,371,602
<b>Total Net Assets</b>	<b>\$ 208,127,505</b>	<b>\$ 226,002,403</b>	<b>\$ 434,129,908</b>

See accompanying notes to basic financial statements.

# City of Oxnard, California

## Statement of Activities Year Ended June 30, 2004

	Expenses	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating 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	\$ 1,061,932	\$ 20,497	—	—	—	\$ (1,041,435)	—	\$ (1,041,435)
Administration and Support Services	11,849,998	551,577	4,618,960	505,401	2,074,654	(4,099,406)	—	(4,099,406)
Public Safety	58,758,103	3,654,740	19,415,322	162,655	536,213	(34,989,173)	—	(34,989,173)
Transportation	8,595,630	1,455,304	6,251,683	505,401	16,281	(366,961)	—	(366,961)
Community Development	18,590,562	7,708,234	3,543,743	—	1,969,775	(5,368,810)	—	(5,368,810)
Culture and Leisure	11,177,403	1,772,109	144,040	25,000	212,751	(9,023,503)	—	(9,023,503)
Libraries	3,940,974	214,559	587,023	—	—	(3,139,392)	—	(3,139,392)
Interest on Long-Term Debt	2,305,762	—	—	—	—	(2,305,762)	—	(2,305,762)
<b>Total Governmental Activities</b>	<b>116,280,364</b>	<b>15,377,020</b>	<b>34,560,771</b>	<b>1,198,457</b>	<b>4,809,674</b>	<b>(60,334,442)</b>	<b>—</b>	<b>(60,334,442)</b>
<b>Business-Type Activities:</b>								
Water	23,636,082	28,401,190	—	—	—	—	4,765,108	4,765,108
Wastewater	18,960,096	23,532,305	—	—	—	—	4,572,209	4,572,209
Solid Waste	35,070,009	32,965,746	—	—	—	—	(2,104,263)	(2,104,263)
Performing Arts and Convention Center	1,402,812	371,553	—	—	—	—	(1,031,259)	(1,031,259)
Oxnard Housing Authority	24,462,843	23,024,813	—	—	—	—	(1,438,030)	(1,438,030)
Municipal Golf Course	3,130,165	7,487,215	—	—	—	—	4,357,050	4,357,050
<b>Total Business-Type Activities</b>	<b>106,662,007</b>	<b>115,782,822</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>9,120,815</b>	<b>9,120,815</b>
<b>Total Primary Government</b>	<b>\$ 222,942,371</b>	<b>\$ 131,159,842</b>	<b>34,560,771</b>	<b>\$ 1,198,457</b>	<b>\$ 4,809,674</b>	<b>\$ (60,334,442)</b>	<b>9,120,815</b>	<b>\$ (51,213,627)</b>
<b>General Revenues:</b>								
Taxes:								
Property Tax						35,245,432	—	35,245,432
Sales Tax						22,772,358	—	22,772,358
Transient Occupancy Tax						2,222,553	—	2,222,553
Franchise Tax						3,718,917	—	3,718,917
Deed Transfer Tax						1,159,215	—	1,159,215
Business License Tax						4,386,245	—	4,386,245
Penalties and Interest						181,655	—	181,655
Growth & Development Fees						9,004,334	—	9,004,334
State & Local Shared Revenues						6,273,788	—	6,273,788
Interest on Investments						4,547,276	2,080,206	6,627,482
Operating Transfers						(1,778,579)	1,488,793	(289,786)
<b>Total General Revenues and Transfers</b>						<b>87,733,194</b>	<b>3,568,999</b>	<b>91,302,193</b>
Change in Net Assets						27,398,752	12,689,814	40,088,566
Net Assets-July 1, 2003						180,728,753	213,312,589	394,041,342
<b>Net Assets - June 30, 2004</b>						<b>\$ 208,127,505</b>	<b>\$ 226,002,403</b>	<b>\$ 434,129,908</b>

See accompanying notes to basic financial statements.

# City of Oxnard, California

## Governmental Funds Balance Sheet June 30, 2004

	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 (Note 2)	\$ 41,041,991	\$ 36,621,294	\$ 140,756	\$ 9,233,548	\$ —	\$ 4,453,229	\$ 9,981,992	\$ 7,698,541	\$ 109,171,351
Investments with Fiscal Agents (Note 2)	—	—	—	—	796,691	14,627,392	5,009,219	—	20,433,302
Accounts and Other Receivables (Note 4)	1,655,763	114,905	4,350,511	28,537	—	—	3,961	2,217	6,155,894
Due from Other Funds (Note 3)	3,475,598	—	—	—	—	—	—	—	3,475,598
Due from Other Governments (Note 5)	5,544,389	—	468,785	7,524,903	—	—	435,071	—	13,973,148
Properties Held for Resale (Note 1-E)	—	—	—	—	—	—	4,854,250	—	4,854,250
Advances to Other Funds (Note 3)	123,035	—	—	—	—	—	—	—	123,035
Other Assets	—	—	181,814	—	—	—	—	—	181,814
<b>Total Assets</b>	<b>\$ 51,840,776</b>	<b>\$ 36,736,199</b>	<b>\$ 5,141,866</b>	<b>\$ 16,786,988</b>	<b>\$ 796,691</b>	<b>\$ 19,080,621</b>	<b>\$ 20,284,493</b>	<b>\$ 7,700,758</b>	<b>\$ 158,368,392</b>
<b>Liabilities and Fund Balance:</b>									
Accounts Payable (Note 4)	\$ 846,846	\$ 264,283	\$ 138,413	\$ 290,457	\$ —	\$ 594,543	\$ 432,130	\$ 323,669	\$ 2,890,341
Other Liabilities (Note 4)	18,909,537	53,930	52,340	346,107	—	3,269	28,847	94,914	19,488,944
Due to Other Funds (Note 3)	—	—	—	513,577	—	247,347	3,132,698	—	3,893,622
Deferred Revenues (Note 4)	5,505,407	149,192	4,951,113	3,357,151	—	2,447,761	389,060	—	16,799,684
	—	—	—	—	—	—	—	—	0
<b>Total Liabilities</b>	<b>25,261,790</b>	<b>467,405</b>	<b>5,141,866</b>	<b>4,507,292</b>	<b>—</b>	<b>3,292,920</b>	<b>3,982,735</b>	<b>418,583</b>	<b>43,072,591</b>
<b>Fund Balances (Note 11):</b>									
Encumbrances	632,350	—	—	—	—	—	—	—	632,350
Receivables	—	—	—	—	—	—	435,071	—	435,071
Repayment of Debt	—	—	—	—	796,691	—	—	—	796,691
Advances	123,035	—	—	—	—	—	—	—	123,035
Restricted Revenue	72,816	235,362	—	—	—	—	5,009,219	—	5,317,397
Carryover Savings	352,141	—	—	—	—	—	—	—	352,141
Capital Project Funds	—	—	—	—	—	—	4,854,250	—	4,854,250
<b>Total Reserved</b>	<b>1,180,342</b>	<b>235,362</b>	<b>—</b>	<b>—</b>	<b>796,691</b>	<b>—</b>	<b>10,298,540</b>	<b>—</b>	<b>12,510,935</b>
Unreserved									
General Fund	25,398,644	—	—	—	—	—	—	—	25,398,644
Special Revenue Funds	—	36,033,432	—	12,279,696	—	—	—	7,282,175	55,595,303
Capital Project Funds	—	—	—	—	—	15,787,701	6,003,218	—	21,790,919
<b>Total Unreserved</b>	<b>25,398,644</b>	<b>36,033,432</b>	<b>—</b>	<b>12,279,696</b>	<b>—</b>	<b>15,787,701</b>	<b>6,003,218</b>	<b>7,282,175</b>	<b>102,784,866</b>
<b>Total Fund Balance</b>	<b>26,578,986</b>	<b>36,268,794</b>	<b>—</b>	<b>12,279,696</b>	<b>796,691</b>	<b>15,787,701</b>	<b>16,301,758</b>	<b>7,282,175</b>	<b>115,295,801</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 51,840,776</b>	<b>\$ 36,736,199</b>	<b>\$ 5,141,866</b>	<b>\$ 16,786,988</b>	<b>\$ 796,691</b>	<b>\$ 19,080,621</b>	<b>\$ 20,284,493</b>	<b>\$ 7,700,758</b>	<b>\$ 158,368,392</b>

See accompanying notes to basic financial statements.

# City of Oxnard, California

## Reconciliation of Fund Balance for the Government-Wide Statement of Net Assets for Governmental Activities June 30, 2004

	Total Governmental Funds	Internal Service Funds	General Fixed Assets Group	General Long- Term Debt Group	Eliminations	Total Statement of Net Assets
<b>Assets:</b>						
<b>Current:</b>						
Cash and Cash Equivalents	\$ 109,171,351	\$ 13,186,393	\$ —	\$ —	\$ —	\$ 122,357,744
Investments with Fiscal Agents	20,433,302	—	—	—	—	20,433,302
Accounts and Other Receivables	6,155,894	168,059	—	—	—	6,323,953
Due from Other Funds	3,475,598	—	—	—	—	3,475,598
Due from Other Governments	13,973,148	—	—	—	—	13,973,148
Advances to Other Funds	123,035	—	—	—	—	123,035
<b>Subtotal</b>	<b>\$ 153,332,328</b>	<b>\$ 13,354,452</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 166,686,780</b>
<b>Noncurrent:</b>						
Property Held for Resale	\$ 4,854,250	\$ —	\$ —	\$ —	\$ —	\$ 4,854,250
Other Assets	181,814	—	—	—	—	181,814
Capital Assets:						
Capital Outlay Capitalized	—	1,792,898	203,710,001	—	—	205,502,899
Less (Accumulated Depreciation):	—	(1,160,462)	(42,591,556)	—	—	(43,752,018)
<b>Total Assets</b>	<b>\$ 158,368,392</b>	<b>\$ 13,986,888</b>	<b>\$ 161,118,445</b>	<b>—</b>	<b>—</b>	<b>\$ 333,473,725</b>
<b>Liabilities:</b>						
<b>Current:</b>						
Accounts Payable	2,890,341	579,442	—	—	—	3,469,783
Other Liabilities	19,488,944	—	—	—	203,689	19,692,633
Due to Other Funds	3,893,622	—	—	—	—	3,893,622
Deferred Revenues	16,799,684	—	—	—	—	16,799,684
Due Within One Year	—	—	—	6,816,805	—	6,816,805
<b>Subtotal</b>	<b>43,072,591</b>	<b>579,442</b>	<b>—</b>	<b>6,816,805</b>	<b>203,689</b>	<b>50,672,527</b>
<b>Noncurrent:</b>						
Due in More than One Year	—	—	—	54,672,091	—	54,672,091
Self-insurance Claims Liabilities	—	13,063,715	—	—	—	13,063,715
Compensated Absences	—	601,062	—	6,336,825	—	6,937,887
<b>Subtotal</b>	<b>—</b>	<b>13,664,777</b>	<b>—</b>	<b>61,008,916</b>	<b>—</b>	<b>74,673,693</b>
<b>Total Liabilities</b>	<b>43,072,591</b>	<b>14,244,219</b>	<b>—</b>	<b>67,825,721</b>	<b>203,689</b>	<b>125,346,220</b>
<b>Net Assets:</b>						
Investments in Capital Assets (net of related Debt)	—	852,432	161,118,445	(57,356,896)	—	104,613,981
Restricted	12,510,935	—	—	—	—	12,510,935
Unrestricted	102,784,866	(1,109,763)	—	(10,468,825)	(203,689)	91,002,589
<b>Total Net Assets</b>	<b>\$ 115,295,801</b>	<b>\$ (257,331)</b>	<b>\$ 161,118,445</b>	<b>\$ (67,825,721)</b>	<b>\$ (203,689)</b>	<b>\$ 208,127,505</b>

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, 2004

	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	\$ 51,695,969	\$ —	\$ —	\$ 8,325,352	\$ 2,018,937	\$ —	\$ 7,646,118	\$ —	\$ 69,686,376
Licenses and Permits	2,182,715	—	—	—	—	—	—	—	2,182,715
Intergovernmental	15,824,971	—	5,893,824	12,782,412	—	81,669	—	6,251,684	40,834,560
Growth and Development Fees	—	8,937,135	—	—	—	—	67,200	—	9,004,335
Charges for Services	10,910,939	—	—	—	—	194,269	—	—	11,105,208
Fines and Forfeitures	643,934	—	—	49,121	—	—	—	505,401	1,198,456
Interest	2,457,348	1,092,260	—	187,060	—	277,441	302,234	230,933	4,547,276
Special Assessments	—	—	—	—	—	—	—	2,089,097	2,089,097
Miscellaneous	2,697,651	119,957	—	—	—	786,645	533,407	672,015	4,809,675
<b>Total Revenues</b>	<b>86,413,527</b>	<b>10,149,352</b>	<b>5,893,824</b>	<b>21,343,945</b>	<b>2,018,937</b>	<b>1,340,024</b>	<b>8,548,959</b>	<b>9,749,130</b>	<b>145,457,698</b>
<b>Expenditures</b>									
<b>Current:</b>									
General Government	11,172,020	—	272,193	—	—	—	—	—	11,444,213
Public Safety	46,588,182	480,103	193,957	8,384,518	—	—	—	209,830	55,856,590
Transportation	3,652,470	—	—	165,886	—	38,845	—	4,251,104	8,108,305
Community Development	5,162,918	342,181	3,150,772	552,556	—	—	6,971,791	1,732,027	17,912,245
Culture and Leisure	9,943,515	—	331,390	373,479	—	176,417	—	—	10,824,801
Library Services	3,818,769	—	—	—	—	—	—	—	3,818,769
<b>Capital Outlay</b>	1,118,408	4,640,903	1,945,512	8,096,190	—	11,505,190	1,406,970	2,927,074	31,640,247
<b>Debt Service:</b>									
Principal	—	—	—	—	2,908,600	—	—	—	2,908,600
Interest	—	—	—	—	2,102,073	—	—	—	2,102,073
<b>Total Expenditures</b>	<b>81,456,282</b>	<b>5,463,187</b>	<b>5,893,824</b>	<b>17,572,629</b>	<b>5,010,673</b>	<b>11,720,452</b>	<b>8,378,761</b>	<b>9,120,035</b>	<b>144,615,843</b>
Excess (Deficiency) of Revenues Over Expenditures	4,957,245	4,686,165	—	3,771,316	(2,991,736)	(10,380,428)	170,198	629,095	841,855
<b>Other Financing Sources (Uses):</b>									
Transfers In (Note 5)	—	1,246,500	—	—	2,991,736	2,236,791	—	—	6,475,027
Transfers Out (Note 5)	(6,187,252)	(1,706,993)	—	—	—	(359,361)	—	—	(8,253,606)
Proceeds from Financing Sources	—	—	—	—	—	16,140,000	18,610,209	—	34,750,209
Payment to Escrow Agent	—	—	—	—	—	—	(13,601,060)	—	(13,601,060)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,187,252)</b>	<b>(460,493)</b>	<b>0</b>	<b>—</b>	<b>2,991,736</b>	<b>18,017,430</b>	<b>5,009,149</b>	<b>—</b>	<b>19,370,570</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(1,230,007)	4,225,672	—	3,771,316	—	7,637,002	5,179,347	629,095	20,212,425
<b>Fund Balance, July 1</b>	<b>27,808,993</b>	<b>32,043,122</b>	<b>—</b>	<b>8,508,380</b>	<b>796,691</b>	<b>8,150,699</b>	<b>11,122,411</b>	<b>6,653,080</b>	<b>95,083,376</b>
<b>Fund Balance, June 30</b>	<b>\$ 26,578,986</b>	<b>\$ 36,268,794</b>	<b>\$ —</b>	<b>\$ 12,279,696</b>	<b>\$ 796,691</b>	<b>\$ 15,787,701</b>	<b>\$ 16,301,758</b>	<b>\$ 7,282,175</b>	<b>\$ 115,295,801</b>

See accompanying notes to basic financial statements.

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**City of Oxnard, California**

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***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, 2004***

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The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

<b>Total Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$ 20,212,245</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 and reported as depreciation expense.	(4,905,363)
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.	(903,475)
Change in interest accrual on long-term obligations.	(203,689)
Allocation of Internal Service Funds net loss during Fiscal Year 2004 to governmental activities.	(199,097)
Repayment of long-term obligation is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Assets.	2,908,600
Proceeds from loans payable is reported as revenue in the governmental funds, but increases long-term liabilities in the Statement of Net Assets.	(21,149,149)
Capital outlay expenditures were capitalized and added to the capital assets of governmental funds.	25,838,956
GASB 34 implementation adjustments	5,799,724
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 27,398,752</u></b>

See accompanying notes to basic financial statements.

## **PROPRIETARY FUNDS**

## City of Oxnard, California

### Proprietary Funds Statement of Net Assets June 30, 2004

	Enterprise Funds						Governmental Activities - Internal Service Funds	
	Water	Wastewater	Solid Waste	Performing Arts and Convention Center	Oxnard Housing Authority	Municipal Golf Course	Total	
<b>Assets:</b>								
<b>Current Assets:</b>								
Cash and Cash Equivalents (Note 2)	\$ 4,916,589	\$ 32,244,264	\$ 2,296,668	\$ —	\$ 2,609,668	\$ 125,426	\$ 42,192,615	\$ 13,186,393
Investments with Fiscal Agents (Note 2)	43,057,842	77,358,870	2,404,957	50,000	5,561,682	1,059,911	129,493,262	—
Accounts and Other Receivables (Note 4)	2,887,652	4,125,606	2,461,877	2,422	669,466	270,289	10,417,312	168,059
Due From Other Funds (Note 3)	141,386	170,677	105,961	—	—	—	418,024	—
Due From Other Governments	—	—	—	—	—	—	—	—
Notes Receivable	—	—	—	—	67,705	—	67,705	—
Other Assets	—	—	—	—	173,856	—	173,856	—
<b>Capital Assets (Note 6):</b>								
Property, Plant and Equipment	114,195,993	193,798,734	49,827,046	44,443	43,364,660	19,348,436	420,579,312	1,792,898
Less Accumulated Depreciation	(36,035,352)	(70,502,591)	(19,280,901)	(1,827)	(25,097,403)	(2,446,072)	(153,364,146)	(1,160,461)
Total Capital Assets - Net	78,160,641	123,296,143	30,546,145	42,616	18,267,257	16,902,364	267,215,166	632,437
Unamortized Bond Issuance Costs, Net	—	—	448,900	—	181,708	—	630,608	—
<b>Total Assets</b>	<b>129,164,110</b>	<b>237,195,560</b>	<b>38,264,508</b>	<b>95,038</b>	<b>27,531,342</b>	<b>18,357,990</b>	<b>450,608,548</b>	<b>13,986,889</b>
<b>Liabilities:</b>								
<b>Current Liabilities:</b>								
Accounts Payable (Note 4)	2,425,553	1,233,323	1,733,897	507,448	632,989	20,909	6,554,119	529,527
Other Liabilities (Note 4)	452,394	265,829	430,617	15,705	859,894	8,831	2,033,270	49,915
Long-Term Debt Due Within One Year (Note 7)	1,150,000	1,815,000	1,547,046	—	205,000	693,186	5,410,232	—
Total Current Liabilities	4,027,947	3,314,152	3,711,560	523,153	1,697,883	722,926	13,997,621	579,442
<b>Noncurrent Liabilities:</b>								
Advances From Other Funds (Note 3)	—	—	—	—	—	123,035	123,035	—
Self-Insurance Claims Liabilities	—	—	—	—	—	—	—	13,063,715
Compensated Absences Payable (Note 7)	379,059	625,697	526,704	55,749	609,255	—	2,196,464	601,062
Long-Term Debt Due In More Than One Year (Note 7)	55,993,108	117,727,173	19,375,430	—	5,615,000	9,578,314	208,289,025	—
Total Noncurrent Liabilities	56,372,167	118,352,870	19,902,134	55,749	6,224,255	9,701,349	210,608,524	13,664,777
<b>Total Liabilities</b>	<b>60,400,114</b>	<b>121,667,022</b>	<b>23,613,694</b>	<b>578,902</b>	<b>7,922,138</b>	<b>10,424,275</b>	<b>224,606,145</b>	<b>14,244,219</b>
<b>Net Assets (Note 12):</b>								
Invested in Capital Assets, Net of Related Debt	20,399,520	3,753,970	10,158,543	42,616	18,267,257	6,630,864	59,252,770	852,432
Restricted for Repayment of Debt	4,189,988	—	2,130,721	—	—	1,059,911	7,380,620	—
Unrestricted	44,174,488	111,774,568	2,361,550	(526,480)	1,341,947	242,940	159,369,013	(1,109,763)
<b>Total Net Assets (Deficit)</b>	<b>\$ 68,763,996</b>	<b>\$ 115,528,538</b>	<b>\$ 14,650,814</b>	<b>\$ (483,864)</b>	<b>\$ 19,609,204</b>	<b>\$ 7,933,715</b>	<b>226,002,403</b>	<b>\$ (257,331)</b>

## City of Oxnard, California

### Proprietary Funds

### Statement of Revenues, Expenses and Changes in Fund Net Assets

Year Ended June 30, 2004

	Enterprise Funds							Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Performing Arts and Convention Center	Oxnard Housing Authority	Municipal Golf Course	Totals	
<b>Operating Revenues:</b>								
Charges for Services	\$ 28,401,190	\$ 21,932,305	\$ 32,965,746	\$ 371,553	\$ 21,773,777	\$ 7,487,215	\$ 112,931,786	\$ 21,382,510
<b>Operating Expenses:</b>								
Salaries and Wages	3,118,183	4,997,815	5,233,305	925,611	1,907,230	33,800	16,215,944	4,889,752
Contractual Services	612,416	937,880	11,374,588	148,479	1,035,209	2,436,492	16,545,064	853,982
Operating Supplies	12,110,954	1,635,276	816,973	102	12,727,232	62	27,290,599	2,796,135
Utilities	554,280	2,063,345	6,237,927	133,260	637,216	1,287	9,627,315	1,207,320
Depreciation and Amortization	1,987,415	3,768,194	2,809,033	—	2,103,675	70,752	10,739,069	318,055
General and Administrative	3,277,871	3,115,876	3,861,152	182,807	5,863,492	109,613	16,410,811	1,326,693
Repairs and Maintenance	225,512	207,936	3,050,454	12,553	135,096	8,672	3,640,223	1,004,432
Claims Expenses	—	—	—	—	—	—	—	6,457,904
<b>Total Operating Expenses</b>	<b>21,886,631</b>	<b>16,726,322</b>	<b>33,383,432</b>	<b>1,402,812</b>	<b>24,409,150</b>	<b>2,660,678</b>	<b>100,469,025</b>	<b>18,854,273</b>
<b>Operating Income (Loss)</b>	<b>6,514,559</b>	<b>5,205,983</b>	<b>(417,686)</b>	<b>(1,031,259)</b>	<b>(2,635,373)</b>	<b>4,826,537</b>	<b>12,462,761</b>	<b>2,528,237</b>
<b>Nonoperating Revenues (Expenses):</b>								
Interest Income	497,716	1,250,151	234,794	—	49,330	48,215	2,080,206	290,500
Interest Expense	(1,315,783)	(1,924,826)	(1,292,799)	—	(53,693)	(408,221)	(4,995,322)	(98,066)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(818,067)</b>	<b>(674,675)</b>	<b>(1,058,005)</b>	<b>—</b>	<b>(4,363)</b>	<b>(360,006)</b>	<b>(2,915,116)</b>	<b>192,434</b>
<b>Income (loss) Before Contributions and Transfers</b>	<b>5,696,492</b>	<b>4,531,308</b>	<b>(1,475,691)</b>	<b>(1,031,259)</b>	<b>(2,639,736)</b>	<b>4,466,531</b>	<b>9,547,645</b>	<b>2,720,671</b>
Capital Contributions	—	—	—	—	1,251,036	—	1,251,036	—
Transfers In (Note 5)	—	—	—	938,793	—	550,000	1,488,793	289,786
Transfers Out (Note 5)	—	—	—	—	—	—	—	—
Net Transfers	—	—	—	938,793	1,251,036	550,000	2,739,829	289,786
<b>Change in Net Assets</b>	<b>5,696,492</b>	<b>4,531,308</b>	<b>(1,475,691)</b>	<b>(92,466)</b>	<b>(1,388,700)</b>	<b>5,016,531</b>	<b>12,287,474</b>	<b>3,010,457</b>
<b>Total Net Assets - July 1</b>	<b>63,067,504</b>	<b>110,997,230</b>	<b>16,126,505</b>	<b>(391,398)</b>	<b>20,997,904</b>	<b>2,917,184</b>	<b>213,714,929</b>	<b>(3,267,788)</b>
<b>Total Net Assets - June 30</b>	<b>\$ 68,763,996</b>	<b>\$ 115,528,538</b>	<b>\$ 14,650,814</b>	<b>\$ (483,864)</b>	<b>\$ 19,609,204</b>	<b>\$ 7,933,715</b>	<b>226,002,403</b>	<b>\$ (257,331)</b>

## City of Oxnard, California

### Proprietary Funds Statement of Cash Flows Year Ended June 30, 2004

	Enterprise Funds							Governmental Activities- Internal Service Funds
	Water	Wastewater	Solid Waste	Performing Arts and Convention Center	Oxnard Housing Authority	Municipal Golf Course	Total	
Cash Flows From Operating Activities:								
Cash Received From Customers	\$ 27,750,389	\$ 23,648,292	\$ 32,804,369	\$ 369,917	\$ 21,767,132	\$ 7,433,389	\$ 113,773,488	\$ 21,378,830
Cash Paid to Suppliers	(17,081,575)	(9,755,456)	(25,690,452)	(372,821)	(16,769,503)	(2,648,969)	(72,318,776)	(7,297,261)
Cash Paid to Employees	(3,115,956)	(4,970,492)	(5,233,305)	(920,889)	(5,483,533)	(33,800)	(19,757,975)	(4,889,752)
Cash Paid to Claimants	—	—	—	—	—	—	—	(7,402,576)
Net Cash Provided by (Used In) Operating Activities	7,552,858	8,922,344	1,880,612	(923,793)	(485,904)	4,750,620	21,696,737	1,789,241
Cash Flows From Noncapital Financing Activities:								
Interfund Receipts	—	—	—	—	—	—	—	—
Interfund Payments	—	—	—	—	—	—	—	—
Transfers In (Note 5)	—	—	—	938,793	—	550,000	1,488,793	486,000
Transfers Out (Note 5)	—	—	—	—	—	—	—	(196,214)
Receipts From Other Governments	—	—	—	—	—	—	—	—
Net Cash Provided by Noncapital Financing Activities	—	—	—	938,793	—	550,000	1,488,793	289,786
Cash Flows From Capital and Related Financing Activities:								
Acquisition of Capital Assets	(10,150,222)	(6,614,494)	(169,677)	—	(1,266,368)	(5,068,762)	(23,269,523)	(401,289)
Received from Grants	—	—	—	—	1,134,641	—	1,134,641	—
Retirement of Capital Assets	—	—	—	—	—	—	—	—
Proceeds from Capital Leases	—	—	480,000	—	—	—	480,000	—
Proceeds from Long-Term Debt	49,067,921	79,312,173	—	—	5,831,471	—	134,211,565	—
Principal Payments on Capital Debt	(235,000)	(1,750,000)	(1,433,833)	—	—	(678,500)	(4,097,333)	—
Interest Paid	(1,177,904)	(1,924,827)	(1,216,797)	—	(181,708)	(408,221)	(4,909,457)	(98,066)
Net Cash Used in Capital and Related Financing Activities	37,504,795	69,022,852	(2,340,307)	—	5,518,036	(6,155,483)	103,549,893	(499,355)
Cash Flows From Investing Activities:								
Interest	497,716	1,250,151	234,192	—	41,953	48,215	2,072,227	290,500
Purchase of Investment Securities	—	—	—	—	—	—	—	—
Net Cash Provided By Investing Activities	497,716	1,250,151	234,192	—	41,953	48,215	2,072,227	290,500
Net Increase (Decrease) in Cash and Cash Equivalents	45,555,369	79,195,347	(225,503)	15,000	5,074,085	(806,648)	128,807,650	1,870,172
Cash and Cash Equivalents, July 1	2,419,062	30,407,787	4,927,128	35,000	3,097,265	1,991,985	42,878,227	11,316,221
Cash and Cash Equivalents, June 30	\$ 47,974,431	\$109,603,134	\$ 4,701,625	\$ 50,000	\$ 8,171,350	\$ 1,185,337	\$ 171,685,877	\$ 13,186,393

Continued -

## City of Oxnard, California

### Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2004

	Enterprise Funds							Governmental Activities- Internal Service Funds
	Water	Wastewater	Solid Waste	Performing Arts and Convention Center	Oxnard Housing Authority	Municipal Golf Course	Total	
Cash Flows From Operating Activities:								
Reconciliation of Operating Income (loss) to Net Cash Provided by (used in) Operating Activities:								
Operating Income (loss)	\$ 6,514,559	\$ 5,205,983	\$ (417,686)	\$ (1,031,259)	\$ (2,635,373)	\$ 4,826,537	\$ 12,462,761	\$ 2,528,236
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by Operating Activities:								
Depreciation and Amortization	1,987,415	3,768,194	2,809,033	—	2,103,675	70,752	10,739,069	318,055
Write-Down of Capital Assets	—	—	—	—	—	—	—	—
Changes in Assets and Liabilities:								
Decrease (Increase) in Accounts Receivable	(650,801)	1,715,987	(161,377)	(1,636)	6,419	(53,826)	854,766	(22,712)
Decrease (Increase) in Notes Receivable	—	—	—	—	—	—	—	—
Decrease (Increase) in Other Assets	—	—	—	—	43,850	—	43,850	—
Increase (Decrease) in Accounts Payable	(300,542)	(433,369)	(625,042)	104,380	72,425	(92,843)	(1,274,991)	(89,845)
Increase (Decrease) in Other Liabilities	2,227	(1,334,451)	275,684	4,722	44,685	—	(1,007,133)	—
Increase (Decrease) in Deferred Revenue	—	—	—	—	(3,648)	—	(3,648)	—
Increase (Decrease) in Compensated Absences	—	—	—	—	(22,684)	—	(22,684)	179
Increase in Self-Insurance Claims Liabilities	—	—	—	—	(95,253)	—	(95,253)	(944,672)
Net Cash Provided by (used in) Operating Activities	\$ 7,552,858	\$ 8,922,344	\$ 1,880,612	\$ (923,793)	\$ (485,904)	\$ 4,750,620	\$ 21,696,737	\$ 1,789,241

See accompanying notes to financial statements.

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**City of Oxnard, California**

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**Fiduciary Funds  
Statement of Fiduciary Net Assets  
June 30, 2004**

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	<u>Total</u>
<b>Assets:</b>	
Cash and Cash Equivalents (Note 2)	\$ 12,741,529
Investments with Fiscal Agents (Note 2)	30,123,907
<b>Total Assets</b>	<u>42,865,436</u>
<b>Liabilities and Fund Balances:</b>	
<b>Liabilities - Other</b>	
Trust and Agency Payables	42,865,436
<b>Total Liabilities</b>	<u>42,865,436</u>
<b>Net Assets</b>	<u><u>\$ —</u></u>

See accompanying notes to basic financial statements.

## **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 Finance Department.

The Oxnard Financing Authority is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency at public or negotiated sales and may sell such bonds to public or private purchasers at public or negotiated sales. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions of the Authority. The financial service of the Authority are included in the Golf Course Enterprise Fund, Solid Waste Enterprise Fund and Debt Service Fund.

## **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 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 and two tenant representatives serve 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 services. 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, housing, the River Ridge (Municipal) 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) operating grants and contributions, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, development growth fees, 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 three categories: (1) charges for services; (2) grants and other contributions; and, (3) capital grants and contributions.

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, net internal service fund transactions have been allocated back to the governmental and business-type activities generating the net income or loss. In the Statement of Net Assets, internal service assets and liabilities have been combined with the governmental funds and presented as governmental activities.

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

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. They are reported as general revenue in the Statement of Activities because they are not restricted to meeting the operational or capital requirements of a particular function.
- ❖ **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 and if paid within 60 days of year end, except for unmatured principal and interest on long-term debt, which is recognized when due.

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

Proprietary Fund Financial Statements include a Statement of Net 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 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 2004, supplementary budget appropriations of approximately \$23,752,754 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 72 through 79. 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. Investments shall be made with 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 SunGard Securities Systems, the vendor providing investment reporting capability for the City Treasurer's Office, which provides pricing data from multiple industry sources. The fair value of LAIF is determined by allocating the City's share of LAIF's fair value as reported by LAIF.

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.

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, 2004, properties held for resale amounted to \$4,854,250.

## **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	40 years
Parks Improvements	25 years
Sports Courts	40 years
Landscaping	50 years
<b>Equipment and Machinery</b>	5-20 years

In accordance with GASB 34, the recording of infrastructure assets acquired or constructed prior to July 1, 2001, may be deferred to fiscal year 2006. As a result, the governmental activities column in the accompanying government-wide financial statements as of June 30, 2004, only reflects infrastructure assets acquired or constructed since July 1, 2001.

## **G. Risk Management**

The City provides workers' compensation benefits under a self-insurance program up to \$20 million per year. The City is self-insured for general and property damage liabilities to the extent of the first \$1,000,000 per occurrence and has excess insurance in the layer of \$1 million to \$27 million in FY 2003-2004. 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) among five cities, (Huntington Beach, Oxnard, West Covina, 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 \$27 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.

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 leave and annual leave 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.

The accrual for compensated absences comprised the following at June 30, 2004:

	<b>Governmental Activities</b>	<b>Business Type</b>	<b>Total</b>
Beginning Balance	\$ 9,565,351	\$ 2,136,240	\$ 11,701,591
Additions	5,653,921	1,147,968	6,801,889
Payments	(4,149,385)	(1,087,742)	(5,237,127)
Ending Balance	11,069,887	2,196,466	13,266,353
Current Portions	<u>\$ 4,132,000</u>	<u>\$ 1,020,000</u>	<u>\$ 5,152,000</u>

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

## **I. Property Taxes**

### **Calendar**

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

Valuation Date .....	March 1
Lien/Levy 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), August 3 (unsecured)

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured and utility tax rolls. 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 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, 2004, the City has recorded property taxes receivable of \$682,352, 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

## City of Oxnard, California

Notes to the Basic Financial Statements  
June 30, 2004

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, 2004, are reflected in the accompanying basic financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Statement of Net Assets Total</u>	<u>Fiduciary Funds</u>	<u>Grand Total</u>
Cash and cash equivalents	\$ 122,357,744	\$ 42,192,615	\$ 164,550,359	\$ 12,741,529	\$ 177,291,888
Investments with fiscal agents:					
Restricted	—	129,493,262	129,493,262	25,084,503	154,577,765
Unrestricted	20,433,302	—	20,433,302	5,039,404	25,472,706
Subtotal	20,433,302	129,493,262	149,926,564	30,123,907	180,050,471
Total	<u>\$ 142,791,046</u>	<u>\$ 171,685,877</u>	<u>\$ 314,476,923</u>	<u>\$ 42,865,436</u>	<u>\$ 357,342,359</u>

The following is a summary of the City's cash and cash equivalents and investments at June 30, 2004:

Deposits and cash on hand	\$ 1,479,042
Investments held in trust by Fiscal Agents	180,050,471
Investments managed by the City Treasurer	175,812,846
<b>Total</b>	<u><b>\$ 357,342,359</b></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, 2004, the carrying amount of the City's deposits was \$1,479,042, which approximated the bank balance. Of that amount, \$100,000 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
- ❖ Bankers' Acceptances
- ❖ Certificates and Negotiable Certificates of Deposit
- ❖ Commercial Paper
- ❖ Medium Term Corporate Notes
- ❖ Repurchase Agreements
- ❖ Mutual Funds
- ❖ Local Agency Investment Fund (State Pool) Deposits

The City's investments are categorized to provide an indication of the level of 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 broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured

## City of Oxnard, California

Notes to the Basic Financial Statements  
June 30, 2004

or unregistered investments for which securities are acquired by the broker or dealer, or by its trust department or agent but are not held 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	
<u>Pooled Deposits:</u>				
Cash	\$ 263,227	\$ 1,399,768	\$ —	\$ 1,662,995
<u>Pooled Investments (noncategorized):</u>				
U.S. Treasury/Agency Obligations	119,914,249	—	—	119,914,249
Medium Term Corporate Notes	2,058,661	—	—	2,058,661
	<u>\$ 122,236,137</u>	<u>\$ 1,399,768</u>	<u>\$ —</u>	<u>\$ 123,635,905</u>
<u>Held in Trust Fiscal Agent:</u>				
U.S. Treasury	\$ —	\$ —	\$ 737,133	\$ 737,133
Guarantee Investment Contract	—	—	171,061,910	171,061,910
Money Market				5,335,432
State of California LAIF* (pooled)				56,571,979
<b>Total Cash and Investments</b>				<b><u>\$ 357,342,359</u></b>

\* Not subject to categorization

The City did not utilize repurchase agreements during the year ended June 30, 2004, for temporary investment of City funds. The City did not utilize bankers acceptances or mutual funds in the pooled investment fund, even though such investments are authorized in the City's Investment Policy.

### 3. INTERFUND RECEIVABLES AND PAYABLES

Total interfund receivables and payables at June 30, 2004, 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:

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**City of Oxnard, California**

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*Notes to the Basic Financial Statements*  
*June 30, 2004*

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<b>Fund</b>	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
Governmental Funds:		
Advances to Golf Course Fund	\$ 123,035	\$ —
Due From Other Funds	3,475,598	—
Total General Fund	3,598,633	—
State and Federal Grants Fund	—	513,577
Community Development Commission Fund	—	3,132,698
Capital Outlay	—	247,347
<b>Total Governmental Funds</b>	<b>3,598,633</b>	<b>3,893,622</b>
Proprietary Funds:		
Water	141,386	—
Solid Waste	105,961	—
Wastewater Fund	170,677	—
Golf Course Fund:		
Advances from General Fund	—	123,035
<b>Total Proprietary Funds</b>	<b>418,024</b>	<b>123,035</b>
<b>Total</b>	<b>\$ 4,016,657</b>	<b>\$ 4,016,657</b>

The interfund balances at June 30, 2004, are loans to cover temporary cash deficits in various funds. All interfund balances outstanding at June 30, 2004, 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 \$123,035, which will be paid in future annual installments of \$25,000.

**4. RECEIVABLES AND PAYABLES**

Accounts and other receivables as of June 30, 2004, included in the accompanying Statement of Net Assets primarily consist of the following:

<u>Accounts Receivables</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accrued Interest Receivable	\$ 725,445	\$ —
Utilities Receivables	—	8,946,600
Grants Receivable	4,145,400	282,853
Accounts Receivable Billed and Accrued	1,390,055	1,481,254
Other Receivables	335,828	386,773
Sub-total	6,596,728	11,097,480
Allowance for Uncollectible Receivables	(272,775)	(680,168)
<b>Total</b>	<b>\$ 6,323,953</b>	<b>\$ 10,417,312</b>

Accounts payable and other liabilities as of June 30, 2004, primarily consist of the following:

<u>Accounts Payable and Other Liabilities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts Payable (due to vendors)	\$ 3,469,783	\$ 6,554,119
Other Liabilities:		
Accrued Payroll	9,402,877	—
Other Accrued Expenses	1,006,094	2,033,270
Other Payables	9,283,662	—
Total Other Liabilities	19,692,633	2,033,270
<b>Total</b>	<b>\$ 23,162,416</b>	<b>\$ 8,587,389</b>

## City of Oxnard, California

### Notes to the Basic Financial Statements June 30, 2004

Governmental activities record deferred revenue for revenues that are not yet earned as of year end. At June 30, 2004, deferred revenues are comprised of the following:

Governmental Funds:		
Community Development Charges for Services	\$	5,505,407
Development and Traffic Impact Fees		149,192
Federal Grant Drawdowns Prior to Meeting All Eligibility Requirements		4,951,113
State Grants		3,357,151
Civic Center Development Fees		2,447,761
Community Development Commission		389,060
<b>Total</b>	<b>\$</b>	<b>16,799,684</b>

## 5. INTERFUND TRANSFERS

The net transfers of \$1,488,793 from governmental activities to business-type activities in the Statement of Activities primarily relates to operational subsidies from the General Plan 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, 2004:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental Funds:</b>		
General Fund	\$ —	\$ (6,187,252)
Development Fees Fund	1,246,500	(1,706,993)
Debt Service Fund	2,991,736	—
Capital Outlay Fund	2,236,791	(359,361)
<b>Total Governmental Funds</b>	<b>6,475,027</b>	<b>(8,253,606)</b>
<b>Proprietary Funds:</b>		
Performing Arts and Convention Center	938,793	—
Municipal Golf Course	550,000	—
Internal Service Fund	486,000	(196,214)
<b>Total Proprietary Funds</b>	<b>1,974,793</b>	<b>(196,214)</b>
<b>Total</b>	<b>\$ 8,449,820</b>	<b>\$ (8,449,820)</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 2003 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, 2004

## 6. CAPITAL ASSETS

Changes in the City's capital assets for the year ended June 30, 2004, consisted of the following:

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 24,046,598	\$ —	\$ (1,412,015)	\$ 22,634,583
Construction in Progress	51,888,765	8,995,140	—	60,883,905
Total Capital Assets, Not Being Depreciated	75,935,363	8,995,140	(1,412,015)	83,518,488
Capital Assets, Being Depreciated:				
Land Improvements	1,159,280	—	—	1,159,280
Buildings	35,088,056	537,034	—	35,625,090
Improvements Other Than Building (1a)	47,724,023	7,780,751	—	55,504,774
Equipment and Machinery	34,223,986	3,100,591	(7,629,310)	29,695,267
Total Capital Assets, Being Depreciated	118,195,345	11,418,376	(7,629,310)	121,984,411
Less Accumulated Depreciation for:				
Land Improvements	(1,014,860)	(19,180)	—	(1,034,040)
Buildings	(15,274,251)	(769,121)	—	(16,043,372)
Improvements Other Than Building	(4,737,988)	(1,060,327)	—	(5,798,315)
Equipment and Machinery	(28,207,541)	(2,867,382)	10,198,632	(20,876,291)
Total Accumulated Depreciation	(49,234,640)	(4,716,010)	10,198,632	(43,752,018)
Total Capital Assets, Being Depreciated, Net	68,960,705	6,702,366	2,569,322	78,232,393
<b>Sub-total Governmental Activities</b>	<b>\$ 144,896,068</b>	<b>\$ 15,697,506</b>	<b>\$ 1,157,307</b>	<b>\$ 161,750,881</b>

## City of Oxnard, California

### Notes to the Basic Financial Statements June 30, 2004

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 22,164,745	\$ —	\$ —	\$ 22,164,745
Construction in Progress	80,100,812	21,936,372	(454,378)	101,582,806
Total Capital Assets, Not Being Depreciated	102,265,557	21,936,372	(454,378)	123,747,551
Capital Assets, Being Depreciated:				
Buildings	67,667,260	1,666,793	—	69,334,053
Improvements Other Than Building	181,673,338	—	(6,561)	181,666,777
Municipal Golf Course Improvements	5,803,242	—	—	5,803,242
Equipment and Machinery	40,154,112	706,067	(832,490)	40,027,689
Total Capital Assets, Being Depreciated	295,297,952	2,372,860	(839,051)	296,831,761
Less Accumulated Depreciation for:				
Buildings	(37,903,964)	(2,106,976)	—	(40,010,940)
Improvements Other Than Building	(74,685,940)	(4,196,746)	—	(78,882,686)
Municipal Golf Course Improvements	(993,365)	(410,562)	—	(1,403,927)
Equipment and Machinery	(29,043,387)	(4,024,806)	1,600	(33,066,593)
Total Accumulated Depreciation	(142,626,656)	(10,739,090)	1,600	(153,364,146)
Total Capital Assets, Being Depreciated, Net	152,671,296	(8,366,230)	(837,451)	143,467,615
<b>Sub-total Business-Type Activities</b>	<b>254,936,853</b>	<b>13,570,142</b>	<b>(1,291,829)</b>	<b>267,215,166</b>
<b>Total</b>	<b>\$ 399,832,921</b>	<b>\$ 29,267,648</b>	<b>\$ (134,522)</b>	<b>\$ 428,966,047</b>

The beginning balance for improvements other than buildings has been adjusted for a purchase that was not capitalized in the previous year. The amount of the adjustment was \$5,425,440. The beginning net assets in the statement of activities were also adjusted for this correction.

For the year ended June 30, 2004, depreciation expense on capital assets was charged to the governmental functions as follows:

<b>Governmental Activities:</b>	
Legislative	\$ 47,160
Administration and Support Services	1,273,323
Public Safety	2,027,884
Transportation	94,320
Community Development	141,480
Culture and Leisure	282,961
Libraries	94,320
Capital Improvement Projects	424,441
Capital assets held by the City's Internal Service Fund	330,121
	<u>\$ 4,716,010</u>

**City of Oxnard, California**

**Notes to the Basic Financial Statements**  
**June 30, 2004**

Internal Service funds predominantly serve the governmental funds. Accordingly, their capital assets are included within governmental activities in the above table.

	<b>Balance July 1, 2003</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2004</b>
<b>Internal Service Funds:</b>				
Equipment and Machinery	\$ 7,513,206	\$ 401,289	\$ 6,121,597	\$ 1,792,898
Accumulated Depreciation	(6,963,797)	(189,353)	(5,992,688)	(1,160,462)
<b>Total</b>	<b>\$ 549,409</b>	<b>\$ 211,936</b>	<b>\$ 128,909</b>	<b>\$ 632,436</b>

The following is a summary of changes in capital assets for each major enterprise fund for the year ended June 30, 2004:

	<b>Balance July 1, 2003</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2004</b>
<b>Water Fund</b>				
Land	\$ 877,144	\$ —	\$ —	\$ 877,144
Buildings	4,707,025	—	—	4,707,025
Improvements Other Than Buildings	67,325,141	—	(6,561)	67,318,580
Equipment and Machinery	2,149,262	186,551	(174,509)	2,161,304
Construction in Progress	28,987,201	10,144,739	—	39,131,940
<b>Total</b>	<b>104,045,773</b>	<b>10,331,290</b>	<b>(181,070)</b>	<b>114,195,993</b>
Accumulated Depreciation	(34,047,937)	(1,987,415)	—	(36,035,352)
<b>Total</b>	<b>\$ 69,997,836</b>	<b>\$ 8,343,875</b>	<b>\$ (181,070)</b>	<b>\$ 78,160,641</b>
<b>Wastewater Fund</b>				
Land	\$ 4,273,655	\$ —	\$ —	\$ 4,273,655
Buildings	6,380,938	—	—	6,380,938
Improvements Other Than Buildings	114,348,197	—	—	114,348,197
Equipment and Machinery	17,375,104	61,010	—	17,436,114
Construction in Progress	44,806,963	6,552,867	—	51,359,830
<b>Total</b>	<b>187,184,857</b>	<b>6,613,877</b>	<b>—</b>	<b>193,798,734</b>
Accumulated Depreciation	(66,734,377)	(3,768,214)	—	(70,502,591)
<b>Total</b>	<b>\$ 120,450,480</b>	<b>\$ 2,845,663</b>	<b>\$ —</b>	<b>\$ 123,296,143</b>

Continued -

## City of Oxnard, California

### Notes to the Basic Financial Statements June 30, 2004

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004
<b>Solid Waste</b>				
Land	\$ 3,811,166	\$ —	\$ —	\$ 3,811,166
Buildings	22,782,735	—	—	22,782,735
Equipment and Machinery	18,963,038	404,880	(655,981)	18,711,937
Construction in Progress	4,351,531	169,677	—	4,521,208
<b>Total</b>	<b>49,908,470</b>	<b>574,557</b>	<b>(655,981)</b>	<b>49,827,046</b>
Accumulated Depreciation	(16,471,867)	(2,809,034)	—	(19,280,901)
<b>Total</b>	<b>\$ 33,436,603</b>	<b>\$ (2,234,477)</b>	<b>\$ (655,981)</b>	<b>\$ 30,546,145</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>44,443</b>	<b>—</b>	<b>—</b>	<b>44,443</b>
Accumulated Depreciation	(1,827)	—	—	(1,827)
<b>Total</b>	<b>\$ 42,616</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 42,616</b>
<b>Oxnard Housing Authority Fund</b>				
Land	\$ 8,920,208	\$ —	\$ —	\$ 8,920,208
Buildings	31,061,153	1,666,793	—	32,727,946
Equipment and Machinery	1,664,880	53,626	(2,000)	1,716,506
Construction in Progress	454,051	327	(454,378)	—
<b>Total</b>	<b>42,100,292</b>	<b>1,720,746</b>	<b>(456,378)</b>	<b>43,364,660</b>
Accumulated Depreciation	(22,995,328)	(2,103,675)	1,600	(25,097,403)
<b>Total</b>	<b>\$ 19,104,964</b>	<b>\$ (382,929)</b>	<b>\$ (454,778)</b>	<b>\$ 18,267,257</b>
<b>Municipal Golf Course Fund</b>				
Land	\$ 4,282,572	\$ —	\$ —	\$ 4,282,572
Buildings	2,735,409	—	—	2,735,409
Golf Course Improvements	5,803,242	—	—	5,803,242
Construction in Progress	1,458,451	5,068,762	—	6,527,213
<b>Total</b>	<b>14,279,674</b>	<b>5,068,762</b>	<b>—</b>	<b>19,348,436</b>
Accumulated Depreciation	(2,375,320)	(70,752)	—	(2,446,072)
<b>Total</b>	<b>\$ 11,904,354</b>	<b>\$ 4,998,010</b>	<b>\$ —</b>	<b>\$ 16,902,364</b>

## City of Oxnard, California

### Notes to the Basic Financial Statements June 30, 2004

## 7. LONG-TERM OBLIGATIONS

The following is a summary of changes in the City's long-term obligations for the year ended June 30, 2004:

	Balance July 1, 2003	Issued	Retired	Balance June 30, 2004	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Revenue Bonds:					
Lease Revenue Refunding Bonds, Series 2003	\$ 7,435,000	\$ —	\$ 460,699	\$ 6,974,301	\$ 470,671
Adjustable Rate Lease Revenue Refunding Bonds, Series 1993	2,100,000	—	600,000	1,500,000	700,000
Adjustable Rate Lease Revenue Bonds, Series 2003 B	—	14,750,000	350,000	14,400,000	320,000
1999 Certificates of Participation	8,245,000	—	200,000	8,045,000	210,000
Tax Allocation Refunding Bonds, Series 1994A	13,850,000	—	13,850,000	—	—
Tax Allocation Refunding Bonds, Series 2004A	—	19,185,000	—	19,185,000	550,000
Capital Lease:					
HTE Financial System Lease Purchase	166,642	—	166,642	—	—
Fire Engines Lease Purchase	140,545	—	140,545	—	—
Lasalle National Leasing	—	1,910,000	180,646	1,729,354	316,956
Compensated Absences	9,565,351	5,653,921	4,149,385	11,069,887	4,132,000
Notes Payable	330,129	—	15,054	315,075	16,630
Metropolitan Water District Loan	5,401,135	—	94,735	5,306,400	—
Unamortized Discounts	—	(98,234)	—	(98,234)	100,548
<b>Total Governmental Activities</b>	<b>\$ 47,233,802</b>	<b>\$ 41,400,687</b>	<b>\$ 20,207,706</b>	<b>\$ 68,426,783</b>	<b>\$ 6,816,805</b>
<b>Business-Type Activities:</b>					
Revenue Bonds:					
Lease Revenue Refunding Bonds, Series 2003 - Golf	\$ 10,950,000	\$ —	\$ 678,500	\$ 10,271,500	\$ 693,186
Water Revenue Refunding Bonds, Series 2001	11,895,000	—	235,000	11,660,000	245,000
Water Revenue Project Bonds, Series 2004	—	47,895,000	—	47,895,000	905,000
Wastewater Revenue Refunding Bonds, Series 2003	41,980,000	—	1,750,000	40,230,000	1,815,000
Wastewater Revenue Bonds, Series 2004A	—	80,000,000	—	80,000,000	—
Solid Waste Revenue Bonds, Series 1995	18,950,000	—	1,030,000	17,920,000	1,085,000
Lease Revenue Refunding Bonds, Series 2003 - Solid Waste	255,000	—	15,801	239,199	16,143
2004 Capital Fund Revenue Bonds - Housing Authority	—	5,820,000	—	5,820,000	205,000
Unamortized Bond Premium	—	1,172,921	—	1,172,921	—
Unamortized Discounts	(353,761)	(687,827)	(21,850)	(1,019,738)	—
Unamortized Gain or Loss on Refunding	(3,536,755)	—	(130,991)	(3,405,764)	—
Sub-total	80,139,484	134,200,094	3,556,460	210,783,118	4,964,329
Capital Lease:					
Residential Trash Collection Vehicles	1,020,357	—	206,089	814,268	217,368
Del Norte Blvd. Improvement	685,484	—	63,978	621,506	64,730
Fifth and Del Norte Improvement	1,118,330	—	81,974	1,036,356	100,508
Lasalle National Leasing - Solid Waste	—	480,000	35,991	444,009	63,297
Compensated Absences	2,136,240	1,147,966	1,087,742	2,196,464	1,020,000
<b>Total Business-Type Activities</b>	<b>85,099,895</b>	<b>135,828,060</b>	<b>5,032,234</b>	<b>215,895,721</b>	<b>6,430,232</b>
<b>Total</b>	<b>\$ 132,333,697</b>	<b>\$ 177,228,747</b>	<b>\$ 25,239,940</b>	<b>\$ 284,322,504</b>	<b>\$ 13,247,037</b>

## City of Oxnard, California

### Notes to the Basic Financial Statements June 30, 2004

Internal service funds predominantly serve the governmental funds. Accordingly, their long-term obligations are included as part of the above totals for the governmental activities. Changes in long-term obligations for the internal service funds for the year ended June 30, 2004, are as follows:

	Balance July 1, 2003	Issued	Retired	Balance June 30, 2004	Amounts Due Within One Year
Internal Service Funds Compensated Absences	\$ 565,955	\$ 266,901	\$ (231,793)	\$ 601,063	\$ 232,000
<b>Total</b>	<b>\$ 565,955</b>	<b>\$ 266,901</b>	<b>\$ (231,793)</b>	<b>\$ 601,063</b>	<b>\$ 232,000</b>

The following is a summary of changes in long-term obligations for each major enterprise fund for the year ended June 30, 2004:

	Balance July 1, 2003	Issued	Retired	Balance June 30, 2004	Amounts Due Within One Year
<b>Water Fund</b>					
Revenue Refunding Bonds, Series 2001	\$ 11,895,000	\$ —	\$ 235,000	\$ 11,660,000	\$ 245,000
Water Revenue Refunding, Series 2004	—	47,895,000	—	47,895,000	905,000
Unamortized Bond Premium	—	1,172,921	—	1,172,921	—
Less: Unamortized Loss on Refunding	(3,536,755)	—	(130,991)	(3,405,764)	—
Unamortized Discounts	(185,936)	—	(6,887)	(179,049)	—
Subtotal	8,172,309	49,067,921	97,122	57,143,108	1,150,000
Compensated Absences	376,832	156,563	154,336	379,059	155,000
<b>Total</b>	<b>\$ 8,549,141</b>	<b>\$ 49,224,484</b>	<b>\$ 251,458</b>	<b>\$ 57,522,167</b>	<b>\$ 1,305,000</b>
<b>Wastewater Fund</b>					
Revenue Refunding Bonds, Series 2003	\$ 41,980,000	\$ —	\$ 1,750,000	\$ 40,230,000	\$ 1,815,000
Revenue Bonds, Series 2004A	—	80,000,000	—	80,000,000	—
Less: Unamortized Discounts	—	(687,827)	—	(687,827)	—
Subtotal	41,980,000	79,312,173	1,750,000	119,542,173	1,815,000
Compensated Absences	598,374	272,394	245,071	625,697	255,000
<b>Total</b>	<b>\$ 42,578,374</b>	<b>\$ 79,584,567</b>	<b>\$ 1,995,071</b>	<b>\$ 120,167,870</b>	<b>\$ 2,070,000</b>

Continued -

## City of Oxnard, California

### Notes to the Basic Financial Statements June 30, 2004

	Balance July 1, 2003	Issued	Retired	Balance June 30, 2004	Amounts Due Within One Year
<b>Solid Waste Fund</b>					
Lease Revenue Refunding Bonds, Series 2003	\$ 255,000	\$ —	\$ 15,801	\$ 239,199	\$ 16,143
Revenue Bonds, Series 1995	18,950,000	—	1,030,000	17,920,000	1,085,000
Less: Unamortized Discounts	(167,825)	—	(14,963)	(152,862)	—
Sub-total	19,037,175	—	1,030,838	18,006,337	1,101,143
Capital Lease					
Residential Trash Collection Vehicles	1,020,357	—	206,089	814,268	217,368
Del Norte Blvd. Improvement	685,484	—	63,978	621,506	64,730
Fifth and Del Norte Improvement	1,118,330	—	81,974	1,036,356	100,508
Lasalle National Leasing	—	480,000	35,991	444,009	63,297
Compensated Absences	491,546	236,476	201,318	526,704	235,000
<b>Total</b>	<b>\$ 22,352,892</b>	<b>\$ 716,476</b>	<b>\$ 1,620,188</b>	<b>\$ 21,449,180</b>	<b>\$ 1,782,046</b>
<b>Performing Arts and Convention Center Fund</b>					
Compensated Absences	\$ 51,028	\$ 25,620	\$ 20,899	\$ 55,749	\$ 25,000
<b>Total</b>	<b>\$ 51,028</b>	<b>\$ 25,620</b>	<b>\$ 20,899</b>	<b>\$ 55,749</b>	<b>\$ 25,000</b>
<b>Oxnard Housing Authority Fund</b>					
2004 Capital Fund Revenue Bonds	\$ —	\$ 5,820,000	\$ —	\$ 5,820,000	\$ 205,000
Compensated Absences	618,460	456,913	466,118	609,255	350,000
<b>Total</b>	<b>\$ 618,460</b>	<b>\$ 6,276,913</b>	<b>\$ 466,118</b>	<b>\$ 6,429,255</b>	<b>\$ 555,000</b>
<b>Municipal Golf Course</b>					
Lease Revenue Refunding Bonds, Series 2003	\$ 10,950,000	\$ —	\$ 678,500	\$ 10,271,500	\$ 693,186
<b>Total</b>	<b>\$ 10,950,000</b>	<b>\$ —</b>	<b>\$ 678,500</b>	<b>\$ 10,271,500</b>	<b>\$ 693,186</b>

### Lease Revenue Refunding Bonds 2003, Series A

The Lease Revenue Refunding Bonds 2003 Series A are a thirteen- year bond issue with a net interest cost of 3.5904 percent. The bonds were issued to refinance the outstanding Lease Revenue Refunding Bonds Series 1993 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, and to prepay the Zion Bank leases for the Old Oxnard High School and 300 West Third Street. The refunding resulted in an economic gain of \$921,361 and an overall cash savings of \$4,922,193. The bonds were issued on May 22, 2003, with an original amount of \$18,640,000, maturing in various amounts through June 1, 2016. The total balance outstanding as of June 30, 2004, is \$17,485,000, of which \$6,974,301 is recorded within governmental activities and \$10,510,699 is recorded within business-type activities in the accompanying statement of net assets.

### **Adjustable Rate Lease Revenue Bonds, Series 2003 B**

The Adjustable Rate Lease Revenue Bonds 2003 Series B were issued on December 1, 2003, with an original amount of \$14,750,000. These bonds are a thirty-year bond issue with a base interest of 1.450 percent maturing in various amounts through June 1, 2033. These bonds were issued to finance the Downtown Parking Structure and a new Library. The balance outstanding as of June 30, 2004, is \$14,400,000.

### **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 1.35 to 6.80 percent over the life of the bond. For FY 2003-2004, the variable interest rate ranged from 1.35 to 2.25 percent, 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, 2004, is \$1,500,000.

### **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, 2004, is \$8,045,000.

### **Tax Allocation Refunding Bonds, Series 2004A**

The Tax Allocation Refunding Bonds, Series 2004 A are a twenty-two-year bond issued on May 4, 2004, with an interest rate of 4.643 percent and an original amount of \$19,185,000. The bonds were issued to refinance the Tax Allocation Refunding Bonds Series 1994A and to finance additional redevelopment activities within the Project Area. The balance outstanding as of June 30, 2004, is \$19,185,000.

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

On July 17, 2001, the City of Oxnard Financing Authority issued \$12,410,000 of Water Revenue Refunding 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), which is being amortized over the life of the original bonds, and cash flow savings of \$5,796,073. The outstanding balance on the new bonds as of June 30, 2004, is \$11,660,000.

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.

### **Water Revenue Project Bonds, Series 2004**

On February 1, 2004, the City of Oxnard Financing Authority issued \$47,895,000 of Water Revenue Project Bonds, Series 2004 with an interest rate of 2.000 through 5.000 percent, maturing on June 30, 2034. The proceeds from the sale of the bonds were used to pay for the costs of improvements to the Water System, including Cast Iron Pipe Replacement (Hydraulic Improvement), Hydrant Upgrades, Hydraulic Deficiencies, Blending Station No. 3 Water Conditioning II, Blending Station No. 5, SCADA Upgrades, Phase I of the Groundwater Recovery Enhancement and Treatment Program, Automated Meter Reading Retrofit Program, and Water Well Improvement Program. The balance outstanding as of June 30, 2004, is \$47,895,000.

### **Wastewater Revenue Refunding Bonds, Series 2003**

The Wastewater Revenue Refunding Bonds Series 2003 are a seventeen-year bond issue with a net interest cost of 4.183 percent. The bonds were issued to refinance the Wastewater Revenue Refunding Bonds Series 1993 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 April 1, 2003, with an original amount of \$43,785,000, maturing in various amounts through June 1, 2020. The outstanding balance as of June 30, 2004, is \$40,230,000. The current refunding resulted in an economic gain of \$3,923,503 (difference between the present value of the old bonds and the present value of the new bonds) and a cash flow savings of \$4,922,193.

### **Wastewater Revenue Bonds, Series 2004**

On June 22, 2004, the City of Oxnard Financing Authority issued \$80,000,000 of Wastewater Revenue Bonds, Series 2004 A, with a fixed interest rate of 5 percent, maturing on June 30, 2034. The purpose of these bonds is to pay for the costs of the Redwood Trunk Sewer and Headworks Projects. The balance outstanding as of June 30, 2004, is \$80,000,000.

### **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 the 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, 2004, is \$17,920,000.

**2004 Capital Fund Revenue Bonds**

On April 25, 2004, the Affordable Housing Agency issued Affordable Housing Agency Certificates of Participation, Series 2004 (Oxnard's Santa Clara Projects) in the amount of \$10,370,000, evidencing a proportionate ownership interest in debt service payments to be made with respect to certain Capital Fund Revenue Bonds, Series 2004, issued by the Oxnard and Santa Clara Housing Authorities in the amounts of \$5,820,000 and \$4,550,000, respectively. Each certificate represents a proportionate ownership interest of the holder in the right to receive debt service payments made with respect to the bonds. The obligation of the housing authorities under their respective bond indentures are independent and neither is obligated for the payment of principal or interest on the bonds of the other housing authority. The bonds were issued to finance certain capital projects of the Authority, with interest ranging from 2.00 percent to 4.95 percent, maturing on or after April 1, 2012. The outstanding balance as of June 30, 2004, is \$5,820,000.

The annual debt service requirements are shown below for all long-term debt except installment purchase obligations:

<b>For the Year Ending June 30</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2005	\$ 2,684,836	\$ 2,126,342	\$ 5,410,201	\$ 10,182,246
2006	3,166,214	2,152,440	5,605,392	10,238,055
2007	2,132,994	2,018,204	5,806,468	10,033,484
2008	2,122,222	1,943,075	5,921,267	9,788,332
2009	2,137,645	1,862,735	6,003,471	9,563,318
2010-2014	11,147,989	8,146,904	33,545,694	43,775,952
2015-2019	10,817,002	5,945,007	31,124,345	35,515,121
2020-2024	10,673,590	3,747,511	38,595,000	27,293,153
2025-2029	9,802,638	1,274,203	42,305,000	17,664,919
2030-2034	2,770,000	174,351	42,635,000	5,940,799
<b>Totals</b>	<b>\$ 57,455,130</b>	<b>\$ 29,390,772</b>	<b>\$ 216,951,838</b>	<b>\$ 179,995,379</b>

**City of Oxnard, California**

*Notes to the Basic Financial Statements*  
*June 30, 2004*

Fiscal Year	Water Revenue Refunding Bonds, Series 2001		Water Revenue Project Bonds, Series 2004	
	Principal	Interest	Principal	Interest
2005	\$ 245,000	\$ 561,796	\$ 905,000	\$ 2,120,534
2006	255,000	551,997	925,000	2,102,434
2007	265,000	541,796	940,000	2,083,934
2008	275,000	531,196	960,000	2,065,134
2009	285,000	520,196	980,000	2,043,534
2010-2014	1,630,000	2,411,518	5,345,000	9,779,947
2015-2019	2,030,000	1,998,098	6,430,000	8,699,621
2020-2024	2,595,000	1,439,563	8,045,000	7,087,250
2025-2029	3,315,000	720,044	10,265,000	4,865,250
2030-2034	765,000	39,206	13,100,000	2,028,750
<b>Totals</b>	<b>\$ 11,660,000</b>	<b>\$ 9,315,410</b>	<b>\$ 47,895,000</b>	<b>\$ 42,876,388</b>

Fiscal Year	Wastewater Revenue Refunding Bonds, Series 2003		Wastewater Revenue Bonds, Series 2004A	
	Principal	Interest	Principal	Interest
2005	\$ 1,815,000	\$ 1,852,612	—	\$ 3,849,274
2006	1,885,000	1,785,013	—	4,087,725
2007	1,950,000	1,717,612	—	4,087,725
2008	2,035,000	1,631,613	—	4,087,725
2009	2,100,000	1,565,563	—	4,087,725
2010-2014	11,835,000	6,504,312	—	20,438,625
2015-2019	15,115,000	3,222,075	—	20,438,625
2020-2024	3,495,000	174,750	22,505,000	18,297,535
2025-2029	—	—	28,725,000	12,079,625
2030-2034	—	—	28,770,000	3,872,843
<b>Totals</b>	<b>\$ 40,230,000</b>	<b>\$ 18,453,550</b>	<b>\$ 80,000,000</b>	<b>\$ 95,327,427</b>

# City of Oxnard, California

Notes to the Basic Financial Statements  
June 30, 2004

Fiscal Year	Solid Waste Revenue Bonds, Series 1995		Lease Revenue Refunding Bonds, Series 2003		Adjustable Rate Taxable Refunding Bonds, Series 1993	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 1,085,000	\$ 1,045,465	\$ 1,180,000	\$ 671,810	\$ 700,000	\$ 93,750
2006	1,140,000	989,045	1,215,000	636,410	800,000	50,000
2007	1,200,000	928,625	1,250,000	599,960	—	—
2008	1,270,000	859,625	1,305,000	549,960	—	—
2009	1,340,000	786,000	1,355,000	1,888,320	—	—
2010-2014	7,980,000	2,659,250	7,680,000	405,775	—	—
2015-2019	3,905,000	354,900	3,500,000	—	—	—
<b>Totals</b>	<b>\$ 17,920,000</b>	<b>\$ 7,622,910</b>	<b>\$ 17,485,000</b>	<b>\$ 4,752,235</b>	<b>\$ 1,500,000</b>	<b>\$ 143,750</b>

Fiscal Year	1999 Certificates of Participation		Tax Allocation Refunding Bonds, Series 2004A		2004 Capital Fund Revenue Bonds, Housing Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 210,000	\$ 370,462	\$ 550,000	\$ 640,474	\$ 205,000	\$ 214,769
2006	215,000	362,168	605,000	765,949	205,000	228,783
2007	225,000	353,460	620,000	750,599	215,000	224,682
2008	235,000	344,348	640,000	728,499	220,000	218,233
2009	245,000	334,713	665,000	702,399	225,000	211,632
2010-2014	1,385,000	1,506,510	3,665,000	3,196,830	1,255,000	942,622
2015-2019	1,735,000	1,156,387	4,375,000	2,429,963	1,540,000	677,020
2020-2024	1,910,000	728,650	4,745,000	1,400,759	1,955,000	294,055
2025-2029	1,885,000	228,950	3,320,000	251,708	—	—
<b>Totals</b>	<b>\$ 8,045,000</b>	<b>\$ 5,385,648</b>	<b>\$ 19,185,000</b>	<b>\$ 10,867,180</b>	<b>\$ 5,820,000</b>	<b>\$ 3,011,796</b>

**Capital Lease Obligations**

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, 2004, is \$814,268.

On October 28, 2002, the City entered into a Lease Purchase agreement, line of credit with Zions Bank in the amount of \$715,575, for the purpose of Del Norte Boulevard improvements, with variable interest rate, based upon a projected interest rate of 5.0 percent, final maturity on December 1, 2012. The outstanding balance as of June 30, 2004, is \$621,506.

On February 7, 2003, the City entered into a Lease Purchase agreement with Zions Bank in the amount of \$1,118,330 for the purpose of purchasing Fifth /Del Norte Land Purchase, with an interest rate of 5.00 percent, final maturity on June 1, 2013. The outstanding balance as of June 30, 2004, is \$1,036,356.

On November 20, 2003, the City entered into a Lease Purchase agreement with LaSalle National Leasing Corporation in the amount of \$2,390,000 for various Parks equipment (\$524,000) amortized over a 4-year term at an interest rate of 2.57 percent, Fire equipment (\$1,383,000) and Solid Waste equipment (\$480,000) amortized over a 7-year period at a rate of 3.23 percent, final maturity on November 25, 2010. The outstanding balance as of June 30, 2004, is \$2,173,363.

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

Fiscal Year	Equipment Lease Purchase LaSalle National Leasing		Residential Trash Collection Vehicles		Fifth Street/Del Norte Land Boulevard Purchase		Del Norte Boulevard Improvement	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 379,430	\$ 62,556	\$ 217,368	\$ 41,075	\$ 100,508	\$ 49,800	\$ 64,730	\$ 30,425
2006	391,462	50,524	229,264	29,179	103,520	44,738	66,900	27,161
2007	403,876	38,110	241,812	16,631	106,623	39,523	69,143	23,789
2008	326,887	26,001	125,824	3,397	109,818	34,152	71,461	20,303
2009	272,104	17,143	—	—	113,109	28,620	73,857	16,700
2010-2013	399,604	10,170	—	—	502,778	55,773	275,415	28,297
Totals	<u>\$ 2,173,363</u>	<u>\$ 204,504</u>	<u>\$ 814,268</u>	<u>\$ 90,282</u>	<u>\$ 1,036,356</u>	<u>\$ 252,606</u>	<u>\$ 621,506</u>	<u>\$ 146,675</u>

### Notes and Loans Payable

In May 1988, the Community Development Commission purchased a building in exchange for a note. The note 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, 2004, the outstanding balance was \$315,075.

On August 3, 1998, the Community Development 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, 2004, the outstanding balance was \$5,306,400.

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

Fiscal Year	Notes Payable - Brown Building		Metropolitan Water District Loan	
	Principal	Interest	Principal	Interest
2005	\$ 16,630	\$ 30,759	\$ 100,548	\$ 316,150
2006	298,445	21,936	106,718	309,980
2007	—	—	113,267	303,431
2008	—	—	120,217	296,481
2009	—	—	127,594	289,104
2010-2014	—	—	765,478	1,318,012
2015-2019	—	—	1,031,348	1,052,502
2020-2024	—	—	1,388,592	694,897
2025-2029	—	—	1,552,638	217,970
<b>Totals</b>	<b>\$ 315,075</b>	<b>\$ 52,695</b>	<b>\$ 5,306,400</b>	<b>\$ 4,798,527</b>

The City management believes the City complies with all significant covenants related to its debt issues as of June 30, 2004.

### Compensated Absences

The long-term portion of the liability was \$6,937,887 for governmental activities and \$1,176,464 for business-type activities at June 30, 2004, which is expected to be paid in future years from future resources.

**Special Assessment Bonds**

There are various 1915 Act Improvement Districts and Mello-Roos Community Facilities Act of 1982 ,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, 2004, is as follows:

**Hueneme Road Assessment District:**

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 \$ 1,095,000

**Mandalay Bay Assessment District:**

1915 Act Improvement Bonds issued April 24, 1987; original amount \$6,250,000; maximum rate 7.4%; due 2007 2,275,000

**Rose/Santa Clara Assessment District:**

1915 Act Improvement Bonds issued August 14, 1986 with original amount \$13,170,000; maximum rate 8.25%; due 2006 2,490,000

**Rice Avenue/Highway 101 Assessment District:**

1915 Act Limited Obligation Bonds issued August 27, 2002 with original amount \$15,125,000; maximum rate of 5.70%; maturing in varying amounts through 2032 14,490,000

**Rose Avenue/Highway 101 Assessment District:**

1915 Act Improvement Bonds issued November 1, 1996; original amount \$8,560,000; average rate of 5.50%; maturing in 2016 6,580,000

**Pacific Commerce Center Assessment District:**

1915 Act Improvement Bonds issued November 1, 1996; original amount \$31,120,000; average rate of 5.17%; maturing in 2006 10,680,000

**City of Oxnard Community Facilities District I:**

9,740,000

**City of Oxnard Community Facilities District 88-1:**

1,840,000

**Oxnard Boulevard Interchange Community District:**

10,315,000

**Oxnard Boulevard/Highway 101 Interchange:**

1915 Act Improvement Limited Obligation Bonds issued on August 14, 2003; original amount \$2,335,000; interest rate varies; the maximum rate of 6.15%; maturing in 2033 2,335,000

**Total**

**\$ 61,840,000**

## **8. DEFINED BENEFIT PENSION PLAN**

### **A. Retirement Plan Description - PERS**

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 regular employees). The City's payroll for employees covered by PERS for the year ended June 30, 2004, was \$65,055,063; the City's total payroll was \$70,554,838. 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 1.426 percent for employees who retire at age 50 to 2.418 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 2004, the City's annual pension cost (APC) of \$8,751,405 for Public Employees Retirement System (PERS) was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2002, revised actuarial assumptions and retain the entry age actuarial cost method.

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**City of Oxnard, California**

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*Notes to the Basic Financial Statements*  
*June 30, 2004*

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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, 2004, was five years for prior service unfunded and sixteen years for remaining unfunded.

Contributions to PERS for the Fiscal Year ended June 30, 2004, are shown below:

	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Total</u>
Safety employees:			
Police	\$ 3,178,938	\$ 1,502,491	\$ 4,681,429
Fire	543,443	635,771	1,179,214
Total safety employees	3,722,381	2,138,262	5,860,643
Miscellaneous employees	—	2,890,761	2,890,761
<b>Total</b>	<u>\$ 3,722,381</u>	<u>\$ 5,029,023</u>	<u>\$ 8,751,404</u>

## **B. Retirement Plan Description - PARS**

The City of Oxnard has entered into an agreement with the Public Agency Retirement System (PARS), not affiliated with PERS, to extend enhanced retirement benefits to selected groups of miscellaneous employees (non-safety). PARS offers a flexible retirement enhancement package in addition to PERS. Participating in Public Agency Retirement System (PARS) are Service Employees International Union (SEIU), International Union of Operating Engineers (IUOE), unrepresented management, and one of the two groups of confidential employees. The City's payroll for employees covered by PARS for the year ended June 30, 2004, was \$31,952,901. PARS issues a separate comprehensive annual financial report. Copies of PARS' annual financial report may be obtained from the PARS Executive Office, 3961 MacArthur Boulevard, Suite 200, Newport Beach, CA 92660.

The PARS enhanced retirement is a defined plan to supplement PERS. The supplement is to obtain a combined retirement benefit equal to the PERS 3 percent age 60 retirement benefit. Employees who retire at or after age 50 with five years of credited service are entitled to retirement benefits supplemented by PARS. Monthly benefits are payable for life in an amount equal to a specified percentage. This benefit increase the PERS benefit plan from 1.426 percent for employees who retire at age 50 to 2.000 percent; and increases the PERS benefit plan from 2.262 percent for employees who retire at age 60 to 3.000 percent.

Required contributions to PARS are 8 percent for eligible employees. The City pays a portion of this cost (0 to 3 percent) based upon the employee group. The City contributes the remaining amounts necessary to fund the benefits for its members using the actuarial basis recommended by Milliman USA Actuarial Consultants to PARS.

PARS uses an entry age normal actuarial cost method, which is a projected benefit cost method. The chief characteristics of project benefits methods is that the actuarial present value of all plan benefits is determined as of the valuation date and then allocated between the period before and after the valuation date. The present value of plan benefits earned prior to the valuation date is called the actuarial liability. The present value of plan benefits to be earned after the valuation date is called the present value of future normal costs.

#### **Annual Pension Costs**

PARS will issue an actuarial study after the City has participated in the plan for a two-year period.

Contributions to PARS for the fiscal year ended June 30, 2004, are shown below:

	<b>City Contributions</b>	<b>Employee Contributions</b>	<b>Total</b>
Miscellaneous employees	<u>\$ 840,361</u>	<u>\$ 2,556,232</u>	<u>\$ 3,396,593</u>

#### **9. POSTEMPLOYMENT HEALTH CARE BENEFITS**

In addition to providing pension benefits (PERS), the City provides postemployment health care benefits to all retired employees that separate from the City, as provided under the City's contractual agreement with its employee associations. The City's maximum payment of \$16.00 increased in January 2004 to \$32.20 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, 2004, totaled \$56,248. Currently, 193 retirees are enrolled and eligible to receive this benefit.

## 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, 2004, 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 restricted revenues of \$5,317,397 are restricted for capital improvements related to development and Community Development Commission. The following is a summary of reserved and unreserved fund balances at June 30, 2004:

	General Fund	Development Fees Fund	HUD and CDBG Fund	State and Federal Grants Fund	Debt Services Fund	Capital Outlay Fund	Community Development Commission Fund	Non-Major Governmental Funds	Total
Reserved Fund Balance:									
Encumbrances	\$ 632,350	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 632,350
Receivables	—	—	—	—	—	—	435,071	—	435,071
Repayment of Debt	—	—	—	—	796,691	—	—	—	796,691
Advances	123,035	—	—	—	—	—	—	—	123,035
Restricted Revenue	72,816	235,362	—	—	—	—	5,009,219	—	5,317,397
Carryover Savings	352,141	—	—	—	—	—	—	—	352,141
Properties Held for Resale	—	—	—	—	—	—	4,854,250	—	4,854,250
<b>Total Reserved</b>	<b>1,180,342</b>	<b>235,362</b>	<b>---</b>	<b>---</b>	<b>796,691</b>	<b>---</b>	<b>10,298,540</b>	<b>---</b>	<b>12,510,935</b>

## City of Oxnard, California

### Notes to the Basic Financial Statements June 30, 2004

	General Fund	Development Fees Fund	HUD and CDBG Fund	State and Federal Grants Fund	Debt Services Fund	Capital Outlay Fund	Community Development Commission Fund	Non-Major Governmental Funds	Total
Unreserved Fund Balance:									
Designated for Authorized Projects	—	18,407,074	—	7,790,894	—	10,958,647	4,157,826	4,692,867	46,007,308
Undesignated and available for future operation	25,398,644	17,626,358	—	4,488,802	—	4,829,054	1,845,392	2,589,308	56,777,558
<b>Total Unreserved</b>	<b>25,398,644</b>	<b>36,033,432</b>	<b>—</b>	<b>12,279,696</b>	<b>—</b>	<b>15,787,701</b>	<b>6,003,218</b>	<b>7,282,175</b>	<b>102,784,866</b>
<b>Fund Balances - Unreserved:</b>									
Designated for existing Council- Authorized Projects	\$ —	\$ 18,407,074	\$ —	\$ 7,790,894	\$ —	\$ 10,958,647	\$ 4,157,826	\$ 4,692,867	\$ 46,007,308
Undesignated but Restricted as to Purpose:									
General Fund:									
Administration, public safety, parks and street maintenance, recreation, and transportation services and community development									
Operating reserves and economic contingencies	15,445,376	—	—	—	—	—	—	—	15,445,376
Undesignated and available for future operations	9,953,268	—	—	—	—	—	—	—	9,953,268
Development Fees Funds:									
Quimby Fees restricted solely for acquisition and development of parks	—	1,066,116	—	—	—	—	—	—	1,066,116
Parks Acquisition Fees restricted to acquire land and improve parks	—	341,561	—	—	—	—	—	—	341,561
Storm Drain Facilities Fees restricted for storm drain constructions	—	5,078,203	—	—	—	—	—	—	5,078,203
Impact Fees solely for traffic signals and synchronization systems	—	2,400,681	—	—	—	—	—	—	2,400,681
Capital Growth Fees restricted to each residential/commercial neighborhoods	—	5,168,592	—	—	—	—	—	—	5,168,592
Utilities Undergrounding Fees solely for construction of underground lines	—	1,828,454	—	—	—	—	—	—	1,828,454
CUPA Permit Fees solely to manage hazardous materials disposal	—	76,629	—	—	—	—	—	—	76,629
Housing In-Lieu Fees and Affordable Housing Fees solely for low-cost housing	—	1,666,122	—	—	—	—	—	—	1,666,122

# City of Oxnard, California

## Notes to the Basic Financial Statements June 30, 2004

	General Fund	Development Fees Fund	HUD and CDBG Fund	State and Federal Grants Fund	Debt Services Fund	Capital Outlay Fund	Community Development Commission Fund	Non-Major Governmental Funds	Total
State and Federal Grants Fund:									
State Grants:									
Library grants restricted for operation and construction of new Library	—	—	—	(5,250,465)	—	—	—	—	(5,250,465)
Air Pollution Buy-Down solely for transit projects, bicycle lanes and paths	—	—	—	2,037,414	—	—	—	—	2,037,414
Public Safety Retirement restricted for uniformed police and fire department	—	—	—	7,323,641	—	—	—	—	7,323,641
State police grants restricted for police-related activities	—	—	—	47,581	—	—	—	—	47,581
State assets seizure restricted to police activities	—	—	—	214,729	—	—	—	—	214,729
Federal Grants:									
Federal assets seizures restricted to police activities	—	—	—	78,719	—	—	—	—	78,719
Transportation grants restricted for street-widening and traffic signals	—	—	—	(771,090)	—	—	—	—	(771,090)
FEMA restricted to federal monies received for disaster reimbursements	—	—	—	808,273	—	—	—	—	808,273
Capital Outlay Fund:									
This Fund is solely for the acquisition and construction of street projects, civic center improvements	—	—	—	—	—	4,829,054	—	—	4,829,054
Community Development Commission Fund:									
This Fund is solely for the development of blighted areas in the city and to construct capital improvement projects, provide low-cost housing to low/moderate income buyers and to grant loans	—	—	—	—	—	—	1,845,392	—	1,845,392
Non-Major Governmental Funds:									
State Gas Tax restricted for street improvements and maintenance	—	—	—	—	—	—	—	(611,654)	(611,654)
Traffic Safety Fund restricted to maintenance of traffic signals, equipment and devices	—	—	—	—	—	—	—	(511,452)	(511,452)

## City of Oxnard, California

### Notes to the Basic Financial Statements June 30, 2004

	General Fund	Development Fees Fund	HUD and CDBG Fund	State and Federal Grants Fund	Debt Services Fund	Capital Outlay Fund	Community Development Commission Fund	Non-Major Governmental Funds	Total
Transportation Development (TDA) restricted for street maintenance and improvements	—	—	—	—	—	—	—	1,007,698	1,007,698
Landscape Maintenance Districts restricted to waterways and landscape maintenance to various assessment districts	—	—	—	—	—	—	—	2,704,716	2,704,716
<b>Grand Totals</b>	<b>\$ 25,398,644</b>	<b>\$ 36,033,432</b>	<b>\$ —</b>	<b>\$ 12,279,696</b>	<b>\$ —</b>	<b>\$ 15,787,701</b>	<b>\$ 6,003,218</b>	<b>\$ 7,282,175</b>	<b>\$ 102,784,866</b>
<b>Total Fund Balances</b>	<b>\$ 26,578,986</b>	<b>\$ 36,268,794</b>	<b>\$ —</b>	<b>\$ 12,279,696</b>	<b>\$ 796,691</b>	<b>\$ 15,787,701</b>	<b>\$ 16,301,758</b>	<b>\$ 7,282,175</b>	<b>\$ 115,295,801</b>

## 12. NET ASSETS - PROPRIETARY FUNDS AND GOVERNMENTAL ACTIVITIES

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, 2004:

	Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Performing Arts and Convention Center	Housing Authority	Municipal Golf Course	Total
<b>Invested in Capital Assets (Net of Related Debt)</b>	<b>\$ 20,399,520</b>	<b>\$ 3,753,970</b>	<b>\$ 10,158,543</b>	<b>\$ 42,616</b>	<b>\$ 18,267,257</b>	<b>\$ 6,630,864</b>	<b>\$ 59,252,770</b>
Restricted:							
Repayment of Debt	4,189,988	—	2,130,721	—	—	1,059,911	7,380,620
<b>Total Restricted</b>	<b>4,189,988</b>	<b>—</b>	<b>2,130,721</b>	<b>—</b>	<b>—</b>	<b>1,059,911</b>	<b>7,380,620</b>
Unrestricted:							
Capital Assets Replacements							
Authorized Projects	—	—	—	—	—	—	—
Undesignated	44,174,488	111,774,568	2,361,550	(526,480)	1,341,947	242,940	159,369,013
<b>Total Unrestricted</b>	<b>44,174,488</b>	<b>111,774,568</b>	<b>2,361,550</b>	<b>(526,480)</b>	<b>1,341,947</b>	<b>242,940</b>	<b>159,369,013</b>
<b>Total Net Assets</b>	<b>\$ 68,763,996</b>	<b>\$ 115,528,538</b>	<b>\$ 14,650,814</b>	<b>\$ (483,864)</b>	<b>\$ 19,609,204</b>	<b>\$ 7,933,715</b>	<b>\$ 226,002,403</b>

## **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 \$27 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 the Big Independent Cities Excess Pool (BICEP) for general liability coverage in Fiscal Year 2003-2004 was \$672,579 including \$98,065 of debt service and a pure premium adjustment of \$30,829. BICEP, a pooled liability insurance program for medium to large cities, information can be obtained at 1100 South Flower Street, Suite 2100, Los Angeles, CA 90015, telephone number (213) 748-0066.

### **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 through 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 310 claims per year filed for the past four years, with an average of approximately \$4,445,238 per year in total reported losses as of June 30, 2004, (at an average of \$14,339 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 \$13,063,715 (Workers' Compensation-\$10,290,798, \$1.5 million is due within one year and Public Liability and Property Damage-\$2,772,917, \$500,000 is due within one year) recorded at June 30, 2004, is based on results of actuarial studies and includes an estimate for claims incurred but not reported at the balance sheet date. Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of payouts and other economic and societal factors. General liability and workers' compensation liabilities are carried at present value using a discount rate of 3.0 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

## City of Oxnard, California

Notes to the Basic Financial Statements  
June 30, 2004

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 03-04	FY 02-03	FY 03-04	FY 02-03	FY 03-04	FY 02-03
Unpaid claims and claims adjustment expenses - July 1	<u>\$ 8,623,941</u>	<u>\$ 8,881,936</u>	<u>\$ 5,384,446</u>	<u>\$ 4,049,116</u>	<u>\$ 14,008,387</u>	<u>\$ 12,931,052</u>
Incurred claims and claims adjustment expenses:						
Provision for insured events of the current fiscal year	2,120,636	2,848,862	370,514	1,996,923	2,491,150	4,845,785
Increase/Decrease in provision for insured events of prior fiscal years	<u>3,819,092</u>	<u>1,106,511</u>	<u>226,369</u>	<u>1,559,672</u>	<u>4,045,461</u>	<u>2,666,183</u>
Total incurred claims and claims adjustment expenses	<u>5,939,728</u>	<u>3,955,373</u>	<u>596,883</u>	<u>3,556,595</u>	<u>6,536,611</u>	<u>7,511,968</u>
Payments:						
Attributable to insured events of the current fiscal year	1,117,740	599,495	255,706	334,080	1,373,446	933,575
Attributable to insured events of prior fiscal years	<u>3,155,131</u>	<u>3,613,873</u>	<u>2,952,706</u>	<u>1,887,185</u>	<u>6,107,837</u>	<u>5,501,058</u>
Total payments	<u>4,272,871</u>	<u>4,213,368</u>	<u>3,208,412</u>	<u>2,221,265</u>	<u>7,481,283</u>	<u>6,434,633</u>
Unpaid claims and claims adjustment expenses - June 30	<u>\$ 10,290,798</u>	<u>\$ 8,623,941</u>	<u>\$ 2,772,917</u>	<u>\$ 5,384,446</u>	<u>\$ 13,063,715</u>	<u>\$ 14,008,387</u>

### 14. ACCUMULATED FUND DEFICITS

As of June 30, 2004, the City has fund deficits in the Performing Arts and Convention Center of \$483,864, in the Workers' Compensation Fund of \$6,496,479, and the Traffic Safety Fund of \$511,452. The City intends to eliminate these deficits through increased user charges in future years.

**REQUIRED SUPPLEMENTARY  
INFORMATION  
(Unaudited)**

## City of Oxnard, California

### General Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance

#### Budget and Actual on a Budgetary Basis

For Fiscal Year Ended June 30, 2004

(Unaudited)

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>					
<b>Taxes:</b>					
Property Tax	\$ 15,905,810	\$ —	\$ 15,905,810	\$ 17,255,026	\$ 1,349,216
Sales Tax	20,480,000	—	20,480,000	22,772,358	2,292,358
Transient Occupancy Tax	2,077,805	—	2,077,805	2,222,553	144,748
<b>Other Taxes:</b>					
Franchise Tax	6,040,000	—	6,040,000	3,718,917	(2,321,083)
Business License (Net of Refund)	3,100,000	—	3,100,000	4,386,245	1,286,245
Deed Transfer Tax	600,000	—	600,000	1,159,215	559,215
<b>Total Other Taxes</b>	<b>9,740,000</b>	<b>—</b>	<b>9,740,000</b>	<b>9,264,377</b>	<b>(475,623)</b>
Penalties/Interest on Delinquencies	145,000	—	145,000	181,655	36,655
<b>Total Taxes</b>	<b>48,348,615</b>	<b>—</b>	<b>48,348,615</b>	<b>51,695,969</b>	<b>3,347,354</b>
<b>Licenses and Permits</b>	<b>2,167,028</b>	<b>310,000</b>	<b>2,477,028</b>	<b>2,182,715</b>	<b>(294,313)</b>
<b>Intergovernmental</b>					
<b>State Shared Revenue:</b>					
Homeowners Property Tax Relief	350,000	—	350,000	233,903	(116,097)
State Mandated Reimbursement - SB 90	—	—	—	21	21
Property Tax Payment In-Lieu	—	—	—	7,891	7,891
Motor Vehicle In Lieu of Tax	11,000,000	—	11,000,000	8,319,185	(2,680,815)
Off Highway Vehicle In Lieu of Tax	4,000	—	4,000	9,235	5,235
Trailer Coach Fees	—	—	—	86,912	86,912
Public Safety Augmentation	885,000	—	885,000	1,030,169	145,169
AB 1191	75,000	—	75,000	(136,133)	(211,133)
<b>Total State Shared Revenues</b>	<b>12,314,000</b>	<b>—</b>	<b>12,314,000</b>	<b>9,551,183</b>	<b>(2,762,817)</b>
<b>Local Shared Revenue</b>					
Infrastructure Use Revenues	1,809,146	—	1,809,146	1,809,146	—
Indirect Cost Reimbursements	4,154,253	—	4,154,253	4,464,642	310,389
<b>Total Local Shared Revenues</b>	<b>5,963,399</b>	<b>—</b>	<b>5,963,399</b>	<b>6,273,788</b>	<b>310,389</b>
<b>Total Intergovernmental</b>	<b>18,277,399</b>	<b>—</b>	<b>18,277,399</b>	<b>15,824,971</b>	<b>(2,452,428)</b>

Continued -

## City of Oxnard, California

### General Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance

#### Budget and Actual on a Budgetary Basis (Continued)

For Fiscal Year Ended June 30, 2004

(Unaudited)

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Charges for Services:</b>					
General Government	150,430	—	150,430	260,559	110,129
Public Safety	1,075,332	700,000	1,775,332	2,337,397	562,065
Parks and Recreation	973,713	10,000	983,713	675,340	(308,373)
Community Development	1,760,180	210,882	1,971,062	2,318,650	347,588
Other Current Service Charges	752,800	300,000	1,052,800	1,207,274	154,474
Tipping Fees	110,000	—	110,000	110,000	—
Miscellaneous Service Charges	139,150	302,000	441,150	470,510	29,360
Services to Other Programs	3,204,980	271,000	3,475,980	3,531,209	55,229
<b>Total Charges for Services</b>	<b>8,166,585</b>	<b>1,793,882</b>	<b>9,960,467</b>	<b>10,910,939</b>	<b>950,472</b>
<b>Fines and Forfeitures:</b>					
Parking Fines	276,500	—	276,500	643,934	367,434
<b>Total Fines and Forfeitures</b>	<b>276,500</b>	<b>—</b>	<b>276,500</b>	<b>643,934</b>	<b>367,434</b>
<b>Interest</b>	<b>2,384,986</b>	<b>41,250</b>	<b>2,426,236</b>	<b>2,457,348</b>	<b>31,112</b>
<b>Miscellaneous:</b>					
Rent and Royalties	20,700	—	20,700	15,562	(5,138)
Reimbursements	203,600	—	203,600	800,799	597,199
Contributions and Donations	30,482	—	30,482	29,409	(1,073)
Payments on Loans	—	—	—	195,699	195,699
Other	446,431	(2,316)	444,115	710,194	266,079
Special Assessments - Other	70,570	—	70,570	72,767	2,197
Sale of Fixed Assets					
Sale of Vehicle/Equipment	60,000	—	60,000	858,643	798,643
Sale of Unclaimed Property	7,000	—	7,000	14,578	7,578
Total Sale of Fixed Assets	67,000	—	67,000	873,221	806,221
Contingency Reserve	3,552,660	(814,882)	2,737,778	—	(2,737,778)
<b>Total Miscellaneous</b>	<b>4,391,443</b>	<b>(817,198)</b>	<b>3,574,245</b>	<b>2,697,651</b>	<b>(876,594)</b>
<b>Total Operating Revenues</b>	<b>84,012,556</b>	<b>1,327,934</b>	<b>85,340,490</b>	<b>86,413,527</b>	<b>1,073,037</b>
<b>Other Financing Source:</b>					
Operating Transfers-In	—	—	—	—	—
<b>Total Revenues</b>	<b>84,012,556</b>	<b>1,327,934</b>	<b>85,340,490</b>	<b>86,413,527</b>	<b>1,073,037</b>

## City of Oxnard, California

### General Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance

#### Budget and Actual on a Budgetary Basis (Continued)

For Fiscal Year Ended June 30, 2004

(Unaudited)

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Expenditures</b>					
<b>General Government:</b>					
<b>Legislative</b>					
City Council	235,644	1,123	236,767	230,986	5,781
City Treasurer	473,351	15,083	488,434	492,023	(3,589)
City Clerk	347,428	15,372	362,800	356,583	6,217
<b>Total Legislative</b>	<b>1,056,423</b>	<b>31,578</b>	<b>1,088,001</b>	<b>1,079,592</b>	<b>8,409</b>
<b>Administrative and Support Services</b>					
City Manager	1,084,209	16,599	1,100,808	1,053,812	46,996
City Attorney	1,255,733	287,255	1,542,988	1,490,481	52,507
Financial Services	3,435,628	73,772	3,509,400	3,370,737	138,663
Human Resources	840,203	23,512	863,715	843,628	20,087
Non-Departmental	14,298,627	(1,223,493)	13,075,134	11,389,304	1,685,830
Amount Reclassified as Transfers Out	(4,807,377)	(1,554,276)	(6,361,653)	(6,099,071)	(262,582)
Amount Reclassified as Transfer to COFA	(2,271,739)	—	(2,271,739)	(1,910,695)	(361,044)
Amount Estimated for CDC Loans	(1,030,560)	(750,000)	(1,780,560)	(1,030,560)	(750,000)
<b>Sub-Total</b>	<b>6,188,951</b>	<b>(3,527,769)</b>	<b>2,661,182</b>	<b>2,348,978</b>	<b>312,204</b>
<b>Total Administrative and Support Services</b>	<b>12,804,724</b>	<b>(3,126,631)</b>	<b>9,678,093</b>	<b>9,107,636</b>	<b>570,457</b>
Other	999,115	—	999,115	984,792	14,323
<b>Total General Government</b>	<b>14,860,262</b>	<b>(3,095,053)</b>	<b>11,765,209</b>	<b>11,172,020</b>	<b>593,189</b>
<b>Public Safety:</b>					
Police	31,605,686	3,309,123	34,914,809	34,551,323	363,486
Fire	9,223,068	656,776	9,879,844	11,099,172	(1,219,328)
Street Lighting - SCE	1,186,393	580	1,186,973	937,687	249,286
<b>Total Public Safety</b>	<b>42,015,147</b>	<b>3,966,479</b>	<b>45,981,626</b>	<b>46,588,182</b>	<b>(606,556)</b>

Continued -

## City of Oxnard, California

### General Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance

#### Budget and Actual on a Budgetary Basis (Continued)

For Fiscal Year Ended June 30, 2004

(Unaudited)

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Transportation:</b>					
Transportation Planning and Engineering	1,287,307	258,663	1,545,970	1,485,510	60,460
<b>Total Transportation</b>	<b>1,287,307</b>	<b>258,663</b>	<b>1,545,970</b>	<b>1,485,510</b>	<b>60,460</b>
<b>Community Development:</b>					
Engineering Services - Design	862,034	23,295	885,329	910,993	(25,664)
Public Service Administration	303,305	13,289	316,594	318,277	(1,683)
Planning and Environmental Services	1,216,935	481,331	1,698,266	1,382,655	315,611
Economic Development and Tourism Service	505,993	13,360	519,353	519,353	—
Development and Construction Services	2,602,014	137,661	2,739,675	2,798,331	(58,656)
Development Support/Public Projects	369,815	12,979	382,794	306,116	76,678
Housing Services	186,798	10,096	196,894	157,256	39,638
Neighborhood Services	185,969	54,359	240,328	252,193	(11,865)
Human Services	2,134,901	139,971	2,274,872	1,710,451	564,421
<b>Total Community Development</b>	<b>8,367,764</b>	<b>886,341</b>	<b>9,254,105</b>	<b>8,355,625</b>	<b>898,480</b>
<b>Culture and Leisure:</b>					
Recreation Services	1,711,787	148,174	1,859,961	1,919,953	(59,992)
Carnegie Art Museum	321,512	4,385	325,897	326,334	(437)
Parks and Public Grounds	5,169,242	173,803	5,343,045	6,462,038	(1,118,993)
<b>Total Culture and Leisure</b>	<b>7,202,541</b>	<b>326,362</b>	<b>7,528,903</b>	<b>8,708,325</b>	<b>(1,179,422)</b>
<b>Library Services:</b>					
Library Services	3,302,906	163,965	3,466,871	3,420,132	46,739
<b>Total Library Services</b>	<b>3,302,906</b>	<b>163,965</b>	<b>3,466,871</b>	<b>3,420,132</b>	<b>46,739</b>

Continued -

## City of Oxnard, California

### General Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance

#### Budget and Actual on a Budgetary Basis (Continued)

For Fiscal Year Ended June 30, 2004

(Unaudited)

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Capital Outlay:</b>					
<b>General Government</b>					
Legislative	7,000	8,300	15,300	8,763	6,537
Administration and Support Services	57,652	29,680	87,332	25,803	61,529
<b>Public Safety</b>					
Police	318,558	16,378	334,936	778,515	(443,579)
Fire	140,509	(25,000)	115,509	65,786	49,723
<b>Transportation</b>	41,657	108,500	150,157	122,711	27,446
<b>Community Development</b>					
Engineering Services - Design	—	—	—	2,671	(2,671)
Planning and Environmental Services	—	—	—	5,665	(5,665)
Development and Construction Services	40,000	90,000	130,000	96,766	33,234
Development Support/Public Projects	4,557	—	4,557	—	4,557
Neighborhood Services	5,000	—	5,000	—	5,000
<b>Culture and Leisure</b>					
Recreation Services	—	40,000	40,000	5,168	34,832
Parks and Public Grounds	171,365	50,000	221,365	142,750	78,615
<b>Library Services</b>	13,330	64,810	78,140	77,103	1,037
<b>Savings Carryover</b>	—	371,470	371,470	19,329	352,141
<b>Total Capital Outlay</b>	<b>799,628</b>	<b>754,138</b>	<b>1,553,766</b>	<b>1,351,030</b>	<b>202,736</b>
<b>Total Operating Expenditures</b>	<b>77,835,555</b>	<b>3,260,895</b>	<b>81,096,450</b>	<b>81,080,824</b>	<b>15,626</b>
<b>Other Financing Uses - Transfers Out:</b>					
Capital Outlay Fund	1,557,782	685,509	2,243,291	2,236,791	6,500
Reserve for Salary Adjustments	1,062,000	(1,061,177)	823	—	823
City of Oxnard Financing Authority	2,271,739	—	2,271,739	1,975,668	296,071
Public Safety Trust Fund	842,746	—	842,746	—	842,746
Golf Course Fund	550,000	—	550,000	550,000	—
PACC Operating Fund	794,849	143,944	938,793	938,793	—
Internal Service Fund	—	1,486,000	1,486,000	486,000	1,000,000
<b>Total Transfers Out</b>	<b>7,079,116</b>	<b>1,254,276</b>	<b>8,333,392</b>	<b>6,187,252</b>	<b>2,146,140</b>
<b>Total Expenditures</b>	<b>84,914,671</b>	<b>4,515,171</b>	<b>89,429,842</b>	<b>87,268,076</b>	<b>2,161,766</b>
Excess (deficiency) of Revenues Over Expenditures and Other Uses	(902,115)	(3,187,237)	(4,089,352)	(854,549)	3,234,803
<b>Fund Balance, July 1</b>	<b>26,631,705</b>	<b>(3,142,629)</b>	<b>23,489,076</b>	<b>28,100,890</b>	<b>4,611,814</b>
<b>Fund Balance, June 30</b>	<b>\$ 25,729,590</b>	<b>\$ (6,329,866)</b>	<b>\$ 19,399,724</b>	<b>27,246,341</b>	<b>\$ 7,846,617</b>
Adjustments to GAAP Basis: Encumbrances				340,453	
<b>Fund Balance, GAAP Basis - June 30</b>				<b>\$ 27,586,794</b>	

## 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, 2004

(Unaudited)

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>DEVELOPMENT FEES FUND</b>					
<b>Revenues:</b>					
Growth and Development Fees	\$10,946,648	\$ —	\$10,946,648	\$ 8,937,135	\$ (2,009,513)
Charges for Services	—	—	—	1,092,260	1,092,260
Miscellaneous	601,421	—	601,421	119,957	(481,464)
<b>Total Revenues</b>	<b>11,548,069</b>	<b>—</b>	<b>11,548,069</b>	<b>10,149,352</b>	<b>(1,398,717)</b>
<b>Expenditures</b>					
Community Development	1,937,407	844,030	2,781,437	342,181	2,439,256
Public Safety	—	—	—	480,103	(480,103)
Capital Outlay	6,799,841	14,455,638	21,255,479	4,640,903	16,614,576
<b>Total Expenditures</b>	<b>8,737,248</b>	<b>15,299,668</b>	<b>24,036,916</b>	<b>5,463,187</b>	<b>18,573,729</b>
Excess (Deficiency) of Revenues over (under) Expenditures	2,810,821	(15,299,668)	(12,488,847)	4,686,165	17,175,012
<b>Other Financing Sources (Uses):</b>					
Transfers In	46,500	1,200,000	1,246,500	1,246,500	—
Transfers Out	(429,200)	(1,288,879)	(1,718,079)	(1,706,993)	(11,086)
<b>Total Other Financing Sources (Uses):</b>	<b>(382,700)</b>	<b>(88,879)</b>	<b>(471,579)</b>	<b>(460,493)</b>	<b>(11,086)</b>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	2,428,121	(15,388,547)	(12,960,426)	4,225,672	17,186,098
<b>Fund Balance, July 1</b>	<b>28,366,269</b>	<b>(34,442,088)</b>	<b>(6,075,819)</b>	<b>32,043,122</b>	<b>38,118,941</b>
<b>Fund Balance, June 30</b>	<b>\$30,794,390</b>	<b>\$ (49,830,635)</b>	<b>\$19,036,245)</b>	<b>\$ 36,268,794</b>	<b>\$ 55,305,039</b>

*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, 2004*

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>HUD &amp; CDBG GRANTS FUND</b>					
<b>Revenues:</b>					
Intergovernmental	\$ 4,685,508	\$ —	\$ 4,685,508	\$ 5,893,824	\$ 1,208,316
Miscellaneous	—	—	—	—	—
<b>Total Revenues</b>	<b>4,685,508</b>	<b>—</b>	<b>4,685,508</b>	<b>5,893,824</b>	<b>1,208,316</b>
<b>Expenditures:</b>					
General Government	236,870	—	236,870	272,193	(35,323)
Community Development	2,303,938	552,613	2,856,551	3,150,772	(294,221)
Culture and Leisure	130,860	357,325	488,185	331,390	156,795
Public Safety	220,000	—	220,000	193,957	26,043
Transportation	488,950	67,842	556,792	—	556,792
Capital Outlay	1,304,890	1,633,286	2,938,176	1,945,512	992,664
<b>Total Expenditures</b>	<b>4,685,508</b>	<b>2,611,066</b>	<b>7,296,574</b>	<b>5,893,824</b>	<b>1,402,750</b>
Excess (Deficiency) of Revenues over Expenditures	—	(2,611,066)	(2,611,066)	—	(2,611,066)
<b>Fund Balance, July 1</b>	<b>718,628</b>	<b>(11,313,036)</b>	<b>(10,594,408)</b>	<b>—</b>	<b>(10,594,408)</b>
<b>Fund Balance (Deficit), June 30</b>	<b>\$ 718,628</b>	<b>\$ (13,924,102)</b>	<b>\$ (13,205,474)</b>	<b>\$ —</b>	<b>\$ (13,205,474)</b>

*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, 2004*

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>STATE AND FEDERAL GRANTS FUND</b>					
<b>Revenues:</b>					
Taxes	\$ 5,565,140	\$ —	\$ 5,565,140	\$ 8,325,352	\$ 2,760,212
Intergovernmental	4,685,508	3,536,301	8,221,809	12,782,412	4,560,603
Interest	—	3,995	3,995	187,060	183,065
Miscellaneous	—	—	—	49,121	49,121
<b>Total Revenues</b>	<b>10,250,648</b>	<b>3,540,296</b>	<b>13,790,944</b>	<b>21,343,945</b>	<b>7,553,001</b>
<b>Expenditures:</b>					
Community Development	3,618,996	(1,890,510)	1,728,486	552,556	1,175,930
Culture and Leisure	—	176,017	176,017	373,479	(197,462)
Public Safety	—	7,847,392	7,847,392	8,384,518	(537,126)
Transportation	—	925,309	925,309	165,886	759,423
Capital Outlay	174,000	11,509,217	11,683,217	8,096,190	3,587,027
<b>Total Expenditures</b>	<b>3,792,996</b>	<b>18,567,425</b>	<b>22,360,421</b>	<b>17,572,629</b>	<b>4,787,792</b>
Excess (Deficiency) of Revenues Over Expenditures	6,457,652	(15,027,129)	(8,569,477)	3,771,316	12,340,793
<b>Other Financing Uses:</b>					
Transfers Out	—	—	—	—	—
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<b>6,457,652</b>	<b>(15,027,129)</b>	<b>(8,569,477)</b>	<b>3,771,316</b>	<b>12,340,793</b>
<b>Fund Balance, July 1</b>	<b>(16,530)</b>	<b>(3,162,262)</b>	<b>(3,178,792)</b>	<b>8,508,380</b>	<b>11,687,172</b>
<b>Fund Balance, June 30</b>	<b>\$ 6,441,122</b>	<b>\$ (18,189,391)</b>	<b>\$ (11,748,269)</b>	<b>\$ 12,279,696</b>	<b>\$ 24,027,965</b>

Continued -

*Trend Information - Pension Plan*  
*June 30, 2003*  
*(Unaudited)*

**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)**

	<b>Actuarial Valuation Date</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
Police	06/30/02	3,004,017	100%	—
	06/30/03	3,666,407	100%	—
	06/30/04	4,681,429	100%	—
Fire	06/30/02	526,308	100%	—
	06/30/03	733,272	100%	—
	06/30/04	1,179,214	100%	—
Miscellaneous	06/30/02	2,482,732	100%	—
	06/30/03	2,732,732	100%	—
	06/30/04	2,890,761	100%	—

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Asset Value</b>	<b>Entry Age Actuarial Accrued Liability</b>	<b>Unfunded/(Overfunded) Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Payroll</b>
<b>Police</b>						
06/30/01	\$ 108,946	\$ 106,034	\$ (2,912)	102.7%	13,635	(21.4)%
06/30/02	102,851	115,644	12,793	88.9%	13,757	93.0%
06/30/03	105,659	125,298	19,639	84.3%	14,783	132.8%
<b>Fire</b>						
06/30/01	68,373	64,109	(4,264)	106.7%	5,574	(76.5)%
06/30/02	63,571	67,338	3,767	94.4%	5,856	64.3%
06/30/03	64,059	69,876	5,817	91.7%	6,596	88.2%
<b>Miscellaneous</b>						
06/30/01	179,046	141,750	(37,296)	126.3%	34,200	(109.1)%
06/30/02	166,837	158,442	(8,395)	105.3%	38,080	(22.0)%
06/30/03	166,713	183,219	16,506	91.0%	41,622	39.7%

## 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.

# City of Oxnard, California

## Internal Service Funds Combining Statement of Net Assets June 30, 2004

	Workers' Compensation	Public Liability/Property Damage	Utility Customer Services	Information Services	Facilities Maintenance	Equipment Maintenance	Total
<b>Assets</b>							
<b>Current Assets:</b>							
Cash and Cash Equivalents	\$ 3,726,816	\$ 6,318,574	\$ 620,509	\$ 1,440,223	\$ 709,109	\$ 371,162	\$ 13,186,393
Investments with Fiscal Agents	—	—	—	—	—	—	—
Accounts and Other Receivables	145,623	800	—	2,226	19,410	—	168,059
<b>Capital Assets:</b>							
Property, Plant and Equipment	47,580	3,793	40,568	729,556	496,855	474,546	1,792,898
Less: Accumulated Depreciation	(22,565)	(3,793)	(34,757)	(460,658)	(274,689)	(363,999)	(1,160,461)
Net Capital Assets	25,015	—	5,811	268,898	222,166	110,547	632,437
<b>Total Assets</b>	<b>3,897,454</b>	<b>6,319,374</b>	<b>626,320</b>	<b>1,711,347</b>	<b>950,685</b>	<b>481,709</b>	<b>13,986,889</b>
<b>Liabilities</b>							
<b>Current Liabilities:</b>							
Accounts Payable	74,839	28,603	35,524	115,360	48,893	226,308	529,527
Other Liabilities	—	—	—	—	49,915	—	49,915
<b>Non-current Liabilities:</b>							
Self-Insurance Claims Liabilities	10,290,798	2,772,917	—	—	—	—	13,063,715
Compensated Absences	28,295	—	85,005	116,854	204,059	166,849	601,062
<b>Total Liabilities</b>	<b>10,393,932</b>	<b>2,801,520</b>	<b>120,529</b>	<b>232,214</b>	<b>302,867</b>	<b>393,157</b>	<b>14,244,219</b>
<b>Net Assets</b>							
Invested in Capital Assets, Net of Related Debt	45,948	1,054	22,431	268,898	324,792	189,309	852,432
Restricted	—	—	—	—	—	—	—
Unrestricted	(6,542,427)	3,516,800	483,360	1,210,235	323,026	(100,757)	(1,109,763)
<b>Total Net Assets (Liabilities)</b>	<b>\$ (6,496,479)</b>	<b>\$ 3,517,854</b>	<b>\$ 505,791</b>	<b>\$ 1,479,133</b>	<b>\$ 647,818</b>	<b>\$ 88,552</b>	<b>\$ (257,331)</b>

## City of Oxnard, California

### Internal Service Funds

### Combining Statement of Revenues, Expenditures, and Changes in Net Assets

June 30, 2004

	Workers' Compensation	Public Liability/Property Damage	Utility Customer Services	Information Services	Facilities Maintenance	Equipment Maintenance	Total
<b>Operating Revenues:</b>							
Charges for Services	\$ 6,872,740	\$ 3,376,516	\$ 1,003,211	\$ 2,814,714	\$ 2,455,613	\$ 4,859,716	\$ 21,382,510
<b>Operating Expenses:</b>							
Salaries and Wages	198,625	39,030	456,143	1,226,610	1,357,718	1,611,626	4,889,752
Contractual Services	485,587	180,537	3,688	110,255	72,995	920	853,982
Operating Supplies	4,738	—	229,459	177,528	242,740	2,141,670	2,796,135
Utilities	4,059	4,026	8,021	771,529	406,959	12,726	1,207,320
Depreciation and Amortization	10,385	—	8,211	198,074	65,021	36,364	318,055
General and Administrative	407,480	129,837	312,748	349,491	63,382	63,755	1,326,693
Repairs and Maintenance	17,199	—	18,868	187,395	80,495	700,475	1,004,432
Claims Expenses	6,156,456	301,448	—	—	—	—	6,457,904
<b>Total Operating Expenses</b>	<b>7,284,529</b>	<b>654,878</b>	<b>1,037,138</b>	<b>3,020,882</b>	<b>2,289,310</b>	<b>4,567,536</b>	<b>18,854,273</b>
Net Operating Income (Loss)	(411,789)	2,721,638	(33,927)	(206,168)	166,303	292,180	2,528,237
<b>Nonoperating Revenues (Expenses):</b>							
Interest Income	72,561	128,703	13,549	47,848	22,581	5,258	290,500
Interest (Expense)	—	(98,066)	—	—	—	—	(98,066)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>72,561</b>	<b>30,637</b>	<b>13,549</b>	<b>47,848</b>	<b>22,581</b>	<b>5,258</b>	<b>192,434</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(339,228)</b>	<b>2,752,275</b>	<b>(20,378)</b>	<b>(158,320)</b>	<b>188,884</b>	<b>297,438</b>	<b>2,720,671</b>
Transfers In	—	—	—	486,000	—	—	486,000
Transfers Out	—	—	—	(175,659)	(20,555)	—	(196,214)
Net Transfers	—	—	—	310,341	(20,555)	—	289,786
Change In Net Assets	(339,228)	2,752,275	(20,378)	152,021	168,329	297,438	3,010,457
<b>Net Assets (Liabilities) - July 1</b>	<b>(6,157,251)</b>	<b>765,579</b>	<b>526,169</b>	<b>1,327,112</b>	<b>479,489</b>	<b>(208,886)</b>	<b>(3,267,788)</b>
<b>Net Assets (Liabilities) - June 30</b>	<b>\$ (6,496,479)</b>	<b>\$ 3,517,854</b>	<b>\$ 505,791</b>	<b>\$ 1,479,133</b>	<b>\$ 647,818</b>	<b>\$ 88,552</b>	<b>\$ (257,331)</b>

# City of Oxnard, California

## Internal Service Funds Combining Statement of Cash Flows June 30, 2004

	Workers' Compensation	Public Liability/Property Damage	Utility Customer Services	Information Services	Facilities Maintenance	Equipment Maintenance	Total
<b>Cash Flows from Operating Activities:</b>							
Receipts from customers	\$ 6,872,740	\$ 3,376,502	\$ 1,003,211	\$ 2,811,048	\$ 2,455,613	\$ 4,859,716	\$ 21,378,830
Payments to suppliers	(943,175)	(311,865)	(576,494)	(1,635,949)	(827,396)	(3,002,382)	(7,297,261)
Payments to employees	(198,625)	(39,030)	(456,143)	(1,226,610)	(1,357,718)	(1,611,626)	(4,889,752)
Claims paid	(4,489,599)	(2,912,977)	—	—	—	—	(7,402,576)
Cash Flows from Operating Activities	1,241,341	112,630	(29,426)	(51,511)	270,499	245,708	1,789,241
<b>Cash Flows from Noncapital Financing Activities:</b>							
Interfund Payments	—	—	—	—	—	—	—
Transfers in	—	—	—	486,000	—	—	486,000
Transfers out	—	—	—	(175,659)	(20,555)	—	(196,214)
Cash Flows from Noncapital Financing Activities	—	—	—	310,341	(20,555)	—	289,786
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Acquisition of capital assets	—	—	—	(243,341)	(84,746)	(73,202)	(401,289)
Proceeds from long-term debt	—	—	—	—	—	—	—
Principal payments on capital debt	—	—	—	—	—	—	—
Interest paid on capital debt	—	(98,066)	—	—	—	—	(98,066)
Cash Flows from Capital and Related Financing Activities	—	(98,066)	—	(243,341)	(84,746)	(73,202)	(499,355)
<b>Cash Flows from Investing Activities:</b>							
Interest	72,561	128,703	13,549	47,848	22,581	5,258	290,500
Cash Flows from Investing Activities	72,561	128,703	13,549	47,848	22,581	5,258	290,500
Net Cash Flows	1,313,902	143,267	(15,877)	63,337	187,779	177,764	1,870,172
Cash and investments at beginning of period	2,412,914	6,175,307	636,386	1,376,886	521,330	193,398	11,316,221
Cash and investments at end of period	\$ 3,726,816	\$ 6,318,574	\$ 620,509	\$ 1,440,223	\$ 709,109	\$ 371,162	\$ 13,186,393
Reconciliation of operating income (loss) to net cash flows from operating activities:							
Operating income (loss)	\$ (411,789)	\$ 2,721,638	\$ (33,927)	\$ (206,168)	\$ 166,303	\$ 292,180	\$ 2,528,237
Adjustments to reconcile operating income to net cash flows from operating activities:							
Depreciation	10,385	—	8,211	198,074	65,021	36,364	318,055
Change in assets and liabilities:							
Decrease (Increase) in Accounts Receivable	—	14	—	(3,666)	(19,060)	—	(22,712)
Increase (Decrease) in Accounts Payable	(24,319)	2,535	(3,710)	(39,751)	58,235	(82,836)	(89,846)
Increase (Decrease) in Other Liabilities	—	—	—	—	—	—	—
Increase (Decrease) in Self-insured Claims Liabilities	1,666,857	(2,611,529)	—	—	—	—	(944,672)
Increase (Decrease) in Compensated Absences	207	(28)	—	—	—	—	179
<b>Cash Flows from Operating Activities</b>	<b>\$ 1,241,341</b>	<b>\$ 112,630</b>	<b>\$ (29,426)</b>	<b>\$ (51,511)</b>	<b>\$ 270,499</b>	<b>\$ 245,708</b>	<b>\$ 1,789,241</b>

## **FIDUCIARY FUNDS**

## City of Oxnard, California

### Fiduciary Funds Statement of Changes in Fiduciary Net Assets June 30, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<b>ARTWORKS FUND</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 47,934	\$ 1,678	\$ —	\$ 49,612
<b>Total Assets</b>	<b>\$ 47,934</b>	<b>\$ 1,678</b>	<b>\$ —</b>	<b>\$ 49,612</b>
<b>Liabilities:</b>				
Trust and Agency Payables	\$ 47,934	\$ 1,678	\$ —	\$ 49,612
<b>Total Liabilities</b>	<b>\$ 47,934</b>	<b>\$ 1,678</b>	<b>\$ —</b>	<b>\$ 49,612</b>
<b>IMPROVEMENT DISTRICTS FUND</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 12,470,807	\$ 23,901,573	\$ 23,680,463	\$ 12,691,917
Investments with Fiscal Agents	37,649,738	22,109,607	29,635,438	30,123,907
<b>Total Assets</b>	<b>\$ 50,120,545</b>	<b>\$ 46,011,180</b>	<b>\$ 53,315,901</b>	<b>\$ 42,815,824</b>
<b>Liabilities:</b>				
Trust and Agency Payables	\$ 50,120,545	\$ 46,011,180	\$ 53,315,901	\$ 42,815,824
<b>Total Liabilities</b>	<b>\$ 50,120,545</b>	<b>\$ 46,011,180</b>	<b>\$ 53,315,901</b>	<b>\$ 42,815,824</b>
<b>TOTAL - ALL FIDUCIARY FUNDS</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 12,518,741	\$ 23,903,251	\$ 23,680,463	\$ 12,741,529
Investments with Fiscal Agents	37,649,738	22,109,607	29,635,438	30,123,907
<b>Total Assets</b>	<b>\$ 50,168,479</b>	<b>\$ 46,012,858</b>	<b>\$ 53,315,901</b>	<b>\$ 42,865,436</b>
<b>Liabilities:</b>				
Trust and Agency Payables	\$ 50,168,479	\$ 46,012,858	\$ 53,315,901	\$ 42,865,436
<b>Total Liabilities</b>	<b>\$ 50,168,479</b>	<b>\$ 46,012,858</b>	<b>\$ 53,315,901</b>	<b>\$ 42,865,436</b>

## **NON-MAJOR FUNDS**

## City of Oxnard, California

### Governmental Non-Major Funds Combining Balance Sheet Year Ended June 30, 2004

	State Gas Tax Fund	Traffic Safety Fund	Transportation Development Fund	Maintenance Assessment Districts Fund	Total
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 2,129,003	\$ (491,853)	\$ 3,218,183	\$ 2,843,208	\$ 7,698,541
Accounts and Other Receivables	—	—	—	2,217	2,217
<b>Total Assets</b>	<b>\$ 2,129,003</b>	<b>\$ (491,853)</b>	<b>\$ 3,218,183</b>	<b>\$ 2,845,425</b>	<b>\$ 7,700,758</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 43,066	\$ —	\$ 149,143	\$ 131,460	\$ 323,669
Other Liabilities	62,485	19,599	3,581	9,249	94,914
Due To Other Funds	—	—	—	—	—
<b>Total Liabilities</b>	<b>105,551</b>	<b>19,599</b>	<b>152,724</b>	<b>140,709</b>	<b>418,583</b>
<b>Fund Balances:</b>					
Designated for Authorized Projects	2,635,106	—	2,057,761	—	4,692,867
Undesignated	(611,654)	(511,452)	1,007,698	2,704,716	2,589,308
<b>Total Fund Balances</b>	<b>2,023,452</b>	<b>(511,452)</b>	<b>3,065,459</b>	<b>2,704,716</b>	<b>7,282,175</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,129,003</b>	<b>\$ (491,853)</b>	<b>\$ 3,218,183</b>	<b>\$ 2,845,425</b>	<b>\$ 7,700,758</b>

## City of Oxnard, California

### Governmental Non-Major Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended June 30, 2004

	State Gas Tax Fund	Traffic Safety Fund	Transportation Development Fund	Maintenance Assessment Districts Fund	Total
<b>Revenues:</b>					
Intergovernmental	\$ 3,429,749	\$ —	\$ 2,821,935	\$ —	\$ 6,251,684
Charges for Services	—	—	—	—	—
Fines and Forfeitures	—	505,401	—	—	505,401
Interest	84,470	—	46,303	100,160	230,933
Special Assessments	—	—	—	2,089,097	2,089,097
Miscellaneous	467,702	14,275	190,038	—	672,015
<b>Total Revenues</b>	<b>3,981,921</b>	<b>519,676</b>	<b>3,058,276</b>	<b>2,189,257</b>	<b>9,749,130</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Safety	—	209,830	—	—	209,830
Transportation	3,230,410	538,165	482,529	—	4,251,104
Community Development	—	—	—	1,732,027	1,732,027
Capital Outlay	1,352,964	50,000	1,524,110	—	2,927,074
<b>Total Expenditures</b>	<b>4,583,374</b>	<b>797,995</b>	<b>2,006,639</b>	<b>1,732,027</b>	<b>9,120,035</b>
Excess (Deficiency) of Revenues Over Expenditures	(601,453)	(278,319)	1,051,637	457,230	629,095
<b>Fund Balances, July 1</b>	<b>2,624,905</b>	<b>(233,133)</b>	<b>2,013,822</b>	<b>2,247,486</b>	<b>6,653,080</b>
<b>Fund Balances, June 30</b>	<b>\$ 2,023,452</b>	<b>\$ (511,452)</b>	<b>\$ 3,065,459</b>	<b>\$ 2,704,716</b>	<b>\$ 7,282,175</b>

# City of Oxnard, California

Non-Major Special Revenue Funds  
Combining Statements of Revenues, Expenditures and Changes in Fund Balances (continued)  
Budget and Actual on a Budgetary Basis  
Fiscal Year Ended June 30, 2004

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>STATE GAS TAX FUND</b>					
<b>Revenues:</b>					
Intergovernmental	\$ 3,560,500	\$ —	\$ 3,560,500	\$ 3,429,749	\$ (130,751)
Interest	100,500	—	100,500	84,470	(16,030)
Miscellaneous	249,000	—	249,000	467,702	218,702
<b>Total Revenues</b>	<b>3,910,000</b>	<b>—</b>	<b>3,910,000</b>	<b>3,981,921</b>	<b>71,921</b>
<b>Expenditures:</b>					
Transportation	3,119,334	1,255,327	4,374,661	3,230,410	1,144,251
Capital Outlay	152,500	2,723,380	2,875,880	1,352,964	1,522,916
<b>Total Expenditures</b>	<b>3,271,834</b>	<b>3,978,707</b>	<b>7,250,541</b>	<b>4,583,374</b>	<b>2,667,167</b>
Excess (Deficiency) of Revenues over Expenditures	638,166	(3,978,707)	(3,340,541)	(601,453)	2,739,088
<b>Other Financing Sources (Uses):</b>					
Operating Transfers Out	(1,000,000)	1,000,000	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>(1,000,000)</b>	<b>1,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(361,834)	(2,978,707)	(3,340,541)	(601,453)	2,739,088
<b>Fund Balance, July 1</b>	<b>2,703,287</b>	<b>(5,621,254)</b>	<b>(2,917,967)</b>	<b>2,624,905</b>	<b>5,542,872</b>
<b>Fund Balance (Deficit), June 30</b>	<b>\$ 2,341,453</b>	<b>\$ (8,599,961)</b>	<b>\$ (6,258,508)</b>	<b>\$ 2,023,452</b>	<b>\$ 8,281,960</b>

Continued -

# City of Oxnard, California

Non-Major Special Revenue Funds  
Combining Statements of Revenues, Expenditures and Changes in Fund Balances (continued)  
Budget and Actual on a Budgetary Basis  
Fiscal Year Ended June 30, 2004

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>TRAFFIC SAFETY FUND</b>					
<b>Revenues:</b>					
Fines and Forfeitures	\$ 825,352	\$ —	\$ 825,352	\$ 505,401	\$ (319,951)
Interest	—	—	—	14,275	14,275
<b>Total Revenues</b>	<b>825,352</b>	<b>—</b>	<b>825,352</b>	<b>519,676</b>	<b>(305,676)</b>
<b>Expenditures:</b>					
Public Safety	—	—	—	209,830	(209,830)
Transportation	825,352	—	825,352	538,165	287,187
Capital Outlay	—	50,000	50,000	50,000	—
<b>Total Expenditures</b>	<b>825,352</b>	<b>50,000</b>	<b>875,352</b>	<b>797,995</b>	<b>77,357</b>
Excess (Deficiency) of Revenues and Expenditures	—	(50,000)	(50,000)	(278,319)	(228,319)
<b>Other Financing Sources (Uses):</b>					
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	—	(50,000)	(50,000)	(278,319)	(228,319)
<b>Fund Balance, July 1</b>	<b>708,944</b>	<b>(605,845)</b>	<b>103,099</b>	<b>(233,133)</b>	<b>(336,232)</b>
<b>Fund Balance (Deficit), June 30</b>	<b>\$ 708,944</b>	<b>\$ (655,845)</b>	<b>\$ 53,099</b>	<b>\$ (511,452)</b>	<b>\$ (564,551)</b>

Continued -

## City of Oxnard, California

*Non-Major Special Revenue Funds*  
*Combining Statements of Revenues, Expenditures and Changes in Fund Balances (continued)*  
*Budget and Actual on a Budgetary Basis*  
*Fiscal Year Ended June 30, 2004*

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>TRANSPORTATION DEVELOPMENT FUND</b>					
<b>Revenues:</b>					
Intergovernmental	\$ 2,250,000	\$ 1,264,048	\$ 3,514,048	\$ 2,821,935	\$ (692,113)
Charges for Services	161,000	—	161,000	190,038	29,038
Miscellaneous	7,394	—	7,394	46,303	38,909
<b>Total Revenues</b>	<b>2,418,394</b>	<b>1,264,048</b>	<b>3,682,442</b>	<b>3,058,276</b>	<b>(624,166)</b>
<b>Expenditures:</b>					
Transportation	503,324	1,841,122	2,344,446	482,529	1,861,917
Capital Outlay	149,000	1,543,323	1,692,323	1,524,110	168,213
<b>Total Expenditures</b>	<b>652,324</b>	<b>3,384,445</b>	<b>4,036,769</b>	<b>2,006,639</b>	<b>2,030,130</b>
Excess (Deficiency) of Revenues over Expenditures	1,766,070	(2,120,397)	(354,327)	1,051,637	1,405,964
<b>Other Financing Uses:</b>					
Operating Transfers out	(1,000,000)	968,074	(31,926)	—	(31,926)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,000,000)</b>	<b>968,074</b>	<b>(31,926)</b>	<b>—</b>	<b>(31,926)</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	766,070	(1,152,323)	(386,253)	1,051,637	1,437,890
<b>Fund Balance, July 1</b>	<b>2,979,643</b>	<b>(8,099,150)</b>	<b>(5,119,507)</b>	<b>2,013,822</b>	<b>7,133,329</b>
<b>Fund Balance, June 30</b>	<b>\$ 3,745,713</b>	<b>\$ (9,251,473)</b>	<b>\$ (5,505,760)</b>	<b>\$ 3,065,459</b>	<b>\$ 8,571,219</b>

Continued -

# City of Oxnard, California

Non-Major Special Revenue Funds  
Combining Statements of Revenues, Expenditures and Changes in Fund Balances (continued)  
Budget and Actual on a Budgetary Basis  
Fiscal Year Ended June 30, 2004

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>MAINTENANCE ASSESSMENT DISTRICT FUND</b>					
<b>Revenues:</b>					
Interest	\$ 96,000	\$ —	\$ 96,000	\$ 100,160	\$ 4,160
Special Assessments	1,821,530	—	1,821,530	2,089,097	267,567
<b>Total Revenues</b>	<b>1,917,530</b>	<b>—</b>	<b>1,917,530</b>	<b>2,189,257</b>	<b>271,727</b>
<b>Expenditures:</b>					
Community Development	3,007,734	3,492	3,011,226	1,732,027	1,279,199
Capital Outlay	—	—	—	—	—
<b>Total Expenditures</b>	<b>3,007,734</b>	<b>3,492</b>	<b>3,011,226</b>	<b>1,732,027</b>	<b>1,279,199</b>
Excess (Deficiency) of Revenues over Expenditures	(1,090,204)	(3,492)	(1,093,696)	457,230	1,550,926
<b>Other Financing Uses:</b>					
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	(1,090,204)	(3,492)	(1,093,696)	457,230	1,550,926
<b>Fund Balance, July 1</b>	<b>5,982,273</b>	<b>(3,768,891)</b>	<b>2,213,382</b>	<b>2,247,486</b>	<b>34,104</b>
<b>Fund Balance (Deficit), June 30</b>	<b>\$ 4,892,069</b>	<b>\$ (3,772,383)</b>	<b>\$ 1,119,686</b>	<b>\$ 2,704,716</b>	<b>\$ 1,585,030</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, 2004

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>DEBT SERVICE FUND</b>					
<b>Revenues:</b>					
Taxes Increments	\$ 2,018,937	\$ 5,880,963	\$ 7,899,900	\$ 2,018,937	\$ (5,880,963)
Interest	—	—	—	—	—
<b>Total Revenues</b>	<b>2,018,937</b>	<b>5,880,963</b>	<b>7,899,900</b>	<b>2,018,937</b>	<b>(5,880,963)</b>
<b>Expenditures:</b>					
Debt Service:					
Principal	2,908,600	—	2,908,600	2,908,600	—
Interest	2,102,073	—	2,102,073	2,102,073	—
<b>Total Expenditures</b>	<b>5,010,673</b>	<b>—</b>	<b>5,010,673</b>	<b>5,010,673</b>	<b>—</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,991,736)	5,880,963	2,889,227	(2,991,736)	(5,880,963)
Other Financing Sources (Uses):					
Transfers In	—	—	—	2,991,736	2,991,736
Payment to Escrow Agent	—	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,991,736</b>	<b>2,991,736</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(2,991,736)	5,880,963	2,889,227	—	(2,889,227)
<b>Fund Balance, July 1</b>	<b>(1,717,286)</b>	<b>—</b>	<b>(1,717,286)</b>	<b>796,691</b>	<b>2,513,977</b>
<b>Fund Balance, June 30</b>	<b>\$ (4,709,022)</b>	<b>\$ 5,880,963</b>	<b>\$ 1,171,941</b>	<b>\$ 796,691</b>	<b>\$ (375,250)</b>

## **STATISTICAL SECTION (Unaudited)**

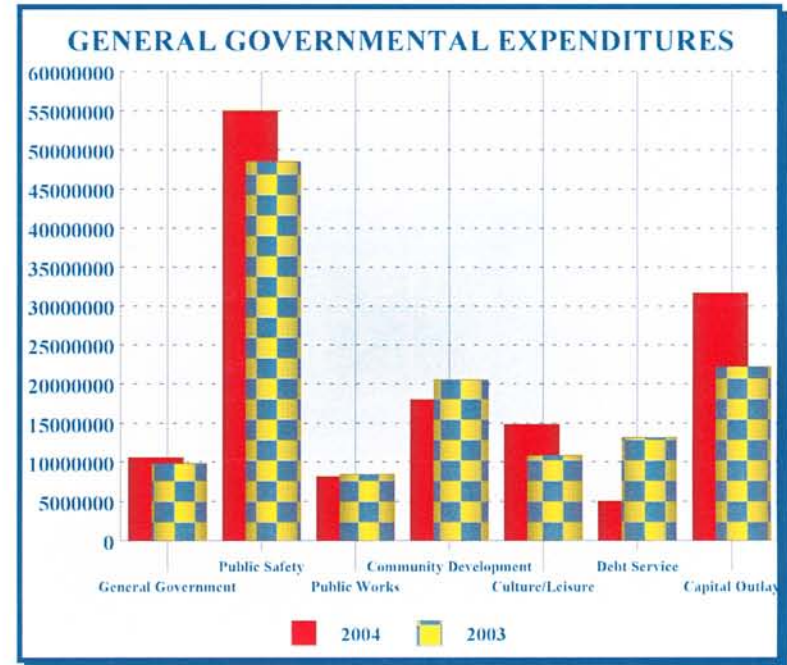
The Statistical Section contains comprehensive statistical data which relates to physical, economic, social, and political characteristics of the City. It is intended to provide users with a broader and more complete understanding of the City and its financial affairs than is possible from the basic 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
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
2003	9,781,192	48,494,541	8,409,737	20,454,657
2004	11,444,213	55,856,590	8,108,305	17,912,245
Year Ended June 30	Culture & Leisure & Other	Debt Service	Capital Outlay	Total
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	4,139,298	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	95,314,426
2002	10,362,415	4,401,282	23,794,668	112,918,940
2003	10,802,594	6,703,838	22,199,380	126,845,939
2004	14,643,570	5,010,673	31,640,247	144,615,843



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

SOURCE: Annual Financial Reports

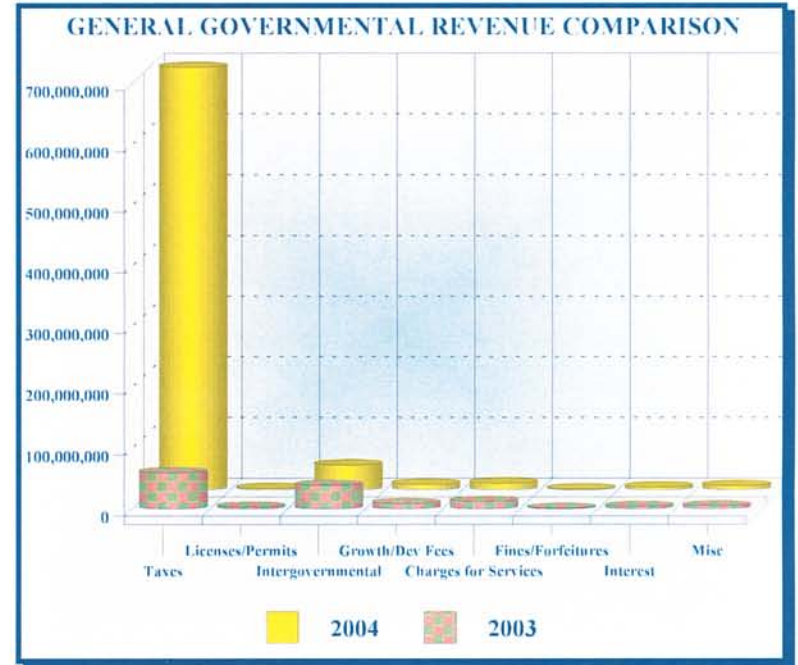
**City of Oxnard, California**

**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	
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	
2003	59,303,485	2,862,476	38,508,559	8,796,590	
2004	69,686,376	2,182,715	40,834,560	9,004,335	

Year Ended June 30	Charges for Services	Fines & Forfeitures	Interest	Miscellaneous (3)	Total
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
2003	12,022,652	853,188	3,858,978	4,783,618	130,989,546
2004	11,105,208	1,198,456	4,547,276	6,898,772	145,457,698



- 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

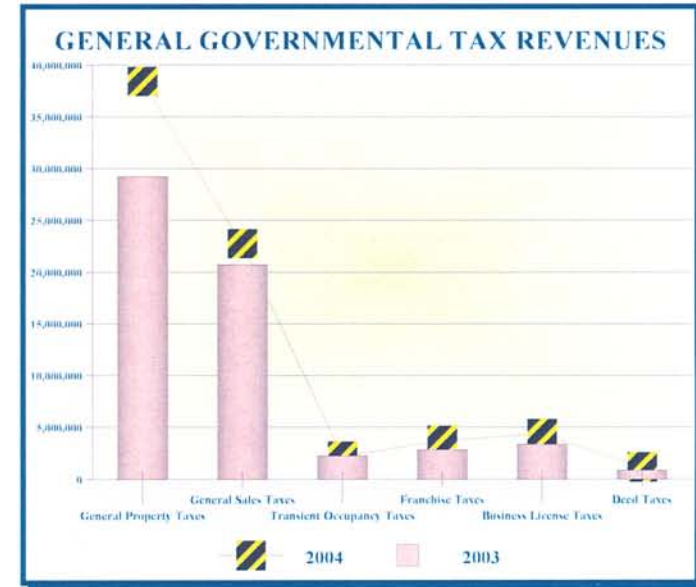
**City of Oxnard, California**

**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
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
2003	29,233,880	—	—	20,775,896	2,247,831
2004	35,427,088	—	—	22,772,358	2,222,553

Year Ended June 30	Utility Taxes (3)	Franchise Taxes	Business Licenses Taxes	Deed Taxes	Total
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
2003	—	2,830,462	3,366,003	849,413	59,303,485
2004	—	3,718,917	4,386,245	1,159,215	69,686,376



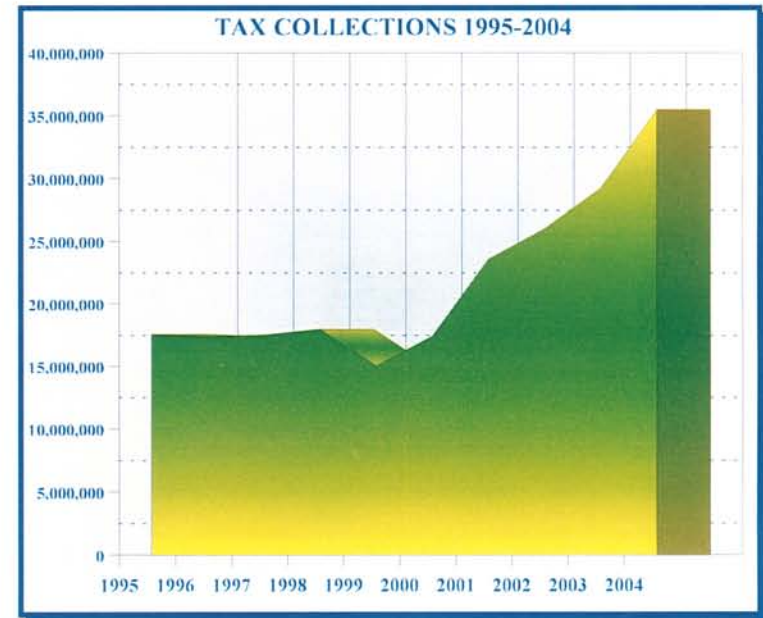
- NOTES:
- (1) See Table IV for detailed breakdown of general property tax levies and collections.
  - (2) Transportation development and gas taxes (previously included as tax revenue source) were reclassified as intergovernmental revenues in fiscal year 1987.
  - (3) As a result of declining revenues, 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

*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
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	26,055,636	100.40%
2003	30,040,000	29,892,747	99.51%	190,546	29,233,880	97.32%
2004	35,432,169	35,281,916	99.58%	344,390	35,427,088	99.99%



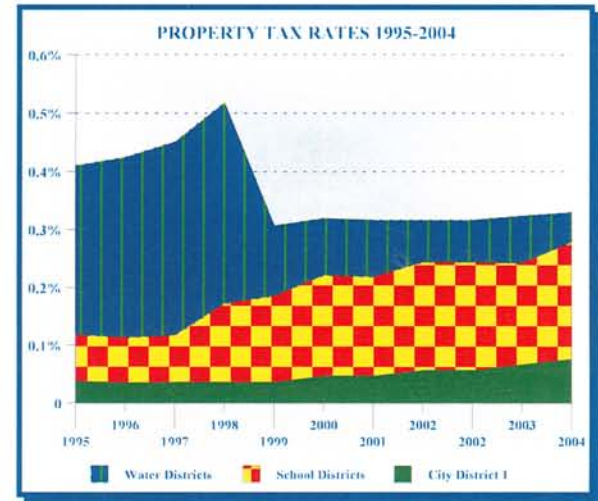
- NOTE: (1) Total tax collections agreed to General Property Taxes shown in Table III.
- (2) Voter's approved tax for \$3,977,315 was transferred from trust and agency to the special revenue fund in FY 2001

SOURCE: Finance and Management Services Department

## City of Oxnard, California

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

Year Ended June 30	Basic County (1)	City District 1 (2)	School Districts	Water Districts	Total Tax Rates
1995	1.0000%	0.0380%	0.0805%	0.2913%	1.4098%
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%	0.0979%	1.3194%
2001	1.0000%	0.0475%	0.1714%	0.0977%	1.3166%
2002	1.0000%	0.0575%	0.1867%	0.0723%	1.3165%
2003	1.0000%	0.0675%	0.1748%	0.0817%	1.3240%
2004	1.0000%	0.0766%	0.2022%	0.0509%	1.3297%



- 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 Ended June 30	Real Property		Personal Property		
	Assessed Value (1)	Estimated Actual Value	Assessed Value	Estimated Actual Value	
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	
2003	9,093,618,247	9,093,618,247	124,301,084	124,301,084	
2004	10,228,878,641	10,228,878,641	117,948,102	117,948,102	

Year Ended June 30	Exemptions		Total		Ratio of Total Assessed Value To Total Estimated Actual Value
	Assessed Value (2)	Estimated Actual Value	Assessed Value	Estimated Actual Value	
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	5,845,558,416	5,845,558,416	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%
2003	1,110,078,014	1,110,078,014	8,107,841,317	8,107,841,317	100.00%
2004	1,346,099,223	1,346,099,223	9,000,727,520	9,000,727,520	100.00%



NOTES: (1) Prior to July 1, 1981, the assessed values were stated at 25% of actual value. 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, 2004  
(Unaudited)*

List No.	Taxpayer	Type of Business	Assessed Valuation	Percentage of Assessed Valuation
1.	PROCTOR & GAMBLE PAPER PRODUCTS COMPANY	MANUFACTURING-PAPER PRODUCTS	\$ 246,155,414	2.413%
2.	ST. JOHN'S REGIONAL MEDICAL CENTER	HOSPITAL	199,861,431	1.959%
3.	SI VIII LLC (1)	REAL ESTATE DEVELOPMENT	74,524,729	0.730%
4.	WEYERHAEUSER COMPANY	PROCESSED PAPER MANUFACTURER	59,789,800	0.586%
5.	DUESENBERG INVESTMENT COMPANY	COMMERCIAL DEVELOPMENT	59,149,800	0.580%
6.	FRED KAVLI	REAL ESTATE DEVELOPMENT	49,454,296	0.485%
7.	SEMINIS INC.	SEEDS	48,843,234	0.479%
8.	GSA VINTAGE-ROSE APARTMENTS	REAL ESTATE DEVELOPMENT	46,364,974	0.454%
9.	M & H REALTY PARTNERS IV LP	REAL ESTATE DEVELOPMENT	39,083,715	0.383%
10.	AT&T CREDIT CORPORATION TRUST	COMMERCIAL CREDIT	37,561,723	0.368%
11.	BMW OF NORTH AMERICA INC.	AUTO PREPARATION	35,906,695	0.352%
12.	DONWEN CORPORATION	COMMERCIAL DEVELOPMENT	33,549,800	0.329%
13.	WPH OXNARD COASTAL LLC	REAL ESTATE DEVELOPMENT	33,322,284	0.327%
14.	PEGH INVESTMENTS LLC	REAL ESTATE DEVELOPMENT	31,978,482	0.313%
15.	OTHER TAXPAYERS	VARIOUS	9,206,629,888	90.242%
	<b>TOTALS</b>		<b>\$ 10,202,176,265</b>	<b>100.000%</b>

NOTE: Assessed valuation includes land, building and improvements.

SOURCE: Information Services Department

*City of Oxnard, California*

*TABLE VIII  
Computation of Legal Debt Margin  
June 30, 2004  
(In Thousands)*

NET ASSESSED VALUE		\$ 8,882,780
ADD: Exempt property		<u>1,346,099</u>
Total assessed value		<u>10,228,879</u>
DEBT LIMIT - 15% of total assessed value		1,534,332
AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:		
Gross bonded debt	\$ 264,140	
Less:		
Assets in debt service funds for principal payments	—	
Other deductions allowed by law:		
Revenue bonds - Governmental Activities	(22,874)	
Revenue bonds - Business-type activities	(214,036)	
Tax allocation bond - Redevelopment Agency	(19,185)	
Certificates of participation	<u>(8,045)</u>	
Net amount of debt applicable to debt limit		<u>—</u>
<b>LEGAL DEBT MARGIN</b>		<u><u>\$ 1,534,332</u></u>

SOURCE: Finance and Management Services Department

**City of Oxnard, California**

**TABLE IX**  
**Computation of Direct & Overlapping Bonded Debt**  
**June 30, 2004**  
**(Unaudited)**

Jurisdiction	Net Debt Outstanding 6-30-04	% of Debt Applicable to City of Oxnard	* Less: Exclusions	Amount of Debt Applicable To City of Oxnard
<b>Direct Bonded Debt:</b>				
City of Oxnard Financing Authorities	\$ 27,030,000	100.000%	\$ 27,030,000	\$ —
City of Oxnard-Pooled Insurance Obligation	922,361	100.000%	922,361	—
City of Oxnard-1915 Act Bonds	37,990,000	100.000%	37,990,000	—
City of Oxnard Community Facilities District 1	9,740,000	100.000%	9,740,000	—
City of Oxnard Community Facilities District 88-1	1,840,000	100.000%	1,840,000	—
Oxnard Boulevard Interchange Community District	10,315,000	100.000%	10,315,000	—
<b>TOTAL DIRECT BONDED DEBT</b>	<b>87,837,361</b>		<b>87,837,361</b>	<b>—</b>
<b>Overlapping Bonded Debt:</b>				
Metropolitan Water District	3,306,840	0.739%	—	24,438
Ventura County Community College District	10,745,133	13.829%	—	1,485,944
Ventura County Superintendent of Schools - COP	1,915,454	13.825%	—	264,812
Ventura County Community College District - COP	1,116,692	13.829%	—	154,427
Ventura County General Fund Obligations	14,710,491	13.825%	—	2,033,725
Ventura County Pension Obligation	10,157,228	13.829%	—	1,404,643
Oxnard Union High School District	23,070,801	44.367%	—	10,235,986
Oxnard Union High School District - COP	8,012,680	44.367%	—	3,554,986
Oxnard School District	66,483,920	90.657%	—	60,272,327
Oxnard School District - COP	6,006,026	90.657%	—	5,444,883
Rio School District	15,514,346	83.884%	—	13,014,054
Rio School District - COP	4,672,339	83.884%	—	3,919,345
Hueneme School District	5,389,769	49.313%	—	2,657,857
Ocean View School District	1,404,763	38.434%	—	539,907
Ocean View School District - COP	857,078	38.434%	—	329,409
<b>TOTAL OVERLAPPING BONDED DEBT</b>	<b>173,363,560</b>		<b>—</b>	<b>105,336,743</b>
<b>TOTAL DIRECT &amp; OVERLAPPING BONDED DEBT</b>	<b>\$ 261,200,921</b>		<b>\$ 87,837,361</b>	<b>\$ 105,336,743</b>

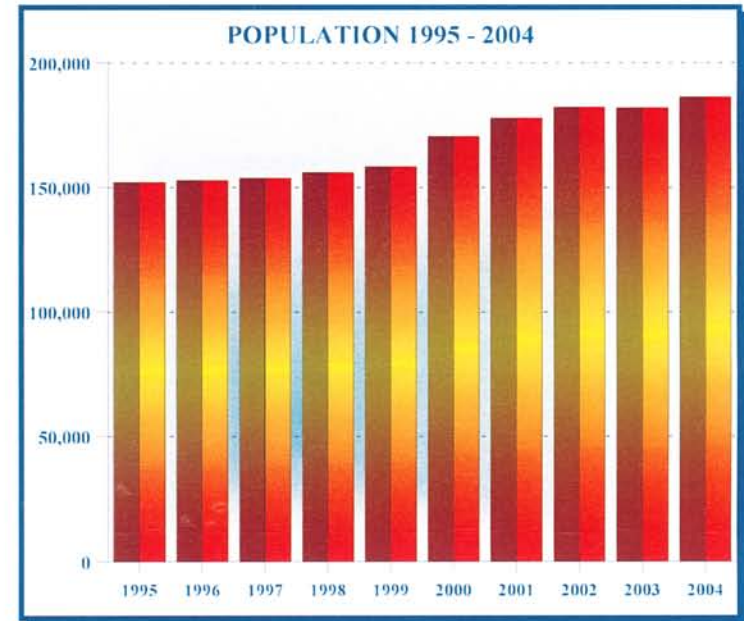
\* NOTE: Exclusions represent all bonds which are not tax supported obligations of the City.

SOURCE: California Municipal Statistics, Inc.

## City of Oxnard, California

**TABLE X**  
*Ratio of Net General Bonded Debt to Assessed Value  
 And Net Bonded Debt per Capita  
 June 30, 2004 (Unaudited)*

Year Ended June 30	(1) Population	Assessed Value (2)	General Gross Bonded Debt (3)	Less Certain Debt Service Funds
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	—	—
2003	181,800	8,107,841,317	—	—
2004	186,122	8,882,779,418	—	—



Year Ended June 30	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Ratio of Debt/Capita
1995	—	—	—
1996	—	—	—
1997	—	—	—
1998	—	—	—
1999	—	—	—
2000	—	—	—
2001	—	—	—
2002	—	—	—
2003	—	—	—
2004	—	—	—

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

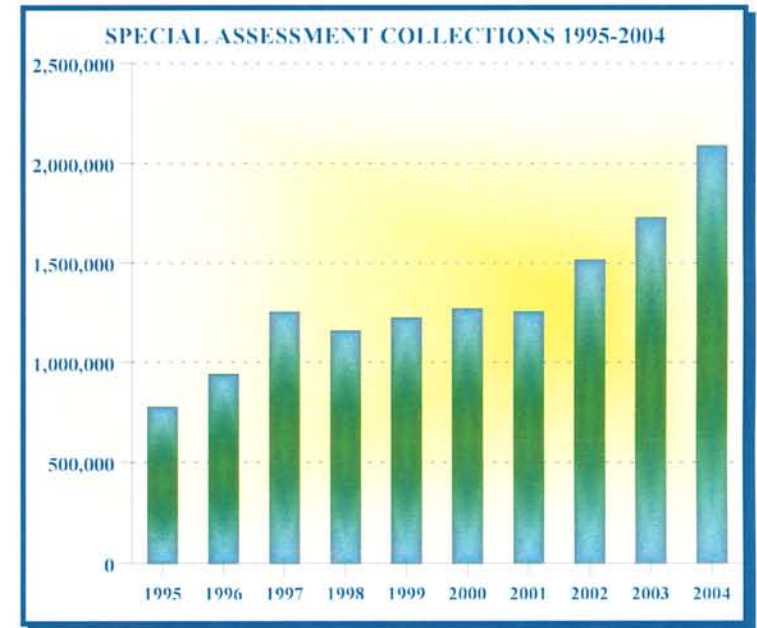
<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
1994	250,000	13,500	263,500	94,342,200	0.00291
1995	—	—	—	93,802,727	—
1996	—	—	—	96,677,161	—
1997	—	—	—	105,020,600	—
1998	—	—	—	107,445,755	—
1999	—	—	—	106,997,624	—
2000	—	—	—	115,288,888	—
2001	—	—	—	95,197,233	—
2002	—	—	—	112,918,609	—
2003	—	—	—	126,845,939	—
2004	—	—	—	142,946,111	—

SOURCE: Finance and Management Services Department

*City of Oxnard, California*

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

Year Ended June 30	Special Assessment Billings	Current Special Assessment Collections	Delinquent Special Assessment Collections	Total Special Assessment Collections	Percentage of Collections
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%
2003	1,720,440	1,727,674	—	1,727,674	100.42%
2004	2,076,224	2,089,097	—	2,089,097	100.62%



SOURCE: Finance and Management Services Department

*City of Oxnard, California*

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

<u>Year Ended June 30</u>	<u>Gross Revenue</u>	<u>Direct Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
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
2003	20,602,479	16,782,851	3,819,628	225,000	730,142	955,142	4.00
2004	28,898,906	19,899,216	8,999,690	235,000	1,315,783	1,550,783	5.87

NOTES: (1) The above operating expense figures do not include depreciation and debt service expenses.

*City of Oxnard, California*

*TABLE XIV  
Wastewater Revenue Bond Coverage  
Last Ten Fiscal Years  
(Unaudited)*

Year Ended June 30	Total Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	DEBT SERVICE REQUIREMENTS			
				Principal	Interest	Total	Coverage
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	2,173,427	2.27
2003	23,515,790	16,445,581	7,070,209	1,805,000	1,883,286	3,688,286	1.92
2004	23,182,456	12,958,128	10,224,328	1,750,000	1,924,826	3,674,826	2.78

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 Year	Population (1)	Per Capita Income (2)	Median Age (3)	School Enrollment	Unemployment Rate (5)		US
					City	State	
1995	152,100	12,480	33	34,387	8.80%	8.50%	6.30%
1996	152,800	13,385	33	34,504	9.40%	7.30%	5.50%
1997	153,700	14,300	33	37,211	8.40%	6.20%	5.00%
1998	156,000	15,349	34	38,073	7.00%	6.30%	4.90%
1999	158,300	16,538	34	38,793	6.40%	5.40%	4.30%
2000	160,300	19,217	32	40,238	6.38%	5.30%	4.00%
2001	177,700	19,630	30	39,865	4.90%	4.90%	4.40%
2002	182,027	19,777	30	42,106	5.20%	6.50%	5.90%
2003	181,800	21,887	30	41,936	7.40%	6.80%	6.40%
2004	186,122	22,605	30	42,276	5.60%	6.60%	5.70%

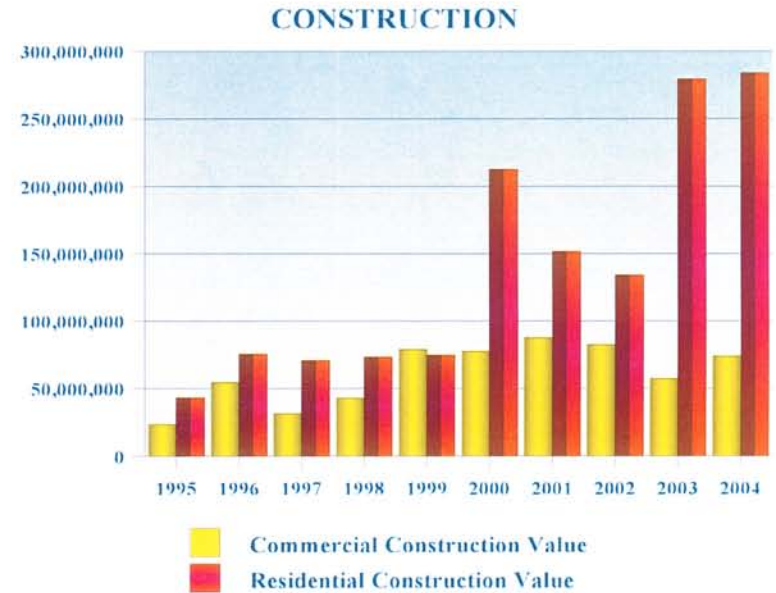
SOURCES:

- (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 Year	Property Values			Commercial Construction		Residential Construction		Bank* Deposits
	Commercial	Residential	Total	Number Of Units	Value	Number Of Units	Value	
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
2003	2,673,117,741	6,420,500,506	9,093,618,247	70	57,272,955	980	279,229,594	904,433
2004	1,194,272,909	6,694,841,731	7,889,114,640	72	74,087,739	604	283,797,396	884,430



\* 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, 2004**  
**(Unaudited)**

Type of Coverage & Name of Insurer	Policy Number	Policy Period		Details of Coverage	Liability Limits	Deductible Self- insured Retention	Annual Premiums
		From	To				
LIABILITY:							
BICEPS		07/01/04	07/01/05	<b>Municipal Liability</b> 5 City Insurance Pool - In 97-98, the pool purchased commercial insurance for exposures between \$1 million and \$20 million	\$ 27,000,000	\$ 1,000,000	\$ 702,858
Navigators Insurance Company	SF02LIA270941	06/13/04	06/13/05	<b>Marine Liability</b> - This insurance is charged to the Mandalay Bay Assessment District	1,000,000	2,500	25,000
PROPERTY:							
Public Entity Property Insuradance Program (PEPIP) - Various Insuring Companies	PPROP0304	05/15/04	07/01/05	<b>All Risks excluding quake &amp; flood</b> - includes City buildings& contents & rental interruption when required by bond financing <b>Automobile/Mobile Equipment Physical Damage</b> including Comprehensive and Collision	750,000,000	10,000	464,235
Lloyd's of London	HF 03 ABH6	04/21/04	04/21/05	<b>Fine Arts</b> - Carnegie Art Museum & Oxnard Public Library - protects the City for losses to exhibits of art belonging to others	1,800,000	500	4,512
Clarendon National	300771EQ-1	11/01/03	11/01/04	<b>Difference in Conditions</b> including Flood and Earthquake, excluding EQSL, Burglary and Theft;	1,250,000	5% of loss, subject to \$100,000 per occurrence minimum	267,725
Empire Indemnity	"			Real and Personal Property, Business	2,500,000		
Glencoe Insurance	"			Interruption/Extra Expense, EDP but excluding vehicles	1,250,000		
Insurance Company of the West	XHO1888971-00				5,000,000		
Clarendon National	300772EQ-1				3,750,000		
Empire Indemnity	"				7,500,000		
Glencoe Insurance	"				<u>3,750,000</u> \$25,000,000		
Travelers Insurance Company	BAJ-BMG-904 X 4246	07/01/04	07/01/05	<b>Boiler and Machinery</b> - includes air conditioning, heating and other types of machinery	6,000,000	10,000	11,268
WORKERS' COMPENSATION:							
CSAC Excess Insurance		07/01/04	07/01/05	<b>Excess Workers' Compensation</b>	50,000,000	500,000	
EMPLOYEE BONDS:				Public Employees Dishonesty Bond			5,106
Fidelity & Deposit	CCP895567806	04/08/04	04/08/05		500,000	5,000	
Hartford Insurance Company	72BSBBV7296	11/22/03	11/22/04	City Treasurer, Dale V. Belcher	50,000	N/A	200
Hartford Insurance Company	72BSBBV7294	11/02/03	11/02/04	Asst. City Treasurer, Danielle Navas	50,000	N/A	250
Hartford Insurance Company	72BSBBV7298	11/24/03	11/24/04	City Clerk, Daniel Martinez	50,000	N/A	200
Hartford Insurance Company	72BSBBM9957	01/21/04	01/21/05	Asst. City Clerk, Jill Beaty	5,000	N/A	100
Hartford Insurance Company	72BSBBS8399	10/20/03	10/20/04	Finance Director, Stanley L. Kleinman	25,000		100

SOURCE: Finance and Management Services, Financial Services Division

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*City of Oxnard, California*

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TABLE XVIII  
*State of California*  
*Miscellaneous Statistics*  
*As of June 30, 2004*  
*(Unaudited)*

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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 Municipal (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	250
Public safety	426
Transportation	41
Community development	45
Culture & Leisure	60
Utilities	178
Total full-time employees	<u>1,000</u>
<b>GENERAL GOVERNMENT:</b>	
Miles of paved streets	394
Number of street lights - Edison	8,367
Number of street lights - City	568

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*City of Oxnard, California*

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*TABLE XVIII*  
*State of California*  
*Miscellaneous Statistics*  
*As of June 30, 2004*  
*(Unaudited)*

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**PUBLIC SAFETY:**

## Police:

Number of volunteers	12
Number of sworn officers	221
Number of non-safety employees	136
Ratio of sworn officers over population (per thousand)	1.22:1

## Fire:

Number of volunteers	0
Number of sworn officers	88
Number of fire hydrants	4,180

**TRANSPORTATION:**

Number of police vehicles	196
Number of fire vehicles	38
Number of refuse vehicles	73

**CULTURE AND LEISURE:**

## Parks &amp; 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

## Library:

Number of books	327,353
Number of microforms	13,356
Number of audio tapes	15,326
Number of video tapes	8,305
Number of CD-ROMS (data disk)	378

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*City of Oxnard, California*

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*TABLE XVIII  
State of California  
Miscellaneous Statistics  
As of June 30, 2004  
(Unaudited)*

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Education:

Number of enrollments:

Elementary	29,409
High school	12,527
College	7,163

**UTILITY STATISTICS (1):**

Water:

Storage capacity in gallons	9,000,000
Daily consumption in gallons	22,540,000
Miles of main pipes	430
Number of customers	35,140

Sewer (Secondary bio-filtration systems):

Daily treatment capacity in gallons	22,000,000
Miles of sewer pipes	700
Number of customers	32,929

SOURCE: (1) Public Works Department, Water and Sewer Plant Divisions  
(2) Human Resources Division  
(3) City Clerk's Office

**CITY OF OXNARD  
Single Audit Report  
For the Fiscal Year Ended June 30, 2004**

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**Mayer Hoffman McCann P.C.**  
An Independent CPA Firm

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

To the City Council  
City of Oxnard, California

We have audited the basic financial statements of the City of Oxnard as of and for the year ended June 30, 2004, and have issued our report thereon dated October 18, 2004. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Oxnard's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Oxnard's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

SOUTHERN CALIFORNIA LOCATIONS  
11601 WILSHIRE BOULEVARD, SUITE 2300 • LOS ANGELES, CA 90025 • PH 310.268.2000 • FAX 310.268.2001  
5060 CALIFORNIA AVENUE, SUITE 800 • BAKERSFIELD, CA 93309 • PH 661.325.7500 • FAX 661.325.7004  
300 ESPLANADE DRIVE, SUITE 250 • OXNARD, CA 93036 • PH 805.988.3222 • FAX 805.988.3220

This report is intended solely for the information and use of the City Council and management of the City of Oxnard, and the City's federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman McCann P.C.*  
Oxnard, California  
October 18, 2004



**Mayer Hoffman McCann P.C.**  
An Independent CPA Firm

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the City Council  
City of Oxnard, California

**Compliance**

We have audited the compliance of the City of Oxnard with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The City of Oxnard's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Oxnard's management. Our responsibility is to express an opinion on the City of Oxnard's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Oxnard's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Oxnard's compliance with those requirements.

In our opinion, the City of Oxnard complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

SOUTHERN CALIFORNIA LOCATIONS  
11601 WILSHIRE BOULEVARD, SUITE 2300 • LOS ANGELES, CA 90025 • PH 310.268.2000 • FAX 310.268.2001  
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300 ESPLANADE DRIVE, SUITE 250 • OXNARD, CA 93036 • PH 805.988.3222 • FAX 805.988.3220

### Internal Control Over Compliance

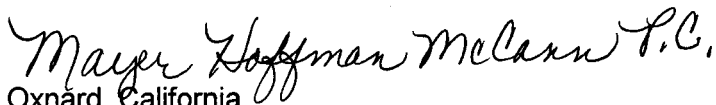
The management of the City of Oxnard is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Oxnard's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the City of Oxnard, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 18, 2004. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Oxnard's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of City of Oxnard. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Oxnard, California  
October 18, 2004

**CITY OF OXNARD**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2004**

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Contract Number</b>	<b>Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>			
Community Development Block Grant	14.218	B03MC060534	\$ 1,919,482
Community Development Block Grant	14.218	B02MC060534	728,227
Community Development Block Grant	14.218	B01MC060534	936,849
Community Development Block Grant	14.218	B00MC060534	294,371
Community Development Block Grant	14.218	B99MC060534	332,481
Community Development Block Grant	14.218	B98MC060534	172,245
<b>Total CDBG</b>			<b>4,383,655</b>
Emergency Shelter Grant	14.231	S02-MC-06-0526	99,859
Emergency Shelter Grant	14.231	S01-MC-06-0526	17,747
<b>Total Emergency Shelter Grant</b>			<b>117,606</b>
HOME	14.239	M02-MC-06-0526*	921,857
HOME	14.239	M02-MC-06-0526*	354,601
HOME	14.239	M01-MC-06-0526*	24,775
HOME	14.239	M00-MC-06-0526*	31,017
HOME	14.239	M99-MC-06-0526*	177,920
<b>Total HOME Program</b>			<b>1,510,170</b>
Continuum of Care	14.235	CA16B211004	71,584
Continuum of Care	14.235	CA16B111004	42,951
Continuum of Care	14.235	CA16B011001	39,035
Continuum of Care	14.235	CA16B911002	16,672
Continuum of Care	14.235	CA16B911003	83,731
<b>Total Continuum of Care</b>			<b>253,973</b>
<b>Total Department of Housing and Urban Development</b>			<b>6,265,404</b>
<b>US Department of Justice</b>			
Police Weed and Seed	16.595	2002-WS-QX-0007	29,997
Police Weed and Seed	16.595	2002-WS-QX-0007	21,119
Police Weed and Seed	16.595	2002-WS-QX-0007	33,114
Police Weed and Seed	16.595	2002-WS-QX-0007	100,570
Police Weed and Seed	16.595	2003-WS-QX-0007	5,356
Police Weed and Seed	16.595	2003-WS-QX-0007	21,869
<b>Total Police Weed and Seed</b>			<b>212,025</b>
<b>Office of Criminal Justice Planning:</b>			
<b>Passed through State of California Bureau of Justice Assistance:</b>			
Police BJA 02	16.592	2002-LB-VX-520	110,775
Police BJA 02 PAL	16.592	2002-LB-VX-520	2,552
<b>Total Office of Criminal Justice Planning</b>			<b>113,327</b>
COPS Universal	16.710	95CCWX0021	12,003
COPS MORE 2001	16.710	None	227,193
COPS in Schools	16.710	2001SHWX0623	42,231
<b>Total COPS</b>			<b>281,427</b>

**CITY OF OXNARD**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2004**

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Contract Number</b>	<b>Expenditures</b>
Drug Free Communities Grant	16.729	2001-JN-FX-0098	<u>87,710</u>
Safe Community	20.600	None	
<b>Office of Juvenile Justice and Delinquency Passed through the State of California Office of Criminal Justice and Planning: Gang Violence Suppression Grant</b>	16.540	GV01017528	<u>242,004</u>
<b>Total Department of Justice</b>			<u><b>1,161,852</b></u>
<b>Department of Homeland Security Federal Emergency Management Administration FEMA Grant</b>	83.554	None	<u>49,436</u>
<b>Total Department of Homeland Security</b>			
<b>Corporation for National and Community Service: RSVP- Phase XXVI</b>	94.002	02SRPCA009	<u>92,490</u>
<b>Total Corporation for National and Community Service</b>			
<b>US Department of Transportation Passed through the State of California/CalTrans:</b>			
Oxnard Blv & Wooley & Saviers	20.205	STPL-5129(024)*	105,702
New traffic signal 5th & Meta	20.205	STPLHG-5129(028)*	8,636
Rice /Santa Clara @US101	20.205	STPLN-5129(012)*	4,038,310
Bus bays and pedestrian paths	20.205	CML-5129(033)*	138,252
Pedestrian and Bike paths	20.205	CML-5129(029)*	22,022
Bard Rd/Hueneme Rd Resurfacing	20.205	STPL 5129(035)*	375,794
Rose Ave Widening	20.205	STPL-5129(031 & 032)*	104,000
Oxnard Blv & 101 Fwy(vineyard/Johnson)	20.205	STPL-5129(022)*	1,200,000
Del Norte/Rice @US101 Landscaping	20.205	STPLER-5129(025)*	192,448
Rice /Santa Clara @US101	20.205	STPLN-5129(012)*	<u>57,458</u>
<b>Total Department of Transportation</b>			<u><b>6,242,622</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><u><b>\$ 13,811,804</b></u></u>

\* Denotes Major Program

**CITY OF OXNARD**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2004**

**Summary of significant accounting policies**

**A. Basis of Accounting**

Monies received under the grant programs have been recorded within the special revenue funds of the City of Oxnard. The City utilizes the modified accrual basis of accounting for governmental funds which is described in note 1 of the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards has been prepared accordingly.

**B. Schedule of Expenditures of Federal Awards**

The Schedule of Expenditures of Federal Awards is prepared from the accounts of the grant programs and, therefore, does not present the financial position or results of operations of the City of Oxnard. The City's reporting entity is defined in note 1 of the notes to the City's basic financial statements. All financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies to the City is included in the accompanying schedule.

**C. Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree, in all material respects, with the amounts reported in related federal financial reports.

**CITY OF OXNARD**  
**Schedule of Audit Findings and Questioned Costs**  
**For the Year Ended June 30, 2004**

**Section I – Summary of Auditors’ Results**

*a) Financial Statements*

Type of auditors’ report issued:	<i>Unqualified</i>
Internal control over financial reporting	
Material weaknesses identified?	No
Reporting conditions identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

*b) Federal Awards*

Internal control over major programs:	
Material weaknesses identified?	No
Reporting conditions identified not considered to be material weaknesses?	No
Type of auditors’ report issued on compliance for major programs:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section. 510(a)	No

*c) Identification of major programs*

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
CFDA Number 20.205	Highway Planning and Construction
CFDA Number 14.239	HOME Investment Partnerships
Dollar threshold used to distinguish between Type A and Type B programs:	\$414,354
Auditee qualified as low-risk auditee?	No

**CITY OF OXNARD**  
**Schedule of Audit Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2004**

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**Section IV – A Summary of Prior Year Audit Findings (June 30, 2003) and Current Year Status Follows:**

**COPS PROGRAM**

The Office of the Inspector General conducted a monitoring visit for the COPS program during the fiscal year 2002-2003 and had the following findings:

**Finding 03-01: Unallowable reimbursement**

The monitoring report stated that the City should remedy \$14,213 in unallowable reimbursements because the Oxnard Police Department did not provide the appropriate amount of local match funds for the MORE 95 grant.

Current Status:

The City concurred with the finding and refunded the amount of \$14,213 to the U.S. Department of Justice on April 22, 2003, Check No. 157858. The City addressed these findings with the Office of Inspector General and have not had any correspondence regarding the issue. The City considers this as an acknowledgement of the correctness of their positions and considers such findings and question costs to have been resolved.

**Auditee Contact:** Norma Owens, Accounting Manager (805) 639-9426

**Finding 03-02: Unallowable reimbursement**

The monitoring report stated the City should remedy \$74,320 in unallowable reimbursements because the UHP IV grant expired due to the five-year statute

Current Status:

The City does not concur with this finding. The City fully complied with all requirements, policies and guidelines provided by COPS Office, as the grantor agency. The City addressed these findings with the Office of Inspector General and have not had any correspondence regarding the issue. The City considers this as an acknowledgement of the correctness of their positions and considers such findings and question costs to have been resolved.

**Auditee Contact:** Norma Owens, Accounting Manager (805) 639-9426

**CITY OF OXNARD**  
**Schedule of Audit Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2004**

**Finding 03-03: Deobligate grant funds**

The monitoring report stated the City should deobligate the remaining balance of the grant funds (\$143,750) on the UHP IV grant and put the funds to better use because the grant period has exceeded the allowable limit of the statute.

**Current Status:**

The City does not concur with this finding. The City fully complied with all requirements, policies and guidelines provided by COPS Office, as the grantor agency. The City addressed these findings with the Office of Inspector General and have not had any correspondence regarding the issue. The City considers this as an acknowledgement of the correctness of their positions and considers such findings and question costs to have been resolved.

**Auditee Contact:** Norma Owens, Accounting Manager (805) 639-9426

**Finding 03-04: Deobligate grant funds**

The monitoring report stated the City should deobligate the remaining balance of the grant funds (\$13,960) of the MORE 95 grant and put the funds to better use because the grant period has exceeded the allowable limit of the statute.

**Current Status:**

City of Oxnard's MORE 95 grant was awarded July 1, 1995 and it was closed June 30, 1998, a period of only three years. All program objectives were successfully achieved. The unspent amount of \$13,960 may be eligible for deobligation because the grant has been closed and those funds were not expended. However, such deobligation would be solely in the normal accounting processes of grant closing and not "because the grant period has exceeded the allowable limit of the statute" as stated in the Draft OIG Report. The City addressed these findings with the Office of Inspector General and have not had any correspondence regarding the issue. The City considers this as an acknowledgement of the correctness of their positions and considers such findings and question costs to have been resolved.

**Auditee Contact:** Norma Owens, Accounting Manager (805) 639-9426



**Mayer Hoffman McCann P.C.**  
An Independent CPA Firm

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH THE PROPOSITION 111  
2003-2004 APPROPRIATION LIMIT INCREMENT**

Honorable Mayor and Members of the City Council  
City of Oxnard

We have applied the procedures below to the Appropriations Limitation Worksheet for the City of Oxnard for the year ended June 30, 2004. These procedures, which were suggested by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The sufficiency of the procedures is solely the responsibility of the specified users of 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. This report is intended for the information of management and the Honorable Mayor and Members of the City Council; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

The procedures you requested us to perform and our findings were as follows:

- A. We obtained the Appropriations Limitation Worksheet and determined that the 2003-2004 Appropriations Limit and annual adjustment factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.
- B. We recomputed the 2003-2004 Appropriations Limit to be \$128,298,212 by multiplying the 2002-2003 Prior Year Appropriations Limit by the annual adjustment factors. The City calculated a 2002-2003 appropriations limit of \$114,225,749.
- C. For the Appropriations Limitation Worksheet, we agreed the Per Capita Income, County and City Population Factors to California State Department of Finance Worksheets.

These agreed-upon procedures are substantially less in scope than an audit, the objective of which is the expression of an opinion on the Appropriations Limitation Worksheet. Accordingly, we do not express such an opinion.

Based on the application of the procedures referred to above, nothing came to our attention, which caused us to believe that the City's Appropriations Limitation Worksheet was not computed in accordance with Article XIII B of the California Constitution, as interpreted in the California League of Cities Article XIII B Appropriations Limit Uniform Guidelines. Had we performed additional procedures or had we made an audit of the Appropriations Limitation Worksheet and the other completed worksheets described above, matters might have come to our attention, which would have been reported to you.










*Mayer Hoffman McCann P.C.*  
October 18, 2004  
Oxnard, CA

**SOUTHERN CALIFORNIA LOCATIONS**

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## LEGEND

-  PUBLIC SAFETY
-  CITY HALL
-  FIRE STATION
-  HOSPITAL
-  GOLF COURSE
-  SCHOOL
-  PARK
-  CITY LIMIT
-  RAILROAD

## CITY OF OXNARD



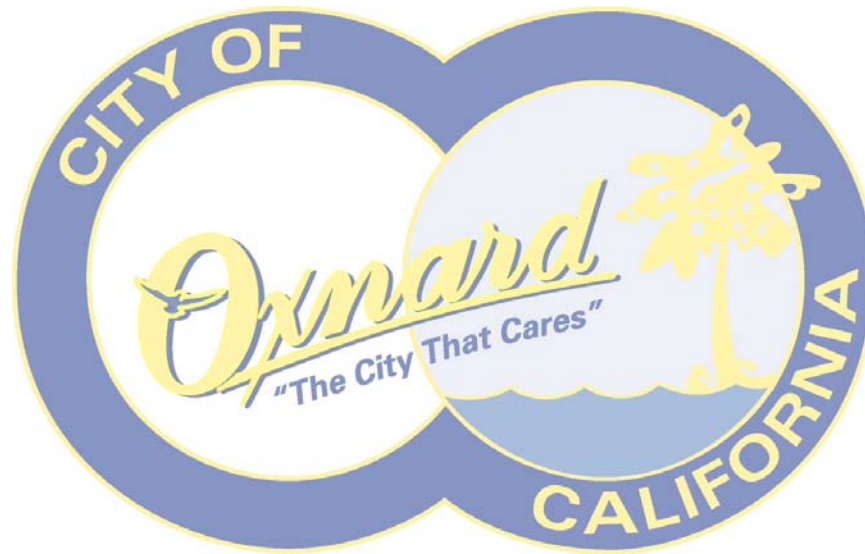
October 15, 2004

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.

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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.



**GOVERNMENTAL FUND TYPES**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**on Budgetary Basis**

# City of Oxnard

## Governmental Fund Types Combining Balance Sheet June 30, 2004

	General Fund	Special Revenue	Debt Service	Capital Projects	Total
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 41,041,991	\$ 53,694,139	\$ —	\$ 14,435,221	\$ 109,171,351
Investments with Fiscal Agents	—	—	796,691	19,636,611	20,433,302
Accounts and Other Receivables	1,655,763	4,496,170	—	3,961	6,155,894
Due From Other Funds	3,475,600	—	—	—	3,475,600
Due From Other Governments	5,544,389	7,993,688	—	—	13,538,077
Notes Receivables	—	—	—	435,071	435,071
Properties Held for Resale	—	—	—	4,854,250	4,854,250
Advances to Other Funds	123,035	—	—	—	123,035
Other Assets	—	181,814	—	—	181,814
<b>Total Assets</b>	<b>\$ 51,840,778</b>	<b>\$ 66,365,811</b>	<b>\$ 796,691</b>	<b>\$ 39,365,114</b>	<b>\$ 158,368,394</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	846,848	1,016,822	—	1,026,672	2,890,342
Other Liabilities	18,909,537	547,291	—	421,176	19,878,004
Due to Other Funds	—	513,577	—	3,380,046	3,893,623
Deferred Revenues	5,505,407	8,457,456	—	—	13,962,863
Advances from Other Agencies	—	—	—	2,447,761	2,447,761
<b>Total Liabilities</b>	<b>25,261,792</b>	<b>10,535,146</b>	<b>—</b>	<b>7,275,655</b>	<b>43,072,593</b>
<b>Fund Equity and Other Credits:</b>					
<b>Fund Equity:</b>					
<b>Reserved:</b>					
Encumbrances	632,350	—	—	—	632,350
Debt Service	—	—	796,691	—	796,691
Restricted Revenues	—	—	—	5,009,219	5,009,219
Receivables	—	—	—	435,071	435,071
Property Held for Resale	—	—	—	4,854,250	4,854,250
Carryover Savings	352,141	—	—	—	352,141
Park Development	—	235,362	—	—	235,362
Advances to Golf Funds	123,035	—	—	—	123,035
Other Advances	72,816	—	—	—	72,816
<b>Total Reserves</b>	<b>1,180,342</b>	<b>235,362</b>	<b>796,691</b>	<b>10,298,540</b>	<b>12,510,935</b>
<b>Unreserved:</b>					
Designated for Authorized Projects	—	30,890,835	—	15,116,473	46,007,308
Undesignated	25,398,644	24,704,468	—	6,674,446	56,777,558
<b>Total Fund Equity and Other Credits</b>	<b>26,578,986</b>	<b>55,830,665</b>	<b>796,691</b>	<b>32,089,459</b>	<b>115,295,801</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 51,840,778</b>	<b>\$ 66,365,811</b>	<b>\$ 796,691</b>	<b>\$ 39,365,114</b>	<b>\$ 158,368,394</b>

## City of Oxnard

*Governmental Fund Types  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Year Ended June 30, 2004*

	General Fund	Special Revenue	Debt Service	Capital Projects	Total
<b>Revenues:</b>					
Taxes	\$ 51,695,969	\$ 8,325,351	\$ 2,018,937	\$ 7,646,118	\$ 69,686,375
Licenses and Permits	2,182,715	—	—	—	2,182,715
Intergovernmental	15,824,971	24,927,919	—	81,669	40,834,559
Growth and Development Fees	—	8,937,135	—	—	8,937,135
Charges for Services	10,910,939	—	—	261,469	11,172,408
Fines and Forfeitures	643,934	554,522	—	—	1,198,456
Interest	2,457,348	1,510,253	—	579,675	4,547,276
Special Assessments	—	2,089,097	—	—	2,089,097
Miscellaneous	2,667,401	791,972	—	1,320,051	4,779,424
<b>Total Revenues</b>	<b>\$ 86,383,277</b>	<b>\$ 47,136,249</b>	<b>\$ 2,018,937</b>	<b>\$ 9,888,982</b>	<b>\$ 145,427,445</b>
<b>Expenditures:</b>					
Current:					
General Government	\$ 10,236,993	\$ 272,193	\$ —	\$ —	\$ 10,509,186
Public Safety	45,707,195	9,268,408	—	—	54,975,603
Transportation	3,652,470	4,416,990	—	38,845	8,108,305
Community Development	5,162,918	5,777,536	—	7,294,490	18,234,944
Culture and Leisure	13,762,284	704,869	—	—	14,467,153
Capital Outlay	1,118,408	17,609,679	—	12,912,160	31,640,247
Debt Service:					
Principal	—	—	2,908,600	—	2,908,600
Interest	—	—	2,102,073	—	2,102,073
<b>Total Expenditures</b>	<b>79,640,268</b>	<b>38,049,675</b>	<b>5,010,673</b>	<b>20,245,495</b>	<b>142,946,111</b>
Excess (Deficiency) of Revenues over Expenditures	6,743,009	9,086,574	(2,991,736)	(10,356,513)	2,481,334
<b>Other Financing Sources (Uses):</b>					
Transfers In	36,750	1,246,500	2,991,736	2,236,791	6,511,777
Transfers Out	(8,009,766)	(1,706,993)	—	(213,079)	(9,929,838)
Proceeds From Loan Payable	—	—	—	21,149,149	21,149,149
<b>Total Other Financing Sources (Uses)</b>	<b>(7,973,016)</b>	<b>(460,493)</b>	<b>2,991,736</b>	<b>23,172,861</b>	<b>17,731,088</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,230,007)	8,626,081	—	12,816,348	20,212,422
<b>Fund Balance, July 1</b>	<b>27,808,993</b>	<b>47,204,584</b>	<b>796,691</b>	<b>19,273,111</b>	<b>95,083,379</b>
<b>Fund Balance, June 30</b>	<b>\$ 26,578,986</b>	<b>\$ 55,830,665</b>	<b>\$ 796,691</b>	<b>\$ 32,089,459</b>	<b>\$ 115,295,801</b>

## **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

(With comparative figures for June 30, 2003)

June 30, 2004

Assets:	2004	2003
Cash and Cash Equivalents	\$ 41,041,991	\$ 40,289,264
Accounts and Other Receivables	1,655,763	2,379,756
Due From Other Funds	3,475,600	3,861,852
Due From Other Governments	5,544,389	4,923,219
Advances To Other Funds	123,035	148,035
<b>Total Assets</b>	<b>\$ 51,840,778</b>	<b>\$ 51,602,126</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 846,848	\$ 1,769,035
Other Liabilities	18,909,537	17,384,503
Deferred Revenues	5,505,407	4,639,595
<b>Total Liabilities</b>	<b>\$ 25,261,792</b>	<b>\$ 23,793,133</b>
<b>Fund Balances:</b>		
<b>Reserved</b>		
Encumbrances	632,350	291,897
Carryover Savings	352,141	645,871
Reserve Appropriation for Salary Adjustments	—	272,110
Advances to Golf Fund	123,035	148,035
Other Advances	72,816	1,853,684
<b>Total Reserved</b>	<b>1,180,342</b>	<b>3,211,597</b>
<b>Unreserved</b>	<b>25,398,644</b>	<b>24,597,396</b>
<b>Total Fund Balances</b>	<b>26,578,986</b>	<b>27,808,993</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 51,840,778</b>	<b>\$ 51,602,126</b>

# City of Oxnard, California

## General Fund

### Statement of Revenues, Expenditures and Changes in Fund Balance

(With comparative figures for June 30, 2003)

Year Ended June 30, 2004

	2004	2003	Increase (Decrease) in FY 2003-04
<b>Revenues:</b>			
Taxes	\$ 51,695,969	\$ 46,301,160	\$ 5,394,809
Licenses and Permits	2,182,715	2,862,476	(679,761)
Intergovernmental	15,824,971	17,122,847	(1,297,876)
Charges for Services	10,910,939	9,660,691	1,250,248
Fines and Forfeitures	643,934	546,710	97,224
Interest	2,457,348	2,274,604	182,744
Miscellaneous	2,697,651	1,766,269	931,382
<b>Total Revenues</b>	<b>\$ 86,413,527</b>	<b>\$ 80,534,757</b>	<b>\$ 5,878,770</b>
<b>Expenditures:</b>			
Current:			
General Government:			
Legislative	1,066,392	1,036,354	30,038
Administration and Support Services	10,105,628	8,744,838	1,360,790
<b>Sub-Total</b>	<b>11,172,020</b>	<b>9,781,192</b>	<b>1,390,828</b>
Public Safety	46,588,182	42,865,158	3,723,024
Transportation	3,652,470	858,247	2,794,223
Community Development	5,162,918	7,293,452	(2,130,534)
Culture and Leisure	9,943,515	7,465,944	2,477,571
Library Services	3,818,769	2,991,509	827,260
Capital Outlay	1,118,408	2,488,603	(1,370,195)
<b>Total Expenditures</b>	<b>81,456,282</b>	<b>73,744,105</b>	<b>7,712,177</b>
Excess (deficiency) of Revenues Over Expenditures	4,957,245	6,790,652	(1,833,407)
Proceeds from Capital Lease	—	—	—
Operating Transfers In	—	—	—
Operating Transfers Out	(6,187,252)	(6,378,277)	191,025
<b>Total Other Financing Uses</b>	<b>(6,187,252)</b>	<b>(6,378,277)</b>	<b>191,025</b>
Excess (deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,230,007)	412,375	(1,642,382)
<b>Fund Balance, July 1</b>	<b>27,808,993</b>	<b>27,396,618</b>	<b>412,375</b>
<b>Fund Balance, June 30</b>	<b>26,578,986</b>	<b>27,808,993</b>	<b>\$ (1,230,007)</b>

# City of Oxnard, California

## General Fund

### Statement of Revenues, Expenditures and Changes in Fund Balance

(Actual on a Budgetary Basis)

Year Ended June 30, 2004

	Original Budget	Changes Increase (Decrease)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)	Actual Budgetary Basis June 30, 2003
<b>Revenues:</b>						
Taxes	\$ 48,348,615	\$ —	\$ 48,348,615	\$ 51,695,969	\$ 3,347,354	\$ 46,301,160
Licenses and Permits	2,167,028	310,000	2,477,028	2,182,715	(294,313)	2,862,476
Intergovernmental	18,277,399	—	18,277,399	15,824,971	(2,452,428)	17,122,847
Charges for Services	8,166,585	1,793,882	9,960,467	10,910,939	950,472	9,660,691
Fines and Forfeitures	276,500	—	276,500	643,934	367,434	546,710
Interest	2,384,986	41,250	2,426,236	2,457,348	31,112	1,596,588
Miscellaneous	4,284,377	(817,198)	3,467,179	2,697,651	(769,528)	1,766,269
<b>Total Revenues</b>	<b>\$ 83,905,490</b>	<b>\$ 1,327,934</b>	<b>\$ 85,233,424</b>	<b>\$ 86,413,527</b>	<b>\$ 1,180,103</b>	<b>\$ 79,856,741</b>
<b>Expenditures:</b>						
Current:						
General Government:						
Legislative	1,056,423	31,578	1,088,001	1,079,592	8,409	1,020,899
Administration and Support Services	12,901,724	(3,126,631)	9,775,093	10,125,340	(350,247)	8,280,558
<b>Sub-Total</b>	<b>13,958,147</b>	<b>(3,095,053)</b>	<b>10,863,094</b>	<b>11,204,932</b>	<b>(341,838)</b>	<b>9,301,457</b>
Public Safety	42,015,147	3,966,479	45,981,626	47,563,078	(1,581,452)	41,891,216
Transportation	1,287,307	258,663	1,545,970	1,485,510	60,460	1,152,080
Community Development	8,367,764	886,341	9,254,105	8,355,625	898,480	7,480,183
Culture and Leisure	7,202,541	326,362	7,528,903	8,708,325	(1,179,422)	7,456,645
Library Services	3,302,906	163,965	3,466,871	3,420,132	46,739	2,977,911
Capital Outlay	799,628	754,138	1,553,766	1,351,030	202,736	1,990,550
<b>Total Expenditures</b>	<b>76,933,440</b>	<b>3,260,895</b>	<b>80,194,335</b>	<b>82,088,632</b>	<b>(1,894,297)</b>	<b>72,250,042</b>
Excess (deficiency) of Revenues Over Expenditures	6,972,050	(1,932,961)	5,039,089	4,324,895	714,194	7,606,699
<b>Other Financing Uses:</b>						
Proceeds from Capital Lease	—	—	—	—	—	—
Operating Transfers In	88,470	18,596	107,066	—	(107,066)	88,470
Operating Transfers Out	(7,079,116)	(1,254,276)	(8,333,392)	(6,187,252)	2,146,140	(6,378,277)
<b>Total Other Financing Uses</b>	<b>(6,990,646)</b>	<b>(1,235,680)</b>	<b>(8,226,326)</b>	<b>(6,187,252)</b>	<b>2,039,074</b>	<b>(6,289,807)</b>
Excess (deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(18,596)	(3,168,641)	(3,187,237)	(1,862,357)	1,324,880	1,316,892
<b>Fund Balance, July 1</b>	<b>28,100,890</b>	<b>—</b>	<b>28,100,890</b>	<b>28,100,890</b>	<b>—</b>	<b>26,783,998</b>
<b>Fund Balance, June 30</b>	<b>28,082,294</b>	<b>(3,168,641)</b>	<b>24,913,653</b>	<b>26,238,533</b>	<b>\$ 1,324,880</b>	<b>28,100,890</b>
<b>Adjustments to GAAP Basis:</b>						
Encumbrances				340,453		(291,897)
<b>Fund Balance, GAAP Basis - June 30</b>				<b>26,578,986</b>		<b>27,808,993</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 5-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 funds 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, 2107.5 of the Streets and Highways 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 areas 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, 2004

	Development Fees Funds										
	Park Fees Quimby Reserve	Park Acquisition and Development	Storm Drain Facilities	Circulation System Improvement	Capital Growth Residential	Capital Growth Non- Residential	Utilities Underground Fees	CUPA Operating Fund	Housing In-Lieu Fees	Affordable Housing Fees	Subtotal
<b>Assets:</b>											
Cash and Cash Equivalents	\$ 10,525,726	\$ 692,112	\$ 6,940,344	\$ 8,326,770	\$ 3,880,851	\$ 1,346,991	\$ 1,924,480	\$ 89,501	\$ 1,678,502	\$ 1,216,017	\$ 36,621,294
Accounts and Other Receivables	—	—	121,183	(5,346)	—	(1,509)	—	577	—	—	114,905
Due From Other Governments	—	—	—	—	—	—	—	—	—	—	—
Other Assets	—	—	—	—	—	—	—	—	—	—	—
<b>Total Assets</b>	<b>\$ 10,525,726</b>	<b>\$ 692,112</b>	<b>\$ 7,061,527</b>	<b>\$ 8,321,424</b>	<b>\$ 3,880,851</b>	<b>\$ 1,345,482</b>	<b>\$ 1,924,480</b>	<b>\$ 90,078</b>	<b>\$ 1,678,502</b>	<b>\$ 1,216,017</b>	<b>\$ 36,736,199</b>
<b>Liabilities and Fund Balances</b>											
<b>Liabilities:</b>											
Accounts Payable	\$ —	\$ 2,568	\$ 9,029	\$ 191,484	\$ —	\$ 31,449	\$ —	\$ 1,356	\$ 28,397	\$ —	\$ 264,283
Other Liabilities	—	—	17,679	24,158	—	—	—	12,093	—	—	53,930
Due to Other Funds	—	—	—	—	—	—	—	—	—	—	—
Deferred Revenues	—	—	—	130,329	—	18,863	—	—	—	—	149,192
<b>Total Liabilities</b>	<b>—</b>	<b>2,568</b>	<b>26,708</b>	<b>345,971</b>	<b>—</b>	<b>50,312</b>	<b>—</b>	<b>13,449</b>	<b>28,397</b>	<b>—</b>	<b>467,405</b>
<b>Fund Balances:</b>											
<b>Reserved:</b>											
Park Development	235,362	—	—	—	—	—	—	—	—	—	235,362
<b>Total Reserved</b>	<b>235,362</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>235,362</b>
<b>Unreserved:</b>											
Designated for Authorized Projects	9,224,248	347,983	1,956,616	5,574,772	—	7,429	96,026	—	—	1,200,000	18,407,074
Undesignated	1,066,116	341,561	5,078,203	2,400,681	3,880,851	1,287,741	1,828,454	76,629	1,650,105	16,017	17,626,358
<b>Total Unreserved</b>	<b>10,290,364</b>	<b>689,544</b>	<b>7,034,819</b>	<b>7,975,453</b>	<b>3,880,851</b>	<b>1,295,170</b>	<b>1,924,480</b>	<b>76,629</b>	<b>1,650,105</b>	<b>1,216,017</b>	<b>36,033,432</b>
<b>Total Fund Balances</b>	<b>10,525,726</b>	<b>689,544</b>	<b>7,034,819</b>	<b>7,975,453</b>	<b>3,880,851</b>	<b>1,295,170</b>	<b>1,924,480</b>	<b>76,629</b>	<b>1,650,105</b>	<b>1,216,017</b>	<b>36,268,794</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,525,726</b>	<b>\$ 692,112</b>	<b>\$ 7,061,527</b>	<b>\$ 8,321,424</b>	<b>\$ 3,880,851</b>	<b>\$ 1,345,482</b>	<b>\$ 1,924,480</b>	<b>\$ 90,078</b>	<b>\$ 1,678,502</b>	<b>\$ 1,216,017</b>	<b>\$ 36,736,199</b>

# City of Oxnard, California

## Special Revenue Funds Combining Balance Sheet (Continued) For Fiscal Year Ended June 30, 2004

	Non-Major Funds						
	HUD and CDBG Grants	State and Federal Grants	State Gas Tax	Traffic Safety	Transportation Development	Maintenance Assessment Districts	Total
<b>Assets:</b>							
Cash and Cash Equivalents	\$ 140,756	\$ 9,233,548	\$ 2,129,003	\$ (491,853)	\$ 3,218,183	\$ 2,843,208	\$ 53,694,139
Accounts and Other Receivable	4,350,511	28,537	—	—	—	2,217	4,496,170
Due From Other Governments	468,785	—	—	—	—	—	468,785
Other Assets	181,814	7,524,903	—	—	—	—	7,706,717
<b>Total Assets</b>	<b>\$ 5,141,866</b>	<b>\$ 16,786,988</b>	<b>\$ 2,129,003</b>	<b>\$ (491,853)</b>	<b>\$ 3,218,183</b>	<b>\$ 2,845,425</b>	<b>\$ 66,365,811</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts Payable	\$ 138,413	\$ 290,457	\$ 43,066	\$ —	\$ 149,143	\$ 131,460	\$ 1,016,822
Other Liabilities	52,340	346,107	62,485	19,599	3,581	9,249	547,291
Due to Other Funds	—	513,577	—	—	—	—	513,577
Deferred Revenues	4,951,113	3,357,151	—	—	—	—	8,457,456
<b>Total Liabilities</b>	<b>5,141,866</b>	<b>4,507,292</b>	<b>105,551</b>	<b>19,599</b>	<b>152,724</b>	<b>140,709</b>	<b>10,535,146</b>
<b>Fund Balances:</b>							
<b>Reserved:</b>							
Park Development	—	—	—	—	—	—	235,362
<b>Total Reserved</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>235,362</b>
<b>Unreserved:</b>							
Designated for Authorized Projects	—	7,790,894	2,635,106	—	2,057,761	—	30,890,835
Undesignated	—	4,488,802	(611,654)	(511,452)	1,007,698	2,704,716	24,704,468
<b>Total Unreserved</b>	<b>—</b>	<b>12,279,696</b>	<b>2,023,452</b>	<b>(511,452)</b>	<b>3,065,459</b>	<b>2,704,716</b>	<b>55,595,303</b>
<b>Total Fund Balances</b>	<b>—</b>	<b>12,279,696</b>	<b>2,023,452</b>	<b>(511,452)</b>	<b>3,065,459</b>	<b>2,704,716</b>	<b>55,830,665</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,141,866</b>	<b>\$ 16,786,988</b>	<b>\$ 2,129,003</b>	<b>\$ (491,853)</b>	<b>\$ 3,218,183</b>	<b>\$ 2,845,425</b>	<b>\$ 66,365,811</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, 2004

	Development Fees Funds										
	Park Fees Quimby Reserve	Park Acquisition and Development	Storm Drain Facilities	Circulation System Improvement	Capital Growth Residential	Capital Growth Non- Residential	Utilities Underground Fees	CUPA Operating Fund	Housing In- Lieu Fees	Affordable Housing Fees	Subtotal
<b>Revenues:</b>											
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental	—	—	—	—	—	—	—	—	—	—	—
Growth and Development Fees	900,573	154,349	1,512,633	3,091,177	915,965	486,151	177,675	549,716	1,148,896	—	8,937,135
Fines and Forfeitures	—	—	—	—	—	—	—	—	—	—	—
Interest	325,896	26,763	220,687	229,594	117,682	42,774	57,849	3,066	51,932	16,017	1,092,260
Special Assessments	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous	—	—	32,810	83,197	—	—	—	3,950	—	—	119,957
<b>Total Revenues</b>	<b>\$ 1,226,469</b>	<b>\$ 181,112</b>	<b>\$ 1,766,130</b>	<b>\$ 3,403,968</b>	<b>\$ 1,033,647</b>	<b>\$ 528,925</b>	<b>\$ 235,524</b>	<b>\$ 556,732</b>	<b>\$ 1,200,828</b>	<b>\$ 16,017</b>	<b>\$ 10,149,352</b>
<b>Expenditures:</b>											
Current:											
General Government	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Public Safety	—	—	—	—	—	—	—	480,103	—	—	480,103
Transportation	—	—	—	—	—	—	—	—	—	—	—
Community Development	—	—	—	—	—	—	—	—	342,181	—	342,181
Culture and Leisure	—	—	—	—	—	—	—	—	—	—	—
Capital Outlay	433,513	110,571	1,427,948	2,118,456	415	—	—	—	550,000	—	4,640,903
<b>Total Expenditures</b>	<b>433,513</b>	<b>110,571</b>	<b>1,427,948</b>	<b>2,118,456</b>	<b>415</b>	<b>—</b>	<b>—</b>	<b>480,103</b>	<b>892,181</b>	<b>—</b>	<b>5,463,187</b>
Excess (Deficiency) of Revenues Over Expenditures	792,956	70,541	338,182	1,285,512	1,033,232	528,925	235,524	76,629	308,647	16,017	4,686,165
<b>Other Financing Sources (Uses):</b>											
Operating Transfers In	—	—	—	—	46,500	—	—	—	—	1,200,000	1,246,500
Operating Transfers Out	—	—	—	—	(460,493)	(46,500)	—	—	(1,200,000)	—	(1,706,993)
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(413,993)</b>	<b>(46,500)</b>	<b>—</b>	<b>—</b>	<b>(1,200,000)</b>	<b>1,200,000</b>	<b>(460,493)</b>
Excess of Revenues and Financial Sources Over (Under) Expenditures and Other Uses	792,956	70,541	338,182	1,285,512	619,239	482,425	235,524	76,629	(891,353)	1,216,017	4,225,672
<b>Fund Balance, July 1</b>	<b>\$ 9,732,770</b>	<b>\$ 619,003</b>	<b>\$ 6,696,637</b>	<b>\$ 6,689,941</b>	<b>\$ 3,261,612</b>	<b>\$ 812,745</b>	<b>\$ 1,688,956</b>	<b>\$ —</b>	<b>\$ 2,541,458</b>	<b>\$ —</b>	<b>\$ 32,043,122</b>
<b>Fund Balance, June 30</b>	<b>\$ 10,525,726</b>	<b>\$ 689,544</b>	<b>\$ 7,034,819</b>	<b>\$ 7,975,453</b>	<b>\$ 3,880,851</b>	<b>\$ 1,295,170</b>	<b>\$ 1,924,480</b>	<b>\$ 76,629</b>	<b>\$ 1,650,105</b>	<b>\$ 1,216,017</b>	<b>\$ 36,268,794</b>

## 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, 2004

	HUD and CDBG Grants	State and Federal Grants	Non-major Funds				Total
			State Gas Tax	Traffic Safety	Transportation Development	Maintenance Assessment Districts	
<b>Revenues</b>							
Taxes	\$ —	\$ 8,325,351	\$ —	\$ —	\$ —	\$ —	\$ 8,325,351
Intergovernmental	5,893,824	12,782,412	3,429,748	—	2,821,935	—	24,927,919
Growth and Development Fees	—	—	—	—	—	—	8,937,135
Fines and Forfeitures	—	49,121	—	505,401	—	—	554,522
Interest	—	187,060	84,470	—	46,303	100,160	1,510,253
Special Assessments	—	—	—	—	—	2,089,097	2,089,097
Miscellaneous	—	—	467,702	14,275	190,038	—	791,972
<b>Total Revenues</b>	<b>5,893,824</b>	<b>21,343,944</b>	<b>3,981,920</b>	<b>519,676</b>	<b>3,058,276</b>	<b>2,189,257</b>	<b>47,136,249</b>
<b>Expenditures</b>							
Current:							
General Government	\$ 272,193	\$ —	\$ —	\$ —	\$ —	\$ —	272,193
Public Safety	193,957	8,384,518	—	209,830	—	—	9,268,408
Transportation	—	165,886	3,230,410	538,165	482,529	—	4,416,990
Community Development	3,150,772	552,556	—	—	—	1,732,027	5,777,536
Culture and Leisure	331,390	373,479	—	—	—	—	704,869
Capital Outlay	1,945,512	8,096,190	1,352,964	50,000	1,524,110	—	17,609,679
<b>Total Expenditures</b>	<b>5,893,824</b>	<b>17,572,629</b>	<b>4,583,374</b>	<b>797,995</b>	<b>2,006,639</b>	<b>1,732,027</b>	<b>38,049,675</b>
Excess (Deficiency) of Revenues Over Expenditures	—	3,771,315	(601,454)	(278,319)	1,051,637	457,230	9,086,574
<b>Other Financing Sources (Uses):</b>							
Operating Transfers In	—	—	—	—	—	—	1,246,500
Operating Transfers Out	—	—	—	—	—	—	(1,706,993)
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(460,493)</b>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	—	3,771,315	(601,454)	(278,319)	1,051,637	457,230	8,626,081
<b>Fund Balance, July 1</b>	<b>—</b>	<b>8,508,381</b>	<b>2,624,906</b>	<b>(233,133)</b>	<b>2,013,822</b>	<b>2,247,486</b>	<b>47,204,584</b>
<b>Fund Balance, June 30</b>	<b>\$ —</b>	<b>\$ 12,279,696</b>	<b>\$ 2,023,452</b>	<b>\$ (511,452)</b>	<b>\$ 3,065,459</b>	<b>\$ 2,704,716</b>	<b>\$ 55,830,665</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 the 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, 2004*

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	<b>Community Development Commission</b>	<b>City of Oxnard Financing Authority</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ —	\$ —	\$ —
Investments with Fiscal Agents	—	796,691	796,691
<b>Total Assets</b>	<b>\$ —</b>	<b>\$ 796,691</b>	<b>\$ 796,691</b>
<b>Fund Balances:</b>			
Reserved for Repayment of Debt	\$ —	\$ 796,691	\$ 796,691
<b>Total Liabilities and Fund Balances</b>	<b>\$ —</b>	<b>\$ 796,691</b>	<b>\$ 796,691</b>

# City of Oxnard, California

## Debt Service Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2004

	Community Development Commission Funds			City of Oxnard Financing Authority	Grand Total June 30, 2004
	CCRP Debt Service	Ormond Beach Debt Service	Debt Service Total		
<b>Revenues:</b>					
Taxes	\$ 1,602,239	\$ 416,698	\$ 2,018,937	\$ —	\$ 2,018,937
Interest	—	—	—	—	—
<b>Total Revenues</b>	<b>1,602,239</b>	<b>416,698</b>	<b>2,018,937</b>	<b>—</b>	<b>2,018,937</b>
<b>Expenditures:</b>					
Debt Service:					
Principal	680,054	94,735	774,789	2,133,811	2,908,600
Interest	922,185	321,963	1,244,148	857,925	2,102,073
<b>Total Expenditures</b>	<b>1,602,239</b>	<b>416,698</b>	<b>2,018,937</b>	<b>2,991,736</b>	<b>5,010,673</b>
Excess (Deficiency) of Revenues Over Expenditures	—	—	—	(2,991,736)	(2,991,736)
Other Financing Sources-Operating Transfers In	—	—	—	2,991,736	2,991,736
Proceeds from Loans Payable	—	—	—	—	—
Payment to Escrow Agent	—	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,991,736</b>	<b>2,991,736</b>
Excess of Revenues and Other Sources Over Expenditures	—	—	—	—	—
<b>Fund Balance, July 1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>796,691</b>	<b>796,691</b>
<b>Fund Balance, June 30</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 796,691</b>	<b>\$ 796,691</b>

## CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used 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, 2004*

	Capital Outlay Funds					
	Capital Outlay Fund	PAAC Facilities Fund	COP 1999 Fund	Civic Center Improvement Fund	Revenue Bond Funded CIPS (Series 2003)	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$ 4,971,050	\$ 23,391	\$ (22,474)	\$ 407,548	\$ (926,286)	\$ 4,453,229
Investments with Fiscal Agents	1,766,150	—	1,756,591	—	11,104,651	14,627,392
Accounts and Other Receivable	—	—	—	—	—	—
Notes Receivable	—	—	—	—	—	—
Properties Held for Resale	—	—	—	—	—	—
<b>Total Assets</b>	<b>6,737,200</b>	<b>23,391</b>	<b>1,734,117</b>	<b>407,548</b>	<b>10,178,365</b>	<b>19,080,621</b>
<b>Liabilities</b>						
Accounts Payable	(427,639)	—	39,791	150,235	832,155	594,542
Other Liabilities	(4,976)	—	8,245	—	—	3,269
Due to Other Funds	247,348	—	—	—	—	247,348
Advances From Other Agencies	125,000	—	—	2,322,761	—	2,447,761
<b>Total Liabilities</b>	<b>(60,267)</b>	<b>—</b>	<b>48,036</b>	<b>2,472,996</b>	<b>832,155</b>	<b>3,292,920</b>
<b>Fund Balances</b>						
<b>Reserved:</b>						
Receivable	—	—	—	—	—	—
Restricted Revenue	—	—	—	—	—	—
Properties Held for Resale	—	—	—	—	—	—
<b>Total Reserved</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Unreserved</b>						
Designated for Authorized Projects	6,245,916	—	502,233	188,460	4,022,038	10,958,647
Undesignated	551,551	23,391	1,183,848	(2,253,908)	5,324,172	4,829,054
<b>Total Unreserved</b>	<b>6,797,467</b>	<b>23,391</b>	<b>1,686,081</b>	<b>(2,065,448)</b>	<b>9,346,210</b>	<b>15,787,701</b>
<b>Total Fund Balances</b>	<b>6,797,467</b>	<b>23,391</b>	<b>1,686,081</b>	<b>(2,065,448)</b>	<b>9,346,210</b>	<b>15,787,701</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,737,200</b>	<b>\$ 23,391</b>	<b>\$ 1,734,117</b>	<b>\$ 407,548</b>	<b>\$ 10,178,365</b>	<b>\$ 19,080,621</b>

# City of Oxnard, California

## Capital Projects Fund Combining Balance Sheet (Continued) Year Ended June 30, 2004

	Community Development Commission Funds							Total
	CCRP Fund	Downtown Renewal Fund	Southwinds Project Area	Ormond Beach Project Area	HERO Project Area	Housing Set- Aside Fund	Subtotal	
<b>Assets</b>								
Cash and Cash Equivalents	\$ 1,006,545	\$ 179,787	\$ 1,778,745	\$ 732,760	\$ 1,879,548	\$ 4,404,607	\$ 9,981,992	\$ 14,435,221
Investments with Fiscal Agents	5,009,219	—	—	—	—	—	5,009,219	19,636,611
Accounts and Other Receivable	3,961	—	—	—	—	—	3,961	3,961
Notes Receivable	417,198	—	17,873	—	—	—	435,071	435,071
Properties Held for Resale	4,727,050	127,200	—	—	—	—	4,854,250	4,854,250
<b>Total Assets</b>	<b>11,163,973</b>	<b>306,987</b>	<b>1,796,618</b>	<b>732,760</b>	<b>1,879,548</b>	<b>4,404,607</b>	<b>20,284,493</b>	<b>39,365,114</b>
<b>Liabilities</b>								
Accounts Payable	240,506	383	2,687	158,456	19,729	10,369	432,130	1,026,672
Other Liabilities	15,107	152	—	385,315	4,005	13,328	417,907	421,176
Due to Other Funds	2,691,951	—	440,747	—	—	—	3,132,698	3,380,046
Advances From Other Agencies	—	—	—	—	—	—	—	2,447,761
<b>Total Liabilities</b>	<b>2,947,564</b>	<b>535</b>	<b>443,434</b>	<b>543,771</b>	<b>23,734</b>	<b>23,697</b>	<b>3,982,735</b>	<b>7,275,655</b>
<b>Fund Balances</b>								
<b>Reserved:</b>								
Receivable	417,198	—	17,873	—	—	—	435,071	435,071
Restricted Revenue	5,009,219	—	—	—	—	—	5,009,219	5,009,219
Properties Held for Resale	4,727,050	127,200	—	—	—	—	4,854,250	4,854,250
<b>Total Reserved</b>	<b>10,153,467</b>	<b>127,200</b>	<b>17,873</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>10,298,540</b>	<b>10,298,540</b>
<b>Unreserved</b>								
Designated for Authorized Projects	530,171	255	168,348	511,898	237,962	2,709,192	4,157,826	15,116,473
Undesignated	(2,467,229)	178,997	1,166,963	(322,909)	1,617,852	1,671,718	1,845,392	6,674,446
<b>Total Unreserved</b>	<b>(1,937,058)</b>	<b>179,252</b>	<b>1,335,311</b>	<b>188,989</b>	<b>1,855,814</b>	<b>4,380,910</b>	<b>6,003,218</b>	<b>21,790,919</b>
<b>Total Fund Balances</b>	<b>8,216,409</b>	<b>306,452</b>	<b>1,353,184</b>	<b>188,989</b>	<b>1,855,814</b>	<b>4,380,910</b>	<b>16,301,758</b>	<b>32,089,459</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,163,973</b>	<b>\$ 306,987</b>	<b>\$ 1,796,618</b>	<b>\$ 732,760</b>	<b>\$ 1,879,548</b>	<b>\$ 4,404,607</b>	<b>\$ 20,284,493</b>	<b>\$ 39,365,114</b>

# City of Oxnard, California

## Capital Projects Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2004

	Capital Outlay Funds					
	Capital Outlay Fund	PAAC Facilities Fund	COP (1999) Fund	Civic Center Improvement	Revenue Bond Funded CIPS (Series 2001)	Subtotal
Revenues:						
Taxes Increments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental	81,669	—	—	—	—	81,669
Interest	—	675	224,833	—	51,933	277,441
Charges for Services	—	23,322	—	170,947	—	194,269
Rental Income	—	—	—	—	—	—
Miscellaneous	786,644	—	—	—	—	786,644
Total Revenues	868,313	23,997	224,833	170,947	51,933	1,340,023
Expenditures:						
Transportation	38,845	—	—	—	—	38,845
Community Development						
Salaries and Wages	—	—	—	—	—	—
County Administrative Charges - Tax Increment	—	—	—	—	—	—
Assessment District Payments	—	—	—	—	—	—
ERAP Assessment in Tax Increment	—	—	—	—	—	—
Tax Increment Pass-Through	—	—	—	—	—	—
Indirect Prorated Cost Charges	—	—	—	—	—	—
Interfund Prorated Charges	—	—	—	—	—	—
Others	—	—	—	—	—	—
Professional Services	—	—	—	—	—	—
Subtotal for Community Development	—	—	—	—	—	—
Culture and Leisure	—	—	322,699	—	—	322,699
Capital Outlay	4,581,519	16,596	682,830	1,295,476	4,928,769	11,505,190
Total Expenditures	4,620,364	16,596	1,005,529	1,295,476	4,928,769	11,866,734
Excess (Deficiency) of Revenues (Under) Over Expenditures	(3,752,051)	7,401	(780,696)	(1,124,529)	(4,876,836)	(10,526,711)
Other Financing Sources (Uses)						
Operating Transfers In	2,236,791	—	—	—	—	2,236,791
Operating Transfers Out	(213,079)	—	—	—	—	(213,079)
Proceeds from Other Financial Sources	1,910,000	—	—	—	14,230,000	16,140,000
Total Other Financing Sources (Uses)	3,933,712	—	—	—	14,230,000	18,163,712
Excess of Revenues and Other Sources Over Expenditures and Other Uses	181,661	7,401	(780,696)	(1,124,529)	9,353,164	7,637,001
Fund Balance, July 1	6,615,806	15,990	2,466,777	(940,919)	(6,954)	8,150,700
Fund Balance, June 30	\$ 6,797,467	\$ 23,391	\$ 1,686,081	\$ (2,065,448)	\$ 9,346,210	\$ 15,787,701

# City of Oxnard, California

## Capital Projects Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Year Ended June 30, 2004

	Community Development Commission Funds						Subtotal CDC Funds	Total
	CCRP Fund	Downtown Renewal Fund	Southwinds Project Area	Ormond Beach Project Area	HERO Project Area	Housing Set-Aside Fund		
<b>Revenues:</b>								
Taxes Increments	\$ 1,520,278	\$ 149,886	\$ 728,848	\$ 2,422,809	\$ 2,824,297	\$ —	\$ 7,646,118	\$ 7,646,118
Intergovernmental	—	—	—	—	—	—	—	81,669
Interest	38,802	7,810	45,068	45,293	77,147	88,114	302,234	579,675
Charges for Services	—	—	—	—	67,200	—	67,200	261,469
Rental Income	65,000	—	—	—	—	—	65,000	65,000
Miscellaneous	427,004	—	—	2,000	—	39,403	468,407	1,255,051
<b>Total Revenues</b>	<b>2,051,084</b>	<b>157,696</b>	<b>773,916</b>	<b>2,470,102</b>	<b>2,968,644</b>	<b>127,517</b>	<b>8,548,959</b>	<b>9,888,982</b>
<b>Expenditures:</b>								
Transportation	—	—	—	—	—	—	—	38,845
Community Development								
Salaries and Wages	249,830	15,614	78,072	148,337	226,409	427,560	1,145,822	1,145,822
County Administrative Charges - Tax Increment	42,989	1,860	11,079	39,112	45,592	—	140,632	140,632
Assessment District Payments	57,658	—	—	—	—	—	57,658	57,658
ERAP Assessment in Tax Increment	—	—	—	338,119	—	—	338,119	338,119
Tax Increment Pass-Through	47,247	—	—	1,301,646	488,744	—	1,837,637	1,837,637
Indirect Prorated Cost Charges	104,184	15,585	24,332	19,395	23,868	11,350	198,714	198,714
Interfund Prorated Charges	432,502	—	77,924	—	225,979	62,338	798,743	798,743
Others	105,476	1,550	65,909	1,550	1,639,998	8,714	1,823,197	1,823,197
Professional Services	286,729	383	11,149	100,592	53,750	178,666	631,269	631,269
Subtotal for Community Development	1,326,615	34,992	268,465	1,948,751	2,704,340	688,628	6,971,791	6,971,791
Culture and Leisure	—	—	—	—	—	—	—	322,699
Capital Outlay	985,035	—	53,761	27,129	65,103	275,942	1,406,970	12,912,160
<b>Total Expenditures</b>	<b>2,311,650</b>	<b>34,992</b>	<b>322,226</b>	<b>1,975,880</b>	<b>2,769,443</b>	<b>964,570</b>	<b>8,378,761</b>	<b>20,245,495</b>
Excess (Deficiency) of Revenues (Under) Over Expenditures	(260,566)	122,704	451,690	494,222	199,201	(837,053)	170,198	(10,356,513)
<b>Other Financing Sources (Uses)</b>								
Operating Transfers In	—	—	—	—	—	1,898,546	1,898,546	4,135,337
Operating Transfers Out	(624,500)	(29,977)	(145,769)	(549,318)	(548,982)	—	(1,898,546)	(2,111,625)
Proceeds from Other Financial Sources	5,009,149	—	—	—	—	—	5,009,149	21,149,149
<b>Total Other Financing Sources (Uses)</b>	<b>4,384,649</b>	<b>(29,977)</b>	<b>(145,769)</b>	<b>(549,318)</b>	<b>(548,982)</b>	<b>1,898,546</b>	<b>5,009,149</b>	<b>23,172,861</b>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	4,124,083	92,727	305,921	(55,096)	(349,781)	1,061,493	5,179,347	12,816,348
<b>Fund Balance, July 1</b>	<b>4,092,326</b>	<b>213,725</b>	<b>1,047,263</b>	<b>244,085</b>	<b>2,205,595</b>	<b>3,319,417</b>	<b>11,122,411</b>	<b>19,273,111</b>
<b>Fund Balance, June 30</b>	<b>\$ 8,216,409</b>	<b>\$ 306,452</b>	<b>\$ 1,353,184</b>	<b>\$ 188,989</b>	<b>\$ 1,855,814</b>	<b>\$ 4,380,910</b>	<b>\$ 16,301,758</b>	<b>\$ 32,089,459</b>

## **APPENDIX D**

### **FORM OF BOND COUNSEL OPINION**

[Closing Date]

Governing Board  
City of Oxnard Financing Authority  
300 West Third Street  
Oxnard, California 93030

Re: FINAL OPINION  
\$20,955,000 City of Oxnard Financing Authority  
Solid Waste Revenue Refunding Bonds, Series 2005

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Oxnard Financing Authority (the "Authority") of \$20,955,000 aggregate principal amount of the City of Oxnard Financing Authority Solid Waste Revenue Refunding Bonds, Series 2005 (the "Bonds"), pursuant to the Marks-Roos Local Bond Pooling Act of 1985, Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code, and the provisions of an Indenture, dated as of April 1, 2005 (the "Indenture"), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Indenture and in the Amended and Restated Installment Purchase Agreement, dated as of April 1, 2005 (the "Installment Purchase Agreement"), by and between the City of Oxnard (the "City") and the Authority, as applicable.

In such connection, we have reviewed the Indenture, the Installment Purchase Agreement, 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 Indenture, the Installment Purchase Agreement, 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 opinions, referred to in the second paragraph hereof.

Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Installment Purchase Agreement, 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 Indenture, the Installment Purchase Agreement, 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 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. We express no opinion regarding the perfection or priority of the lien on the Revenues or the Net System Revenues.

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 Installment Payments under the Installment Purchase Agreement constitutes a valid and binding limited obligation of the City. The Bonds constitute the valid and binding limited obligations of the Authority.
2. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues. The Installment Purchase Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Net System Revenues.
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 (the "Code"), except for interest on a Bond during any period that such Bond is held by a "substantial user" of the facilities financed or refinanced by the Bonds or by a "related person" within the meaning of Section 147(a) of the Code; provided, however, interest on the Bonds will be included as an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds is exempt from State of California personal income taxes. 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 above, 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 Solid Waste Revenue Refunding Bonds, Series 2005, in the aggregate principal amount of \$20,955,000 (the “Bonds”). The Bonds are being issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) of the California Government Code, commonly known as the Marks-Roos Local Bond Pooling Act of 1985, and the provisions of an Indenture, dated as of April 1, 2005 (the “Indenture”), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), in order to provide funds (i) to refund the 1995 Bonds, (ii) to finance the acquisition of certain solid waste equipment for the solid waste system of the City of Oxnard (the “City”), (iii) to make the required deposit to a reserve fund for the Bonds, and (iv) to finance certain costs of issuance related to the Bonds. 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 Underwriters 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 Indenture and in the Amended and Restated Installment Purchase Agreement, dated as of April 1, 2005 (the “Installment Purchase Agreement”), 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 nine (9) months after the end of the Authority’s fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

“*Dissemination Agent*” shall mean 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 Underwriters*” shall mean the original underwriters 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 Disclosure 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 March 31, 2006, provide to each Repository and any Participating Underwriters 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 Underwriters. Not later than 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. The Annual Report may be filed using the SEC-Approved Electronic Transmission Facilities Provided by the Texas Municipal Advisory Council at website <http://www.disclosureusa.org>. 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 Indenture or the Installment Purchase Agreement.
3. If a reserve fund insurance policy is not in effect and 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. Information regarding any material changes to the facilities comprising the Solid Waste System, or the operation thereof, as described in the Official Statement under the following subheadings of the section entitled "SOLID WASTE SYSTEM:"
  - General;
  - Service Area (including an update of the information contained in Table 1 and Table 2 for the most recently completed fiscal year, but excluding Table 3);
  - Solid Waste System Rates and Charges" (including an update of the information contained in Table 4 for the most recently completed fiscal year, but excluding Table 5 and Table 6);
  - Solid Waste Diversion;
  - Outstanding Debt; and
  - Historical Revenues, Expenses, and Debt Service Coverage (including an update of the information contained in Table 7 for the most recently completed fiscal year, exclusive of any projected information for future fiscal years).

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 that 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 Underwriters. 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 Indenture.

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 Indenture for amendments to the Indenture 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 Indenture, 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 Underwriters 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 Solid Waste Revenue Refunding  
Bonds, Series 2005

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 BOND INSURANCE POLICY**

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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

## Endorsement

Policy for:

Attached to and forming part of Policy No.:

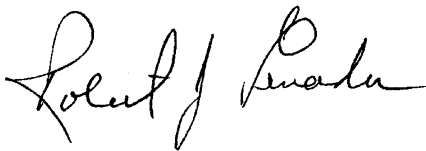
Effective Date of Endorsement:

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