

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

**\$43,785,000**  
**CITY OF OXNARD FINANCING AUTHORITY**  
**WASTEWATER REVENUE REFUNDING BONDS**  
**SERIES 2003**

Dated: Date of Delivery

Due: June 1, as shown below

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

The City of Oxnard Financing Authority Wastewater Revenue Refunding Bonds, Series 2003 (the “Bonds”), are being issued in the aggregate principal amount of \$43,785,000 by the City of Oxnard Financing Authority (the “Authority”) pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and the provisions of an Indenture, dated as of March 1, 2003 (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 1993 Bonds (as defined herein), and (ii) to finance certain costs of issuance related thereto. See “THE REFUNDING PLAN” and “APPENDIX A – Summary of Certain Provisions of Indenture and Installment Purchase Agreement” herein. 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 Indenture and Installment Purchase Agreement – Selected Definitions” herein.

The Bonds will be delivered as fully registered bonds without coupons and, when delivered, will be registered in the name of Cde & Co., as nominee of The Depository Trust Company, New York, New York (“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” herein.

Payments of interest on the Bonds will be made by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to beneficial owners of the Bonds as described herein. Interest on the Bonds is payable semiannually on each June 1 and December 1, commencing June 1, 2003, until the maturity or the earlier redemption thereof. Principal and any redemption premiums with respect to each Bond will be paid upon surrender of such Bond at the principal corporate office of the Trustee upon maturity or the earlier redemption thereof.

**The Bonds are subject to optional 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 municipal bond insurance policy to be issued by Financial Guaranty Insurance Company, doing business in California as FGIC Insurance Company, simultaneously with the delivery of the Bonds.



**Financial Guaranty Insurance  
Company**

FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency.

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 March 1, 2003 (the “Installment Purchase Agreement”), by and between the Authority and the City of Oxnard (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” herein.

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 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 CONSTITUTES AN INDEBTEDNESS OF THE AUTHORITY, THE CITY, THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

**MATURITY SCHEDULE**

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	Base CUSIP <sup>(1)</sup> No. 691874	Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	Base CUSIP <sup>(1)</sup> No. 691874
2003	\$1,805,000	2.000%	1.000%	100.165%	AU5	2010	\$2,175,000	3.000%	3.100%	99.359%	BG5
2004	250,000	2.000	1.120	101.016	AV3	2011	2,240,000	5.000	3.460	110.870	BH3
2004	1,500,000	4.000	1.120	103.327	AW1	2012	2,355,000	5.000	3.600	110.843	BJ9
2005	250,000	2.000	1.280	101.533	AX9	2013	2,470,000	5.000	3.700	110.927	BK6
2005	1,565,000	4.000	1.280	105.792	AY7	2014	2,595,000	5.250	3.800	112.128 <sup>(2)</sup>	BL4
2006	400,000	2.000	1.600	101.229	AZ4	2015	2,730,000	5.250	3.900	111.235 <sup>(2)</sup>	BM2
2006	1,485,000	4.000	1.600	107.380	BA8	2016	2,875,000	5.000	4.040	107.933 <sup>(2)</sup>	BN0
2007	1,150,000	4.000	2.000	107.955	BB6	2017	3,015,000	5.000	4.170	106.815 <sup>(2)</sup>	BP5
2007	800,000	5.000	2.000	111.933	BC4	2018	3,170,000	5.000	4.270	105.963 <sup>(2)</sup>	BQ3
2008	1,535,000	3.000	2.400	102.897	BD2	2019	3,325,000	5.000	4.360	105.205 <sup>(2)</sup>	BR1
2008	500,000	4.000	2.400	107.728	BE0	2020	3,495,000	5.000	4.450	104.452 <sup>(2)</sup>	BS9
2009	2,100,000	3.500	2.750	104.224	BF7						

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

<sup>(2)</sup> Priced to the June 1, 2013 redemption date at 100%, without premium.

The Bonds are offered when, as and if delivered to and received by the Underwriter, subject to the approval of legality by Pillsbury Winthrop LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney and by Disclosure Counsel, Pillsbury Winthrop 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 1, 2003.

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

Dated: March 18, 2003.

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

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

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

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

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

## CITY OF OXNARD, CALIFORNIA

### MAYOR AND CITY COUNCIL

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

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### BOARD OF DIRECTORS OF THE AUTHORITY

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

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### CITY OFFICIALS

Edmund F. Sotelo, *City Manager*  
Karen R. Burnham, *Assistant City Manager*  
Gary Gillig, *City Attorney*  
Daniel Martinez, *City Clerk*  
Dale Belcher, *City Treasurer*  
Stan Kleinman, *Finance and Management Services Director*  
Michael J. More, *Financial Services Manager*  
Tamara Sexton, *Financial Analyst III*  
Granville Bowman, *Director of Public Works*  
Mark S. Norris, *Wastewater Superintendent*  
Robert Montgomery, *Environmental Safety Manager*

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### PROFESSIONAL SERVICES

***Bond Counsel and Disclosure Counsel***  
Pillsbury Winthrop 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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**\$43,785,000**  
**CITY OF OXNARD FINANCING AUTHORITY**  
**WASTEWATER REVENUE REFUNDING BONDS**  
**SERIES 2003**

**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 Wastewater Revenue Refunding Bonds, Series 2003 (the "Bonds"), in an aggregate amount of \$43,785,000. 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 Indenture and Installment Purchase Agreement."

**Authorization**

The Bonds are being issued by the City of Oxnard Financing Authority (the "Authority"), a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California, pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act") and the provisions of an Indenture, dated as of March 1, 2003 (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 1993 Bonds (as hereinafter defined), the proceeds of which were used to refinance the Project (as hereinafter defined), and (ii) to pay the costs of issuance of the Bonds. See "THE REFUNDING PLAN" and "THE PROJECT" herein.

**Registration, Maturity and Payment of Bonds**

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

Interest on the Bonds is payable semiannually on June 1 and December 1, commencing June 1, 2003, and will be paid by check, mailed by first class mail to the registered owners thereof 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 – Payment of Principal and Interest” herein.

### **Redemption**

The Bonds maturing on or before June 1, 2013 are not subject to optional redemption prior to maturity. The Bonds maturing on or after June 1, 2014 are subject to optional redemption at the option of the City on or after June 1, 2013, as a whole or in part, on any Interest Payment Date, without premium. See “THE BONDS – Optional Redemption of Bonds” herein.

### **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 Installment Purchase Agreement, 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 Wastewater 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” herein.

Pursuant to the Indenture, the City will be required to maintain amounts on deposit (or obtain a qualified reserve fund insurance policy in lieu of such 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” herein.

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company, doing business in California as FGIC Insurance Company (the “Bond Insurer” or “Financial Guaranty”), 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. Concurrently with the issuance of the 1993 Bonds, Financial Guaranty issued a qualified reserve fund policy in satisfaction of the reserve requirement with respect to the reserve fund for the 1993 Bonds (the “1993 Reserve Fund”). In connection with the issuance of the Bonds, Financial Guaranty and the Authority will acknowledge and agree that, and will amend any related agreements to provide that, on and after the date of issuance of the Bonds, the Reserve Fund Policy will apply to, and will satisfy the Reserve Requirement with respect to, the Reserve Fund for the Bonds. See “MUNICIPAL BOND INSURANCE” herein.

### **Rate Covenant**

The Installment Purchase Agreement provides that the City will fix, prescribe and collect rates and charges for the Wastewater 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 (i.e., principal, interest and redemption premiums due with respect to all outstanding Bonds and any parity obligations) for such Fiscal Year and certain costs due and owing under the Reserve Fund Policy, if any, plus (b) the amount by which the amount on deposit in the Wastewater Revenue Fund (as defined in the Installment Purchase Agreement) 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 described above. See “SECURITY FOR THE BONDS – Rate Covenant” herein.

### **Continuing Disclosure**

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

### **Limited Obligations**

**The Bonds are limited obligations of the Authority payable solely from and secured solely by the 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 Wastewater System, see “THE WASTEWATER SYSTEMS” herein.**

## **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 June 1 and December 1, commencing June 1, 2003 (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.

### **Optional Redemption of Bonds**

The Bonds maturing on or before June 1, 2013 are not subject to optional redemption prior to maturity. The Bonds maturing on or after June 1, 2014 are subject to optional redemption prior to their respective stated maturities upon the exercise by the City of its right to cause such early redemption of Bonds under the Installment Purchase Agreement, from and to the extent of any source of available funds, as a whole or in part, on any Interest Payment Date on or after June 1, 2013, without premium. Pursuant to the Installment Purchase Agreement, the City will designate in its written notice to the Trustee and the Bond Insurer the principal amounts and maturities of the Bonds to be so redeemed.

### **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 thirty (30) nor more than sixty (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 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 on the redemption date there will become due and payable on the Bonds to be redeemed, all or the principal amount thereof on the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and will require that such Bonds be then 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., as nominee of DTC, as registered owner of all the Bonds. The following description of DTC and its book-entry system has been provided by DTC and has not been verified for accuracy or completeness by the City or the Authority, and neither the City nor the Authority shall have any liability with respect thereto. Neither the City nor the Authority shall have any responsibility or liability for any aspects of the records maintained by DTC relating to or payments made on account of beneficial ownership, or for maintaining, supervising, or reviewing any records maintained by DTC relating to beneficial ownership, of interests in the Bonds.

DTC is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (the “Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants (“Direct Participants”) include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interests in the Bonds except in the event that use of the book-entry system for the Bonds is discontinued.**

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions and defaults. Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

**REDEMPTION NOTICES SHALL BE SENT BY THE TRUSTEE TO DTC. IF LESS THAN ALL OF THE BONDS ARE BEING REDEEMED, DTC'S PRACTICE IS TO DETERMINE BY LOT THE AMOUNT OF THE INTEREST OF EACH DIRECT PARTICIPANT IN SUCH ISSUE TO BE REDEEMED.**

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the City or the Authority as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Trustee, or the City or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the City, the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered in accordance with the terms of the Bond Resolution.

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 REFUNDING PLAN**

### **The 1993 Bonds**

A portion of the proceeds from the sale of the Bonds will be used to refund the outstanding City of Oxnard Financing Authority Wastewater Revenue Refunding Bonds, Series 1993, which were issued by the Authority on August 12, 1993, in the aggregate principal amount of \$59,530,000 (the "1993 Bonds"). The 1993 Bonds were issued by the Authority to provide moneys to refund all or a portion of three previously outstanding bond issues: (i) the Oxnard-Port Hueneme Regional Wastewater Treatment Authority (Ventura County, California) Lease Revenue Bonds, Series 1977 (the "1977 Bonds"), (ii) the



City of Oxnard Public Facilities Corporation Certificates of Participation (River Ridge Sports Facility, Wastewater Treatment Plant and Corporate Yard Property) (the “1985 Certificates”), and (iii) the City of Oxnard Public Facilities Corporation Certificates of Participation (Wastewater Treatment Plant Project) (the “1986 Certificates” and, together with the 1977 Bonds and the 1985 Certificates, the “Prior Obligations”). The proceeds of the Prior Obligations were used to acquire, construct and install certain wastewater treatment facilities of the City, described under the heading “THE PROJECT.”

**The Refunding Plan**

The 1993 Bonds will be refunded and defeased in accordance with the terms of that certain Indenture, dated as of June 1, 1993 (the “1993 Indenture”), by and between the Authority and the Trustee, acting as trustee for the 1993 Bonds (the “1993 Trustee”). On the date of delivery of the Bonds, a portion of the proceeds from the sale of the Bonds (the “Refunding Proceeds”), together with certain moneys currently on deposit in the funds and accounts established under the 1993 Indenture and currently being held by the 1993 Trustee (together with the 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 March 1, 2003 (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 1993 Bonds, to be applied solely as provided in the Escrow Agreement.

Pursuant to the Escrow Agreement, the Escrow Agent will use a portion of the moneys on deposit in the Escrow Fund to purchase non-callable direct obligations of the United States of America (“Federal Securities”), in an amount, bearing interest and subject to terms so that such Federal Securities will be sufficient, when added to any uninvested cash in the Escrow Fund, to (i) refund and redeem the 1993 Bonds and discharge the 1993 Indenture in accordance with its terms, and (ii) to pay on June 1, 2003, the accrued interest on the 1993 Bonds maturing on and after June 1, 2003, the principal amount of the 1993 Bonds maturing on June 1, 2003, and the redemption price of 100% of the principal amount payable with respect to the 1993 Bonds maturing after June 1, 2003. The mathematical sufficiency of the Federal Securities, when combined with 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” herein.

**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 1993 Bonds (the “1993 Funds”).

**Estimated Sources:**

Principal Amount of Bonds	\$43,785,000.00
Original Issue Premium	2,950,638.65
Less: Underwriter’s Discount	<u>(199,221.75)</u>
Total Sources	\$46,536,416.90

**Estimated Uses:**

Transfer to Escrow Agent for deposit into Escrow Fund	\$46,135,308.45
Transfer to Bond Insurer <sup>(1)</sup>	163,138.91
Deposit into the Costs of Issuance Fund <sup>(2)</sup>	<u>237,969.54</u>
Total Uses	\$46,536,416.90

<sup>(1)</sup> Represents the premium for Bond Insurance Policy.

<sup>(2)</sup> Moneys in the Costs of Issuance Fund are expected to be used to pay the fees and expenses of Bond Counsel, Disclosure Counsel, Trustee and the Verification Agent, printing and other miscellaneous costs.

## DEBT SERVICE SCHEDULE

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

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 1, 2003	\$ 1,805,000.00	\$ 325,618.75	\$ 2,130,618.75
December 1, 2003		958,806.25	958,806.25
June 1, 2004	1,750,000.00	958,806.25	2,708,806.25
December 1, 2004		926,306.25	926,306.25
June 1, 2005	1,815,000.00	926,306.25	2,741,306.25
December 1, 2005		892,506.25	892,506.25
June 1, 2006	1,885,000.00	892,506.25	2,777,506.25
December 1, 2006		858,806.25	858,806.25
June 1, 2007	1,950,000.00	858,806.25	2,808,806.25
December 1, 2007		815,806.25	815,806.25
June 1, 2008	2,035,000.00	815,806.25	2,850,806.25
December 1, 2008		782,781.25	782,781.25
June 1, 2009	2,100,000.00	782,781.25	2,882,781.25
December 1, 2009		746,031.25	746,031.25
June 1, 2010	2,175,000.00	746,031.25	2,921,031.25
December 1, 2010		713,406.25	713,406.25
June 1, 2011	2,240,000.00	713,406.25	2,953,406.25
December 1, 2011		657,406.25	657,406.25
June 1, 2012	2,355,000.00	657,406.25	3,012,406.25
December 1, 2012		598,531.25	598,531.25
June 1, 2013	2,470,000.00	598,531.25	3,068,531.25
December 1, 2013		536,781.25	536,781.25
June 1, 2014	2,595,000.00	536,781.25	3,131,781.25
December 1, 2014		468,662.50	468,662.50
June 1, 2015	2,730,000.00	468,662.50	3,198,662.50
December 1, 2015		397,000.00	397,000.00
June 1, 2016	2,875,000.00	397,000.00	3,272,000.00
December 1, 2016		325,125.00	325,125.00
June 1, 2017	3,015,000.00	325,125.00	3,340,125.00
December 1, 2017		249,750.00	249,750.00
June 1, 2018	3,170,000.00	249,750.00	3,419,750.00
December 1, 2018		170,500.00	170,500.00
June 1, 2019	3,325,000.00	170,500.00	3,495,500.00
December 1, 2019		87,375.00	87,375.00
June 1, 2020	<u>3,495,000.00</u>	<u>87,375.00</u>	<u>3,582,375.00</u>
Totals	\$43,785,000.00	\$20,696,781.25	\$64,481,781.25

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

## SECURITY FOR THE BONDS

### Installment Payments

The City has agreed to purchase the Project from the Authority pursuant the Installment Purchase Agreement. (See “THE PROJECT” herein.) 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 for the Project 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 Wastewater 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 Pledge Agreement to deposit all System Revenues when and as received into the Wastewater Revenue Fund, which fund the City agrees and covenants to maintain so long as any Installment Payments remain unpaid. All moneys in the Wastewater 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 Wastewater System.

“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 Wastewater System or arising from the Wastewater System, including all proceeds of insurance covering business interruption loss relating to the Wastewater System, investment earnings on such amounts and all other money howsoever derived by the City from the operation of the Wastewater System or arising from the Wastewater System; provided, however, that System Revenues includes fees and charges collected during such Fiscal Year or other period, but only to the extent such fees and charges could be properly expended on a Wastewater System Project (i.e. any additions, betterments, extensions or improvements to the Wastewater System), for which the proceeds were used or are available to be used.

“Maintenance and Operation Costs of the Wastewater 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 Wastewater 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 Wastewater System in good repair and working order, and including Administrative Costs (as defined below), 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, 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 (as defined below), 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 therefore, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) costs of capital additions, replacements, betterments, extensions or improvements to the Wastewater 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 Wastewater 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 or installment or lease payments due under any Contracts.

“Contracts” means the Installment Purchase Agreement and all contracts or leases of the City, the installment or lease payments under which are payable from the Net System Revenues and secured on a parity with the Installment Payments.

“City Bonds” means all revenue bonds or notes of the City that are payable from the Net System Revenues and secured on a parity with the Installment Payments.

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 1993 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 Indenture and Installment Purchase Agreement” herein.

**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 Wastewater System that 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 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 Wastewater 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 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 Indenture and Installment Purchase Agreement” herein.

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), (ii) 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, (iii) that portion of the principal amount of all outstanding term City Bonds required to be redeemed or paid on any redemption date that falls in such Fiscal Year or other period (together with the redemption premiums, if any, thereon), and (iv) 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 Account 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) ten percent (10%) of the outstanding principal amount of the Bonds, (ii) the Maximum Annual Debt Service on the Bonds, and (iii) one hundred twenty-five percent (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. The Reserve Requirement will respect to the Reserve Fund will initially be satisfied with the Reserve Fund Policy. See "MUNICIPAL BOND INSURANCE – Reserve Fund Policy" herein.

### **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 "MUNICIPAL BOND INSURANCE – Bond Insurance" and "APPENDIX E – Specimen Municipal Bond Insurance Policy" herein.

### **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 (12) calendar months ending prior to the incurring of such Additional Obligations shall have amounted to at least one hundred percent (100%) of Debt Service for such twelve (12) calendar month period, plus the amount by which the amount on deposit in the Wastewater 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; (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 Wastewater 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.

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 Indenture and Installment Purchase Agreement – Installment Purchase Agreement – Additional Obligations” herein.

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 Wastewater 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 wastewater systems similar to the Wastewater System. The City is also required to procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the Authority with respect to the Wastewater System.

All policies of insurance required to be maintained herein 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 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 Indenture and Installment Purchase Agreement – Installment Purchase Agreement – Covenants of the City – Insurance” herein.

### **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 Indenture and Installment Purchase Agreement” herein.

## **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 Internal Revenue Code of 1986, as amended. See “APPENDIX A – Summary of Certain Provisions of Indenture and Installment Purchase Agreement – The Indenture” herein.

## **MUNICIPAL BOND INSURANCE**

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

### **Bond Insurance**

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company, doing business in California as FGIC Insurance Company (“Financial Guaranty”), will issue its Municipal Bond New Issue Insurance Policy (the “Bond Insurance Policy”) for the Bonds. The Bond Insurance Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds that has become due for payment, but shall be unpaid by reason of nonpayment by the Authority. Financial Guaranty will make such payments to U.S. Bank Trust National Association, or its successor, as its agent (the “Fiscal Agent”), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Trustee of the nonpayment of such amount by the Authority. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal or interest (as applicable) shall be vested in Financial Guaranty. The term “nonpayment” in respect of a Bond includes any payment of principal or interest (as applicable) made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Bond Insurance Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Bond Insurance Policy covers failure to pay principal or accreted value (if applicable) of the Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption (if applicable), and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in



connection with its insurance of the Bonds are set forth in the description of the principal legal documents appearing in Appendix A to this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the Authority is required to provide additional or substitute credit enhancement, and related matters.

This Official Statement may contain a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the Authority and/or the City for a discussion of the ratings, if any, assigned to each such entity's outstanding parity debt that is not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of December 31, 2002, the total capital and surplus of Financial Guaranty was approximately \$978 million. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

### **Reserve Fund Policy**

Concurrently with the issuance of the 1993 Bonds, Financial Guaranty issued the Reserve Fund Policy in satisfaction of the reserve requirement with respect to the reserve fund for the 1993 Bonds (the "1993 Reserve Fund"). In connection with the issuance by Financial Guaranty of the Reserve Fund Policy, the Authority and Financial Guaranty entered into that certain Debt Service Reserve Fund Policy Agreement, dated August 12, 1993 (the "Reserve Fund Agreement"). In connection with the issuance of the Bonds, Financial Guaranty and the Authority will acknowledge and agree that, and will amend the Reserve Fund Agreement to provide that, on and after the date of issuance of the Bonds, all terms and conditions set forth in the Reserve Fund Agreement and the Reserve Fund Policy shall apply to the Bonds, the Reserve Fund, and the Indenture, as applicable, and the Reserve Fund Agreement and the Reserve Fund Policy shall otherwise remain in full force and effect.

Upon the issuance of the Bonds, the Reserve Fund Policy will unconditionally guaranty the payment of that portion of the principal of and interest on the Bonds that has become due for payment, but shall be unpaid by reason of nonpayment by the Authority, provided that the aggregate amount paid under the Reserve Fund Policy may not exceed the maximum amount set forth in the Reserve Fund Policy, which amount is not less than the Reserve Requirement. Financial Guaranty will make such payments to the Trustee on the later of the date on which such principal or interest (as applicable) is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice subsequently confirmed in writing or written notice by registered or certified mail from the Trustee of the nonpayment of such amount by the Authority. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a Bond which has been recovered

from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final nonappealable order of a court having competent jurisdiction.

The Reserve Fund Policy is non-cancelable and the premium was fully paid at the time of delivery of the 1993 Bonds. The Reserve Fund Policy covers the failure to pay an installment of interest on the stated date for its payment and covers failure to pay principal of the Bonds on their respective stated maturity dates, or dates on which the same shall have been called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been accelerated. The Reserve Fund Policy shall terminate on the earlier of the scheduled final maturity date of the Bonds or the date on which no Bonds are outstanding under the Indenture.

Generally, in connection with its issuance of a qualified reserve fund policy such as the Reserve Fund Policy, Financial Guaranty requires, among other things, (i) that, so long as it has not failed to comply with its payment obligations under the Reserve Fund Policy, it be granted the power to exercise any remedies available at law or under the authorizing document other than (A) acceleration of the Bonds or (B) remedies which would adversely affect holders in the event that the issuer fails to reimburse Financial Guaranty for any draws on the Reserve Fund Policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its issuance of the Reserve Fund Policy are set forth in the description of the principal legal documents appearing in Appendix A to this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the issuer of the Bonds is required to provide additional or substitute credit enhancement, and related matters. See "APPENDIX A – Summary of Certain Provisions of Indenture and Installment Purchase Agreement – Events of Default and Remedies of the Authority."

The Reserve Fund Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

## **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 Wastewater 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 wastewater 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 Regulations**

The adoption by federal or state agencies of more regulations could adversely affect Net System Revenues. A significant increase in effluent standards for wastewater treatment imposed by law or regulation might cause the City to incur greater expenses of operation, thus creating a temporary or permanent inability to support the Installment Payments due under the Installment Purchase Agreement, which would in turn adversely impact the Authority's ability to pay the principal of and interest on the Bonds when due. It is not possible to predict the timing or nature of more stringent operating standards that may be imposed upon the City over the term of 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.

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

The Installment Purchase Agreement does not require the City to maintain earthquake or flood insurance on the Wastewater 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 Wastewater System were 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 Wastewater 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 wastewater services to its customers, or if large amounts of System Revenues were required to be applied to make extensive repairs to the Wastewater 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 Wastewater System could result in substantial damage and interference with the City's right to use all or a portion of the Wastewater System, and thereby result in a reduction or elimination of Net System Revenues, is mitigated by the City's standards for development.

The components of the Wastewater 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, neither the Bond Insurance Policy nor the Reserve Fund Policy guarantees 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 which 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 WASTEWATER 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 WASTEWATER 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 sewer service and wastewater treatment 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 XIIC and Article XIID Limitations**

On November 5, 1996, the voters of the State approved Proposition 218, the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC and XIID 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 XIID contains several new provisions affecting the ability of local governments to impose or increase “fees” and “charges,” defined for purposes of Article XIID to mean “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by ... a [local government] upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service”; provided, however, that Article XIID 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 connection fee charges related to the Wastewater System is a fee or charge 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 which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) 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 sewer service charges are not property related fees or charges within the meaning of Article XIID, the City further believes that its sewer 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 sewer 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 sewer service charges are charges for sewer service 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 sewer-related fees or charges.

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 determination.

### **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 Wastewater 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 between the City, the Redevelopment Agency of the City of Oxnard and the Housing Authority of the City of Oxnard. The Authority was created on October 8, 1991, to finance capital improvements, working capital, liability and other insurance needs or projects.

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

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

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

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

Neither the Authority nor its directors have any obligations or liability to the owners of the Bonds with respect to the payment of 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 PROJECT**

The City is purchasing the Project from the Authority with Installment Payments pursuant to the Installment Purchase Agreement. The Project consists of three components: the 1977 Treatment Plant Project, the 1985 Treatment Plant Property, and the 1986 Project, each of which is described below. Each of the Project components was originally financed with public debt obligations that are no longer outstanding.

### **1977 Treatment Plant Project**

That portion of the Project referred to as the 1977 Treatment Plant Project was financed with the 1977 Bonds and consists of certain modifications to the Oxnard Wastewater Treatment Plant located at 6001 Perkins Road near the Ormond Beach area of the City (the "Treatment Plant") and the construction of an ocean outfall extension, the Ventura Road Sewer and Pump Plant and the Port Hueneme Sewer Interceptor System and Pump Plant.

### **1985 Treatment Plant Property**

That portion of the Project referred to as the 1985 Treatment Plant Property was originally financed with proceeds of the 1985 Certificates and consists of 7.76 acres of land to the north of the Treatment Plant acquired for an expansion of the Treatment Plant to accommodate liquid wastewater treatment. Such expansion constitutes the 1986 Project as described below.



## **1986 Project**

The portion of the Project referred to as the 1986 Project was originally financed with proceeds of the 1986 Certificates and consists of the following components:

- (a) an upgrade to and expansion of the then current primary and secondary treatment capabilities of the Treatment Plant;
- (b) the implementation of an activated sludge system such that the Treatment Plant would provide enhanced secondary treatment;
- (c) the construction of a five million gallon flow equalization basin;
- (d) the expansion of the capacity of the Treatment Plant's then existing chlorine contact chamber;
- (e) the construction of additional gravity thickeners for sludge thickening and a new fixed cover digester for anaerobic digestion;
- (f) the demolition of the then existing vacuum filtration facility and the construction of a new sludge dewatering facility;
- (g) the upgrade and expansion of the Treatment Plant's auxiliary power systems and support equipment; and
- (h) the provision of equipment and facilities for odor control and sludge storage requirements.

## **THE WASTEWATER SYSTEM**

### **Background and Organization**

The City's Wastewater System provides wastewater collection and treatment services for the residents of Oxnard, the neighboring City of Port Hueneme and the Naval Base Ventura County (Port Hueneme and Point Mugu). Its principal facilities consist of the Treatment Plant, approximately 400 miles of sewer pipelines and 16 wastewater pump stations. The City maintains two accounting funds for the Wastewater System, a Wastewater Conveyance Fund, the primary sources of revenue for which are comprised of the monthly user charges paid by the existing residents of the City and connection fee income generated by new development within the City, and a Wastewater Treatment Plant Fund, the primary revenue sources for which are comprised of regional user charges and connection fee income generated by new development within the City. The Wastewater Conveyance Fund and the Wastewater Treatment Plant Fund together comprise the Wastewater Revenue Fund, as defined in the Installment Purchase Agreement.

Prior to 1977, the City had owned and operated a local sewage treatment and disposal system, financing the acquisition and construction of a collection system, treatment plant and ocean outfall through various bond issues commencing in 1905. In 1976, following an action by the Los Angeles Regional Water Quality Control Board calling for the regional consolidation of wastewater treatment at the City's treatment plant, the City and the City of Port Hueneme formed the Oxnard - Port Hueneme Regional Wastewater Treatment Authority ("OPHRWTA") by means of a Joint Exercise of Powers Agreement dated August 17, 1976. OPHRWTA, through a combination of Federal and State grants and an issue of Lease Revenue Bonds, undertook a major reconstruction and expansion of the Oxnard Wastewater Treatment Plant that resulted in the Treatment Plant's then reported design capacity of 22.6 million gallons per day (mgd).

In 1976, the City entered into a contract whereby the Treatment Plant was to be operated by the Ventura County Regional Sanitation District. In 1986, the City cancelled that contract and established an organization for direct City operation of the facility. Following the defeasance of the Prior Obligations, OPHRWTA was dissolved.

In 1991, the City completed Phase I of the Treatment Plant Expansion Project which included the addition of a new secondary treatment system and several improvements to the existing treatment processes. This project increased the Treatment Plant's design capacity from 22.6 mgd to 31.7 mgd.

### Service Area

The Treatment Plant currently serves a population of approximately 225,000 with an average flow of about 21 mgd. The following table shows a five-year history of flow through the Treatment Plant, broken down according to its four major user groups.

**TABLE 1  
OXNARD WASTEWATER TREATMENT PLANT  
AVERAGE DAILY FLOW (MILLIONS OF GALLONS PER DAY)**

<u>Year</u>	<u>Oxnard</u>	<u>Port Hueneme</u>	<u>Naval Base Ventura County – Port Hueneme</u>	<u>Naval Base Ventura County – Point Mugu</u>	<u>Total</u>
1998	17.21	2.25	0.82	0.35	20.63
1999	17.21	2.28	0.74	0.35	20.58
2000	17.75	2.46	0.78	0.38	21.37
2001	18.47	2.32	0.79	0.31	21.89
2002	18.42	2.01	0.68	0.23	21.34

Source: City of Oxnard.

As of December 31, 2002, the Wastewater System had 32,946 active service accounts, of which 30,730 were residential, 2,199 were commercial and 17 were industrial. The following table shows the annual growth in the number of the Wastewater System's active service accounts since December 31, 1998.

**TABLE 2  
WASTEWATER SYSTEM  
ACTIVE SERVICE ACCOUNTS**

<u>Date</u>	<u>Residential Accounts</u>	<u>Commercial Accounts</u>	<u>Industrial Accounts</u>	<u>Total Accounts</u>	<u>% Increase</u>
12/31/98	28,425	2,013	21	30,459	-
12/31/99	28,826	2,067	18	30,911	1.5%
12/31/00	29,514	2,097	18	31,629	2.3
12/31/01	30,304	2,153	18	32,475	2.7
12/31/02	30,730	2,199	17	32,946	1.5

Source: City of Oxnard, Finance and Management Services Department, Billing Division.

The Wastewater System's thirty largest wastewater customers in order of billing for the twelve-month period ending December 31, 2002 are listed in the following table:

**TABLE 3  
WASTEWATER SYSTEM  
THIRTY LARGEST CUSTOMERS BY ORDER OF BILLING  
FOR TWELVE-MONTH PERIOD ENDING DECEMBER 31, 2002**

<u>Customer Name</u>	<u>Twelve-Month Billing Through December 31, 2002</u>
Procter & Gamble Paper Products	\$1,059,096.12
City of Port Hueneme (Regional User)	684,202.61
Construction Battalion (Regional User)	278,507.50
Boskovich Farms	211,901.00
Gills Onions	192,850.33
Willamette Industries	170,550.07
Agrilink Foods	155,441.68
Santa Clara Wastewater	109,956.16
St. John's Hospital	94,037.51
J. M. Smucker	93,628.24
Youth Correctional Facility	88,751.71
Stork Laundry Service	73,937.59
Ventura County Regional Sanitation	71,393.85
Point Mugu (Regional User)	67,736.13
Frozsun Foods	51,555.98
Maple Leaf Bakery	51,297.21
Kona Kai Estates	49,140.00
E. F. Oxnard	43,000.08
Royal Duke MHP	40,500.00
Oxnard Lemon	38,214.45
PTI Advanced Filtration	37,879.61
Meadowlake Mobile Park	34,380.00
Imperial Oxnard MHP	33,480.00
Oxnard Shores	32,580.00
Mission Linen	31,965.74
F&F Rancho Ellen Assoc. LLC	30,240.00
Saticoy Lemon Assoc.	29,964.53
Riveroaks LLC	28,314.00
Royal Palms MHP	27,900.00
Herman Industries	22,589.09

Source: City of Oxnard, Finance and Management Services Department, Billing Division.

### **Sources of Wastewater System Revenues**

The Wastewater System has two main sources of revenues: (i) monthly wastewater user charges billed and paid according to separate rate schedules for residential, commercial and industrial accounts and (ii) wastewater connection fees billed and paid prior to the issuance of any building permit for the construction of new residential, commercial or industrial structures in the City.

### **Wastewater Rates and Charges**

The Wastewater System's monthly wastewater usage rates and charges are adopted annually by the City Council of the City prior to the commencement of each fiscal year and are not subject to review by any state or local governmental agency. Residential usage rates are levied on the basis of a flat monthly fee, currently \$21.88 per month for single family detached residential units as adopted by the City Council of the City for fiscal year 2001-02 and fiscal year 2002-03. This figure represents a 6% increase over the monthly rate that was approved for fiscal year 2000-01. Commercial usage rates are

based on metered water use with a different rate per unit of flow applied to the three categories of commercial users: regular commercial, restaurant commercial and laundry commercial. The flow rates approved by the City Council for fiscal year 2001-02 and 2002-03 for each of these three categories of commercial users were increased by 6% over those adopted for fiscal year 2000-01. Each of the Wastewater System's 20 industrial wastewater formula users is monitored individually for its usage and billed separately for its flow and its concentrates (Biological Oxygen Demand (BOD) and Suspended Solids (SS)). These rates were increased by 6%, respectively, by the City Council for fiscal year 2001-02.

The following table summarizes the City's fiscal year 2001-02 monthly wastewater usage rate structure for the Wastewater System's commercial and industrial customers:

**TABLE 4  
CITY OF OXNARD MONTHLY WASTEWATER USAGE RATES  
COMMERCIAL AND INDUSTRIAL CUSTOMERS**

<b>COMMERCIAL/INDUSTRIAL</b>	
<u>Category</u>	<u>Rate (Per 100 Cubic Feet of Flow)</u>
Regular Commercial	\$1.829
Restaurant Commercial	2.899
Laundry Commercial	1.898
<b>INDUSTRIAL FORMULA</b>	
<u>Category</u>	<u>Rate</u>
Flow Rate	\$1,570.715 per Million Gallons
BOD Rate	219.206 per Thousand Pounds
SS Rate	302.591 per Thousand Pounds

Source: City of Oxnard, Public Works Department.

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The following table shows the history of monthly wastewater usage rates for single family detached-unit residential customers in Oxnard:

**TABLE 5  
CITY OF OXNARD MONTHLY WASTEWATER USAGE RATES FOR  
SINGLE FAMILY DETACHED-UNIT RESIDENTIAL CUSTOMERS  
FISCAL YEARS 1987-88 TO 2002-03**

<u>Fiscal Year</u>	<u>Monthly Usage Rate</u>
1987-88	\$11.93
1988-89	13.13
1989-90	14.03
1990-91	15.02
1991-92	17.44
1992-93	20.86
1993-94	20.94 <sup>(1)</sup>
1994-95	20.64
1995-96	20.64
1996-97	20.64
1997-98	20.64
1998-99	20.64
1999-00	20.64
2000-01	20.64
2001-02	21.88
2002-03	21.88

<sup>(1)</sup> Rate changed from 20.94 to 20.64 in January 1994.  
Source: City of Oxnard, Public Works Department.

The following table shows how the City's 2001-02 monthly wastewater usage rate for single family detached-unit residential customers compared with the monthly rates of some of its neighboring cities as of June 30, 2002:

**TABLE 6  
WASTEWATER SYSTEM  
COMPARABLE MONTHLY WASTEWATER USAGE RATES FOR  
AVERAGE SINGLE FAMILY DETACHED-UNIT RESIDENTIAL CUSTOMER**

<u>City</u>	<u>Rate</u>
Camarillo	\$21.08
Ojai	30.42
Oxnard	21.88
Port Hueneme	16.50
Santa Paula	16.37
Simi Valley	17.08
Thousand Oaks	21.85
Ventura	11.84 to 25.24 <sup>(1)</sup>

<sup>(1)</sup> The City of Ventura charges rates based upon the following six tiers:  
Tier 1 - \$11.84, Tier 2 - \$14.52, Tier 3 - \$17.20, Tier 4 - \$19.88, Tier 5 - \$22.56, Tier 6 - \$25.24.  
Source: City of Oxnard, Public Works Department.

The City attributes the fact that its rate for the average residential customer is higher than the comparable rates in its neighboring cities to two things: (i) the cost of capital improvements to the Wastewater System's facilities, including the Treatment Plant, and (ii) the higher operating expenses incurred by the City resulting from the relatively flat terrain in the Wastewater System's service area which makes frequent sewer cleaning and the use of pump stations necessary.

**Wastewater Connection Fees**

The City Council of the City also periodically establishes wastewater connection fees which are also not subject to review by any state or local government agency. These fees consist of a wastewater treatment plant component (Treatment Facility Related Infrastructure Fee) and a wastewater conveyance system component (Conveyance Facility Related Connection Fee). By Ordinance No. 2260 adopted on October 15, 1991 and effective December 14, 1991, the City Council adopted the following schedule of wastewater connection fees, which have not been revised since their effective date:

**TABLE 7  
WASTEWATER SYSTEM  
SCHEDULE OF CONNECTION FEES  
METER EQUIVALENCY FACTORS**

<u>Meter Size</u>	<u>Meter Equivalency Factor</u>
5/8", 3/4"	1
1"	2
1-1/2"	3
2"	5
3"	11
4"	17
6"	33
8"	53
10"	113
12"	180

A. Treatment Facility Related Infrastructure Fee shall be paid which shall be the sum of the Flow, Biological Oxygen Demand (BOD) and Suspended Solid (SS) charges, based upon the following schedule:

1. Flow Charges (Utilizing Equivalency Factors for Water Meter Size)

<u>Volume</u>	<u>Rate</u>
All Users Meter Equivalency X	\$1,100.00

2. Biological Oxygen Demand (BOD) Charges (Utilizing Equivalency Factors for Strength and Meter Size)

	<u>Strength</u>	<u>Rate</u>
Detached Single Family Residential	1 X Meter Equiv. Factor X	\$835.00
Commercial:		
Other	1 X Meter Equiv. Factor X	\$835.00
Laundries	1.6 X Meter Equiv. Factor X	\$835.00
Restaurants	2 X Meter Equiv. Factor X	\$835.00
Industrial	2 X Meter Equiv. Factor X	\$835.00

3. Suspended Solids (SS) Charges (Utilizing Equivalency Factors For Strength and Meter Size)

	<u>Strength</u>	<u>Rate</u>
Detached Single Family Residential	1 X Meter Equiv. Factor X	\$633.00
Commercial:		
Regular	1.3 X Meter Equiv. Factor X	\$633.00
Laundries	1 X Meter Equiv. Factor X	\$633.00
Restaurants	3.2 X Meter Equiv. Factor X	\$633.00
Industrial	3.4 X Meter Equiv. Factor X	\$633.00

4. Meter Equivalency Factors for Residential Other Than Detached Single Family Dwellings for Which a Common Meter is Permissible

For residential units which can be serviced with a common meter, the fees shall be according to an average occupancy factor as follows.

Mobile Home Parks - 1.9/3.3 X number of mobile home spaces plus equivalency factor for meter that would be required for common facilities that require wastewater service.

Apartments - 2.4/3.3 X number of service connections plus equivalency factor for meter that would be required for common facilities that require wastewater service.

B. In addition to the above, the Conveyance Facility Related Connection Fee shall be charged as follows:

For All Connections

For any connection to the wastewater conveyance system, the fee shall be determined by the size of the water meter needed to serve the development, based on a charge of \$971.00 per water meter equivalency factor as described in Section A and as noted below for all but mobile homes, and apartments:

Meter Equivalency Factors for Residential Other than Detached Single-Family Dwellings for Which a Common Meter is Permissible

For residential units which can be serviced with a common meter the fees shall be according to a calculated factor as follows.

Mobile Home Parks - 1.9/3.3 X number of mobile home spaces plus equivalency factor for meter that would be required for common facilities that require wastewater service.

Apartments - 2.4/3.3 X number of service connections plus equivalency factor for meter that would be required for common facilities that require wastewater service.

Source: City of Oxnard, Public Works Department.

In accordance with the above schedule, the wastewater connection fee for a detached single family residential dwelling unit would be computed as follows:

<u>Treatment Related Infrastructure Fee</u>	<u>Fee</u>
Flow Component	\$1,100.00
BOD Component	835.00
SS Component	<u>633.00</u>
Total	\$2,568.00
Conveyance Facility Related Infrastructure Fee	<u>971.00</u>
TOTAL WASTEWATER CONNECTION FEE	\$3,539.00

## Actual and Projected Operating Results

The table below shows a three-year historical summary of the Wastewater System's operating results for fiscal years 1999-00 and 2001-02 together with the budgeted amounts for fiscal year 2002-03 and the projected figures for fiscal years 2003-04 through 2006-07:

**TABLE 8  
CITY OF OXNARD  
WASTEWATER SYSTEM  
HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE**

FISCAL YEAR	(Actual) <u>1999-00</u>	(Actual) <u>2000-01</u>	(Actual) <u>2001-02</u>	(Budgeted) (1) <u>2002-03</u>	(Projected) <u>2003-04</u>	(Projected) <u>2004-05</u>	(Projected) <u>2005-06</u>	(Projected) <u>2006-07</u>
<b>OPERATING REVENUES</b>								
Charges for Services (2)	\$15,949,691	\$17,071,823	\$17,560,149	\$16,544,077	\$17,371,281	\$18,239,845	\$19,151,837	\$20,109,429
Connection Fees/Development Fees (3)	5,244,017	3,469,582	2,536,389	2,692,155	3,461,077	16,495,687	2,773,730	2,801,467
Interest Income	1,168,498	1,182,348	1,171,437	900,000	900,000	900,000	900,000	900,000
Other Revenues (4)	<u>710,232</u>	<u>700,766</u>	<u>476,977</u>	<u>888,748</u>	<u>975,713</u>	<u>906,612</u>	<u>915,678</u>	<u>924,835</u>
<b>Total Operating Revenues</b>	\$23,072,438	\$22,424,519	\$21,744,952	\$21,024,980	\$22,708,071	\$36,542,144	\$23,741,245	\$24,735,731
<b>OPERATING EXPENSES (5)</b>	\$15,015,488	\$15,045,301	\$15,177,123	\$16,241,042	\$16,565,863	\$16,897,180	\$17,235,124	\$17,579,826
(Less: Depreciation)	<u>(3,700,248)</u>	<u>(2,454,201)</u>	<u>(3,729,002)</u>	<u>(3,737,002)</u>	<u>(3,746,345)</u>	<u>(3,755,710)</u>	<u>(3,765,100)</u>	<u>(3,774,512)</u>
<b>Total Operating Expenses (6)</b>	\$11,315,240	\$12,591,100	\$11,448,121	\$12,504,040	\$12,819,518	\$13,141,470	\$13,470,024	13,805,314
<b>NET REVENUES (7)</b>	<b>\$11,757,198</b>	<b>\$ 9,833,419</b>	<b>\$10,296,831</b>	<b>\$8,520,940</b>	<b>\$9,888,553</b>	<b>\$23,400,674</b>	<b>\$10,271,221</b>	<b>\$10,930,417</b>
<b>ANNUAL DEBT SERVICE</b>								
Series 1993 Bonds (8)	\$4,413,558	\$4,412,598	\$4,409,278	\$ 1,194,976	--	--	--	--
Series 2003 Bonds	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,130,619</u>	<u>\$3,667,613</u>	<u>\$3,667,613</u>	<u>\$3,670,013</u>	<u>\$3,667,613</u>
<b>Total Annual Debt Service</b>	\$4,413,558	\$4,412,598	\$4,409,278	\$ 3,325,595	\$3,667,613	\$3,667,613	\$3,670,013	\$3,667,613
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.66</b>	<b>2.23</b>	<b>2.34</b>	<b>2.56</b>	<b>2.70</b>	<b>6.38</b>	<b>2.80</b>	<b>2.98</b>

Source: City of Oxnard Finance Department

- (1) Budgeted amounts shown for FY 2002-03 reflect conservative estimates made by the City at the beginning of the fiscal year.
- (2) Amounts shown for FY 2003-04 through FY 2006-07 are projected to increase annually by 5%.
- (3) Amounts for FY 2003-04 through FY 2006-07 are projected to increase annually by 1%. Amount for FY 2003-04 also includes \$742,000 of connection fees to be paid by D.R. Horton. Amount for FY 2004-05 also includes \$13,000,000 of connection fees related to new residential development.
- (4) "Other Revenues" include income derived from rents, payment penalties, damage reimbursements and pro-rata debt service payments received from the City of Port Hueneme ("Port Hueneme") pursuant to that certain Cost-Sharing Agreement, dated as of August 12, 1993, between the City and Port Hueneme. Under the Cost-Sharing Agreement, such payments are expected to be received from Port Hueneme only through fiscal year 2003-04. Revenues for FY 2005-06 through FY 2006-07 are projected to increase annually by 1%.
- (5) Amounts shown for FY 2003-04 through FY 2006-07 are projected to increase annually by 2%.
- (6) Total Expenditures in Table 9 does not match Total Operating Expenses in this Table 8 because Total Operating Expenses does not include Debt Service payments or expenditures for Capital Improvements, as such terms are used in Table 9.
- (7) Amounts shown in FY 2000-01 through FY 2002-03 represent "Net System Revenues" available to pay debt service on the Series 1993 Bonds under the 1993 Installment Purchase Agreement. Amounts shown in FY 2003-04 through FY 2006-07 represent "Net System Revenues" available to pay debt service on the Bonds under the Installment Purchase Agreement.
- (8) Amount shown for FY 2002-03 represents interest only debt service payment made on December 1, 2002.



## Fiscal Year 2002-2003 Wastewater System Budget

The City Council of the City has adopted a budget for the Wastewater System for fiscal year 2002-2003. The summary totals of that budget, broken down according to the Wastewater Conveyance Fund and the Wastewater Treatment Plant Fund, are as follows:

**TABLE 9  
CITY OF OXNARD  
WASTEWATER SYSTEM  
FISCAL YEAR 2002-03 BUDGET SUMMARY**

Classification	Wastewater Conveyance Fund	Wastewater Treatment Plant Fund	Debt Service Fund	Total System
<b><u>REVENUES</u></b>				
Charges to Users	\$4,936,386	\$11,607,691		\$16,544,077
Connection Fees	812,155	1,880,000		2,692,155
Earned Interest	600,000	300,000		900,000
Other Revenue	590,000	200,000	\$ 98,748	888,748
Transfer Out		(1,800,000)		(1,800,000)
Transfer In			1,800,000	1,800,000
Subtotal	6,938,541	\$12,187,691	1,898,748	21,024,980
Transfer to Retained Earnings	(340,724)	(94,863)		(435,587)
<b>Total Revenues</b>	<b>\$6,597,817</b>	<b>\$12,092,828</b>	<b>\$1,898,748</b>	<b>\$20,589,393</b>
<b><u>EXPENDITURES</u></b>				
Salaries & Benefits	\$1,437,467	\$ 2,930,557		\$ 4,368,024
Services & Supplies	2,551,795	5,302,066		7,853,861
Developer Reimbursement	242,155	-		242,155
Capital Outlay	40,000	-		40,000
Debt Service (1)	-	2,516,205	\$1,898,748	4,414,953
Subtotal	4,271,417	10,748,828	1,898,748	16,918,993
Capital Improvements	2,326,400	1,344,000	-	3,670,400
<b>Total Expenditures (2)</b>	<b>\$6,597,817</b>	<b>\$12,092,828</b>	<b>\$1,898,748</b>	<b>\$20,589,393</b>

Source: City of Oxnard, Public Works Department.

(1) Reflects budgeted debt service for 1993 Bonds, without taking into account the issuance of the Bonds.

(2) See Footnote 6 on Table 8.

### Outstanding Debt

Upon the issuance of the Bonds and the refunding and defeasance of the 1993 Bonds, there will be no outstanding debt obligations of the Wastewater System that are senior to or on a parity with the Installment Payments.

### Plans For Future Indebtedness

The City presently intends to finance the construction, acquisition and improvement of a wastewater project known as the Redwood Trunk Sewer Project, which is expected to include: (a) approximately 18,000 feet of new 48-inch to 60-inch diameter gravity sewer line (from Redwood Street and Ventura Road to the new Headworks Project (generally described below) at the Treatment

Plant and in Ventura Road from Redwood Street to Hemlock Street); (b) approximately 27,000 feet of new 36-inch to 42-inch diameter gravity sewer line (in Gonzales Road from Ventura Road to Oxnard Boulevard); (c) approximately 3,500 feet of new 39-inch to 42-inch diameter gravity sewer line and 3,500 feet of new 33-inch to 39-inch diameter force main (in Hemlock Street); and (d) upgrade or replacement of the Hemlock/Patterson Street Pump Station; and (2) a wastewater project known as the Headworks Project, which is expected to include (a) new headworks area; (b) new mechanical bar screen facilities; (c) new grit removal and dewatering facilities; (d) influent pump station; and (e) new odor control facilities and support facilities; and (3) appurtenances and appurtenant work relating to the foregoing projects, including right of way acquisition (collectively, the "Future Projects"). The City currently intends to incur additional debt obligations to finance all or a portion of the Future Projects, which debt obligations will be payable in whole or in part from the Net System Revenues and will rank, in whole or in part, on a parity with the Installment Payments. The City may issue such parity obligations as described under the caption "SECURITY FOR THE BONDS – Limitations Regarding Additional Obligations" herein. The City has not entered into any agreements, and is under no obligation, to construct or finance the Future Projects and there can be no assurance that the Future Projects will be built as planned.

## **TAX MATTERS**

### **Bond Counsel Opinion**

In the opinion of Pillsbury Winthrop LLP, Los Angeles, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, Bond Counsel observes that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. A copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto and will accompany the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code") imposes various 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, which could directly or indirectly reduce the benefit of the excludability of the interest on the Bonds from gross income for federal income tax purposes.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal and California State personal income tax purposes, a Bondholder's federal and State tax liability may otherwise be affected by the ownership or disposition of the Bonds. The nature and extent of these other tax consequences will depend upon the Bondholder's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, or in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds; (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Bonds; (iii) with respect to life insurance companies, life insurance company taxable income subject to the tax imposed by Section 801 of the Code is determined by permitting deductions for certain dividends received but not to the extent such dividend is from a non-insurance corporation and is out of tax-exempt interest, including interest on the Bonds; (iv) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (v) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds; and (vii) under Section 32(i) of the Code, receipt of investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel has expressed no opinion regarding any such other tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors concerning collateral tax consequences with respect to the Bonds.

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

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

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

## **Original Issue Discount/Premium**

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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

## **RATINGS**

Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies (“S&P”) has assigned its municipal bond rating of “AAA” to the Bonds based upon the issuance of the 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. Such information and notices will be filed by the Authority with certain Nationally Recognized Municipal Securities Repositories. The specific nature of the information to be provided is set forth in the Continuing Disclosure Agreement, a form of which is attached hereto as Appendix E. This covenant has been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), as amended. The Authority has never failed to provide any previous continuing disclosure or notices of material events. See “APPENDIX E – Form of Continuing Disclosure Agreement” herein.

## **UNDERWRITING**

The Bonds are being purchased by E. J. De La Rosa & Co., Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$46,536,416.90 (which represents the aggregate principal amount of the Bonds, less an Underwriter's discount of \$199,221.75, plus an original issue premium of \$2,950,638.65).

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

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

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

## **LITIGATION**

The City and the Authority will certify, and the City Attorney will render opinions on behalf of the City and the Authority upon the issuance of the Bonds to the effect that, there is no action, suit or proceeding known to the City or the Authority to be pending or threatened, restraining or enjoining the execution or delivery of the Bonds, the 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 LLP, Los Angeles, California, Bond Counsel, will render an opinion with respect to the Bonds in substantially the form set forth in Appendix D hereto. Copies of such opinion will be furnished to the Underwriter at the time of delivery of the Bonds. Certain legal matters will be passed upon for the City and the Authority by the City Attorney and by Disclosure Counsel, Pillsbury Winthrop LLP, Los Angeles, California.

## **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 1993 Bonds, and (ii) certain mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under the Code.

## MISCELLANEOUS

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

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

CITY OF OXNARD FINANCING AUTHORITY

By: /s/ Stan Kleinman  
Controller

## APPENDIX A

### SUMMARY OF CERTAIN PROVISIONS OF INDENTURE AND INSTALLMENT PURCHASE AGREEMENT

*The following is a brief summary of certain provisions of the Indenture and the Installment Purchase Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to said documents.*

#### DEFINITIONS

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

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

“Authority” 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.

“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.

“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 Financial Guaranty Insurance Company, doing business in California as FGIC Insurance Company, a New York stock insurance company, or any successor thereto.

“Bond Year” means the period of twelve consecutive months commencing on June 2 and ending on June 1 in any year during which Bonds are or will be Outstanding; provided, however, that the first Bond Year shall commence on the Closing Date and end on June 1, 2003, 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 a day of the year that is not a Saturday or Sunday, or a day on which banking institutions located in the State of California are required or authorized to remain closed, or on which the Federal Reserve system is 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, or the Controller of the Authority, or by any other officer of the Authority duly authorized for that purpose.

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

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

“City 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.

“Closing Date” means the date of delivery of the Bonds.

“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 June 1, 2003, and thereafter each successive twelve month period commencing on the following June 2 and ending on the following June 1.

“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.

“Corporation” means the City of Oxnard Public Facilities Corporation.

“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, 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.

“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. For purposes of calculating Debt Service, the following assumptions shall be used:

(a) in determining the principal amount due in each Fiscal Year or other period, payment shall be assumed to be made in accordance with any amortization schedule established for such Obligations, including any scheduled payment at maturity or mandatory redemption or prepayment of Obligations on the basis of value, and for such purpose, the scheduled payment at maturity or redemption payment or prepayment shall be deemed a principal payment;

(b) in determining the interest due in each Fiscal Year or other period, interest payable at a fixed rate shall be assumed to be made at such fixed rate and on the required payment dates;

(c) if any outstanding Obligations constitute Variable Rate Indebtedness, the interest rate on such Obligations shall be assumed to be one hundred ten percent (110%) of the greater of (i) the daily average interest rate on such Obligations during the twelve (12) calendar months ending with the month preceding the date of calculation, or (ii) the rate of interest on such Obligations on the date of calculation;

(d) in the event that the City shall issue Additional Obligations that bear interest at a variable rate, such Additional Obligations shall be assumed to bear interest at the highest of: (i) the actual rate on the date of calculation or, if the indebtedness is not yet outstanding, the initial rate (if established and binding), (ii) if the indebtedness has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii) (A) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer 25 Bond Revenue Index (or comparable index if no longer published) plus fifty (50) basis points, or (B) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities plus fifty (50) basis points.

Notwithstanding the foregoing, for purposes of any rate covenant measuring actual debt service coverage during a test period, Variable Rate Indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period;

(e) if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay Debt Service on specified Obligations, and such Obligations are discharged, or no longer outstanding, pursuant to the terms of the instrument under which they are issued or arise, then the Debt Service to be paid from such moneys or Permitted Investments, or from the earnings thereon, shall be disregarded and not included in calculating Debt Service;

(f) the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Obligations for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and

(g) with respect to Contract Payments, including the Installment Payments, that are not comprised of separate payments of interest and principal but which, rather, are required pursuant to the

instrument under which they arise to be paid in amounts sufficient to pay principal and interest on bonds, notes, or other obligations of an entity other than the City, for purposes of calculating Debt Service, interest payments and principal payment (whether at maturity or by redemption or prepayment) with respect to such bonds, notes, or other obligations shall be deemed to be interest payments and principal payments with respect to such Contract Payments; provided, however, that for purposes of such calculation, the Contract Payment Dates applicable to such Contract Payments shall be used, whether or not such Contract Payment Dates coincide with the dates on which such Contract Payments are to be applied to the payment of interest and principal with respect to such bonds, notes, or other obligations.

“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.

“Interest Payment Date” means each June 1 and December 1, commencing June 1, 2003.

“Maintenance and Operation Costs of the Wastewater 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 Wastewater 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 Wastewater 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 Authority 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 (a) depreciation and replacement and obsolescence charges or reserves therefor, (b) amortization of intangibles or other bookkeeping entries of a similar nature, (c) costs of capital additions, replacements, betterments, extensions, or improvements to the Wastewater System, which under generally accepted accounting principles are chargeable to a capital account or to a reserve for depreciation, (d) charges for the payment of principal and interest on any general obligation bond heretofore or hereafter issued for Wastewater System purposes, and (e) charges for the payment of any debt service on the Obligations or on any obligation subordinate to the Obligations.

“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.

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

“Net Proceeds” means, when used with respect to any insurance, self insurance, or condemnation award, the proceeds from such award remaining after payment of all expenses (including attorneys, fees) incurred in the collection of such proceeds.

“Net System Revenues” means System Revenues less the Maintenance and Operation Costs of the Wastewater System.

“1985 Treatment Plant Property” means the real property described under the heading “1985 Treatment Plant Property” in Exhibit A to the Installment Purchase Agreement.

“1986 Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of February 1, 1986, by and between the Corporation and the City.

“1986 Project” means the additions and improvements to the City of Oxnard Wastewater Treatment Plant made pursuant to the 1986 Installment Purchase Agreement, as described under the heading “1986 Project” in Exhibit A to the Installment Purchase Agreement.

“1993 Bonds” means the \$59,530,000 in original principal amount of the City of Oxnard Financing Authority Wastewater Revenue Refunding Bonds, Series 1993.

“1993 Costs of Issuance Fund” means the costs of issuance fund established under the 1993 Indenture for the 1993 Bonds.

“1993 Indenture” means that certain Indenture, dated as of June 1, 1993, by and between the Authority and the Trustee.

“1993 Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of June 1, 1993, by and between the City and the Authority.

“1993 Reserve Fund” means the reserve fund established under the 1993 Indenture for the 1993 Bonds.

“1993 Trustee” means Wells Fargo Bank, National Association, as trustee for the 1993 Bonds.

“1977 Revenue Bonds” means the 1977 Lease Revenue Bonds issued by the Oxnard Port Hueneme Regional Wastewater Treatment Authority pursuant to Resolution No. 5 adopted by the Oxnard-Port Hueneme Regional Wastewater Treatment Authority on March 16, 1977.

“1977 Treatment Plant Project” means the construction of improvements to the City’s Wastewater Treatment Plant from the proceeds of the 1977 Revenue Bonds, as described under the heading “1977 Treatment Plant Project” in Exhibit A to the Installment Purchase Agreement.

“Obligations” means City Bonds and Contract Payments.

“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 --

- (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
  - (b) Bonds paid or deemed to have been paid within the meaning set forth in the Indenture;
- and
- (c) 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.

“Owner” means any person who will be the registered owner of any Outstanding Bond, as shown on the registration books required to be maintained by the Trustee.

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

(1) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;

(2) Obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

- Export - Import Bank
- Farmers Home Administration
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration;

(3) Bonds, notes, or other evidences of indebtedness rated “AAA” by S&P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(4) United States dollar denominated deposit accounts, including certificates of deposit, (including deposit accounts with the Trustee), federal funds, and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+11” by S&P and “P-111” by Moody’s and maturing no more than 270 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody’s and which matures not more than 180 days after the date of purchase;

(6) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P and meeting the requirements of California Government Code Section 53601(k). Such money market funds may include funds for which the Trustee or its affiliates or subsidiaries provide investment advisory or other management services;

(7) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of 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 (the “escrow”), in the highest rating category of S&P and Moody’s;

(8) Investment agreements approved in writing by the Bond Insurer supported by appropriate opinions of counsel with notice by the Authority to S&P;

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

(10) 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.

“Policy Costs” means the draws, expenses and accrued interest owing and payable under the Reserve Fund Policy.

“Project” means the sale to the City of (i) the 1977 Treatment Plant Project, (ii) the 1985 Treatment Plant Property, and (iii) the 1986 Project.

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

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

“Reserve Fund Policy” means that certain Municipal Bond Debt Service Reserve Fund Policy, Policy Number 93010596, Control Number 0010001, with an effective date of August 12, 1993, and a termination date of June 1, 2020, initially issued by the Bond Insurer with respect to the 1993 Reserve Fund for the 1993 Bonds, which the Bond Insurer has agreed shall guarantee certain payments into the Reserve Fund, subject to the limitations set forth therein.

“Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) ten percent (10%) of the Outstanding principal amount of the Bonds, (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.

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

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

“Supplemental Indenture” means any indenture then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory of the Indenture or supplemental to the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“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 Wastewater System or arising from the Wastewater System, determined in accordance with generally accepted accounting principles, including all proceeds of insurance covering business interruption loss relating to the Wastewater System, investment earnings on such amounts, and all other money howsoever derived by the City from the operation of the Wastewater System or arising from the Wastewater 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 Wastewater System Project for which the proceeds were used or are available to be used.

“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.

“Variable Rate Indebtedness” means any portion of any Obligations the interest rate on which is not fixed at the time of issuance of such Obligations and has not, at some subsequent date, been fixed at a rate which is not subject to fluctuation or subsequent adjustment.

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

“Wastewater System Project” means any additions, betterments, extensions, or improvements to the Wastewater System, the acquisition and construction of which is to be paid for by the proceeds of any Obligations.

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

“Written Request of the Treasurer” means an instrument in writing signed by the Treasurer of the City (or his or her designee), 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 Treasurer, be invested by the Trustee in Permitted Investments. The Trustee may conclusively rely on any direction contained in a Written Request of the Treasurer to invest in investments that such investments are Permitted Investments. In the absence of a Written Request of the Treasurer, the Trustee shall invest moneys in interest bearing demand or time deposit accounts with the Trustee or in accordance with clause (10) 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 deposited in the Payment Fund. 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, 2003, 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) If, on the Business Day next preceding any Interest Payment Date for the Bonds there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Bonds due on such date, the Trustee shall immediately notify the Bond Insurer and U.S. Bank Trust National Association, New York, New York, or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said Interest Payment Date, the Authority has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Bonds maintained by the Trustee. In addition:

(i) The Trustee shall provide the Bond Insurer with a list of the Owners entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (A) to mail checks or drafts to Owners entitled to receive full or partial interest payments from the Bond Insurer and (B) to pay principal of the Bonds surrendered to the Fiscal Agent by the Owners entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) The Trustee shall, at the time it makes the registration books available to the Bond Insurer pursuant to subsection (a) above, notify Owners entitled to receive the payment of principal of or interest on the Bonds from the Bond Insurer (A) as to the fact of such entitlement, (B) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy, (C) that, except as provided in subsection (b) below, in the event that any Owner is entitled to receive full payment of principal from the Bond Insurer, such Owner must tender its Bond with the instrument of transfer in the form provided on the Bond executed in the name of the Bond Insurer, and (D) that, except as provided in subsection (b) below, in the event that such Owner is entitled to receive partial payment of principal from the Bond Insurer, such Owner must tender its Bond for payment first to the Trustee, which shall note on such Bond the portion of principal paid by the Trustee, and then, with an acceptable form of assignment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Owner subject to the terms of the Bond Insurance Policy.

(b) In the event that the Trustee has notice that any payment of principal of or interest on a Bond has been recovered from an 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 it provides notice to the Bond Insurer, notify all Owners that in the event that any Owner's payment is so recovered, such Owner shall be entitled to payment from the Bond Insurer to the extent of such recovery, 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.

(c) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the 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 registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Owners of such 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 registration books for the Bonds maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Owners of such Bonds. Notwithstanding anything in the Indenture or the Bonds to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

### **Tax Covenants of the Authority**

Pursuant to the Indenture, the Authority has made certain covenants and agreements with the Trustee and the Bond Owners, including the following tax covenants:

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:

**Private Activity.** The Authority shall take no action or refrain from taking any action or make any use of the proceeds of the Bonds or of any other moneys or property that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

**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.

**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.

**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.

**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.

**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.

**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.

**Excess Investment Earnings.**

(a) 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 1.148-2 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 1.148-8(b) 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.

(b) 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 the Indenture. 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.

(c) 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:

(i) 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 Rebatable Arbitrage calculated as of the end of such Computation Year; and

(ii) Not later than sixty (60) days after the payment of all the Bonds, an amount equal to one hundred percent (100%) of the Rebatable Arbitrage calculated as of the end of such applicable Computation Year, and any income attributable to the Rebatable 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, Philadelphia, Pennsylvania 19255 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.

**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.

**Survival of Defeasance.** Notwithstanding anything in the Indenture to the contrary, the obligation to comply with the tax covenants set forth in the Indenture shall survive the defeasance of the Bonds.

**Trustee Responsible.** The Trustee shall have no obligations or responsibilities with respect to the tax covenants in the Indenture other than to follow the written directions of the Finance and Management Services Director of the City.

## **Trustee**

(a) The Trustee shall, prior to an Event of Default and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture and no implied duties or obligations shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default that has not been cured, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) So long as no Event of Default has occurred and is continuing, upon thirty (30) days written notice to the Trustee, 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, may remove the Trustee at any time and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy, or the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with the Indenture, or shall become incapable of acting, or shall commence a case under any bankruptcy, insolvency, or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may resign by giving written notice of such resignation to the Authority and the Bond Insurer and by giving notice of such resignation by first class mail, postage prepaid, to the Owners at the addresses listed in the bond register. Upon receiving such notice of resignation, 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, shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee acceptable to the Bond Insurer, so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy. If no successor Trustee shall have been appointed and shall have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, at the expense of the Authority, or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority, the Bond Insurer, and its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties, and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless, at the written request of the Authority or of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title, and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign, and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties, and obligations. Upon acceptance of appointment by a successor Trustee as provided in the Indenture, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts under the Indenture by first class mail, postage prepaid, to the Owners at their addresses listed in the bond register.

(e) Any Trustee appointed under the provisions of the Indenture shall be a trust company or bank having trust powers, having a corporate trust office in California, having a combined capital, surplus, and undivided profits of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the Indenture the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

(f) No provision in the Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture.

(g) The Trustee shall not be responsible for the sufficiency, timeliness, or enforceability of the Revenues, the maintenance of insurance as required by the Installment Purchase Agreement, or the reviewing of any report or certificate required to be provided under the Indenture or the Installment Purchase Agreement.

(h) The Trustee shall not be accountable for the use or application by the Authority, the City, or any other party of any funds which the Trustee has released under the Indenture.

(i) The Trustee may employ attorneys, agents, or receivers in the performance of any of its duties under the Indenture and shall not be answerable for the misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

(j) Notwithstanding any other provision of the Indenture, in determining whether the rights of the Owners will be adversely affected by any action taken pursuant to the terms and provisions of the Indenture, the Trustee shall consider the effect on the Owners as if there were no Bond Insurance Policy.

(k) The Trustee shall notify the Bond Insurer of any failure by the Authority and the City to provide relevant notices, certificates, or other documents required by the Indenture or the Installment Purchase Agreement.

### **Amendments of the Indenture**

The Indenture and the rights and obligations of the Authority and of the Owners 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 (a) 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, (b) reduce the percentage of principal amount of Bonds owned by Owners whose consent is required for the execution of any Supplemental Indenture, (c) 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 (d) 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 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 (called "Events 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;

(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, shall, by notice in writing to the Authority, 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. This provision, 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 those of such

Bonds as are 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 paragraph (a) above, the Trustee shall notify the Bond Insurer immediately of such default and in the event of all other events of default as provided in the Indenture, 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.

#### **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 under 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.

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 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.

## **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 in the Indenture and the Bonds, 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 thereunder 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 (i) 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, (ii) 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) 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, (iii) 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 (ii) 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 (iv) 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.

(c) After the payment of all the interest of and principal on all Outstanding Bonds as provided above, the Trustee shall execute and deliver to the City and the Authority all such instruments as may be necessary or desirable to evidence the discharge and satisfaction of the Indenture, and the Trustee shall pay over or deliver to the Authority all moneys or securities held by it pursuant to the Indenture that 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 pursuant to the Lease, but only from amounts deposited pursuant to the Indenture for such payments 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**

The Installment Purchase Agreement is entered into between the City and the Authority and, pursuant to its terms, the City shall purchase the Project from the Authority and the Authority shall sell the Project to the City.

### **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 to the Authority, solely from Net System Revenues and from no other sources, is the aggregate amount of debt service schedule 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 June 1, 2020, 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 under the Installment Purchase Agreement 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 Indenture. 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 described in the preceding paragraph, 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 Wastewater Revenue Fund, which fund the City agrees and covenants to maintain so long as any Installment Payments remain unpaid, and all moneys in the Wastewater 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 Wastewater Revenue Fund to pay, in the following order of priority, (i) all Maintenance and Operation Costs of the Wastewater 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 the Reserve Fund created under the Indenture, any amounts necessary to make up any deficiency in the Reserve Requirement. 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.

(b) After all of the payments contemplated by the immediately preceding paragraph have been made, any System Revenues remaining in the Wastewater Revenue Fund may from time to time be used to pay for capital expenditures for the Wastewater System or any other Wastewater System purpose, including payments on account of subordinated debt, provided that, after any such payment, there will remain in the Wastewater 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 Wastewater System during the next forty-five (45) days.

### **Additional Obligations**

Pursuant to the Installment Purchase Agreement, 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 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 Wastewater 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 Wastewater 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 (b) above, the determination of the Net System Revenues:

(i) may take into account any increases in rates and charges that relate to the Wastewater 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;

(ii) may take into account an allowance for any estimated increase in such Net System Revenues from any revenue producing additions to or improvements or extensions of the Wastewater System to be made with the proceeds of such Additional Obligations or with the proceeds of Obligations previously issued, as shown by a certificate of a Consultant;

(iii) for the period contemplated by clause (b) above, Maintenance and Operation Costs of the Wastewater System shall be deemed to be the same as for the period for which a calculation is done pursuant to clause (a) above, but adjusted, if deemed necessary by the Consultant, for any increased Maintenance and Operation Costs of the Wastewater System which are, in the judgment of the Consultant, essential to maintaining and operating the Wastewater System; and

(iv) in the event that any Policy Costs are owing and past due to the Bond Insurer, the City shall not incur any Additional Obligations as provided in the Installment Purchase Agreement without the prior written consent of the Bond Insurer.

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.

### **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 in the Installment Purchase Agreement 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 with the Installment Purchase Agreement 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 provisions therein concerning 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 Wastewater System or any part thereof, or upon any of the System Revenues, prior to or on a parity with 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, as such term is defined in the Installment Purchase Agreement.

**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 Wastewater System or any part thereof essential to the proper operation of the Wastewater System or to the maintenance of the System Revenues, except as permitted under the Installment Purchase Agreement. The City shall not enter into any agreement or lease which impairs the operation of the Wastewater 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 Wastewater System. Any real or personal property which has become inoperative or which is not needed for the efficient and proper operation of the Wastewater 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 Wastewater 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 Wastewater System.

**Maintenance and Operation of the Wastewater System; Budgets.** The City shall maintain and preserve the Wastewater System in good repair and working order at all times and shall operate or cause to be operated the Wastewater System in an efficient and economical manner and shall pay or cause to be paid all Maintenance and Operation Costs of the Wastewater System as they become due and payable. On or before August 1 of each Fiscal Year, commencing August 1, 2003, 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 Wastewater 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 and the Policy Costs, if any, then due and owing under the Reserve Fund Policy, plus (b) the amount by which the amount on deposit in the Wastewater 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 Wastewater System and all other contracts affecting or involving the Wastewater 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 Wastewater 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 Wastewater System) as are usually covered in connection with systems similar to the Wastewater System, exclusive of earthquake and flood insurance. In the event of any damage to or destruction of the Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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 Wastewater Revenue Fund and be available for other proper uses of funds deposited in the Wastewater 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 Wastewater 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 Wastewater 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 Finance and Management Services Director to the Trustee annually on or before July 1 of each Fiscal Year that it is in compliance with the insurance requirements under the Installment Purchase Agreement, 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, 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 Wastewater 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, 2003) 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.

**Protection of Security and 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 thereunder and shall warrant and defend such rights against all claims and demands of all persons.

**Payment of Taxes and Compliance with Governmental Regulations.** The City shall pay and discharge all taxes, assessments, and other governmental charges which may hereafter be lawfully imposed upon the Wastewater 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 Wastewater 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 Wastewater 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 Wastewater 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).

**Eminent Domain Proceeds.** If all or any part of the Wastewater 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 Wastewater 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 Wastewater Revenue Fund and be available for other proper uses of funds deposited in the Wastewater 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 Bond Counsel that the exclusion from gross income of interest with respect to the Authority 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) Private Activity. The City shall take no action or refrain from taking any action or make any use of the proceeds of the Authority Bonds or of any other moneys or property that would cause the Authority Bonds to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. The City shall make no use of the proceeds of the Authority 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 Authority Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guaranty. The City shall make no use of the proceeds of the Authority Bonds or take or omit to take any action that would cause the Authority Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) 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.

(e) Hedge Bonds. The City shall make no use of the proceeds of the Authority 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 Authority 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 Authority Bonds for federal income tax purposes.

(f) 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 City in connection with the issuance of the Authority Bonds and shall comply with the covenants and requirements stated therein and incorporated by reference in the Installment Purchase Agreement.

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

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

(a) 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;

(b) 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 (a) 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;

(c) if any Event of Default shall have occurred under the Indenture and shall be continuing;  
or

(d) 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. This provision, 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 Bond referred to in clause (a) 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 Authority Bonds the interest thereon and the principal thereof and the redemption premiums, if any, thereon or if all Outstanding Authority 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

The Installment Purchase 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 Authority 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 Authority Bond so affected, (b) reduce the percentage of principal amount of Authority 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 Bond Counsel to the effect that such amendment does not materially adversely affect the exclusion of interest on the Authority Bonds received by the Owners from gross income for federal income tax purposes.

The Installment Purchase 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 thereof or supplement thereto which shall become binding upon execution by the City and the Authority, without the written consent of any Owners of the Authority Bonds but 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, but only to the extent permitted by law and only upon receipt of an unqualified opinion of Bond Counsel selected by the City and approved by the Authority 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 and does not adversely affect the exclusion of interest on the Authority 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 —

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

(b) to cure, correct, or supplement any ambiguous or defective provision contained in the Installment Purchase Agreement or in regard to questions arising under the Installment Purchase Agreement, 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 Authority Bonds; or

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

## APPENDIX B

### GENERAL INFORMATION CONCERNING THE CITY OF OXNARD

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

#### General

The City of Oxnard (the "City") is located in western Ventura County (the "County") on the shore of the Pacific Ocean. The City is approximately 65 miles northwest of the City of Los Angeles, 35 miles south of the City of Santa Barbara, and 6 miles south of the county seat of the County. The City is the financial hub of the County and the largest city in the County, with a population estimated of 182,000 in 2002, accounting for over 23% of the County's population. The City has become a premier center of County industrial activity since 1996 with the start of nine new industrial buildings representing a total of approximately 750,000 square feet of industrial and commercial space, with significant growth and building in the northeast area of the City.

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

The City has a diversified and expanding economic base composed of light and heavy manufacturing, retail, service and government sectors. The City has maintained a steady population growth rate of approximately 2.2% for the past decade and the City's adopted General Plan anticipates continued steady growth for the next ten years, with a projected population of 185,000 by the year 2020.

#### Population

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

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

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

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

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

(2) Actual census figures.

## Property Tax Rates

In June of 1978, California voters approved Proposition 13 (the Jarvis-Gann Initiative), which added Article XIII A to the California Constitution. Article XIII A limits *ad valorem* taxes on real property to 1% of the full cash value, plus taxes necessary to repay indebtedness approved by the voters prior to July 1, 1978. 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 1993 through 2002

Year Ended <u>June 30</u>	<u>County Tax</u>	City District (Public Safety Retirement <u>Debt</u> )	<u>School Districts</u>	<u>Water Districts</u>	<u>Total Tax Rates</u>
1993	1.00%	0.0490%	0.0736%	0.2555%	1.7810%
1994	1.00	0.0495	0.0685	0.2693	1.3873
1995	1.00	0.0380	0.0805	0.2913	1.4098
1996	1.00	0.0362	0.0773	0.3105	1.4240
1997	1.00	0.0367	0.0807	0.3328	1.4502
1998	1.00	0.0367	0.1360	0.3449	1.5176
1999	1.00	0.0367	0.1491	0.1212	1.3070
2000	1.00	0.0475	0.1740	0.0979	1.3194
2001	1.00	0.0475	0.1714	0.0977	1.3166
2002	1.00	0.0575	0.1867	0.0723	1.3165

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

## Property Tax Levies, Collections and Delinquencies

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

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

Property owners may redeem property upon payment of delinquent taxes and penalties. Tax-delinquent properties are subject to a redemption penalty of one and one-half percent (1-1/2%) of the delinquent amount every month commencing on July 1 following the date on which the property became tax-delinquent. Properties may be redeemed under an installment plan by paying current taxes, plus 20% of delinquent taxes each year for five years, with interest accruing at one and one-half percent (1-1/2%) per month on the unpaid balance.

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

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

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

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

**Assessed Property Values**

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

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

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

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

## Principal Taxpayers

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

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

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

## Outstanding Debt

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

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

(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 expansion and public housing. Debt service on these issues is paid from the revenues of the appropriate enterprise funds and the City's General Fund.

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

## Direct and Overlapping Bonded Debt

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

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

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

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

## Employment

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

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

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

Source: State of California, Employment Development Department.

## Taxable Retail Sales

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

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

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

Source: California State Board of Equalization.

## Transportation

Oxnard is served by all major modes of transportation. Both U.S. Highway 101 and State Highway 1 pass through the City, linking it with the Los Angeles metropolitan area and Santa Barbara County. Rail passenger service is provided by AMTRAK, which has a station in the City. Two trains daily pass through each direction and stop at the Oxnard station. Metrolink provides commuters from the Oxnard Transportation Center with several daily routes to the Los Angeles basin, including downtown Los Angeles. 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 will welcome freshmen in fall 2003. In addition, two campuses of the University of California, Santa Barbara (UCSB) and Los Angeles (UCLA), one campus of the California State University, Northridge (CSUN), and two private universities, Pepperdine and California Lutheran University, are within a fifty minute drive.

## **Recreation**

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

The City owns the River Ridge Golf Course, an 18-hole, 7,010-yard championship golf course located on the south side of the Santa Clara River. The City also owns a 1,600-seat Performing Arts Center located on Hobson Way in the heart of the City.

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**APPENDIX C**

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

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2002**



Prepared by  
Finance Department  
Stan Kleinman  
Finance Director

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*City of Oxnard, California*

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December 4, 2002

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

## INTRODUCTION

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

### CAFR Explanation

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

i

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

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

#### 2. **Financial Section:**

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

#### 3. **Statistical Section:**

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

## REPORTING ENTITY

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

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

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

The City of Oxnard: "*The City That Cares*" is located in western Ventura County on the shore of the Pacific Ocean. It is approximately 65 miles northwest of the City of Los Angeles, 35 miles south of the City of Santa Barbara, and 6 miles south of the county seat of Ventura. Oxnard is the financial hub of and the largest city in Ventura County, with a population estimated to be 182,027 in 2002, accounting for over 23 percent of Ventura County's population. The City became the premier center of county industrial activity in 1996 with the start of nine new industrial buildings representing a total of 750,000 square feet.

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

**FINANCIAL INFORMATION**

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

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

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

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

**Fiduciary Operations**

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

**Debt Administration**

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

Tax Allocation Bonds	5	14,475,000
Revenue Bonds, Net of Unamortized Discount and Loss on Refunding		89,043,438
Capital Leases		1,819,953
Notes and Loans Payable		8,539,733
Certificates of Participation		8,440,000

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

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

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

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

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

## SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2001-02

### Police Department

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

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

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

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

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

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

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

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

### Fire Department

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

Further accomplishments include:

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

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

## **PUBLIC WORKS DEPARTMENT**

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

### **Solid Waste Division**

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

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

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

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

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

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

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### **Parks and Facilities Division**

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

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

#### **❖ Still Under Construction:**

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

#### **❖ Other Projects:**

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

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## Facilities Maintenance Division

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

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

## Transportation Planning

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

## WASTEWATER DIVISION

### Source Control Program

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

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### Storm Water Quality Management Program

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

### Collection System Maintenance and Upgrades Program

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

### Flood Control Program

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

### Laboratory Services Program

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

### **Treatment Plant Operations Program**

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

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

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

### **Traffic Engineering and Signals**

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

### **OXNARD PUBLIC LIBRARY**

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

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

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

### **CARNEGIE ART MUSEUM**

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

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

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

#### PERFORMING ARTS AND CONVENTION CENTER (PACC)

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

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

#### CITY TREASURER'S OFFICE

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

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

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#### COMMUNITY DEVELOPMENT COMMISSION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **GREATER OXNARD ECONOMIC DEVELOPMENT CORPORATION**

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

## **BUDGETS AND BUDGETARY ACCOUNTING**

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

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Appropriations lapse at year-end. The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the department level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated within a division and between divisions within a department without City Council approval. During Fiscal Year 2002, supplemental budget appropriations approximating \$23,653,606 were made.

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

### CASH MANAGEMENT

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

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

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

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

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

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

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

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

### RISK MANAGEMENT

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

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

### OTHER INFORMATION

#### Independent Audit

The firm of KPMG LLP has conducted an audit of the financial statements of the City. Their opinion is included in the Financial Section of the CAFR. In accordance with the Single Audit Act of 1997, the City's grant programs which utilize Federal funds, either directly or passed through from state

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

**AWARDS**

**Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oxnard for its comprehensive annual financial report for the fiscal year ended June 30, 2001.

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

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

**Certificate of Recognition**

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

**Acknowledgments**

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

Respectfully submitted,



Stan Kleinman  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oxnard,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

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



*William A. ...*  
President

*Jeffrey L. ...*  
Executive Director

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# Certificate of Recognition

Presented to

*City of Oxnard, California*

For  
Early Implementation of GASB 34

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

Fiscal Year Ended 6/30/01

  
GASB Chairman

# City of Oxnard, California

## CITY COUNCIL



**JOHN C. ZARAGOZA**  
Mayor Pro Tem



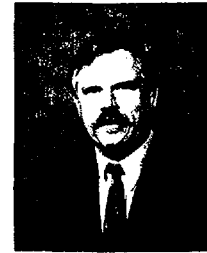
**DR. MANUEL M. LOPEZ**  
Mayor



**DR. THOMAS E. HOLDEN**  
Councilmember



**BEDFORD PINKARD**  
Councilmember



**DEAN MAULHARDT**  
Councilmember

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### City of Oxnard Organizational Structure

REV 6/10/02

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

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

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



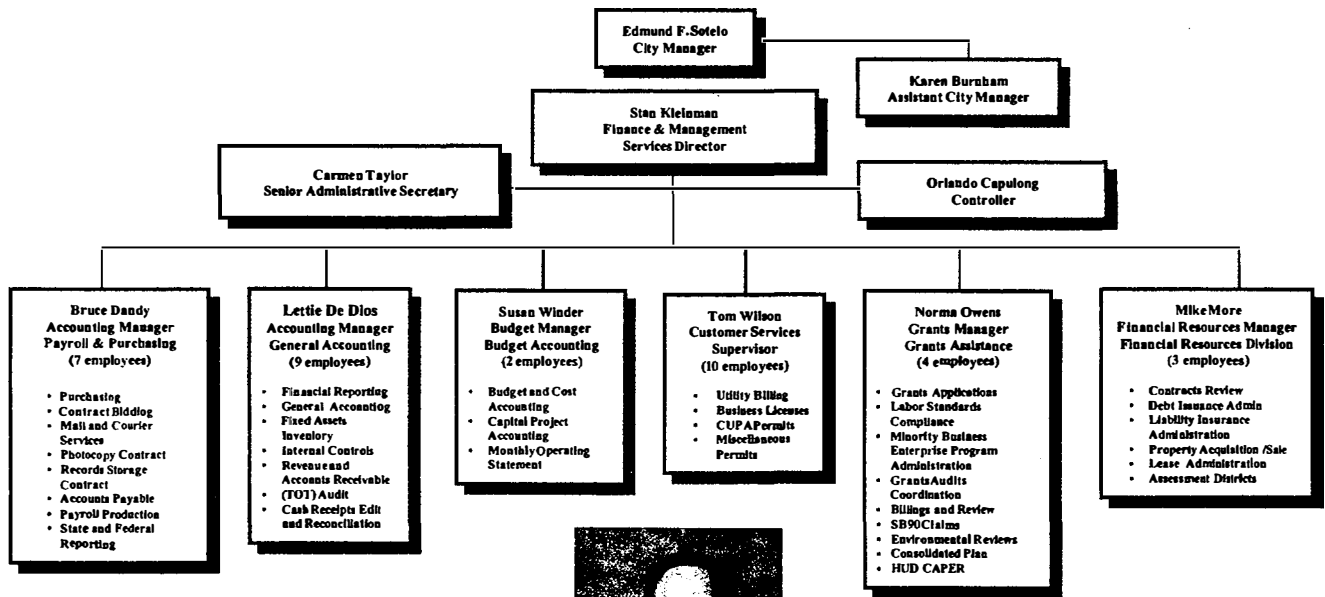
**EDMUND F. SOTELO**  
City Manager



**KAREN BURNHAM**  
Assistant City Manager

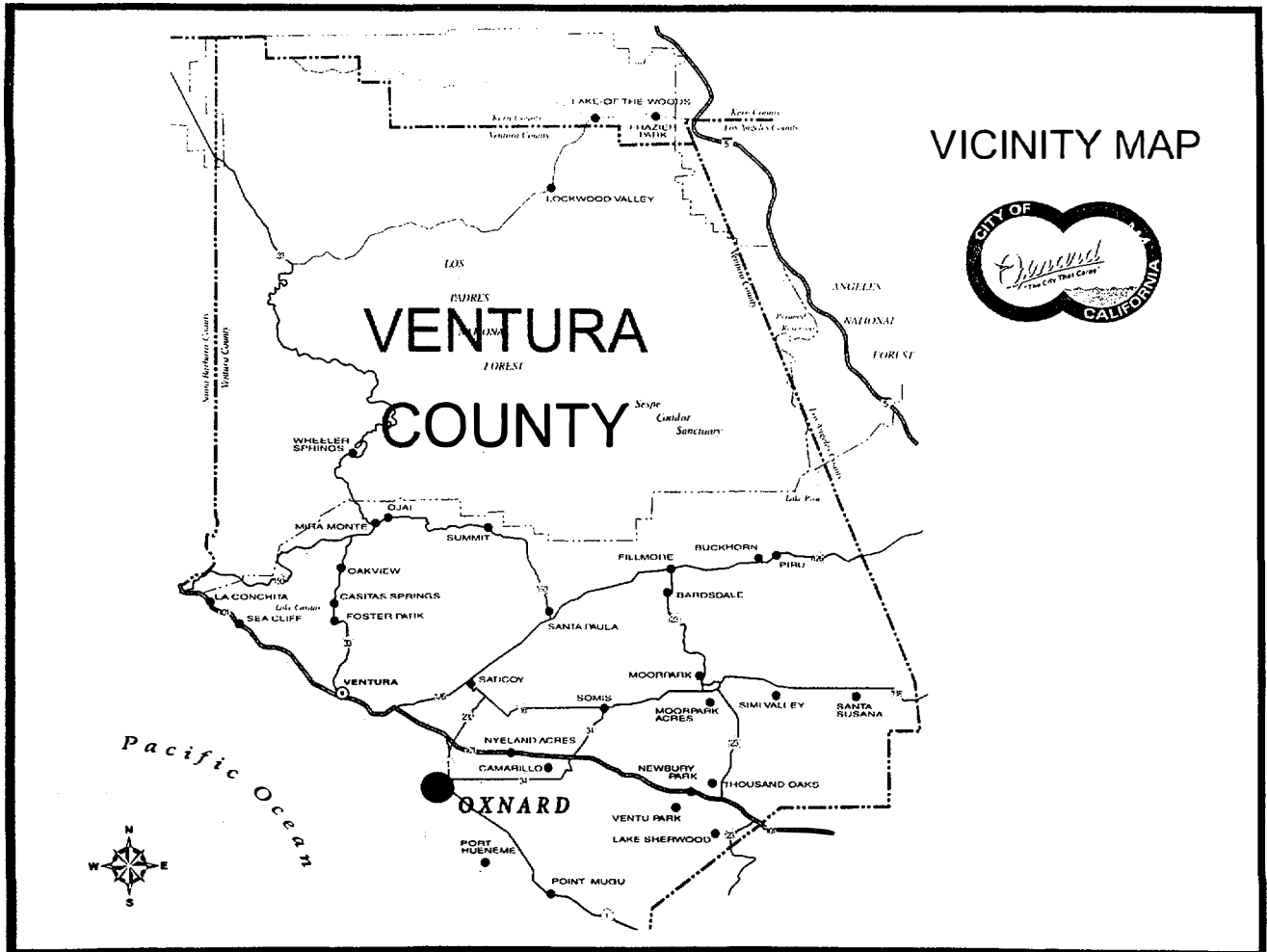
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**CITY OF OXNARD, CALIFORNIA  
FINANCE DEPARTMENT**



**STAN KLEINMAN**  
Finance Director

XXV





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

**Independent Auditors' Report**

The Honorable City Council  
 City of Oxnard, California:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oxnard, California (City), as of and for the year ended June 30, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oxnard, California, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2002 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**KPMG LLP**

November 8, 2002



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

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

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

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

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

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

**REPORTING THE CITY AS A WHOLE**

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

The Statement of Net Assets and the Statement of Activities report information about the City as a whole and its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

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

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

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

**Governmental Activities**

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

**Business-Type Activities**

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

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

**Fund Financial Statements**

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

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

**Governmental Funds**

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

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

**Proprietary Funds**

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

**Fiduciary Funds**

The City is the trustee, or fiduciary, for certain funds established to account for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. These activities are excluded from the City's Government-Wide Financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their specified purposes.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

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

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

**Governmental Activities**

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

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

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

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

Net assets of the City's governmental activities as of June 30, 2002 and 2001 are comprised of the following:

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

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

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

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

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

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

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

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

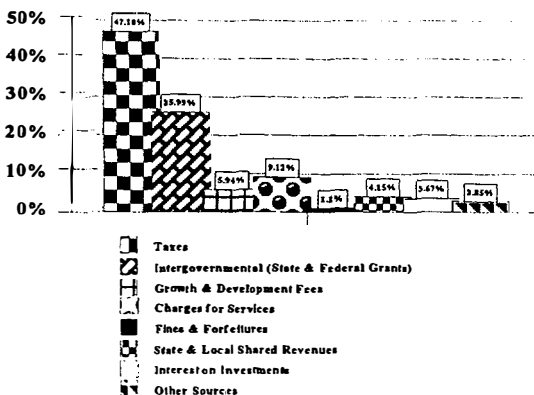
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**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

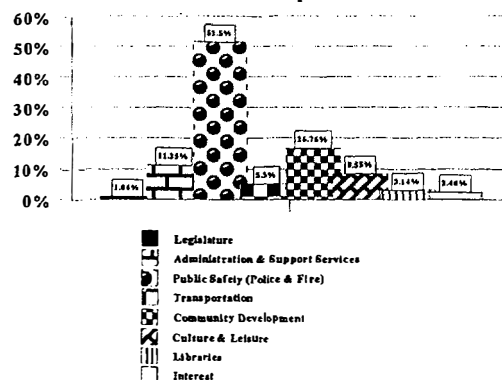
Governmental Activities Sources of Revenues:	2002	2001	Increase (Decrease)
Taxes	\$ 59,058,879	\$ 51,637,001	\$ 7,421,878
Grants and Other Contributions	32,499,675	22,420,769	10,078,906
Growth and Development Fees	7,432,528	8,049,376	(616,848)
Charges for Services	11,411,627	9,532,278	1,879,349
Fines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

Governmental Activities Functional Expenses:	2002	2001	Increase (Decrease)
Legislative	\$ 965,297	\$ 919,082	\$ 46,215
Administration and Support Services	10,596,489	8,043,741	2,375,509
Public Safety (Police and Fire)	47,675,795	43,221,741	4,454,054
Transportation	4,900,486	5,529,190	(628,704)
Community Development	17,583,882	13,613,463	3,970,419
Culture and Leisure	7,917,645	5,613,563	2,304,082
Libraries	2,908,754	2,629,171	279,583
Interest	1,811,687	2,542,778	(731,091)
<b>Total</b>	<b>\$ 94,360,035</b>	<b>\$ 82,112,729</b>	<b>\$ 12,247,306</b>

**Sources of Revenues**



**Functional Expenses**



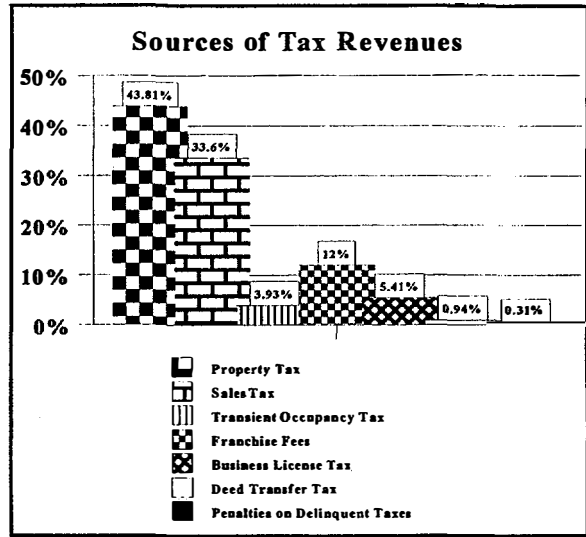
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

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

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

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

Sources of Tax:	2002	2001	Increase (Decrease)
Property Tax	\$ 25,873,406	\$ 23,484,567	\$ 2,388,839
Sales Tax	19,846,352	18,140,143	1,706,209
Transient Occupancy Tax	2,321,758	2,328,218	(6,460)
Franchise Fees	7,085,201	4,807,104	2,278,097
Business License Tax	3,194,683	2,203,188	991,495
Deed Transfer Tax	555,249	583,617	(28,368)
Penalties on Delinquent Taxes	182,230	90,164	92,066
<b>Total</b>	<b>\$ 99,059,879</b>	<b>\$ 81,637,001</b>	<b>\$ 17,422,878</b>



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

**Business-Type Activities**

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

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

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

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

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

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

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

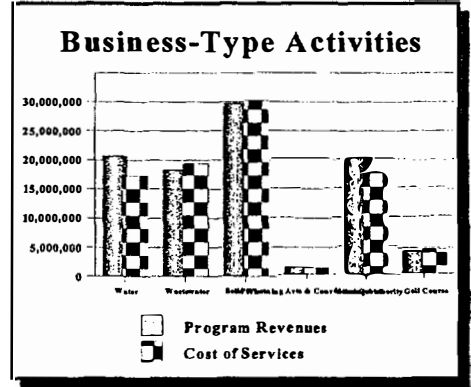
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2002**  
**(Unaudited)**

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

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

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

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



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

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

**General Fund**

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

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

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

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

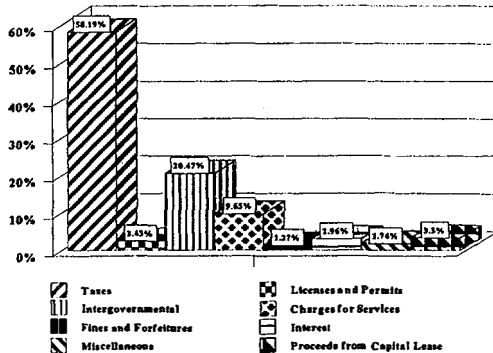
General Fund expenditures for the year ended June 30, 2002 reported an increase of \$11,671,595 from \$64,100,026 in fiscal year 2001 to \$76,044,323 in fiscal year 2002. Major increases were in general government expenditures (\$2,073,549); public safety (\$3,576,334); culture and leisure (\$1,519,443);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

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

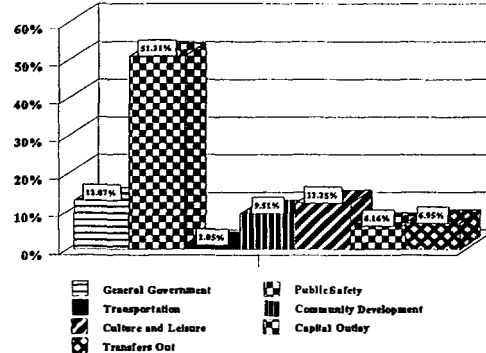
General Fund Revenues:	2002	2001	Increase (Decrease)
Taxes	\$ 47,680,588	\$ 41,949,468	\$ 5,731,120
Licenses and Permits	1,987,392	2,211,303	(223,911)
Intergovernmental	16,775,684	15,869,281	906,403
Charges for Services	7,908,643	6,070,045	1,838,598
Fines and Forfeitures	1,042,105	540,551	501,554
Interest	2,422,164	2,147,571	274,593
Miscellaneous	1,422,636	805,004	617,632
Proceeds from Capital Lease	2,705,584	---	2,705,584
<b>Total</b>	<b>\$ 81,944,796</b>	<b>\$ 69,593,223</b>	<b>\$ 12,351,573</b>

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

**Revenues**



**Expenditures**



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

**Major Special Revenue Funds**

**Development Fees Fund:**

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

**HUD and CDBG Grants Fund:**

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

**State and Federal Grants Fund:**

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

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

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

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

**Enterprise Funds**

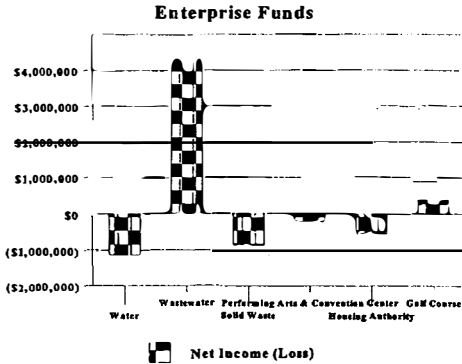
The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, wherein the cost of goods and services to the general public are financed or recovered primarily through user charges. The City's enterprise operations consist of water, wastewater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

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

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

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

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



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

**CAPITAL ASSETS**

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

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

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

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

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

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	2002	2001	2002	2001	2002	2001
Land	\$ 24,046,598	\$ 20,713,678	\$ 20,344,746	\$ 20,344,746	\$ 44,391,344	\$ 41,058,424
Land Improvements	1,159,280	1,159,280	—	—	1,159,280	1,159,280
Buildings	29,176,812	29,176,812	101,662,147	99,986,685	130,838,959	129,163,497
Improvements Other Than Buildings	19,013,090	19,013,090	141,763,987	139,306,869	160,777,077	158,319,959
Municipal Golf Course	—	—	5,739,568	5,739,568	5,739,568	5,739,568
Equipment and Machinery	39,001,698	35,931,446	42,110,345	40,832,723	81,112,043	76,764,169
Construction in Progress	<u>33,623,411</u>	<u>17,021,447</u>	<u>64,721,808</u>	<u>56,735,812</u>	<u>99,345,219</u>	<u>73,267,259</u>
Total	147,020,889	123,025,753	376,342,601	362,446,403	523,363,490	485,472,156
Accumulated Depreciation	<u>(39,876,051)</u>	<u>(36,010,561)</u>	<u>(133,592,506)</u>	<u>(124,816,834)</u>	<u>(173,868,557)</u>	<u>(160,827,395)</u>
<b>Total Capital Assets (net)</b>	<b><u>\$ 107,144,838</u></b>	<b><u>\$ 87,015,192</u></b>	<b><u>\$ 342,750,095</u></b>	<b><u>\$ 237,629,569</u></b>	<b><u>\$ 349,494,933</u></b>	<b><u>\$ 324,644,761</u></b>

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

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

**DEBT ADMINISTRATION**

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

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

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

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

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

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

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

**BUDGETING**

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

Appropriations lapse at year-end. The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the department level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated within a division and between divisions within a department without City Council approval.

**General Fund Budgetary Highlights**

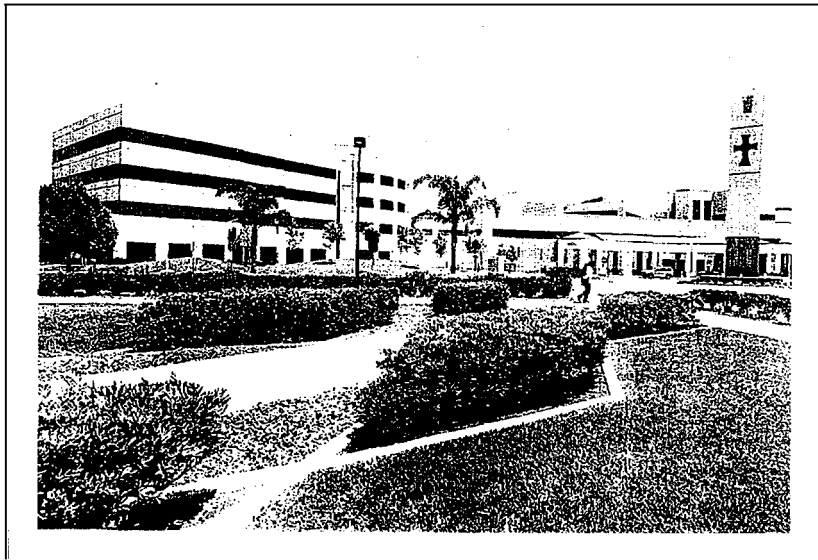
The General Fund final budget differs from the original budget by 6.46 percent. The components of this increase are briefly summarized as follows: \$18,689 increase allocated for legislative maintenance and operations; \$3,409,055 increase allocated for transfers to capital outlay project and Community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

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

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

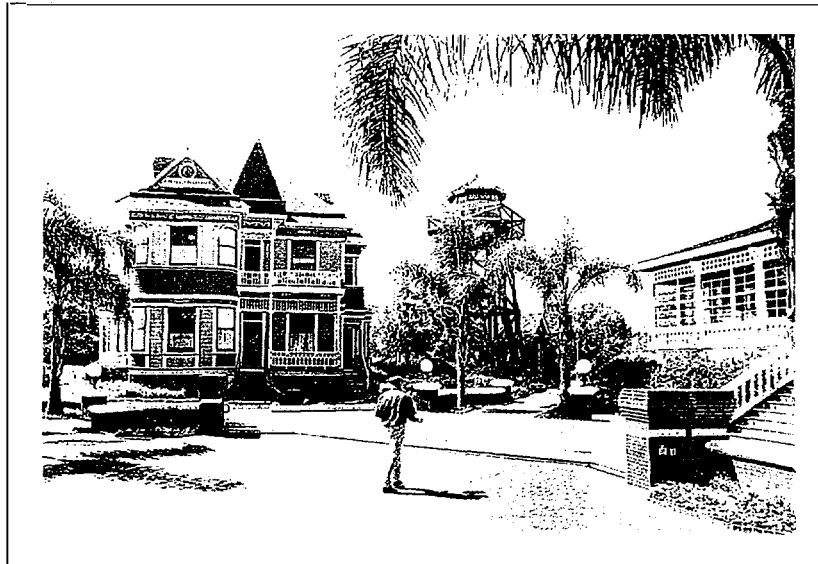
**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This management's discussion and analysis is designed to provide the City's residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this document, separate reports of the City's component units, or wish any additional financial information, contact the Office of the Director of Finance at 300 West Third Street, Oxnard, California, 93030 at (805) 385-7462 or e-mail at [orlando.capulong@ci.oxnard.ca.us](mailto:orlando.capulong@ci.oxnard.ca.us).



St. John's Regional Medical Center

# BASIC FINANCIAL STATEMENTS



Petit House  
Heritage Square Center Courtyard



City of Oxnard, California

Statement of Net Assets  
June 30, 2002

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

See accompanying notes to basic financial statements.

City of Oxnard, California

Statement of Activities  
Year Ended June 30, 2002

	Program Revenues					Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Service	Grants and Other Contributions	Fines and Forfeitures	Other Program Revenues	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
Legislative	\$ 965,297	\$ 17,964	\$ —	\$ —	\$ —	\$ (947,333)	\$ —	\$ (947,333)
Administration and Support Services	10,596,489	1,988,533	2,650,381	375,331	598,989	(4,983,255)	—	(4,983,255)
Public Safety	47,675,795	2,412,682	22,653,495	666,774	662,275	(21,280,569)	—	(21,280,569)
Transportation	4,900,486	204,005	2,109,386	369,732	31,429	(2,185,734)	—	(2,185,734)
Community Development	17,583,882	5,347,894	4,432,954	—	2,083,080	(5,719,954)	—	(5,719,954)
Culture and Leisure	7,917,645	1,337,193	541,053	—	196,332	(5,843,067)	—	(5,843,067)
Libraries	2,908,754	103,356	112,406	—	—	(2,692,992)	—	(2,692,992)
Interest on Long-Term Debt	1,811,687	—	—	—	—	(1,811,687)	—	(1,811,687)
<b>Total Governmental Activities</b>	<b>94,360,035</b>	<b>11,411,627</b>	<b>32,499,675</b>	<b>1,411,837</b>	<b>3,572,305</b>	<b>(45,464,591)</b>	<b>—</b>	<b>(45,464,591)</b>
<b>Business-Type Activities:</b>								
Water	20,660,212	17,206,345	1,597,676	—	—	—	(1,856,191)	(1,856,191)
Wastewater	18,321,799	20,495,040	859,441	—	—	—	3,032,682	3,032,682
Solid Waste	29,770,148	28,432,860	—	—	—	—	(1,337,288)	(1,337,288)
Performing Arts and Convention Center	1,250,372	296,295	—	—	—	—	(954,077)	(954,077)
Oxnard Housing Authority	20,103,955	18,040,124	1,424,430	—	—	—	(639,401)	(639,401)
Municipal Golf Course	3,901,301	3,207,541	—	—	—	—	(693,760)	(693,760)
<b>Total Business-Type Activities</b>	<b>94,007,787</b>	<b>87,678,205</b>	<b>3,881,547</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(2,448,035)</b>	<b>(2,448,035)</b>
<b>Total Primary Government</b>	<b>\$ 181,268,849</b>	<b>\$ 99,089,832</b>	<b>\$ 36,381,222</b>	<b>\$ 1,411,837</b>	<b>\$ 3,572,305</b>	<b>(45,464,591)</b>	<b>(2,448,035)</b>	<b>(47,912,626)</b>
<b>General Revenues:</b>								
<b>Taxes:</b>								
Property Tax	—	—	—	—	—	25,873,406	—	25,873,406
Sales Tax	—	—	—	—	—	19,846,352	—	19,846,352
Transient Occupancy Tax	—	—	—	—	—	2,321,758	—	2,321,758
Franchise Tax	—	—	—	—	—	7,085,201	—	7,085,201
Deed Transfer Tax	—	—	—	—	—	555,249	—	555,249
Business License Tax	—	—	—	—	—	3,194,683	—	3,194,683
Penalties on Delinquent Taxes	—	—	—	—	—	182,230	—	182,230
Growth & Development Fees	—	—	—	—	—	7,432,528	—	7,432,528
State & Local Shared Revenues	—	—	—	—	—	5,191,633	—	5,191,633
Earnings on Investments	—	—	—	—	—	4,588,082	2,331,298	6,919,380
Transfers	—	—	—	—	—	(1,672,830)	1,672,830	—
<b>Total General Revenues and Transfers</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>74,598,292</b>	<b>4,004,128</b>	<b>78,602,420</b>
Changes in Net Assets	—	—	—	—	—	29,133,701	1,556,093	30,689,794
Net Assets - July 1, 2001	—	—	—	—	—	117,321,573	205,621,317	322,942,890
<b>Net Assets - June 30, 2002</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$ 146,455,274</b>	<b>\$ 207,177,410</b>	<b>\$ 353,632,684</b>

See accompanying notes to basic financial statements.

City of Oxnard, California

Governmental Funds  
Balance Sheet  
June 30, 2002

	General Fund	Development Fees Fund	HUD and CDBG Grants Fund	State and Federal Grants Fund	Debt Service Fund	Capital Outlay Fund	Community Development Commission Fund	Non-Major Governmental Funds	Total
<b>Assets:</b>									
Cash and Cash Equivalents	\$ 30,283,168	\$ 29,805,346	\$ -	\$ 6,312,773	\$ 3	\$ 7,692,466	\$ 7,473,390	\$ 8,393,458	\$ 89,960,604
Investments with Fiscal Agents	-	-	34,847	-	1,333,899	2,669,362	456,029	-	4,494,137
Accounts and Other Receivables	2,158,147	174,952	3,290,516	3,007,019	-	1,866,945	387,834	4,737	10,890,150
Due from Other Funds	3,109,684	-	-	-	-	-	-	-	3,109,684
Due from Other Governments	4,941,379	-	1,094,213	1,730,673	-	-	-	115,717	7,884,982
Notes Receivables	-	-	-	-	-	-	554,387	-	554,387
Properties Held for Resale	-	-	-	-	-	-	7,263,384	-	7,263,384
Advances to Other Funds	173,035	-	-	-	-	-	-	-	173,035
Other Assets	-	-	185,108	-	-	-	-	-	185,108
<b>Total Assets</b>	<b>\$ 40,668,413</b>	<b>\$ 29,980,298</b>	<b>\$ 4,604,684</b>	<b>\$ 11,050,465</b>	<b>\$ 1,333,902</b>	<b>\$ 12,228,773</b>	<b>\$ 16,135,024</b>	<b>\$ 8,513,912</b>	<b>\$ 124,515,471</b>
<b>Liabilities and Fund Balance:</b>									
Accounts Payable	\$ 1,258,086	\$ 228,292	\$ 491,932	\$ 439,527	\$ -	\$ 223,385	\$ 137,346	\$ 283,571	\$ 3,062,139
Other Liabilities	9,645,661	3,738,085	165,903	55,830	-	720,103	1,001,420	271,367	15,598,369
Due to Other Funds	-	-	-	513,577	-	-	971,784	-	1,485,361
Deferred Revenues	2,368,048	328,224	3,569,846	4,401,813	-	2,741,936	-	-	13,409,867
<b>Total Liabilities</b>	<b>13,271,795</b>	<b>4,294,601</b>	<b>4,227,681</b>	<b>5,410,747</b>	<b>-</b>	<b>3,685,424</b>	<b>2,110,550</b>	<b>554,938</b>	<b>33,555,736</b>
<b>Fund Balances:</b>									
<b>Reserved</b>									
General Fund	1,870,298	-	-	-	-	-	-	-	1,870,298
Special Revenue Funds	-	235,362	-	2,389,649	-	-	-	-	2,625,011
Debt Service Funds	-	-	-	-	1,333,902	-	-	-	1,333,902
Capital Project Funds	-	-	-	-	-	-	9,928,686	-	9,928,686
<b>Total Reserved</b>	<b>1,870,298</b>	<b>235,362</b>	<b>-</b>	<b>2,389,649</b>	<b>1,333,902</b>	<b>-</b>	<b>9,928,686</b>	<b>-</b>	<b>15,757,897</b>
<b>Unreserved</b>									
General Fund	25,526,320	-	-	-	-	-	-	-	25,526,320
Special Revenue Funds	-	25,450,335	377,003	3,250,069	-	-	-	7,958,974	37,542,781
Capital Project Funds	-	-	-	-	-	8,543,349	4,095,788	-	12,619,137
<b>Total Unreserved</b>	<b>25,526,320</b>	<b>25,450,335</b>	<b>377,003</b>	<b>3,250,069</b>	<b>-</b>	<b>8,543,349</b>	<b>4,095,788</b>	<b>7,958,974</b>	<b>75,201,838</b>
<b>Total Fund Balance</b>	<b>27,396,618</b>	<b>25,685,697</b>	<b>377,003</b>	<b>5,639,718</b>	<b>1,333,902</b>	<b>8,543,349</b>	<b>14,024,474</b>	<b>7,958,974</b>	<b>90,959,735</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 40,668,413</b>	<b>\$ 29,980,298</b>	<b>\$ 4,604,684</b>	<b>\$ 11,050,465</b>	<b>\$ 1,333,902</b>	<b>\$ 12,228,773</b>	<b>\$ 16,135,024</b>	<b>\$ 8,513,912</b>	<b>\$ 124,515,471</b>

See accompanying notes to basic financial statements.

City of Oxnard, California

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

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

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

- (1) Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Balance Sheet. 106,422,143
- Long-term liabilities are not due and payable in the current period and therefore are not reported in the Balance Sheet (41,138,934)
- Compensated absences do not require the use of current financial resources. Therefore, compensated absences payable are not reported as a liability in the Balance Sheet. (8,727,910)
- Interest on long-term obligations that was accrued but unpaid at fiscal year end is not reported in the Balance Sheet. (115,150)
- Total** **\$ 56,440,149**
- (2) Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, information services, customer billings, equipment maintenance and facilities maintenance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets. (1,314,223)
- This adjustment for internal service funds "closes" those funds by charging additional amounts to participating business-type activities to completely cover the internal service funds' costs for the year. 369,613
- Total** **\$ (944,610)**

See accompanying notes to basic financial statements.

**City of Oxnard, California**

**Governmental Funds**

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

	General Fund	Development Fees Fund	HOV and CDHG Grants Fund	State and Federal Grants Fund	Debt Service Fund	Capital Outlay Fund	Community Development Commission Fund	Non-Major Governmental Funds	Totals
<b>Revenues</b>									
Taxes	\$ 47,680,588	\$ ---	\$ ---	\$ 5,189,718	\$ 1,629,857	\$ ---	\$ 4,558,716	\$ ---	\$ 59,058,879
Licenses and Permits	1,987,392	---	---	---	---	---	---	---	1,987,392
Intergovernmental	16,775,684	---	4,253,749	7,134,155	---	2,548,512	---	6,979,208	37,691,308
Growth and Development Fees	---	7,432,528	---	---	---	---	---	---	7,432,528
Charges for Services	7,908,643	---	---	---	---	---	---	---	7,908,643
Fines and Forfeitures	1,042,105	---	---	---	---	---	---	369,732	1,411,837
Interest	2,422,164	1,131,094	---	197,107	240,642	122,099	263,687	210,389	4,588,082
Special Assessments	---	---	---	---	---	---	---	1,515,592	1,515,592
Miscellaneous	1,422,636	67,726	184,190	76,906	---	753,359	741,900	325,588	3,572,305
<b>Total Revenues</b>	<b>79,239,212</b>	<b>8,631,348</b>	<b>4,437,939</b>	<b>12,597,886</b>	<b>1,870,499</b>	<b>3,424,870</b>	<b>5,564,303</b>	<b>9,400,509</b>	<b>125,166,566</b>
<b>Expenditures</b>									
<b>Current:</b>									
General Government	9,786,593	---	---	---	---	---	---	---	9,786,593
Public Safety	38,942,125	---	---	5,618,687	---	---	---	---	44,560,812
Transportation	797,735	---	---	181,136	---	---	---	3,764,884	4,743,755
Community Development	7,228,529	519,468	1,522,190	179,205	---	---	5,938,081	2,025,596	17,413,069
Culture and Leisure	9,318,877	---	502,154	541,053	---	---	---	---	10,362,084
Capital Outlay	4,687,715	3,896,450	2,365,463	4,147,966	---	5,499,588	399,573	2,797,913	23,794,668
<b>Debt Service:</b>									
Principal	---	---	---	---	2,412,335	---	---	---	2,412,335
Interest	---	---	---	---	1,988,947	---	---	---	1,988,947
<b>Total Expenditures</b>	<b>70,761,574</b>	<b>4,415,918</b>	<b>4,389,807</b>	<b>10,668,047</b>	<b>4,401,282</b>	<b>5,499,588</b>	<b>6,337,654</b>	<b>8,588,393</b>	<b>115,062,263</b>
Excess (Deficiency) of Revenues Over Expenditures	8,477,638	4,215,430	48,132	1,929,839	(2,530,783)	(2,074,718)	(773,351)	812,116	10,104,303
<b>Other Financing Sources (Uses):</b>									
Transfers In	---	1,265,481	---	---	2,531,971	2,576,650	---	---	6,374,102
Transfers Out	(5,282,749)	(2,764,183)	---	---	---	---	---	---	(8,046,932)
Proceeds from Loan Payable	2,705,584	---	---	---	---	---	---	---	2,705,584
<b>Total Other Financing Sources (Uses)</b>	<b>(2,577,165)</b>	<b>(1,498,702)</b>	<b>---</b>	<b>---</b>	<b>2,531,971</b>	<b>2,576,650</b>	<b>---</b>	<b>---</b>	<b>1,032,754</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	5,900,473	2,716,728	48,132	1,929,839	1,188	501,932	(773,351)	812,116	11,137,057
<b>Fund Balance, July 1</b>	<b>21,496,145</b>	<b>22,968,969</b>	<b>328,871</b>	<b>3,709,879</b>	<b>1,332,714</b>	<b>8,041,417</b>	<b>14,797,825</b>	<b>7,146,858</b>	<b>79,822,678</b>
<b>Fund Balance, June 30</b>	<b>\$ 27,396,618</b>	<b>\$ 25,685,697</b>	<b>\$ 377,003</b>	<b>\$ 5,639,718</b>	<b>\$ 1,333,902</b>	<b>\$ 8,543,349</b>	<b>\$ 14,024,474</b>	<b>\$ 7,958,974</b>	<b>\$ 90,959,735</b>

See accompanying notes to basic financial statements.

**City of Oxnard, California**

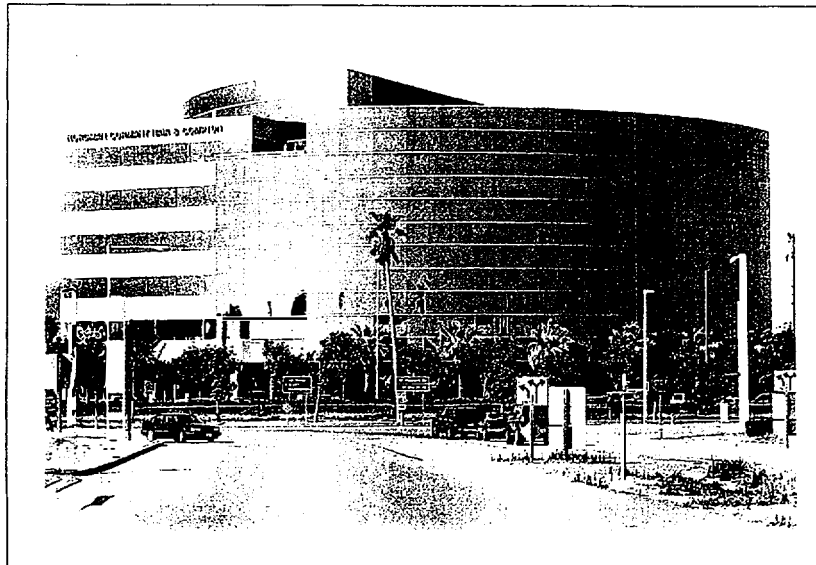
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Activities  
Year Ended June 30, 2002**

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

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

See accompanying notes to basic financial statements.

# PROPRIETARY FUNDS



Oxnard Town Center Business Park

**City of Oxnard, California**

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

	Enterprise Funds						Governmental Activities - Internal Service Funds	
	Water	Wastewater	Solid Waste	Performing Arts and Convention Center	Oxnard Housing Authority	Municipal Golf Course		Total
<b>Assets:</b>								
<b>Current Assets:</b>								
Cash and Cash Equivalents	\$ 5,745,004	\$ 26,525,126	\$ 2,810,682	\$ 50,000	\$ 3,094,332	\$ 1,714,749	\$ 39,939,893	\$ 11,859,357
Accounts and Other Receivables	2,878,774	5,047,826	3,120,732	4,261	1,008,549	289,467	12,349,609	86,450
Due From Other Funds	--	170,677	--	--	--	--	170,677	--
Notes Receivable	--	297,000	--	--	--	--	297,000	--
<b>Restricted Assets:</b>								
Investments with Fiscal Agents	969,228	--	2,130,685	--	--	1,307,486	4,407,399	--
<b>Capital Assets:</b>								
Property, Plant and Equipment	94,055,745	181,567,497	46,306,407	44,443	40,822,089	13,546,420	376,342,601	7,548,183
Less Accumulated Depreciation	(32,349,277)	(62,987,859)	(15,420,934)	(1,421)	(20,928,446)	(2,304,569)	(133,992,506)	(6,825,488)
Total Capital Assets - Net	61,706,468	118,579,638	30,885,473	43,022	19,893,643	11,241,851	242,350,095	722,695
Unamortized Bond Issuance Costs, Net	--	832,590	549,476	--	--	305,463	1,687,529	--
<b>Total Assets</b>	<b>71,299,474</b>	<b>151,452,857</b>	<b>39,497,048</b>	<b>97,283</b>	<b>23,996,524</b>	<b>14,859,016</b>	<b>301,202,202</b>	<b>12,668,502</b>
<b>Liabilities:</b>								
<b>Current Liabilities:</b>								
Accounts Payable	1,971,205	969,999	1,901,681	243,955	433,193	48,339	5,568,372	550,296
Other Liabilities	371,863	624,765	1,225,135	--	689,980	58,660	2,970,403	--
Due to Other Funds	--	--	--	--	--	1,795,000	1,795,000	--
Long-Term Debt Due Within One Year	404,699	2,324,462	1,455,726	27,578	329,930	595,000	5,137,395	--
Total Current Liabilities	2,747,767	3,919,226	4,582,542	271,533	1,453,103	2,496,999	15,471,170	550,296
<b>Noncurrent Liabilities:</b>								
Advances from Other Funds	--	--	--	--	--	173,035	173,035	--
Self-Insurance Claims Liabilities	--	--	--	--	--	--	--	12,931,052
Compensated Absences Payable	138,358	230,901	212,330	21,316	254,274	--	857,179	501,377
Long-Term Debt Due in More than One Year	8,029,834	38,641,922	19,788,832	--	--	10,693,207	77,153,795	--
Total Noncurrent Liabilities	8,168,192	38,872,823	20,001,162	21,316	254,274	10,693,207	78,184,009	13,432,429
<b>Total Liabilities</b>	<b>10,915,959</b>	<b>42,792,049</b>	<b>24,583,704</b>	<b>292,849</b>	<b>1,707,377</b>	<b>13,363,241</b>	<b>93,655,179</b>	<b>13,982,725</b>
<b>Net Assets:</b>								
Invested in Capital Assets, Net of Related Debt	53,616,572	77,912,716	9,916,246	--	19,893,643	--	161,339,177	722,695
Restricted for Repayment of Debt	809,103	--	1,342,653	--	--	779,883	2,931,639	--
Unrestricted	5,957,840	30,748,092	3,654,445	(195,566)	2,395,504	715,892	43,276,207	(2,036,918)
<b>Total Net Assets</b>	<b>\$ 60,383,515</b>	<b>\$ 108,660,808</b>	<b>\$ 14,913,344</b>	<b>\$ (195,566)</b>	<b>\$ 22,289,147</b>	<b>\$ 1,495,775</b>	<b>207,547,023</b>	<b>\$ (1,314,223)</b>
							Internal Service Funds Allocation of Net Loss	(369,613)
							Net Assets - June 30, 2002	<b>\$ 207,177,410</b>

**City of Oxnard, California**

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

	Enterprise Funds						Governmental Activities - Internal Service Funds	
	Water	Wastewater	Solid Waste	Performing Arts and Convention Center	Oxnard Housing Authority	Municipal Golf Course		Totals
<b>Operating Revenues:</b>								
Charges for Services	\$ 17,206,345	\$ 20,495,040	\$ 28,432,860	\$ 296,295	\$ 18,040,124	\$ 3,207,541	\$ 87,678,205	\$ 17,234,728
<b>Operating Expenses:</b>								
Salaries and Wages	2,506,847	4,351,803	4,639,425	737,930	2,612,523	29,276	14,877,804	3,976,858
Contractual Services	1,341,857	1,375,352	9,662,840	198,355	166,209	2,815,643	15,560,256	754,530
Operating Supplies	10,984,436	1,361,517	811,633	60	13,285,678	--	26,443,324	2,038,086
Utilities	1,115,377	2,914,277	6,148,956	134,767	567,785	1,225	10,882,387	1,112,599
Depreciation and Amortization	1,679,478	3,729,002	1,792,213	609	1,987,088	67,568	9,255,958	274,379
General and Administrative	2,032,852	1,293,384	2,502,279	142,242	1,443,546	79,082	7,493,385	1,562,960
Repairs and Maintenance	160,287	151,788	2,475,865	36,409	41,126	--	2,865,475	968,818
Claims Expenses	--	--	--	--	--	--	--	8,179,784
<b>Total Operating Expenses</b>	<b>19,821,134</b>	<b>15,177,123</b>	<b>28,033,211</b>	<b>1,250,372</b>	<b>20,103,955</b>	<b>2,992,794</b>	<b>87,378,589</b>	<b>18,868,014</b>
<b>Operating Income (Loss)</b>	<b>(2,614,789)</b>	<b>5,317,917</b>	<b>399,649</b>	<b>(954,077)</b>	<b>(2,063,831)</b>	<b>214,747</b>	<b>768,789</b>	<b>(1,633,286)</b>
<b>Nonoperating Revenues (Expenses):</b>								
Interest Income	649,749	1,171,437	282,109	--	89,544	138,459	2,331,298	--
Interest Expense	(767,540)	(3,039,492)	(1,544,209)	--	--	(908,344)	(6,259,585)	--
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(117,791)</b>	<b>(1,868,055)</b>	<b>(1,262,100)</b>	<b>--</b>	<b>89,544</b>	<b>(769,885)</b>	<b>(3,928,287)</b>	<b>--</b>
<b>Income (loss) Before Contributions and Transfers</b>	<b>(2,732,580)</b>	<b>3,449,862</b>	<b>(862,451)</b>	<b>(954,077)</b>	<b>(1,974,287)</b>	<b>(555,138)</b>	<b>(3,628,287)</b>	<b>(1,633,286)</b>
Capital Contributions	1,597,676	859,441	--	--	1,424,430	--	3,881,547	--
Transfers In	--	--	--	724,849	--	947,981	1,672,830	--
Change in Net Assets	(1,134,904)	4,309,303	(862,451)	(229,228)	(549,857)	392,843	1,925,706	(1,633,286)
<b>Total Net Assets - July 1</b>	<b>61,518,419</b>	<b>104,351,505</b>	<b>15,775,795</b>	<b>33,662</b>	<b>22,839,004</b>	<b>1,103,132</b>	<b>206,069,273</b>	<b>319,063</b>
<b>Total Net Assets - June 30</b>	<b>\$ 60,383,515</b>	<b>\$ 108,660,808</b>	<b>\$ 14,913,344</b>	<b>\$ (195,566)</b>	<b>\$ 22,289,147</b>	<b>\$ 1,495,775</b>	<b>207,547,023</b>	<b>\$ (1,314,223)</b>
							Change in Net Assets:	1,925,706
							Adjustment to Allocate Internal Service Funds Net Loss to Enterprise Funds	(369,613)
								<b>\$ 1,556,093</b>

**City of Oxnard, California**

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

	Enterprise Funds							Governmental Activities- Internal Service Funds
	Water	Wastewater	Solid Waste	Performing Arts and Convention Center	Oxnard Housing Authority	Municipal Golf Course	Total	
<b>Cash Flows From Operating Activities:</b>								
Cash Received From Customers	\$ 17,136,909	\$ 215,715,79	\$ 28,704,707	\$ 297,354	\$ 17,597,435	\$ 3,328,936	\$ 88,636,920	\$ 17,234,728
Cash Paid to Suppliers	(15,338,622)	(7,564,725)	(20,622,286)	(299,037)	(16,293,303)	(2,814,630)	(62,932,603)	(8,103,319)
Cash Paid to Employees	(2,459,070)	(4,312,008)	(4,624,926)	(689,036)	(2,811,050)	(29,276)	(14,925,366)	---
Cash Paid to Claimants	---	---	---	---	---	---	---	(8,709,234)
Net Cash Provided by (Used In) Operating Activities	(660,783)	9,694,846	3,457,495	(690,719)	(1,506,918)	485,030	10,778,951	422,175
<b>Cash Flows From Noncapital Financing Activities:</b>								
Transfers In	---	---	---	724,849	---	2,717,981	3,442,830	---
Net Cash Provided by Noncapital Financing Activities	---	---	---	724,849	---	2,717,981	3,442,830	---
<b>Cash Flows From Capital and Related Financing Activities:</b>								
Acquisition and Construction of Capital Assets	(2,787,587)	(4,872,293)	(2,603,831)	(42,615)	(727,324)	(681,446)	(11,715,096)	(200,468)
Principal Payments on Long-Term Debt	(5,681,884)	(1,925,000)	(1,012,756)	---	---	(565,000)	(9,184,640)	---
Interest Payments on Long-Term Debt	(4,482,543)	(2,677,159)	(1,570,081)	---	---	(708,995)	(9,438,778)	---
Proceeds from Issuance of Long-Term Debt	12,410,000	---	---	---	---	---	12,410,000	---
Net Cash Used in Capital and Related Financing Activities	(542,014)	(9,474,452)	(5,186,668)	(42,615)	(727,324)	(1,955,441)	(17,928,514)	(200,468)
<b>Cash Flows From Investing Activities:</b>								
Proceeds From Sale of Investment Securities	5,058,353	4,640,961	2,129,898	---	---	1,268,558	13,097,770	---
Purchase of Investment Securities	(4,774,699)	(4,640,604)	(2,128,988)	---	---	(1,270,363)	(12,814,654)	---
Interest on Investments	649,749	1,171,437	282,109	---	89,544	138,459	2,331,298	---
Net Cash Provided by Investing Activities	933,403	1,171,794	283,019	---	89,544	136,654	2,614,414	---
Net Increase (Decrease) in Cash and Cash Equivalents	(269,394)	1,392,188	(1,446,154)	(8,485)	(2,144,698)	1,384,224	(1,092,319)	221,707
Cash and Cash Equivalents, July 1	6,014,398	25,132,938	4,256,836	58,485	5,239,030	330,525	41,032,212	11,637,650
Cash and Cash Equivalents, June 30	<u>\$ 5,745,004</u>	<u>\$ 26,525,126</u>	<u>\$ 2,810,682</u>	<u>\$ 50,000</u>	<u>\$ 3,094,332</u>	<u>\$ 1,714,749</u>	<u>\$ 39,939,893</u>	<u>\$ 11,859,357</u>

Continued -

**City of Oxnard, California**

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

	Enterprise Funds							Governmental Activities- Internal Service Funds
	Water	Wastewater	Solid Waste	Performing Arts and Convention Center	Oxnard Housing Authority	Municipal Golf Course	Total	
<b>Cash Flows From Operating Activities:</b>								
Reconciliation of Operating Income (loss) to Net Cash Provided by (used in) Operating Activities:								
Operating Income (loss)	\$ (2,614,789)	\$ 5,317,917	\$ 399,649	\$ (954,077)	\$ (2,063,831)	\$ 214,747	\$ 299,616	\$ (1,633,286)
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by Operating Activities:								
Depreciation and Amortization	1,679,478	3,729,002	1,792,213	609	1,087,088	67,568	9,255,958	274,370
Write-Down of Capital Assets	---	---	1,700,447	---	---	---	1,700,447	---
Changes in Assets and Liabilities:								
Decrease (Increase) in Accounts Receivable	(69,436)	1,373,539	271,847	1,059	(442,689)	121,395	1,255,715	(85,300)
Decrease (Increase) in Notes Receivable	---	(297,000)	---	---	---	---	(297,000)	---
Increase (Decrease) in Accounts Payable	398,450	119,696	(1,222,726)	60,672	(360,341)	30,486	(973,763)	(155,496)
Increase (Decrease) in Other Liabilities	(102,263)	(588,103)	501,566	201,018	(428,618)	50,834	(365,566)	1,940,154
Increase (Decrease) in Compensated Absences	47,777	39,795	14,499	---	(198,527)	---	(96,456)	---
Increase in Self-Insurance Claims Liabilities	---	---	---	---	---	---	---	81,724
Net Cash Provided by (used in) Operating Activities	<u>\$ (660,783)</u>	<u>\$ 9,694,846</u>	<u>\$ 3,457,495</u>	<u>\$ (690,719)</u>	<u>\$ (1,506,918)</u>	<u>\$ 485,030</u>	<u>\$ 10,778,951</u>	<u>\$ 422,175</u>
<b>Supplemental Schedule of Noncash Transactions:</b>								
Capital Assets Contributions	<u>\$ 1,597,676</u>	<u>\$ 859,441</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 1,424,430</u>	<u>\$ ---</u>	<u>\$ 3,881,547</u>	<u>\$ ---</u>

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*City of Oxnard, California*

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*Fiduciary Funds*

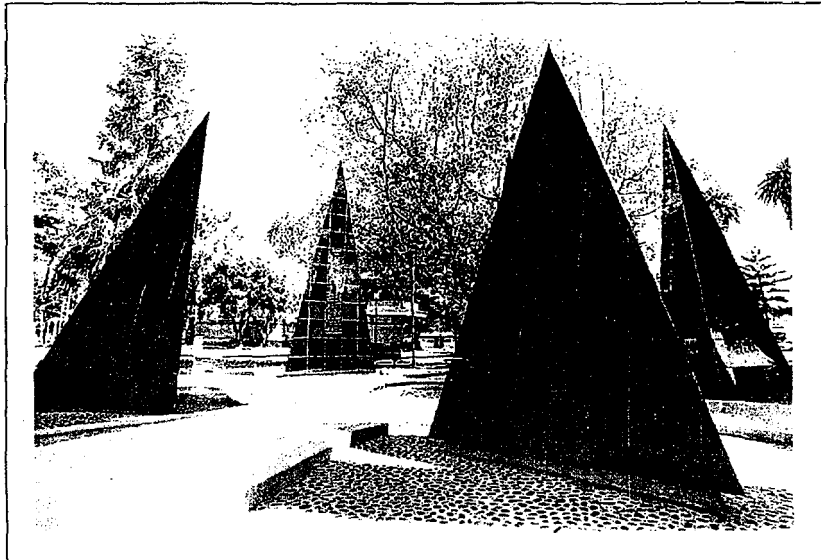
*Statement of Fiduciary Net Assets*

*June 30, 2002*

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

See accompanying notes to basic financial statements.



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

**Blended Component Units**

**City of Oxnard Community Development Commission**

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

**Housing Authority of the City of Oxnard**

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

**Basic Financial Statements**

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

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

**Government-Wide Financial Statements**

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

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



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

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

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in four categories: (1) charges for services; (2) grants and other contributions; (3) fines, penalties and forfeitures; and, (4) other program revenues.

Certain eliminations have been made as prescribed by GASB 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

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

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

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

#### **Fund Financial Statements**

##### ***Governmental Fund Financial Statements***

Governmental Fund Financial Statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the major governmental funds and non-major governmental funds aggregated. In accordance with GASB 34 and based on the direction of management and the sole purpose for which a fund is established, the following funds have been determined by management to be the City's major governmental funds:

- ❖ **General Fund:** This fund is always a major and is used to account for all financial resources traditionally associated with government activities which are not required legally to be accounted for in another fund.
- ❖ **Development Fees Fund:** This fund includes fees that the City collects on new development to provide resources for special projects such as parks, storm drainage facilities, traffic improvements, utility undergrounding and community developments.
- ❖ **HUD and CDBG Grants Fund:** This fund is used to account for resources to develop viable urban communities, providing decent housing and expanding economic opportunities.
- ❖ **State and Federal Grants Fund:** This fund accounts for the receipts and expenditures of monies received from State and Federal grants-in-aid.
- ❖ **Debt Service Fund:** This fund accounts for the accumulation of resources and payments of principal and interest of the City's general long-term debt.
- ❖ **Capital Outlay Fund:** This fund accounts for financing and construction of general government capital projects.

- ❖ **Community Development Commission Fund:** This fund accounts for expenditures incurred on the redevelopment projects, financed primarily from tax increments.

Governmental funds are accounted for using a "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The City considers revenues available if they are collected within 60 days after year-end. The primary revenue sources, which have been treated as susceptible to accrual by the City are property tax, sales tax, intergovernmental revenues and other taxes. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for unmatured interest on long-term debt, which is recognized when due.

**Proprietary Fund Financial Statements**

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

The proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises wherein the cost of goods and services to the general public are financed or recovered primarily through user charges. In accordance with GASB 34 and based on the direction of management and the sole purpose for which a fund is established, the following enterprise funds have been determined by management to be the City's major funds:

- ❖ **Water Fund:** This fund is used to account for all activities of the City's water distribution and treatment system. Revenues are derived mainly from metered water services, connection fees, and installation charges.
- ❖ **Wastewater Fund:** This fund is used to account for all sewer activities related to conveyance and treatment services. Revenues are derived mainly from sewer service charges, connection fees, and treatment plant charges.
- ❖ **Solid Waste Fund:** This fund is used to account for the activities related to collection and disposal of refuse throughout the City.

- ❖ **Performing Arts and Convention Center Fund:** This fund is used to account for the operations and maintenance of the City's Performing Arts and Convention Center.
- ❖ **Oxnard Housing Authority:** This fund is used to account for the receipts and disbursements of funds received from the U.S. Department of Housing and Urban Development (HUD) to provide rental assistance programs for low income residents and senior citizens under Section 8 of the Federal Housing Act of 1937, as amended.
- ❖ **Municipal Golf Course Fund:** This fund is used to account for the operation and maintenance of the City's River Ridge Golf Course.

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

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**Fiduciary Fund Financial Statements**

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

- ❖ **Artworks Fund:** This fund is used to report resources held by the City in a custodial capacity (assets equal liabilities). This fund involves the receipt and remittance of fiduciary resources to private organizations or other agencies.
- ❖ **Improvement Districts Fund:** This fund is used to account for various limited obligation improvement bonds issued by the City, wherein bond proceeds are used to finance land acquisition and public improvements of the various assessment districts within the City.

Neither the faith and credit nor the taxing power of the City or any of its political subdivisions is pledged to the payment of the bonds. Property owners within the assessment district are assessed through the County tax bills and the money collected is used to pay off the annual debt service requirements.

**B. Budget**

The City's annual budget is the legally adopted expenditure control document of the City. Budgets are prepared on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP), except that encumbrances are included in budgeted expenditures.

Appropriations lapse at year-end. The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the department level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated within a division and between divisions within a department without City Council approval. During fiscal year 2002, supplementary budget appropriations of approximately \$23,653,606 were made.

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

**C. Cash and Investments**

**Investment Policy**

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

The investment policy applies to the City's pooled investment fund which encompasses all monies under the direct oversight of the City Treasurer. These include the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds and Fiduciary Funds.

Investments shall be made with judgement and care—under circumstances then prevailing—which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**Investments**

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

The City Treasurer's investment pool is comprised of pooled deposits and investments and the State of California Local Agency Investment Fund (LAIF) investments. The Treasurer's pooled investments are carried at fair value. The fair value is determined utilizing 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, 2002, properties held for resale amounted to \$7,263,384.

**F. Capital Assets**

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

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

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

**G. Risk Management**

The City provides statutory workers' compensation benefits under a self-insurance program and the City is self-insured for general and property damage liabilities to the extent of the first \$1,000,000 per occurrence. The City contracts with outside service agencies to supervise and administer the self-insurance programs. Estimated liabilities related to outstanding workers' compensation and public liability claims (including estimates for incurred but not reported claims) are based upon actuarial studies and are recorded in an internal service fund.

In August 1988, the City adopted a resolution to execute a Joint Powers Agreement (JPA) between five cities, (Huntington Beach, Oxnard, Pomona, San Bernardino and Santa Ana), creating the Big Independent Cities Excess Pool Joint Powers Authority (BICEP), a risk management pool. Through the BICEP insurance pool, the five cities share the cost of catastrophic general liability losses incurred by the members for claims between \$1 million and \$25 million, thereby eliminating the need for individual excess commercial insurance protection. The purpose of this agreement is to jointly develop and fund excess insurance for comprehensive liability, the purchase of reinsurance, and the provision of necessary administrative services. Such administrative services may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting and legal defense service. BICEP is governed by a five-member Board of Directors representing each member city, appointed by the member's City Council and serving at the pleasure of such City Council.

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

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

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

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

**H. Compensated Absences**

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

**I. Property Taxes**

**Calendar**

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

Levy Date .....	March 1
Lien Date .....	July 1 to June 30
Due Dates .....	November 1 (first installment) and February 1 (second installment)
Delinquent Dates .....	December 10 (first installment) and April 10 (second installment)

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

**Property Valuation**

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

**Tax Levies**

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

Under GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*, property taxes are recognized as revenue in the period for which the taxes are levied. Therefore, the City recognizes revenue and a receivable, less any allowance for doubtful accounts deemed appropriate, for the entire tax levy in the period for which the taxes are levied. Accordingly, at June 30, 2002, the City has recorded property taxes receivable of \$523,296, which is included in due from other governments in the accompanying balance sheet.

**Tax Lien Dates**

All lien dates attach annually on March 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Liens against real estate, and taxes on personal property, are not relieved by subsequent renewal or change in ownership.

**Tax Collections**

The County Treasurer-Tax Collector is responsible for all property tax collections. Taxes and assessments on the secured and utility rolls, which constitute a lien against the property, may be paid in two installments: the first installment is due on November 1 of the fiscal year and is delinquent

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**City of Oxnard, California**

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Notes to the Basic Financial Statements  
June 30, 2002

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if not paid by December 10; the second installment is due on February 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be paid in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed for late payments.

**Tax Apportionments and Special District Augmentation Fund (SDAF)**

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

**J. Use of Estimates**

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

**2. CASH AND INVESTMENTS**

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

	<u>Governmental 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	\$ 101,819,961	\$ 39,939,893	\$ 141,759,854	\$ 9,825,019	\$ 151,584,873
Investments with fiscal agents:					
Restricted	—	4,407,399	4,407,399	—	4,407,399
Unrestricted	4,494,137	—	4,494,137	5,039,404	9,533,541
Subtotal	4,494,137	4,407,399	8,901,536	5,039,404	13,940,940
Total	<u>\$ 106,314,098</u>	<u>\$ 44,347,292</u>	<u>\$ 150,661,390</u>	<u>\$ 14,864,423</u>	<u>\$ 165,525,813</u>

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**City of Oxnard, California**

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Notes to the Basic Financial Statements  
June 30, 2002

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

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

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

**Deposits**

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

**Authorized Investments**

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

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

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

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

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

\* Not subject to categorization

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

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

### 3. INTERFUND RECEIVABLES AND PAYABLES

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

Total interfund receivables and payables at June 30, 2002, which are included in the Fund Financial Statements as due from/to other funds and advances to/from other funds, before eliminations consist of the following:

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

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

**4. RECEIVABLES AND PAYABLES**

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

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

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

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

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

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

**5. INTERFUND TRANSFERS**

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

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

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

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



6. CAPITAL ASSETS

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

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 20,713,678	\$ 3,332,920	\$ ---	\$ 24,046,598
Construction in Progress	17,031,447	17,591,964	---	34,623,411
Total Capital Assets, Not Being Depreciated	37,745,125	20,924,884	---	58,670,009
Capital Assets, Being Depreciated:				
Land Improvements	1,159,280	---	---	1,159,280
Buildings	29,176,812	---	---	29,176,812
Improvements Other Than Building	19,013,090	---	---	19,013,090
Equipment and Machinery	35,931,446	3,070,252	---	39,001,698
Total Capital Assets, Being Depreciated	85,280,628	3,070,252	---	88,350,880
Less Accumulated Depreciation for:				
Land Improvements	(976,500)	(19,180)	---	(995,680)
Buildings	(13,734,687)	(770,443)	---	(14,505,130)
Improvements Other Than Building	(3,787,668)	(425,204)	---	(4,212,872)
Equipment and Machinery	(17,511,706)	(2,650,663)	---	(20,162,369)
Total Accumulated Depreciation	(36,010,561)	(3,865,490)	---	(39,876,051)
Total Capital Assets, Being Depreciated, Net	49,270,067	(795,238)	---	48,474,829
Sub-total Governmental Activities	87,015,192	20,129,646	---	107,144,838
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	20,344,746	---	---	20,344,746
Construction in Progress	56,235,819	8,439,151	---	64,674,970
Total Capital Assets, Not Being Depreciated	76,580,565	8,439,151	---	85,019,716
Capital Assets, Being Depreciated:				
Buildings	62,387,064	4,359,940	---	66,747,004
Improvements Other Than Building	176,906,487	2,457,118	---	179,363,605
Municipal Golf Course Improvements	5,739,567	---	---	5,739,567
Equipment and Machinery	40,832,720	340,436	1,700,447	39,472,709
Total Capital Assets, Being Depreciated	285,865,838	7,157,494	1,700,447	291,322,885
Less Accumulated Depreciation for:				
Buildings	(32,407,718)	(2,741,368)	---	(35,149,086)
Improvements Other Than Building	(66,806,521)	(3,887,236)	---	(70,693,757)
Municipal Golf Course Improvements	(915,832)	(67,568)	---	(983,400)
Equipment and Machinery	(24,686,763)	(2,479,500)	---	(27,166,263)
Total Accumulated Depreciation	(124,816,834)	(9,175,672)	---	(133,992,506)
Total Capital Assets, Being Depreciated, Net	161,049,004	(2,018,178)	1,700,447	157,283,541
Sub-total Business-Type Activities	237,629,569	6,420,973	1,700,447	243,350,995
<b>Total</b>	<b>\$ 324,644,761</b>	<b>\$ 26,550,619</b>	<b>\$ 1,700,447</b>	<b>\$ 349,494,933</b>

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

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

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

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

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

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
<b>Water Fund</b>				
Land	\$ 157,144	\$ ---	\$ ---	\$ 157,144
Buildings	4,122,921	104,104	---	4,227,025
Improvements Other Than Buildings	64,370,729	1,597,677	---	65,968,406
Equipment and Machinery	1,800,982	250,754	---	2,051,736
Construction in Progress	19,218,706	2,432,728	---	21,651,434
Total	89,670,482	4,385,263	---	94,055,745
Accumulated Depreciation	(30,669,798)	(1,679,478)	---	(32,349,277)
<b>Total</b>	<b>\$ 59,000,684</b>	<b>\$ 2,705,784</b>	<b>\$ ---</b>	<b>\$ 61,706,468</b>
<b>Wastewater Fund</b>				
Land	\$ 4,273,655	\$ ---	\$ ---	\$ 4,273,655
Buildings	6,380,938	---	---	6,380,938
Improvements Other Than Buildings	112,535,759	859,441	---	113,395,200
Equipment and Machinery	17,057,209	89,682	---	17,146,891
Construction in Progress	35,588,202	4,782,611	---	40,370,813
Total	175,835,763	5,731,734	---	181,567,497
Accumulated Depreciation	(59,258,858)	(3,729,001)	---	(62,987,859)
<b>Total</b>	<b>\$ 116,576,905</b>	<b>\$ 2,002,733</b>	<b>\$ ---</b>	<b>\$ 118,579,638</b>

**City of Oxnard, California**

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

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

**City of Oxnard, California**

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

**7. LONG-TERM OBLIGATIONS**

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

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

**City of Oxnard, California**

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

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

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

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

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

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**City of Oxnard, California**

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

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

**Lease Revenue Refunding Bonds Series 1993**

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

**Adjustable Rate Taxable Refunding Bonds Series 1993**

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

**1999 Certificates of Participation**

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

**Tax Allocation Refunding Bonds Series 1994A**

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

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

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

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

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

**Wastewater Revenue Refunding Bonds Series 1993**

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

**Solid Waste Revenue Bonds Series 1995**

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

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

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

**City of Oxnard, California**

Notes to the Basic Financial Statements  
June 30, 2002

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

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

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

**City of Oxnard, California**

Notes to the Basic Financial Statements  
June 30, 2002

**Capital Lease Obligations**

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

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

On September 12, 2000, the City entered into a Lease Purchase agreement with Municipal Finance Corporation for the acquisition of twelve residential trash collection vehicles. The lease bears an interest rate of 5.4 percent with final maturity on September 12, 2007. The outstanding balance as of June 30, 2002 is 1,215,752.

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

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

**City of Oxnard, California**

Notes to the Basic Financial Statements  
June 30, 2002

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

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

**Notes and Loans Payable**

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

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

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

**City of Oxnard, California**

Notes to the Basic Financial Statements  
June 30, 2002

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

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

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

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

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

**Compensated Absences**

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

**Special Assessment Bonds**

There are various 1915 Act Improvement Districts within the City which have issued special assessment or special tax debt. The debt is secured by liens or special taxes on the properties in the districts and is paid by the property owners. The City is not liable under any circumstance for the repayment of the debt, but is only acting as agent for the property owners in collecting the assessments and special taxes, forwarding the collections to fiscal agents to pay the bondholders, and initiating foreclosure proceedings, if appropriate.

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

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

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

The City contributes to the California Public Employees' Retirement System ("PERS"), an agent multiple-employer, public employee defined benefit plan, that acts as a common investment and administrative agent for participating public entities within the State of California. The City's membership is reported within three plans classified into two categories: safety members (police and fire) and miscellaneous members (all other permanent employees). The City's payroll for employees covered by PERS for the year ended June 30, 2002, was \$54,904,623; the City's total payroll was \$59,280,010. PERS issues a separate comprehensive annual financial report. Copies of PERS' annual financial report may be obtained from the PERS Executive Office, 400 "P" Street, Sacramento, CA 95814.

All personnel are eligible to participate in PERS. Benefits vest after five years of service. Employees who retire at or after age 50 with five years of credited service are entitled to retirement benefits. Monthly retirement benefits are payable for life in an amount equal to a specified percentage (ranging from 1.092 percent for employees who retire at age 50 to 2.41 percent for employees who retire at age 63 or over) for miscellaneous employees and 3 percent for police employees at age 50 and fire employees at age 55. The benefits are calculated at the highest consecutive 12 months for miscellaneous employees and safety employees.

Required employee contributions to PERS are 7 percent of compensation for miscellaneous employees and 9 percent of compensation for safety employees, which the City currently pays for regular employees. The City is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the PERS Board of Administration.

PERS uses a modification of the entry age normal actuarial cost method, which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued.

**Annual Pension Cost**

For fiscal year 2002, the City's annual pension cost (APC) of \$6,013,057 for PERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2001, revised actuarial assumptions and retain the entry age actuarial cost method.

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

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

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

**9. POSTEMPLOYMENT HEALTH CARE BENEFITS**

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

**10. COMMITMENT AND CONTINGENCIES**

There are various lawsuits and claims pending against the City. In the opinion of the City Attorney and management, none of these cases, nor the aggregate thereof, represents any substantial exposure to the City. At June 30, 2002, the City has recorded a general litigation reserve of \$1,000,000 to cover any potential exposure, which has been recorded within self-insurance claims liabilities in the accompanying basic financial statements.

The City has received several Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Based upon prior experience, the City believes such disallowance, if any, would be immaterial.

**11. FUND BALANCE-GOVERNMENTAL FUNDS**

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

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



12. NET ASSETS - PROPRIETARY FUNDS

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

	Enterprise Funds						Total	Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Performing Arts and Convention Center	Housing Authority	Municipal Golf Course		
Invested in Capital Assets (Net of Related Debt)	\$ 53,616,572	\$ 77,912,716	\$ 9,916,246	\$ —	\$ 19,893,643	\$ —	\$ 161,339,177	\$ 722,695
Restricted:								
Repayment of Debt	809,103	—	1,342,653	—	—	779,883	2,931,639	—
<b>Total Restricted</b>	<b>809,103</b>	<b>—</b>	<b>1,342,653</b>	<b>—</b>	<b>—</b>	<b>779,883</b>	<b>2,931,639</b>	<b>—</b>
Unrestricted:								
Capital Assets Replacements	—	—	—	—	—	—	—	85,440
Authorized Projects	6,716,504	15,953,758	3,306,274	—	—	1,077,715	27,054,251	—
Undesignated	(758,664)	15,602,655	348,171	(195,566)	2,395,504	(361,823)	17,030,277	(2,036,918)
<b>Total Unrestricted</b>	<b>5,957,840</b>	<b>31,556,413</b>	<b>3,654,445</b>	<b>(195,566)</b>	<b>2,395,504</b>	<b>715,892</b>	<b>44,084,528</b>	<b>(2,036,918)</b>
<b>Total Net Assets</b>	<b>\$ 60,383,515</b>	<b>\$ 109,469,129</b>	<b>\$ 14,913,344</b>	<b>\$ (195,566)</b>	<b>\$ 22,289,147</b>	<b>\$ 1,495,775</b>	<b>208,355,344</b>	<b>\$ (1,314,223)</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 \$25 million. Self-insured general liability claims are administered through a claims adjuster, with the City Attorney's approval for larger settlements. Litigated claims are settled directly through the City Attorney's office.

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

Workers' Compensation

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

Within the City's self-insured program for workers' compensation, there has been an average of 332 claims per year filed for the past four years, with an average of approximately \$2,770,313 per year in total reported losses as of June 30, 2002, (at an average of \$8,332 per claim). During the same four-year period, the average claims filed each year for general liability amounted to 223 claims totaling \$1,572,116 per year (at an average of \$7,049 per claim). In addition, there have been no insurance settlements that have exceeded the City's insurance coverage for each of the past three years.

All funds of the City participate in the program and make payments to an internal service fund on the basis of loss experience and exposure. The total unpaid claims and claims adjustment expense liability (long-term obligations) of \$12,931,052 (Workers' Compensation-\$8,881,936 and Public Liability and Property Damage-\$4,049,116) recorded at June 30, 2002, is based on results of actuarial studies and includes an estimate for claims incurred but not reported at the balance sheet date. Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of payouts and other economic and societal factors. General liability and workers' compensation liabilities are carried at present value using a discount rate of 5.5 percent. In addition, the City is in compliance with the requirements of GASB Statement

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

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

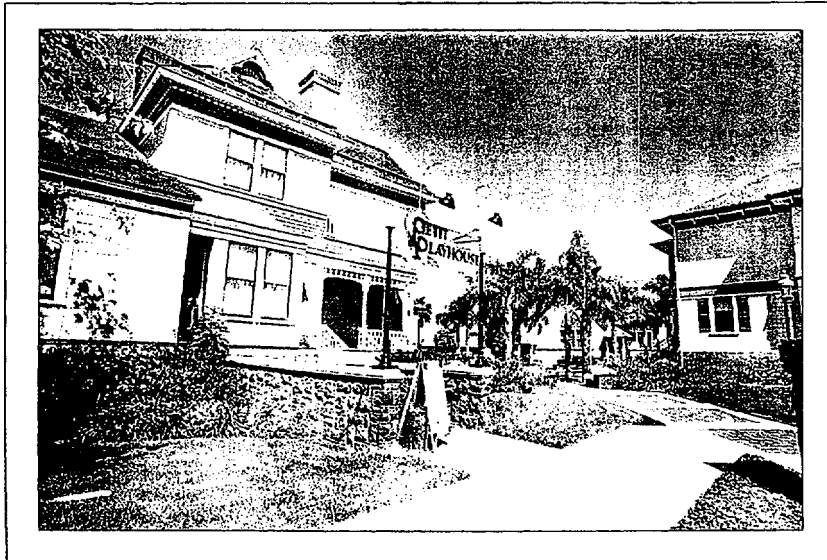
	Workers' Compensation		Public Liability and Property Damage		Total	
	FY 01-02	FY 00-01	FY 01-02	FY 00-01	FY 01-02	FY 00-01
Unpaid claims and claims adjustment expenses - July 1	\$ 6,830,842	\$ 6,443,827	\$ 4,160,056	\$ 3,815,035	\$ 10,990,898	\$ 10,258,862
Incurring claims and claims adjustment expenses: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

14. ACCUMULATED FUND DEFICITS

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



**REQUIRED SUPPLEMENTARY  
INFORMATION  
(Unaudited)**



Heritage Square

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Revenues</b>					
<b>Taxes:</b>					
Property Tax	\$ 13,181,600	\$	\$ 13,181,600	\$ 14,339,718	\$ 1,158,118
Sites Tax	18,200,000		18,200,000	19,846,352	1,646,352
Transient Occupancy Tax	2,400,000		2,400,000	2,321,758	(78,242)
<b>Other Taxes:</b>					
Franchise Tax	4,639,000		4,639,000	7,104,953	2,465,953
Business License (Net of Refund)	2,400,000	39,500	2,439,500	3,174,931	735,431
Deed Transfer Tax	385,000		385,000	608,145	223,145
<b>Total Other Taxes</b>	<b>7,424,000</b>	<b>39,500</b>	<b>7,463,500</b>	<b>10,888,029</b>	<b>3,424,529</b>
Penalties/Interest on Delinquencies	170,000		170,000	284,711	114,711
<b>Total Taxes</b>	<b>41,375,600</b>	<b>39,500</b>	<b>41,415,100</b>	<b>47,680,588</b>	<b>6,265,488</b>
<b>Licenses and Permits</b>	<b>2,213,300</b>	<b>50,000</b>	<b>2,263,300</b>	<b>1,987,392</b>	<b>(275,908)</b>
<b>Intergovernmental</b>	<b>300,000</b>		<b>300,000</b>	<b>218,355</b>	<b>(81,645)</b>
<b>State Shared Revenue:</b>	<b>566,000</b>		<b>566,000</b>	<b>334,076</b>	<b>(231,924)</b>
Homeowners Property Tax Relief				113,438	113,438
State Mandated Reimbursement - SB 90	8,400,000		8,400,000	9,928,351	1,528,351
P.o.s.t. Reimbursement - Police	4,000		4,000	4,175	175
Motor Vehicle in Lieu of Tax	870,000		870,000	877,457	7,457
off Highway Vehicle in Lieu of Tax	175,000		175,000	108,199	(66,801)
Public Safety Augmentation AB 1191					
<b>Total State Share Revenues</b>	<b>10,315,000</b>	<b>--</b>	<b>10,315,000</b>	<b>11,584,051</b>	<b>1,269,051</b>
<b>Local Shared Revenue</b>	<b>1,902,690</b>	<b>--</b>	<b>1,902,690</b>	<b>1,902,690</b>	<b>--</b>
Infrastructure Use Revenues	3,357,153		3,357,153	3,288,943	(68,210)
Indirect Cost Reimbursements					
<b>Total Local Shared Revenues</b>	<b>5,259,843</b>	<b>--</b>	<b>5,259,843</b>	<b>5,191,633</b>	<b>(68,210)</b>
<b>Total Intergovernmental</b>	<b>15,574,843</b>	<b>--</b>	<b>15,574,843</b>	<b>16,775,684</b>	<b>1,200,841</b>

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Charges for Services:</b>					
General Government	112,930		112,930	160,123	47,193
Public Safety	1,049,332	(1,500)	1,047,832	1,451,935	404,103
Parks and Recreation	449,763	10,000	459,763	440,863	(18,900)
Community Development	1,673,310	20,500	1,693,810	2,605,921	912,111
Other Current Service Charges	64,000		64,000	104,262	40,262
Tipping Fees	90,000		90,000	110,000	20,000
Miscellaneous Service Charges	131,150		131,150	111,299	(19,851)
Services to Other Programs	2,721,823	93,460	2,815,283	2,924,240	108,957
<b>Total Charges for Services</b>	<b>6,292,298</b>	<b>122,460</b>	<b>6,414,758</b>	<b>7,908,643</b>	<b>1,493,885</b>
<b>Fines and Forfeitures:</b>					
Parking Fines	675,300		675,300	1,042,105	366,805
<b>Total Fines and Forfeitures</b>	<b>675,300</b>	<b>--</b>	<b>675,300</b>	<b>1,042,105</b>	<b>366,805</b>
<b>Interest</b>	<b>2,687,400</b>	<b>126,000</b>	<b>2,813,400</b>	<b>2,422,164</b>	<b>(391,236)</b>
<b>Miscellaneous:</b>					
Rent and Royalties	48,002	19,750	67,752	46,532	(21,220)
Reimbursements	190,650	11,580	202,230	255,269	53,039
Bond Deposits	6,000		6,000	34,437	28,437
Payments on Loans				385,113	385,113
Other	749,171	(208,290)	540,881	510,435	(30,446)
Special Assessment-other	69,300		69,300	70,930	1,630
Sale of Fixed Assets					
Sale of Vehicle/Equipment	45,000		45,000	96,935	51,935
Sale of Unclaimed Property	7,000		7,000	22,985	15,985
Total Sale of Fixed Assets	52,000		52,000	119,920	67,920
<b>Total Miscellaneous</b>	<b>1,115,123</b>	<b>(176,960)</b>	<b>938,163</b>	<b>1,422,636</b>	<b>484,473</b>
<b>Total Operating Revenues</b>	<b>69,933,864</b>	<b>161,000</b>	<b>70,094,864</b>	<b>79,239,212</b>	<b>91,443,480</b>
<b>Other Financing Source:</b>					
Proceeds from Capital Lease	2,912,600		2,912,600	2,705,584	(207,016)
<b>Total Revenues</b>	<b>72,846,464</b>	<b>161,000</b>	<b>73,007,464</b>	<b>81,944,796</b>	<b>8,937,332</b>

**City of Oxnard, California**

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

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

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Transportation:</b>					
Transportation Planning and Engineering	775,109	2,521	777,630	797,735	(20,105)
<b>Total Transportation</b>	<b>775,109</b>	<b>2,521</b>	<b>777,630</b>	<b>797,735</b>	<b>(20,105)</b>
<b>Community Development:</b>					
Engineering Services - Design	1,092,579	59,504	1,152,083	1,115,997	36,086
Public Service Administration	259,143	8,253	267,396	314,453	(47,057)
Planning and Environmental Services	1,053,248	298,620	1,351,868	1,092,821	259,047
Economic Development Services and Tourism	483,053	22,940	505,993	505,993	..
Development and Construction Services	2,103,189	42,943	2,146,132	2,249,766	(103,634)
Development Support/Public Projects	426,136	8,978	435,114	431,754	3,360
Housing Services	98,885	57,430	156,315	139,095	17,220
Neighborhood Services	157,203	15,197	172,400	165,287	7,113
Human Services	1,214,818	153,209	1,368,027	1,336,555	31,472
<b>Total Community Development</b>	<b>6,888,254</b>	<b>667,074</b>	<b>7,555,328</b>	<b>7,351,721</b>	<b>203,607</b>
<b>Culture and Leisure:</b>					
Recreation Services	1,410,152	167,502	1,577,654	1,737,155	(159,501)
Carnegie Art Museum	230,740	38,450	269,390	266,524	2,866
Parks and Public Grounds	3,896,947	246,799	4,143,746	4,538,320	(394,574)
<b>Total Culture and Leisure</b>	<b>5,537,839</b>	<b>452,951</b>	<b>5,990,790</b>	<b>6,541,999</b>	<b>(551,209)</b>
<b>Library Services:</b>					
Library Services	2,597,889	188,566	2,786,455	2,790,310	(3,855)
<b>Total Library Services</b>	<b>2,597,889</b>	<b>188,566</b>	<b>2,786,455</b>	<b>2,790,310</b>	<b>(3,855)</b>

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Capital Outlay:</b>					
<b>General Government</b>					
Legislative	1,500		1,500	1,125	375
Administration and Support Services	3,211,702		3,211,702	3,029,264	182,438
<b>Public Safety</b>					
Police	1,131,507		1,131,507	1,083,970	47,537
Fire	175,509		175,509	187,818	(12,309)
<b>Transportation:</b>					
<b>Community Development</b>					
Engineering Services - Design	16,610		16,610	16,610	
Public Services Administration	1,977		1,977	1,977	
Development and Construction Services	159,249		159,249	158,713	536
Development Support/Public Projects	3,547		3,547	1,636	1,911
Neighborhood Services	19,324		19,324		
<b>Culture and Leisure:</b>					
Recreation Services	35,000		35,000		35,000
Parks and Public Grounds	192,365		192,365	210,915	(18,550)
Library Services	135,583		135,583	135,583	
<b>Total Capital Outlay</b>	<b>5,159,128</b>		<b>5,159,128</b>	<b>4,914,274</b>	<b>244,854</b>
<b>Total Operating Expenditures</b>	<b>64,865,980</b>	<b>6,533,872</b>	<b>71,399,852</b>	<b>71,374,194</b>	<b>25,658</b>
<b>Other Financing Uses - Transfers Out:</b>					
Capital Outlay Fund	2,197,731		2,197,731	2,197,731	
City of Oxnard Financing Authority	1,742,251	(59,950)	1,682,301	1,412,188	270,113
PACC Operating Fund	724,849		724,849	724,849	
Golf Course Fund	947,981		947,981	947,981	
<b>Total Transfers out</b>	<b>5,612,812</b>	<b>(59,950)</b>	<b>5,552,862</b>	<b>5,282,749</b>	<b>270,113</b>
<b>Total Expenditures</b>	<b>70,478,792</b>	<b>6,473,922</b>	<b>76,952,714</b>	<b>76,656,943</b>	<b>295,771</b>
Excess (deficiency) of Revenues Over Expenditures and Other Uses	2,367,672	(6,312,922)	(3,945,250)	5,287,853	8,641,561
<b>Fund Balance, July 1</b>	<b>21,496,145</b>		<b>21,496,145</b>	<b>21,496,145</b>	
<b>Fund Balance, June 30</b>	<b>\$ 23,863,817</b>	<b>\$ (6,312,922)</b>	<b>\$ 17,550,895</b>	<b>26,783,998</b>	<b>\$ 8,641,561</b>
Adjustments to GAAP Basis:					
Incumbrances				612,620	
<b>Fund Balance, GAAP Basis - June 30</b>				<b>\$ 27,396,618</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, 2002  
(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	\$ 8,637,040	\$ 300,000	\$ 8,937,040	\$ 7,432,528	\$ (1,504,512)
Interest	750,666		750,666	1,131,094	380,428
Miscellaneous				67,726	67,726
<b>Total Revenues</b>	<b>9,387,706</b>	<b>300,000</b>	<b>9,687,706</b>	<b>8,631,348</b>	<b>(1,056,358)</b>
<b>Expenditures</b>					
Community Development	2,446,745	1,341,894	3,788,639	13,068	(3,775,571)
Capital Outlay	2,939,040	15,238,368	18,177,408	3,896,450	(14,280,958)
<b>Total Expenditures</b>	<b>5,385,785</b>	<b>16,580,262</b>	<b>21,966,047</b>	<b>3,909,518</b>	<b>(18,056,529)</b>
Excess (Deficiency) of Revenues over (under) Expenditures	4,001,921	(16,280,262)	(12,278,341)	4,721,830	17,000,171
<b>Other Financing Sources (Uses):</b>					
Transfers In				1,265,481	1,265,481
Transfers Out	(1,065,904)	(53,520)	(1,119,424)	(2,764,183)	(1,644,759)
<b>Total Other Financing Sources (Uses):</b>	<b>(1,065,904)</b>	<b>(53,520)</b>	<b>(1,119,424)</b>	<b>(1,498,702)</b>	<b>(379,278)</b>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	2,936,017	(16,333,782)	(13,397,765)	3,223,128	16,620,893
<b>Fund Balance, July 1</b>	<b>22,968,969</b>		<b>22,968,969</b>	<b>22,968,969</b>	
<b>Fund Balance, June 30</b>	<b>\$ 25,904,986</b>	<b>\$ (16,333,782)</b>	<b>\$ 9,571,204</b>	<b>\$ 26,192,097</b>	<b>\$ 16,620,893</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, 2002**

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

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Continued ..

**City of Oxnard, California**

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

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

Continued -

**TREND INFORMATION**

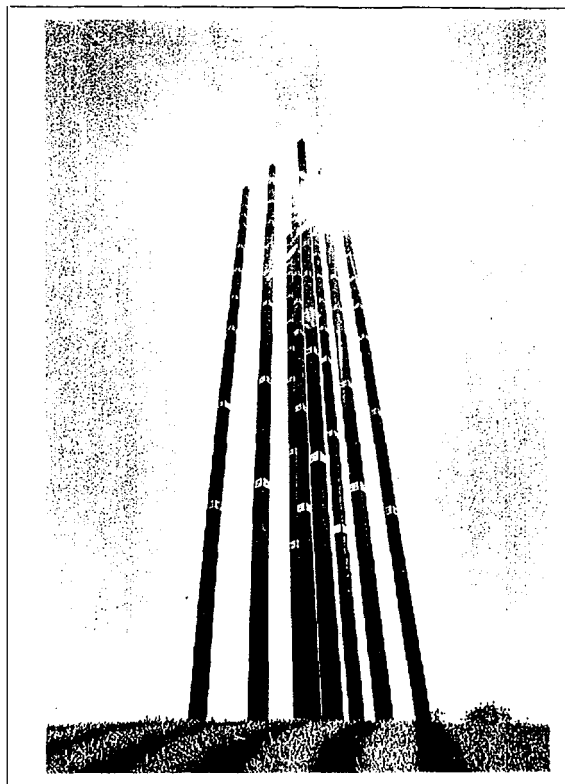
Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The City presents the most recent available three-year APC trend information for each plan, along with required supplementary information, as follows:

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

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

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

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



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



## INTERNAL SERVICE FUNDS

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

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

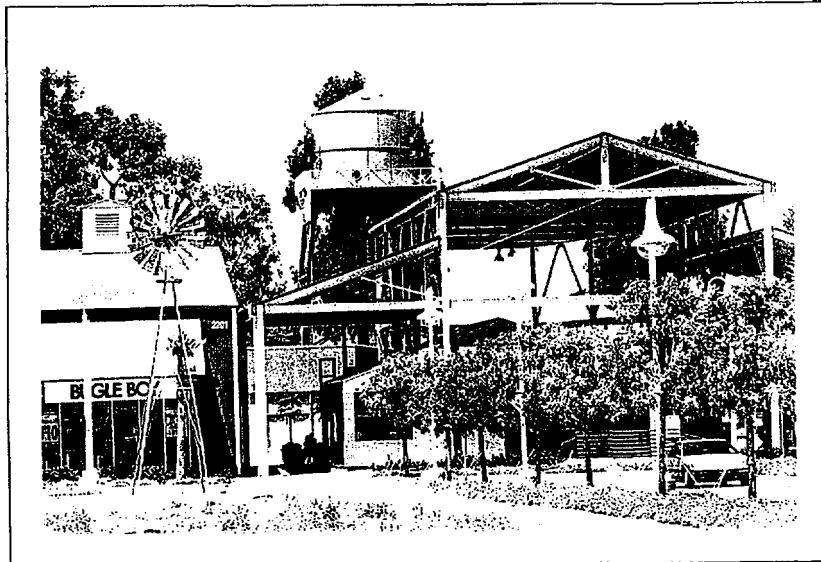
**Public Liability and Property Damage**—This fund is used to account for the City's self-insurance program of providing public liability and property damage insurance coverage and claims adjustment services to the City's operating funds.

**Utility Customer Services Fund**—This fund is used to account for the costs associated with administering the operation of the Customer Services Division and to distribute these costs to the various City utilities such as water, sewer and refuse.

**Information Services Fund**—This fund is used to account for the costs associated with the City's data/word processing and financial systems and to distribute these costs to the departments using the systems on a pro rata basis. Included are costs for hardware and software maintenance, computer operation costs and some centralized supplies.

**Facilities Maintenance Fund**—This fund is used to account for the operation and maintenance of City facilities, properties and capital projects.

**Equipment Maintenance Fund**—This fund is used to account for automotive fleet maintenance and services provided to City departments.



Factory Outlet Shopping Center

**City of Oxnard, California**

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

	<u>Workers' Compensation</u>	<u>Public Liability/Property Damage</u>	<u>Utility Customer Services</u>	<u>Information Services</u>	<u>Facilities Maintenance</u>	<u>Equipment Maintenance</u>	<u>Total</u>
<b>Assets</b>							
<b>Current Assets:</b>							
Cash and Cash Equivalents	\$ 2,372,451	\$ 6,851,499	\$ 515,871	\$ 1,347,487	\$ 570,295	\$ 201,734	\$ 11,859,357
Accounts and Other Receivables	85,622	828					86,450
<b>Capital Assets:</b>							
Property, Plant and Equipment	16,198	3,793	118,078	5,883,413	760,604	766,097	7,548,183
Less: Accumulated Depreciation	(1,427)	(2,739)	(52,339)	(5,572,400)	(507,464)	(689,119)	(6,825,488)
Net Capital Assets	14,771	1,054	65,739	311,013	253,140	76,978	722,695
<b>Total Assets</b>	<b>2,472,844</b>	<b>6,853,381</b>	<b>581,630</b>	<b>1,658,500</b>	<b>823,435</b>	<b>278,712</b>	<b>12,668,502</b>
<b>Liabilities</b>							
<b>Current Liabilities:</b>							
Accounts Payable	12,159	41,288	19,978	129,186	76,784	270,901	550,296
<b>Non-current Liabilities:</b>							
Self-Insurance Claims Liabilities	8,881,936	4,049,116					12,931,052
Compensated Absences	21,013		74,278	84,150	171,257	150,679	501,377
<b>Total Liabilities</b>	<b>8,915,108</b>	<b>4,090,404</b>	<b>94,256</b>	<b>213,336</b>	<b>248,041</b>	<b>421,580</b>	<b>13,982,725</b>
<b>Net Assets</b>							
Invested in Capital Assets, Net of Related Debt	14,771	1,054	65,739	311,013	253,140	76,978	722,695
Restricted							
Unrestricted	(6,457,035)	2,761,923	421,635	1,134,151	322,254	(219,846)	(2,036,918)
<b>Total Net Assets (Liabilities)</b>	<b>\$ (6,442,264)</b>	<b>\$ 2,762,977</b>	<b>\$ 487,374</b>	<b>\$ 1,445,164</b>	<b>\$ 575,394</b>	<b>\$ (142,868)</b>	<b>\$ (1,314,223)</b>

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**City of Oxnard, California**

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

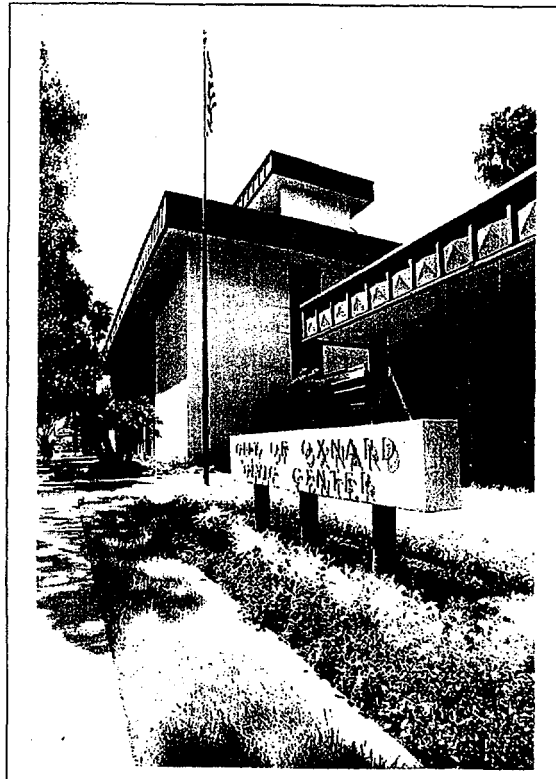
	<u>Workers' Compensation</u>	<u>Public Liability/Property Damage</u>	<u>Utility Customer Services</u>	<u>Information Services</u>	<u>Facilities Maintenance</u>	<u>Equipment Maintenance</u>	<u>Total</u>
<b>Operating Revenues:</b>							
Charges for Services	\$ 4,020,882	\$ 3,286,500	\$ 1,000,405	\$ 2,911,826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

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**City of Oxnard, California**

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

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



City of Oxnard's Civic Center

# FIDUCIARY FUNDS



**City of Oxnard, California**

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

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
<b>ARTWORKS FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 44,470	\$ 1,973	\$ ---	\$ 46,443
<b>Total Assets</b>	<b>\$ 44,470</b>	<b>\$ 1,973</b>	<b>\$ ---</b>	<b>\$ 46,443</b>
Liabilities:				
Trust and Agency Payables	\$ 44,470	\$ 1,973	\$ ---	\$ 46,433
<b>Total Liabilities</b>	<b>\$ 44,470</b>	<b>\$ 1,973</b>	<b>\$ ---</b>	<b>\$ 46,433</b>

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

**City of Oxnard, California**

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

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

**City of Oxnard, California**

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

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

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**City of Oxnard, California**

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

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

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**City of Oxnard, California**

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

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

Continued -

**City of Oxnard, California**

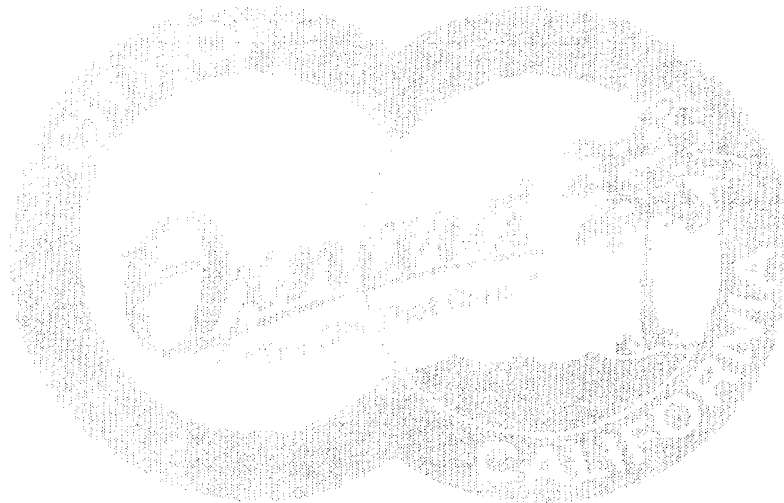
**Debt Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)  
Budget and Actual on a Budgetary Basis  
Fiscal Year Ended June 30, 2002**

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

**STATISTICAL SECTION  
(Unaudited)**

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

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





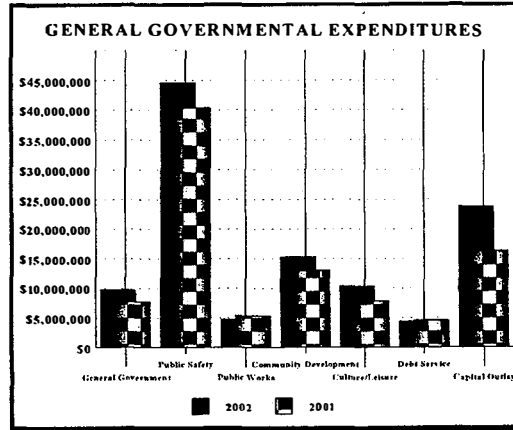
**City of Oxnard, California**

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

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

Year Ended June 30,	Culture & Leisure & Other	Debt Service	Capital Outlay	Total
1993	\$8,096,053	\$5,786,296	\$21,549,039	\$93,063,156
1994	7,909,184	12,094,852	16,269,637	94,342,200
1995	8,243,316	5,499,027	19,252,801	93,802,727
1996	7,738,299	5,951,109	21,427,099	96,677,161
1997	7,728,394	4,450,121	27,523,245	105,020,600
1998	7,788,172	4,139,298	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	95,197,233
2002	10,362,415	4,401,282	23,794,668	112,918,609



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

SOURCE: Annual Financial Reports

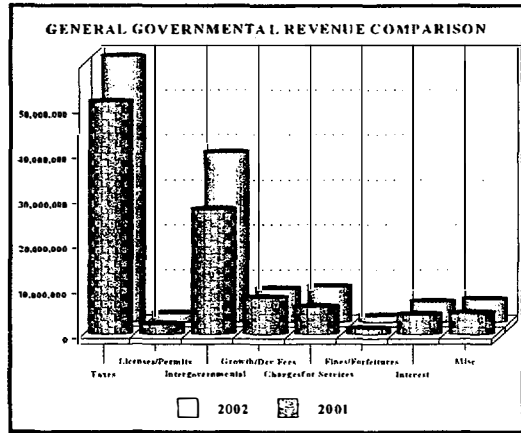
**City of Oxnard, California**

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

Year Ended June 30,	Taxes (2)	Licenses & Permits	Inter-Governmental	Growth & Development Fees
1993	\$ 34,223,604	\$ 1,297,547	\$ 29,480,089	\$ 3,723,454
1994	36,502,090	1,134,066	36,137,977	2,173,428
1995	36,275,589	1,050,127	38,062,782	1,646,717
1996	37,710,655	1,266,647	41,482,116	3,561,774
1997	36,976,727	1,609,510	40,929,504	3,675,892
1998	39,024,110	1,391,272	45,808,968	4,332,493
1999	38,111,470	2,213,020	49,262,250	5,232,503
2000	42,054,756	2,474,296	47,735,813	11,840,096
2001	51,637,001	2,211,303	27,714,568	8,049,376
2002	59,058,879	1,987,392	37,691,308	7,432,528

Year Ended June 30,	Charges for Services	Fines & Forfeitures	Interest	Miscellaneous (3)	Total
1993	\$ 2,849,259	\$ 708,272	\$ 4,202,193	\$ 7,310,756	\$ 83,695,174
1994	2,457,202	770,218	2,593,755	6,427,702	88,197,338
1995	2,413,364	949,834	3,675,911	7,426,779	91,501,103
1996	3,216,968	883,595	3,616,963	7,428,872	99,167,590
1997	2,760,071	807,091	3,743,337	5,459,143	95,961,275
1998	3,720,913	864,928	3,326,872	5,609,578	104,079,134
1999	7,191,112	1,211,785	4,241,599	5,898,116	113,361,855
2000	6,696,895	1,698,760	5,209,190	7,008,947	124,718,753
2001	6,070,445	1,284,259	4,389,201	4,737,657	106,093,410
2002	7,908,643	1,411,837	4,588,082	5,087,897	125,166,566



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

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

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

SOURCE: Annual Financial Reports

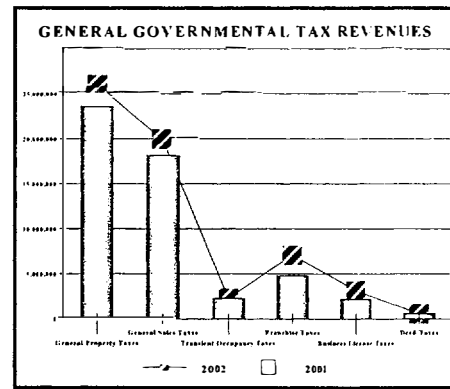
City of Oxnard, California

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

Year Ended June 30,	General Property Taxes (1)	Transportation Development & Gas Taxes (2)	Storm Drain Taxes	General Sales Taxes	Transient Occupancy Taxes
1993	\$ 17,616,500		\$ 266,844	\$ 11,252,058	\$ 1,343,909
1994	18,088,810		242,069	12,218,117	1,462,716
1995	17,568,401		23,772	12,873,650	1,346,203
1996	17,400,887		1,549	14,675,015	1,445,430
1997	17,521,122			13,481,032	1,626,664
1998	17,962,774			14,867,135	1,763,012
1999	15,058,320			15,490,016	1,907,745
2000	17,416,795			17,357,447	1,876,543
2001	23,574,731 (4)			18,140,143	2,328,218
2002	26,055,636			19,846,352	2,321,758

Year Ended June 30,	Utility Taxes (3)	Franchise Taxes	Business Licenses Taxes	Deed Taxes	Total
1993		\$ 1,907,900	\$ 1,658,726	\$ 177,667	\$ 34,223,604
1994		3,082,877	1,200,942	207,459	36,502,936
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		4,802,194	2,203,188	583,617	51,637,091
2002		7,085,201	3,194,683	555,249	59,058,879



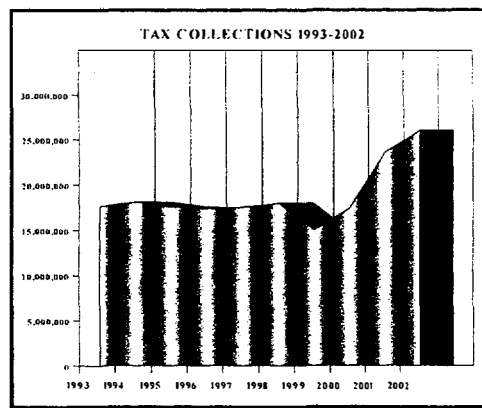
- NOTES:
- (1) See Table IV for detailed breakdown of general property tax levies and collections.
  - (2) Transportation development and gas taxes (previously included as tax revenue source) were reclassified as intergovernmental revenues in fiscal year 1987.
  - (3) As a result of declining revenues,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

SOURCE: Annual Financial Reports

City of Oxnard, California

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

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



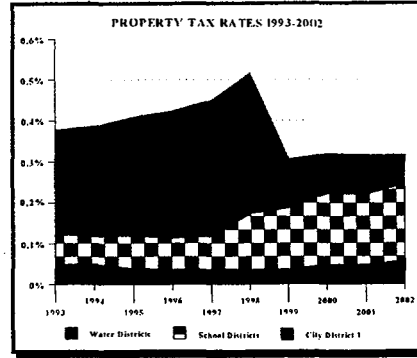
- NOTE:
- (1) Total tax collections agreed to General Property Taxes shown in Table III.
  - (2) Voter's approved tax for \$3,977,315 was transferred from trust and agency to the special revenue fund in FY 2001

SOURCE: Finance and Management Services Department

**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
1993	1.0000%	0.0490%	0.0736%	0.2555%	1.7810%
1994	1.0000%	0.0495%	0.0685%	0.2693%	1.3873%
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%



- 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

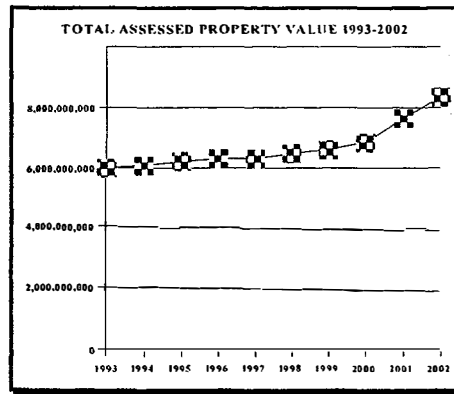
**City of Oxnard, California**

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

YEAR ENDED JUNE 30	REAL PROPERTY		PERSONAL PROPERTY		RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE
	ASSESSED VALUE (1)	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
1993	\$ 5,989,433,136	\$ 5,989,433,136	\$ 81,514,123	\$ 81,514,123	100.00%
1994	6,082,455,163	6,082,455,163	108,703,880	108,703,880	100.00%
1995	6,215,308,381	6,215,308,381	117,493,334	117,493,334	100.00%
1996	6,312,352,104	6,312,352,104	119,814,735	119,814,735	100.00%
1997	6,307,831,466	6,307,831,466	101,123,835	101,123,835	100.00%
1998	6,473,207,602	6,473,207,602	94,844,935	94,844,935	100.00%
1999	6,065,309,284	6,065,309,284	95,463,165	95,463,165	100.00%
2000	6,844,276,538	6,844,276,538	91,597,348	91,597,348	100.00%
2001	7,645,814,717	7,645,814,717	97,930,553	97,930,553	100.00%
2002	8,351,831,139	8,351,831,139	111,351,235	111,351,235	100.00%

Year Ended June 30	EXEMPTIONS		TOTAL		RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE
	ASSESSED VALUE (1)	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
1993	\$ 749,713,311	\$ 749,713,311	\$ 5,321,233,948	\$ 5,321,233,948	100.00%
1994	692,726,941	692,726,941	5,498,432,162	5,498,432,162	100.00%
1995	697,128,516	697,128,516	5,465,673,199	5,465,673,199	100.00%
1996	647,234,581	667,234,581	5,764,932,258	5,764,932,258	100.00%
1997	720,506,164	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	717,477,086	717,477,086	5,963,295,363	5,963,295,363	100.00%
2000	874,969,634	874,969,634	6,080,964,252	6,080,964,252	100.00%
2001	846,810,324	846,810,324	6,896,934,546	6,896,934,546	100.00%
2002	905,863,935	905,863,935	7,557,318,429	7,557,318,429	100.00%



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

SOURCE: Ventura County Auditor - Controller's Office

**City of Oxnard, California**

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

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

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

**City of Oxnard, California**

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

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

SOURCE: Finance and Management Services Department

**City of Oxnard, California**

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

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

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

SOURCE: California Municipal Statistics, Inc.

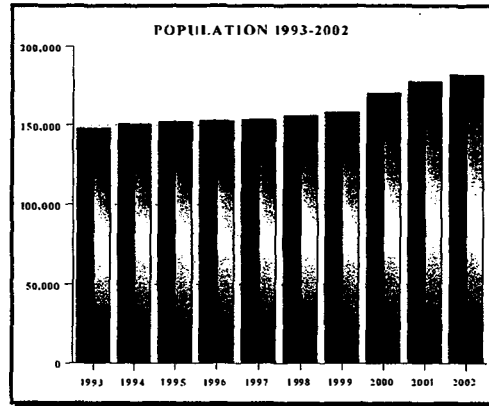
**City of Oxnard, California**

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

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

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



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

**City of Oxnard, California**

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

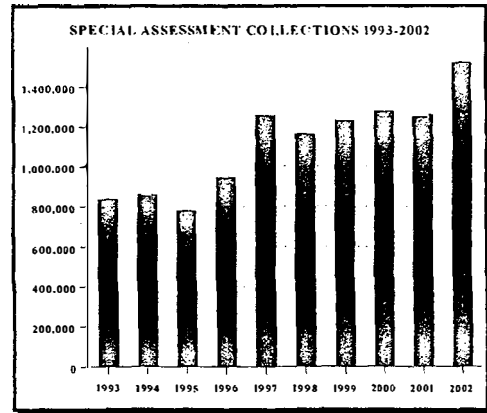
<u>YEAR ENDED JUNE 30.</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES</u>
1993	\$ 250,000	\$ 27,220	\$ 277,220	\$ 93,063,156	0.00301
1994	250,000	13,500	263,500	94,342,200	0.00291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

SOURCE: Finance and Management Services Department

**City of Oxnard, California**

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

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



SOURCE: Finance and Management Services Department

**City of Oxnard, California**

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

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

NOTES: (1) The above operating expense figures do not include depreciation and debt service expenses.  
(2) The 1961 Water Revenue Bond (Series A-D) was fully paid on June 1, 1992, and Water Revenue Bond Series '93 was issued on January 27, 1993.

**City of Oxnard, California**

**TABLE XIV  
Sewer Revenue Bond Coverage  
Last Ten Fiscal Years  
(Unaudited)**

<u>Year Ended June 30,</u>	<u>DEBT SERVICE REQUIREMENTS</u>						
	<u>Total Revenue (2)</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>
1993	\$ 17,261,664	\$ 10,408,533	\$ 6,853,131	\$ 125,000	\$ 9,375	\$ 134,375	51.04
1994	17,146,827	10,366,702	6,780,125	1,175,000	2,498,315	3,673,315	1.85
1995	16,720,206	9,963,122	6,757,084	1,450,000	2,962,728	4,412,728	1.55
1996	16,530,595	9,763,030	6,767,565	1,500,000	3,276,118	4,776,118	1.42
1997	17,132,675	9,555,298	7,577,377	1,560,000	3,220,618	4,780,618	1.59
1998	17,180,389	9,964,354	7,216,035	1,615,000	3,158,218	4,773,218	1.51
1999	18,371,484	11,561,115	6,810,369	1,685,000	2,843,492	4,528,492	1.50
2000	17,749,682	11,315,240	6,434,442	1,760,000	2,653,560	4,413,560	1.46
2001	18,254,171	11,591,100	6,663,071	1,840,000	2,568,810	4,408,810	1.51
2002	22,005,625	11,978,948	10,026,677	1,925,000	248,427	4,409,277	2.27

NOTES: (1) The above operating expense figures do not include depreciation and debt service expenses.

SOURCE: Finance and Management Services Department

**City of Oxnard, California**

**TABLE XV**  
*Demographic Statistics*  
*Last Ten Fiscal Years*  
*(Unaudited)*

FISCAL YEAR	POPULATION (1)	PER CAPITA INCOME (2)	MEDIAN AGE (3)	SCHOOL ENROLLMENT (4)	UNEMPLOYMENT RATE (5)		
					CITY	STATE	U.S.
1993	148,000	\$ 12,190	33	34,666	12.22%	9.40%	8.69%
1994	150,600	12,245	33	33,926	10.40%	8.70%	6.20%
1995	152,100	12,480	33	34,387	8.8%	8.50%	6.30%
1996	152,800	13,385	33	34,504	9.4%	7.30%	5.50%
1997	153,700	14,300	33	37,211	8.4%	6.2%	5.0%
1998	156,000	15,349	34	38,073	7.0%	6.3%	4.9%
1999	158,300	16,538	34	38,793	6.4%	5.4%	4.3%
2000	160,300	19,217	32	40,238	6.38%	5.3%	4.0%
2001	177,700	19,630	30	39,865	4.9%	4.9%	4.4%
2002	182,027	19,777	30	42,106	5.2%	6.5%	5.9%

SOURCES:

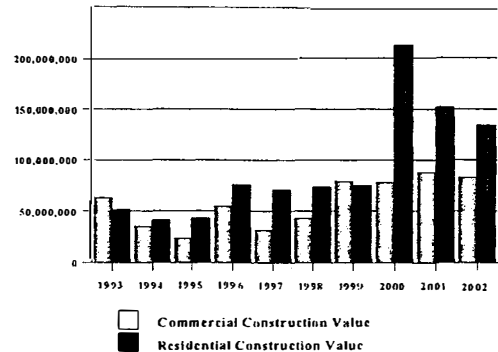
- (1) California Department of Finance, Demographic Research Unit
- (2) CPI Index of Urban Wage Earners
- (3) US Census
- (4) Oxnard School Districts (Elementary) and Oxnard Union High School District
- (5) State Employment Development Department (data is based on annual average)

**City of Oxnard, California**

**TABLE XVI**  
*Property Value, Construction and Bank Deposits*  
*Last Ten Fiscal Years*  
*(Unaudited)*

FISCAL YEAR	PROPERTY VALUES			COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION		BANK DEPOSITS
	COMMERCIAL	RESIDENTIAL	TOTAL	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	
1993	\$1,694,440,117	\$ 4,294,993,019	\$5,989,433,136	30	\$ 62,892,245	276	\$ 51,430,7485	1,135,318
1994	1,734,168,165	4,348,286,998	6,082,455,163	19	35,028,952	215	41,382,626	1,022,074
1995	1,776,507,499	4,438,800,882	6,215,308,381	19	23,357,165	171	42,915,313	886,278
1996	1,821,493,471	4,490,858,633	6,312,352,104	24	54,428,310	338	75,642,129	827,423
1997	1,822,016,387	4,485,815,079	6,307,831,466	29	31,264,797	392	70,772,213	943,927
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	919,137
2001	2,267,262,765	5,378,551,952	7,645,814,717	41	87,711,175	625	151,748,368	784,519
2002	2,494,786,288	5,857,044,851	8,351,831,139	40	82,553,859	539	134,526,090	1,060,847

**CONSTRUCTION**



\* Amounts expressed in thousands

SOURCE: The Findley Reports (Fiscal year 1990 includes credit union and savings & loan institutions)



**City of Oxnard, California**

**TABLE XVII  
Schedule of Insurance in Force  
June 30, 2002  
(Unaudited)**

<u>TYPE OF COVERAGE &amp; NAME OF INSURER</u>	<u>POLICY NUMBER</u>	<u>POLICY PERIOD</u>		<u>DETAILS OF COVERAGE</u>	<u>LIABILITY LIMITS</u>	<u>DEDUCTIBLE SELF-INSURED RETENTION</u>	<u>ANNUAL PREMIUMS</u>
		<u>FROM</u>	<u>TO</u>				
LIABILITY: BICEP	APEP100701	07/01/01	07/01/02	Municipal Liability 5 City Insurance Pool - In 97-98, the pool purchased commercial insurance for exposures between \$1 million and \$20 million	\$ 25,000,000	\$ 1,000,000	\$ 470,462
Navigators Insurance Company	SF0211A270941	06/13/02	06/13/03	Marine Liability - this insurance is charged to the Mandalay Bay Assessment District	1,000,000	2,500	17,500
PROPERTY: Travelers Insurance Company	K1UCMB295T057301	07/01/00	07/01/01	All Risks excluding quake & flood - includes City buildings & contents & rental interruption when required by bond financings	198,877,871	10,000	80,110
Royal Insurance Company of America	PTS464149	07/01/01	07/01/02	Automobile/Mobile Equipment Physical Damage including Comprehensive and Collision	19,630,216	10,000	67,528
Lloyd's of London	11F02A1816	04/21/02	04/21/03	Fine Arts - Carnegie & Oxnard Public Library - protects the City for losses to exhibits of art belonging to others	1,750,000	500	4,375
Clarendon National Pacific Insurance Company	101163EQ-1 ZC0017434	11/01/01	11/01/02	Difference in Conditions including Flood and Earthquake, excluding EQSL, Burglary and Theft;	5,000,000	5% of loss, subject to	207,023
Clarendon National Insurance Company of the West	101164EAQ1 XC11172301101			Real and Personal Property, Business Interruption/Extra Expense, EDP but excluding vehicles	7,500,000 <u>7,500,000</u> \$25,000,000	\$100,000 per occurrence minimum	
Travelers Casualty & Surety Company of IL	BMG560X6441	07/01/01	07/01/02	Boiler and Machinery - includes air conditioning, heating and other types of machinery	5,000,000	10,000	6,424
WORKERS' COMPENSATION: AIG	4158684	07/01/01	07/01/02	Excess Workers' Compensation	CA Statutes	500,000	45,613
EMPLOYEE BONDS: Fidelity & Deposit	CCP895567806	04/08/00	04/08/03	Public Employees Dishonesty Bond	500,000	5,000	3,700
Hartford Insurance Company	57BSBAN9382	11/22/00	11/22/02	City Treasurer, Dale V. Belcher	50,000	NA	200
Hartford Insurance Company	SUN322044	11/02/01	11/02/02	Asst. City Treasurer, Danielle Navas	50,000	NA	250
Hartford Insurance Company	57BSBAN9384	11/24/00	11/24/02	City Clerk, Daniel Martinez	50,000	NA	200
Hartford Insurance Company	SUN405562	01/21/02	01/21/03	Asst. City Clerk, Jill Beaty	5,000	NA	100
Hartford Insurance Company	57BSBA112846	10/20/01	10/20/02	Finance Director, Stanley L. Kleinman	25,000		100

SOURCE: Finance and Management Services, Financial Services Division

**City of Oxnard, California**

**TABLE XVIII  
State of California  
Miscellaneous Statistics  
As of June 30, 2002  
(Unaudited)**

Date of Incorporation	June 30, 1903
Form of Government-General Law City	Council/Manager
Incorporated Area in square miles	25.9
Sphere of influence in square miles	30.8
Elections: (3)	
	General 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	181
Public safety	427
Transportation	82
Community development	91
Culture & Leisure	78
Utilities	<u>200</u>
Total full-time employees	<u>1,059</u>
<b>GENERAL GOVERNMENT:</b>	
Miles of paved streets	394
Number of street lights - Edison	8,827
Number of street lights - City	568

**City of Oxnard, California**

**TABLE XVIII  
State of California  
Miscellaneous Statistics  
As of June 30, 2002  
(Unaudited)**

<b>PUBLIC SAFETY:</b>	
Police:	
Number of volunteers	13
Number of sworn officers	209
Number of non-safety employees	131
Ratio of sworn officers over population (per thousand)	1.28:1
Fire:	
Number of volunteers	0
Number of sworn officers	87
Number of fire hydrants	4,150
<b>TRANSPORTATION:</b>	
Number of police vehicles	192
Number of fire vehicles	46
Number of refuse vehicles	129
<b>CULTURE AND LEISURE:</b>	
Parks & Recreation facilities (public):	
Parks	39
Ball fields	9
Golf course	1
Ball diamonds	17
Basketball courts	18
Craft/Activity buildings	8
Gymnasiums	2
Swimming pools	1
Tennis courts	36
Auditoriums	1
Museum	1
Community centers	3

Continued -

**City of Oxnard, California**

**TABLE XVIII  
State of California  
Miscellaneous Statistics  
As of June 30, 2002  
(Unaudited)**

Library:	
Number of books	344,559
Number of microforms	16,650
Number of audio tapes	16,202
Number of video tapes	6,101
Number of CD-ROMS (data disk)	451
Education:	
Number of enrollments:	
Elementary	29,503
High school	12,603
College	7,742
<b>UTILITY STATISTICS (1):</b>	
Water:	
Storage capacity in gallons	9,000,000
Daily consumption in gallons	22,500,000
Miles of main pipes	425
Number of customers	34,766
Sewer (Secondary bio-filtration systems):	
Daily treatment capacity in gallons	22,000,000
Miles of sewer pipes	700
Number of customers	32,634

SOURCE: (1) Public Works Department, Water and Sewer Plant Divisions  
(2) Human Resources Division  
(3) City Clerk's Office



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

**Independent Accountants' Report  
 on Applying Agreed-Upon Procedures**

**CITY OF OXNARD, CALIFORNIA**  
 Appropriations Limit Worksheet  
 June 30, 2002

The Honorable City Council  
 City of Oxnard, California:

We have performed the procedures enumerated below, which were agreed to by the City Council and management of the City of Oxnard, California (the City), on the Appropriations Limit Worksheet for the year ended June 30, 2002 solely to assist the City in evaluating compliance with the requirements of Section 1.5 of Article XIII B of the California Constitution. These procedures were recommended by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines. The City's management is responsible for the Appropriations Limit Worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We obtained the City's completed Appropriations Limit worksheets and determined that the limit and annual adjustment factors were adopted by resolution of the City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.
2. We agreed the June 30, 2001 Appropriations Limit presented in the accompanying Appropriations Limit Worksheet to the June 30, 2001 Appropriations Limit as adopted by the City Council.
3. We agreed the fiscal year 2002 information presented in the accompanying Appropriations Limit Worksheet to the supporting worksheets designed and prepared by the City.
4. For the accompanying Appropriations Limit Worksheet, we added the June 30, 2001 limit to the total fiscal year 2002 annual adjustment, and agreed the resulting amount to the June 30, 2002 limit.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City Council and management of the City of Oxnard, California and is not intended to be and should not be used by anyone other than these specified parties.

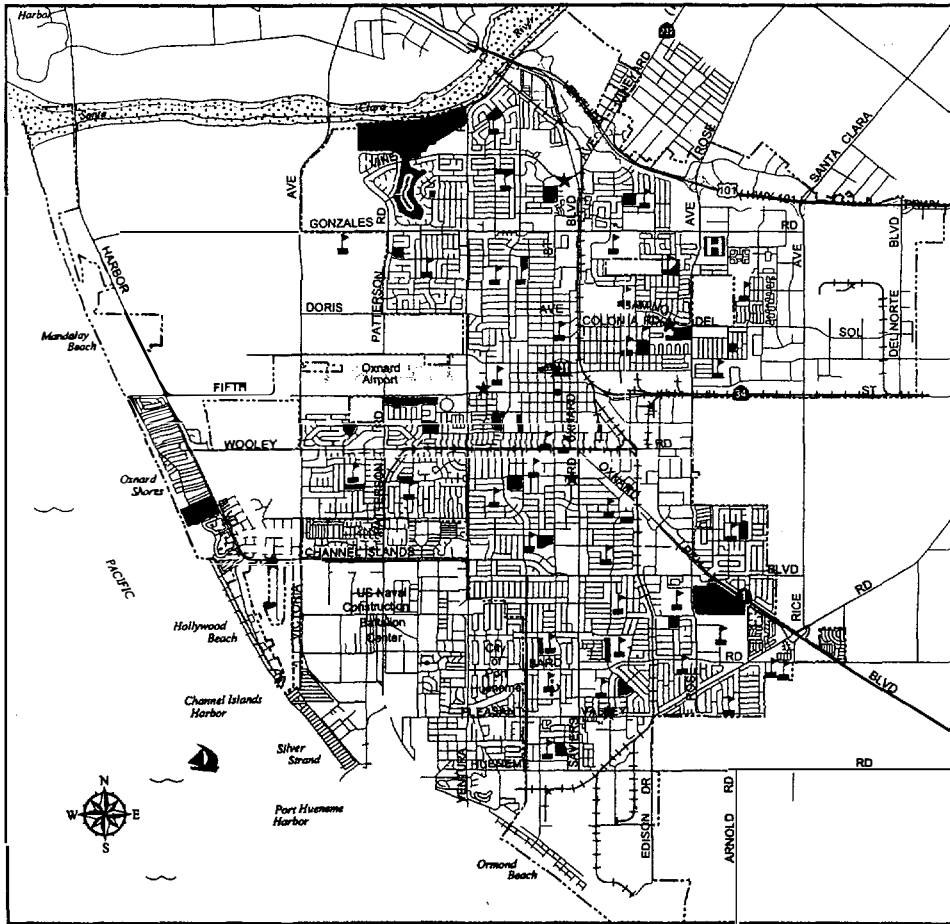
**KPMG LLP**

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November 8, 2002



Appropriations Limit at June 30, 2001	\$ 89,509,928
Adjustment Factors:	
Population Factor	1.0294527
Inflation Factor	x 1.0782000
Total adjustment factor (rounded)	x 1.1099559
Annual adjustment	<u>9,842,141</u>
Appropriations Limit at June 30, 2002	<u>\$ 99,352,069</u>



**LEGEND**

-  PUBLIC SAFETY
-  CITY HALL
-  FIRE STATION
-  HOSPITAL
-  GOLF COURSE
-  SCHOOL
-  RAILROAD
-  PARK
-  CITY LIMIT

**CITY OF OXNARD**



December 4, 2002

The mapped data is created and designed by the City of Oxnard GIS Program, which is developed and operated solely for the convenience of the City. The map is for illustrative purposes only. The City does not warrant the accuracy of this map, and no decision involving a risk of injury or economic loss should be made in reliance thereon.

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**OTHER NON-GAAP STATEMENTS AND  
SCHEDULES FOR MANAGEMENT USE**

The statements and schedules following are presented for management use and analysis. Under GASB 34, these statements and schedules are no longer required. They have been combined with other statements in the CAFR. However, because they are important financial information for management, we deem it necessary that they be presented individually and included in this document.



**City of Oxnard, California**

**Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedule by Source  
June 30, 2002 and 2001**

	2002	2001
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 24,046,598	\$ 20,713,678
Land Improvements	1,159,280	1,159,280
Buildings	29,176,812	29,176,812
Improvements Other Than Building	19,013,090	19,013,090
Equipment and Machinery	39,001,698	35,931,446
Construction in Progress	34,623,411	17,031,447
<b>Sub-Total</b>	<b>147,020,889</b>	<b>123,025,753</b>
Accumulated Depreciation	(39,876,051)	(36,010,561)
<b>Total</b>	<b>\$ 107,144,838</b>	<b>\$ 87,015,192</b>
<b>Investments in Governmental Funds Capital Assets by Source:</b>		
General Fund	\$ 98,561,389	\$ 88,374,086
Federal and State Funds	21,450,775	14,937,346
Contributions and Donations	2,420,868	2,420,868
Other Agencies/Authorities	9,797,722	2,703,786
Lease Purchases	7,241,952	7,241,952
Internal Service Funds	7,548,183	7,347,715
<b>Total</b>	<b>\$ 147,020,889</b>	<b>\$ 123,025,753</b>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City of Oxnard, California**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2002**

	Land	Land Improvements	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
<b>General Government:</b>							
Council	\$ --	\$ --	\$ 29,845	\$ --	\$ 116,871	\$ --	\$ 146,716
City Clerk	--	--	--	--	23,303	--	23,303
City Manager	--	--	1,675,829	254,399	673,370	--	2,603,598
City Attorney	--	--	--	--	8,162	--	8,162
Finance	3,332,920	--	197,486	84,503	1,317,807	--	4,932,716
Community Development	5,996,553	469,847	15,716,305	478,417	284,828	--	22,945,950
Community Service	--	--	--	225,158	670,036	--	895,194
Community Development Commission	1,221,289	689,433	--	--	130,580	--	2,041,302
Internal Service Funds	--	--	--	--	7,548,183	--	7,548,183
<b>Total General Government</b>	<b>10,550,762</b>	<b>1,159,280</b>	<b>17,619,465</b>	<b>1,042,477</b>	<b>10,773,140</b>	<b>--</b>	<b>41,145,124</b>
<b>Public Safety:</b>							
Police	--	--	1,778,934	80,938	10,367,446	--	12,227,318
Fire	1,893,510	--	694,529	78,119	4,584,680	--	7,250,838
<b>Total Public Safety</b>	<b>1,893,510</b>	<b>--</b>	<b>2,473,463</b>	<b>159,057</b>	<b>14,952,126</b>	<b>--</b>	<b>19,478,156</b>
<b>Transportation:</b>							
Engineering and Public Works	--	--	5,758,845	--	198,603	24,550,449	30,507,897
Transportation	--	--	137,268	--	179,778	2,797,913	3,114,959
Street Maintenance	7,760	--	172,037	239,423	2,087,769	6,513,429	9,020,418
<b>Total Transportation</b>	<b>7,760</b>	<b>--</b>	<b>6,068,150</b>	<b>239,423</b>	<b>2,466,150</b>	<b>33,861,791</b>	<b>42,643,274</b>
<b>Culture and Leisure:</b>							
Parks and Recreation	--	--	3,015,734	17,572,133	10,370,191	761,620	31,719,678
Library	11,594,566	--	--	--	440,091	--	12,034,657
<b>Total Culture and Leisure</b>	<b>11,594,566</b>	<b>--</b>	<b>3,015,734</b>	<b>17,572,133</b>	<b>10,810,282</b>	<b>761,620</b>	<b>43,754,335</b>
<b>Total</b>	<b>\$ 24,046,598</b>	<b>\$ 1,159,280</b>	<b>\$ 29,176,812</b>	<b>\$ 19,013,090</b>	<b>\$ 39,001,698</b>	<b>\$ 34,623,411</b>	<b>\$ 147,020,889</b>

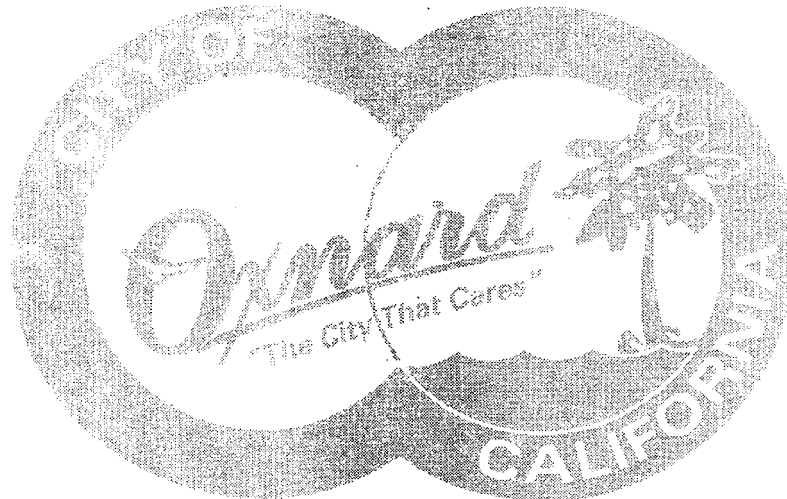
This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City of Oxnard, California**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Changes of Function and Activity  
For Fiscal Year Ended June 30, 2001**

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
<b>General Government:</b>				
Council	\$ 146,716	\$ --	--	\$ 146,716
City Clerk	22,178	1,125	--	23,303
City Manager	2,602,042	1,556	--	2,603,598
City Attorney	8,162	--	--	8,162
Finance	1,510,011	3,422,705	--	4,932,716
Community Development	22,787,437	158,513	--	22,945,950
Community Service	238,719	656,475	--	895,194
Community Development Commission	2,041,302	--	--	2,041,302
Internal Service Funds	7,347,715	200,468	--	7,548,183
<b>Total General Government</b>	<b>36,704,282</b>	<b>4,440,842</b>	<b>--</b>	<b>41,145,124</b>
<b>Public Safety:</b>				
Police	11,323,599	903,719	--	12,227,318
Fire	7,063,020	187,818	--	7,250,838
<b>Total Public Safety</b>	<b>18,386,619</b>	<b>1,091,537</b>	<b>--</b>	<b>19,478,156</b>
<b>Transportation:</b>				
Engineering and Public Works	22,802,052	7,705,845	--	30,507,897
Transportation	317,046	2,797,913	--	3,114,959
Street Maintenance	2,506,989	6,513,429	--	9,020,418
<b>Total Transportation</b>	<b>25,626,087</b>	<b>17,017,187</b>	<b>--</b>	<b>42,643,274</b>
<b>Culture and Leisure:</b>				
Parks and Recreation	30,714,199	1,005,479	--	31,719,678
Library	11,594,566	440,091	--	12,034,657
<b>Total Culture and Leisure</b>	<b>42,308,765</b>	<b>1,445,570</b>	<b>--</b>	<b>43,754,335</b>
<b>Total</b>	<b>\$ 115,678,038</b>	<b>\$ 23,995,136</b>	<b>--</b>	<b>\$ 147,020,889</b>

*This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.*



**City of Oxnard**

**Governmental Fund Types  
Combining Balance Sheet  
June 30, 2002**

	General	Special Revenue	Debt Service	Capital Projects	Totals
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 30,283,168	\$ 44,511,577	\$ 3	\$ 15,165,856	\$ 89,960,604
Investments with Fiscal Agents	—	34,847	1,333,899	3,125,391	4,494,137
Accounts and Other Receivables	2,158,147	6,842,592	—	2,378,179	11,378,918
Due From Other Funds	3,109,685	—	—	—	3,109,685
Due From Other Governments	4,944,378	2,940,603	—	—	7,884,981
Notes Receivable	—	—	—	2,209,273	2,209,273
Properties Held for Resale	—	—	—	7,263,384	7,263,384
Advances to Other Funds	173,035	—	—	—	173,035
Other Assets	—	185,108	—	—	185,108
<b>Total Assets</b>	<b>\$ 40,668,413</b>	<b>\$ 54,514,727</b>	<b>\$ 1,333,902</b>	<b>\$ 30,142,083</b>	<b>\$ 126,659,125</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	1,258,086	1,443,322	—	360,731	3,062,139
Other Liabilities	9,645,661	4,231,185	—	1,721,523	15,598,369
Due to Other Funds	—	513,577	—	971,784	1,485,361
Deferred Revenues	2,368,048	8,299,883	—	2,741,936	13,409,867
<b>Total Liabilities</b>	<b>13,271,795</b>	<b>14,487,967</b>	<b>—</b>	<b>5,795,974</b>	<b>33,555,736</b>
<b>Fund Balances:</b>					
Reserved	1,870,298	2,625,011	1,333,902	9,928,686	15,757,897
Unreserved:					
Designated for Authorized Projects	—	22,759,160	—	10,471,428	33,230,588
Undesignated	25,526,320	14,642,589	—	3,945,995	44,114,904
<b>Total Fund Balances</b>	<b>27,396,618</b>	<b>40,026,760</b>	<b>1,333,902</b>	<b>24,346,109</b>	<b>93,103,389</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 40,668,413</b>	<b>\$ 54,514,727</b>	<b>\$ 1,333,902</b>	<b>\$ 30,142,083</b>	<b>\$ 126,659,125</b>

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**City of Oxnard**

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

	General Fund	Special Revenue	Debt Service	Capital Projects	Total
<b>Revenues:</b>					
Taxes	\$ 47,680,588	\$ 5,189,718	\$ 1,629,857	\$ 4,558,716	\$ 59,058,879
Licenses and Permits	1,987,392	—	—	—	1,987,392
Intergovernmental	16,775,684	18,367,112	—	2,548,512	37,691,308
Growth and Development Fees	—	7,432,528	—	—	7,432,528
Charges for Services	7,908,643	—	—	—	7,908,643
Fines and Forfeitures	1,042,105	369,732	—	—	1,411,837
Interest	2,422,164	1,538,590	240,642	421,275	4,622,671
Special Assessments	—	1,515,592	—	—	1,515,592
Miscellaneous	1,422,636	654,410	—	1,460,841	3,537,887
<b>Total Revenues</b>	<b>\$ 79,239,212</b>	<b>\$ 35,067,682</b>	<b>\$ 1,870,499</b>	<b>\$ 8,989,344</b>	<b>\$ 125,166,737</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	\$ 9,786,593	\$ —	\$ —	\$ —	\$ 9,786,593
Public Safety	38,942,125	5,618,687	—	—	44,560,812
Transportation	797,735	3,946,020	—	—	4,743,755
Community Development	7,228,529	3,881,091	—	4,159,966	15,269,586
Culture and Leisure	9,318,877	1,043,207	—	—	10,362,084
Capital Outlay	4,687,715	13,207,792	—	5,899,161	23,794,668
Debt Service:					
Principal	—	—	2,412,335	—	2,412,335
Interest	—	—	1,988,947	—	1,988,947
<b>Total Expenditures</b>	<b>70,761,574</b>	<b>27,696,797</b>	<b>4,401,282</b>	<b>10,059,127</b>	<b>112,918,780</b>
Excess (Deficiency) of Revenues over Expenditures	8,477,638	7,370,885	(2,530,783)	(1,069,783)	12,247,957
<b>Other Financing Sources (Uses):</b>					
Transfers In	—	1,265,481	2,531,971	2,576,650	6,374,102
Transfers Out	(5,282,749)	(2,764,183)	—	—	(8,046,932)
Proceeds from Capital Lease	2,705,584	—	—	—	2,705,584
<b>Total Other Financing Sources (Uses)</b>	<b>(2,577,165)</b>	<b>(1,498,702)</b>	<b>2,531,971</b>	<b>2,576,650</b>	<b>1,032,754</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	5,900,473	5,872,183	1,188	1,506,867	13,280,711
<b>Fund Balance, July 1</b>	<b>21,496,145</b>	<b>34,154,577</b>	<b>1,332,714</b>	<b>22,839,242</b>	<b>79,822,678</b>
<b>Fund Balance, June 30</b>	<b>\$ 27,396,618</b>	<b>\$ 40,026,760</b>	<b>\$ 1,333,902</b>	<b>\$ 24,346,109</b>	<b>\$ 93,103,389</b>

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## GENERAL FUND

The General Fund is used to account for all financial resources traditionally associated with government activities which are not required legally to be accounted for in another fund. Principal sources of revenues are property taxes, sales tax, license and permits, state shared revenues, and billings for outside and interfund services. Primary expenditures in the General Fund are made for general administration, police and fire protection, parks maintenance, streets and transportation services, and community development.



City of Oxnard, California

General Fund  
Balance Sheet  
June 30, 2002

<b>Assets:</b>	
Cash and Cash Equivalent	\$ 30,283,168
Accounts and Other Receivables	2,158,147
Due From Other Funds	3,109,685
Due From Other Governments	4,944,378
Advances To Other Funds	173,035
<b>Total Assets</b>	<b>\$ 40,668,413</b>
<b>Liabilities and Fund Balances</b>	
<b>Liabilities:</b>	
Accounts Payable	\$ 1,258,086
Other Liabilities	9,645,661
Deferred Revenues	2,368,048
<b>Total Liabilities</b>	<b>13,271,795</b>
<b>Fund Balances:</b>	
<b>Reserved</b>	
Encumbrances	612,620
Carryover Savings	920,026
Restricted Revenue	164,617
Advances To Other Funds	173,035
<b>Total Reserved</b>	<b>1,870,298</b>
<b>Unreserved</b>	<b>25,526,320</b>
<b>Total Fund Balances</b>	<b>27,396,618</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 40,668,413</b>

City of Oxnard, California

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

<b>Revenues:</b>	
Taxes	\$ 47,680,588
Licenses and Permits	1,987,392
Intergovernmental	16,775,684
Charges for Services	7,908,643
Fines and Forfeitures	1,042,105
Interest	2,422,164
Miscellaneous	1,422,636
<b>Total Revenues</b>	<b>\$ 79,239,212</b>
<b>Expenditures:</b>	
<b>Current:</b>	
General Government:	
Legislative	\$ 939,466
Administration and Support Services	8,847,127
Sub-Total	9,786,593
Public Safety	38,942,125
Transportation	797,735
Community Development	7,228,529
Culture and Leisure	6,529,659
Library Services	2,789,218
Capital Outlay	4,687,715
<b>Total Expenditures</b>	<b>70,761,574</b>
Excess of Revenues Over Expenditures	8,477,638
Proceeds from Capital Lease	2,705,584
Operating Transfers Out	(5,282,749)
Other Financing Uses - Operating Transfers Out	(2,577,165)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	5,900,473
<b>Fund Balance, July 1</b>	<b>21,496,145</b>
<b>Fund Balance, June 30</b>	<b>\$ 27,396,618</b>

## SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects funds that are legally restricted to expenditures for particular purposes).

**Park Fees Quimby Reserve Fund**—As a result of the passage of the Quimby Act of 1965, the City requires that a developer set aside land or pay fees in lieu of land dedication. Park fees are earmarked primarily for the acquisition and development of neighborhood parks within the City.

**Parks Acquisition and Development Fund**—This fund is used to account for park and recreation facilities fees assessed on new developments on a per unit basis. Park development revenues are set aside for the acquisition of land and improvement of the City's park facilities.

**Storm Drain Facilities Fund**—This fund is used to account for revenue and expenditures related to the installation of storm drainage facilities from all new property developments.

**Circulation System Improvement Fees**—This fund is used to provide an additional funding source necessary to meet the need for circulation system improvements. This fee is assessed on new developments and calculated based on the expected number of trips daily. Funds collected from this fee can only be used to fund projects included in the 15-Year Circulation Improvement List.

**Capital Growth Fee Funds**—These Funds were established to account for capital growth fees collected and to pay for community development expenditures designated to each community sector responsible for the growth:

- **Capital Growth Fee Fund—Residential**—used to account for all developments/improvements in a residential area;
- **Capital Growth Fee Fund —Non Residential**—used to account for all developments/improvements in commercial and industrial areas.

**Utility Undergrounding Fees Fund**—This fund is used to account for utility undergrounding fees collected by the City in lieu of undergrounding existing overhead utility lines. These fees are restricted for the construction of utility undergrounding projects.

**Housing In-Lieu Fees Fund**—This fund is used to account for fees collected in lieu of the affordable housing requirement for housing development. This fund was created in April 1999.

**Community Development Block Grants (CDBG) and HUD Home Loan**—To account for Federal entitlements received by the City from CDBG for the purpose of developing a viable urban community, providing decent housing and a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income. Funds are allocated and administered by the U.S. Department of Housing and Urban Development (HUD).

**State and Federal Grants Funds**—These funds account for the receipt and expenditures of monies received from State and federal grants in aid.

**State Gas Tax Fund**—This fund is used to account for the allocated share of Gas Tax Revenue received by the City from the State of California. Spending of gas tax is legally restricted by the State to be used for maintenance and improvement of public streets, in accordance with Section 2106, 2107, and 2107.5 of the Streets and Highway Code.

**Traffic Safety Fund**—This fund is used to account for shared revenues received from fines and forfeitures under the State of California Vehicle Code. Fund is restricted to be expended only for improvement and maintenance of traffic control equipment/devices.

**Transportation Development Fund**—In July 1972, the State of California enacted the Transportation Development Act (known as TDA:SB325). A Local Transportation Fund (LTF) was created for each county to disburse TDA revenues derived from 1/4 cent of the 6 1/4 percent State Retail Sales Tax. Apportionments are locally administered by the Southern California Association of Governments (SCAG) and Ventura County Transportation Commission (VCTC). This fund is used to account for this revenue and restrict the use for street maintenance and road improvements, and construction of pedestrian and bike facilities.

**Maintenance Assessment District**—To account for assessment revenues and expenditures related to waterways and landscape maintenance of various district area in the City. Maintenance work is undertaken by the City. Lot owners within the affected district areas are assessed a maintenance fee based on estimated maintenance cost per lot square footage.

**City of Oxnard, California**

**Special Revenue Funds  
Combining Balance Sheet  
For Fiscal Year Ended June 30, 2002**

	Development Fees Funds								Total
	Park Fees Quimby Reserve	Park Acquisition and Development	Storm Drain Facilities	Circulation System Improvement	Capital Growth Residential	Capital Growth Non- Residential	Utilities Underground Fees	Housing In-Lieu Fees	
<b>Assets:</b>									
Cash and Cash Equivalents	\$ 8,364,781	\$ 4,169,201	\$ 5,654,283	\$ 6,288,016	\$ 1,950,323	\$ 646,983	\$ 1,541,326	\$ 1,190,433	\$ 29,805,346
Investments with Fiscal Agents	—	—	—	—	—	—	—	—	—
Accounts and Other Receivables	1,610	816	362,637	276,298	—	39,991	—	—	681,352
Due From Other Governments	—	—	—	—	—	—	—	—	—
<b>Total Assets</b>	<b>\$ 8,366,391</b>	<b>\$ 4,170,017</b>	<b>\$ 6,016,920</b>	<b>\$ 6,564,314</b>	<b>\$ 1,950,323</b>	<b>\$ 686,974</b>	<b>\$ 1,541,326</b>	<b>\$ 1,190,433</b>	<b>\$ 30,486,698</b>
<b>Liabilities And Fund Balances</b>									
<b>Liabilities:</b>									
Accounts Payable	\$ 59,614	\$ 58,902	\$ 20,704	\$ 89,072	\$ —	\$ —	\$ —	\$ —	\$ 228,292
Other Liabilities	21,046	3,574,282	—	111,308	—	31,449	—	—	3,738,085
Due to Other Funds	—	—	—	—	—	—	—	—	—
Deferred Revenues	—	—	—	286,724	—	41,500	—	—	328,224
<b>Total Liabilities</b>	<b>80,660</b>	<b>3,633,184</b>	<b>20,704</b>	<b>487,104</b>	<b>—</b>	<b>72,949</b>	<b>—</b>	<b>—</b>	<b>4,294,601</b>
<b>Fund Balances:</b>									
<b>Reserved:</b>									
Receivables	—	—	—	—	—	—	—	—	—
Restricted Revenue	—	—	—	—	—	—	—	—	—
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>235,362</b>
<b>Unreserved:</b>									
Designated for Authorized Projects	6,580,912	382,085	3,752,902	4,908,069	—	7,429	96,026	56,481	15,783,904
Undesignated	1,469,457	154,748	2,243,314	1,169,141	1,950,323	606,596	1,445,300	1,133,952	10,172,831
<b>Total Unreserved</b>	<b>8,050,369</b>	<b>536,833</b>	<b>5,996,216</b>	<b>6,077,210</b>	<b>1,950,323</b>	<b>614,025</b>	<b>1,541,326</b>	<b>1,190,433</b>	<b>25,956,735</b>
<b>Total Fund Balances</b>	<b>8,285,731</b>	<b>536,833</b>	<b>5,996,216</b>	<b>6,077,210</b>	<b>1,950,323</b>	<b>614,025</b>	<b>1,541,326</b>	<b>1,190,433</b>	<b>26,192,097</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,366,391</b>	<b>\$ 4,170,017</b>	<b>\$ 6,016,920</b>	<b>\$ 6,564,314</b>	<b>\$ 1,950,323</b>	<b>\$ 686,974</b>	<b>\$ 1,541,326</b>	<b>\$ 1,190,433</b>	<b>\$ 30,486,698</b>

Continued

**City of Oxnard, California**

**Special Revenue Funds  
Combining Balance Sheet (Continued)  
For Fiscal Year Ended June 30, 2002**

	Non-Major Funds						Total
	HUD and CDBG Grants	State and Federal Grants	State Gas Tax	Traffic Safety	Transportation Development	Maintenance Assessment Districts	
<b>Assets:</b>							
Cash and Cash Equivalents	\$ —	\$ 6,312,773	\$ 2,458,521	\$ 102,277	\$ 3,187,325	\$ 2,645,335	\$ 44,511,577
Investments with Fiscal Agents	34,847	—	—	—	—	—	34,847
Accounts and Other Receivable	3,149,484	3,007,019	2,520	—	—	2,217	6,842,592
Due From Other Governments	1,094,213	1,730,673	—	115,717	—	—	2,940,603
Other Assets	185,108	—	—	—	—	—	185,108
<b>Total Assets</b>	<b>\$ 4,463,652</b>	<b>\$ 11,050,465</b>	<b>\$ 2,461,041</b>	<b>\$ 217,994</b>	<b>\$ 3,187,325</b>	<b>\$ 2,647,552</b>	<b>\$ 54,514,727</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts Payable	\$ 491,932	\$ 439,527	\$ 66,339	\$ 13,842	\$ 69,146	\$ 134,244	\$ 1,443,322
Other Liabilities	165,903	55,830	53,048	13,376	133,622	71,321	4,231,185
Due to Other Funds	—	513,577	—	—	—	—	513,577
Deferred Revenues	3,569,846	4,401,813	—	—	—	—	8,299,883
<b>Total Liabilities</b>	<b>4,227,681</b>	<b>5,410,747</b>	<b>119,387</b>	<b>27,218</b>	<b>202,768</b>	<b>205,565</b>	<b>14,487,967</b>
<b>Fund Balances:</b>							
<b>Reserved:</b>							
Receivables	—	1,730,673	—	—	—	—	1,730,673
Restricted Revenue	—	658,976	—	—	—	—	658,976
Park Development	—	—	—	—	—	—	235,362
<b>Total Reserved</b>	<b>—</b>	<b>2,389,649</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,625,011</b>
<b>Unreserved:</b>							
Designated for Authorized Projects	—	2,758,728	1,162,540	69,431	2,984,557	—	22,759,160
Undesignated	235,971	491,341	1,179,114	121,345	—	2,441,987	14,642,589
<b>Total Unreserved</b>	<b>235,971</b>	<b>3,250,069</b>	<b>2,341,654</b>	<b>190,776</b>	<b>2,984,557</b>	<b>2,441,987</b>	<b>37,401,749</b>
<b>Total Fund Balances</b>	<b>235,971</b>	<b>5,639,718</b>	<b>2,341,654</b>	<b>190,776</b>	<b>2,984,557</b>	<b>2,441,987</b>	<b>40,026,760</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,463,652</b>	<b>\$ 11,050,465</b>	<b>\$ 2,461,041</b>	<b>\$ 217,994</b>	<b>\$ 3,187,325</b>	<b>\$ 2,647,552</b>	<b>\$ 54,514,727</b>

City of Oxnard, California

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

(Actual on a GAAP Basis)

For Fiscal Year Ended June 30, 2002

	Development Fees Funds								Total
	Park Fees Qulmby Reserve	Park Acquisition and Development Fund	Storm Drain Facilities Fund	Circulation System Improvement	Capital Growth Residential	Capital Growth Non- Residential	Utilities Underground Fees	Housing In-Lieu Fees	
<b>Revenues:</b>									
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	--	--	--	--	--	--	--
Growth and Development Fees	1,575,450	127,750	1,353,016	2,106,567	1,049,847	349,820	98,535	771,543	7,432,528
Fines and Forfeitures	--	--	--	--	--	--	--	--	--
Interest	322,803	29,198	241,453	271,616	119,239	46,181	63,334	37,270	1,131,094
Special Assessments	--	--	--	--	--	--	--	--	--
Miscellaneous	3,500	--	64,226	--	--	--	--	--	67,726
<b>Total Revenues</b>	<b>1,901,753</b>	<b>156,948</b>	<b>1,658,695</b>	<b>2,378,183</b>	<b>1,169,086</b>	<b>396,001</b>	<b>161,869</b>	<b>808,813</b>	<b>8,631,348</b>
<b>Expenditures:</b>									
Public Safety	--	--	--	--	--	--	--	--	--
Transportation	--	--	--	--	--	--	--	--	--
Community Development	--	--	--	--	--	--	--	13,068	13,068
Capital Outlay	490,788	270,832	1,040,749	2,091,521	2,560	--	--	--	3,896,450
<b>Total Expenditures</b>	<b>490,788</b>	<b>270,832</b>	<b>1,040,749</b>	<b>2,091,521</b>	<b>2,560</b>	<b>--</b>	<b>--</b>	<b>13,068</b>	<b>3,909,518</b>
Excess (Deficiency) of Revenues Over Expenditures	1,410,965	(113,884)	617,946	286,662	1,166,526	396,001	161,869	795,745	4,721,830
<b>Other Financing Sources (Uses):</b>									
Operating Transfers In	--	--	--	--	1,265,481	--	--	--	1,265,481
Operating Transfers Out	--	--	--	(378,919)	(1,119,783)	(1,265,481)	--	--	(2,764,183)
<b>Total Other Financing Sources (Uses)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(378,919)</b>	<b>145,698</b>	<b>(1,265,481)</b>	<b>--</b>	<b>--</b>	<b>(1,498,702)</b>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,410,965	(113,884)	617,946	(92,257)	1,312,224	(869,480)	161,869	795,745	3,223,128
Fund Balance, July 1	6,874,766	650,717	5,378,270	6,169,467	638,099	1,483,505	1,379,457	394,688	22,968,969
<b>Fund Balance, June 30</b>	<b>\$ 8,285,731</b>	<b>\$ 536,833</b>	<b>\$ 5,996,216</b>	<b>\$ 6,077,210</b>	<b>\$ 1,950,323</b>	<b>\$ 614,024</b>	<b>\$ 1,541,326</b>	<b>\$ 1,190,433</b>	<b>\$ 26,192,097</b>

Continued -

City of Oxnard, California

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

(Actual on a GAAP Basis)

For Fiscal Year Ended June 30, 2002

	Non-major Funds						Total
	HUD and CDBG Grants	State and Federal Grants	State Gas Tax	Traffic Safety	Transportation Development	Maintenance Assessment Districts	
<b>Revenues</b>							
Taxes	\$ --	\$ 5,189,718	\$ --	\$ --	\$ --	\$ --	\$ 5,189,718
Intergovernmental	4,253,749	7,134,155	3,337,806	--	3,641,402	--	18,367,112
Growth and Development Fees	--	--	--	--	--	--	7,432,528
Fines and Forfeitures	--	--	--	369,732	--	--	369,732
Interest	--	197,107	91,438	--	--	118,951	1,538,590
Special Assessments	--	--	--	--	--	1,515,592	1,515,592
Miscellaneous	184,190	76,906	148,731	6,984	169,873	--	654,410
<b>Total Revenues</b>	<b>4,437,939</b>	<b>12,597,886</b>	<b>3,577,975</b>	<b>376,716</b>	<b>3,811,275</b>	<b>1,634,543</b>	<b>35,067,682</b>
<b>Expenditures</b>							
<b>Current:</b>							
Public Safety	--	5,618,687	--	--	--	--	5,618,687
Transportation	--	181,136	2,667,503	601,456	495,925	--	3,946,020
Community Development	1,663,222	179,205	--	--	--	2,025,596	3,881,091
Culture and Leisure	502,154	541,053	--	--	--	--	1,043,207
Capital Outlay	2,365,463	4,147,966	489,503	191,145	2,117,265	--	13,207,792
<b>Total Expenditures</b>	<b>4,530,839</b>	<b>10,668,047</b>	<b>3,157,006</b>	<b>792,601</b>	<b>2,613,190</b>	<b>2,025,596</b>	<b>27,696,797</b>
Excess (Deficiency) of Revenues Over Expenditures	(92,900)	1,929,839	420,969	(415,885)	1,198,085	(391,053)	7,370,885
<b>Other Financing Sources (Uses):</b>							
Operating Transfers In	--	--	--	--	--	--	1,265,481
Operating Transfers Out	--	--	--	--	--	--	(2,764,183)
<b>Total Other Financing Sources (Uses)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(1,498,702)</b>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(92,900)	1,929,839	420,969	(415,885)	1,198,085	(391,053)	5,872,183
Fund Balance, July 1	328,871	3,709,879	1,920,685	606,661	1,786,472	2,833,040	34,154,577
<b>Fund Balance, June 30</b>	<b>\$ 235,971</b>	<b>\$ 5,639,718</b>	<b>\$ 2,341,654</b>	<b>\$ 190,776</b>	<b>\$ 2,984,557</b>	<b>\$ 2,441,987</b>	<b>\$ 40,026,760</b>

## **DEBT SERVICE FUNDS**

The Debt Service Funds are used to account for the accumulation of resources and payments of principal and interest of the City of Oxnard and related entities' general long-term debt.

Community Development Commission—Used to account for the payment of principal and interest on tax allocation bonds. Revenue is derived from tax levies on properties within the redevelopment area.

COFA Debt Service—Used to account for the payment of principal and interest on certain certificate of participation bonds other than those accounted for in various enterprise funds. (A blended Component Unit of the City of Oxnard)

**City of Oxnard, California**

*Debt Service Funds  
Combining Balance Sheet  
Year Ended June 30, 2002*

	Community Development Commission	City of Oxnard Financing Authority	Total
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 3	\$ --	\$ 3
Investments with Fiscal Agents	--	1,333,899	1,333,899
<b>Total Assets</b>	<u>\$ 3</u>	<u>\$ 1,333,899</u>	<u>\$ 1,333,902</u>
<b>Fund Balances:</b>			
Reserved for Repayment of Debt	\$ 3	\$ 1,333,899	\$ 1,333,902
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3</u>	<u>\$ 1,333,899</u>	<u>\$ 1,333,902</u>

**City of Oxnard, California**

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

	Community Development Commission	City of Oxnard Financing Authority	Total
<b>Revenues:</b>			
Taxes	\$ 1,629,857	\$ 240,642	\$ 1,870,499
Interest	--	--	--
<b>Total Revenues</b>	<u>1,629,857</u>	<u>240,642</u>	<u>1,870,499</u>
<b>Expenditures:</b>			
Debt Service:			
Principal	602,335	1,810,000	2,412,335
Interest	1,027,522	961,425	1,988,947
<b>Total Expenditures</b>	<u>1,629,857</u>	<u>2,771,425</u>	<u>4,401,282</u>
Excess (Deficiency) of Revenues Over Expenditures	--	(2,530,783)	(2,530,783)
Other Financing Sources-Operating Transfers In	--	2,531,971	2,531,971
Excess of Revenues and Other Sources Over Expenditures	--	1,188	1,188
<b>Fund Balance, July 1</b>	<u>3</u>	<u>1,332,711</u>	<u>1,332,714</u>
<b>Fund Balance, June 30</b>	<u>\$ 3</u>	<u>\$ 1,333,899</u>	<u>\$ 1,333,902</u>

## CAPITAL PROJECTS FUNDS

The Capital Projects Funds are established to account for financial resources designated for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

**Capital Outlay/Capital Projects Fund**—This fund is used to account for financing and construction of general government capital projects. The City of Oxnard finances its capital projects primarily from General Fund revenues, local restricted special revenues, state subventions, and Federal entitlements.

**Community Development Commission**—Used to account for expenditures incurred on the redevelopment projects, finance primarily from tax increments.





City of Oxnard, California

Capital Projects Fund  
 Combining Balance Sheet  
 Year Ended June 30, 2002

	Capital Outlay Fund	Community Development Commission	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 7,692,466	\$ 7,473,390	\$ 15,165,856
Investments with Fiscal Agents	2,669,362	456,029	3,125,391
Account and Other Receivable	1,866,945	511,234	2,378,179
Due From Other Funds	---	---	---
Notes Receivable	---	2,209,273	2,209,273
Properties Held for Resale	---	7,263,384	7,263,384
<b>Total Assets</b>	<b>\$ 12,228,773</b>	<b>\$ 17,913,310</b>	<b>\$ 30,142,083</b>
<b>Liabilities</b>			
Accounts Payable	\$ 223,385	\$ 137,346	\$ 360,731
Other Liabilities	720,103	1,001,420	1,721,523
Due to Other Funds	---	971,784	971,784
Deferred Revenue	2,741,936	---	2,741,936
<b>Total Liabilities</b>	<b>3,685,424</b>	<b>2,110,550</b>	<b>5,795,974</b>
<b>Fund Balances</b>			
<b>Reserved:</b>			
Restricted Revenue	---	---	---
Receivables	---	456,029	456,029
Carryover Savings	---	2,209,273	2,209,273
Properties Held for Resale	---	7,263,384	7,263,384
<b>Total Reserved</b>	<b>---</b>	<b>9,928,686</b>	<b>9,928,686</b>
<b>Unreserved</b>			
Designated for Authorized Projects	7,556,992	2,914,436	10,471,428
Undesignated	986,357	2,959,638	3,945,995
<b>Total Unreserved</b>	<b>8,543,349</b>	<b>5,874,074</b>	<b>14,417,423</b>
<b>Total Fund Balances</b>	<b>8,543,349</b>	<b>15,802,760</b>	<b>24,346,109</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 12,228,773</b>	<b>\$ 17,913,310</b>	<b>\$ 30,142,083</b>

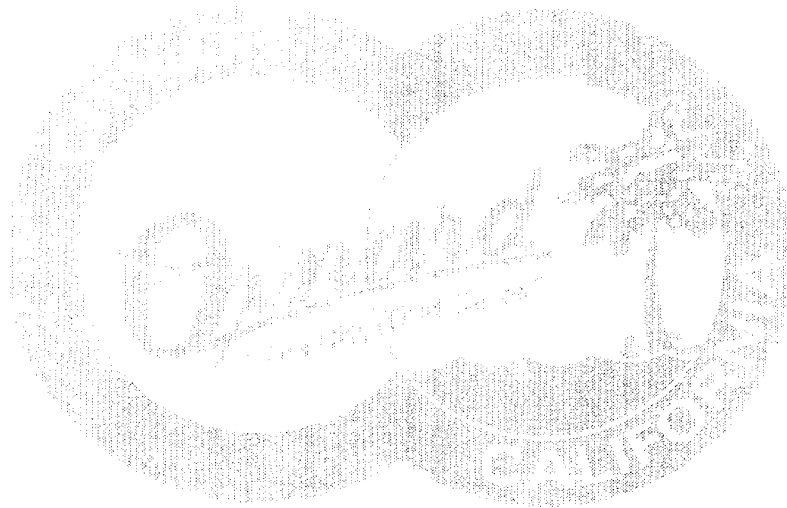
City of Oxnard, California

Capital Projects Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Year Ended June 30, 2002

	Capital Outlay Fund	Community Development Commission	Total
<b>Revenues:</b>			
Taxes	\$ --	\$ 4,558,716	\$ 4,558,716
Intergovernmental	2,548,512	---	2,548,512
Interest	122,999	263,687	386,686
Miscellaneous - Rental Income	753,359	741,900	1,495,259
<b>Total Revenues</b>	<b>\$ 3,424,870</b>	<b>\$ 5,564,303</b>	<b>\$ 8,989,173</b>
<b>Expenditures:</b>			
Community Development	\$ ---	\$ 4,159,795	\$ 4,159,795
Capital Outlay	5,499,588	399,573	5,899,161
<b>Total Expenditures</b>	<b>5,499,588</b>	<b>4,559,368</b>	<b>10,058,956</b>
Excess (Deficiency) of Revenues (Under) Over Expenditures	(2,074,718)	1,004,935	(1,069,783)
Other Financing Source- Operating Transfers In	2,576,650	---	2,576,650
Excess of Revenues and Other Sources Over Expenditures and Other Uses	501,932	1,004,935	1,506,867
<b>Fund Balance, July 1</b>	<b>8,041,417</b>	<b>14,797,825</b>	<b>22,839,242</b>
<b>Fund Balance, June 30</b>	<b>\$ 8,543,349</b>	<b>\$ 15,802,760</b>	<b>\$ 24,346,109</b>



**GOVERNMENTAL FUND TYPES**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual**  
**on Budgetary Basis**



# **GOVERNMENTAL FUND TYPES**

Schedule of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual  
on Budgetary Basis

**City of Oxnard, California**

**General Fund  
Schedule of Resources  
Budget and Actual on a Budgetary Basis  
Year Ended June 30, 2002**

	Original Budget	Changes Increase (Decrease)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Taxes:</b>					
Property Tax	\$ 13,181,600	\$ -	\$ 13,181,600	\$ 14,339,738	\$ 1,158,138
Sales Tax	18,200,000	--	18,200,000	19,846,352	1,646,352
Transient Occupancy Tax	2,400,000	--	2,400,000	2,321,758	(78,242)
<b>Other Taxes:</b>					
Franchise Tax	4,639,000	--	4,639,000	7,104,953	2,465,953
Business License (Net of Refund)	2,400,000	39,500	2,439,500	3,174,931	735,431
Deed Transfer Tax	385,000	--	385,000	608,145	223,145
<b>Total Other Taxes:</b>	<b>7,424,000</b>	<b>39,500</b>	<b>7,463,500</b>	<b>10,888,029</b>	<b>3,424,529</b>
Penalties/Interest on Delinquent Taxes	170,000	--	170,000	284,711	114,711
<b>Total Taxes</b>	<b>41,375,600</b>	<b>39,500</b>	<b>41,415,100</b>	<b>47,680,588</b>	<b>6,265,488</b>
<b>Licenses and Permits</b>	<b>2,213,300</b>	<b>50,000</b>	<b>2,263,300</b>	<b>1,987,392</b>	<b>(275,908)</b>
<b>Intergovernmental:</b>					
<b>State Shared Revenues:</b>					
Homeowners Property Tax Relief	300,000	--	300,000	218,355	(81,645)
State Mandated Reimbursement - SB90	566,000	--	566,000	334,076	(231,924)
P.O.S.T. Reimbursement - Police	--	--	--	113,438	113,438
Motor Vehicle in Lieu of Tax	8,400,000	--	8,400,000	9,928,351	1,528,351
Off Highway Vehicle in Lieu of Tax	4,000	--	4,000	4,175	175
Public Safety Augmentation	870,000	--	870,000	877,457	7,457
AB 1191	175,000	--	175,000	108,199	(66,801)
<b>Total State Shared Revenues</b>	<b>10,315,000</b>	<b>--</b>	<b>10,315,000</b>	<b>11,584,051</b>	<b>1,269,051</b>
<b>Local Shared Revenues:</b>					
Infrastructure Use Revenues	1,902,690	--	1,902,690	1,902,690	--
Indirect Cost Reimbursements	3,357,153	--	3,357,153	3,288,943	(68,210)
<b>Total Local Shared Revenues</b>	<b>5,259,843</b>	<b>--</b>	<b>5,259,843</b>	<b>5,191,633</b>	<b>(68,210)</b>
<b>Total Intergovernmental</b>	<b>15,574,843</b>	<b>--</b>	<b>15,574,843</b>	<b>16,775,684</b>	<b>1,200,841</b>

Continued -

**City of Oxnard, California**

**General Fund  
Schedule of Resources (Continued)  
Budget and Actual on a Budgetary Basis  
Year Ended June 30, 2002**

	Original Budget	Changes Increase (Decrease)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Charges for Services:</b>					
General Government	112,930	--	112,930	160,123	47,193
Public Safety	1,049,332	(1,500)	1,047,832	1,451,935	404,103
Parks and Recreation	449,763	10,000	459,763	440,863	(18,900)
Community Development	1,673,300	20,500	1,693,800	2,605,921	912,121
Other Current Service Charges	64,000	--	64,000	104,262	40,262
Tipping Fees	90,000	--	90,000	110,000	20,000
Miscellaneous Service Charges	131,150	--	131,150	111,299	(19,851)
Services to Other Programs	2,721,823	93,460	2,815,283	2,924,240	108,957
<b>Total Charges for Services</b>	<b>6,292,298</b>	<b>122,460</b>	<b>6,414,758</b>	<b>7,908,643</b>	<b>1,493,885</b>
<b>Fines and Forfeitures:</b>					
Interest	675,300	--	675,300	1,042,105	366,805
<b>Total Fines and Forfeitures</b>	<b>675,300</b>	<b>--</b>	<b>675,300</b>	<b>1,042,105</b>	<b>366,805</b>
<b>Miscellaneous:</b>					
Rent and Royalties	48,002	19,750	67,752	46,532	(21,220)
Reimbursements	190,650	11,580	202,230	255,269	53,039
Bond Deposits	6,000	--	6,000	34,437	28,437
Payments on Loans	--	--	--	385,113	385,113
Other	749,171	(208,290)	540,881	510,435	(30,446)
Special Assessments - Other	69,300	--	69,300	70,930	1,630
<b>Sale of Fixed Assets:</b>					
Sale of Vehicle/Equipment	45,000	--	45,000	96,935	51,935
Sale of Unclaimed Property	7,000	--	7,000	22,985	15,985
<b>Total Sale of Fixed Assets</b>	<b>52,000</b>	<b>--</b>	<b>52,000</b>	<b>119,920</b>	<b>67,920</b>
<b>Total Miscellaneous</b>	<b>1,115,123</b>	<b>(176,960)</b>	<b>938,163</b>	<b>1,422,636</b>	<b>484,473</b>
<b>Total Operating Revenues</b>	<b>69,933,864</b>	<b>161,000</b>	<b>70,094,864</b>	<b>79,239,212</b>	<b>9,144,348</b>
<b>Other Financing Sources:</b>					
Proceeds from Capital Lease	2,912,600	--	2,912,600	2,705,584	(207,016)
<b>Total Other Financing Sources</b>	<b>2,912,600</b>	<b>--</b>	<b>2,912,600</b>	<b>2,705,584</b>	<b>(207,016)</b>
<b>Total Revenues</b>	<b>72,846,464</b>	<b>161,000</b>	<b>73,007,464</b>	<b>81,944,796</b>	<b>8,937,332</b>
<b>Fund Balance - Budgetary Basis July 1, 2001</b>	<b>21,496,145</b>	<b>--</b>	<b>21,496,145</b>	<b>21,496,145</b>	<b>--</b>
<b>Total Resources</b>	<b>\$ 94,342,609</b>	<b>\$ 161,000</b>	<b>\$ 94,503,609</b>	<b>\$ 103,440,941</b>	<b>\$ 8,937,332</b>

**City of Oxnard, California**

**General Fund  
Schedule of Requirements  
Budget and Actual on a Budgetary Basis  
Year Ended June 30, 2002**

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

Continued -

**City of Oxnard, California**

**General Fund  
Schedule of Requirements (Continued)  
Budget and Actual on a Budgetary Basis  
Year Ended June 30, 2002**

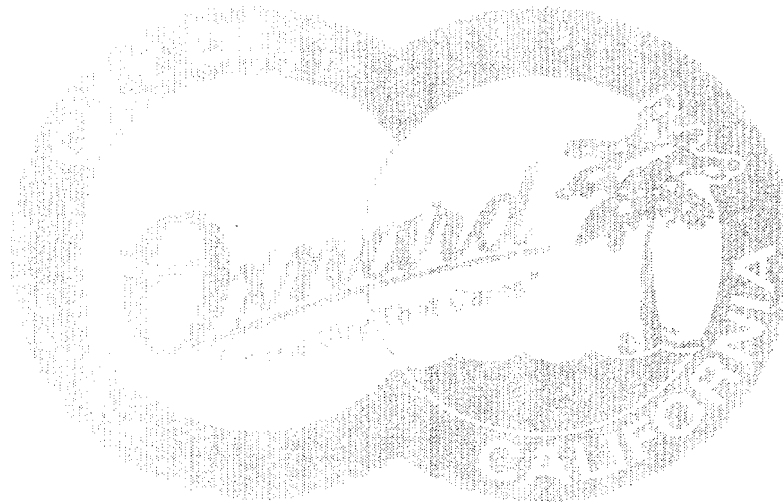
	Original Budget	Changes Increase (Decrease)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Transportation:</b>	<b>775,109</b>	<b>2,521</b>	<b>777,630</b>	<b>797,735</b>	<b>(20,105)</b>
<b>Community Development:</b>					
Engineering Services - Design	1,092,579	59,504	1,152,083	1,115,997	36,086
Public Service Administration	259,143	8,253	267,396	314,453	(47,057)
Planning and Environmental Services	1,053,248	298,620	1,351,868	1,092,821	259,047
Economic Development and Tourism Service	483,053	22,940	505,993	505,993	-
Development and Construction Service	2,103,189	42,943	2,146,132	2,249,766	(103,634)
Development Support/Public Projects	426,136	8,978	435,114	431,754	3,360
Housing Services	98,885	57,430	156,315	139,095	17,220
Neighborhood Services	157,203	15,197	172,400	165,287	7,113
Human Services	1,214,818	153,209	1,368,027	1,336,555	31,472
<b>Total Community Development</b>	<b>6,888,254</b>	<b>667,074</b>	<b>7,555,328</b>	<b>7,351,721</b>	<b>203,607</b>
<b>Culture and Leisure:</b>					
Recreation Services	1,410,152	167,502	1,577,654	1,737,155	(159,501)
Carnegie Art Museum	230,740	38,650	269,390	266,524	2,866
Parks and Public Grounds	3,896,949	246,799	4,143,746	4,538,320	(394,574)
<b>Total Culture and Leisure</b>	<b>5,537,839</b>	<b>452,951</b>	<b>5,990,790</b>	<b>6,541,999</b>	<b>(551,209)</b>
<b>Library Services:</b>	<b>2,597,889</b>	<b>188,566</b>	<b>2,786,455</b>	<b>2,790,310</b>	<b>(3,855)</b>
<b>Capital Outlay:</b>					
<b>General Government</b>					
Legislative	1,500	-	1,500	1,125	375
Administration and Support Services	3,211,702	-	3,211,702	3,029,264	182,438
<b>Public Safety</b>					
Police	1,131,507	-	1,131,507	1,083,970	47,537
Fire	175,509	-	175,509	187,818	(12,309)
<b>Transportation:</b>	<b>75,255</b>	<b>-</b>	<b>75,255</b>	<b>67,339</b>	<b>7,916</b>

Continued -

**City of Oxnard, California**

**General Fund  
Schedule of Requirements (Continued)  
Budget and Actual on a Budgetary Basis  
Year Ended June 30, 2002**

	Original Budget	Changes Increase (Decrease)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Communities Development</b>					
Engineering Services - Design	16,610		16,610	16,610	
Public Service Administration	1,977		1,977	1,977	
Development and Construction Services	159,249		159,249	158,713	536
Development Support/Public Projects	3,547		3,547	1,636	1,911
Neighborhood Services	19,324		19,324	19,324	
<b>Culture and Leisure</b>					
Recreation Services	35,000		35,000	--	35,000
Parks and Public Grounds	192,365		5,159,128	210,915	(18,550)
<b>Library Services</b>	135,583		135,583	135,583	--
<b>Total Capital Outlay</b>	<u>5,159,128</u>	<u>--</u>	<u>71,399,852</u>	<u>4,914,274</u>	<u>244,854</u>
<b>Total Operating Expenditures</b>	<u>64,865,980</u>	<u>6,533,872</u>	<u>71,399,852</u>	<u>71,374,194</u>	<u>25,658</u>
<b>Other Financing Uses:</b>					
Capital Outlay Fund	2,197,731		2,197,731	2,197,731	--
City of Oxnard Financing Authority	1,742,251	(59,950)	1,682,301	1,412,188	270,113
PACC Operating Fund	724,849		724,849	724,849	--
Golf Course Fund	947,981		947,981	947,981	--
<b>Total Operating Transfers Out</b>	<u>5,612,812</u>	<u>(59,950)</u>	<u>5,552,862</u>	<u>5,282,749</u>	<u>270,113</u>
<b>Total Expenditures</b>	<u>70,478,792</u>	<u>6,473,922</u>	<u>76,952,714</u>	<u>76,656,943</u>	<u>295,771</u>
<b>Fund Balance - June 30, 2002</b>	<u>23,863,817</u>	<u>(6,312,922)</u>	<u>17,550,895</u>	<u>26,783,998</u>	<u>(9,233,103)</u>
<b>Total Requirements</b>	<u>\$ 94,342,609</u>	<u>\$ 161,000</u>	<u>\$ 94,503,609</u>	<u>\$ 103,440,941</u>	<u>\$ (8,937,332)</u>



**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Taxes	\$ 3,618,996	\$ 26,520	\$ 3,645,516	\$ 5,189,718	\$ 1,544,202
Intergovernmental	11,362,869	18,328,312	29,691,181	18,367,112	(11,324,069)
Growth and Development Fees	8,637,040	300,000	8,937,040	7,432,528	(1,504,512)
Fines and Forfeitures	750,000	---	750,000	369,732	(380,268)
Interest	947,166	3,535	950,701	1,538,590	587,889
Special Assessment	1,505,800	---	1,505,800	1,515,592	9,792
Miscellaneous	412,272	---	412,272	654,410	242,138
<b>Total Revenues</b>	<b>27,234,143</b>	<b>18,658,367</b>	<b>45,892,510</b>	<b>35,067,682</b>	<b>(10,824,828)</b>
<b>Expenditures:</b>					
Public Safety	3,618,996	322,039	3,941,035	5,618,687	(1,677,652)
Transportation	3,741,601	3,399,702	7,141,303	3,946,020	3,195,283
Community Development	4,234,544	10,230,684	14,465,228	3,881,091	10,584,137
Culture and Leisure	215,500	363,405	578,905	1,043,207	(464,302)
Capital Outlay	4,868,938	34,230,320	39,099,258	13,207,792	25,891,466
<b>Total Expenditures</b>	<b>16,679,579</b>	<b>48,546,150</b>	<b>65,225,729</b>	<b>27,696,797</b>	<b>37,528,932</b>
Excess (deficiency) of Revenues Over Expenditures	10,554,564	(29,887,783)	(19,333,219)	7,370,885	(26,704,104)
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	---	---	---	1,265,481	1,265,481
Operating Transfers Out	(4,959,630)	2,907,356	(2,052,274)	(2,764,183)	(711,909)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,959,630)</b>	<b>2,907,356</b>	<b>(2,052,274)</b>	<b>(1,498,702)</b>	<b>553,572</b>
Excess (deficiency) of Revenues Over (under) Expenditures	5,594,934	(26,980,427)	(21,385,493)	5,872,183	27,257,676
<b>Fund Balance, July 1</b>	<b>31,088,442</b>	<b>(21,541,285)</b>	<b>9,547,157</b>	<b>34,154,577</b>	<b>24,607,420</b>
<b>Fund Balance, June 30</b>	<b>\$ 36,683,376</b>	<b>\$ (48,521,712)</b>	<b>\$ (11,838,336)</b>	<b>\$ 40,026,760</b>	<b>\$ 51,865,096</b>



**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>PARK FEES QUIMBY RESERVE FUND</b>					
<b>Revenues:</b>					
Growth and Development Fees	\$ 2,354,040	\$ --	\$ 2,354,040	\$ 1,575,450	\$ (778,590)
Interest	290,000	--	290,000	322,803	32,803
Miscellaneous	--	--	--	3,500	3,500
<b>Total Revenues</b>	<b>2,644,040</b>	<b>--</b>	<b>2,644,040</b>	<b>1,901,753</b>	<b>(742,287)</b>
<b>Expenditures:</b>					
Community Development	--	271,210	271,210	--	271,210
Capital Outlay	2,354,040	4,498,472	6,852,512	490,788	6,361,724
<b>Total Expenditures</b>	<b>2,354,040</b>	<b>4,769,682</b>	<b>7,123,722</b>	<b>490,788</b>	<b>6,632,934</b>
Excess (deficiency) of Revenues Over Expenditures	290,000	(4,769,682)	(4,479,682)	1,410,965	5,890,647
<b>Other Financing Sources (Uses):</b>					
Operating Transfers Out	(290,000)	263,131	(26,869)	--	26,869
<b>Total Other Financing Sources (Uses)</b>	<b>(290,000)</b>	<b>263,131</b>	<b>(26,869)</b>	<b>--</b>	<b>26,869</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	(4,506,551)	(4,506,551)	1,410,965	5,917,516
<b>Fund Balance, July 1</b>	<b>6,817,571</b>	<b>(2,909,388)</b>	<b>3,908,183</b>	<b>6,874,766</b>	<b>2,966,583</b>
<b>Fund Balance, June 30</b>	<b>\$ 6,817,571</b>	<b>\$ (7,415,939)</b>	<b>\$ (598,368)</b>	<b>\$ 8,285,731</b>	<b>\$ 8,884,099</b>

Continued -

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>PARKS ACQUISITIONS AND DEVELOPMENT FUND</b>					
<b>Revenues:</b>					
Growth and Development Fees	\$ 190,000	\$ --	\$ 190,000	\$ 127,750	\$ (62,250)
Interest	--	--	--	29,198	29,198
<b>Total Revenues</b>	<b>190,000</b>	<b>--</b>	<b>190,000</b>	<b>156,948</b>	<b>(33,052)</b>
<b>Expenditures:</b>					
Community Development	--	317,436	317,436	--	317,436
Capital Outlay	--	246,361	246,361	270,832	(24,471)
<b>Total Expenditures</b>	<b>--</b>	<b>563,797</b>	<b>563,797</b>	<b>270,832</b>	<b>292,965</b>
Excess (Deficiency) of Revenues Over Expenditures	190,000	(563,797)	(373,797)	(113,884)	259,913
<b>Other Financing Sources (Uses):</b>					
Operating Transfers Out	(190,000)	62,268	(127,732)	--	127,732
<b>Total Other Financing Sources (Uses)</b>	<b>(190,000)</b>	<b>62,268</b>	<b>(127,732)</b>	<b>--</b>	<b>127,732</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	(501,529)	(501,529)	(113,884)	387,645
<b>Fund Balance, July 1</b>	<b>728,733</b>	<b>(371,249)</b>	<b>357,484</b>	<b>650,717</b>	<b>293,233</b>
<b>Fund Balance, June 30</b>	<b>\$ 728,733</b>	<b>\$ (872,778)</b>	<b>\$ (144,045)</b>	<b>\$ 536,833</b>	<b>\$ 680,878</b>

Continued -



**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>STORM DRAIN FACILITIES FUND</b>					
<b>Revenues:</b>					
Growth and Development Fees	\$ 1,861,000	\$ 300,000	\$ 2,161,000	\$ 1,353,016	\$ (807,984)
Interest	160,000	---	160,000	241,453	81,453
Other Financing Sources	---	---	---	64,226	64,226
<b>Total Revenues</b>	<b>2,021,000</b>	<b>300,000</b>	<b>2,321,000</b>	<b>1,658,695</b>	<b>(662,305)</b>
<b>Expenditures:</b>					
Community Development	355,573	3,983	359,556	---	359,556
Capital Outlay	---	4,838,825	4,838,825	1,040,749	3,798,076
<b>Total Expenditures</b>	<b>355,573</b>	<b>4,842,808</b>	<b>5,198,381</b>	<b>1,040,749</b>	<b>4,157,632</b>
Excess (Deficiency) of Revenues Over Expenditures	1,665,427	(4,542,808)	(2,877,381)	617,946	3,495,327
<b>Other Financing Sources (Uses):</b>					
Operating Transfers Out	(538,904)	---	(538,904)	---	538,904
<b>Total Other Financing Sources (Uses)</b>	<b>(538,904)</b>	<b>---</b>	<b>(538,904)</b>	<b>---</b>	<b>538,904</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,126,523	(4,542,808)	(3,416,285)	617,946	4,034,231
<b>Fund Balance, July 1</b>	<b>4,141,877</b>	<b>(3,771,157)</b>	<b>370,720</b>	<b>5,378,270</b>	<b>5,007,550</b>
<b>Fund Balance (Deficit), June 30</b>	<b>\$ 5,268,400</b>	<b>\$ (8,313,965)</b>	<b>\$ (3,045,565)</b>	<b>\$ 5,996,216</b>	<b>\$ 9,041,781</b>

Continued

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>CIRCULATION SYSTEM IMPROVEMENT FEE FUND</b>					
<b>Revenues:</b>					
Growth and Development Fees	\$ 2,110,000	\$ ----	\$ 2,110,000	\$ 2,106,567	\$ (3,433)
Interest	140,000	---	140,000	271,616	131,616
<b>Total Revenues</b>	<b>2,250,000</b>	<b>---</b>	<b>2,250,000</b>	<b>2,378,183</b>	<b>128,183</b>
<b>Expenditures:</b>					
Community Development	967,389	630,261	1,597,650	---	1,597,650
Capital Outlay	585,000	5,600,710	6,185,710	2,091,521	4,094,189
<b>Total Expenditures</b>	<b>1,552,389</b>	<b>6,230,971</b>	<b>7,783,360</b>	<b>2,091,521</b>	<b>5,691,839</b>
Excess (Deficiency) of Revenues over Expenditures	697,611	(6,230,971)	(5,533,360)	286,662	5,820,022
<b>Other Financing Sources (Uses):</b>					
Operating Transfers Out	(47,000)	(378,919)	(425,919)	(378,919)	47,000
<b>Total Other Financing Sources (Uses)</b>	<b>(47,000)</b>	<b>(378,919)</b>	<b>(425,919)</b>	<b>(378,919)</b>	<b>47,000</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	650,611	(6,609,890)	(5,959,279)	(92,257)	5,867,022
<b>Fund Balance, July 1</b>	<b>5,033,720</b>	<b>(2,872,891)</b>	<b>2,160,829</b>	<b>6,169,467</b>	<b>4,008,638</b>
<b>Fund Balance (Deficit), June 30</b>	<b>\$ 5,684,331</b>	<b>\$ (9,482,781)</b>	<b>\$ (3,798,450)</b>	<b>\$ 6,077,210</b>	<b>\$ 9,875,660</b>

Continued

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>CAPITAL GROWTH FEES - RESIDENTIAL FUND</b>					
<b>Revenues:</b>					
Growth and Development Fees	\$ 1,800,000	-	\$ 1,800,000	\$ 1,049,847	\$ (750,153)
Interest	53,666	-	53,666	119,239	65,573
<b>Total Revenues</b>	<b>1,853,666</b>	<b>-</b>	<b>1,853,666</b>	<b>1,169,086</b>	<b>(684,580)</b>
<b>Expenditures:</b>					
Community Development	1,123,783	-	1,123,783	-	1,123,783
Capital Outlay	-	-	-	2,560	(2,560)
<b>Total Expenditures</b>	<b>1,123,783</b>	<b>-</b>	<b>1,123,783</b>	<b>2,560</b>	<b>1,121,223</b>
Excess (Deficiency) of Revenues Over Expenditures	729,883	-	729,883	1,166,526	436,643
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	-	-	-	1,265,481	1,265,481
Operating Transfers Out	-	-	-	(1,119,783)	(1,119,783)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>145,698</b>	<b>145,698</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Financing Uses	729,883	-	729,883	1,312,224	582,341
<b>Fund Balance, July 1</b>	<b>1,277,739</b>	<b>-</b>	<b>1,277,739</b>	<b>638,099</b>	<b>(639,640)</b>
<b>Fund Balance (Deficit), June 30</b>	<b>\$ 2,007,622</b>	<b>-</b>	<b>\$ 2,007,622</b>	<b>\$ 1,950,323</b>	<b>\$ (57,299)</b>

Continued

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>CAPITAL GROWTH FEES - NON-RESIDENTIAL FUND</b>					
<b>Revenues:</b>					
Growth and Development Fees	\$ 280,000	\$ -	\$ 280,000	\$ 349,820	\$ 69,820
Interest	45,000	-	45,000	46,181	1,181
<b>Total Revenues</b>	<b>325,000</b>	<b>-</b>	<b>325,000</b>	<b>396,001</b>	<b>71,001</b>
<b>Expenditures:</b>					
Community Development	-	7,429	7,429	-	7,429
<b>Total Expenditures</b>	<b>-</b>	<b>7,429</b>	<b>7,429</b>	<b>-</b>	<b>7,429</b>
Excess (Deficiency) of Revenues over Expenditures	325,000	(7,429)	317,571	396,001	78,430
<b>Other Financing Sources (Uses):</b>					
Operating Transfers Out	-	-	-	(1,265,481)	(1,265,481)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,265,481)</b>	<b>(1,265,481)</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	325,000	(7,429)	317,571	(869,480)	(1,187,051)
<b>Fund Balance, July 1</b>	<b>1,373,425</b>	<b>-</b>	<b>1,373,425</b>	<b>1,483,405</b>	<b>109,980</b>
<b>Fund Balance, June 30</b>	<b>\$ 1,698,425</b>	<b>\$ (7,429)</b>	<b>\$ 1,690,996</b>	<b>\$ 613,925</b>	<b>\$ 1,077,071</b>

Continued

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>UTILITIES UNDERGROUNDING FEES FUND</b>					
<b>Revenues:</b>					
Growth and Development Fees	\$ 42,000	\$ --	\$ 42,000	\$ 98,535	\$ 56,535
Interest	62,000	--	62,000	63,334	1,334
<b>Total Revenues</b>	<b>104,000</b>	<b>--</b>	<b>104,000</b>	<b>161,869</b>	<b>57,869</b>
<b>Expenditures:</b>					
Community Development	--	96,026	96,026	--	96,026
<b>Total Expenditures</b>	<b>--</b>	<b>96,026</b>	<b>96,026</b>	<b>--</b>	<b>96,026</b>
Excess (Deficiency) of Revenues and Expenditures	104,000	(96,026)	7,974	161,869	153,895
Fund Balance, July 1	1,258,086	(98,126)	1,159,960	1,379,457	219,497
<b>Fund Balance (Deficit), June 30</b>	<b>\$ 1,362,086</b>	<b>\$ (194,152)</b>	<b>\$ 1,167,934</b>	<b>\$ 1,541,326</b>	<b>\$ 373,392</b>

Continued -

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>HOUSING IN-LIEU FUND</b>					
<b>Revenues:</b>					
Growth and Development Fees	--	\$ --	\$ --	\$ 771,543	\$ 771,543
Interest	--	--	--	37,270	37,270
<b>Total Revenues</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>808,813</b>	<b>808,813</b>
<b>Expenditures:</b>					
Community Development	--	15,549	15,549	13,068	2,481
Capital Outlay	--	54,000	54,000	--	54,000
<b>Total Expenditures</b>	<b>--</b>	<b>69,549</b>	<b>69,549</b>	<b>13,068</b>	<b>56,481</b>
Excess (Deficiency) of Revenues over Expenditures	--	(69,549)	(69,549)	795,745	865,294
Fund Balance, July 1	--	418,902	418,902	394,688	(24,214)
<b>Fund Balance (Deficit), June 30</b>	<b>--</b>	<b>\$ 349,353</b>	<b>\$ 349,353</b>	<b>\$ 1,190,433</b>	<b>\$ 841,080</b>

Continued -

**City of Oxnard, California**

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

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

Continued -

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>STATE AND FEDERAL GRANTS FUND</b>					
<b>Revenues:</b>					
Taxes	\$ 3,645,516	---	\$ 3,645,516	\$ 5,189,718	\$ 1,544,202
Intergovernmental	20,977,243	---	20,977,243	7,134,155	(13,843,088)
Interest	6,228	---	6,228	197,107	190,879
Miscellaneous	---	---	---	76,906	76,906
<b>Total Revenues</b>	<b>24,628,987</b>	<b>---</b>	<b>24,628,987</b>	<b>12,597,886</b>	<b>(12,031,101)</b>
<b>Expenditures:</b>					
Public Safety	11,482,413	---	11,482,413	5,618,687	5,863,726
Transportation	575,272	---	575,272	181,136	394,136
Community Development	301,687	---	301,687	179,205	122,482
Culture and Leisure	1,697,419	---	1,697,419	541,053	1,156,366
Capital Outlay	12,626,682	---	12,626,682	4,147,966	8,478,716
<b>Total Expenditures</b>	<b>26,683,473</b>	<b>---</b>	<b>26,683,473</b>	<b>10,668,047</b>	<b>16,015,426</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,054,486)	---	(2,054,486)	1,929,839	3,984,325
Operating Transfers In	---	---	---	---	---
Operating Transfers Out	---	---	---	---	---
<b>Total Other Financing Sources (Uses)</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(2,054,486)	---	(2,054,486)	1,929,839	3,984,325
<b>Fund Balance, July 1</b>	<b>3,709,879</b>	<b>---</b>	<b>3,709,879</b>	<b>3,709,879</b>	<b>---</b>
<b>Fund Balance, June 30</b>	<b>\$ 1,655,393</b>	<b>---</b>	<b>\$ 1,655,393</b>	<b>\$ 5,639,718</b>	<b>\$ 3,984,325</b>

Continued -

**City of Oxnard, California**

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

	Original 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	\$ 3,337,806	\$ (222,694)
Interest	100,500	--	100,500	91,438	(9,062)
Miscellaneous	249,000	--	249,000	148,731	(100,269)
<b>Total Revenues</b>	<b>3,910,000</b>	<b>--</b>	<b>3,910,000</b>	<b>3,577,975</b>	<b>(332,025)</b>
<b>Expenditures:</b>					
Transportation	2,554,338	146,636	2,700,974	2,667,503	33,471
Capital Outlay	3,520	1,722,636	1,726,156	489,503	1,236,653
<b>Total Expenditures</b>	<b>2,557,858</b>	<b>1,869,272</b>	<b>4,427,130</b>	<b>3,157,006</b>	<b>1,270,124</b>
Excess (Deficiency) of Revenues over Expenditures	1,352,142	(1,869,272)	(517,130)	420,969	938,099
<b>Other Financing Sources (Uses):</b>					
Operating Transfers Out	(1,000,000)	72,736	(927,264)	--	927,264
<b>Total Other Financing Sources (Uses)</b>	<b>(1,000,000)</b>	<b>72,736</b>	<b>(927,264)</b>	<b>--</b>	<b>927,264</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	352,142	(1,796,536)	(1,444,394)	420,969	1,865,363
<b>Fund Balance, July 1</b>	<b>2,115,862</b>	<b>(1,526,448)</b>	<b>589,414</b>	<b>1,920,685</b>	<b>1,331,271</b>
<b>Fund Balance (Deficit), June 30</b>	<b>\$ 2,468,004</b>	<b>\$ (3,322,984)</b>	<b>\$ (854,980)</b>	<b>\$ 2,341,654</b>	<b>\$ 3,196,634</b>

Continued -

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>TRAFFIC SAFETY FUND</b>					
<b>Revenues:</b>					
Fines and Forfeitures	\$ 750,000	\$ --	\$ 750,000	\$ 369,732	\$ (380,268)
Miscellaneous	--	--	--	6,984	6,984
<b>Total Revenues</b>	<b>750,000</b>	<b>--</b>	<b>750,000</b>	<b>376,716</b>	<b>(373,284)</b>
<b>Expenditures:</b>					
Transportation	722,359	--	722,359	601,456	120,903
Capital Outlay	50,000	210,576	260,576	191,145	69,431
<b>Total Expenditures</b>	<b>772,359</b>	<b>210,576</b>	<b>982,935</b>	<b>792,601</b>	<b>190,334</b>
Excess (Deficiency) of Revenues and Expenditures	(22,359)	(210,576)	(232,935)	(415,885)	(182,950)
<b>Fund Balance, July 1</b>	<b>717,750</b>	<b>(325,838)</b>	<b>391,912</b>	<b>606,661</b>	<b>214,749</b>
<b>Fund Balance (Deficit), June 30</b>	<b>\$ 695,391</b>	<b>\$ (536,414)</b>	<b>\$ 158,977</b>	<b>\$ 190,776</b>	<b>\$ 31,799</b>

Continued -

**City of Oxnard, California**

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

	Original Budget	Changes Increases (Decreases)	Revised Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
<b>TRANSPORTATION DEVELOPMENT FUND</b>					
<b>Revenues:</b>					
Intergovernmental	\$ 3,469,996	\$ 100,376	\$ 3,570,372	\$ 3,641,402	\$ 71,030
Miscellaneous	163,272	--	163,272	169,873	6,601
<b>Total Revenues</b>	<b>3,633,268</b>	<b>100,376</b>	<b>3,733,644</b>	<b>3,811,275</b>	<b>77,631</b>
<b>Expenditures:</b>					
Transportation	464,904	2,661,276	3,126,180	495,925	2,670,255
Capital Outlay	223,900	2,519,596	2,743,496	2,117,265	626,231
<b>Total Expenditures</b>	<b>688,804</b>	<b>5,180,872</b>	<b>5,869,676</b>	<b>2,613,190</b>	<b>3,256,486</b>
Excess (Deficiency) of Revenues over Expenditures	2,944,464	(5,080,496)	(2,136,032)	1,198,085	3,334,117
<b>Other Financing Uses:</b>					
Operating Transfers out	(2,891,226)	2,890,800	(426)	--	426
<b>Total Other Financing Sources (Uses)</b>	<b>(2,891,226)</b>	<b>2,890,800</b>	<b>(426)</b>	<b>--</b>	<b>426</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	53,238	(2,189,696)	(2,136,458)	1,198,085	3,334,543
Fund Balance, July 1	2,817,334	(2,777,108)	40,226	1,786,472	1,746,246
<b>Fund Balance, June 30</b>	<b>\$ 2,870,572</b>	<b>\$ (4,966,804)</b>	<b>\$ (2,096,232)</b>	<b>\$ 2,984,557</b>	<b>\$ 5,080,789</b>

Continued -

**City of Oxnard, California**

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

	Original 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	\$ 118,951	\$ 22,951
Special Assessments	1,505,800	--	1,505,800	1,515,592	9,792
<b>Total Revenues</b>	<b>1,601,800</b>	<b>--</b>	<b>1,601,800</b>	<b>1,634,543</b>	<b>32,743</b>
<b>Expenditures:</b>					
Community Development	--	--	--	2,025,596	2,025,596
Capital Outlay	22,089	1,200	23,289	--	(23,289)
<b>Total Expenditures</b>	<b>22,089</b>	<b>1,200</b>	<b>23,289</b>	<b>2,025,596</b>	<b>2,002,307</b>
Excess (Deficiency) of Revenues over Expenditures	1,579,711	(1,200)	1,578,511	(391,053)	(1,969,564)
Fund Balance, July 1	4,512,432	(2,503,212)	2,009,220	2,833,040	823,820
<b>Fund Balance (Deficit), June 30</b>	<b>\$ 6,092,143</b>	<b>\$ (2,504,412)</b>	<b>\$ 3,587,731</b>	<b>\$ 2,441,987</b>	<b>\$ (1,145,744)</b>

Continued -

**City of Oxnard, California**

**Debt Service Funds**  
**Schedule of Revenue Expenditures and Changes in Fund Balances (Continued)**  
**Budget and Actual On Budgetary Basis**  
**Year Ended June 30, 2002**

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



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## APPENDIX D

### FORM OF BOND COUNSEL OPINION

Closing Date, 2003

Board of Directors  
City of Oxnard Financing Authority  
300 West Third Street  
Oxnard, California 93030

\$43,785,000  
City of Oxnard Financing Authority  
Wastewater Revenue Refunding Bonds  
Series 2003  
(Final Opinion)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Oxnard Financing Authority (the "Authority") of \$43,785,000 aggregate principal amount of the City of Oxnard Financing Authority Wastewater Revenue Refunding Bonds, Series 2003 (the "Bonds"), pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and the provisions of an Indenture, dated as of March 1, 2003 (the "Indenture"), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture and in the Amended and Restated Installment Purchase Agreement, dated as of March 1, 2003 (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 City. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented,

warranted, or certified in the documents, and of the legal conclusions contained in the opinion, referred to in the second paragraph hereof.

Furthermore, we have assumed compliance with all covenants and agreements contained in the 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, and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

Except as stated in paragraph (3), we express no opinion as to federal or State of California tax consequences of the ownership of the Bonds, including whether interest on the Bonds is (a) included in the calculation of the amount subject to the "branch-level" tax imposed by Section 884 of the Code upon the earnings of certain foreign corporations engaged in a trade or business within the United States or (b) included in the income of certain Subchapter S corporations for purposes of the tax imposed thereon by Section 1375 of the Code. We also express no opinion as to any other federal, state or local or any foreign tax consequences with respect to acquisition, ownership or disposition of the Bonds.

Respectfully submitted,

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by and between the City of Oxnard Financing Authority (the "Authority") and Wells Fargo Bank, National Association, in its capacity as dissemination agent (the "Dissemination Agent"), in connection with the issuance by the Authority of its Wastewater Revenue Refunding Bonds, Series 2003, in the aggregate principal amount of \$43,785,000 (the "Bonds"). The Bonds are being issued pursuant to Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53580) of the California Government Code and the provisions of an Indenture, dated as of March 1, 2003 (the "Indenture"), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"), in order to provide funds to refund certain outstanding obligations of the Authority. The Authority and the Dissemination Agent hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the parties hereto for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities and Exchange Act of 1934.

Section 2. Definitions. In addition to the definitions set forth in the Indenture and in the Amended and Restated Installment Purchase Agreement, dated as of March 1, 2003 (the "Installment Purchase Agreement"), by and between the Authority and the City of Oxnard (the "City"), which apply to any capitalized terms used in this Disclosure Agreement, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

*"Annual Report"* shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

*"Annual Report Date"* shall mean the date in each year that is six (6) months after the end of the Authority's fiscal year, the end of which, as of the date of this Disclosure Agreement, is June 30.

*"Dissemination Agent"* shall mean Wells Fargo Bank, National Association, or any successor Dissemination Agent designated in writing by the Authority, which successor must have filed a written acceptance of such designation with the Authority.

*"Listed Events"* shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

*"National Repository"* shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. A list of the approved National Repositories can be found on the Securities and Exchange Commission website at <http://www.sec.gov/info/municipal/nrmsir.htm>.

*"Official Statement"* means the Official Statement relating to the Bonds.

*"Participating Underwriter"* shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

*"Repository"* shall mean each National Repository and each State Repository.

*"Rule"* shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State Repository*” shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized by the Securities and Exchange Commission. As of the date of this 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 December 31, 2003, provide to each Repository and any Participating Underwriter an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement, with a copy to the Trustee and the Participating Underwriter. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the Authority. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the City may be submitted separately from the balance of the Annual Report, and not later than the date required above for the filings of the Annual Report. If the Authority’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority and shall have no duty or obligation to review such Annual Report.

(b) If the Authority is unable to provide the Repositories with an Annual Report by the date required in subsection (a), the Authority shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

1. determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any;
2. file a report with the Authority and the Trustee (if the Dissemination Agent is other than the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided; and
3. take any other actions mutually agreed upon between the Dissemination Agent and the Authority.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City, which include information regarding the funds and accounts of the Authority, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available at the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the City, the Authority and the Bonds for the fiscal year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the City for such Fiscal Year described in subsection (a) above:

1. Principal amount of the Bonds (including principal amount and years of maturity of Bonds, if any, called for redemption in advance of maturity) and any bonds issued to refund the same.
2. Balance in the funds and accounts established under the 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 Treatment Plant or the other facilities comprising the Wastewater System, or the operation thereof, as described in the Official Statement under the following subheadings of the section entitled "WASTEWATER SYSTEM":
  - Service Area
  - Sources of Wastewater System Revenues
  - Wastewater Rates and Charges
  - Wastewater Connection Fees
  - Actual and Projected Operating Results (only actual results required)
  - Fiscal Year 2002-2003 Budget (updated for applicable Fiscal Year)
  - Outstanding Debt
  - Plans for Future Indebtedness

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City, the Authority or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders.
8. Bond calls.
9. Defeasances.
10. Release, substitution, or sale of property securing repayments of the securities.
11. Rating changes.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall as soon as possible determine if such event would be material under applicable federal securities law.

(c) If the Authority determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities law, the Authority shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each Repository, with a copy to the Trustee and the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the 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 Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Date: [Closing Date]

CITY OF OXNARD FINANCING AUTHORITY

By: \_\_\_\_\_  
Authorized Signatory

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Signatory



EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT  
NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF  
FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Oxnard Financing Authority

Name of Bond Issue: City of Oxnard Financing Authority Wastewater Revenue Refunding  
Bonds, Series 2003

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 MUNICIPAL BOND INSURANCE POLICY**

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Financial Guaranty Insurance  
Company, doing business in California  
as FGIC Insurance Company  
125 Park Avenue  
New York, NY 10017  
(212) 312-3000  
(800) 352-0001



A GE Capital Company

## Municipal Bond New Issue Insurance Policy

<b>Issuer:</b>	<b>Policy Number:</b>
	<b>Control Number:</b> 0010001
<b>Bonds:</b>	<b>Premium:</b>

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, the portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date

Financial Guaranty Insurance  
Company, doing business in California  
as FGIC Insurance Company  
125 Park Avenue  
New York, NY 10017  
(212) 312-3000  
(800) 352-0001



*A GE Capital Company*

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## Municipal Bond New Issue Insurance Policy

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for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in accordance to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

A handwritten signature in cursive script, reading "Deborah M. Reif".

**President**

**Effective Date:**

**Authorized Representative**

U.S. Bank Trust National Association, acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

A handwritten signature in cursive script, appearing to be "J. M. [unclear]".

**Authorized Officer**

Financial Guaranty Insurance  
Company, doing business in California  
as FGIC Insurance Company  
125 Park Avenue  
New York, NY 10017  
(212) 312-3000  
(800) 352-0001



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## Endorsement To Financial Guaranty Insurance Company Insurance Policy

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**Policy Number:**

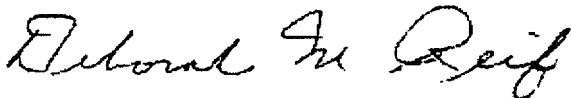
**Control Number:** 0010001

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It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

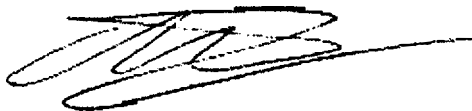


**President**

**Effective Date:**

**Authorized Representative**

**Acknowledged as of the Effective Date written above:**



**Authorized Officer**

**U.S. Bank Trust National Association, as Fiscal Agent**

Financial Guaranty Insurance  
Company, doing business in California  
as FGIC Insurance Company  
125 Park Avenue  
New York, NY 10017  
(212) 312-3000  
(800) 352-0001



A GE Capital Company

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**Mandatory California State  
Amendatory Endorsement  
To Financial Guaranty Insurance Company  
Insurance Policy**

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**Policy Number:**

**Control Number:** 0010001

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The insurance provided by this Policy is not covered by the California Insurance Guaranty Association (California Insurance Code, Article 14.2).

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

**President**

**Effective Date:**

**Authorized Representative**

**Acknowledged as of the Effective Date written above:**

**Authorized Officer  
U.S. Bank Trust National Association, as Fiscal Agent**



Financial Guaranty Insurance  
Company, doing business in California  
as FGIC Insurance Company  
125 Park Avenue  
New York, NY 10017  
(212) 312-3000  
(800) 352-0001



A GE Capital Company

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**Mandatory California State  
Amendatory Endorsement  
To Financial Guaranty Insurance Company  
Insurance Policy**

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**Policy Number:**

**Control Number:** 0010001

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Notwithstanding the terms and conditions in this Policy, it is further understood that there shall be no acceleration of payment due under such Policy unless such acceleration is at the sole option of Financial Guaranty.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

**President**

**Effective Date:**

**Authorized Representative**

**Acknowledged as of the Effective Date written above:**

**Authorized Officer  
U.S. Bank Trust National Association, as Fiscal Agent**

Financial Guaranty Insurance  
Company, doing business in California  
as FGIC Insurance Company  
125 Park Avenue  
New York, NY 10017  
(212) 312-3000  
(800) 352-0001



A GE Capital Company

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## Endorsement To Financial Guaranty Insurance Company Insurance Policy

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**Policy Number:**

**Control Number:** 0010001

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Notwithstanding the terms and provisions contained in this policy, it is further understood that the term "Bondholder" shall not include the (as such term is defined in the bond documentation).

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

**President**

**Effective Date:**

**Authorized Representative**

**Acknowledged as of the Effective Date written above:**

**Authorized Officer**  
**U.S. Bank Trust National Association, as Fiscal Agent**



