

**VENTURA PORT DISTRICT**

**Basic Financial Statements and  
Supplementary Information with  
Independent Auditor's Report**

**For the Years Ended June 30, 2009 and 2008**

**VENTURA PORT DISTRICT**  
**Financial Statements**  
**For the Years Ended June 30, 2009 and 2008**

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The Board of Port Commissioners  
of the Ventura Port District

### **Independent Auditor's Report**

We have audited the accompanying basic financial statements of the Ventura Port District (District ) as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2009 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis identified in the accompanying table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The accompanying combining departmental financial statements listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining departmental 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.

*Macias Jini & O'Connell LLP*

Certified Public Accountants  
Los Angeles, California

October 20, 2009

**VENTURA PORT DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2009**  
**(Unaudited)**

This analysis of the Ventura Port District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2009 and 2008. This analysis should be read in conjunction with the audited financial statements that follows this section.

**Financial Highlights**

- The District's net assets increased by \$1,098,604 from fiscal year 2008 to \$14,774,881.
- Total revenues of \$8,327,222 for fiscal year 2009 decreased from fiscal year 2008 by (\$139,306). The 2008 fiscal year revenues increased \$820,273 over the fiscal year 2007.
- Total expenses of \$7,228,618 for fiscal year 2009 increased from fiscal year 2008 by \$372,046. The 2008 fiscal year expenses increased \$454,408 from fiscal year 2007.

**Overview of the basic financial statements**

The District's financial statements are comprised of two components: Financial statements and notes to the financial statements. The financial statements consist of the following:

- Statement of Net Assets
- Statement of Revenues, Expenses and Changes in Net Assets
- Statement of Cash Flows

This report also includes supplementary information in addition to the financial statements.

**The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets**

The Statement of Net Assets is the difference between the District's assets and its liabilities. This difference is reported as net assets. This report presents information on all of the District's assets and liabilities. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recognized on the accrual basis.

Statements of Net Assets

The following condensed financial information provides an overview of the District's financial position as of June 30, 2009, 2008, and 2007.

**VENTURA PORT DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2009**  
**(Unaudited)**

**Summary of Net Assets**  
**June 30, 2009 and June 30, 2008**

	<u>2009</u>	<u>2008</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
<b>Assets:</b>				
Current assets	\$ 6,630,983	\$ 6,953,104	\$ (322,121)	-4.6%
Deferred charges	438,358	485,176	(46,818)	-9.6%
Restricted assets	3,200,087	3,428,537	(228,450)	-6.7%
Capital assets, net	<u>22,584,177</u>	<u>20,899,378</u>	<u>1,684,799</u>	8.1%
Total assets	<u>32,853,605</u>	<u>31,766,195</u>	<u>1,087,410</u>	3.4%
<b>Liabilities:</b>				
Current & other liabilities	1,772,380	1,043,974	728,406	69.8%
Long-term obligations	<u>16,306,345</u>	<u>17,045,944</u>	<u>(739,599)</u>	-4.3%
Total liabilities	<u>18,078,725</u>	<u>18,089,918</u>	<u>(11,193)</u>	-0.1%
<b>Net assets:</b>				
Invested in capital assets, net of related debt	5,771,016	3,728,610	2,042,406	54.8%
Restricted net assets	3,166,189	3,317,122	(150,933)	-4.6%
Unrestricted net assets	<u>5,837,676</u>	<u>6,630,545</u>	<u>(792,869)</u>	-12.0%
Total net assets	<u>\$ 14,774,881</u>	<u>\$ 13,676,277</u>	<u>\$ 1,098,604</u>	8.0%

**Summary of Net Assets**  
**June 30, 2008 and June 30, 2007**

	<u>2008</u>	<u>2007</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
<b>Assets:</b>				
Current assets	\$ 6,953,104	\$ 6,215,018	\$ 738,086	11.9%
Deferred charges	485,176	719,979	(234,803)	-32.6%
Restricted assets	3,428,537	4,396,280	(967,743)	-22.0%
Capital assets, net	<u>20,899,378</u>	<u>20,981,969</u>	<u>(82,591)</u>	-0.4%
Total assets	<u>31,766,195</u>	<u>32,313,246</u>	<u>(547,051)</u>	-1.7%
<b>Liabilities:</b>				
Current & other liabilities	1,043,974	1,600,630	(556,656)	-34.8%
Long-term obligations	<u>17,045,944</u>	<u>18,646,295</u>	<u>(1,600,351)</u>	-8.6%
Total liabilities	<u>18,089,918</u>	<u>20,246,925</u>	<u>(2,157,007)</u>	-10.7%
<b>Net assets:</b>				
Invested in capital assets, net of related debt	3,728,610	1,973,426	1,755,184	88.9%
Restricted net assets	3,317,122	3,993,991	(676,869)	-16.9%
Unrestricted net assets	<u>6,630,545</u>	<u>6,098,904</u>	<u>531,641</u>	8.7%
Total net assets	<u>\$ 13,676,277</u>	<u>\$ 12,066,321</u>	<u>\$ 1,609,956</u>	13.3%

The District's net assets at June 30, 2009 are \$14,774,881. This represents an 8% increase or \$1,098,604 over the fiscal year 2008 net assets of \$13,676,277. This increase is a result of operating revenues exceeding the operating expenses for the year.

**VENTURA PORT DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2009**  
**(Unaudited)**

The fiscal year 2008 net assets increased 13.3% or \$1,609,956 over the fiscal year 2007 net assets of \$12,066,321. This increase is a result of operating revenues exceeding the operating expenses for the year.

Assets that are invested in capital assets (net of related debt) represent land, harbor improvements, buildings, and equipment. The District uses these assets to provide facilities and services to the public. Restricted assets are subject to external restrictions on how they may be used. There is \$3,000,000 restricted for dredging activity, \$136,672 restricted for the fisheries complex and the remaining \$29,517 is restricted to retire bonds. Unrestricted assets may be used to meet the District's on-going obligations. The table below reflects each category as a percentage of the total Net Assets.

	<u>June 30, 2009</u>	<u>%</u>	<u>June 30, 2008</u>	<u>%</u>	<u>June 30, 2007</u>	<u>%</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	\$ 5,771,016	39.1%	\$ 3,728,610	27.3%	\$ 1,973,426	16.4%
Restricted net assets	3,166,189	21.4%	3,317,122	24.3%	3,993,991	33.1%
Unrestricted net assets	<u>5,837,676</u>	39.5%	<u>6,630,545</u>	48.5%	<u>6,098,904</u>	50.5%
Total net assets	<u>\$ 14,774,881</u>	100.0%	<u>\$ 13,676,277</u>	100.0%	<u>\$ 12,066,321</u>	100.0%

Over the last three years the Port has been making additional investments in capital assets for improvements in the Harbor Village shopping center and adjacent docks and to expand the District offices. These improvements along with the paying down of some of the related debt has created an increase in the account balance.

Restricted net assets have decreased over the last three years because funds that were reserved for the payment of bonds were used to pay down some of the bond debt during the refinancing of the bonds.

Statements of Revenues, Expenses and Changes in net Assets

The following tables summarize the District's operations for fiscal years 2009, 2008, and 2007:

**VENTURA PORT DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2009**  
**(Unaudited)**

**Summary of Revenues, Expenses and Changes in Net Assets**  
**Years Ended June 30, 2009 and June 30, 2008**

	<u>2009</u>	<u>2008</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
<b>Revenues:</b>				
Operating revenues	\$ 7,122,961	\$ 6,991,748	\$ 131,213	1.9%
Non-operating revenues	1,204,261	1,474,780	(270,519)	-18.3%
Total Revenues	<u>8,327,222</u>	<u>8,466,528</u>	<u>(139,306)</u>	-1.6%
<b>Expenses:</b>				
Operating expenses before depreciation	5,174,148	5,065,546	108,602	2.1%
Depreciation	730,471	663,128	67,343	10.2%
Non-operating expenses	1,323,999	1,127,898	196,101	17.4%
Total Expenses	<u>7,228,618</u>	<u>6,856,572</u>	<u>372,046</u>	5.4%
<b>Change in Net Assets</b>	1,098,604	1,609,956	(511,352)	-31.8%
Net Assets, Beginning of Year	<u>13,676,277</u>	<u>12,066,321</u>	<u>1,609,956</u>	13.3%
<b>Net Assets, End of Year</b>	<u>\$ 14,774,881</u>	<u>\$ 13,676,277</u>	<u>\$ 1,098,604</u>	8.0%

**Summary of Revenues, Expenses and Changes in Net Assets**  
**Years Ended June 30, 2008 and June 30, 2007**

	<u>2008</u>	<u>2007</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
<b>Revenues:</b>				
Operating revenues	\$ 6,991,748	\$ 6,269,670	\$ 722,078	11.5%
Non-operating revenues	1,474,780	1,376,585	98,195	7.1%
Total Revenues	<u>8,466,528</u>	<u>7,646,255</u>	<u>820,273</u>	10.7%
<b>Expenses:</b>				
Operating expenses	5,065,546	4,586,655	478,891	10.4%
Depreciation	663,128	669,635	(6,507)	-1.0%
Non-operating expenses	1,127,898	1,145,874	(17,976)	-1.6%
Total Expenses	<u>6,856,572</u>	<u>6,402,164</u>	<u>454,408</u>	7.1%
<b>Change in Net Assets</b>	1,609,956	1,244,091	365,865	29.4%
Net Assets, Beginning of Year	<u>12,066,321</u>	<u>10,822,230</u>	<u>1,244,091</u>	11.5%
<b>Net Assets, End of Year</b>	<u>\$ 13,676,277</u>	<u>\$ 12,066,321</u>	<u>\$ 1,609,956</u>	13.3%



**VENTURA PORT DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2009**  
**(Unaudited)**

Revenues

The total revenues for fiscal year 2009 were \$8,327,222. This was a decrease of (\$139,306) over the fiscal year 2008 revenues of \$8,466,528. Overall, most lease revenue categories declined but other revenues increased by \$190,000 and that was offset by the decline in interest and intergovernmental revenues of (\$303,000).

Fiscal year 2008 revenues increased \$820,273 from the fiscal year 2007 revenues of \$7,646,255. This was due to an increase in slip revenues, the opening of a new restaurant in the Harbor Village that was vacant in fiscal year 2007 and an increase in property tax revenues.

Expenses

Total expenses for fiscal year 2009 were \$7,228,618. This was an increase of \$372,046 over the fiscal year 2008 expenses of \$6,856,572. This was due primarily to an increase in repairs and maintenance in the harbor and the retirement of the master plan. The master plan was never adopted by the City of Ventura, therefore it was never implemented. The District is in the process of preparing a new master plan reflecting current needs and future possibilities for the Harbor.

Fiscal year 2008 expenses increased \$454,408 from the fiscal year 2007 expenses of \$6,402,164. This was due primarily to increases in personnel expenses as a result of a salary and compensation study.

**Notes to the Basic Financial Statements**

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

**Supplementary Information**

The supplementary information section provides further detail for selected components of the basic financial statements.

**Capital Assets and Debt Administration**

Capital Assets

The District's investment in capital assets, net of accumulated depreciation is \$22,584,176 at June 30, 2009. This is an increase of \$1,684,798 over the fiscal year 2008 balance of \$20,899,378. The change is due to improvement projects in the harbor, retirement of assets and accumulated depreciation.

The fiscal year 2008 total capital assets decreased (\$82,592) from the fiscal year 2007 balance of \$20,981,970. This change was due to the net affect of improvements in the buildings and slips and accumulated depreciation.

The capital assets include land, harbor, building and leasehold improvements, equipment and construction in progress. The following tables show the change in capital assets for fiscal years 2009, 2008, and 2007.

**VENTURA PORT DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2009**  
**(Unaudited)**

**Capital Assets, Net**  
**Years Ended June 30, 2009 and June 30, 2008**

	<u>2009</u>	<u>2008</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
Land	\$ 2,342,629	\$ 2,342,629	\$ -	0.0%
Buildings & Improvements	29,047,655	26,265,457	2,782,198	10.6%
Equipment	1,142,218	1,136,423	5,795	0.5%
Construction in Progress	347,447	743,990	(396,543)	-53.3%
	<u>32,879,949</u>	<u>30,488,499</u>	<u>2,391,450</u>	<u>7.8%</u>
Less: Accumulated depreciation	(10,295,772)	(9,589,121)	(706,651)	7.4%
Total capital assets, net	<u>\$ 22,584,177</u>	<u>\$ 20,899,378</u>	<u>\$ 1,684,799</u>	<u>8.1%</u>

**Capital Assets, Net**  
**Years Ended June 30, 2008 and June 30, 2007**

	<u>2008</u>	<u>2007</u>	<u>Increase/ (Decrease)</u>	<u>%</u>
Land	\$ 2,342,629	\$ 2,342,629	\$ -	0.0%
Buildings & Improvements	26,265,457	25,911,657	353,800	1.4%
Equipment	1,136,423	1,156,550	(20,127)	-1.7%
Construction in Progress	743,990	528,653	215,337	40.7%
	<u>30,488,499</u>	<u>29,939,489</u>	<u>549,010</u>	<u>1.8%</u>
Less: Accumulated depreciation	(9,589,121)	(8,957,519)	(631,602)	7.1%
Total capital assets, net	<u>\$ 20,899,378</u>	<u>\$ 20,981,970</u>	<u>\$ (82,592)</u>	<u>-0.4%</u>

The major projects for the fiscal year 2009 were:

- Completed the expansion of the District offices which began in the prior year.
- Refurbishment of boaters public restroom facilities at Harbor Village.
- Various building improvements in the Harbor Village.
- Parking lot and promenade lighting improvements at Harbor Village.

The major projects for the fiscal year 2008 were:

- Refurbishment of two elevators.
- Refurbishment of public restroom facilities at Harbor Village.
- Refurbishment of the two hundred linear feet of Harbor Patrol docks.
- Refurbishment of thirteen hundred linear feet of docks in the Harbor Village Marina.
- Expansion of the District offices. This construction was completed in fiscal year 08-09.

Additional information on the District's capital assets can be found in Note 2(c) of the basic financial statements.

**VENTURA PORT DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2009**  
**(Unaudited)**

Debt Administration

The total long-term obligations of the District was \$16,989,101 at June 30, 2009. This was a decrease of (\$361,253) from the June 30, 2008 balance of \$17,350,354. The decrease was due to principal payments on outstanding debt and the deferral of a loss on the refunding of bonds.

The total long-term debt of the District for fiscal year 2008 decreased by \$1,843,194 from the fiscal year 2007 balance of \$19,193,547. This reduction was primarily due to the principal payments on outstanding debt and the deferral of a loss on the partial refunding of bonds.

The following tables summarize the changes in the District's long-term debt as of June 2009, 2008, and 2007:

<b>Summary of Long-term Debt</b>				
<b>June 30, 2009 and June 30, 2008</b>				
	June 30, 2009	June 30, 2008	Increase/ (decrease)	%
Certificates of participation Series '98	\$ -	\$ 2,630,000	\$ (2,630,000)	-100.0%
Refinance certificates of participation Series '08	10,000,000	10,000,000	-	n/a
Less: Deferred on refunding	(637,002)	(670,528)	33,526	-5.0%
Refinance certificates of participation Series '09	2,477,200	-	2,477,200	100.0%
Less: Deferred on refunding	(178,509)	-	(178,509)	100.0%
Notes payable	5,151,472	5,211,296	(59,824)	-1.1%
Compensated absences	175,940	179,586	(3,646)	-2.0%
	<b>\$ 16,989,101</b>	<b>\$ 17,350,354</b>	<b>\$ (361,253)</b>	<b>-2.1%</b>

<b>Summary of Long-term Debt</b>				
<b>June 30, 2008 and June 30, 2007</b>				
	June 30, 2008	June 30, 2007	Increase/ (decrease)	%
Certificates of participation Series '98	\$ 2,630,000	\$ 13,740,000	\$ (11,110,000)	-80.9%
Refinance certificates of participation Series '08	10,000,000	-	10,000,000	n/a
Less: Deferred on refunding	(670,528)	-	(670,528)	n/a
Notes payable	5,211,296	5,268,543	(57,247)	-1.1%
Compensated absences	179,586	165,004	14,582	8.8%
General Obligation Bonds	-	20,000	(20,000)	-100.0%
	<b>\$ 17,350,354</b>	<b>\$ 19,193,547</b>	<b>\$ (1,843,193)</b>	

**VENTURA PORT DISTRICT**  
**Management's Discussion and Analysis (Continued)**  
**June 30, 2009**  
**(Unaudited)**

Additional information on the District's long-term debt can be found in Note 2(e) of the basic financial statements.

**Economic Outlook**

The District is in fair financial condition despite the current economy. Sales at Harbor Village are down 8% due to a reduction in consumer spending. The District fiscal year 2010 budget allows for a 3% decrease in operating revenues. It will be necessary to use \$400,000 in unrestricted reserves to complete some capital improvements in fiscal year 2010. Fortunately, the District has five million in unrestricted reserves to aid us during these uncertain economic times.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Accounting Manager, at (805) 642-8538 or 1603 Anchors Way Drive, Ventura, CA 93001.

**VENTURA PORT DISTRICT**  
**Statements of Net Assets**  
**June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 6,047,344	\$ 6,159,938
Accounts receivable, net	257,890	317,626
Due from other governments	-	43,600
Other receivables	72,568	117,667
Prepaid expenses	228,438	288,441
Other	24,743	25,832
Total current assets	<u>6,630,983</u>	<u>6,953,104</u>
<b>Noncurrent assets:</b>		
Deferred charges	438,358	485,176
Restricted cash and cash equivalents	3,200,087	3,428,537
Capital assets not being depreciated	2,690,076	3,086,619
Capital assets being depreciated (net of accumulated depreciation)	19,894,101	17,812,759
Total noncurrent assets	<u>26,222,622</u>	<u>24,813,091</u>
Total assets	<u>32,853,605</u>	<u>31,766,195</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	133,384	89,040
Accrued liabilities	747,303	402,350
Security deposits	158,012	167,788
Current portion of long-term obligations	506,816	124,824
Total current liabilities	<u>1,545,515</u>	<u>784,002</u>
<b>Noncurrent liabilities:</b>		
Unearned revenue	50,925	80,386
Compensated absences	175,940	179,586
Noncurrent portion of long-term obligations	16,306,345	17,045,944
Total noncurrent liabilities	<u>16,533,210</u>	<u>17,305,916</u>
Total liabilities	<u>18,078,725</u>	<u>18,089,918</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	5,771,016	3,728,610
Restricted for dredging	3,000,000	3,000,000
Restricted for fisheries complex	136,672	128,259
Restricted for debt service	29,517	188,863
Unrestricted	5,837,676	6,630,545
Total net assets	<u>\$ 14,774,881</u>	<u>\$ 13,676,277</u>

See Accompanying Notes to Financial Statements.

**VENTURA PORT DISTRICT**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**For the Years Ended June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>Operating revenues:</b>		
Leases:		
General	\$ 4,580,432	\$ 4,676,957
Harbor Village slips	1,024,954	937,500
Fishing	208,269	222,258
Boat yard	266,119	284,531
Charter	201,641	204,905
Tenant reimbursements	322,114	334,333
Dry storage	103,386	104,750
Other	416,046	226,514
Total operating revenues	7,122,961	6,991,748
<b>Operating expenses:</b>		
Administration	652,664	599,310
Salaries and benefits	2,677,329	2,661,908
Merchant promotion	176,626	169,718
Professional services	310,053	271,496
Depreciation	730,471	663,128
Repairs and maintenance	626,536	518,693
Harbor dredging	429,441	443,690
Other	301,499	400,731
Total operating expenses	5,904,619	5,728,674
Operating income	1,218,342	1,263,074
<b>Nonoperating revenues:</b>		
Taxes	995,553	963,254
Interest	205,358	434,854
Intergovernmental	3,350	76,672
Total nonoperating revenues	1,204,261	1,474,780
<b>Nonoperating expenses:</b>		
Interest	861,807	1,127,898
Master plan retirement	462,192	-
Total nonoperating expenses	1,323,999	1,127,898
Change in net assets	1,098,604	1,609,956
Net assets, beginning	13,676,277	12,066,321
Net assets, ending	\$ 14,774,881	\$ 13,676,277

See Accompanying Notes to Financial Statements.

**VENTURA PORT DISTRICT**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities:</b>		
Cash received from tenants	\$ 6,599,982	\$ 6,621,286
Cash received from others	614,348	196,647
Cash paid to employees	(2,680,976)	(2,647,326)
Cash paid for goods and services	(2,258,694)	(2,339,354)
Net cash provided by operating activities	2,274,660	1,831,253
<b>Cash flows from noncapital financing activities:</b>		
Taxes received	997,623	960,212
Intergovernmental	46,950	76,672
Net cash provided by noncapital financing activities	1,044,573	1,036,884
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(2,883,891)	(580,534)
Payments on long-term debt and refundings	(358,874)	(1,630,589)
Interest payments	(665,899)	(1,410,637)
Net cash used by capital and related financing activities	(3,908,664)	(3,621,760)
<b>Cash flows from investing activities:</b>		
Interest received	248,387	466,714
Net (decrease) in cash and cash equivalents	(341,044)	(286,909)
Cash and cash equivalents, beginning	9,588,475	9,875,384
Cash and cash equivalents, ending	\$ 9,247,431	\$ 9,588,475
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,218,342	\$ 1,263,074
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	730,471	663,128
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	59,736	(48,589)
(Increase) decrease in prepaid expenses	60,003	(25,242)
(Increase) decrease in other current assets	1,089	(4,625)
Increase (decrease) accounts payable	44,344	29,916
Increase (decrease) accrued liabilities	203,558	38,264
Increase (decrease) unearned revenue	(29,461)	(95,359)
Increase (decrease) security deposits	(9,776)	(3,896)
Increase (decrease) compensated absences	(3,646)	14,582
Net cash provided by operating activities	\$ 2,274,660	\$ 1,831,253

See Accompanying Notes to Financial Statements.

**VENTURA PORT DISTRICT**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended June 30, 2009 and 2008**

**Noncash capital and financing activities:**

On March 12, 2009, the District issued \$2,477,200 certificates of participation to refund \$2,565,000 certificates of participation issued in 1998. The \$2,414,953 net proceeds plus additional District funds of \$234,050 were deposited immediately into an irrevocable trust for the defeasance of outstanding 1998 certificates of participation.

On June 30, 2008, the District issued \$10,000,000 certificates of participation to refund certificates of participation issued in 1998. The \$9,780,514 net proceeds plus additional District funds of \$1,558,516 were deposited immediately into an irrevocable trust for the defeasance of outstanding 1998 certificates of participation and \$276,284 of interest.

During the year, the District retired its Master plan in the amount of \$462,192, which resulted in a reduction to capital assets and an increase in nonoperating expense.

See Accompanying Notes to Financial Statements.



**VENTURA PORT DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2009 and 2008**

**(1) Summary of Significant Accounting Policies**

**(a) Reporting Entity**

The Ventura Port District (District) was organized under Sections 6200 to 6372 of the Harbor and Navigation Code of the State of California on April 15, 1952, for the purpose of acquiring, constructing and operating a small boat harbor now known as Ventura Harbor. The District is governed by a board of five commissioners appointed by the City Council of the City of San Buenaventura. They serve for a term of four years without compensation. The Board of Port Commissioners appoints legal counsel, an auditor, and a general manager to implement Board policies and direct operational aspects of the harbor.

The District receives a pro-rata share of the general tax levy from the County of Ventura. The District also has the power of eminent domain.

The accounting policies of the Ventura Port District conform to generally accepted accounting principles as applicable to governmental units.

The financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. A blended component unit, although a legally separate entity is, in substance, part of the District's operations and data from this unit is combined with data of the District. The blended component unit has a June 30 year end. The District had no discretely presented component units. The following entity is reported as a blended component unit.

The Ventura Port District Public Facilities Corporation (Corporation) was formed and organized in 1992 as a non-profit public benefit corporation pursuant to the laws of the State of California. The District's Board of Port Commissioners acts as the governing board of the Corporation. The Corporation was formed for the purpose of financing and owning certain improvements on land leased from the District consisting of a portion of a multiple use center and marina, commonly referred to as "Ventura Harbor Village". Separate financial statements are not prepared for the Corporation.

**(b) Basic Financial Statements**

The basic financial statements (i.e. Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows) report information on all of the activities of the District.

**(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The District operates as an enterprise fund. Enterprise funds are used to account for operations for which fees are charged. The District follows the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred. The District follows all Financial Accounting Standard Board (FASB) and predecessor authoritative pronouncements issued prior to December 1, 1989, as long as they do not conflict or contradict Government Accounting Standard Board (GASB) pronouncements. The Port has elected not to follow private

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

sector standards issued after November 30, 1989. The following is a summary of the more significant policies.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services. The principal operating revenues of the District are lease revenues. Operating expenses include costs of providing services in relation to the leased properties, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District leases parcels of land within the harbor. The lessees develop the parcels and pay rent to the District. The leases are generally for a period of 50 years.

Most of the lease agreements provide for future minimum lease payments with additional rentals contingent upon sales volumes of the lessees. Future minimum lease payments are subject to periodic renegotiation.

***Property Tax***

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on a July 1 to June 30 fiscal year. Taxes are due in two installments on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Ventura bills and collects the taxes for the District. Tax revenues are recognized by the District in the year levied.

***Capital Assets***

Capital assets over \$5,000 are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Donated collectibles, such as works of art, are not recorded in the financial statements.

Depreciation has been provided over estimated useful lives using the straight line method. The estimated useful lives are as follows:

Harbor improvements	5-50 years
Boats	3-10 years
Trucks	3-10 years
Equipment	3-10 years
Signs	5 years

***Use of Estimates***

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

***Reclassifications***

Certain reclassifications have been made to the prior year amounts to conform to the current year's presentation.

***(d) Assets, Liabilities and Net Assets***

***Cash and Cash Equivalents***

For the purposes of the Statements of Cash Flows, the District considers cash on hand and in bank money market funds as well as cash held and invested by the County Treasurer and the pooled funds held by the State of California – Local Agency Investment Fund (LAIF), which are readily convertible to known amounts of cash, to be cash and cash equivalents.

Cash and Cash Equivalents, as reported in the Statements of Cash Flows, include Cash and Restricted Cash.

***Investments***

Investments are stated at fair value generally based on quoted market prices. Statutes authorize the District to invest in obligations of the U.S. Government, state and local governmental agencies, negotiable certificates of deposit, bankers' acceptances, commercial paper, reverse repurchase agreements, and a variety of other investment instruments subject to certain portfolio percentage limitations, which are allowable under the California Government Code § 53600 et seq.

***Long-Term Debt***

In the Statement of Net Assets long-term debt is reported as liabilities. Certificates of Participation issuance costs, are deferred and amortized over the life of the debt. Deferred amounts on refunding are reported net of the debt liability.

***Net Assets***

The statement of net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

- Unrestricted Net Assets – This category represents net assets of the District not restricted for any project or other purpose.

**(2) Detailed Notes**

**(a) Cash and Cash Equivalents**

Cash and cash equivalents as of June 30 consisted of the following:

	<b>2009</b>	<b>2008</b>
Demand account (bank balance)	\$ 413,150	\$ 427,668
Add deposits in transit	-	10,287
Less outstanding checks	(149,580)	(205,518)
Book balance	263,570	232,437
Petty cash	2,147	1,679
Total deposits and petty cash	265,717	234,116
<b>Investments:</b>		
State of California Local Agency Investment Fund (LAIF)	8,937,560	9,050,232
Money market mutual funds with fiscal agent	-	235,821
Cash with County Treasury	44,154	68,306
Total investments	8,981,714	9,354,359
Total Cash and Cash and Equivalents	\$ 9,247,431	\$ 9,588,475

***Investments Authorized by the California Government Code and the District's investment Policy:***

The District's investment policy authorizes investment in all investments authorized under provisions of California Government Code Section 53601.

***Investments Authorized by Debt Agreements:***

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The District is authorized to invest in U.S treasury notes, Federal agency securities, commercial paper, money market mutual funds rated AAA, municipal obligations, investment contracts, and local agency investment fund. At June 30, 2009 and 2008, the District had \$0 and \$235,821 invested in qualified money market mutual funds with fiscal agent at June 30, 2009 and 2008, respectively.

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

***Disclosures Relating to Interest Rate Risk:***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

	<u>June 30, 2009</u>		<u>June 30, 2008</u>	
	<u>Amount</u>	<u>Weighted Average Maturity</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
LAIF	\$ 8,937,560	235 days	\$ 9,050,232	212 days
Ventura County Treasury Pool	44,154	346 days	68,306	248 days
	<u>\$ 8,981,714</u>		<u>\$ 9,118,538</u>	

***Disclosures Relating to Credit Risk:***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization. The Ventura County Treasury Pool had a rating of AA Af at June 30, 2009 and 2008.

***Concentration of Credit Risk:***

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District's investment in LAIF of \$8,937,560 for 2009 and \$9,050,232 for 2008 represent investments in one issuer that represent 5% or more of the District's investments.

***Custodial Credit Risk:***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and the County Treasury pool).

***Investment in State Investment Pool***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF management has indicated that as of June 30, 2009, the amortized cost of the pool was \$50,743,268,381 and the estimated fair value of the pool was \$50,853,707,566. LAIF management has indicated that as of June 30, 2008, the amortized cost of the pool was \$70,027,950,242 and the estimated fair value of the pool was \$70,024,464,150.

***(b) Accounts Receivable, Net***

As of June 30, 2009 accounts receivable net, consists primarily of lease receivables of \$289,890 with an allowance for uncollectible accounts of \$32,000. As of June 30, 2008 accounts receivable net, consists primarily of lease receivables of \$330,387, with an allowance for uncollectible accounts of \$12,761.

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

(c) *Capital Assets*

A summary of capital assets for the year ended June 30, 2009 is as follows:

	<b>Balance</b>		<b>Balance</b>	
	<b>July 1, 2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2009</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 2,342,629	\$ -	\$ -	\$ 2,342,629
Construction-in-progress	743,990	347,447	(743,990)	347,447
	<u>3,086,619</u>	<u>347,447</u>	<u>(743,990)</u>	<u>2,690,076</u>
Total capital assets, not being depreciated				
	3,086,619	347,447	(743,990)	2,690,076
<b>Capital assets being depreciated:</b>				
Buildings	11,869,658	1,910,624	-	13,780,282
Equipment	1,136,423	29,615	(23,820)	1,142,218
Harbor improvements	13,438,955	-	-	13,438,955
Leasehold improvements	956,844	871,574	-	1,828,418
	<u>27,401,880</u>	<u>2,811,813</u>	<u>(23,820)</u>	<u>30,189,873</u>
Total capital assets, being depreciated				
	27,401,880	2,811,813	(23,820)	30,189,873
Less: Accumulated depreciation	<u>(9,589,121)</u>	<u>(730,471)</u>	<u>23,820</u>	<u>(10,295,772)</u>
Net capital assets being depreciated	<u>17,812,759</u>	<u>2,081,342</u>	<u>-</u>	<u>19,894,101</u>
Total capital assets, net	<u>\$ 20,899,378</u>	<u>\$ 2,428,789</u>	<u>\$ (743,990)</u>	<u>\$ 22,584,177</u>

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

A summary of capital assets for the year ended June 30, 2008 is as follows:

	<b>Balance June 30, 2007</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2008</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 2,342,629	\$ -	\$ -	\$ 2,342,629
Construction-in-progress	528,653	259,643	(44,306)	743,990
Total capital assets, not being depreciated	<u>2,871,282</u>	<u>259,643</u>	<u>(44,306)</u>	<u>3,086,619</u>
<b>Capital assets being depreciated:</b>				
Buildings	11,489,398	385,560	(5,300)	11,869,658
Equipment	1,156,550	-	(20,127)	1,136,423
Harbor improvements	13,459,317	-	(20,362)	13,438,955
Leasehold improvements	962,942	-	(6,098)	956,844
Total capital assets, being depreciated	27,068,207	385,560	(51,887)	27,401,880
Less: Accumulated Depreciation	<u>(8,957,519)</u>	<u>(663,128)</u>	<u>31,526</u>	<u>(9,589,121)</u>
Net capital assets being depreciated	<u>18,110,688</u>	<u>(277,568)</u>	<u>(20,361)</u>	<u>17,812,759</u>
Total capital assets, net	<u>\$ 20,981,970</u>	<u>\$ (17,925)</u>	<u>\$ (64,667)</u>	<u>\$ 20,899,378</u>

Depreciation expense was \$730,471 and \$663,128 for the years ended June 30, 2009 and 2008, respectively.

**(d) Unearned Revenue**

	<b>2009</b>	<b>2008</b>
<u>Lease Rent</u> - this represents amounts to be credited to future years rent per the terms of leases executed between lessees and the District.	\$ 50,925	\$ 80,386



**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

*(e) Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
1998 Certificates of participation	\$ 2,630,000	\$ -	\$ (2,630,000)	\$ -	\$ -
2008 Refunding certificates of participation	10,000,000	-	-	10,000,000	350,000
Less: Deferred on refunding	(670,528)	-	33,526	(637,002)	-
2009 Refunding certificates of participation	-	2,477,200	-	2,477,200	94,300
Less: Deferred on refunding	-	(180,889)	2,380	(178,509)	-
Notes payable	5,211,296	-	(59,824)	5,151,472	62,516
Compensated absences	179,586	-	(3,646)	175,940	-
Total	<u>\$ 17,350,354</u>	<u>\$ 2,296,311</u>	<u>\$ (2,657,564)</u>	<u>\$ 16,989,101</u>	<u>\$ 506,816</u>

The following is a summary of changes in long-term liabilities for the year ended June 30, 2008:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>One Year</u>
1998 Certificates of participation	\$ 13,740,000	\$ -	\$ (11,110,000)	\$ 2,630,000	\$ 65,000
2008 Refunding certificates of participation	-	10,000,000	-	10,000,000	-
Less: Deferred on refunding	-	(670,528)	-	(670,528)	-
Notes payable	5,268,543	-	(57,247)	5,211,296	59,824
Compensated absences	165,004	14,582	-	179,586	-
General obligation bonds	20,000	-	(20,000)	-	-
Total	<u>\$ 19,193,547</u>	<u>\$ 9,344,054</u>	<u>\$ (11,187,247)</u>	<u>\$ 17,350,354</u>	<u>\$ 124,824</u>

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

*Certificates of Participation*

Certificates of Participation Series 1998, were sold on July 1, 1998 for \$15,000,000 at 6.375%, Term Certificates due August 1, 2028, Price 100%. Payments are due semi-annually on February 1 and August 1 each year. The certificates are payable from the revenues pledged under a Trust Agreement, consisting of installment payments to be made by the District to the Ventura Port District Public Facilities Corporation. The certificates are subject to prepayment on or after August 1, 2008 at prices ranging from 102% to 100%.

On June 25, 2008, the District issued \$10 million Refunding Certificates of Participation Series 2008 with an average interest rate of 4.43 percent to advance partial refund \$10.805 million of outstanding Series 1998 bonds with an average interest rate of 6.375 percent. The net proceeds of \$9,780,514 (after payment of \$219,486 in underwriting fees, insurance, and other issuance costs) plus an additional \$959,106 of Series 1998 reserve fund monies plus an additional \$599,410 of District's available funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1998 certificates. As a result, the Series 1998 certificates are considered to be defeased and the liability for those certificates has been removed from the government-wide statement of net assets. At June 30, 2008, \$10.805 million of the defeased certificates of participation were outstanding. The 2008 certificates are subject to prepayment on or after August 1, 2014 at prices ranging from 101% to 100%.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$670,528 this difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized through the year 2028. The District completed the advance refunding to reduce its total debt service payments over the next 20 years by \$2,965,720 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,341,122.

On March 12, 2009 the District issued \$2,477,200 Refunding Certificates of Participation Series 2009 with an average interest rate of 4.80 percent to advance refund \$2,565,000 of outstanding Series 1998 bonds with an average interest rate of 6.375 percent. The net proceeds of \$2,414,953 (after payment of \$62,247 in underwriting fees, insurance, and other issuance costs) plus an additional \$234,050 of Series 1998 reserve fund monies plus an additional \$62,247 of District's available funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1998 certificates. As a result, the Series 1998 certificates are considered to be defeased and the liability for those certificates has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$180,889. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized through the year 2028. The District completed the advance refunding to reduce its total debt service payments over the next 20 years by \$544,348 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$203,757.

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

The following is a schedule of the payments due under the certificates of participation as of June 30, 2009:

*Series 2008*

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 350,000	\$ 435,248	\$ 785,248
2011	365,000	419,410	784,410
2012	385,000	402,798	787,798
2013	395,000	385,521	780,521
2014	415,000	367,579	782,579
2015-2019	2,355,000	1,539,536	3,894,536
2020-2024	2,915,000	958,541	3,873,541
2025-2028	2,820,000	256,497	3,076,497
	<u>\$ 10,000,000</u>	<u>\$ 4,765,130</u>	<u>\$ 14,765,130</u>

*Series 2009*

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 94,300	\$ 103,100	\$ 197,400
2011	85,400	112,330	197,730
2012	89,600	108,130	197,730
2013	94,000	103,723	197,723
2014	98,600	99,101	197,701
2015-2019	570,400	417,850	988,250
2020-2024	725,300	263,071	988,371
2025-2028	719,600	71,146	790,746
	<u>\$ 2,477,200</u>	<u>\$ 1,278,450</u>	<u>\$ 3,755,650</u>

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

*Notes Payable*

The Ventura Port District has two notes payable to the State of California Department of Boating and Waterways. As of June 30, 2009, the principal balance of the first note is \$3,765,252, payable annually on August 1 each year at 4.50% interest over 50 years, and the principal balance of the second note is \$1,386,219 payable annually on August 1 each year at 4.50% interest over 30 years.

The following is a schedule of the payments due on the first note payable as of June 30, 2009:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 35,180	\$ 169,436	\$ 204,616
2011	36,763	167,853	204,616
2012	38,417	166,199	204,616
2013	40,146	164,470	204,616
2014	41,952	162,664	204,616
2015-2019	239,837	783,243	1,023,080
2020-2024	298,881	724,199	1,023,080
2025-2029	372,460	650,620	1,023,080
2030-2034	464,153	558,927	1,023,080
2035-2039	578,419	444,661	1,023,080
2040-2044	720,815	302,265	1,023,080
2045-2049	898,231	124,813	1,023,044
	<u>\$ 3,765,252</u>	<u>\$ 4,419,352</u>	<u>\$ 8,184,604</u>

The following is a schedule of the payments due on the second note payable as of June 30, 2009:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 27,336	\$ 62,380	\$ 89,716
2011	28,566	61,150	89,716
2012	29,852	59,864	89,716
2013	31,195	58,521	89,716
2014	32,599	57,117	89,716
2015-2019	186,364	262,216	448,580
2020-2024	232,243	216,337	448,580
2025-2029	289,418	159,162	448,580
2030-2034	360,667	87,913	448,580
2035-2036	167,979	11,421	179,400
	<u>\$ 1,386,219</u>	<u>\$ 1,036,081</u>	<u>\$ 2,422,300</u>

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

***Compensated Absences***

The District employees earn vacation and sick leave in accordance with the personnel policies of the District. The District's liability for vacation and sick leave earned but not taken is included in non-current liabilities.

**(3) Other Information**

**(a) *Economic Dependency***

The District receives the majority of its operating revenues in the form of rent payments from lessees of the parcels of land in Ventura Harbor.

The rent paid to the District by each lessee is the greater of the established minimum annual rent for each parcel or rent computed as a percentage of the lessee's gross revenues.

The level of income received by the District is dependent upon the success of the businesses operating in the Ventura Harbor.

Future minimum rent payments due to the District for the next five years are as follows:

<u>Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2010	\$ 3,106,157
2011	2,956,478
2012	2,642,682
2013	2,399,367
2014	2,203,359

Rental income of \$6,569,706 and \$6,765,234 for the years ended June 30, 2009 and 2008 includes contingent rental income of \$2,058,103 and \$2,075,854, respectively.

**(b) *Dredging Reserve***

As the result of a litigation settlement during the year ended June 30, 1979, the District is required to exercise reasonable efforts to maintain the channel from the open sea to the Ventura Keys and each year is required to set aside in a separate fund 25% of total operating revenue of the prior year until such time as the balance in the fund reaches \$3 million. Once the fund reaches \$3 million, only the amount of money necessary to maintain that balance need be budgeted and funded annually by the District.

The District maintains a separate, restricted, cash account for dredging related expenses. As of June 30, 2009 and 2008, the restricted cash account had a balance of \$3,033,405 and \$3,009,020, respectively.

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

*(c) Pension Plans*

***Plan Description***

The District contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. As of February 24, 2000, the District established a separate plan for safety workers. The safety workers previously were included in the District's miscellaneous employee plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state provisions and all other requirements are established by state statute. Copies of PERS' annual financial report may be obtained from their Executive Office – 400 P Street, Sacramento, CA 95814.

***Funding Policy***

Participants are required to contribute 7% of their annual covered salary. Except for Harbor Patrol employees, the District makes the entire contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; for the year ended June 30, 2009 the rate was 15.342% (for miscellaneous employees) and 7.296% (for safety employees), for the year ended June 30, 2008 the rate was 15.068% (for miscellaneous employees) and 6.866% (for safety employees) of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS.

***Annual Pension Cost***

For the year 2009, the District's annual pension cost (APC) of \$235,809 for PERS was equal to the District's required and actual contributions.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2007	\$ 210,639	100%	-
6/30/2008	\$ 227,057	100%	-
6/30/2009	\$ 235,809	100%	-

District employees are required to contribute 7% of their annual salary to the system. The District pays the entire portion for miscellaneous employees, and pays 3% for safety employees. For the years ended June 30, 2009 and 2008, the District's contribution on behalf of employees was \$105,125 and \$95,298, respectively.

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

*(d) Liability, Property and Workers' Compensation Protection*

*Description of Self-Insurance Pool Pursuant to Joint Powers Agreement*

Ventura Port District is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

*Self-Insurance Programs of the Authority*

*General Liability*

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies (4b) subject to a \$3,000,000 annual aggregate deductible (4c) and a quota-sharing agreement whereby the Authority is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with 4a-c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

*Workers' Compensation*

Ventura Port District also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000; (3)

**VENTURA PORT DISTRICT**  
**Notes to Financial Statements (Continued)**  
**June 30, 2009 and 2008**

losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

***Environmental Insurance***

Ventura Port District participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by Ventura Port District. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10,000,000 sub-limit during the 3-year term of the policy.

***Property Insurance***

Ventura Port District participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. Ventura Port District property is currently insured according to a schedule of covered property submitted by Ventura Port District to the Authority. Ventura Port District property currently has all-risk property insurance protection in the amount of \$17,604,770. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

***Crime Insurance***

Ventura Port District purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

***Special Event Tenant User Liability Insurance***

Ventura Port District further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the Ventura Port District according to a schedule. Ventura Port District then pays for the insurance. The insurance is arranged by the Authority.

***Adequacy of Protection***

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insurance coverage. There have been no significant reductions in pooled or insurance liability coverage from coverage in the prior year.



**SUPPLEMENTARY INFORMATION**

**VENTURA PORT DISTRICT**  
**Combining Departmental Statements of Net Assets**  
**June 30, 2009 and 2008**

	<b>2009</b>		
	<b>General Services</b>	<b>Bond</b>	<b>Total</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 6,047,344	\$ -	\$ 6,047,344
Accounts receivable, net	257,890	-	257,890
Due from other governments	-	-	-
Other receivables	72,394	174	72,568
Prepaid expenses	228,438	-	228,438
Other	24,743	-	24,743
Total current assets	<u>6,630,809</u>	<u>174</u>	<u>6,630,983</u>
<b>Noncurrent assets:</b>			
Deferred charges	438,358	-	438,358
Restricted cash and cash equivalents	3,170,077	30,010	3,200,087
Capital assets not being depreciated	2,690,076	-	2,690,076
Capital assets being depreciated (net of accumulated depreciation)	19,894,101	-	19,894,101
Total noncurrent assets	<u>26,192,612</u>	<u>30,010</u>	<u>26,222,622</u>
Total assets	<u>32,823,421</u>	<u>30,184</u>	<u>32,853,605</u>
<b>Current liabilities:</b>			
Accounts payable	133,384	-	133,384
Accrued liabilities	746,635	668	747,303
Security deposits	158,012	-	158,012
Current portion of long-term obligations	506,816	-	506,816
Total current liabilities	<u>1,544,847</u>	<u>668</u>	<u>1,545,515</u>
<b>Noncurrent liabilities:</b>			
Unearned revenue	50,925	-	50,925
Compensated absences	175,940	-	175,940
Noncurrent portion of long-term obligations	16,306,345	-	16,306,345
Total noncurrent liabilities	<u>16,533,210</u>	<u>-</u>	<u>16,533,210</u>
Total liabilities	<u>18,078,057</u>	<u>668</u>	<u>18,078,725</u>
<b>Net assets:</b>			
Capital assets, net of related debt	5,771,016	-	5,771,016
Restricted for dredging	3,000,000	-	3,000,000
Restricted for fisheries complex	136,672	-	136,672
Restricted for debt service	-	29,517	29,517
Unrestricted	5,837,676	-	5,837,676
Total net assets	<u>\$ 14,745,364</u>	<u>\$ 29,517</u>	<u>\$ 14,774,881</u>

<b>2008</b>		
<b>General Services</b>	<b>Bond</b>	<b>Total</b>
\$ 6,159,938	\$ -	\$ 6,159,938
317,626	-	317,626
43,600	-	43,600
117,071	596	117,667
288,441	-	288,441
25,832	-	25,832
<u>6,952,508</u>	<u>596</u>	<u>6,953,104</u>
485,176	-	485,176
3,373,300	55,237	3,428,537
3,086,619	-	3,086,619
<u>17,812,759</u>	<u>-</u>	<u>17,812,759</u>
<u>24,757,854</u>	<u>55,237</u>	<u>24,813,091</u>
<u>31,710,362</u>	<u>55,833</u>	<u>31,766,195</u>
89,040	-	89,040
375,152	27,198	402,350
167,788	-	167,788
<u>124,824</u>	<u>-</u>	<u>124,824</u>
<u>756,804</u>	<u>27,198</u>	<u>784,002</u>
80,386	-	80,386
179,586	-	179,586
<u>17,045,944</u>	<u>-</u>	<u>17,045,944</u>
<u>17,305,916</u>	<u>-</u>	<u>17,305,916</u>
<u>18,062,720</u>	<u>27,198</u>	<u>18,089,918</u>
3,728,610	-	3,728,610
3,000,000	-	3,000,000
128,259	-	128,259
160,228	28,635	188,863
6,630,545	-	6,630,545
<u>\$ 13,647,642</u>	<u>\$ 28,635</u>	<u>\$ 13,676,277</u>

**VENTURA PORT DISTRICT**  
**Combining Departmental Statements of Revenues, Expenses and Changes in Net Assets**  
**For the Years Ended June 30, 2009 and 2008**

	2009		
	General Services	Bond	Total
<b>Operating revenues:</b>			
Leases:			
General	\$ 4,580,432	\$ -	4,580,432
Harbor Village slips	1,024,954	-	1,024,954
Fishing	208,269	-	208,269
Boat yard	266,119	-	266,119
Charter	201,641	-	201,641
Tenant reimbursements	322,114	-	322,114
Dry storage	103,386	-	103,386
Other	416,046	-	416,046
Total operating revenues	7,122,961	-	7,122,961
<b>Operating expenses:</b>			
Administration	652,664	-	652,664
Salaries and benefits	2,677,329	-	2,677,329
Merchant promotion	176,626	-	176,626
Professional services	310,053	-	310,053
Depreciation	730,471	-	730,471
Repairs and maintenance	626,536	-	626,536
Harbor dredging	429,441	-	429,441
Other	301,499	-	301,499
Total operating expenses	5,904,619	-	5,904,619
Operating income (loss)	1,218,342	-	1,218,342
<b>Nonoperating revenues:</b>			
Taxes	995,549	4	995,553
Interest	204,480	878	205,358
Intergovernmental	3,350	-	3,350
Total nonoperating revenues	1,203,379	882	1,204,261
<b>Nonoperating expenses:</b>			
Interest and bond issue costs	861,807	-	861,807
Master plan retirement	462,192	-	462,192
Total nonoperating expenses	1,323,999	-	1,323,999
Change in net assets	1,097,722	882	1,098,604
Net assets, beginning	13,647,642	28,635	13,676,277
Net assets, ending	\$ 14,745,364	\$ 29,517	\$ 14,774,881

<b>2008</b>		
<b>General Services</b>	<b>Bond</b>	<b>Total</b>
\$ 4,676,957	\$ -	\$ 4,676,957
937,500	-	937,500
222,258	-	222,258
284,531	-	284,531
204,905	-	204,905
334,333	-	334,333
104,750	-	104,750
226,514	-	226,514
6,991,748	-	6,991,748
599,310	-	599,310
2,661,908	-	2,661,908
169,718	-	169,718
271,496	-	271,496
663,128	-	663,128
518,693	-	518,693
443,690	-	443,690
400,731	-	400,731
5,728,674	-	5,728,674
1,263,074	-	1,263,074
963,248	6	963,254
431,653	3,201	434,854
76,672	-	76,672
1,471,573	3,207	1,474,780
1,127,898	-	1,127,898
-	-	-
1,127,898	-	1,127,898
1,606,749	3,207	1,609,956
12,040,893	25,428	12,066,321
\$ 13,647,642	\$ 28,635	\$ 13,676,277



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SACRAMENTO

OAKLAND

WALNUT CREEK

LOS ANGELES

SAN MARCOS

SAN DIEGO

Board of Port Commissioners  
Of the Ventura Port District

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

We have audited the financial statements of the Ventura Port District (District) as of and for the year ended June 30, 2009, and have issued our report thereon dated October 20, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Ventura Port District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ventura Port District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Port Commissioners, and others within the Ventura Port District and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Fini & O'Connell LLP*

Certified Public Accountants  
Newport Beach, California

October 20, 2009