

**CITY OF OJAI  
CALIFORNIA**

FINANCIAL STATEMENTS  
June 30, 2019

**CITY OF OJAI**  
**BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

City Council of the City of Ojai  
Ojai, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ojai, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, 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 information of the City of Ojai, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through 17, the budgetary comparison information on pages 63 through 64, the schedule of proportionate share of net pension liability on page 65, the schedule of pension contributions on page 66, the schedule of changes in the net OPEB liability and related ratios on page 67, and the schedule of OPEB contributions on page 68, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplemental Information*

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2020, on our consideration of the City of Ojai's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Moss, Levy & Haughein LLP*

Santa Maria, California  
January 15, 2020

**CITY OF OJAI**  
**For the fiscal year ended June 30, 2019**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City of Ojai's annual financial report presents management's discussion and analysis of the financial performance of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the Basic Financial Statements and the Notes to Basic Financial Statements.

**Financial Highlights**

- The government-wide total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$20.4 million (total net position). The net position invested in capital assets was approximately \$20.1 million (98.5%), the unrestricted net position was approximately negative \$531,000 (-2.6%) and approximately \$846,000 (4.2%) was restricted. The unrestricted total net position at June 30, 2019 increased approximately \$721,000 from the prior year, while the restricted net position increased approximately \$247,000.
- At June 30, 2019, fund balances in the City's governmental funds totaled approximately \$7.5 million, an increase of approximately \$853,000 from the prior year. Governmental fund assets totaled \$9.08 million, an increase of approximately \$127,000 from the prior year balance, and total governmental fund liabilities totaled \$1.6 million, a decrease of approximately \$727,000 from the prior year balance.
- At June 30, 2019, the "Unassigned" fund balance in the City's General Fund was \$4.1 million, (approximately 42.1% of total General Fund operating expenditures for the current fiscal year). The balance increased by approximately \$577,000 from the \$3.5 million June 30, 2018 Unassigned fund balance, (which was approximately 38.3% of total General Fund operating expenditures).
- As shown in Note 7, non-current liabilities of the governmental and business-type activities total \$9.3 million, a decrease of approximately \$330,000 from the prior year. In FY 18-19 City of Ojai governmental and business type revenues increased from prior year by \$1.1 million and \$280,000, respectively. Despite the closure of one hotel since the Thomas Fire in FY 17-18 the big three revenue sources, property tax, sales tax, and TOT increased by \$239,000, \$190,000, and \$366,000 respectively.
- The City implemented Governmental Accounting Standards Board ("GASB") Statement 75 ("GASB 75") FY 17-18, which increased the OPEB liability that is required to be included in the financial statements and City accounts. The impacts of the reduction in the discount rate on pension costs and liabilities have had a significant impact on the liabilities shown in the statements and notes. In FY 18-19, this net pension liability decreased by \$246,000, but Other Post-Employment Benefits ("OPEB") liability increased by approximately \$19,000.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an overview of the City of Ojai's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Ojai's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the current fiscal year. This statement reports all direct and indirect expenses reduced by program revenues, resulting in a measurement of "net revenue over (under) expenses" for each function. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and out-flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a portion of their costs, through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development, parks and recreation, libraries, and housing. The business-type activities of the City include public transit and a public cemetery. The government-wide financial statements can be found on pages 19-21 of this report.

**Fund Financial Statements:** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds:** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *current sources and uses of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances, provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen (13) separate governmental funds. The basic governmental funds' financial statements are found on pages 22-28. The *General Fund*, and *Capital Improvements Fund*, are considered "major funds" and information for these funds is presented separately in the governmental funds statements. Data from the other nine (9) governmental funds are combined into a single aggregated amount and is shown under the caption of *Other Governmental Funds*. Data for each of these non-major governmental funds is provided in the form of combining statements and can be found on pages 71-74 in the *Other Supplemental Information* section of this report.

**Proprietary funds:** Enterprise funds are presented as business-type activities on pages 26-28 of this report. The City maintains two individual enterprise funds to account for its local transit services and its public cemetery operations.

Proprietary funds statements provide the same type of information as the government-wide financial statements, but in more detail. The proprietary funds' financial statements provide separate information for the transit and cemetery operations.

**Fiduciary funds:** Fiduciary funds are used to account for situations where the City's role is purely custodial. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. All assets reported in agency funds are offset by liabilities. The fiduciary funds' financial statements can be found on pages 29-30 of this report.

**Notes to the Basic Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 31 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information can be found on pages 63-68 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Position**

Table 1 provides information on the City's financial positions as of June 30, 2019 and 2018. As noted earlier, the changes in net position may serve over time as a useful indicator of a government's financial position. The total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources for all city activities by approximately \$20.4 million and \$20.7 million for the years ended June 30, 2019 and 2018, respectively. The City's total net financial position decreased by approximately \$283,000 from the previous year.

As previously noted, approximately 98.5% of the net position in the City's Governmental Activities is net investment in capital assets at the end of the current year. This investment in capital assets (net of accumulated depreciation) decreased 4.7% (\$1.3 million) from the previous year. Most of this decrease was the result of infrastructure projects being completed, the majority of these projects were part of the ongoing improvements to the city's streets. The City uses capital assets to provide services to citizens and they are *not* available for future spending. With the exception of business-type assets, most capital assets do not generate direct revenue for the City. Although the City's investment in capital assets is reported net of related debt, it should be noted that there is no debt associated with the capital assets of the governmental or business-type activities.

TABLE 1

CITY OF OJAI STATEMENT OF NET POSITION JUNE 30, 2019 AND 2018						
ASSETS	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 6,770,323	\$ 6,145,474	\$ 708,810	\$ 611,760	\$ 7,479,133	\$ 6,757,234
Due from successor agency	2,242,407	2,504,780	-	-	2,242,407	2,504,780
Capital assets	19,167,233	20,726,919	894,366	585,128	20,061,599	21,312,047
Total assets	28,179,963	29,377,173	1,603,176	1,196,888	29,783,139	30,574,061
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to OPEB	298,647	275,885	11,574	20,043	310,221	295,928
Related to pensions	1,468,155	1,674,879	80,733	106,857	1,548,888	1,781,736
Total deferred outflows	1,766,802	1,950,764	92,307	126,900	1,859,109	2,077,664
<b>LIABILITIES</b>						
Long-Term liabilities	8,671,022	8,856,593	517,299	636,175	9,188,321	9,492,768
Other liabilities	1,564,292	2,080,508	43,952	78,294	1,608,244	2,158,802
Total liabilities	10,235,314	10,937,101	561,251	714,469	10,796,565	11,651,570
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to OPEB	-	773	-	56	-	829
Related to pensions	446,991	318,825	22,152	21,160	469,143	339,985
	446,991	319,598	22,152	21,216	469,143	340,814
<b>NET POSITIONS</b>						
Net investment in capital assets	19,167,233	20,726,919	894,366	585,128	20,061,599	21,312,047
Restricted	846,433	599,472	-	-	846,433	599,472
Unrestricted	(749,206)	(1,255,153)	217,714	2,975	(531,492)	(1,252,178)
Total net position	\$ 19,264,460	\$ 20,071,238	\$ 1,112,080	\$ 588,103	\$ 20,376,540	\$ 20,659,341

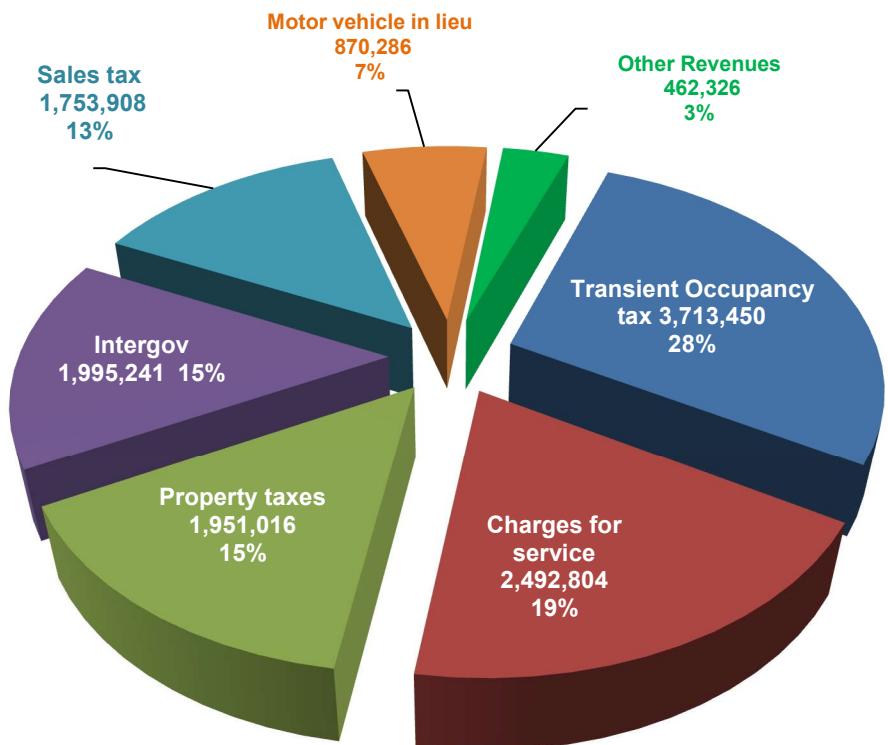
As shown in Table 1, approximately \$846,000 restricted portion of the City's total net position in the governmental activities represents resources that are subject to external restrictions on how they may be used. The remaining portion of net position is unrestricted and represents resources that can be used to meet the government's ongoing obligations to citizens and creditors. The governmental activities unrestricted portion is currently negative by approximately \$749,000. Total City's long-term liabilities amounted to \$9.3 million. Of the \$9.3 million, \$293,000 is due to compensated absences (i.e. vacation and sick leave), \$3.8 million is from OPEB retiree medical coverage (an increase of approximately \$19,000), and \$5.1 million is due to net pension liabilities (a decrease of approximately \$246,000). The OPEB and pension liabilities are determined by actuarial studies based on many factors including: funds set aside in trust to pay future liabilities, the discount rate (assumed rate of return on investment plan assets) used in the computation, retiree longevity, current salaries of employees, benefit formulas, and actual investment returns on plan assets.

The City has taken several steps to reduce the liability for retiree-health benefits. As discussed in Note 7, City Council has reduced benefits for future retirees to reduce the OPEB liability. Additionally, the City began funding a trust to pay for future retiree-health benefits at a rate of \$100,000 per year beginning in fiscal year 2015. At June 30, 2019, the balance in the trust totaled approximately \$546,000.

### **Statement of Activities**

Table 2 provides information on the City's operations in the *Statement of Activities* for fiscal years ended June 30, 2019 and 2018.

**CHART 1**  
**Government-Wide Revenues**  
**Fiscal Year Ended June 30, 2019**



#### **Governmental Activities Revenue**

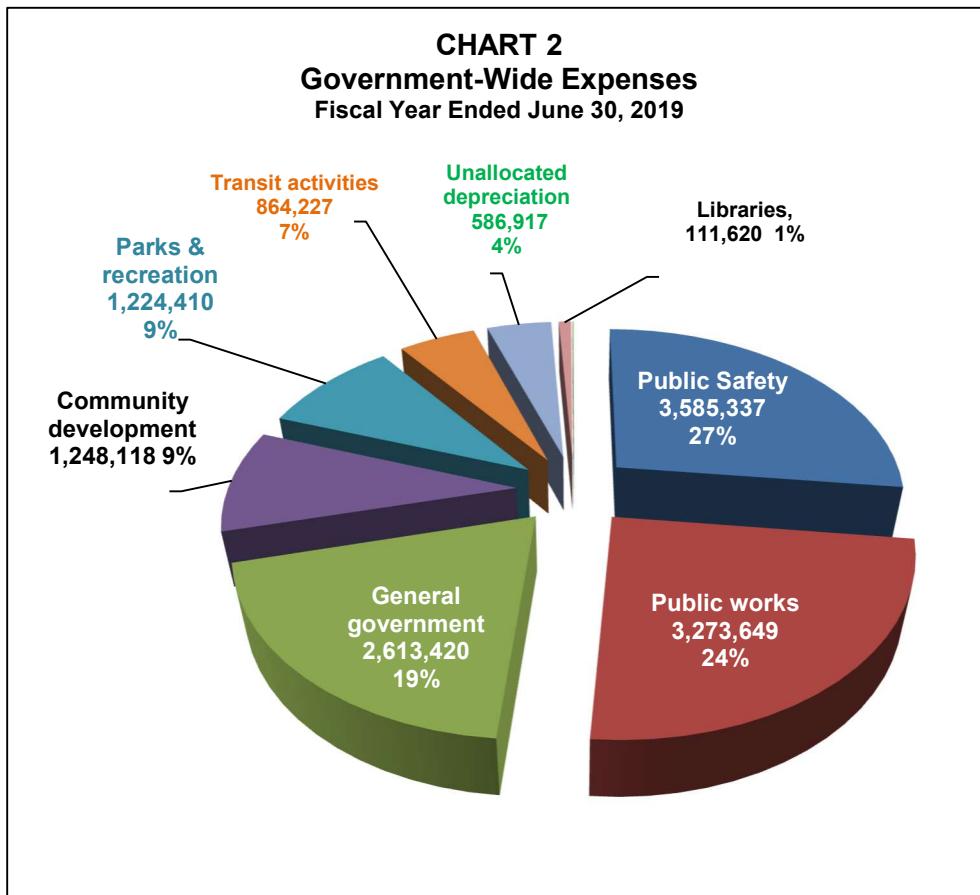
Revenues of the Governmental Activities include charges for services, contributions and grants, taxes, intergovernmental revenues, and other revenues. Total revenue for Governmental Activities was approximately \$12.1 million, an increase of approximately \$1.1 million (10.2%) from the previous year's revenues. Tax revenues totaled \$7.5 million, an increase of \$828,000 (12.3%) from the prior year. TOT, sales tax, and property tax ("Big Three") revenues accounted for approximately 61.6% of total revenues and accounted for approximately \$795,000 of the increase. TOT revenues accounted for approximately 30.8% of total revenues. Sales tax revenues increased by \$190,000 (12.2%) from the prior year. Property tax revenues accounted for approximately 16.2% of total revenues; property tax revenues increased \$239,000 (14.0%) from the prior year.

TABLE 2

CITY OF OJAI STATEMENT OF ACTIVITIES JUNE 30, 2019 AND 2018						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Charges for services	\$ 2,378,482	\$ 2,503,795	\$ 114,322	\$ 192,548	\$ 2,492,804	\$ 2,696,343
Operating contributions and grants	630,499	512,940	1,056,411	714,803	1,686,910	1,227,743
Capital contributions & grants	308,331	258,381	-	-	308,331	258,381
Property taxes	1,951,016	1,711,949	-	-	1,951,016	1,711,949
Sales taxes	1,753,908	1,563,838	-	-	1,753,908	1,563,838
Transient occupancy taxes	3,713,450	3,347,394	-	-	3,713,450	3,347,394
Other	127,489	94,509	-	-	127,489	94,509
Motor vehicle in lieu	870,286	831,779	-	-	870,286	831,779
Investment earnings	141,610	61,872	5,782	1,430	147,392	63,302
Miscellaneous	175,595	50,684	11,850	-	187,445	50,684
Total Revenues	12,050,666	10,937,141	1,188,365	908,781	13,239,031	11,845,922
<b>Expenses:</b>						
General government	2,613,420	2,100,499	-	-	2,613,420	2,100,499
Public safety	3,585,337	3,400,798	-	-	3,585,337	3,400,798
Public works	3,273,649	2,596,236	-	-	3,273,649	2,596,236
Community development	1,248,118	1,079,889	-	-	1,248,118	1,079,889
Parks & recreation	1,224,410	1,061,144	-	-	1,224,410	1,061,144
Libraries	111,620	111,620	-	-	111,620	111,620
Unallocated depreciation	586,917	235,157	-	-	586,917	235,157
Transit activities	-	-	864,227	865,927	864,227	865,927
Cemetery activities	-	-	14,134	22,247	14,134	22,247
Total expenses	12,643,471	10,585,343	878,361	888,174	13,521,832	11,473,517
Net revenue over (under) expenses before transfers	(592,805)	351,798	310,004	20,607	(282,801)	372,405
Transfers	(213,973)	8,306	213,973	(8,306)	-	-
	(806,778)	360,104	523,977	12,301	(282,801)	372,405
Net position - beginning of fiscal year	20,071,238	20,661,592	588,103	833,589	20,659,341	21,495,181
Prior period adjustment	-	(950,458)	-	(257,787)	-	(1,208,245)
Net Position - beginning of fiscal year, restated	20,071,238	19,711,134	588,103	575,802	20,659,341	20,286,936
Net position - end of fiscal year	\$ 19,264,460	\$ 20,071,238	\$ 1,112,080	\$ 588,103	\$ 20,376,540	\$ 20,659,341

### Governmental Activities Expenses

Expenses of **Governmental Activities** (excluding transfers) totaled approximately \$12.6 million, an increase of \$2.1 million (19.4%) from the prior year. **General government expenses** include the City Council, City Manager, City Treasurer, City Attorney, Finance, City Clerk, And Non-Departmental departments. General government expenses increased approximately \$513,000 (24.4%). The increase is due to moving the PERS unfunded liability from each department budget to non-departmental. **Public Safety expenses** increased approximately \$185,000 (5.4%) from the prior year due to cost-of-living increases from the Sheriff's Department. **Public Works expenses** increased by \$677,000 due to the recognition of depreciation of existing assets as well as new purchases. Increases to the remaining functional programs were also affected by the recognition of depreciation expense due to the full accrual basis of accounting.



**Business-type Activities:** The net position from the City's Business-type Activities increased by approximately \$524,000 from the prior year; however, this increase is due to Operating contributions and grants received in the amount of \$342,000 and an increase in transit net transfers by \$222,000 from prior year. Revenues from business-type activities increased approximately \$280,000 (30.8%) from the prior year. Trolley user revenues provide only \$75,000 (6.3%), of the total revenues of the Transit Fund and remaining revenues come from federal, state, and local grants. Farebox revenues for the trolleys need to cover 20% of operating expenses in order to avoid a loss of grant funding for the city. Trolley fund advertising increased farebox revenue \$7,600 in the current year. The Gold Coast Transit district (GCTD) provides approximately \$184,000 annual grant funding for the operation of our trolley service. FY 17-18, City Council approved an increase to the trolley fare and reduced operating hours to better meet the farebox revenue to expenditure ratio in future years. Expenses for Transit activities decreased by approximately \$1,700 and Cemetery expenses decreased by approximately \$8,000 during the year.

#### **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

As noted earlier, the City of Ojai uses fund accounting to account for its revenues and expenditures. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As shown in Table 3, the total fund balance in the Governmental Funds is approximately \$7.5 million at fiscal year-end, an increase of approximately \$853,000 from the prior year. The total

*Nonspendable* General Fund balance at June 30, 2019 is \$2.2 million, consisting almost entirely of the amount due from the Redevelopment Successor Agency (RDASA). This amount decreased approximately \$262,000 in the General Fund due to receipt of the annual loan repayment from the RDASA. Nonspendable Fund Balance was approximately 35.2% of the total fund balance in the *General Fund* and 29.8% of total governmental fund balance as of June 30, 2019. The *Nonspendable* fund balance is not available for spending.

TABLE 3						
BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019 AND 2018						
ASSETS	General Fund		Other Governmental Funds		Total	
	2019	2018	2019	2018	2019	2018
Cash & investments	\$ 3,787,752	\$ 3,810,773	\$ 1,163,431	\$ 1,146,808	\$ 4,951,183	\$ 4,957,581
Cash & investments with fiscal agents	2,837	1,352	-	-	2,837	1,352
Accounts & interest receivable	1,415,286	899,267	128,656	164,667	1,543,942	1,063,934
Due from other funds	337,908	424,126	-	-	337,908	424,126
Due from successor agency	2,242,407	2,504,780	-	-	2,242,407	2,504,780
<b>Total assets</b>	<b>7,786,190</b>	<b>7,640,298</b>	<b>1,292,087</b>	<b>1,311,475</b>	<b>9,078,277</b>	<b>8,951,773</b>
<b>LIABILITIES</b>						
Accounts payable	553,328	611,049	59,644	295,510	612,972	906,559
Other liabilities	869,613	882,319	78,027	498,278	947,640	1,380,597
<b>Total liabilities</b>	<b>1,422,941</b>	<b>1,493,368</b>	<b>137,671</b>	<b>793,788</b>	<b>1,560,612</b>	<b>2,287,156</b>
<b>FUND BALANCES</b>						
Nonspendable	2,242,407	2,504,780	-	-	2,242,407	2,504,780
Restricted	2,837	1,352	843,596	598,120	846,433	599,472
Unrestricted but assigned or committed	-	100,000	372,836	358,001	372,836	458,001
Unassigned	4,118,005	3,540,798	(62,016)	(438,434)	4,055,989	3,102,364
<b>Total fund balances</b>	<b>6,363,249</b>	<b>6,146,930</b>	<b>1,154,416</b>	<b>517,687</b>	<b>7,517,665</b>	<b>6,664,617</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,786,190</b>	<b>\$ 7,640,298</b>	<b>\$ 1,292,087</b>	<b>\$ 1,311,475</b>	<b>\$ 9,078,277</b>	<b>\$ 8,951,773</b>

The *Restricted* fund balances are legally restricted for specific purposes by legislation or requirements outside the control of the City and they are only available for specific purposes. At June 30, 2019, the restricted fund balance in the Governmental funds was approximately \$846,000, consisting almost entirely of fund balances in several Special Revenue Funds of the City. The total *Unrestricted but assigned or committed* fund balance is at zero in the General Fund and approximately \$373,000 for the Other Governmental funds, a reduction of almost \$85,000.

The \$4.1 million *Unassigned* fund balance in the City's General Fund is designated as a "Rainy Day Reserve" by the City Council. This reserve balance increased by approximately \$577,000 in the current year. The *Unassigned* fund balance in the Other Governmental funds is negative \$62,000. This negative balance represents a deficit position in the Plaza Maintenance Fund (\$62,000).

TABLE 4

CITY OF OJAI STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS						
For the fiscal years ended June 30, 2019 and 2018						
Revenues:	General Fund		Other Governmental Funds		Total	
	2019	2018	2019	2018	2019	2018
Property taxes	\$ 1,951,016	\$ 1,711,949	\$ -	\$ -	\$ 1,951,016	\$ 1,711,949
Sales taxes	1,753,908	1,563,838	-	-	1,753,908	1,563,838
Transient occupancy taxes	2,970,515	2,678,333	742,935	669,061	3,713,450	3,347,394
Other taxes and assessments	-	-	348,164	351,101	348,164	351,101
Licenses, permits, and fees	1,161,806	1,323,700	-	-	1,161,806	1,323,700
Fines and forfeitures	11,575	9,285	-	-	11,575	9,285
Use of money and property	115,208	57,179	28,481	7,242	143,689	64,421
Intergovernmental:						
Motor vehicle in lieu	870,286	831,779	-	-	870,286	831,779
Other	350,009	337,822	601,693	454,349	951,702	792,171
Charges for services	941,359	861,575	28,115	29,244	969,474	890,819
Other revenue	164,396	50,684	11,200	-	175,596	50,684
Total revenues	10,290,078	9,426,144	1,760,588	1,510,997	12,050,666	10,937,141
Expenditures:	0.28868				0.3082	
Current:						
General government	2,587,578	2,135,132	-	-	2,587,578	2,135,132
Public safety	3,431,656	3,405,968	-	-	3,431,656	3,405,968
Public works	1,838,085	2,032,513	71,488	92,696	1,909,573	2,125,209
Community development	882,894	895,630	131,828	111,722	1,014,722	1,007,352
Parks and recreation	1,047,149	1,008,637	-	554	1,047,149	1,009,191
Libraries	-	-	111,620	111,620	111,620	111,620
Non current:						
Capital outlay	2,809	24,503	878,538	2,115,526	881,347	2,140,029
Debt services	-	-	-	-	-	-
Total expenditures	9,790,171	9,502,383	1,193,474	2,432,118	10,983,645	11,934,501
Excess of revenues over (under) expenditures	499,907	(76,239)	567,114	(921,121)	1,067,021	(997,360)
Transfers in	-	7,469	388,086	660,890	388,086	668,359
Transfers out	(283,588)	(171,553)	(318,471)	(488,500)	(602,059)	(660,053)
Total other financing sources (uses)	(283,588)	(164,084)	69,615	172,390	(213,973)	8,306
Net change in fund balances	216,319	(240,323)	636,729	(748,731)	853,048	(989,054)
Fund balances (deficit)-beginning of fiscal year	6,146,930	6,387,253	517,687	1,266,418	6,664,617	7,653,671
Fund balances (deficit)-end of fiscal year	\$ 6,363,249	\$ 6,146,930	\$ 1,154,416	\$ 517,687	\$ 7,517,665	\$ 6,664,617

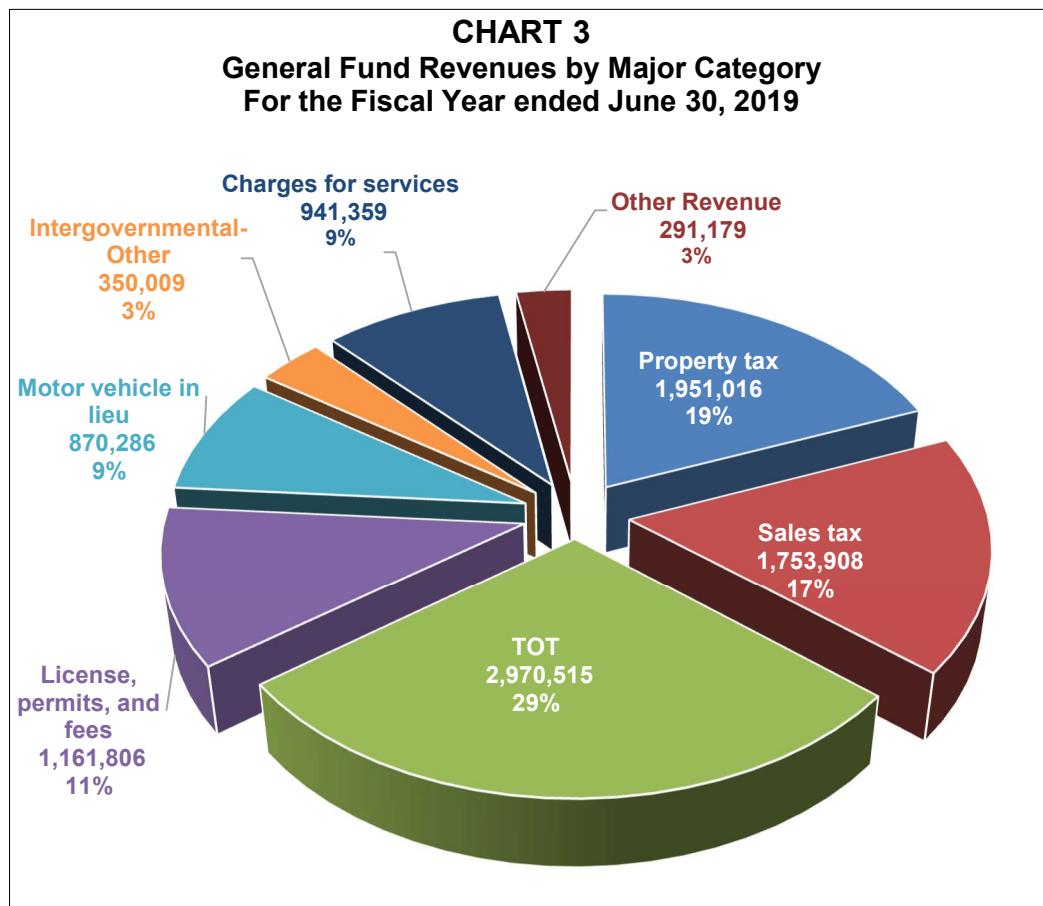
### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

As shown in Table 4, total revenues in the Governmental funds increased approximately \$1.1 million. Overall, General Fund revenues increased approximately \$864,000 while revenues from Other Governmental Funds increased approximately \$250,000. Governmental expenditures decreased \$950,000, with approximately \$288,000 of the increase coming from the General Fund and approximately \$1.2 million decrease from the paving project in the Capital Improvement Fund. Expenditures in the General Fund were under revenues by \$500,000. Actual revenues in the General fund were approximately \$144,000 higher than the budget and expenditures were approximately \$79,000 under budget.

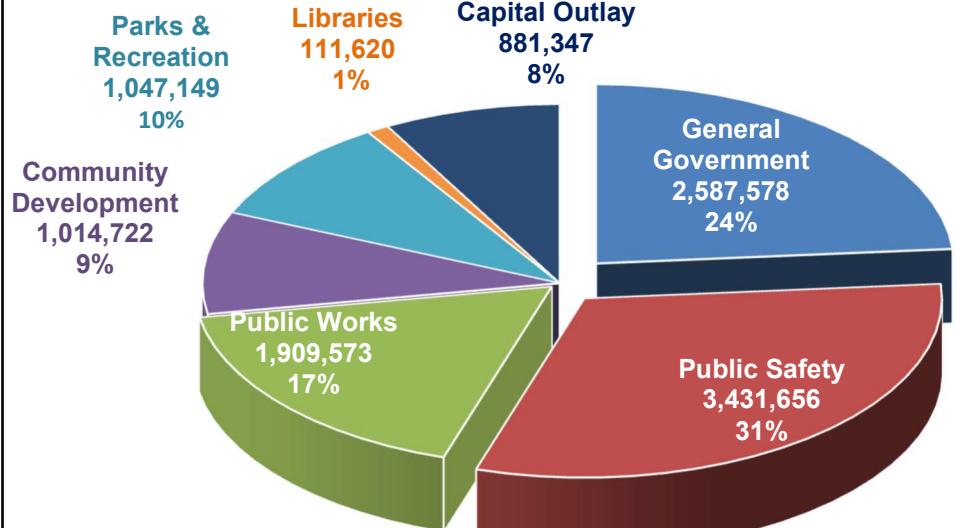
### **Governmental Fund Revenues**

In the General Fund, Property tax revenues increased \$239,000 (14.0%), Transient Occupancy tax (TOT) revenues increased \$292,000 (10.9%) and Sales Tax revenues increased \$190,000 (12.2%).

Revenues in the Other Governmental funds increased approximately \$250,000, with \$195,000 transfer from deferred revenue in the Transit Equipment replacement fund. The negative fund balance in the Plaza Maintenance Fund was improved by \$69,000 in the current year. Over the past few years, there has been a trend in gas tax revenues at the state level and the amounts paid to the City of Ojai. To reverse this trend, the state legislature approved a measure to increase gas taxes and to repay local agencies for funds borrowed by the state from the gas tax accounts. This legislation resulted in an increase of approximately \$97,000 gas tax revenue to the City in the current fiscal year.



**CHART 4**  
**Governmental Funds Expenditures**  
**Fiscal Year Ended June 30, 2019**



**Governmental Fund Expenditures**

Expenditures of the Governmental Funds decreased approximately \$950,000 with General Fund expenditures increasing \$288,000 and expenditures in other governmental funds decreasing by approximately \$1.2 million (primarily due to the off year of the bi-annual streets repair project in the Capital Improvements Fund). One of the largest expenditure increases in the General Fund relates to personnel costs. With CalPERS reducing the discount rate used as a factor in calculating pension costs, the annual pension expenditure in the City is anticipated to increase by approximately \$100,000 with most of that being attributable to General Fund activities.

***General Fund Expenditures***

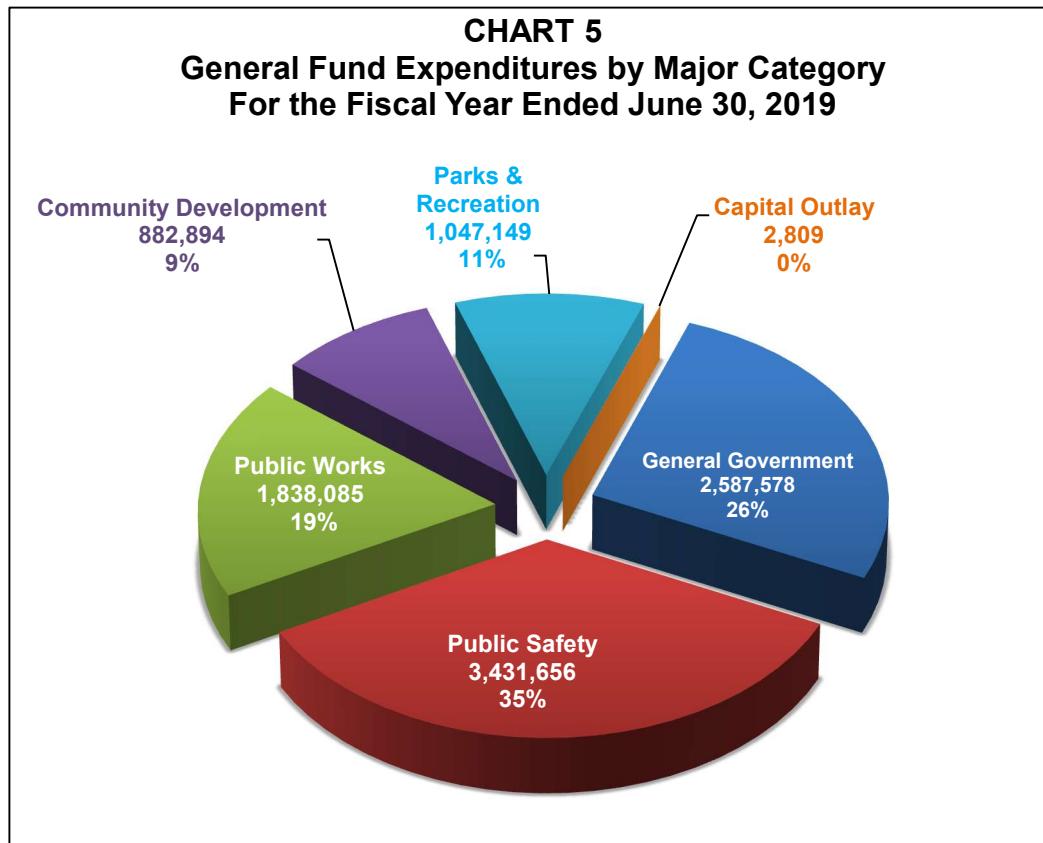
***General Government-***

General government activities include the City Council, City Manager, City Treasurer, Finance, City Attorney, City Clerk, Non-Departmental, and Arts Commission. Expenditures in these departments increased \$452,000. Expenditures in the city manager department increased approximately \$37,000, primarily due to filling a vacancy and increased pension costs. Two positions in the finance department contributed to a decrease of approximately \$89,000 due to leave of absences from the prior year. Expenditures in non-departmental increased by \$476,000, primarily due to moving unfunded liability from all the departments. The \$50,000 increase to City Attorney were for increased legal services this fiscal year.

***Other General Fund Departments-***

***Public Safety*** expenditures increased \$26,000 (.8%) due to the annual cost of living increase and ***Public Works*** expenditures decreased \$194,000 (9.6%) in the current year as a result of moving the unfunded liability to non-departmental cost center. ***Community Development Department*** expenditures decreased approximately \$13,000, primarily due to a vacancy in the

director position for part of the fiscal year. **Capital outlay** expenditures decreased \$22,000, primarily due to reduction of PEG equipment purchases this year.



**General Fund Budgetary Highlights:** The City Council adopted a General Fund revenue budget totaling approximately \$10.1 million with no budget adjustments. The adopted expenditure budget totaled \$9.9 million. Actual revenues collected were more than budgeted by approximately \$144,000. Top three tax revenues collected were more than budget by \$372,000. Licenses, Permits, and Fees fell short of the budget by \$378,000, while revenues from interest and rentals exceeded the budget by approximately \$75,000. Actual revenues exceeded the budget for Charges for Services and Intergovernmental revenue by \$36,000 and \$50,000 respectively. Other Revenue fell short of the budget by \$10,000. Despite the impacts of the Thomas Fire from the previous year, sales tax revenues exceeded budget for the year due to conservative budgeting and the strength of the local economy.

The General Fund's top three revenues are *Property Taxes, Sales Taxes and Transient Occupancy Taxes*, which generated approximately \$6.7 million total revenue, which is 64.9% of the total General Fund revenues.

The Public Safety expenditures represent 35.1% of the total General Fund expenditures, while General Government services and Public Works expenditures account for 26.4% and 18.8% of General Fund Expenditures, respectively. Public safety and General Government expenditures increased by 0.8% and 21.2% respectively, whereas Public Works expenditures decreased by 9.6%.

#### **Other Governmental Funds**

Expenditures in the other governmental funds decreased by approximately \$1.2 million, which is entirely due to less capital outlay expenditures in the Capital Improvements Fund. This is

consistent with the City's capital improvement plan to complete paving activities every two years in order to obtain economies of scale in these projects.

**Proprietary funds:** The City's proprietary fund statements provide the same type of information that is found in the government-wide financial statements (see more detail on pages 26-28 of this report) because they are reported using the full accrual basis of accounting. The net position of the Transit enterprise fund is \$829,000, an increase of \$531,000 primarily due to two Trolley purchases in FY 18-19. These purchases provided an increase to the investment in capital assets by \$309,000. The unrestricted net position increased by \$221,000 due to a new Caltrans grant, Gold Coast grant, and a TDA grant.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets:** The City's investment in capital assets is reported in the financial statements for the government-wide and business-type activities but not in the governmental fund financial statements. The investment in capital assets includes non-depreciable assets (rights-of-way, land, artwork, and construction in progress) and depreciable assets (buildings, land and other improvements, equipment and machinery, infrastructure, and vehicles). Table 5 provides a summary of the City's capital assets net of accumulated depreciation as of June 30, 2019 and 2018. Additional information on the City's capital assets is found in Note 6 on pages 44-46 of this report.

TABLE 5						
CITY OF OJAI CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION JUNE 30, 2019 AND 2018						
Non-depreciable Assets	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Rights of way	\$ 798,250	\$ 798,250	\$ -	\$ -	\$ 798,250	\$ 798,250
Land	1,603,700	1,603,700	110,500	110,500	1,714,200	1,714,200
Artwork	60,982	99,832	-	-	60,982	99,832
Construction in Progress	846,604	365,743	16,702	68,518	863,306	434,261
<b>Depreciable Assets</b>						
Buildings	8,571,809	9,398,464	-	-	8,571,809	9,398,464
Land Improvements	835,913	1,135,566	291,336	283,033	1,127,249	1,418,599
Equipment and machinery	926,734	991,406	41,806	47,469	968,540	1,038,875
Infrastructure	5,341,367	6,255,433	-	-	5,341,367	6,255,433
Vehicles	144,972	78,525	434,022	75,608	578,994	154,133
Public Art	36,902	-	-	-	36,902	-
<b>Total capital assets</b>	<b>\$ 19,167,233</b>	<b>\$ 20,726,919</b>	<b>\$ 894,366</b>	<b>\$ 585,128</b>	<b>\$ 20,061,599</b>	<b>\$ 21,312,047</b>

**Long-term liabilities:** At June 30, 2019, the City had no loans or notes payable outstanding, but had a total of \$9.3 million in long-term liabilities with \$8.7 million in the governmental activities and \$521,000 in the business-type activities. Total long-term liabilities decreased \$330,000 in the current fiscal year. Pension liabilities decreased approximately \$246,000 while OPEB liability increased \$19,000 and liability for compensated absences decreased \$103,000. The pension liability increase can be primarily attributed to a decrease in the CalPERS discount rate which is a significant part of the pension liability computation. The liability for compensated absences is total value of vacation, compensated absences, and sick leave time that will be required to be paid out or used by employees at a future date. Pursuant to GASB 45, the City has been recording an actuarially determined OPEB liability. The City implemented GASB 75 in the prior year and the total liability is \$3.8 million. Additional information on the City's long-term liabilities and OPEB is found in the Notes to Basic Financial Statements Numbers 7- 8, pages 47-55 of this report.

**TABLE 6**

<b>CITY OF OJAI LONG TERM LIABILITIES JUNE 30, 2019 AND 2018</b>							
	Governmental Activities		Business-Type Activities		Total		
	2019	2018	2019	2018	2019	2018	
Net pension obligations	\$ 4,853,727	\$ 5,028,095	\$ 295,113	\$ 366,646	\$ 5,148,840	\$ 5,394,741	
OPEB	3,609,616	3,543,887	210,311	257,465	3,819,927	3,801,352	
Compensated absences	276,906	379,482	15,834	16,086	292,740	395,568	
Total long-term liabilities	<u>\$ 8,740,249</u>	<u>\$ 8,951,464</u>	<u>\$ 521,258</u>	<u>\$ 640,197</u>	<u>\$ 9,261,507</u>	<u>\$ 9,591,661</u>	

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET OUTLOOK**

The City has been experiencing a positive turn around since the effects of the Thomas Fire even with one hotel still closed. City management has historically budgeted revenue growth conservatively and to mitigate possible natural disaster related revenue losses. In an effort to prepare for future economic downturns and natural disasters, management has placed additional emphasis on meeting the fifty (50) percent reserve requirement and conservatively budgeting for FY 19-20. The budget continues funding \$100,000 a year to an OPEB trust in addition to the annual pay-as-you-go funding to reduce the long-term impact of the retiree medical plan. The City has established an Equipment replacement fund to pay for future equipment replacement and technology improvements, by transferring \$40,000 per year from the General fund. As of June 30, 2019, this fund has accumulated \$322,000 for this purpose.

The City's internal policy is to hold 50% of the current year General Fund operating budget in reserves. The current internal 50% requirement may need to be re-visited as history has shown economic downturns last 8 months or longer before showing signs of recovery. A 50% reserve would provide funding for approximately 6 months, which may not be adequate for a economic downturn. One current sign of a potential economic downturn is rising housing costs. This is an indicator to be conservative. At June 30, 2019, the City held \$4.1 million in unassigned fund balance (reserves) compared to a requirement of \$5.1 million, leaving the City \$964,000 under the internal reserve requirement. Over the past few years, the City's top three priorities have been:

- 1) Bring General Fund reserves to the required level,
- 2) Perform deferred maintenance on the City's capital assets, and
- 3) Balance revenues and spending in order to position the City for increased pension costs and to pay down the unfunded pension and retiree medical liabilities of the City.

The City has been making slow progress towards meeting the 50% reserve objective. The City has used 20% of total TOT revenue to maintain and improve streets, roads, and City facilities. This has allowed the City to spend a little over \$1 million every two years on the pavement program. Finally, increasing the difference between budgeted revenues and budgeted expenditures has been difficult but we have been able to balance the budget despite increasing pension costs. There are many demands on city resources and many "worthy" causes so City Council will need to exercise caution when considering funding requests if we are to make progress in building reserves and not over spending our limited resources in future years.

The economy in the Ojai Valley has continued to grow at a modest rate over the past several years. Tourism significantly affects the City's economy and its annual TOT and sales tax revenue.

TOT revenue accounted for 30.8% of General Fund revenues and 24.7% of total city revenues in the fiscal year ended June 30, 2019, compared to 28.4% and 30.6% in the prior year. This heavy concentration of revenues from one source leaves the city vulnerable if the economy turns downward. A five year average growth of property tax and TOT revenues amounts to approximately \$154,000 and \$134,000, respectively. Per U.S Department of Labor, the five-year average inflation is approximately under 2% and a recession is not anticipated in the coming year. Staff has conservatively budgeted TOT growth to 2% for FY 19-20. Staff projects steady growth in Sales tax revenue in the coming year and has projected a 2% increase in FY19-20.

The City has placed Measure "C" on the March 2020 ballot. Measure "C" would bring the City's TOT rate to 15% from 10%, with the additional 5% designated for capital improvement projects. This would also help the City to catch up on deferred maintenance. Staff estimates that deferred maintenance costs may be over \$1 million at this time. Measure "C" is anticipated to raise \$1.3 to \$1.7 million per year.

Staff projects that expenditures will continue to increase in the coming years due to two primary factors:

- 1) City staffing levels have been kept low to provide funds for the capital improvement program. Some staffing needs have been identified that may require additional funding and will be recommended to City Council in coming months.
- 2) Pension costs will continue to increase over the next six years as changes made by the CalPERS governing board will result in an estimated \$100,000 additional pension contributions annually.

#### **REQUESTS FOR INFORMATION**

This financial report is intended to provide a general overview of the City of Ojai's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Pamela Greer  
Director of Finance  
City of Ojai  
401 S. Ventura St.  
Ojai, CA 93023  
[greer@ojaicity.org](mailto:greer@ojaicity.org)

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**CITY OF OJAI**  
**STATEMENT OF NET POSITION**  
June 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 4,951,183	\$ 191,555	\$ 5,142,738
Cash and investments with fiscal agents	2,837	-	2,837
Accounts receivable, net	1,543,942	789,616	2,333,558
Internal balances	272,361	(272,361)	-
Due from successor agency	2,242,407	-	2,242,407
Capital assets not being depreciated	3,309,536	127,202	3,436,738
Capital assets, net of accumulated depreciation	<u>15,857,697</u>	<u>767,164</u>	<u>16,624,861</u>
Total assets	<u>28,179,963</u>	<u>1,603,176</u>	<u>29,783,139</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to OPEB	298,647	11,574	310,221
Related to pensions	<u>1,468,155</u>	<u>80,733</u>	<u>1,548,888</u>
Total deferred outflows of resources	<u>1,766,802</u>	<u>92,307</u>	<u>1,859,109</u>
<b>LIABILITIES</b>			
Accounts payable	612,972	11,580	624,552
Accrued liabilities	101,527	9,922	111,449
Deposits payable	15,188	-	15,188
Unearned revenue	765,378	18,491	783,869
Noncurrent liabilities:			
Due within one year	69,227	3,959	73,186
Due in more than one year	<u>8,671,022</u>	<u>517,299</u>	<u>9,188,321</u>
Total liabilities	<u>10,235,314</u>	<u>561,251</u>	<u>10,796,565</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	446,991	22,152	469,143
Total deferred inflows of resources	<u>446,991</u>	<u>22,152</u>	<u>469,143</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,167,233	894,366	20,061,599
Restricted for:			
Employee benefits	2,837	-	2,837
Libraries	28,329	-	28,329
Streets, bikeways, parks, and other related purposes	690,898	-	690,898
Transit	124,123	-	124,123
Community development	246	-	246
Unrestricted	<u>(749,206)</u>	<u>217,714</u>	<u>(531,492)</u>
Total net position	<u>\$ 19,264,460</u>	<u>\$ 1,112,080</u>	<u>\$ 20,376,540</u>

See Notes to Basic Financial Statements

**CITY OF OJAI**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental Activities:</b>				
General government	\$ (2,613,420)	\$ 695,278	\$ 3,849	\$ 670
Public safety	(3,585,337)	12,354	280,924	-
Public works	(3,273,649)	404,167	345,726	307,661
Community development	(1,248,118)	503,179	-	-
Parks and recreation	(1,224,410)	652,548	-	-
Libraries	(111,620)	110,956	-	-
Unallocated depreciation	(586,917)	-	-	-
Total governmental activities	<u>(12,643,471)</u>	<u>2,378,482</u>	<u>630,499</u>	<u>308,331</u>
<b>Business-type Activities:</b>				
Transit	(864,227)	111,525	1,056,411	-
Cemetery	(14,134)	2,797	-	-
Total business-type activities	<u>(878,361)</u>	<u>114,322</u>	<u>1,056,411</u>	<u>-</u>
Total government	<u>\$ (13,521,832)</u>	<u>\$ 2,492,804</u>	<u>\$ 1,686,910</u>	<u>\$ 308,331</u>

**General Revenues and Transfers:**

Taxes:  
Property taxes  
Sales taxes  
Transient occupancy tax  
Other  
Motor vehicle in lieu tax, unrestricted  
Unrestricted investment earnings  
Miscellaneous  
Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of fiscal year

Net position at end of fiscal year

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Net (Expenses) Revenues and Changes in Net Position			
		Business-type Activities	Total
	Governmental Activities		
\$	(1,913,623)	\$ -	\$ (1,913,623)
	(3,292,059)		(3,292,059)
	(2,216,095)		(2,216,095)
	(744,939)		(744,939)
	(571,862)		(571,862)
	(664)		(664)
	(586,917)		(586,917)
	<u>(9,326,159)</u>	<u>-</u>	<u>(9,326,159)</u>
	-	303,709	303,709
	-	(11,337)	(11,337)
	-	292,372	292,372
	<u>(9,326,159)</u>	<u>292,372</u>	<u>(9,033,787)</u>
	1,951,016	-	1,951,016
	1,753,908	-	1,753,908
	3,713,450	-	3,713,450
	127,489	-	127,489
	870,286	-	870,286
	141,610	5,782	147,392
	175,595	11,850	187,445
	(213,973)	213,973	-
	<u>8,519,381</u>	<u>231,605</u>	<u>8,750,986</u>
	(806,778)	523,977	(282,801)
	<u>20,071,238</u>	<u>588,103</u>	<u>20,659,341</u>
\$	<u>19,264,460</u>	<u>\$ 1,112,080</u>	<u>\$ 20,376,540</u>

**CITY OF OJAI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2019

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 3,787,752	\$ -	\$ 1,163,431	\$ 4,951,183
Cash and investments with fiscal agents	2,837	-	-	2,837
Accounts receivable, net	1,415,286	107,305	21,351	1,543,942
Due from other funds	337,908	-	-	337,908
Due from successor agency	2,242,407	-	-	2,242,407
 Total assets	 <u>\$ 7,786,190</u>	 <u>\$ 107,305</u>	 <u>\$ 1,184,782</u>	 <u>\$ 9,078,277</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 553,328	\$ 39,875	\$ 19,769	\$ 612,972
Accrued liabilities	99,210	-	2,317	101,527
Deposits payable	5,025	10,163	-	15,188
Due to other funds	-	7,377	58,170	65,547
Unearned revenue	765,378	-	-	765,378
 Total liabilities	 <u>1,422,941</u>	 <u>57,415</u>	 <u>80,256</u>	 <u>1,560,612</u>
Fund balances:				
Nonspendable:				
Due from successor agency	2,242,407	-	-	2,242,407
Restricted	2,837	-	843,596	846,433
Assigned	-	49,890	322,946	372,836
Unassigned	4,118,005	-	(62,016)	4,055,989
 Total fund balances (deficits)	 <u>6,363,249</u>	 <u>49,890</u>	 <u>1,104,526</u>	 <u>7,517,665</u>
 Total liabilities, and fund balances	 <u>\$ 7,786,190</u>	 <u>\$ 107,305</u>	 <u>\$ 1,184,782</u>	 <u>\$ 9,078,277</u>

See Notes to Basic Financial Statements

**CITY OF OJAI****GOVERNMENTAL FUNDS****RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION****June 30, 2019**

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Fund balances of governmental funds	\$ 7,517,665
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation have not been included as financial resources in governmental funds.

Capital assets at historical cost	\$ 43,577,779
Accumulated depreciation	<u>(24,410,546)</u>
	19,167,233

In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources are reported.

Deferred outflows of resources relating to:	
OPEB	\$ 298,647
Pensions	1,468,155
Deferred inflows of resources relating to:	
Pensions	<u>(446,991)</u>
	1,319,811

Long-term debt has not been included in the governmental funds.

Compensated absences	\$ 276,906
OPEB	3,609,616
Net pension liability	<u>4,853,727</u>
	<u>(8,740,249)</u>
Net position of governmental activities	<u>\$ 19,264,460</u>

**CITY OF OJAI**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2019

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 1,951,016	\$ -	\$ -	\$ 1,951,016
Sales taxes	1,753,908	-	-	1,753,908
Transient occupancy tax	2,970,515	742,935	-	3,713,450
Other taxes and assessments	-	-	348,164	348,164
Licenses, permits, and fees	1,161,806	-	-	1,161,806
Fines and forfeitures	11,575	-	-	11,575
Use of money and property	115,208	-	28,481	143,689
Intergovernmental:				
Other	350,009	112,661	489,032	951,702
Motor vehicle in lieu	870,286	-	-	870,286
Charges for services	941,359	-	28,115	969,474
Other revenue	164,396	-	11,200	175,596
Total revenues	<u>10,290,078</u>	<u>855,596</u>	<u>904,992</u>	<u>12,050,666</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,587,578	-	-	2,587,578
Public safety	3,431,656	-	-	3,431,656
Public works	1,838,085	-	71,488	1,909,573
Community development	882,894	-	131,828	1,014,722
Parks and recreation	1,047,149	-	-	1,047,149
Libraries	-	-	111,620	111,620
Capital outlay	<u>2,809</u>	<u>704,189</u>	<u>174,349</u>	<u>881,347</u>
Total expenditures	<u>9,790,171</u>	<u>704,189</u>	<u>489,285</u>	<u>10,983,645</u>
Excess of revenues over (under) expenditures	<u>499,907</u>	<u>151,407</u>	<u>415,707</u>	<u>1,067,021</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	206,154	181,932	388,086
Transfers out	<u>(283,588)</u>	-	<u>(318,471)</u>	<u>(602,059)</u>
Total other financing sources (uses)	<u>(283,588)</u>	<u>206,154</u>	<u>(136,539)</u>	<u>(213,973)</u>
Net changes in fund balances	216,319	357,561	279,168	853,048
Fund balances (deficit) - July 1, 2018	<u>6,146,930</u>	<u>(307,671)</u>	<u>825,358</u>	<u>6,664,617</u>
Fund balances - June 30, 2019	<u>\$ 6,363,249</u>	<u>\$ 49,890</u>	<u>\$ 1,104,526</u>	<u>\$ 7,517,665</u>

See Notes to Basic Financial Statements

**CITY OF OJAI****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2019**

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Net change in fund balances - total governmental funds \$ 853,048

Amounts reported for governmental activities in the statement of activities differ because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense.

Capital outlay expenditures are added back to fund balances	\$ 824,810
Depreciation expense not reported in governmental funds	<u>(2,384,496)</u>
	(1,559,686)

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between accrual-basis OPEB expenses and actual employer OPEB contributions was:

(42,194)

In governmental funds, pension costs are recognized when employer contributions are made.

In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

(160,522)

Compensated absences are not a current period expense. This is the net change in compensated absences for the current period.

102,576

Change in net position of governmental activities

\$ (806,778)

**CITY OF OJAI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2019

Business-type Activities - Enterprise Funds			
	Transit	Cemetery	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ -	\$ 191,555	\$ 191,555
Accounts receivable, net	<u>789,616</u>	<u>-</u>	<u>789,616</u>
Total current assets	<u>789,616</u>	<u>191,555</u>	<u>981,171</u>
Noncurrent Assets:			
Capital assets not being depreciated	9,556	117,646	127,202
Capital assets, net of accumulated depreciation	<u>765,193</u>	<u>1,971</u>	<u>767,164</u>
Total noncurrent assets	<u>774,749</u>	<u>119,617</u>	<u>894,366</u>
Total assets	<u>1,564,365</u>	<u>311,172</u>	<u>1,875,537</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to OPEB	11,574	-	11,574
Related to pension	<u>78,320</u>	<u>2,413</u>	<u>80,733</u>
Total deferred outflows of resources	<u>89,894</u>	<u>2,413</u>	<u>92,307</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	11,199	381	11,580
Accrued liabilities	<u>9,017</u>	<u>905</u>	<u>9,922</u>
Unearned revenue	-	18,491	18,491
Due to other funds	<u>272,361</u>	-	<u>272,361</u>
Current portion of noncurrent liabilities	<u>3,698</u>	<u>261</u>	<u>3,959</u>
Total current liabilities	<u>296,275</u>	<u>20,038</u>	<u>316,313</u>
Noncurrent Liabilities:			
Compensated absences	11,093	782	11,875
Net OPEB liability	<u>210,311</u>	-	<u>210,311</u>
Net pension liability	<u>286,294</u>	<u>8,819</u>	<u>295,113</u>
Total noncurrent liabilities	<u>507,698</u>	<u>9,601</u>	<u>517,299</u>
Total liabilities	<u>803,973</u>	<u>29,639</u>	<u>833,612</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pension	21,490	662	22,152
Total deferred inflows of resources	<u>21,490</u>	<u>662</u>	<u>22,152</u>
<b>NET POSITION</b>			
Net investment in capital assets	774,749	119,617	894,366
Unrestricted	<u>54,047</u>	<u>163,667</u>	<u>217,714</u>
Total net position	<u>\$ 828,796</u>	<u>\$ 283,284</u>	<u>\$ 1,112,080</u>

See Notes to Basic Financial Statements

**CITY OF OJAI**

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
Operating Revenues:			
Charges for services (net of refunds)	\$ 111,525	\$ 2,797	\$ 114,322
Total operating revenues	<u>111,525</u>	<u>2,797</u>	<u>114,322</u>
Operating Expenses:			
Salaries and benefits	302,496	6,833	309,329
Material, supplies, and operational expenses	359,303	6,808	366,111
Depreciation	<u>202,428</u>	<u>493</u>	<u>202,921</u>
Total operating expenses	<u>864,227</u>	<u>14,134</u>	<u>878,361</u>
Operating income (loss)	<u>(752,702)</u>	<u>(11,337)</u>	<u>(764,039)</u>
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	1,056,411	-	1,056,411
Interest income	1,466	4,316	5,782
Gain (loss) on disposal of assets	<u>11,850</u>	<u>-</u>	<u>11,850</u>
Total non-operating revenues (expenses)	<u>1,069,727</u>	<u>4,316</u>	<u>1,074,043</u>
Income (loss) before transfers	317,025	(7,021)	310,004
Transfers in	<u>213,973</u>	<u>-</u>	<u>213,973</u>
Changes in net position	530,998	(7,021)	523,977
Total net position - July 1, 2018	<u>297,798</u>	<u>290,305</u>	<u>588,103</u>
Total net position - June 30, 2019	<u>\$ 828,796</u>	<u>\$ 283,284</u>	<u>\$ 1,112,080</u>

See Notes to Basic Financial Statements

**CITY OF OJAI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 217,649	\$ 3,076	\$ 220,725
Cash paid to suppliers for goods and services	(438,743)	(8,062)	(446,805)
Cash paid to employees for services	(332,517)	(9,943)	(342,460)
Net cash used by operating activities	<u>(553,611)</u>	<u>(14,929)</u>	<u>(568,540)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating grants received	688,727	-	688,727
Loan received from other funds	149,754	-	149,754
Transfers from other funds	213,973	-	213,973
Net cash provided by noncapital financing activities	<u>1,052,454</u>	<u>-</u>	<u>1,052,454</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(512,159)	-	(512,159)
Proceeds from sale of capital assets	11,850	-	11,850
Net cash used by capital and related financing activities	<u>(500,309)</u>	<u>-</u>	<u>(500,309)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest received	1,466	4,316	5,782
Net cash provided by investing activities	<u>1,466</u>	<u>4,316</u>	<u>5,782</u>
Net decrease in cash and cash equivalents	-	(10,613)	(10,613)
<b>Cash and Cash Equivalents at Beginning of Fiscal Year</b>	-	202,168	202,168
<b>Cash and Cash Equivalents at End of Fiscal Year</b>	<u>\$ -</u>	<u>\$ 191,555</u>	<u>\$ 191,555</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and investments	<u>\$ -</u>	<u>\$ 191,555</u>	<u>\$ 191,555</u>
<b>Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (752,702)	\$ (11,337)	\$ (764,039)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	202,428	493	202,921
(Increase) decrease in accounts receivable	106,124	-	106,124
(Increase) decrease in inventory	-	1,050	1,050
(Increase) decrease in deferred outflows	33,262	1,331	34,593
Increase (decrease) in accounts payable	(32,286)	(2,304)	(34,590)
Increase (decrease) in accrued liabilities	2,474	651	3,125
Increase (decrease) in deferred charges	-	279	279
Increase (decrease) in compensated absences	732	(984)	(252)
Increase (decrease) in net OPEB liability	(47,154)	-	(47,154)
Increase (decrease) in net pension liability	(67,504)	(4,029)	(71,533)
Increase (decrease) in deferred inflows	1,015	(79)	936
Total adjustments	<u>199,091</u>	<u>(3,592)</u>	<u>195,499</u>
Net cash provided by (used by) operating activities	<u>\$ (553,611)</u>	<u>\$ (14,929)</u>	<u>\$ (568,540)</u>

See Notes to Basic Financial Statements

**CITY OF OJAI**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2019

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	Private Purpose Trust Funds	Agency Funds
	Successor Agency	Special Deposits
<b>ASSETS</b>		
Cash and investments	\$ 772,251	\$ 72,077
Notes receivable	1,427,611	-
Land	<u>305,888</u>	<u>-</u>
Total assets	<u>2,505,750</u>	<u>\$ 72,077</u>
<b>LIABILITIES</b>		
Accounts payable	- -	\$ 72,077
Accrued interest payable	1,744,254	-
Loans payable - City of Ojai	498,153	-
Unearned revenue	<u>418,200</u>	<u>-</u>
Total liabilities	<u>2,660,607</u>	<u>\$ 72,077</u>
<b>NET POSITION</b>		
Held in trust	<u>\$ (154,857)</u>	

**CITY OF OJAI**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
For the Fiscal Year Ended June 30, 2019

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	Successor Agency
<b>ADDITIONS:</b>	
Property taxes	\$ 368,824
Use of money and property	<u>16,687</u>
Total additions	<u>385,511</u>
<b>DEDUCTIONS:</b>	
Community development	<u>114,710</u>
Total deductions	<u>114,710</u>
Change in net position	270,801
Total net position - beginning of fiscal year	<u>(425,658)</u>
Total net position - end of fiscal year	<u>\$ (154,857)</u>

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ojai (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### A. Reporting Entity

The City of Ojai is a political subdivision provided for by the General Law of the State of California and, as such, can exercise the powers specified by the Constitution and laws of the State of California. The City operates under a council-manager form of government.

The City of Ojai is a municipal corporation governed by an elected five-member City council. As of November 16, 2016, the Mayor is the elected leader of the Council. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The City has no blended component units as determined by GASB Statement No. 14, as amended by GASB Statement No. 3, GASB Statement No. 61, and GASB Statement No. 80.

#### B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

##### *Government-wide Statements*

The Statement of Net Position and the Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Government activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### *Fund Financial Statements*

The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category—*governmental, proprietary and fiduciary*—are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary funds financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for all proprietary funds.

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 on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation 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 funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organization, other governmental units, and/or other funds.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### C. Major Funds

GASB Statement No. 34 defines major funds and requires that the City's major funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

The Capital Improvements Fund is used to account for costs associated with the five year capital improvements plan.

The City reports the following proprietary funds:

The Transit Enterprise Fund accounts for the operation and maintenance of the transit operations.

The Cemetery Enterprise Fund accounts for the operation and maintenance of cemetery operations.

Additionally, the City reports the following fund type:

The Fiduciary Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). For proprietary fund type activities, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### C. Major Funds (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

##### D. Basis of Accounting

The government-wide, proprietary funds, and fiduciary funds financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures/expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

##### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position or Fund Balances

###### **Cash and Investments**

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position or Fund Balances (Continued)

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on average three months balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

In accordance with the State of California Government Code, the City adopts an investment policy annually that, among other things, authorizes types and concentrations of investments and maximum investment terms.

The City's investments are carried at fair value. LAIF determines the fair value of its portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. CalTrust portfolio of investments and the negotiable certificates of deposits are reported at fair value monthly. Changes are reported at fair value monthly in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

#### Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as interfund receivables or interfund payables. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

All trade and tax receivables are shown net of an allowance for uncollectible accounts if applicable, and estimated refunds due.

#### Property Taxes

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 Valuations* – are established by the Assessor of the County of Ventura for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100 percent of purchase price or value in 1978, whichever is later. 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* – are limited to one percent of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

*Tax Levy Dates* – are attached annually on January 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. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

*Tax Collections* – are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second 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 made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position or Fund Balances (Continued)

The County of Ventura levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year of levy.

*Tax Levy Apportionments* – due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

*Property Tax Administration Fees* – the State of California Fiscal Year 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded net of administrative fees withheld during the fiscal year.

##### **Prepaid Items**

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

##### **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 (including infrastructure) or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for constructed capital assets and improvements are capitalized during the construction period and is shown as construction in progress. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2019.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Improvements other than buildings	20 to 50
Infrastructure	10 to 65
Vehicles	3 to 8
Computer equipment	5
Other equipment and furnishings	5 to 20

Periodic restoration and maintenance costs on particular items are charged to expense as incurred.

##### **Compensated Absences and Post-Employment Benefits**

The City accrues the liability for compensated absences in accordance with Governmental Accounting Standards Board (GASB) Statement No. 4.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position or Fund Balances (Continued)

###### **Compensated Absences and Post-Employment Benefits (Continued)**

The Compensated absences policy of the City is as follows:

- a) Vacation is accrued by full time employees who work either 36 or 40 hours per week and is based on years of service. 36 hours per week employees with up to 1 year of service accrue 79.2 hours per year and those with over 18 years of service accrue up to 144.0 hours per year. 40 hours per week employees with up to 1 year of service accrue 88.0 hours per year and those with over 18 years of service accrue up to 160.0 hours per year. Permanent part-time employees receive a pro-rata accrual based on hours worked exceeding 20 hours per week. Maximum accrual is 270 hours.
- b) Sick leave is accrued by employees who work 36 hours per week at a rate of 7.2 hours per month and employees who work 40 hours per week accrue at a rate of 8 hours per month. Permanent part time employees accrue a pro-rata share of these hours based on hours worked exceeding 20 hours per week. Maximum hours allowed as an accrual are 960. Employees can sell back up to 40 hours of sick leave every year, provided they maintain a balance of at least 300 hours. Upon death, retirement, and/or honorable separation from employment, the City will pay 50% of an employee's accumulated sick leave if the employee has at least 5 years of service.
- c) Effective July 1, 2015, for all persons employed by the City who work less than the minimum of twenty (20) hours per week but who work thirty (30) or more hours within a year from the date first hired, sick leave shall be earned at a rate of one (1) hour for every thirty (30) hours worked. For these employees, sick leave may not be used until an employee has been on the job for at least ninety (90) days. Such sick leave shall be earned immediately upon employment, subject to the employee having first been a resident of the State of California for at least thirty (30) days. The maximum amount of sick leave that may be taken by such employees shall not exceed 24 hours per fiscal year. Upon termination, the City shall maintain record of accumulating hours of the employee and shall make those hours available to the employee should the employee return to employment with the City within one year.

The City provides post-employment medical benefits to retired employees who were hired before November 1, 2010 and have at least 5 years of PERS service credit with the City and retire from the City. Employees hired after November 1, 2010 and before October 1, 2012, (November 1, 2012 for Council Members) must have ten years of continuous service for the City of Ojai and retire from the City to receive the post-employment medical benefits.

Employees hired after October 1, 2012, must have ten years of continuous service to the City of Ojai and retire from the City to receive the post-employee medical benefits. The benefit will be Public Employees' Medical and Hospital Care Act (PEMHCA) minimum contribution only and the retiree pays the balance of their premium.

During the 2014-15 fiscal year, the City established an irrevocable trust through the CalPERS California Employers' retiree benefit trust (CERBT) in order to prefund its other post-employment benefit (OPEB) obligation.

For the fiscal year ended June 30, 2019, the City paid \$198,651 in health care costs for its retirees and their covered dependents on a pay-as-you-go basis and \$100,000 to the irrevocable trust to pay for future benefits.

###### **Deferred Outflows and Inflows of Resources**

Pursuant to GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*,” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*,” the City recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The City has two items which qualify for reporting in this category; refer to Notes 7 and 8 for a detailed listing of the deferred outflows of resources the City recognized.

In addition to liabilities, the Statement of Net Position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period. The City has one item which qualifies for reporting in this category; refer to Note 7 for a detailed listing of the deferred inflows of resources the City has recognized.

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position or Fund Balances (Continued)

##### **Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City Public Employee's Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial-issue bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Amortization of bond premiums or discounts are included as part of interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### **Net Position and Fund Balances**

In the Government-wide financial statements and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments or by enabling legislation) and include unspent proceeds of bonds issued to acquire or construct capital assets. The City's other restricted net position is temporarily restricted (ultimately expendable assets). All other net position is considered unrestricted.

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

- Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the City's highest level of decision-making authority (the City Council) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- Assigned fund balance – amounts that are constrained by the City Council's *intent* to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.
- Unassigned fund balance – the residual classification for the City's funds that include amounts not contained in the other classifications.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position or Fund Balances (Continued)

###### **Net Position and Fund Balances (Continued)**

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the fiscal year.

##### F. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires City management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

##### G. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 84 "Fiduciary Activities"

The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

Statement No. 87 "Leases"

The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period"

The provisions of this statement are effective for fiscal years beginning after December 15, 2019.

Statement No. 90 "Majority Equity Interests—an Amendment of GASB Statements No. 14 and No. 61"

The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

Statement No. 91 "Conduit Debt Obligations"

The provisions of this statement are effective for fiscal years beginning after December 15, 2020.

#### NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

##### A. Budgetary Information

1. The budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the fiscal year. All amendments made during the fiscal year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures. Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of budgetary control.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

##### A. Budgetary Information (Continued)

3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, the City Council must approve any revisions that alter the total expenditures of any fund.
4. Formal budgetary integration is employed as a management control device during the fiscal year.
5. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.
6. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for this type of fund.
7. Capital projects are budgeted through the Capital Projects Funds. Appropriations for authorized capital projects but not constructed or completed during the fiscal year, are carried forward as continuing appropriations into the following fiscal year's budget.
8. Under Article XIII-B of the California constitution (the GANN Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following fiscal year. For the fiscal year ended June 30, 2019, based on calculations by City staff, proceeds of taxes did not exceed appropriations. Further, Section 5 of Article XIII-B allows the City to designate a portion of fund balance for general contingencies, to be used for any purpose.

##### B. Excess of Expenditures over Appropriation

Excess of expenditures over appropriations in individual funds are as follows:

###### Major Fund

###### General Fund:

City manager	\$	42,649
Public works		61,728
Parks and recreation		217,049

###### Nonmajor Special Revenue Funds

###### Plaza Maintenance Fund:

Community development	29,578
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###### Equipment Replacement Fund:

Capital outlay	105,749
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##### C. Deficit Fund Balance

The following fund had a deficit fund balance at June 30, 2019:

###### Nonmajor Special Revenue Fund

Plaza Maintenance	\$	62,016
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## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 3 – CASH AND INVESTMENTS

At June 30, 2019, deposits and investments were reported in the accompanying financial statements as follows:

##### Statement of net position:

Cash and investments	\$ 5,142,738
Cash and investments with fiscal agents	2,837
Fiduciary funds, statement of net position:	
Cash and investments	<u>844,328</u>
Total cash and investments	<u>\$ 5,989,903</u>

Cash and investments as of June 30, 2019, consist of the following:

Petty cash	\$ 500
Cash in bank	379,691
Investments	<u>5,609,712</u>
Total cash and investments	<u>\$ 5,989,903</u>

The City categorizes its fair value measurements within the fair value hierarchy established by U. S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City had investments in the money market funds and State Investment Pool (LAIF), however, these investments are not measured under Level 1, 2 or 3. The City had Level 1 investments in CalTrust with a fair value of \$805,748 and negotiable certificates of deposit with a fair value of \$2,892,575.

##### Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Commercial Paper	180 days	15%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Time Deposits	5 years	25%	None
Medium-Term Notes	5 years	30%	15%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	None	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
CalTrust	N/A	None	None

##### 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. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 3 – CASH AND INVESTMENTS (Continued)

#### Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Total	Remaining Maturity (in months)			
		12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months
State Investment Pool	\$ 1,066,844	\$ 1,066,844	\$ -	\$ -	\$ -
Negotiable certificates of deposit	2,892,575	736,850	569,038	1,586,687	-
Money market funds	844,545	844,545	-	-	-
CalTrust Medium Term Fund	805,748	805,748	-	-	-
<b>Total</b>	<b>\$ 5,609,712</b>	<b>\$ 3,453,987</b>	<b>\$ 569,038</b>	<b>\$ 1,586,687</b>	<b>\$ -</b>

#### 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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, and the actual rating as of fiscal year end for each investment type.

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	AA-f	Not Rated
State Investment Pool	\$ 1,066,844	N/A	\$ -	\$ -	\$ -	\$ 1,066,844
Negotiable certificates of deposit	2,892,575	N/A	-	-	-	2,892,575
Money market funds	844,545	N/A	-	-	-	844,545
CalTrust Medium Term Fund	805,748	N/A	-	-	805,748	-
<b>Total</b>	<b>\$ 5,609,712</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 805,748</b>	<b>\$ 4,803,964</b>

#### Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5% or more of the City's total investments except the investment in Ojai Community Bank which is secured by collateral.

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

None of the City's deposits with financial institutions in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 3 – CASH AND INVESTMENTS (Continued)

##### Custodial Credit Risk (Continued)

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 City'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 governmental investment pools (such as LAIF and CalTrust).

##### Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying basic financial statements at the 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.

#### NOTE 4 – ACCOUNTS RECEIVABLE

The following is a list of accounts receivable at June 30, 2019:

	Receivable	Allowance	Net
Governmental Activities -			
Accounts receivable, net	<u>\$ 1,543,942</u>	<u>\$ -</u>	<u>\$ 1,543,942</u>
Business-type Activities -			
Accounts receivable, net	<u>\$ 789,616</u>	<u>\$ -</u>	<u>\$ 789,616</u>
	<u>\$ 789,616</u>	<u>\$ -</u>	<u>\$ 789,616</u>

**CITY OF OJAI**

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

**NOTE 5 – INTERFUND ACTIVITY**

The following represents the interfund activity of the City for the fiscal year ended June 30, 2019:

**A. Transfers**

	<u>Transfers In</u>	<u>Transfers out</u>
Major Governmental Funds:		
General	\$ -	\$ 283,588
Capital Improvements	206,154	-
Nonmajor Governmental Funds:		
Libby Bowl Maintenance	-	12,582
Gas Tax	-	59,532
Bicycle and Pedestrian	-	48,991
Street Lighting	7,810	-
Plaza Maintenance	53,000	-
Equipment Replacement	121,122	-
Transit Equipment Replacement	-	197,366
Major Proprietary Fund:		
Transit	<u>213,973</u>	<u>-</u>
	<u><u>\$ 602,059</u></u>	<u><u>\$ 602,059</u></u>

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due.

**B. Due to/From Other Funds**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of interfund balances as of June 30, 2019:

	<u>Due from/ Receivable</u>	<u>Due to/ Payable</u>
Major Governmental Funds:		
General	\$ 337,908	\$ -
Capital Improvements	-	7,377
Nonmajor Governmental Fund:		
Plaza Maintenance	-	58,170
Major Proprietary Fund:		
Transit	<u>-</u>	<u>272,361</u>
	<u><u>\$ 337,908</u></u>	<u><u>\$ 337,908</u></u>

Interfund activity has been eliminated in the statement of net position and activities except where it is between Governmental and Business-type activities.

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 6 – CAPITAL ASSETS

#### A. Governmental Activities

Governmental capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
<b>Capital assets, not being depreciated:</b>				
Right of way	\$ 798,250	\$ -	\$ -	\$ 798,250
Land	1,603,700	-	-	1,603,700
Artwork	99,832	-	(38,850)	60,982
Construction in progress	365,743	507,861	(27,000)	846,604
<b>Total</b>	<b>2,867,525</b>	<b>507,861</b>	<b>(65,850)</b>	<b>3,309,536</b>
<b>Capital assets being depreciated:</b>				
Buildings	15,289,783	162,400	-	15,452,183
Improvements other than buildings	3,378,764	-	-	3,378,764
Equipment and machinery	1,801,984	82,939	-	1,884,923
Infrastructure	18,927,959	-	-	18,927,959
Vehicles	486,954	98,610	(52,410)	533,154
Public art	-	38,850	-	38,850
<b>Total</b>	<b>39,885,444</b>	<b>382,799</b>	<b>(52,410)</b>	<b>40,215,833</b>
Less accumulated depreciation for:				
Buildings	(5,891,319)	(989,055)	-	(6,880,374)
Improvements other than buildings	(2,243,198)	(299,653)	-	(2,542,851)
Equipment and machinery	(810,578)	(147,611)	-	(958,189)
Infrastructure	(12,672,526)	(914,066)	-	(13,586,592)
Vehicles	(408,429)	(32,163)	52,410	(388,182)
Public art	-	(1,948)	-	(1,948)
<b>Total</b>	<b>(22,026,050)</b>	<b>(2,384,496)</b>	<b>52,410</b>	<b>(24,358,136)</b>
<b>Total, net of accumulated depreciation</b>	<b>17,859,394</b>	<b>(2,001,697)</b>	<b>-</b>	<b>15,857,697</b>
<b>Total capital assets, net</b>	<b>\$ 20,726,919</b>	<b>\$ (1,493,836)</b>	<b>\$ (65,850)</b>	<b>\$ 19,167,233</b>

Depreciation expense was charged to functions/programs of the City's governmental activities as follows:

Public safety	\$ 118,632
Public works	1,289,318
Community development	222,381
Parks and recreation	167,248
Unallocated	586,917
<b>Total</b>	<b>\$ 2,384,496</b>

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 6 – CAPITAL ASSETS (Continued)

#### B. Business-Type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
<b>Cemetery Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 108,900	\$ -	\$ -	\$ 108,900
Construction in progress	8,746	-	-	8,746
Total	117,646	-	-	117,646
Capital assets, being depreciated:				
Land improvements	12,124	-	-	12,124
Total	12,124	-	-	12,124
Less accumulated depreciation for:				
Land improvements	(9,660)	(493)	-	(10,153)
Total	(9,660)	(493)	-	(10,153)
Total net of accumulated depreciation	2,464	(493)	-	1,971
<b>Cemetery Fund capital assets, net</b>	<b>\$ 120,110</b>	<b>\$ (493)</b>	<b>\$ -</b>	<b>\$ 119,617</b>
	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
<b>Transit Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,600	\$ -	\$ -	\$ 1,600
Construction in progress	59,772	2,367	(54,183)	7,956
Total	61,372	2,367	(54,183)	9,556
Capital assets, being depreciated:				
Land improvements	453,872	54,183	-	508,055
Equipment and machinery	178,672	13,427	-	192,099
Vehicles	912,580	496,365	(176,420)	1,232,525
Total	1,545,124	563,975	(176,420)	1,932,679
Less accumulated depreciation for:				
Land improvements	(173,303)	(45,387)	-	(218,690)
Equipment and machinery	(131,203)	(19,090)	-	(150,293)
Vehicles	(836,972)	(137,951)	176,420	(798,503)
Total	(1,141,478)	(202,428)	176,420	(1,167,486)
Total net of accumulated depreciation	403,646	361,547	-	765,193
<b>Transit Fund capital assets, net</b>	<b>\$ 465,018</b>	<b>\$ 363,914</b>	<b>\$ (54,183)</b>	<b>\$ 774,749</b>

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 6 – CAPITAL ASSETS (Continued)

#### B. Business-Type Activities (Continued)

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
<b>Total Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 110,500	\$ -	\$ -	\$ 110,500
Construction in progress	68,518	2,367	(54,183)	16,702
Total	<u>179,018</u>	<u>2,367</u>	<u>(54,183)</u>	<u>127,202</u>
Capital assets, being depreciated:				
Land improvements	465,996	54,183	-	520,179
Equipment and machinery	178,672	13,427	-	192,099
Vehicles	912,580	496,365	(176,420)	1,232,525
Total	<u>1,557,248</u>	<u>563,975</u>	<u>(176,420)</u>	<u>1,944,803</u>
Less accumulated depreciation for:				
Land improvements	(182,963)	(45,880)	-	(228,843)
Equipment and machinery	(131,203)	(19,090)	-	(150,293)
Vehicles	(836,972)	(137,951)	176,420	(798,503)
Total	<u>(1,151,138)</u>	<u>(202,921)</u>	<u>176,420</u>	<u>(1,177,639)</u>
Total net of accumulated depreciation	<u>406,110</u>	<u>361,054</u>	<u>-</u>	<u>767,164</u>
<b>Total Business-type capital assets, net</b>	<b>\$ 585,128</b>	<b>\$ 363,421</b>	<b>\$ (54,183)</b>	<b>\$ 894,366</b>

Depreciation expense was charged to functions/programs of the City's Business-type activities as follows:

#### Business-type Activities:

Cemetery	\$ 493
Transit	202,428
Total	<u>\$ 202,921</u>

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 7 – LONG-TERM LIABILITIES

#### A. Summary

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2019:

	Balance at July 1, 2018	Additions	Reductions	Balance at June 30, 2019	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 379,482	\$ 185,859	\$ (288,435)	\$ 276,906	\$ 69,227
Net pension liability	5,028,095	51,564	(225,932)	4,853,727	-
OPEB	3,543,887	389,966	(324,237)	3,609,616	-
Total governmental	<u>\$ 8,951,464</u>	<u>\$ 627,389</u>	<u>\$ (838,604)</u>	<u>\$ 8,740,249</u>	<u>\$ 69,227</u>
<b>Business-type activities:</b>					
Compensated absences					
Transit	\$ 14,059	\$ 18,399	\$ (17,667)	\$ 14,791	\$ 3,698
Cemetery	2,027	683	(1,667)	1,043	261
Net pension liability	366,646	187,942	(259,475)	295,113	-
OPEB	257,465	22,741	(69,895)	210,311	-
Total business-type	<u>\$ 640,197</u>	<u>\$ 229,765</u>	<u>\$ (348,704)</u>	<u>\$ 521,258</u>	<u>\$ 3,959</u>

#### B. Other Post-employment Benefits (OPEB)

##### Plan Description:

The City provides post-employment health care benefits through the Public Employees' Medical and Hospital Care Act (PEMHCA) plan. As a PEMHCA employer, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The City maintains an "equal" resolution with CalPERS (executed January 2011) defining the level of the City's contribution toward the cost of medical plan premiums for active retired employees to be the PEMHCA minimum employer contribution (MEC). The MEC was \$136 per month in 2019.

The City established a Health Savings Account (HSA) through the International City/County Management Association Retirement Corporation (ICMA-RC). Through this arrangement, the City provides a more generous contribution toward retiree medical premiums for certain retirees, based on their employment dates and years of service with the City.

- All employees hired and council members elected prior to November 1, 2010 that have at least 5 years of PERS service credit with the City and retire from the City (inclusive of the MEC).
- Employees hired and Council members elected on or after November 1, 2010 but prior to October 1, 2012 (November 1, 2012 for Council members) who complete 10 or more years of service with the City and retire from the City, and who meet PEMHCA eligibility requirements for medical coverage described above are eligible for the increased benefit (inclusive of the MEC).
- Employees hired on or after October 1, 2012 and council members elected on or after November 1, 2012 are not eligible for an additional benefit beyond the MEC.

For those retirees satisfying the employment date and service requirements described on the preceding paragraph the City will contribute the following amounts in place of the PEMHCA minimum employer contribution.

- 100% of retiree's (Single coverage) premium, but no more than the current PERS Choice pre-Medicare premium rate (Los Angeles Area)
- Plus, if applicable, 80% of additional premiums for the retiree's spouse (including a surviving spouse receiving CalPERS retirement benefits) and/or other eligible dependents, but not more than 80% of the difference between:
  - The Los Angeles Area PERS Choice pre-Medicare Two-Party or Family premium rate (as applicable) and
  - The Los Angeles Area PERS Choice pre-Medicare Single premium rate.

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 7 – LONG-TERM LIABILITIES (Continued)

#### B. Other Post-employment Benefits (OPEB) (Continued)

##### Employees covered by benefit terms

At June 30, 2017 (the census date), the benefit terms covered the following employee:

Active plan employee	38
Inactive plan employees or beneficiaries currently receiving benefits	56
Total	94

##### Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

##### *Actuarial Assumptions.*

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.50%

Salary increases: 2.75%. Additional merit-based increases based on CalPERS merit salary increase tables.

Investment rate of return: 7.28%

Healthcare cost trend rates: 6.50% in the first year, trending down to 3.84% over 58 years.

Mortality rates were based on CalPERS tables.

##### Discount Rate

The discount rate used to measure the total OPEB liability is 7.28%. This is the expected long-term rate of return on City assets using investment strategy 1 within the California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate.

##### Changes in Net OPEB Liability:

	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability/(Asset)
Balance at June 30, 2018	\$ 4,138,994	\$ 337,642	\$ 3,801,352
(Measurement Date June 30, 2017)			
Changes recognized for the measurement period:			
Service cost	105,971	-	105,971
Interest	299,827	-	299,827
Changes of assumptions	6,909		6,909
Contributions - employer	-	314,993	(314,993)
Contributions - implicit subsidy	-	51,736	(51,736)
Net investment income	-	28,047	(28,047)
Benefit payments	(214,993)	(214,993)	-
Implicit rate subsidy fulfilled	(51,736)	(51,736)	-
Administrative expense	-	(644)	644
Net Changes	145,978	127,403	18,575
Balance at June 30, 2019	\$ 4,284,972	\$ 465,045	\$ 3,819,927
(Measurement Date June 30, 2018)			

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 7 – LONG-TERM LIABILITIES (Continued)

#### B. Other Post-employment Benefits (OPEB) (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate. The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.28%) or one percentage point higher (8.28%) follows:

	1% Decrease 6.28%	Discount Rate 7.28%	1% Increase 8.28%
Net OPEB Liability	\$ 4,391,529	\$ 3,819,927	\$ 3,347,573

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates follows:

	1% Decrease (5.50% decreasing to 2.84%)	Trend Rate (6.50% decreasing to 3.84%)	1% Increase (7.50% decreasing to 4.84%)
Net OPEB Liability	\$ 3,306,772	\$ 3,819,927	\$ 4,443,532

#### OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB:

For the year ended June 30, 2019, the City recognized an OPEB expense of \$372,905. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 298,651	\$ -
Change in assumptions	5,812	-
Net difference between projected and actual earnings on retirement plan investments	5,758	-
	-	-
	<u>\$ 310,221</u>	<u>\$ -</u>

\$298,651 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2020.

Amounts reported as deferred outflows or resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year Ending June 30,	Amount
2020	\$ 2,486
2021	2,486
2022	2,485
2023	2,689
2024	1,097
Thereafter	327
	<u>\$ 11,570</u>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 7 – LONG-TERM LIABILITIES (Continued)

##### B. Other Post-employment Benefits (OPEB) (Continued)

###### Investments

The allocation of the plan's invested assets is established by CERBT Strategy 1. The objective is to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. The asset allocations and benchmarks for CERBT Strategy 1 are listed below:

Asset Class	Target Allocation	Benchmark
Global Equity	57%	MSCI All Country World Index IMI (Net)
Fixed Income	27%	Bloomberg Barclays Long Liability Index
Treasury Inflation Protected Securities (TIPS)	5%	Bloomberg Barclays US TIPS Index
Real Estate Investment Trusts	8%	FTSE EPRA/NAREIT Developed Liquid Index (net)
Commodities	3%	S&P GSCI Total Return Index
Cash	0%	91 Day Treasury Bill
Total	100%	

CalPERS may overweight or underweight an allocation to a particular asset class based on market, economic, or CalPERS policy considerations.

For the year ended June 30, 2019 the money-weighted rate of return on investments, net of investment expense, was 7.24 percent. The rate was calculated based on the Trust's inception in June 2017. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

#### NOTE 8 – PENSION PLAN

##### A. **General Information about the Pension Plans**

###### *Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

###### *Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, with one year of credit for each year of full time employment. Members with five years of total service are eligible to retire at age 50, or 52 for members beginning service on or after January 1, 2013, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 8 – PENSION PLAN (Continued)

#### A. General Information about the Pension Plans (Continued)

##### *Benefits Provided (Continued)*

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous		
	First Tier	Second Tier	PEPRA
Hire Date	Prior to <u>January 1, 2013</u>	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.00% to 2.50%
Required employee contribution rates	7.00%	7.00%	6.25%
Required employer contribution	9.409 % + \$357,203	8.099% + \$381	6.842% + \$495

	Safety	
	Prior to	
Hire Date	<u>January 1, 2013</u>	
Benefit formula	2% @ 50	
Benefit vesting schedule	5 years service	
Benefit payments	monthly for life	
Retirement age	50-55	
Monthly benefits, as a % of eligible compensation	N/A 1.	
Required employee contribution rates	N/A	
Required employer contribution	\$68,701	

1. There are no active members in this plan.

##### *Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional calculated dollar amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal year ended June 30, 2019, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions-employer	\$ 467,063	\$ 119,422

**CITY OF OJAI**

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

**NOTE 8 – PENSION PLAN (Continued)****B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

At June 30, 2019, the City reported net pension liabilities for its proportionate shares of the net position liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 4,752,114
Safety	<u>396,726</u>
	<u><u>\$ 5,148,840</u></u>

The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2018, the City's proportionate share of the net pension liability for each Plan as of June 30, 2017 and June 30, 2018 was as follows:

	Miscellaneous	Safety
Proportion-June 30, 2017	0.1243%	0.0083%
Proportion-June 30, 2018	0.1261%	0.0068%
Change-Increase (Decrease)	<u>0.0018%</u>	<u>-0.0015%</u>

For the fiscal year ended June 30, 2019, the City recognized pension expense of \$683,609. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 597,954	\$ -
Differences between expected and actual experience	190,855	62,078
Changes in assumptions	580,681	138,026
Changes in proportion and differences between City contributions and proportionate share of contributions	130,038	68,278
Net difference between projected and actual earnings on retirement plan investments	26,179	-
Adjustment due to differences in proportion	<u>23,181</u>	<u>200,761</u>
	<u><u>\$ 1,548,888</u></u>	<u><u>\$ 469,143</u></u>

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 8 – PENSION PLAN (Continued)

#### B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$597,954 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal year Ending June 30,	Amount
2020	\$ 462,662
2021	255,035
2022	(190,416)
2023	(45,490)
	<hr/>
	\$ 481,791

#### *Actuarial Assumptions*

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.50%	7.50%
Mortality	Derived using CalPERS' Membership Data for all Funds (1)	Derived using CalPERS' Membership Data for all Funds (1)

(1) The mortality table used was developed based on CalPERS's specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table please refer to the December 2017 experience study report.

#### *Change in Assumptions*

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the Public Employees' Retirement Fund (PERF). The mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent scale MP 2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increase and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 8 – PENSION PLAN (Continued)

##### B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle, which is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u><u>100.0%</u></u>		

(a) An expected inflation of 2.0% was used for this period.

(b) An expected inflation of 2.92% was used for this period.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 8 – PENSION PLAN (Continued)

##### B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

###### *Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate*

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15 percent) or 1 percentage point higher (8.15 percent) than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 7,165,411	\$ 540,226
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 4,752,114	\$ 396,726
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 2,759,977	\$ 279,154

###### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

##### C. Payable to the Pension Plan

At June 30, 2019, the City had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2019.

#### NOTE 9 – LIABILITY, WORKERS’ COMPENSATION, AND PURCHASED INSURANCE

##### A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Ojai is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 121 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 lines of coverage. The California JPIA 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 nine-member Executive Committee.

##### B. Self-Insurance Programs of the Authority

A revised cost allocation methodology was introduced in 2010-11; however it retains many elements of the previous cost allocation methodology. Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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### NOTE 9 – LIABILITY, WORKERS’ COMPENSATION, AND PURCHASED INSURANCE (Continued)

#### B. Self-Insurance Programs of the Authority (Continued)

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

##### Liability

In the liability program, claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2010-11 reinsurance contracts, the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool’s SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

##### Workers’ Compensation

In the workers’ compensation program, claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers’ Compensation Law.

Employer’s Liability losses are pooled among members up to \$2 million. Coverage from \$2 million to \$4 million is purchased as part of a reinsurance policy, and Employer’s Liability losses from \$4 million to \$10 million are pooled among members.

#### C. Purchased Insurance

##### Pollution Legal Liability Insurance

The City of Ojai participates in the pollution legal liability insurance program (formerly called environmental insurance), which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Ojai. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$10 million for the 3-year period from July 1, 2017 through July 1, 2020.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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## NOTE 9 – LIABILITY, WORKERS’ COMPENSATION, AND PURCHASED INSURANCE (Continued)

### C. Purchased Insurance (Continued)

#### Property Insurance

The City of Ojai participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Ojai property is currently insured according to a schedule of covered property submitted by the City of Ojai to the Authority. City of Ojai property currently has all-risk property insurance protection in the amount of \$16,408,846. 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 retrospective adjustments.

#### Earthquake and Flood Insurance

The City of Ojai purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Ojai property currently has earthquake protection in the amount of \$8,810,824. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

#### Crime Insurance

The City of Ojai 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 retrospective adjustments.

### D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2018-19.

As of June 30, 2019, the City has no uninsured occurrences. The City has not used an actuary in determining the liability reserve if needed. Because actual claim liabilities depend on such complex factors as inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.

## NOTE 10 – CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

Proposition 218, which was approved by the voters in November 1996, regulates the City’s ability to impose, increase and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City’s ability to finance the services for which the taxes, assessments, and fees were imposed may be significantly impaired.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 11 – NET POSITION AND FUND BALANCES

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

##### A. Net Position

Net position is divided into three categories under GASB Statement No. 63. These categories apply only to net position as determined at the government-wide level, and are described below:

Net Investment in Capital Assets, describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income housing purposes.

Unrestricted describes the portion of Net Position which is not restricted as to use.

##### B. Fund Balances

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

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

**CITY OF OJAI**

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019**NOTE 11 – NET POSITION AND FUND BALANCES (Continued)****B. Fund Balances (Continued)**

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2019 are as follows:

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total
<b><u>Nonspendable:</u></b>				
Due from successor agency	\$ 2,242,407	\$ -	\$ -	\$ 2,242,407
Total Nonspendable	<u>2,242,407</u>	<u>-</u>	<u>-</u>	<u>2,242,407</u>
<b><u>Restricted for:</u></b>				
Community development	-	-	246	246
Libraries	-	-	28,329	28,329
Libbey Bowl deferred maintenance	-	-	66,223	66,223
Streets, bikeways, parks, and other related purposes	-	-	624,675	624,675
Transit	-	-	124,123	124,123
Employee benefits	<u>2,837</u>	<u>-</u>	<u>-</u>	<u>2,837</u>
Total Restricted	<u>2,837</u>	<u>-</u>	<u>843,596</u>	<u>846,433</u>
<b><u>Assigned for:</u></b>				
Capital improvements	-	49,890	-	49,890
Equipment replacement	-	-	322,946	322,946
Total assigned	<u>-</u>	<u>49,890</u>	<u>322,946</u>	<u>372,836</u>
<b><u>Unassigned:</u></b>				
Unassigned	<u>4,118,005</u>	<u>-</u>	<u>(62,016)</u>	<u>4,055,989</u>
Total unassigned	<u>4,118,005</u>	<u>-</u>	<u>(62,016)</u>	<u>4,055,989</u>
Total Fund Balances (Deficits)	<u>\$ 6,363,249</u>	<u>\$ 49,890</u>	<u>\$ 1,104,526</u>	<u>\$ 7,517,665</u>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

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#### NOTE 12 – SUCCESSOR AGENCY

##### Notes and Loans Receivable

The Redevelopment Agency's Low and Moderate Housing Fund entered into an agreement on December 21, 1991 to loan Montgomery Oaks Associates, a California limited partnership, the amount of \$250,000. As of June 30, 2019, the outstanding balance is \$250,000 plus accrued interest of \$168,913. The purpose of the loan is to provide financial assistance for the land acquisition and predevelopment expenses of a 21 unit affordable housing complex. The terms of the loan call for a repayment on December 23, 2064 for principal and simple interest of 3% per annum.

The Redevelopment Agency's Low and Moderate Housing Fund has loaned \$300,000 to the Area Housing Authority at 0% interest with no specific due date.

The Redevelopment Agency's Low and Moderate Housing Fund has loaned 6 individuals funds for housing rehabilitation in the amount of \$113,914 plus accrued interest of \$44,784. These loans carry interest at rates ranging from 0% to 6% and are normally due when the property is sold or refinanced.

The Redevelopment Agency's Low and Moderate Housing Fund entered into an agreement on October 10, 2000 and loaned \$550,000 to the Cabrillo Economic Development Corporation, a California nonprofit public benefit corporation at 0% interest. The terms of the loan call for a repayment at the end of 60 years. The full amount is still outstanding as of June 30, 2018.

On February 1, 2012 the Low and Moderate Housing Successor Agency assumed the notes and loans receivable previously held by the Redevelopment Agency.

As of June 30, 2019, loans receivable totaled \$1,427,611.

##### Loans Payable

On February 1, 2012, the Successor Agency assumed loans due to the City of Ojai previously held by the former Redevelopment Agency. The amount due to the City of Ojai as of June 30, 2019 was \$2,242,407 including \$1,744,254 in accrued interest.

##### Changes in Long-Term Liabilities

Long term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Balance at July 1, 2018	Additions	Reductions	Balance at June 30, 2019	Due Within One Year
Loans Payable to City of Ojai	\$ 2,504,780	\$ 29,632	\$ (292,005)	\$ 2,242,407	\$ 292,005
Total Successor Agency	<u>\$ 2,504,780</u>	<u>\$ 29,632</u>	<u>\$ (292,005)</u>	<u>\$ 2,242,407</u>	<u>\$ 292,005</u>

**CITY OF OJAI**

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019**NOTE 12 – SUCCESSOR AGENCY (Continued)**Operating Lease

The Successor Agency to the Redevelopment Agency has entered into an operating lease agreement for property used for the Park and Ride. The lessor is the Ojai Unified School District and the termination date of the lease is December 31, 2023. The lease may be canceled at any time by consent of both parties. The annual rent for the Park and Ride is based on available parking spaces (71). As of June 30, 2018, the amount was \$270 per space which increases annually by the Consumer Price Index (CPI). The annual lease for the Park and Ride, for the fiscal year ending June 30, 2019, was \$25,729, which will also increase annually by the CPI.

Future annual lease payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2020	\$ 25,729
2021	25,729
2022	25,729
2023	25,729
2024	<u>25,729</u>
	<u>\$ 128,645</u>

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**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 GENERAL FUND  
 For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,953,710	\$ 1,953,710	\$ 1,951,016	\$ (2,694)
Sales	1,500,000	1,500,000	1,753,908	253,908
Transient occupancy tax	2,850,010	2,850,010	2,970,515	120,505
Licenses, permits, and fees	1,540,090	1,540,090	1,161,806	(378,284)
Fines and forfeitures	12,280	12,280	11,575	(705)
Use of money and property	40,000	40,000	115,208	75,208
Intergovernmental:				
Other	312,850	312,850	350,009	37,159
Motor vehicle in lieu	857,560	857,560	870,286	12,726
Charges for services	905,390	905,390	941,359	35,969
Other revenue	174,410	174,410	164,396	(10,014)
Total revenues	10,146,300	10,146,300	10,290,078	143,778
<b>EXPENDITURES</b>				
Current:				
General government:				
City council	85,340	92,390	90,731	1,659
City manager	669,880	566,989	609,638	(42,649)
City treasurer	5,410	5,410	5,135	275
City attorney	171,000	226,000	216,912	9,088
City finance	676,220	684,055	637,395	46,660
City clerk	186,410	191,198	165,295	25,903
Arts commission	62,670	62,670	47,514	15,156
Non-departmental	837,430	837,430	814,958	22,472
Total general government	2,694,360	2,666,142	2,587,578	78,564
Public safety:				
Police	3,445,490	3,446,659	3,431,656	15,003
Total public safety	3,445,490	3,446,659	3,431,656	15,003
Public works				
	1,763,830	1,776,357	1,838,085	(61,728)
Community development				
	1,132,590	1,137,470	882,894	254,576
Parks and recreation				
	819,280	830,100	1,047,149	(217,049)
Capital outlay	15,000	15,000	2,809	12,191
Total expenditures	9,870,550	9,871,728	9,790,171	81,557
Excess of revenues over (under) expenditures	275,750	274,572	499,907	225,335

(Continued)

**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

For the Fiscal Year Ended June 30, 2019

(Continued)

<b>OTHER FINANCING SOURCES (USES)</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Transfers out	\$ (250,840)	\$ (250,840)	\$ (283,588)	\$ (32,748)
Total other financing sources (uses)	(250,840)	(250,840)	(283,588)	(32,748)
Net change in fund balance	24,910	23,732	216,319	192,587
Fund balance - July 1, 2018	6,146,930	6,146,930	6,146,930	-
Fund balance - June 30, 2019	<u>\$ 6,171,840</u>	<u>\$ 6,170,662</u>	<u>\$ 6,363,249</u>	<u>\$ 192,587</u>

**CITY OF OJAI****SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

Last 10 Years\*

As of June 30, 2019

The following table provides required supplementary information regarding the City's Pension Plans.

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Proportion of the net pension liability	0.06463%	0.05755%	0.05620%	0.05440%
Proportionate share of the net pension liability	\$ 4,021,490	\$ 3,949,970	\$ 4,862,637	\$ 5,394,741
Covered payroll	\$ 1,729,126	\$ 1,920,727	\$ 1,832,505	\$ 1,855,753
Proportionate share of the net pension liability as percentage of covered payroll	232.57%	205.65%	265.35%	290.70%
Plan's total pension liability	\$ 30,829,966,631	\$ 31,771,217,402	\$ 33,358,627,624	\$ 37,161,348,332
Plan's fiduciary net position	\$ 24,607,502,515	\$ 24,907,305,871	\$ 24,705,532,291	\$ 27,244,095,376
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%
	<b>2019</b>			
Proportion of the net pension liability	0.05343%			
Proportionate share of the net pension liability	\$ 5,148,840			
Covered payroll	\$ 2,024,387			
Proportionate share of the net pension liability as percentage of covered payroll	254.34%			
Plan's total pension liability	\$ 38,944,855,364			
Plan's fiduciary net position	\$ 29,308,589,559			
Plan fiduciary net position as a percentage of the total pension liability	75.26%			

**Notes to Schedule:****Changes in assumptions:**

In 2018, inflation was changed from 2.75 percent to 2.50 percent and individual salary increases and overall payroll growth was reduced from 3.00 percent to 2.75 percent.

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2016, the discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expenses.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

\*- Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

**CITY OF OJAI****SCHEDULE OF PENSION CONTRIBUTIONS**

Last 10 Years\*

As of June 30, 2019

The following table provides required supplementary information regarding the City's Pension Plans.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 546,420	\$ 502,006	\$ 535,288	\$ 586,485
Contribution in relation to the actuarially determined contributions	(546,420)	(502,006)	(535,288)	(586,485)
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 1,920,727	\$ 1,832,505	\$ 1,855,753	\$ 2,024,387
Contributions as a percentage of covered payroll	28.45%	27.39%	28.84%	28.97%
	<u><u>2019</u></u>			
Contractually required contribution (actuarially determined)	\$ 597,954			
Contribution in relation to the actuarially determined contributions	(597,954)			
Contribution deficiency (excess)	<u><u>\$ -</u></u>			
Covered payroll	\$ 2,228,644			
Contributions as a percentage of covered payroll	26.83%			

**Notes to Schedule**

Valuation Date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2016/2017 were derived from the June 30, 2016 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2016 funding valuation report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.0% net of pension plan investment and administrative expenses; includes inflation.
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\*- Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

**CITY OF OJAI****SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

Last 10 Years\*

As of June 30, 2019

	Measurement Period	2019	2018
<b>Total OPEB Liability</b>			
Service cost		\$ 105,971	\$ 103,009
Interest on the total OPEB liability		299,827	290,203
Actual and expected experience difference			
Changes in assumptions		6,909	
Benefit payments		(214,993)	(222,046)
Implicit rate subsidy fulfilled		(51,736)	(48,225)
<b>Net change in total OPEB Liability</b>		<b>145,978</b>	<b>122,941</b>
<b>Total OPEB liability- beginning</b>		<b>4,138,994</b>	<b>4,016,053</b>
<b>Total OPEB liability- ending (a)</b>		<b>\$ 4,284,972</b>	<b>\$ 4,138,994</b>
 <b>Plan Fiduciary Net Position</b>			
Contribution - employer		\$ 366,729	\$ 370,271
Net investment income		28,047	27,832
Benefit payments		(214,993)	(222,046)
Implicit rate subsidy fulfilled		(51,736)	(48,225)
Administrative expense		(644)	(129)
<b>Net change in plan fiduciary net position</b>		<b>127,403</b>	<b>127,703</b>
<b>Plan fiduciary net position- beginning</b>		<b>337,642</b>	<b>209,939</b>
<b>Plan fiduciary net position- ending (b)</b>		<b>\$ 465,045</b>	<b>\$ 337,642</b>
 <b>Net OPEB liability - ending (a)-(b)</b>		<b>\$ 3,819,927</b>	<b>\$ 3,801,352</b>

Plan fiduciary net position as a percentage of the total OPEB liability	10.85%	8.16%
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\*- Fiscal year 2018 was the 1st year of implementation, therefore only two years are shown.

**CITY OF OJAI**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**Last 10 Years\***  
**As of June 30, 2019**

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The following table provides required supplementary information regarding the City's OPEB.

	<b>2019</b>	<b>2018</b>
Actuarially Determined Contribution (ARC)	\$ 366,729	\$ 370,271
Contributions in relation to the ARC	(298,651)	(295,928)
Contribution deficiency (excess)	<u><u>\$ 68,078</u></u>	<u><u>\$ 74,343</u></u>
 Covered payroll	 \$ 2,254,260	 \$ 2,193,927
Contributions as a percentage of covered payroll	13.25%	13.49%

**Notes to Schedule**

Valuation Date: 6/30/2017

Discount Rate: 7.28%

Salary Increases: 2.875%

**Assumptions and Methods**

Actuarial Cost Method	Entry age normal, level percent of pay
Amortization Method	Closed period, level percent of pay
Amortization Period	20 years
Inflation	2.50%
Assumed Payroll Growth	2.750%
Healthcare Trend Rates	7.00%, trending down to 3.84%
Rate of Return on Assets	7.28%
Mortality Rate	CalPERS Rates. See appendix
Retirement Rates	CalPERS Rates. See appendix

\*- Fiscal year 2018 was the 1st year of implementation, therefore only two years are shown.

**OTHER SUPPLEMENTAL INFORMATION SECTION**

**CITY OF OJAI**  
**DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2019

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for proceeds derived from specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes. These funds are required by statute, charter provisions, or ordinance to finance particular functions or activities of government. The specific special revenue funds utilized by the City are shown below:

The **Libbey Bowl Maintenance Fund** is used to account for the receipt of the ticket surcharge for facility maintenance.

The **Gas Tax Fund** is used to account for State revenue received pursuant to Street and Highway Code Sections 2103, 2105, 2106, 2107, and 2107.5 to fund maintenance and construction of streets and roads that are not funded through another source.

The **Drainage Fund** is used to account for fees collected to assist the City for future drainage maintenance and projects.

The **Bicycle and Pedestrian Fund** is used to account for the revenue received through Gold Coast Transit and VCTC. These are Article 3 funds to be used for projects and maintenance for bicycle and pedestrian right of ways.

The **Street Lighting Fund** is used to account for assessments received from residents to assist in the operation and repair of the City's street lights.

The **Community Development Block Grant Fund** is used to account for federal revenue from the Community Development Block Grant.

The **Library Special Tax Fund** is used to account for assessments received from residents to assist in the operations and maintenance of the City's library and its expenditures.

The **Plaza Maintenance Fund** is used to account for assessments received from the district property owners for the maintenance of downtown plaza.

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used for the accumulation of the financial resources needed for the acquisition of equipment and technology (other than those financed by the proprietary funds). The specific capital projects fund utilized by the City are shown below:

The **Park Acquisition Fund** is used to account for developer fees for the acquisition, development, and enhancement of neighborhood and community park and recreation facilities.

The **Equipment Replacement Fund** is used to account for costs associated with the replacement of vehicles, technology, and efficiency-enhancing equipment.

The **Transit Replacement Fund** is used to account for the maintenance and replacement of transit equipment.

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**CITY OF OJAI**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2019

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	Special Revenue Funds				
	Libbey Bowl Maintenance	Gas Tax	Drainage	Bicycle and Pedestrian	Street Lighting
<b>ASSETS</b>					
Cash and investments	\$ 66,223	\$ 303,260	\$ 62,468	\$ 111,323	\$ 127,798
Accounts receivable, net	<u>-</u>	<u>13,202</u>	<u>-</u>	<u>-</u>	<u>1,782</u>
<b>Total assets</b>	<b><u>\$ 66,223</u></b>	<b><u>\$ 316,462</u></b>	<b><u>\$ 62,468</u></b>	<b><u>\$ 111,323</u></b>	<b><u>\$ 129,580</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 266
Accrued liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>266</u></b>
Fund balances:					
Restricted	66,223	316,462	62,468	111,323	129,314
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<b><u>66,223</u></b>	<b><u>316,462</u></b>	<b><u>62,468</u></b>	<b><u>111,323</u></b>	<b><u>129,314</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 66,223</u></b>	<b><u>\$ 316,462</u></b>	<b><u>\$ 62,468</u></b>	<b><u>\$ 111,323</u></b>	<b><u>\$ 129,580</u></b>

Capital Projects Funds							
Community Development Block Grant	Library Special Tax	Plaza Maintenance	Park Acquisition	Equipment Replacement	Transit Equipment Replacement	Totals	
\$ 246	\$ 25,566	\$ -	\$ 5,108	\$ 337,316	\$ 124,123	\$ 1,163,431	
-	2,763	3,604	-	-	-	21,351	
<u>\$ 246</u>	<u>\$ 28,329</u>	<u>\$ 3,604</u>	<u>\$ 5,108</u>	<u>\$ 337,316</u>	<u>\$ 124,123</u>	<u>\$ 1,184,782</u>	
\$ -	\$ -	\$ 5,133	\$ -	\$ 14,370	\$ -	\$ 19,769	
-	-	2,317	-	-	-	2,317	
-	-	58,170	-	-	-	58,170	
-	-	65,620	-	14,370	-	80,256	
246	28,329	-	5,108	-	124,123	843,596	
-	-	-	-	322,946	-	322,946	
-	-	(62,016)	-	-	-	(62,016)	
<u>246</u>	<u>28,329</u>	<u>(62,016)</u>	<u>5,108</u>	<u>322,946</u>	<u>124,123</u>	<u>1,104,526</u>	
<u>\$ 246</u>	<u>\$ 28,329</u>	<u>\$ 3,604</u>	<u>\$ 5,108</u>	<u>\$ 337,316</u>	<u>\$ 124,123</u>	<u>\$ 1,184,782</u>	

**CITY OF OJAI**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds				
	Libbey Bowl Maintenance	Gas Tax	Drainage	Bicycle and Pedestrian	Street Lighting
<b>REVENUES</b>					
Other taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 91,633
Use of money and property	-	5,142	1,415	3,293	2,477
Intergovernmental:					
Other	-	292,564	-	798	-
Charges for services	28,115	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>28,115</u>	<u>297,706</u>	<u>1,415</u>	<u>4,091</u>	<u>94,110</u>
<b>EXPENDITURES</b>					
Current:					
Public works	-	-	3,300	-	68,188
Community development	-	-	-	-	-
Libraries	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>3,300</u>	<u>-</u>	<u>68,188</u>
Excess of revenues over (under) expenditures	<u>28,115</u>	<u>297,706</u>	<u>(1,885)</u>	<u>4,091</u>	<u>25,922</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	7,810
Transfers out	<u>(12,582)</u>	<u>(59,532)</u>	<u>-</u>	<u>(48,991)</u>	<u>-</u>
Total other financing sources (uses)	<u>(12,582)</u>	<u>(59,532)</u>	<u>-</u>	<u>(48,991)</u>	<u>7,810</u>
Net change in fund balances	15,533	238,174	(1,885)	(44,900)	33,732
Fund balances - July 1, 2018	<u>50,690</u>	<u>78,288</u>	<u>64,353</u>	<u>156,223</u>	<u>95,582</u>
Fund balances - June 30, 2019	<u>\$ 66,223</u>	<u>\$ 316,462</u>	<u>\$ 62,468</u>	<u>\$ 111,323</u>	<u>\$ 129,314</u>

Special Revenue Funds			Capital Projects Funds			
Community Development Block Grant	Library Special Tax	Plaza Maintenance	Park Acquisition	Equipment Replacement	Transit Equipment Replacement	Totals
\$ -	\$ 110,956	\$ 145,575	\$ -	\$ -	\$ -	\$ 348,164
	784	2,000	114	6,302	6,954	28,481
-	-	-	-	670	195,000	489,032
-	-	-	-	-	-	28,115
-	-	-	-	11,200	-	11,200
-	111,740	147,575	114	18,172	201,954	904,992
-	-	-	-	-	-	71,488
-	-	131,828	-	-	-	131,828
-	111,620	-	-	-	-	111,620
-	-	-	-	174,349	-	174,349
-	111,620	131,828	-	174,349	-	489,285
-	120	15,747	114	(156,177)	201,954	415,707
-	-	53,000	-	121,122	-	181,932
-	-	-	-	-	(197,366)	(318,471)
-	-	53,000	-	121,122	(197,366)	(136,539)
-	120	68,747	114	(35,055)	4,588	279,168
246	28,209	(130,763)	4,994	358,001	119,535	825,358
<u>\$ 246</u>	<u>\$ 28,329</u>	<u>\$ (62,016)</u>	<u>\$ 5,108</u>	<u>\$ 322,946</u>	<u>\$ 124,123</u>	<u>\$ 1,104,526</u>

**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL****LIBBEY BOWL MAINTENANCE FUND**

For the Fiscal Year Ended June 30, 2019

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 15,000	\$ 28,115	\$ 13,115
Total revenues	15,000	28,115	13,115
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(12,582)	(12,582)
Total other financing sources (uses)	-	(12,582)	(12,582)
Net change in fund balance	15,000	15,533	533
Fund balance - July 1, 2018	50,690	50,690	-
Fund balance - June 30, 2019	\$ 65,690	\$ 66,223	\$ 533

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 GAS TAX SPECIAL REVENUE FUND  
 For the Fiscal Year Ended June 30, 2019

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Other	\$ 323,520	\$ 292,564	\$ (30,956)
Use of money and property	<u>-</u>	<u>5,142</u>	<u>5,142</u>
Total revenues	<u>323,520</u>	<u>297,706</u>	<u>(25,814)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>-</u>	<u>(59,532)</u>	<u>(59,532)</u>
Total other financing sources (uses)	<u>-</u>	<u>(59,532)</u>	<u>(59,532)</u>
Net change in fund balance	323,520	238,174	(85,346)
Fund balance - July 1, 2018	<u>78,288</u>	<u>78,288</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ 401,808</u>	<u>\$ 316,462</u>	<u>\$ (85,346)</u>

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 DRAINAGE SPECIAL REVENUE FUND  
 For the Fiscal Year Ended June 30, 2019

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 12,000	\$ -	\$ (12,000)
Use of money and property	-	1,415	1,415
Total revenues	<u>12,000</u>	<u>1,415</u>	<u>(10,585)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>3,300</u>	<u>3,300</u>	<u>-</u>
Total expenditures	<u>3,300</u>	<u>3,300</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>8,700</u>	<u>(1,885)</u>	<u>(10,585)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net change in fund balance	<u>(91,300)</u>	<u>(1,885)</u>	<u>89,415</u>
Fund balance - July 1, 2018	<u>64,353</u>	<u>64,353</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ (26,947)</u>	<u>\$ 62,468</u>	<u>\$ 89,415</u>

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 BICYCLE AND PEDESTRIAN SPECIAL REVENUE FUND  
 For the Fiscal Year Ended June 30, 2019

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 3,293	\$ 3,293
Intergovernmental:			
Other	<u>-</u>	<u>798</u>	<u>798</u>
Total revenues	<u>-</u>	<u>4,091</u>	<u>4,091</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(107,750)</u>	<u>(48,991)</u>	<u>58,759</u>
Total other financing sources (uses)	<u>(107,750)</u>	<u>(48,991)</u>	<u>58,759</u>
Net change in fund balance	<u>(107,750)</u>	<u>(44,900)</u>	<u>62,850</u>
Fund balance - July 1, 2018	<u>156,223</u>	<u>156,223</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ 48,473</u>	<u>\$ 111,323</u>	<u>\$ 62,850</u>

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 STREET LIGHTING SPECIAL REVENUE FUND  
 For the Fiscal Year Ended June 30, 2019

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Other taxes and assessments	\$ 94,050	\$ 91,633	\$ (2,417)
Use of money and property	-	2,477	2,477
 Total revenues	 94,050	 94,110	 60
<b>EXPENDITURES</b>			
Current:			
Public works	109,500	68,188	41,312
 Total expenditures	 109,500	 68,188	 41,312
 Excess of revenues over (under) expenditures	 (15,450)	 25,922	 41,372
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	7,810	7,810	-
 Total other financing sources (uses)	 7,810	 7,810	 -
 Net change in fund balance	 (7,640)	 33,732	 41,372
 Fund balance - July 1, 2018	 95,582	 95,582	 -
 Fund balance - June 30, 2019	 \$ 87,942	 \$ 129,314	 \$ 41,372

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND  
 For the Fiscal Year Ended June 30, 2019

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Other	\$ -	\$ -	\$ -
Total revenues			
<b>EXPENDITURES</b>			
Capital outlay	-	-	-
Total expenditures			
Net change in fund balance	-	-	-
Fund balance - July 1, 2018	246	246	-
Fund balance - June 30, 2019	\$ 246	\$ 246	\$ -

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 LIBRARY SPECIAL TAX SPECIAL REVENUE FUND  
 For the Fiscal Year Ended June 30, 2019

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Other taxes and assessments	\$ 111,520	\$ 110,956	\$ (564)
Use of money and property	-	784	784
Total revenues	<u>111,520</u>	<u>111,740</u>	<u>220</u>
<b>EXPENDITURES</b>			
Current:			
Libraries	<u>111,620</u>	<u>111,620</u>	<u>-</u>
Total expenditures	<u>111,620</u>	<u>111,620</u>	<u>-</u>
Net change in fund balance	(100)	120	220
Fund balance - July 1, 2018	<u>28,209</u>	<u>28,209</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ 28,109</u>	<u>\$ 28,329</u>	<u>\$ 220</u>

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 PLAZA MAINTENANCE SPECIAL REVENUE FUND  
 For the Fiscal Year Ended June 30, 2019

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Other taxes and assessments	\$ 177,890	\$ 145,575	\$ (32,315)
Use of money and property	2,600	2,000	(600)
Total revenues	<u>180,490</u>	<u>147,575</u>	<u>(32,915)</u>
<b>EXPENDITURES</b>			
Current:			
Community development	102,250	131,828	(29,578)
Total expenditures	<u>102,250</u>	<u>131,828</u>	<u>(29,578)</u>
Net change in fund balance	<u>78,240</u>	<u>15,747</u>	<u>(62,493)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	<u>53,000</u>	<u>53,000</u>	<u>-</u>
Total other financing sources (uses)	<u>53,000</u>	<u>53,000</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	131,240	68,747	(62,493)
Fund balance - July 1, 2018	<u>(130,763)</u>	<u>(130,763)</u>	<u>-</u>
Fund balance - June 30, 2019	<u>\$ 477</u>	<u>\$ (62,016)</u>	<u>\$ (62,493)</u>

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 PARK ACQUISITION CAPITAL PROJECTS FUND  
 For the Fiscal Year Ended June 30, 2019

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 114	\$ 114
Total revenues	-	114	114
<b>EXPENDITURES</b>			
Current:			
Parks and recreation	4,000	-	4,000
Total expenditures	4,000	-	4,000
Net change in fund balance	(4,000)	114	4,114
Fund balance - July 1, 2018	4,994	4,994	-
Fund balance - June 30, 2019	\$ 994	\$ 5,108	\$ 4,114

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND  
 For the Fiscal Year Ended June 30, 2019

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 6,302	\$ 6,302
Intergovernmental:			
Other	-	670	670
Other revenue	-	11,200	11,200
Total revenues	-	18,172	18,172
<b>EXPENDITURES</b>			
Capital outlay	68,600	174,349	(105,749)
Total expenditures	68,600	174,349	(105,749)
Excess of revenues over (under) expenditures	(68,600)	(156,177)	(87,577)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	108,540	121,122	12,582
Total other financing sources (uses)	108,540	121,122	12,582
Net change in fund balance	39,940	(35,055)	(74,995)
Fund balance - July 1, 2018	358,001	358,001	-
Fund balance - June 30, 2019	\$ 397,941	\$ 322,946	\$ (74,995)

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 TRANSIT EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND  
 For the Fiscal Year Ended June 30, 2019

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 6,954	\$ 6,954
Intergovernmental:			
Other	270,000	195,000	(75,000)
Total revenues	270,000	201,954	(68,046)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(270,000)	(197,366)	72,634
Total other financing sources (uses)	(270,000)	(197,366)	72,634
Net change in fund balance	-	4,588	4,588
Fund balance - July 1, 2018	119,535	119,535	-
Fund balance - June 30, 2019	\$ 119,535	\$ 124,123	\$ 4,588

**CITY OF OJAI**

## COMBINING STATEMENT OF FIDUCIARY NET POSITION

## PRIVATE PURPOSE TRUST FUNDS

June 30, 2019

	Housing Successor Agency	RDA Successor Agency	Total
<b>ASSETS</b>			
Cash and investments	\$ 374,052	\$ 398,199	\$ 772,251
Due from other funds	124,538	-	124,538
Notes receivable	1,427,611	-	1,427,611
Land	305,888	-	305,888
<b>Total assets</b>	<b>2,232,089</b>	<b>398,199</b>	<b>2,630,288</b>
<b>LIABILITIES</b>			
Accrued interest payable - City of Ojai	-	1,744,254	1,744,254
Loans payable - City of Ojai	-	498,153	498,153
Unearned revenue	73,001	345,199	418,200
Due to other funds	-	124,538	124,538
<b>Total liabilities</b>	<b>73,001</b>	<b>2,712,144</b>	<b>2,785,145</b>
<b>NET POSITION</b>			
Held in trust	\$ 2,159,088	\$ (2,313,945)	\$ (154,857)

**CITY OF OJAI**
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 For the Fiscal Year Ended June 30, 2019
 

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	Housing Successor Agency	RDA Successor Agency	Total
<b>ADDITIONS:</b>			
Property taxes	\$ -	\$ 368,824	\$ 368,824
Use of money and property	<u>5,726</u>	<u>10,961</u>	<u>16,687</u>
Total additions	<u>5,726</u>	<u>379,785</u>	<u>385,511</u>
<b>DEDUCTIONS</b>			
Community development	<u>58,008</u>	<u>56,702</u>	<u>114,710</u>
Total deductions	<u>58,008</u>	<u>56,702</u>	<u>114,710</u>
Change in net position	(52,282)	323,083	270,801
Total net position-beginning of fiscal year	<u>2,211,370</u>	<u>(2,637,028)</u>	<u>(425,658)</u>
Total net position-end of fiscal year	<u>\$ 2,159,088</u>	<u>\$ (2,313,945)</u>	<u>\$ (154,857)</u>