

**CITY OF OJAI  
CALIFORNIA**

**FINANCIAL STATEMENTS**  
June 30, 2016



## FINANCIAL SECTION

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities.....	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet .....	18
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	24
Proprietary Funds:	
Statement of Net Position .....	25
Statement of Revenues, Expenses, and Changes in Net Position .....	26
Statement of Cash Flows .....	27
Fiduciary Funds:	
Statement of Net Position .....	28
Statement of Changes in Fiduciary Net Position .....	29
Notes to Basic Financial Statements .....	30

## REQUIRED SUPPLEMENTAL INFORMATION SECTION

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund .....	59
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –Plaza Maintenance Fund.....	61
Schedule of Funding Progress for Post-Employment Benefits Other than Pension.....	62
Schedule of Proportionate Share of Net Pension Liability .....	63
Schedule of Pension Contributions .....	64

## OTHER SUPPLEMENTAL INFORMATION SECTION

### Nonmajor Governmental Funds

Description of Nonmajor Governmental Funds .....	65
Combining Balance Sheet Nonmajor Governmental Funds .....	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Transit Equipment Replacement Fund .....	70
Gas Tax Special Revenue Fund.....	71
Drainage Special Revenue Fund.....	72
Bicycle and Pedestrian Special Revenue Fund .....	73
Street Lighting Fund .....	74
Transportation Development Act Special Revenue Fund.....	75
Community Development Block Grant Special Revenue Fund .....	76

OTHER SUPPLEMENTAL INFORMATION SECTION (Continued)

Library Special Tax Special Revenue Fund.....	77
Park Acquisition Capital Projects Fund.....	78
Equipment Replacement Fund.....	79
Fiduciary Funds:	
Combining Schedule of Fiduciary Net Position – Private Purpose Trust Funds .....	80
Combining Schedule of Changes in Fiduciary Net Position – Private Purpose Trust Funds .....	81

## **FINANCIAL SECTION**





Moss, Levy & Hartzheim LLP

Certified Public Accountants

## 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, 2016, 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, 2016, 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 14, the budgetary comparison information on pages 59 through 61, the schedule of funding progress for post-employment benefits other than pensions on page 62, the schedule of proportionate share of net pension liability on page 63, and the schedule of pension contributions on page 64, 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 inquires 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 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 March 3, 2017, 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, Remy & Hargreave LLP*

Santa Maria, California  
March 3, 2017



**CITY OF OJAI**  
**For the fiscal year ended June 30, 2016**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Ojai, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. 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, 2016 by \$21.5 million (total net position). The net position invested in capital assets was approximately \$20.4 million (94.7%), the unrestricted net position was \$341,015 (1.6%) and approximately \$801,000 (3.7%) was restricted. The unrestricted total net position at June 30, 2016 decreased approximately \$874,000 from the prior year, while the restricted net position increased approximately \$273,000.
- At June 30, 2016, fund balances in the City's governmental funds totaled approximately \$7.5 million, a decrease of approximately \$931,000 from the prior year. Governmental fund assets totaled \$9.5 million, a decrease of \$2.4 million from the prior year balance, and total governmental fund liabilities totaled \$2 million, a decrease of \$1.5 million from the prior year balance. \$1.3 million of the decrease was the result of transferring funds loaned to the Libbey Bowl Maintenance Fund for renovation of Libbey Bowl back to the General Fund.
- At June 30, 2016, the "Unassigned" fund balance for the City's General Fund was \$3.2 million, (approximately 36.0% of total operating expenditures for the current fiscal year). The balance increased by approximately \$1 million from the \$2.2 million June 30, 2015 "Unassigned" fund balance, (approximately 24.8% of total General Fund operating expenditures).
- As shown in Note 7, non-current liabilities of the governmental and business-type activities total \$6.9 million, a decrease of approximately \$44,000 from the prior year. This decrease can be attributed to a reduction in compensated absences.

**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. 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 in-flows 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 15 – 17 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 fourteen (14) separate governmental funds. The basic governmental funds' financial statements are found on pages 18-24. The *General Fund*, *Plaza Maintenance Fund*, *Capital Investments Fund*, and *Libbey Bowl Maintenance Fund* are considered to be the "major funds" and information for these funds is presented separately in the governmental funds statements. Data from the other ten (10) 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 67-72 in the *Other Supplemental Information* section of this report.

**Proprietary funds:** Enterprise funds are presented as business-type activities in the government-wide financial statements on pages 25-27 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.

**Agency funds:** Agency funds are used to account for situations where the City's role is purely custodial. Agency 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 agency funds' financial statements can be found on pages 28-29 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 30 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 61-66 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

The following table of *Statement of Net Position* provides the City's financial positions as of June 30, 2016 and 2015. As noted earlier, the changes in net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$21.5 million and \$21.5 for the years ended June 30, 2016 and 2015, respectively. The City's net financial position remained unchanged from the previous year.

As previously noted, approximately 94.7% of the net position in the City's Governmental Activities is investment in capital assets at the end of the current year. This investment in capital assets (net of accumulated depreciation) increased 3% (\$591,000) from the previous year. During the current and prior fiscal years, City staff reviewed costs that had been accumulated in construction in progress over several years to determine the amounts that should be placed in service. Additionally, the City resurfaced several streets and roads during this fiscal year. This process resulted in several assets being placed in service and staff began depreciating these assets, the net effect of this was an increase in the investment capital assets (net of accumulated depreciation).

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.

As shown in the table below, the approximately \$801,000 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 approximately \$341,000 of the net position is unrestricted and represents resources that can be used to meet the government's ongoing obligations to citizens and creditors. Of the \$6.7 million long-term liabilities, approximately \$338,000 is due to compensated absences (i.e. vacation and sick leave), almost \$2.5 million is from retiree medical coverage (an increase of approximately \$59,000), and \$3.9 million is due to net pension liabilities (a decrease of approximately \$72,000). The retiree-medical 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) used in the computation, retiree longevity, current salaries of employees, PERS benefit formulas, and investment returns on plan assets.

CITY OF OJAI STATEMENT OF NET POSITION JUNE 30, 2016 AND 2015						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>ASSETS</b>						
Current and other assets	\$ 5,988,111	\$ 6,952,961	\$ 614,327	\$ 629,875	\$ 6,602,438	\$ 7,582,836
Due from successor agency	3,247,899	3,352,932	-	-	3,247,899	3,352,932
Capital assets	19,685,386	18,976,531	692,441	810,474	20,377,827	19,787,005
Total assets	28,921,396	29,282,424	1,306,768	1,440,349	30,228,164	30,722,773
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions	652,412	533,267	47,330	49,873	699,742	583,140
<b>LIABILITIES</b>						
Long-term liabilities	6,313,833	6,321,444	431,553	460,122	6,745,386	6,781,566
Other liabilities	1,816,950	1,939,410	112,280	185,809	1,929,230	2,125,219
Total liabilities	8,130,783	8,260,854	543,833	645,931	8,674,616	8,906,785
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions	659,191	779,661	74,043	89,808	733,234	869,469
<b>NET POSITION</b>						
Net investment in capital assets	19,685,386	18,976,531	692,441	810,474	20,377,827	19,787,005
Restricted	801,214	527,920	-	-	801,214	527,920
Unrestricted	297,234	1,270,725	43,781	(55,991)	341,015	1,214,734
Total net position	\$ 20,783,834	\$ 20,775,176	\$ 736,222	\$ 754,483	\$ 21,520,056	\$ 21,529,659

The City has taken several steps to reduce the liability for retiree-health benefits. As noted in Note 7, City Council has reduced benefits for future retirees. 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, 2016, contributions to the trust totaled approximately \$284,000.

### **Statement of Activities**

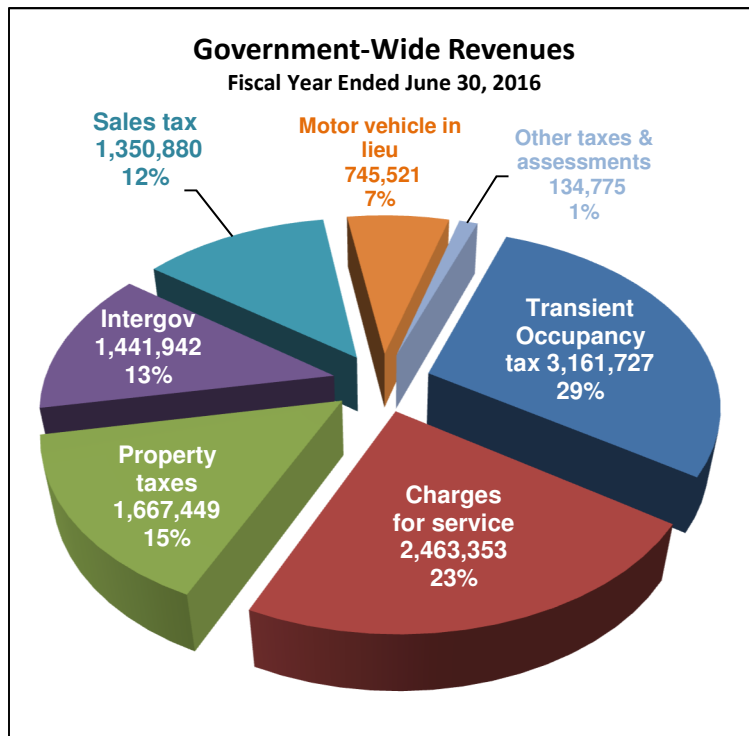
The following table of *Statement of Activities* provides the City's operations for fiscal years ended June 30, 2016 and 2015 with comparative totals for the same periods.

**Governmental Activities:** 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 \$10.2 million, an increase of approximately \$254,000 (2.5%) from the previous year's revenues. Overall, tax revenues increased by \$143,000 (2.3%). Transient occupancy tax, sales tax, and property tax ("Big Three") revenues accounted for 61% of total revenues and accounted for \$121,000 of the increase. Transient occupancy tax revenue increased approximately \$179,000 (6%) and accounted for approximately 31% of total revenues, sales tax revenues decreased \$153,000 (-10.2%), and property tax revenues increased \$95,000 (6%). Sales tax revenues decreased due adjustments from the unwinding of the "triple flip" that the state implemented 10 years ago and negative adjustments to the countywide sales tax pool due to reclassifications caused by other cities in Ventura County.

Expenses of the Governmental Activities totaled approximately \$10.2 million, an increase of \$137,000 from the prior year. General government expenses increased approximately \$142,000 with approximately \$159,000 of this increase in the City Attorney department. The increases in City Attorney Department expenses included an increase in the monthly retainer, and several special projects such as vacant building issues, transient rentals, cannabis and other ordinance updates. Expenses in the City's building and planning operations increased by approximately \$130,000, as the city was required to hire contractors to meet the needs of increased planning and building activity during the year.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Charges for services	\$ 2,353,534	\$ 2,263,568	\$ 109,819	\$ 107,053	\$ 2,463,353	\$ 2,370,621
Operating contributions and grants	550,024	643,600	829,214	735,999	1,379,238	1,379,599
Capital contributions & grants	62,704	111,943	-	-	62,704	111,943
Property taxes	1,667,449	1,572,362	-	-	1,667,449	1,572,362
Sales taxes	1,350,880	1,503,714	-	-	1,350,880	1,503,714
Transient occupancy taxes	3,161,727	2,982,733	-	-	3,161,727	2,982,733
Other	134,775	112,993	-	-	134,775	112,993
Motor vehicle in lieu	745,521	705,359	-	-	745,521	705,359
Investment earnings	28,581	14,211	1,594	1,448	30,175	15,659
Miscellaneous	59,924	13,797	-	-	59,924	13,797
Transfers	63,914	720	(63,914)	(720)	-	-
Total revenues	10,179,033	9,925,000	876,713	843,780	11,055,746	10,768,780
<b>Expenses:</b>						
General government	2,242,430	2,100,379	-	-	2,242,430	2,100,379
Public safety	3,083,262	3,304,268	-	-	3,083,262	3,304,268
Public works	2,457,795	2,437,610	-	-	2,457,795	2,437,610
Community development	1,142,025	1,011,666	-	-	1,142,025	1,011,666
Parks & recreation	910,890	865,398	-	-	910,890	865,398
Libraries	107,063	113,615	-	-	107,063	113,615
Unallocated depreciation	226,910	200,188	-	-	226,910	200,188
Transit activities	-	-	899,549	963,411	899,549	963,411
Cemetery activities	-	-	16,566	25,831	16,566	25,831
Total expenses	10,170,375	10,033,124	916,115	989,242	11,086,490	11,022,366
Change in net position	8,658	(108,124)	(39,402)	(145,462)	(30,744)	(253,586)
Net position - beginning of fiscal year	20,775,176	25,606,471	754,483	1,265,094	21,529,659	26,871,565
Prior period adjustment	-	(4,723,171)	21,141	(365,149)	21,141	(5,088,320)
Net position - beginning of fiscal year, restated	20,775,176	20,883,300	775,624	899,945	21,550,800	21,783,245
Net position -end of fiscal year	\$ 20,783,834	\$ 20,775,176	\$ 736,222	\$ 754,483	\$ 21,520,056	\$ 21,529,659

**Business-type Activities:** The net position from the City's Business-type Activities (from the Transit Fund and Cemetery Fund) decreased by approximately \$39,000 from the prior year. Revenues from business-type activities increased \$33,000 (3.9%) from the prior year due to increased intergovernmental revenues in the transit fund. As is the case with most transportation systems, user revenues provide only a small portion (\$86,000 or 9.4%) of the total revenues of the fund. The balance of the revenues come from federal, state, and local grants. Expenses for Transit activities decreased by approximately \$64,000 and Cemetery expenses decreased by approximately \$9,000 during the year. Transit costs were higher in the prior year due to the one-time payout of compensated absence liabilities to a retiring employee.



## 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.

CITY OF OJAI BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2016 AND 2015						
	General Fund Activities		Other Governmental Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>ASSETS</b>						
Cash & investments	\$ 3,500,354	\$ 2,849,933	\$ 1,477,052	\$ 2,892,679	\$ 4,977,406	\$ 5,742,612
Cash & investments with fiscal agent	638	1,261	-	-	638	1,261
Accounts & interest receivable	934,105	795,208	20,489	386,932	954,594	1,182,140
Pre-paid expenditures	-	4,714	-	-	-	4,714
Due from other funds	355,505	332,600	-	-	355,505	332,600
Due from successor agency	3,247,899	3,352,932	-	-	3,247,899	3,352,932
Advances to other funds	-	1,315,000	-	-	-	1,315,000
<b>Total assets</b>	<b>\$ 8,038,501</b>	<b>\$ 8,651,648</b>	<b>\$ 1,497,541</b>	<b>\$ 3,279,611</b>	<b>\$ 9,536,042</b>	<b>\$ 11,931,259</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 604,582	\$ 669,148	\$ 124,678	\$ 46,989	\$ 729,260	\$ 716,137
Other liabilities	801,865	935,852	495,781	506,291	1,297,646	1,442,143
Advances from other funds	-	-	-	1,315,000	-	1,315,000
<b>Total liabilities</b>	<b>1,406,447</b>	<b>1,605,000</b>	<b>620,459</b>	<b>1,868,280</b>	<b>2,026,906</b>	<b>3,473,280</b>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred loans receivable	-	-	-	17,983	-	17,983
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,983</b>	<b>-</b>	<b>17,983</b>
<b>FUND BALANCES</b>						
Nonspendable	3,247,899	4,672,646	-	-	3,247,899	4,672,646
Restricted	638	1,261	605,576	526,759	606,214	528,020
Unrestricted but assigned or committed	150,000	150,000	575,637	1,178,281	725,637	1,328,281
Unassigned	3,233,517	2,222,741	(304,131)	(311,692)	2,929,386	1,911,049
<b>Total fund balances</b>	<b>6,632,054</b>	<b>7,046,648</b>	<b>877,082</b>	<b>1,393,348</b>	<b>7,509,136</b>	<b>8,439,996</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 8,038,501</b>	<b>\$ 8,651,648</b>	<b>\$ 1,497,541</b>	<b>\$ 3,279,611</b>	<b>\$ 9,536,042</b>	<b>\$ 11,931,259</b>

As shown in the table above, the total Governmental Funds fund balance was approximately \$7.5 million at fiscal year-end, a decrease of approximately \$931,000 from the prior year. The total *Nonspendable* General Fund balance at June 30, 2016 was \$3.2 million, consisting entirely of the amount due from the Redevelopment Successor Agency. The total was approximately 49% of the total fund balance in the *General Fund* as of June 30, 2016. The *Nonspendable* fund balance is not available for spending.

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, 2016, the restricted fund balance in the Governmental funds was \$606,000, consisting almost entirely of fund balances in several Special Revenue Funds of the City. The total *Unrestricted but assigned or committed* fund balance was \$150,000 in the General Fund at June 30, 2016 and the balance in the Capital Improvements Fund and the Equipment Replacement Fund was \$527,000 and \$49,000, respectively. The amounts in the capital improvements and the equipment replacement fund have been set aside for equipment replacement and infrastructure needs of the City.

The \$3.2 million *Unassigned* fund balance in the City's General Fund is designated as a "*Rainy Day Reserve*" by the City Council. The *Unassigned* fund balance in the other Governmental funds was negative \$304,000. This negative balance represents a deficit position in the Plaza Maintenance Fund.

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

As shown in the table below, total revenues in the Governmental funds increased approximately \$117,000. Overall, General Fund revenues increased approximately \$5,000 while revenues from Other Governmental Funds increased \$112,000. Governmental expenditures increased \$2.2 million. General Fund expenditures increased \$709,000 while expenditures in the other governmental funds increased \$1.5 million.

### **Governmental Fund Revenues**

In the General Fund, Property tax revenues increased \$95,000 (6%) and TOT revenues increased \$133,000 (5.6%) but Sales Tax revenues decreased \$273,000 (18%). Other revenues in the General Fund increased \$49,000 (1.5%). Approximately \$121,000 of the decrease in Sales tax revenues was from revenues allocated for projects in the Capital Projects Fund. The remainder of the decrease in Sales tax revenues was due to negative adjustments to the County sales tax pool revenues.

Revenues in the other Governmental funds decreased approximately \$112,000. Revenues in the Capital Improvement Fund increased \$227,000. In addition to the aforementioned \$121,000 sales taxes, \$62,000 was from donations for the Libbey Park playground equipment, and remainder is from increased TOT revenues dedicate to the Capital Projects Fund. Revenues in the Libbey Bowl Maintenance Fund decreased \$81,000 due to the final contributions for the Libbey Bowl renovation received in FY 15. Gas Tax revenues received from the state decreased \$72,000. Property tax revenues increased approximately \$95,000 from the prior year.

CITY OF OJAI						
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES						
GOVERNMENTAL FUNDS						
For the fiscal years ended June 30, 2016 and 2015						
	General Fund		Other Governmental		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Property taxes	\$ 1,667,449	\$ 1,572,362	\$ -	\$ -	\$ 1,667,449	\$ 1,572,362
Sales Taxes	1,230,351	1,503,714	120,529	-	1,350,880	1,503,714
Transient Occupancy taxes	2,526,926	2,393,461	634,801	589,272	3,161,727	2,982,733
Other taxes and assessments	-	-	333,154	327,097	333,154	327,097
Licenses, permits, and fees	1,250,385	1,161,746	-	-	1,250,385	1,161,746
Fines and forfeitures	16,046	18,035	-	-	16,046	18,035
Use of money and property	71,565	11,364	10,784	5,310	82,349	16,674
Intergovernmental:						
Motor vehicle in lieu	745,521	705,980	-	(621)	745,521	705,359
Other	302,501	373,675	254,022	295,314	556,523	668,989
Charges for services	802,881	914,767	26,349	15,074	829,230	929,841
Other revenue	59,926	13,794	79,912	116,146	139,838	129,940
Total revenues	8,673,551	8,668,898	1,459,551	1,347,592	10,133,102	10,016,490
<b>Expenditures:</b>						
Current:						
General Government	2,294,644	2,030,501	-	-	2,294,644	2,030,501
Public Safety	3,123,625	3,148,300	-	-	3,123,625	3,148,300
Public Works	1,772,313	1,556,528	73,724	81,222	1,846,037	1,637,750
Community development	911,379	728,558	172,023	170,655	1,083,402	899,213
Parks and recreation	854,608	772,847	16,487	2,230	871,095	775,077
Libraries	-	-	106,000	106,000	106,000	106,000
Non current:						
Capital Outlay	14,970	26,097	1,788,103	338,326	1,803,073	364,423
Total expenditures	8,971,539	8,262,831	2,156,337	698,433	11,127,876	8,961,264
Excess of revenues over (under) expenditures	(297,988)	406,067	(696,786)	649,159	(994,774)	1,055,226
Transfers in	121,344	227,820	471,582	812,962	592,926	1,040,782
Transfers out	(237,950)	(676,102)	(291,062)	(363,960)	(529,012)	(1,040,062)
Total other financing sources (uses)	(116,606)	(448,282)	180,520	449,002	63,914	720
Net change in fund balances	(414,594)	(42,215)	(516,266)	1,098,161	(930,860)	1,055,946
Fund balances (deficit) - beginning of fiscal year	7,046,648	8,724,614	1,393,348	490,187	8,439,996	9,214,801
Prior period adjustment	-	(1,635,751)	-	(195,000)	-	(1,830,751)
Fund balances (deficit) - beginning of fiscal year	7,046,648	7,088,863	1,393,348	295,187	8,439,996	7,384,050
Fund balances (deficit) - end of fiscal year	\$ 6,632,054	\$ 7,046,648	\$ 877,082	\$ 1,393,348	\$ 7,509,136	\$ 8,439,996

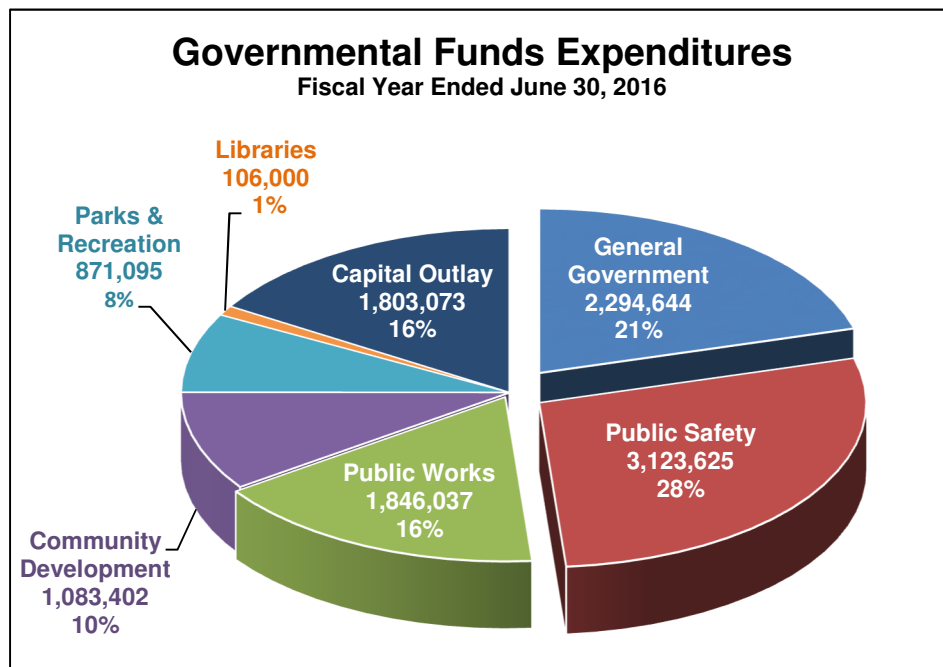
### Governmental Fund Expenditures

General Fund expenditures increased approximately \$709,000 from the prior fiscal year and expenditures from the other governmental funds increased \$1.5 million. General Fund expenditures increased as follows: General government activities increased \$264,000, Public Works activities increased \$216,000, Community Development activities increased \$182,000, and Parks & Recreation activities increased \$82,000, while Capital outlay expenditures decreased (\$19,000). The expenditure increase in the other governmental funds was almost entirely due to the \$1.4 million expenditure increase in the Capital Improvements Fund.

The largest increase in general government expenditures was in the City Attorney Department which had an approximately \$159,000 increase in expenditures. \$63,000 of this increase was from vacant property issues in the City, \$25,000 was from transient rental issues (including the proposed ballot measure that would have allowed short-term rentals) and the remainder was litigation support. Expenditures in the City Manager Department increased due to approximately \$33,000 spent for a Community Development Department audit and an additional \$92,000 for accrued leave time and other payouts incurred with the retirement of the former City Manager. General government expenditures increased by approximately \$14,000 due to transfers to the newly created Equipment Replacement Fund which was set up to accumulate funds for the replacement of computers, servers, vehicles, and other equipment. These expenditure increases

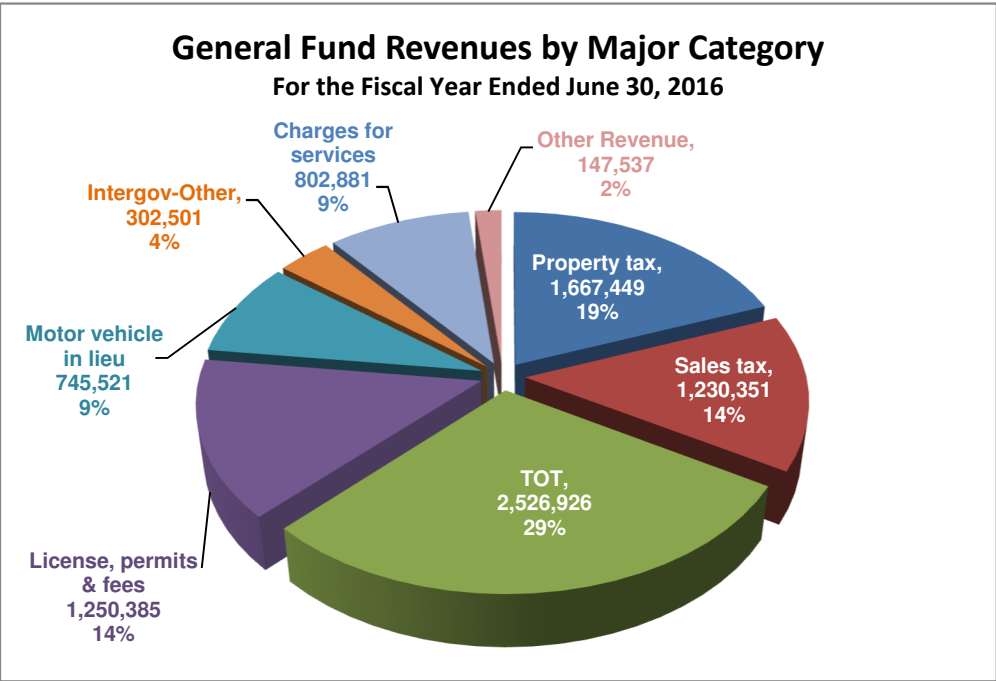


were partially offset by salary savings from positions that were vacant during the year and payouts in the prior year from employees who left the City.

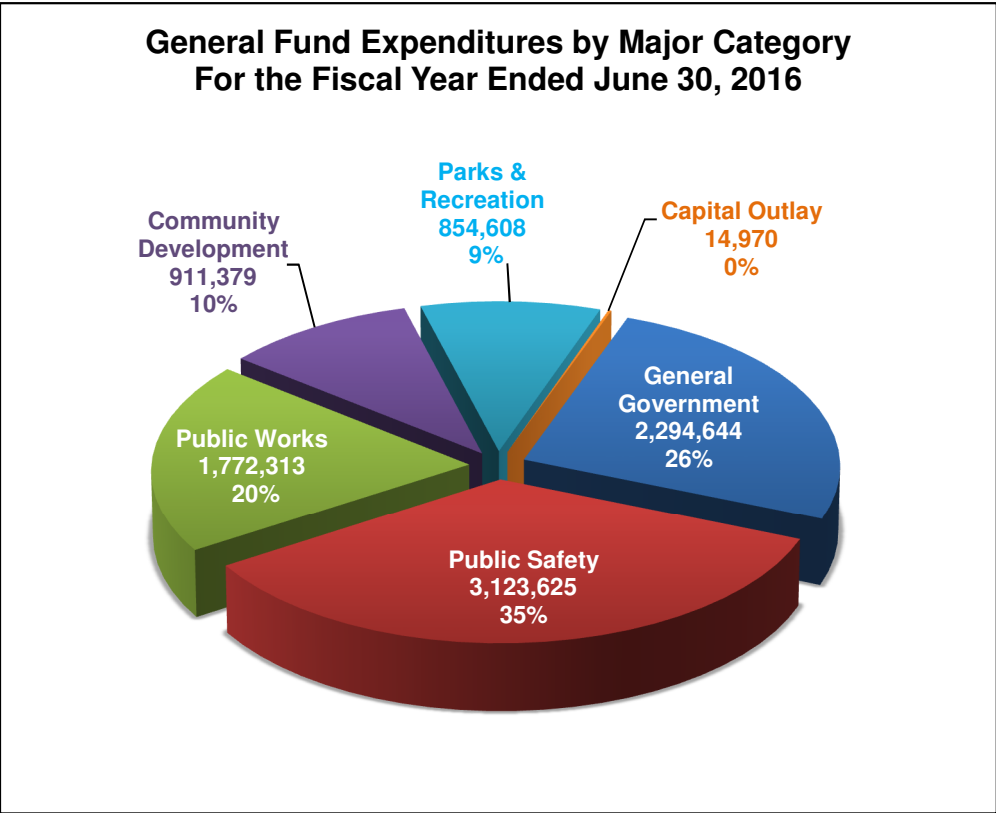


**General Fund Budgetary Highlights:** The City Council approved approximately \$900,000 increases to the original budgeted General Fund appropriations. City Council also approved a \$369,000 increase in budgeted General Fund revenues with \$535,000 planned use of General Fund reserves to pay for increased expenditures. The budgeted expenditure increases in the General Fund included \$299,000 for salary and benefit costs, \$47,000 for an easement on Pearl Street, \$34,000 for contract street maintenance, \$157,000 for legal services, \$175,000 for contract building plan check services, \$67,500 for community outreach (including Ojai FLOW), \$75,000 increase in general liability insurance, and various other increases.

The following two pie charts present the *General Fund* revenues and expenditures by major categories for the fiscal year ended June 30, 2016.



The *General Fund's* top three revenues are *Property Taxes*, *Sales Taxes* and *Transient Occupancy Taxes*, which generated approximately \$5.4 million total revenue, which is 63% of the total *General Fund* revenues.



The Public Safety expenditures represent 35% of the total General Fund expenditures, while 20% was for Public Works and 26% was for General Government services

**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 25-27 of this report). The net position of the Transit enterprise fund is \$469,700, a decrease of \$27,000 (5.5%) from the restated prior year net position. Net position of the Cemetery Fund is approximately \$267,000, an increase of \$9,000 from the prior year net position. Net position in the Transit Fund included a \$21,000 prior period adjustment related to unearned revenue in prior years.

## CAPITAL ASSET AND DEBT ADMINISTRATION

CITY OF OJAI CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION June 30, 2016 and 2015						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Non-depreciable Assets</b>						
Rights of way	\$ 798,250	\$ 750,000	\$ -	\$ -	\$ 798,250	\$ 750,000
Land	1,400,798	1,400,798	110,500	110,500	1,511,298	1,511,298
Artwork	60,982	60,982	-	-	60,982	60,982
Construction in Progress	90,545	42,680	-	-	90,545	42,680
<b>Depreciable Assets</b>						
Buildings	10,012,934	10,324,473	-	-	10,012,934	10,324,473
Land Improvements	1,440,765	1,575,001	328,914	351,855	1,769,679	1,926,856
Equipment and machinery	692,193	389,606	37,488	62,611	729,681	452,217
Infrastructure	5,115,693	4,404,526	-	-	5,115,693	4,404,526
Vehicles	73,226	28,465	215,539	285,508	288,765	313,973
<b>Total capital assets</b>	<b>\$ 19,685,386</b>	<b>\$ 18,976,531</b>	<b>\$ 692,441</b>	<b>\$ 810,474</b>	<b>\$ 20,377,827</b>	<b>\$ 19,787,005</b>

**Capital assets:** The City's investment in capital assets is reported in the financial statements for the governmental and business-type activities but not 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). The table above provides a summary of the City's capital assets net of accumulated depreciation as of June 30, 2016 and 2015. Additional information on the City's capital assets is found in the Notes to Basic Financial Statements Number 6 on pages 42-44 of this report.

CITY OF OJAI LONG-TERM LIABILITIES June 30, 2016 and 2015						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Net pension obligations</b>	\$ 3,587,574	\$ 3,649,747	\$ 362,396	\$ 371,743	\$ 3,949,970	\$ 4,021,490
<b>OPEB</b>	2,456,030	2,397,209	-	-	2,456,030	2,397,209
<b>Compensated absences</b>	360,305	365,984	92,209	117,839	452,514	483,823
<b>Total long-term liabilities</b>	<b>\$ 6,403,909</b>	<b>\$ 6,412,940</b>	<b>\$ 454,605</b>	<b>\$ 489,582</b>	<b>\$ 6,858,514</b>	<b>\$ 6,902,522</b>

**Long-term liabilities:** At June 30, 2016, the City had no loans or notes payable outstanding, but had a total of \$6.9 million in long-term liabilities with \$6.4 million in the governmental activities and \$450,000 in the business-type activities. Total long-term liabilities decreased \$44,000 in the current fiscal year. Pursuant to GASB 45, the City has recorded an actuarially determined liability of \$2.5 million for Other Postemployment Benefits (OPEB), for future costs of the City's retiree medical insurance obligation. The OPEB liability amount increased approximately \$59,000 from the prior year. Additional information on the City's long-term debt and OPEB is found in the Notes to Basic Financial Statements Number 7, pages 45-47 of this report.

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

Prior to the adoption of the current fiscal year budget, the City Council received a comprehensive report from staff on the fiscal positions of the City's General Fund and the Special Revenue Funds. The City's internal policy is to hold 25% of the current year operating budget in reserves. Over the past few years, the City's top two priorities have been 1) to bring its General Fund reserves to the required level, and 2) to perform deferred maintenance on the City's capital assets.

The economy in the Ojai Valley has continued to grow, albeit slowly, over the past several years and staff anticipates that this growth will continue. Sales tax revenue declined in FY 16 due to adjustments to the County sales tax pool. Staff anticipates a 2% increase in FY17 sales tax revenue. Property tax and TOT revenues averaged 6.2% and 11.5% growth, respectively, over the past five years. Various economists have projecting 2-4% revenue growth in California in FY 17 and staff anticipates growth in this range. Staff also projects that expenditures will continue to increase in the coming years. City staffing levels have been kept artificially low to provide funds for the capital improvement program; however, these levels are not sustainable and will need to be increased. Additionally, pension costs will continue to increase over the next seven years. The City has chosen to use contract services to meet the growing needs in several departments. While the benefit of contractors is that they can be adjusted at any time, as the City's needs change, the cost of contract services can be significantly higher than permanent staffing.

Tourism significantly affects the City's economy its annual TOT and sales tax revenue. The Ojai Valley Business Bureau, the Ojai Valley Chamber of Commerce and the City created the Ojai Tourism Improvement District (OTID) on November 1, 2012. The OTID uses the self-assessment (1% of the cost of hotel room rates) to promote tourism in the Ojai Valley. These efforts have helped increase TOT revenues to approximately 31% of total citywide revenues. The City has used 20% of total TOT revenue to maintain and improve streets, roads, and City facilities. The OTID will sunset on October 31, 2017 and will need to be renewed to maintain this revenue source.

The City has been taking steps to mitigate potential future economic downturns. The City has increased its reserve requirement and has set up an OPEB trust with a plan to contribute \$100,000 a year to the trust in addition to the annual pay-as-you-go funding. In FY 16, the City established a fund to pay for future equipment replacement, efficiency modifications, and technology improvements, with initial funding of \$40,000 per year. Additionally, City staff continues to look for grant funding to leverage the City's funds to pay for capital maintenance and improvement in the future.

## **REQUESTS FOR INFORMATION**

This financial report is designed 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:

Rudolf J. Livingston, CPA  
Director of Finance  
City of Ojai  
401 S. Ventura St.  
Ojai, CA 93023  
[Livingston@ojaicity.org](mailto:Livingston@ojaicity.org)

**CITY OF OJAI**  
**STATEMENT OF NET POSITION**  
June 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 4,977,406	\$ 191,449	\$ 5,168,855
Cash and investments with fiscal agents	638	-	638
Accounts receivable, net	954,594	467,406	1,422,000
Internal balances	55,473	(55,473)	-
Inventory	-	10,945	10,945
Due from successor agency	3,247,899	-	3,247,899
Capital assets not being depreciated	2,350,575	110,500	2,461,075
Capital assets, net of accumulated depreciation	17,334,811	581,941	17,916,752
Total assets	28,921,396	1,306,768	30,228,164
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	652,412	47,330	699,742
Total deferred outflows of resources	652,412	47,330	699,742
<b>LIABILITIES</b>			
Accounts payable	729,260	11,627	740,887
Accrued liabilities	99,698	9,031	108,729
Deposits payable	3,065	-	3,065
Unearned revenue	894,851	68,570	963,421
Noncurrent liabilities:			
Due within one year	90,076	23,052	113,128
Due in more than one year	6,313,833	431,553	6,745,386
Total liabilities	8,130,783	543,833	8,674,616
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	659,191	74,043	733,234
Total deferred inflows of resources	659,191	74,043	733,234
<b>NET POSITION</b>			
Net investment in capital assets	19,685,386	692,441	20,377,827
Restricted for:			
Libraries	38,027	-	38,027
Streets, bikeways, parks, and other related purposes	442,915	-	442,915
Transit	320,026	-	320,026
Community development	246	-	246
Unrestricted	297,234	43,781	341,015
Total net position	\$ 20,783,834	\$ 736,222	\$ 21,520,056

See Notes to Basic Financial Statements

**CITY OF OJAI**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General government	\$ (2,242,430)	\$ 756,892	\$ 29,604	\$ -
Public safety	(3,083,262)	32,591	133,191	-
Public works	(2,457,795)	329,748	370,021	62,704
Community development	(1,142,025)	603,794	-	-
Parks and recreation	(910,890)	518,018	17,208	-
Libraries	(107,063)	112,491	-	-
Unallocated depreciation	(226,910)	-	-	-
Total governmental activities	(10,170,375)	2,353,534	550,024	62,704
Business-type Activities:				
Transit	(899,549)	85,517	829,214	-
Cemetery	(16,566)	24,302	-	-
Total business-type activities	(916,115)	109,819	829,214	-
Total government	<u>\$ (11,086,490)</u>	<u>\$ 2,463,353</u>	<u>\$ 1,379,238</u>	<u>\$ 62,704</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

Prior period adjustment

Net position at beginning of fiscal year-restated

Net position at end of fiscal year

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (1,455,934)	\$ -	\$ (1,455,934)
(2,917,480)	-	(2,917,480)
(1,695,322)	-	(1,695,322)
(538,231)	-	(538,231)
(375,664)	-	(375,664)
5,428	-	5,428
(226,910)	-	(226,910)
(7,204,113)	-	(7,204,113)
-	15,182	15,182
-	7,736	7,736
-	22,918	22,918
(7,204,113)	22,918	(7,181,195)
1,667,449	-	1,667,449
1,350,880	-	1,350,880
3,161,727	-	3,161,727
134,775	-	134,775
745,521	-	745,521
28,581	1,594	30,175
59,924	-	59,924
63,914	(63,914)	-
7,212,771	(62,320)	7,150,451
8,658	(39,402)	(30,744)
20,775,176	754,483	21,529,659
-	21,141	21,141
20,775,176	775,624	21,550,800
\$ 20,783,834	\$ 736,222	\$ 21,520,056

**CITY OF OJAI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**

	General Fund	Plaza Maintenance Fund
<b>ASSETS</b>		
Cash and investments	\$ 3,500,354	\$ -
Cash and investments with fiscal agents	638	-
Accounts receivable, net	934,105	548
Due from other funds	355,505	-
Due from successor agency	3,247,899	-
Total assets	<u>\$ 8,038,501</u>	<u>\$ 548</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 604,582	\$ 3,898
Accrued liabilities	98,949	749
Deposits payable	3,065	-
Due to other funds	-	300,032
Unearned revenue	699,851	-
Total liabilities	<u>1,406,447</u>	<u>304,679</u>
Fund balances:		
Nonspendable:		
Due from successor agency	3,247,899	-
Restricted	638	-
Committed	100,000	-
Assigned	50,000	-
Unassigned	3,233,517	(304,131)
Total fund balances (deficits)	<u>6,632,054</u>	<u>(304,131)</u>
Total liabilities, and fund balances	<u>\$ 8,038,501</u>	<u>\$ 548</u>

See Notes to Basic Financial Statements



Capital Improvements Fund	Libbey Bowl Maintenance Fund	Other Governmental Funds	Total Governmental Funds
\$ 616,582	\$ 21,634	\$ 838,836	\$ 4,977,406
-	-	-	638
-	2,088	17,853	954,594
-	-	-	355,505
-	-	-	3,247,899
<u>\$ 616,582</u>	<u>\$ 23,722</u>	<u>\$ 856,689</u>	<u>\$ 9,536,042</u>
\$ 89,538	\$ -	\$ 31,242	\$ 729,260
-	-	-	99,698
-	-	-	3,065
-	-	-	300,032
-	-	195,000	894,851
<u>89,538</u>	<u>-</u>	<u>226,242</u>	<u>2,026,906</u>
-	-	-	3,247,899
-	23,722	581,854	606,214
-	-	-	100,000
527,044	-	48,593	625,637
-	-	-	2,929,386
<u>527,044</u>	<u>23,722</u>	<u>630,447</u>	<u>7,509,136</u>
<u>\$ 616,582</u>	<u>\$ 23,722</u>	<u>\$ 856,689</u>	<u>\$ 9,536,042</u>

**CITY OF OJAI**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2016**

---

Fund balances of governmental funds		\$	7,509,136
-------------------------------------	--	----	-----------

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	\$	39,845,094	
Accumulated depreciation		<u>(20,159,708)</u>	19,685,386

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.			(6,779)
--	--	--	---------

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

Compensated absences	\$	360,305	
OPEB		2,456,030	
Net pension liability		<u>3,587,574</u>	<u>(6,403,909)</u>

Net position of governmental activities		\$	<u><u>20,783,834</u></u>
---	--	----	--------------------------

See Notes to Basic Financial Statements

**THIS PAGE INTENTIONALLY LEFT BLANK.**

**CITY OF OJAI****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2016

	General Fund	Plaza Maintenance Fund
<b>REVENUES</b>		
Property taxes	\$ 1,667,449	\$ -
Sales taxes	1,230,351	-
Transient occupancy tax	2,526,926	-
Other taxes and assessments	-	134,604
Licenses, permits, and fees	1,250,385	-
Fines and forfeitures	16,046	-
Use of money and property	71,565	2,600
Intergovernmental:		
Other	302,501	-
Motor vehicle in lieu	745,521	-
Charges for services	802,881	-
Other revenue	59,926	-
Total revenues	8,673,551	137,204
<b>EXPENDITURES</b>		
Current:		
General government	2,294,644	-
Public safety	3,123,625	-
Public works	1,772,313	-
Community development	911,379	172,023
Parks and recreation	854,608	-
Libraries	-	-
Capital outlay	14,970	-
Total expenditures	8,971,539	172,023
Excess of revenues over (under) expenditures	(297,988)	(34,819)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	121,344	42,380
Transfers out	(237,950)	-
Total other financing sources (uses)	(116,606)	42,380
Net changes in fund balances	(414,594)	7,561
Fund balances (deficit) - July 1, 2015	7,046,648	(311,692)
Fund balances (deficit) - June 30, 2016	\$ 6,632,054	\$ (304,131)

See Notes to Basic Financial Statements

Capital Improvements Fund	Libbey Bowl Maintenance Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,667,449
120,529	-	-	1,350,880
634,801	-	-	3,161,727
-	-	198,550	333,154
-	-	-	1,250,385
-	-	-	16,046
3,001	-	5,183	82,349
-	-	254,022	556,523
-	-	-	745,521
-	6,414	19,935	829,230
62,704	17,208	-	139,838
821,035	23,622	477,690	10,133,102
-	-	-	2,294,644
-	-	-	3,123,625
-	-	73,724	1,846,037
-	-	-	1,083,402
-	-	16,487	871,095
-	-	106,000	106,000
1,737,724	-	50,379	1,803,073
1,737,724	-	246,590	11,127,876
(916,689)	23,622	231,100	(994,774)
265,452	-	163,750	592,926
-	-	(291,062)	(529,012)
265,452	-	(127,312)	63,914
(651,237)	23,622	103,788	(930,860)
1,178,281	100	526,659	8,439,996
\$ 527,044	\$ 23,722	\$ 630,447	\$ 7,509,136

**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, 2016**

---

Net change in fund balances - total governmental funds	\$	(930,860)
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	\$ 1,630,729	
Depreciation expense not reported in governmental funds	<u>(921,874)</u>	708,855
Revenue not recognized in the governmental funds is deferred as it was not available to pay current period expenditures.		
		(17,983)
OPEB expenditures reported in the statement of net position do not require the use of current financial resources and therefore, is not reported as expenditures in a governmental fund. This is the net change in OPEB for the current period.		
		(58,821)
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:		
		301,788
Compensated absences are not a current period expense. This is the net change in compensated absences for the current period.		
		<u>5,679</u>
Change in net position of governmental activities	<u>\$</u>	<u>8,658</u>

See Notes to Basic Financial Statements

**CITY OF OJAI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2016

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ -	\$ 191,449	\$ 191,449
Accounts receivable, net	467,406	-	467,406
Inventory	-	10,945	10,945
Total current assets	467,406	202,394	669,800
Noncurrent Assets:			
Capital assets not being depreciated	1,600	108,900	110,500
Capital assets, net of accumulated depreciation	578,985	2,956	581,941
Total noncurrent assets	580,585	111,856	692,441
Total assets	1,047,991	314,250	1,362,241
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension	45,912	1,418	47,330
Total deferred outflows of resources	45,912	1,418	47,330
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	10,557	1,070	11,627
Accrued liabilities	8,947	84	9,031
Unearned revenue	54,910	13,660	68,570
Due to other funds	55,473	-	55,473
Current portion of long-term obligations	22,671	381	23,052
Total current liabilities	152,558	15,195	167,753
Noncurrent Liabilities:			
Compensated absences	68,013	1,144	69,157
Net pension liability	336,049	26,347	362,396
Total noncurrent liabilities	404,062	27,491	431,553
Total liabilities	556,620	42,686	599,306
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pension	67,629	6,414	74,043
Total deferred inflows of resources	67,629	6,414	74,043
<b>NET POSITION</b>			
Net investment in capital assets	580,585	111,856	692,441
Unrestricted	(110,931)	154,712	43,781
Total net position	\$ 469,654	\$ 266,568	\$ 736,222

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, 2016**

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
Operating Revenues:			
Charges for services (net of refunds)	\$ 85,517	\$ 24,302	\$ 109,819
Total operating revenues	85,517	24,302	109,819
Operating Expenses:			
Salaries and benefits	449,345	10,222	459,567
Material, supplies, and operational expenses	332,417	6,098	338,515
Depreciation	117,787	246	118,033
Total operating expenses	899,549	16,566	916,115
Operating income (loss)	(814,032)	7,736	(806,296)
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	829,214	-	829,214
Interest income	508	1,086	1,594
Total non-operating revenues (expenses)	829,722	1,086	830,808
Income (loss) before transfers	15,690	8,822	24,512
Transfers (out)	(63,914)	-	(63,914)
Changes in net position	(48,224)	8,822	(39,402)
Total net position - July 1, 2015	496,737	257,746	754,483
Prior period adjustment	21,141		21,141
Total net position - July 1, 2015, restated	517,878	257,746	775,624
Total net position - June 30, 2016	\$ 469,654	\$ 266,568	\$ 736,222

See Notes to Basic Financial Statements



**CITY OF OJAI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 65,560	\$ 27,771	\$ 93,331
Cash paid to suppliers for goods and services	(311,290)	(5,868)	(317,158)
Cash paid to employees for services	(497,528)	(11,105)	(508,633)
Net cash provided by (used by) operating activities	(743,258)	10,798	(732,460)
Cash Flows from Noncapital Financing Activities:			
Operating grants received	806,664	-	806,664
Transfers to other funds	(63,914)	-	(63,914)
Net cash provided by noncapital financing activities	742,750	-	742,750
Cash Flows from Investing Activities:			
Interest received	508	1,086	1,594
Net cash provided by investing activities	508	1,086	1,594
Net increase in cash and cash equivalents	-	11,884	11,884
Cash and Cash Equivalents at Beginning of Fiscal Year	-	179,565	179,565
Cash and Cash Equivalents at End of Fiscal Year	\$ -	\$ 191,449	\$ 191,449
Reconciliation to Statement of Net Position:			
Cash and investments	\$ -	\$ 191,449	\$ 191,449
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (814,032)	\$ 7,736	\$ (806,296)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	117,787	246	118,033
(Increase) decrease in accounts receivable	(19,957)	-	(19,957)
(Increase) decrease in inventory	-	-	-
(Increase) decrease in deferred outflows	173	2,370	2,543
Increase (decrease) in accounts payable	(12,112)	230	(11,882)
Increase (decrease) in accrued liabilities	(816)	(51)	(867)
Increase (decrease) in deferred charges	-	3,469	3,469
Increase (decrease) in compensated absences	(24,724)	(906)	(25,630)
Increase (decrease) in due to other funds	33,239	-	33,239
Increase (decrease) in net pension liability	(7,458)	(1,889)	(9,347)
Increase (decrease) in deferred inflows	(15,358)	(407)	(15,765)
Total adjustments	70,774	3,062	73,836
Net cash provided by (used by) operating activities	\$ (743,258)	\$ 10,798	\$ (732,460)

See Notes to Basic Financial Statements

**CITY OF OJAI**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2016

	Private Purpose Trust Funds	Agency Funds
	Successor Agency	Special Deposits
<b>ASSETS</b>		
Cash and investments	\$ 535,663	\$ 5,291
Notes receivable	1,427,612	-
Land	305,888	-
Total assets	2,269,163	\$ 5,291
<b>LIABILITIES</b>		
Accounts payable	1,370	\$ 5,291
Accrued liabilities	552	-
Accrued interest payable	61,170	-
Loans payable - City of Ojai	3,196,728	-
Unearned revenue	308,586	-
Due to County of Ventura	837,000	-
Total liabilities	4,405,406	\$ 5,291
<b>NET POSITION</b>		
Held in trust	\$ (2,136,243)	

**CITY OF OJAI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS**  
For the Fiscal Year Ended June 30, 2016

---

	Successor Agency
<b>ADDITIONS:</b>	
Property taxes	\$ 313,132
Use of money and property	1,891
Other	<u>33,881</u>
Total additions	<u>348,904</u>
<b>DEDUCTIONS:</b>	
Community development	<u>196,887</u>
Total deductions	<u>196,887</u>
Change in net position	152,017
Total net position-beginning of fiscal year	<u>(2,288,260)</u>
Total net position-end of fiscal year	<u><u>\$ (2,136,243)</u></u>

See Notes to Basic Financial Statements

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Ojai (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) 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 who, in turn, elects one of its members to serve as the Mayor. 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. 39 and GASB Statement No. 61.

#### 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 or 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, 2016

---

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

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

Libbey Bowl Maintenance Fund – is used to account for the Libbey Bowl project.

The City reports the following proprietary funds:

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

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 (ARB) 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.

**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 assets 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, 2016

---

### 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. Changes 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, 2016

### 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, 2016.

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

<u>Assets</u>	<u>Years</u>
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.



**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 12-month period. Upon termination, 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 for 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, 2016, the City paid \$183,814 in health care costs for its retirees and their covered dependents on a pay-as-you-go basis and \$200,000 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 one item which qualifies for reporting in this category; refer to Note 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 8 for a detailed listing of the deferred inflows of resources the City has recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

**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.

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 (USGAAP) 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.

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

---

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

#### G. Future Accounting Pronouncements

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

Statement No. 74	"Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans"	The provisions of this statement are effective for fiscal years beginning after June 15, 2016.
Statement No. 75	"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.
Statement No. 77	"Tax Abatement Disclosures"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.
Statement No. 78	"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.
Statement No. 79	"Certain External Investment Pools and Pool Participants"	The provisions of this statement are effective for fiscal years beginning after December 15, 2015.
Statement No. 80	"Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14"	The provisions of this statement are effective for fiscal years beginning after June 15, 2016.
Statement No. 81	"Irrevocable Split-Interest Agreements"	The provisions of this statement are effective for fiscal years beginning after December 15, 2016.
Statement No. 82	"Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

### 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.

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.

3. Formal budgetary integration is employed as a management control device during the fiscal year.
4. 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 (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.
5. 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.

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

**A. Budgetary Information (Continued)**

6. 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.
7. 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, 2016, 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 Funds

General Fund:

City attorney	\$	16,572
Public works - general admin/engineering		80,432
Public works-maintenance		116,041
Recreation		38,498
Capital outlay		870

Plaza Maintenance Fund:

Community development		1,783
-----------------------	--	-------

Nonmajor Special Revenue Funds

Library Special Tax Revenue Fund		780
Park Acquisition Capital Projects Fund		16,487

**C. Deficit Fund Balance**

The following fund had a deficit fund balance at June 30, 2016:

Major Governmental Fund

Plaza Maintenance	\$	304,131
-------------------	----	---------

**NOTE 3 – CASH AND INVESTMENTS**

At June 30, 2016, deposits and investments were reported in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$	5,168,855
Cash and investments with fiscal agents		638

Fiduciary funds, statement of net position:

Cash and investments		540,954
----------------------	--	---------

Total cash and investments	\$	5,710,447
----------------------------	----	-----------

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

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

Cash and investments as of June 30, 2016, consist of the following:

Petty cash	\$	500
Cash in bank		1,100,218
Investments		4,609,729
Total cash and investments	\$	5,710,447

The City categorizes its fair value measurements within the fair value hierarchy established by 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.

#### 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

#### 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.

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	\$ 114,270	\$ 114,270	\$ -	\$ -	\$ -
Money market funds	4,495,459	4,495,459	-	-	-
Total	\$ 4,609,729	\$ 4,609,729	\$ -	\$ -	\$ -

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

Investment with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations.

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	Not Rated
State Investment Pool	\$ 114,270	N/A	\$ -	\$ -	\$ -	\$ 114,270
Money market funds	4,495,459	N/A	-	-	-	4,495,459
Total	<u>\$ 4,609,729</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,609,729</u>

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 total City's 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.

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).

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.

**CITY OF OJAI****NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2016

---

**NOTE 3 – CASH AND INVESTMENTS (Continued)**Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous month in each fund receiving interest.

**NOTE 4 – ACCOUNTS RECEIVABLE**

The following is a list of accounts receivable at June 30, 2016:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities -	\$ 954,594	\$ -	\$ 954,594
Accounts receivable, net	<u>\$ 954,594</u>	<u>\$ -</u>	<u>\$ 954,594</u>
Business-type Activities -	\$ 467,406	\$ -	\$ 467,406
Accounts receivable, net	<u>\$ 467,406</u>	<u>\$ -</u>	<u>\$ 467,406</u>

**NOTE 5 – INTERFUND ACTIVITY**

The following represents the interfund activity of the City for the fiscal year ended June 30, 2016.

**A. Transfers**

	<u>Transfers In</u>	<u>Transfers out</u>
Major Governmental Funds:		
General	\$ 121,344	\$ 237,950
Plaza Maintenance	42,380	-
Capital Improvements	265,452	-
Nonmajor Governmental Funds:		
Transit Equipment Replacement	57,000	-
Gas Tax	-	121,344
Drainage	-	115,000
Bicycle and Pedestrian	-	10,083
Street Lighting	7,810	-
Transportation Development Act	-	44,635
Equipment Replacement	98,940	-
Major Proprietary Fund:		
Transit	-	63,914
	<u>\$ 592,926</u>	<u>\$ 592,926</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.

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

### NOTE 5 – INTERFUND ACTIVITY (Continued)

#### 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, 2016:

	Due from/ Receivable	Due to/ Payable
Major Governmental Funds:		
General	\$ 355,505	\$ -
Plaza Maintenance	-	300,032
Major Proprietary Fund:		
Transit	-	55,473
	<u>\$ 355,505</u>	<u>\$ 355,505</u>

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

### NOTE 6 – CAPITAL ASSETS

#### A. Governmental Activities

Governmental capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
<b>Capital assets, not being depreciated:</b>				
Right of way	\$ 750,000	\$ 48,250	\$ -	\$ 798,250
Land	1,400,798	-	-	1,400,798
Artwork	60,982	-	-	60,982
Construction in progress	42,680	1,443,181	(1,395,316)	90,545
Total	<u>2,254,460</u>	<u>1,491,431</u>	<u>(1,395,316)</u>	<u>2,350,575</u>
<b>Capital assets being depreciated:</b>				
Buildings	15,279,813	-	-	15,279,813
Improvements other than buildings	3,361,265	17,499	-	3,378,764
Equipment and machinery	1,074,964	378,071	-	1,453,035
Infrastructure	15,842,322	1,088,665	-	16,930,987
Vehicles	415,541	50,379	(14,000)	451,920
Total	<u>35,973,905</u>	<u>1,534,614</u>	<u>(14,000)</u>	<u>37,494,519</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(4,955,340)	(311,539)	-	(5,266,879)
Improvements other than buildings	(1,786,264)	(151,735)	-	(1,937,999)
Equipment and machinery	(685,358)	(75,484)	-	(760,842)
Infrastructure	(11,437,796)	(377,498)	-	(11,815,294)
Vehicles	(387,076)	(5,618)	14,000	(378,694)
Total	<u>(19,251,834)</u>	<u>(921,874)</u>	<u>14,000</u>	<u>(20,159,708)</u>
Total, net of accumulated depreciation	<u>16,722,071</u>	<u>612,740</u>	<u>-</u>	<u>17,334,811</u>
<b>Total capital assets, net</b>	<u>\$ 18,976,531</u>	<u>\$ 2,104,171</u>	<u>\$ (1,395,316)</u>	<u>\$ 19,685,386</u>



# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

### NOTE 6 – CAPITAL ASSETS (Continued)

#### B. Governmental Activities (Continued)

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

Public safety	\$ 45,864
Public works	498,465
Community development	85,975
Parks and recreation	64,660
Unallocated	226,910
Total	<u>\$ 921,874</u>

#### C. Business-Type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
<b>Cemetery Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 108,900	\$ -	\$ -	\$ 108,900
Total	<u>108,900</u>	<u>-</u>	<u>-</u>	<u>108,900</u>
Capital assets, being depreciated:				
Land improvements	12,124	-	-	12,124
Total	<u>12,124</u>	<u>-</u>	<u>-</u>	<u>12,124</u>
Less accumulated depreciation for:				
Land improvements	(8,922)	(246)	-	(9,168)
Total	<u>(8,922)</u>	<u>(246)</u>	<u>-</u>	<u>(9,168)</u>
Total net of accumulated depreciation	<u>3,202</u>	<u>(246)</u>		<u>2,956</u>
<b>Cemetery Fund capital assets, net</b>	<u>\$ 112,102</u>	<u>\$ (246)</u>	<u>\$ -</u>	<u>\$ 111,856</u>
	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
<b>Transit Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,600	\$ -	\$ -	\$ 1,600
Total	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>1,600</u>
Capital assets, being depreciated:				
Land improvements	453,872	-	-	453,872
Equipment and machinery	138,864	-	-	138,864
Vehicles	912,580	-	-	912,580
Total	<u>1,505,316</u>	<u>-</u>	<u>-</u>	<u>1,505,316</u>
Less accumulated depreciation for:				
Land improvements	(105,219)	(22,695)	-	(127,914)
Equipment and machinery	(76,253)	(25,123)	-	(101,376)
Vehicles	(627,072)	(69,969)	-	(697,041)
Total	<u>(808,544)</u>	<u>(117,787)</u>	<u>-</u>	<u>(926,331)</u>
Total net of accumulated depreciation	<u>696,772</u>	<u>(117,787)</u>	<u>-</u>	<u>578,985</u>
<b>Transit Fund capital assets, net</b>	<u>\$ 699,972</u>	<u>\$ (117,787)</u>	<u>\$ -</u>	<u>\$ 582,185</u>

**CITY OF OJAI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2016**

---

**NOTE 6 – CAPITAL ASSETS (Continued)**

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

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
<b>Total Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 110,500	\$ -	\$ -	\$ 110,500
Total	110,500	-	-	110,500
Capital assets, being depreciated:				
Land improvements	465,996	-	-	465,996
Equipment and machinery	138,864	-	-	138,864
Vehicles	912,580	-	-	912,580
Total	1,517,440	-	-	1,517,440
Less accumulated depreciation for:				
Land improvements	(114,141)	(22,941)	-	(137,082)
Equipment and machinery	(76,253)	(25,123)	-	(101,376)
Vehicles	(627,072)	(69,969)	-	(697,041)
Total	(817,466)	(118,033)	-	(935,499)
Total net of accumulated depreciation	699,974	(118,033)	-	581,941
<b>Total Business-type capital assets, net</b>	<b>\$ 810,474</b>	<b>\$ (118,033)</b>	<b>\$ -</b>	<b>\$ 692,441</b>

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

Business-type Activities:

Cemetery	\$ 246
Transit	117,787
Total	<u>\$ 118,033</u>

**CITY OF OJAI****NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2016

**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, 2016:

	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 365,984	\$ 181,035	\$ (186,714)	\$ 360,305	\$ 90,076
Net pension liability	3,649,747	1,237,651	(1,299,824)	3,587,574	-
OPEB	2,397,209	479,146	(420,325)	2,456,030	-
Total governmental	<u>\$ 6,412,940</u>	<u>\$ 1,897,832</u>	<u>\$ (1,906,863)</u>	<u>\$ 6,403,909</u>	<u>\$ 90,076</u>
<b>Business-type activities:</b>					
Compensated absences					
Transit	\$ 115,408	\$ 44,901	\$ (69,625)	\$ 90,684	\$ 22,671
Cemetery	2,431	640	(1,546)	1,525	381
Net pension liability	371,743	107,622	(116,969)	362,396	-
Total business-type	<u>\$ 489,582</u>	<u>\$ 153,163</u>	<u>\$ (188,140)</u>	<u>\$ 454,605</u>	<u>\$ 23,052</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 \$125 per month in 2016.

The City established a Health Savings Account (HAS) 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.

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

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

During the fiscal year ended June 30, 2015, 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, 2016, the City paid \$183,814 in health care costs for its retirees and their covered dependents on a pay-as-you-go basis, \$200,000 to the irrevocable trust to pay for future benefits and an implicit subsidy of \$36,511.

Annual OPEB Cost and Net OPEB Obligation:

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities of the plan over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 481,607
Interest on net OPEB obligation	138,798
Adjustment to annual required contribution	<u>(141,259)</u>
Annual OPEB cost (expense)	479,146
Actual contributions made	<u>(420,325)</u>
Increase in net OPEB obligation	58,821
Net OPEB obligation, beginning of the fiscal year	<u>2,397,209</u>
Net OPEB obligation, end of the fiscal year	<u><u>\$ 2,456,030</u></u>

The City's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal year ended June 30, 2016, 2015, and 2014, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
6/30/2016	\$ 479,146	\$ 420,325	87.72%	\$ 2,456,030
6/30/2015	\$ 594,445	\$ 178,665	30.06%	\$ 2,397,209
6/30/2014	\$ 560,429	\$ 157,922	28.18%	\$ 1,981,429

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

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

Funded Status and Funding Progress:

Actuarial Valuation Date	Actuarial Asset Value	Projected Unit Credit Method of Funding (b)	Unfunded Actuarial Accrued Liability (b)-(a)	Funded Ratio AVA (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a % of Covered Payroll [(b)-(a)]/(c)
7/1/2015	\$ 100,000	\$ 5,102,219	\$ 5,002,219	2.0%	\$ 1,832,505	273.00%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation, and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**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.

**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, 2016, are summarized as follows:

	Miscellaneous		
	First Tier	Second Tier	PEPRA
	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire Date			
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 rates	22.495%	7.198%	6.237%
Safety			
	Prior to January 1, 2013		
Hire Date			
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 rates	N/A		

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, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions-employer	\$ 306,188	\$ 117,454
Contributions-employee (paid by employer)	122,778	N/A

**CITY OF OJAI**

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

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

At June 30, 2016, 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	\$ 3,374,454
Safety	575,516
	<u>\$ 3,949,970</u>

The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. 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, 2015, the City's proportionate share of the net pension liability for each Plan as of June 30, 2014 and June 30, 2015 was as follows:

	Miscellaneous	Safety
Proportion-June 30, 2014	0.05461%	0.01002%
Proportion-June 30, 2015	0.04916%	0.00838%
Change-Increase (Decrease)	-0.00545%	-0.00164%

For the fiscal year ended June 30, 2016, the City recognized pension expense of \$546,420. 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, 2016, 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	\$ 502,006	\$ -
Differences between expected and actual experience	19,638	15,451
Changes in assumptions	-	256,857
Changes in proportion and differences between City contributions and proportionate share of contributions	102,735	85,503
Net difference between projected and actual earnings on retirement plan investments	-	129,157
Adjustment due to differences in proportion	160,866	331,769
	<u>\$ 785,245</u>	<u>\$ 818,737</u>

**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.

\$502,006 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 year ended June 30, 2017.

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
2017	\$ (239,133)
2018	(241,072)
2019	(218,558)
2020	163,265
	<u>\$ (535,498)</u>

*Actuarial Assumptions*

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3%	3%
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' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2014 experience study report.

*Change of Assumptions*

GASB 68, paragraph 68 states that the long term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expenses. The discount rate was changed from 7.50% (net of administrative expenses in 2014) to 7.65% as of June 30, 2015 to correct the adjustment which previously reduced the discount rate for administrative expenses.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.65 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 7.65 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 7.65 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, 2016

**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 2018. 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 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology. On December 21, 2016, CalPERS approved a plan to reduce the discount rate to 7.15% over three years.

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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.5% was used for this period.

(b) An expected inflation of 3.0% was used for this period.

**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 7.65 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 (6.65 percent) or 1- percentage point higher (8.65 percent) than the current rate:

		<u>Miscellaneous</u>		<u>Safety</u>
1% Decrease		6.65%		6.65%
Net Pension Liability	\$	5,659,195	\$	922,750
Current Discount Rate		7.65%		7.65%
Net Pension Liability	\$	3,374,454	\$	575,516
1% Increase		8.65%		8.65%
Net Pension Liability	\$	1,488,135	\$	290,791

*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, 2016, the City had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2016.

**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, 2016

---

#### 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.

##### D. 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 \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

---

#### 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 2015-16.

As of June 30, 2016, 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, 2016

---

### 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. The City does not have any committed fund balances at June 30, 2016.

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, 2016**
**NOTE 11 – NET POSITION AND FUND BALANCES (Continued)**
**B. Fund Balances**

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2016 are as follows:

	General Fund	Plaza Maintenance Fund	Equipment Replacement Fund	Libbey Bowl Maintenance Fund	Other Governmental Funds	Total
<b><u>Nonspendable:</u></b>						
Due from successor agency	\$ 3,247,899	\$ -	\$ -	\$ -	\$ -	\$ 3,247,899
Total Nonspendable	3,247,899	-	-	-	-	3,247,899
<b><u>Restricted for:</u></b>						
Community development	-	-	-	-	246	246
Libraries	-	-	-	-	38,027	38,027
Libbey Bowl deferred maintenance	-	-	-	23,722	-	23,722
Streets, bikeways, parks, and other related purposes	-	-	-	-	418,555	418,555
Transit	-	-	-	-	125,026	125,026
Employee benefits	638	-	-	-	-	638
Total Restricted	638	-	-	23,722	581,854	606,214
<b><u>Committed for:</u></b>						
OPEB	100,000	-	-	-	-	100,000
Total Committed	100,000	-	-	-	-	100,000
<b><u>Assigned for:</u></b>						
HE contract services	50,000	-	-	-	-	50,000
Equipment replacement	-	-	527,044	-	48,593	575,637
Total assigned	50,000	-	527,044	-	48,593	625,637
Unassigned:	3,233,517	(304,131)	-	-	-	2,929,386
Total Fund Balances (Deficits)	\$ 6,632,054	\$ (304,131)	\$ 527,044	\$ 23,722	\$ 630,447	\$ 7,509,136

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

### 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, 2016, the outstanding balance is \$250,000 plus accrued interest of \$168,914. 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.

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, 2016.

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, 2016, loans receivable totaled \$1,427,612.

#### Settlement Agreement with the County of Ventura

The City of Ojai passed an ordinance in June 1997 which amended the Redevelopment Plan and added new territory to the project area. There was a dispute as to if the tax increment cap applies to the new territory. To settle the dispute, the City of Ojai agreed to pay the County of Ventura, per settlement agreement dated January 12, 2011, the amount of \$837,000 plus simple interest compounded annually at the City's average annual LAIF rate. The rate for the period June 30, 2015 through June 30, 2016 was 0.307% which resulted in accrued interest on the agreement of \$9,999. The outstanding balance of the settlement agreement at June 30, 2016 was \$837,000. The Successor Agency is in an agreement to repay this to the County of Ventura.

Fiscal Year Ending June 30,	Settlement Agreement with the County of Ventura		
	Principal	Interest	Total
2017	\$ 167,400	\$ -	\$ 167,400
2018	167,400	-	167,400
2019	167,400	-	167,400
2020	167,400	-	167,400
2021	167,400	9,999	177,399
	<u>\$ 837,000</u>	<u>\$ 9,999</u>	<u>\$ 846,999</u>

ABx1 26 was signed by the Governor on June 28, 2011. This bill eliminated redevelopment agencies throughout the state and; therefore, eliminated tax increment revenue for the agency. With the end of tax increment revenue, this agreement regarding the cap on tax increment revenue for the project areas was effectively nullified. Additionally, the bill included provisions retroactively prohibiting the Redevelopment Agency and the Redevelopment Successor Agency from incurring new debt after January 1, 2011. The aforementioned provisions of this bill have effectively nullified this agreement. Staff is working with staff from the County of Ventura to officially void this agreement.

#### 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, 2016 was \$3,247,899 including \$51,171 in accrued interest.

**CITY OF OJAI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 12 – SUCCESSOR AGENCY (Continued)**

Changes in Long-Term Liabilities

Long term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016	Due Within One Year
Settlement Agreement with County of Ventura	\$ 837,000	\$ -	\$ -	\$ 837,000	\$ 167,400
Loans Payable to City of Ojai	3,352,932	-	(156,204)	3,196,728	-
Total Successor Agency	<u>\$ 4,189,932</u>	<u>\$ -</u>	<u>\$ (156,204)</u>	<u>\$ 4,033,728</u>	<u>\$ 167,400</u>

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, 2016, the amount was \$270 per space which increases annually by the Consumer Price Index (CPI). The annual lease for the Park and Ride, as of June 30, 2016, was \$25,500, which will also increase annually by the CPI.

Future annual lease payments are as follows:

Fiscal Year Ending June 30,	Amount
2017	\$ 25,500
2018	25,500
2019	25,500
2020	25,500
2021	25,500
2022-2024	76,500
	<u>\$ 204,000</u>

**NOTE 13 – PRIOR PERIOD ADJUSTMENT**

Prior period adjustments consisted of the following:

	Statement of Activities		Fund Statements	
	Governmental Activities	Business-type Activities	Governmental Funds	Proprietary Funds
Proprietary Funds:				
Transit Fund				
Overstatement of unearned revenue in prior fiscal year	\$ -	\$ 21,141	\$ -	\$ 21,141
	<u>\$ -</u>	<u>\$ 21,141</u>	<u>\$ -</u>	<u>\$ 21,141</u>



**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, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,555,710	\$ 1,555,710	\$ 1,667,449	\$ 111,739
Sales	1,454,700	1,454,700	1,230,351	(224,349)
Transient occupancy tax	2,520,800	2,520,800	2,526,926	6,126
Licenses, permits, and fees	1,118,860	1,414,730	1,250,385	(164,345)
Fines and forfeitures	17,790	17,790	16,046	(1,744)
Use of money and property	8,160	8,160	71,565	63,405
Intergovernmental:				
Other	267,000	294,300	302,501	8,201
Motor vehicle in lieu	704,200	704,200	745,521	41,321
Charges for services	728,430	774,280	802,881	28,601
Other revenue	36,100	36,100	59,926	23,826
Total revenues	8,411,750	8,780,770	8,673,551	(107,219)
<b>EXPENDITURES</b>				
Current:				
General government:				
City council	133,900	188,140	179,354	8,786
City manager	550,950	717,240	712,254	4,986
City treasurer	2,220	2,220	1,495	725
City attorney	135,000	276,500	293,072	(16,572)
City finance	536,220	654,610	636,324	18,286
City clerk	206,410	210,460	176,218	34,242
Non-departmental	410,150	552,650	295,927	256,723
Total general government	1,974,850	2,601,820	2,294,644	307,176
Public safety:				
Police	3,194,960	3,194,960	3,123,625	71,335
Total public safety	3,194,960	3,194,960	3,123,625	71,335
Public works:				
General admin/engineering	411,630	411,630	492,062	(80,432)
Maintenance	1,130,160	1,164,210	1,280,251	(116,041)
Total public works	1,541,790	1,575,840	1,772,313	(196,473)
Community development	712,910	947,060	911,379	35,681
Parks and recreation:				
Recreation	811,030	816,110	854,608	(38,498)
Total parks and recreation	811,030	816,110	854,608	(38,498)

(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, 2016  
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Capital outlay	14,100	14,100	14,970	(870)
Total expenditures	8,249,640	9,149,890	8,971,539	178,351
Excess of revenues over (under) expenditures	162,110	(369,120)	(297,988)	71,132
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	179,540	179,540	121,344	(58,196)
Transfers out	(180,050)	(237,950)	(237,950)	-
Total other financing sources (uses)	(510)	(58,410)	(116,606)	(58,196)
Net change in fund balance	161,600	(427,530)	(414,594)	12,936
Fund balance - July 1, 2015	7,046,648	7,046,648	7,046,648	
Fund balance - June 30, 2016	<u>\$ 7,208,248</u>	<u>\$ 6,619,118</u>	<u>\$ 6,632,054</u>	<u>\$ 12,936</u>

**CITY OF OJAI**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**PLAZA MAINTENANCE FUND**  
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other taxes and assessments	\$ 137,530	\$ 137,530	\$ 134,604	\$ (2,926)
Use of money and property	2,600	2,600	2,600	-
Total revenues	140,130	140,130	137,204	(2,926)
<b>EXPENDITURES</b>				
Current:				
Community development	170,240	170,240	172,023	(1,783)
Total expenditures	170,240	170,240	172,023	(1,783)
Excess of revenues over (under) expenditures	(30,110)	(30,110)	(34,819)	(4,709)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	42,380	42,380	42,380	-
Total other financing sources (uses)	42,380	42,380	42,380	-
Net change in fund balance	12,270	12,270	7,561	(4,709)
Fund balance - July 1, 2015	(311,692)	(311,692)	(311,692)	-
Fund balance - June 30, 2016	<u>\$ (299,422)</u>	<u>\$ (299,422)</u>	<u>\$ (304,131)</u>	<u>\$ (4,709)</u>

**CITY OF OJAI**

## Schedule of Funding Progress for Post Employment Benefits Other Than Pension

For the Fiscal Year Ended June 30, 2016

---

The following table provides required supplementary information regarding the City's post employment health care benefits.

<u>Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
July 1, 2009	\$ -	\$ 4,189,579	\$ 4,189,579	0%	\$ 1,944,839	215.42%
July 1, 2012	\$ -	\$ 5,034,612	\$ 5,034,612	0%	\$ 1,942,741	259.15%
July 1, 2015	\$ 100,000	\$ 5,102,219	\$ 5,002,219	2.0%	\$ 1,832,505	273.00%

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

Last 10 Years\*

As of June 30, 2016

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

	<u>2015</u>	<u>2016</u>
Proportion of the net pension liability	0.06463%	0.05755%
Proportionate share of the net pension liability	\$ 4,021,490	\$ 3,949,970
Covered- employee payroll	\$ 1,729,126	\$ 1,920,727
Proportionate share of the net pension liability as percentage of covered-employee payroll	232.57%	205.65%
Plan's total pension liability	\$ 30,829,966,631	\$ 31,771,217,402
Plan's fiduciary net position	\$ 24,607,502,515	\$ 24,907,305,871
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%

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

**CITY OF OJAI**  
**SCHEDULE OF CONTRIBUTIONS**  
 Last 10 Years\*  
 As of June 30, 2016

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

	<u>2015</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 546,420	\$ 502,006
Contribution in relation to the actuarially determined contributions	<u>(546,420)</u>	<u>(502,006)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered- employee payroll	\$ 1,920,727	\$ 1,832,505
Contributions as a percentage of covered-employee payroll	28.45%	27.39%

**Notes to Schedule**

Valuation date:	6/30/2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market
Amortization method	Level percentage of payroll, closed
Discount rate	7.50%
Price inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality	Derived using CalPERS' Membership data for all funds.
Post retirement benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.
Valuatoin date:	6/30/2015
Discount rate:	7.65%

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



## **OTHER SUPPLEMENTAL INFORMATION SECTION**



**CITY OF OJAI**  
**NONMAJOR GOVERNMENTAL FUNDS**

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

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 **Transportation Development Act Fund** is used to account for TDA funds that the City receives from other agencies including local services, bus stop improvements, and other projects.

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.

**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 is 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.

CITY OF OJAI  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2016

	Special Revenue Funds			
	Transit Equipment Replacement	Gas Tax	Drainage	Bicycle and Pedestrian
<b>ASSETS</b>				
Cash and investments	\$ 320,026	\$ 74,642	\$ 78,754	\$ 208,710
Accounts receivable, net	-	13,338	-	-
Total assets	<u>\$ 320,026</u>	<u>\$ 87,980</u>	<u>\$ 78,754</u>	<u>\$ 208,710</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	195,000	-	-	-
Total liabilities	<u>195,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	125,026	87,980	78,754	208,710
Assigned				
Total fund balances (deficit)	<u>125,026</u>	<u>87,980</u>	<u>78,754</u>	<u>208,710</u>
Total liabilities and fund balances	<u>\$ 320,026</u>	<u>\$ 87,980</u>	<u>\$ 78,754</u>	<u>\$ 208,710</u>

Special Revenue Funds				Capital Projects Funds		Totals
Street Lighting	Transportation Development Act	Community Development Block Grant	Library Special Tax	Park Acquisition	Equipment Replacement	
\$ 41,429	\$ -	\$ 246	\$ 61,868	\$ 4,568	\$ 48,593	\$ 838,836
1,856	-	-	2,659	-	-	17,853
<u>\$ 43,285</u>	<u>\$ -</u>	<u>\$ 246</u>	<u>\$ 64,527</u>	<u>\$ 4,568</u>	<u>\$ 48,593</u>	<u>\$ 856,689</u>
\$ 4,742	\$ -	\$ -	\$ 26,500	\$ -	\$ -	\$ 31,242
-	-	-	-	-	-	195,000
<u>4,742</u>	<u>-</u>	<u>-</u>	<u>26,500</u>	<u>-</u>	<u>-</u>	<u>226,242</u>
38,543	-	246	38,027	4,568	-	581,854
-	-	-	-	-	48,593	48,593
<u>38,543</u>	<u>-</u>	<u>246</u>	<u>38,027</u>	<u>4,568</u>	<u>48,593</u>	<u>630,447</u>
<u>\$ 43,285</u>	<u>\$ -</u>	<u>\$ 246</u>	<u>\$ 64,527</u>	<u>\$ 4,568</u>	<u>\$ 48,593</u>	<u>\$ 856,689</u>

**CITY OF OJAI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

	Special Revenue Funds			
	Transit Equipment Replacement	Gas Tax	Drainage	Bicycle and Pedestrian
<b>REVENUES</b>				
Other taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	1,480	682	1,027	1,186
Intergovernmental:				
Other	-	163,175	-	90,847
Charges for services	-	-	19,315	-
Total revenues	1,480	163,857	20,342	92,033
<b>EXPENDITURES</b>				
Current:				
Public works	-	-	680	-
Parks and recreation	-	-	-	-
Libraries	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	680	-
Excess of revenues over (under) expenditures	1,480	163,857	19,662	92,033
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	57,000	-	-	-
Transfers out	-	(121,344)	(115,000)	(10,083)
Total other financing sources (uses)	57,000	(121,344)	(115,000)	(10,083)
Net change in fund balances	58,480	42,513	(95,338)	81,950
Fund balances (deficit) - July 1, 2015	66,546	45,467	174,092	126,760
Fund balances (deficit) - June 30, 2016	\$ 125,026	\$ 87,980	\$ 78,754	\$ 208,710

Special Revenue Funds				Capital Projects Funds		Totals
Street Lighting	Transportation Development Act	Community Development Block Grant	Library Special Tax	Park Acquisition	Equipment Replacement	
\$ 86,059	\$ -	\$ -	\$ 112,491	\$ -	\$ -	\$ 198,550
208	242	-	272	54	32	5,183
-	-	-	-	-	-	254,022
-	-	-	-	620	-	19,935
86,267	242	-	112,763	674	32	477,690
73,044	-	-	-	-	-	73,724
-	-	-	-	16,487	-	16,487
-	-	-	106,000	-	-	106,000
-	-	-	-	-	50,379	50,379
73,044	-	-	106,000	16,487	50,379	246,590
13,223	242	-	6,763	(15,813)	(50,347)	231,100
7,810	-	-	-	-	98,940	163,750
-	(44,635)	-	-	-	-	(291,062)
7,810	(44,635)	-	-	-	98,940	(127,312)
21,033	(44,393)	-	6,763	(15,813)	48,593	103,788
17,510	44,393	246	31,264	20,381	-	526,659
\$ 38,543	\$ -	\$ 246	\$ 38,027	\$ 4,568	\$ 48,593	\$ 630,447

**CITY OF OJAI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**TRANSIT EQUIPMENT REPLACEMENT SPECIAL REVENUE FUND**  
For the Fiscal Year Ended June 30, 2016

---

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 1,480	\$ 1,480
Total revenues	-	1,480	1,480
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	57,000	57,000	-
Total other financing sources (uses)	57,000	57,000	-
Net change in fund balance	57,000	58,480	1,480
Fund balance - July 1, 2015	66,546	66,546	-
Fund balance - June 30, 2016	<u>\$ 123,546</u>	<u>\$ 125,026</u>	<u>\$ 1,480</u>



**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, 2016

---

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Other	\$ 179,540	\$ 163,175	\$ (16,365)
Use of money and property	360	682	322
Total revenues	179,900	163,857	(16,043)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(179,540)	(121,344)	58,196
Total other financing sources (uses)	(179,540)	(121,344)	58,196
Net change in fund balance	360	42,513	42,153
Fund balance - July 1, 2015	45,467	45,467	-
Fund balance - June 30, 2016	<u>\$ 45,827</u>	<u>\$ 87,980</u>	<u>\$ 42,153</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, 2016

---

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 15,000	\$ 19,315	\$ 4,315
Use of money and property	1,150	1,027	(123)
Total revenues	16,150	20,342	4,192
<b>EXPENDITURES</b>			
Current:			
Public works	680	680	-
Total expenditures	680	680	-
Excess of revenues over (under) expenditures	15,470	19,662	4,192
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(207,320)	(115,000)	92,320
Total other financing sources (uses)	(207,320)	(115,000)	92,320
Net change in fund balance	(191,850)	(95,338)	96,512
Fund balance - July 1, 2015	174,092	174,092	-
Fund balance - June 30, 2016	<u>\$ (17,758)</u>	<u>\$ 78,754</u>	<u>\$ 96,512</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, 2016

---

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ 400	\$ 1,186	\$ 786
Intergovernmental:			
Other	182,390	90,847	(91,543)
Total revenues	182,790	92,033	(90,757)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(182,790)	(10,083)	172,707
Total other financing sources (uses)	(182,790)	(10,083)	172,707
Net change in fund balance	-	81,950	81,950
Fund balance - July 1, 2015	126,760	126,760	-
Fund balance - June 30, 2016	<u>\$ 126,760</u>	<u>\$ 208,710</u>	<u>\$ 81,950</u>

**CITY OF OJAI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STREET LIGHTING FUND**  
For the Fiscal Year Ended June 30, 2016

---

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Other taxes and assessments	\$ 88,960	\$ 86,059	\$ (2,901)
Use of money and property	-	208	208
Total revenues	88,960	86,267	(2,693)
<b>EXPENDITURES</b>			
Public works	79,260	73,044	6,216
Total expenditures	79,260	73,044	6,216
Excess of revenues over (under) expenditures	9,700	13,223	3,523
<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	17,510	21,033	3,523
Fund balance - July 1, 2015	17,510	17,510	-
Fund balance - June 30, 2016	<u>\$ 35,020</u>	<u>\$ 38,543</u>	<u>\$ 3,523</u>

**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****TRANSPORTATION DEVELOPMENT ACT SPECIAL REVENUE FUND**For the Fiscal Year Ended June 30, 2016

---

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 242	\$ 242
Total revenues	-	242	242
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(44,635)	(44,635)
Total other financing sources (uses)	-	(44,635)	(44,635)
Net change in fund balance	-	(44,393)	(44,393)
Fund balance - July 1, 2015	44,393	44,393	-
Fund balance - June 30, 2016	<u>\$ 44,393</u>	<u>\$ -</u>	<u>\$ (44,393)</u>

**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, 2016

---

	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, 2015	246	246	-
Fund balance - June 30, 2016	<u>\$ 246</u>	<u>\$ 246</u>	<u>\$ -</u>

**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, 2016

---

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Other taxes and assessments	\$ 105,222	\$ 112,491	\$ 7,269
Use of money and property	-	272	272
Total revenues	105,222	112,763	7,541
<b>EXPENDITURES</b>			
Current:			
Libraries	105,220	106,000	(780)
Total expenditures	105,220	106,000	(780)
Net change in fund balance	2	6,763	6,761
Fund balance - July 1, 2015	31,264	31,264	-
Fund balance - June 30, 2016	<u>\$ 31,266</u>	<u>\$ 38,027</u>	<u>\$ 6,761</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, 2016

---

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ 10	\$ 54	\$ 44
Charges for services	1,100	620	(480)
Total revenues	1,110	674	(436)
<b>EXPENDITURES</b>			
Current:			
Parks	-	16,487	(16,487)
Total expenditures	-	16,487	(16,487)
Net change in fund balance	1,110	(15,813)	(16,923)
Fund balance - July 1, 2015	20,381	20,381	-
Fund balance - June 30, 2016	<u>\$ 21,491</u>	<u>\$ 4,568</u>	<u>\$ (16,923)</u>



**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****EQUIPMENT REPLACEMENT FUND**For the Fiscal Year Ended June 30, 2016

---

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 32	\$ 32
Total revenues	-	32	32
<b>EXPENDITURES</b>			
Capital outlay	60,000	50,379	9,621
Total expenditures	60,000	50,379	9,621
Excess of revenues over (under) expenditures	(60,000)	(50,347)	9,653
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	40,000	98,940	58,940
Total other financing sources (uses)	40,000	98,940	58,940
Net change in fund balance	(20,000)	48,593	68,593
Fund balance - July 1, 2015	-	-	-
Fund balance - June 30, 2016	<u>\$ (20,000)</u>	<u>\$ 48,593</u>	<u>\$ 68,593</u>

**CITY OF OJAI**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS**  
June 30, 2016

	Housing Successor Agency	RDA Successor Agency	Total
<b>ASSETS</b>			
Cash and investments	\$ 202,337	\$ 333,326	\$ 535,663
Notes receivable	1,427,612	-	1,427,612
Land	305,888	-	305,888
Total assets	1,935,837	333,326	2,269,163
<b>LIABILITIES</b>			
Accounts payable	81	1,289	1,370
Accrued liabilities	-	552	552
Accrued interest payable	-	61,170	61,170
Loans payable - City of Ojai	-	3,196,728	3,196,728
Unearned revenue	-	308,586	308,586
Due to County of Ventura	-	837,000	837,000
Total liabilities	81	4,405,325	4,405,406
<b>NET POSITION</b>			
Held in trust	\$ 1,935,756	\$ (4,071,999)	\$ (2,136,243)

**CITY OF OJAI**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

---

	Housing Successor Agency	RDA Successor Agency	Total
<b>ADDITIONS:</b>			
Property taxes	\$ 31,241	\$ 281,891	\$ 313,132
Use of money and property	1,120	771	1,891
Other	33,881	-	33,881
	<u>66,242</u>	<u>282,662</u>	<u>348,904</u>
Total additions			
	<u>66,242</u>	<u>282,662</u>	<u>348,904</u>
<b>DEDUCTIONS</b>			
Community development	5,608	191,279	196,887
	<u>5,608</u>	<u>191,279</u>	<u>196,887</u>
Total deductions			
	<u>5,608</u>	<u>191,279</u>	<u>196,887</u>
Change in net position	60,634	91,383	152,017
Total net position-beginning of fiscal year	1,875,122	(4,163,382)	(2,288,260)
	<u>1,875,122</u>	<u>(4,163,382)</u>	<u>(2,288,260)</u>
Total net position-end of fiscal year	\$ 1,935,756	\$ (4,071,999)	\$ (2,136,243)
	<u>\$ 1,935,756</u>	<u>\$ (4,071,999)</u>	<u>\$ (2,136,243)</u>

