

**CITY OF OJAI  
CALIFORNIA**

**FINANCIAL STATEMENTS**  
June 30, 2014



**CITY OF OJAI**  
**BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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## **FINANCIAL SECTION**





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**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, 2014, 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, 2014, 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.

***Emphasis of Matter***

***Change in Accounting Principles***

As discussed in note 1 to the basic financial statements effective July 1, 2013, the City of Ojai Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Correction-2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*.

## 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 57 through 60, and the schedule of funding progress for post-employment benefits other than pensions on page 61, 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 introductory section, combining and individual nonmajor fund financial statements and schedules, and combining private-purpose 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 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014, 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, Kelly & Hargreave LLP*

Santa Maria, California  
November 14, 2014



## CITY OF OJAI

For the fiscal year ended June 30, 2014

### 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, 2014 (the "current fiscal year"). We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the basic financial statements including the notes.

#### Financial Highlights

- The City of Ojai's total assets exceeded its liabilities at June 30, 2014 by \$26,871,565 (total net position). Seventy-seven percent (77%) of the City's total net position were invested in capital assets (\$20,641,372) and the restricted net assets for specific purposes were \$752,534 or 2.8% of the total net position. The City's unrestricted total net position balance at June 30, 2014 was \$5,477,659, a decrease of \$166,365 in comparison with the prior year, while the restricted net position had an increase of \$137,759 in comparison with the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported ending total fund balances of \$9,214,801, an increase of \$353,952 in comparison with the prior year, while the total liabilities ending balance was \$4,160,619, an increase of \$505,143 in comparison with the prior year.
- At the end of the current fiscal year, the "Unrestricted" fund balance for the City's General Fund was \$2,020,847, or 26% of its total operating expenditures for the current fiscal year. The balance increased by \$208,242 from the prior year. The prior year's "Unrestricted" fund balance was \$1,812,605 and its ratio to total operating expenditures was 25%.
- The City of Ojai's total debt repayment during the current fiscal year was \$616,623. Newly-incurred debt during the current fiscal year was \$814,813. The Notes to Basic Financial Statement number 7, on page 47, has the detailed information.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Ojai's basic financial statements. The City of Ojai's 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 of Ojai's assets and liabilities, with the difference between the two reported 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 assets changed during the current fiscal year. All changes in net assets 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 flows in future fiscal periods (e.g., earned but unused vacation leave).

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 significant 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 thirteen (13) separate governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the

*General Fund, Street Lighting Fund, Plaza Maintenance Fund, Equipment Replacement Fund, and Libbey Bowl Project Fund*, which are considered to be the major funds. Data from the other eight (8) governmental funds are combined into a single aggregated amount and shown under the caption of *Other Governmental Funds*. The *Redevelopment Agency Housing Fund, Debt Service Fund* and *Capital Project Fund* were dissolved and the City created *RDA Successor Agency* during the FY2011-12 under AB26 & 27 and AB1484 to manage the dissolution of the prior Redevelopment Agency under the rules. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and can be found on pages 66 - 69. The basic governmental funds' financial statements can be found on pages 18 – 24.

**Proprietary funds:** The City maintains two individual enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its local transit services and its public cemetery operations.

Proprietary funds 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. The basic proprietary funds' financial statements can be found on pages 25-27 of this report.

**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 own 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 57-61 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the changes in net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ojai, assets exceeded liabilities by \$26,871,565 and \$26,259,563 for the years ended June 30, 2014 and 2013, respectively. The City of Ojai's financial position has improved by \$612,002 in the fiscal year 2013-14 from the previous year. The majority of this change was from the current year's change in net position from operations.

The following table of *Statement of Net Position* provides the City's financial positions as of June 30, 2014 and 2013.

CITY OF OJAI						
STATEMENT OF NET POSITION						
JUNE 30, 2014 AND 2013						
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>						
Current and other assets	\$ 6,402,206	\$ 5,473,008	\$ 596,325	\$ 359,366	\$ 6,998,531	5,832,374
Due from successor agency	5,220,258	5,220,258			5,220,258	5,220,258
Capital assets	19,715,637	18,943,949	925,735	1,056,815	20,641,372	20,000,764
Total Assets	31,338,101	29,637,215	1,522,060	1,416,181	32,860,161	31,053,396
<b>LIABILITIES</b>						
Long-term liabilities	3,189,317	3,021,075	50,305	31,042	3,239,622	3,052,117
Other liabilities	2,542,313	1,699,894	206,661	41,822	2,748,974	1,741,716
Total Liabilities	5,731,630	4,720,969	256,966	72,864	5,988,596	4,793,833
<b>NET POSITION</b>						
Investment in capital assets net of related debt	19,715,637	18,943,949	925,735	1,056,815	20,641,372	20,000,764
Restricted	752,534	614,775			752,534	614,775
Unrestricted, but assigned	5,138,300	5,357,522	339,359	286,502	5,477,659	5,644,024
Total net position	\$25,606,471	\$24,916,246	\$1,265,094	\$1,343,317	\$ 26,871,565	\$26,259,563

The largest portion (77%) of the City's net position reflects its investment in capital assets (\$20,641,372) at the end of the current year. This investment in capital assets (net of accumulated depreciation) is a 3.2% increase from the previous year. During the current year, the City completed various street projects in the approximate amount of \$1.3 million and miscellaneous other projects in the amount of \$193,500. The City retired several old vehicles with the original costs of \$99,100, which were fully depreciated.

The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending and, with the exception of business-type assets, do not generate direct revenue for the City. Although the City of Ojai's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As shown on the table above, the restricted portion (\$752,534) of the City's total net position represents resources that are subject to external restrictions on how they may be used. The remaining \$5,477,659 of the net position is unrestricted and the amount has declined by \$166,365 in comparison with the prior year. Generally, the unrestricted fund balance represents resources that can be used to meet the government's ongoing obligations to citizens and creditors. The \$5,477,659 is net of the total long-term liabilities of \$3,239,622, which do not require short-term cash

outlays. Therefore, the short-term ongoing obligations to citizens and creditors will not be disrupted. The following table of *Statement of Activities* provides the City's operations for fiscal years ended June 30, 2014 and 2013 with comparative totals for the same periods.

CITY OF OJAI						
STATEMENT OF ACTIVITIES						
JUNE 30, 2014 AND 2013						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Charges for services	\$1,997,568	\$1,978,812	\$112,976	\$106,765	\$2,110,544	\$2,085,577
Operating contributions & grants	604,712	516,085	753,019	846,404	1,357,731	1,362,489
Capital contributions & grants	277,105	734,755	25,785	248,230	302,890	982,985
Property taxes	1,478,161	1,598,402			1,478,161	1,598,402
Sales taxes	1,321,401	1,201,701			1,321,401	1,201,701
Transient occupancy taxes	2,787,162	2,433,922			2,787,162	2,433,922
Other	97,122	96,401			97,122	96,401
Motor vehicle in lieu tax	1,027,239	642,973			1,027,239	642,973
Investment earnings	12,263	11,650	530	560	12,793	12,210
Miscellaneous	83,427	24,067		14,636	83,427	38,703
Transfers	25,000	70,600	(25,000)	(70,600)		
<b>Total revenues</b>	<b>9,711,160</b>	<b>9,309,368</b>	<b>867,310</b>	<b>1,145,995</b>	<b>10,578,470</b>	<b>10,455,363</b>
<b>Expenditures:</b>						
General Government	1,720,536	1,655,049			1,720,536	1,655,049
Public Safety	3,121,709	3,038,733			3,121,709	3,038,733
Public Works	2,168,980	2,433,338			2,168,980	2,433,338
Community Development	858,676	908,714			858,676	908,714
Parks and Recreation	839,476	835,689			839,476	835,689
Libraries	114,050	113,488			114,050	113,488
Unallocated depreciation	197,507	216,444			197,507	216,444
Transit activities			929,054	877,166	929,054	877,166
Cemetery activities			16,479	24,753	16,479	24,753
<b>Total expenditures</b>	<b>9,020,934</b>	<b>9,201,455</b>	<b>945,533</b>	<b>901,919</b>	<b>9,966,467</b>	<b>10,103,374</b>
<b>Change in net position</b>	<b>690,225</b>	<b>107,913</b>	<b>(78,223)</b>	<b>244,076</b>	<b>612,002</b>	<b>351,989</b>
Net position at beginning of year	24,916,246	25,790,153	1,343,317	1,099,241	26,259,563	26,889,394
Prior period adjustment		(981,820)				(981,820)
Net position at beginning of year, restated	24,916,246	24,808,333	1,343,317	1,099,241	26,259,563	25,907,574
<b>Net position at end of fiscal year</b>	<b>\$25,606,471</b>	<b>\$24,916,246</b>	<b>\$1,265,094</b>	<b>\$1,343,317</b>	<b>\$26,871,565</b>	<b>\$26,259,563</b>

**Governmental activities:** Governmental activities increased the City's net position by \$690,225. Total revenue for governmental activities was \$401,792 more than the previous year's revenues. The revenue increases were mainly from the Transient occupancy tax increase of \$353,240 and Prop 1B Streets & Roads grant of \$354,000, as well as some decrease in property taxes and Capital Contributions & Grant. In addition, the total governmental expenditures were \$180,521(2%) less than the previous year.

**Business-type Activities:** The net position from business-type activities (from the Transit Fund and Cemetery Fund) decreased by \$78,223. The major contributing factors to this decrease were a current year revenue decrease and an increase in current expenses. The Transit Fund had a negative net change of \$90,047 in the current year while the Cemetery fund had a positive net change of \$11,824 for the current fiscal year.

## FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the City of Ojai uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As shown in the table on next page, as of the end of current fiscal year, the total Governmental Fund balance was \$9,214,801, an increase of \$353,952 (3.9%) in comparison with the prior year.

The total *Nonspendable* General fund balance at June 30, 2014 was \$6,552,058. This balance represents the General fund's *Prepays, Due from successor agency, and Advances to other funds* account balances. The total was approximately 75% of the total *General Fund* balance as of June 30, 2014. The *Nonspendable* fund balance has already been committed and is not available for new spending.

The *Restricted* fund balances are restricted for specific purposes and they are not available for the general purpose expenditures. The table on next page also shows, at the end of current year, a total Governmental Fund restricted balance of \$752,534. The General Fund portion of the restricted balance was \$1,709, which represents the *Cash and investments with fiscal agency* account amount. The total General Fund *Unrestricted but assigned or committed* fund balance at the end of current fiscal year was \$150,000. This is a fund set-a-side by the City Council to cover FY2014-15 expenditures of \$50,000 for Neighborhood Planning Consulting fees and \$100,000 to contribute to the City's Other Post-Employment Benefits Trust Fund which will be irrevocable trust fund that the City will establish with a CalPERS division of California Employers' Retiree Benefit Trust Program (CERBT). This fund will be established during FY2014-15. The City's General Fund *Unrestricted* fund balance of \$2,020,847 is designated as "*Rainy Day Reserve*" by the City Council for the General Fund. The *Unassigned Other Governmental Fund* balance at the end of current year

was negative \$667,230, as shown below on the summary schedule of Governmental Funds Balance Sheet as of June 30, 2014 and 2013. The negative *Unassigned Other Governmental Fund* balance represents the negative balances of the *Street Lighting Fund* (\$249,232) and *Plaza Maintenance Fund* (\$313,314) and the *Libbey Bowl Capital Project Fund* (\$104,684). The following table provides a summary of the City's *Governmental Funds Balance Sheet* as of June 30, 2014 and 2013.

CITY OF OJAI						
BALANCE SHEET						
GOVERNMENTAL FUNDS						
JUNE 30, 2014 AND 2013						
	General Fund		Other Governmental		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>						
Cash and investments	\$2,000,408	\$1,739,758	\$2,645,464	\$1,824,772	\$4,645,872	\$3,564,530
Cash and investments with fiscal agent	\$1,709	\$5,665			1,709	5,665
Accounts & interest receivables	754,029	714,182	844,604	933,678	1,598,633	1,647,860
Pre-paid expenditures	16,800	13,867			16,800	13,867
Due from other funds	687,342	749,145			687,342	749,145
Due from successor agency	5,220,258	5,220,258			5,220,258	5,220,258
Advances to other funds	1,315,000	1,315,000			1,315,000	1,315,000
<b>Total assets</b>	<b>9,995,546</b>	<b>9,757,875</b>	<b>3,490,068</b>	<b>2,758,450</b>	<b>13,485,614</b>	<b>12,516,325</b>
<b>LIABILITIES</b>						
Accounts payable	515,771	480,319	1,024,557	159,764	1,540,328	640,083
Other liabilities	755,161	819,231	550,130	373,103	1,305,291	1,192,334
Advances from other funds			1,315,000	1,823,059	1,315,000	1,823,059
<b>Total liabilities</b>	<b>1,270,932</b>	<b>1,299,550</b>	<b>2,889,687</b>	<b>2,355,926</b>	<b>4,160,619</b>	<b>3,655,476</b>
<b>Deferred Inflows of Resources</b>						
Deferred loans receivable			110,194		110,194	
<b>Total deferred inflows of resources</b>			<b>110,194</b>		<b>110,194</b>	
<b>Fund balances</b>						
Nonspendable	6,552,058	6,549,125			6,552,058	6,549,125
Restricted	1,709	5,665	750,825	1,283,687	752,535	1,289,352
Unrestricted but assigned or committed	150,000	90,930	406,592		562,102	90,930
Unassigned	2,020,847	1,812,605	(667,230)	(881,163)	1,353,617	931,442
<b>Total fund balances</b>	<b>\$8,724,614</b>	<b>\$8,458,325</b>	<b>\$ 490,187</b>	<b>\$ 402,524</b>	<b>\$ 9,214,501</b>	<b>\$ 8,860,849</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$9,995,546</b>	<b>\$9,757,875</b>	<b>\$3,490,068</b>	<b>\$2,758,450</b>	<b>\$13,485,614</b>	<b>\$12,516,325</b>

**General Fund Budgetary Highlights:** The City made revisions to the original appropriations, which were approved by the City Council. The revisions resulted in an increase to the originally projected *General Fund* balance of \$24,537.

The final revenue budget projections were increased from the original total revenue budget by \$322,059 (4.3%); however, actual total revenues were \$436,771 higher than the original budgeted amount. Total expenditures were increased by \$270,855 (3.6%); however, the actual total expenditures were \$183,660 higher than the original budgeted amount. The increase in actual expenditures from the original budgeted

amount was mainly from a Recreation department expenditures increase due to the funds set-a-side for recreation capital projects and equipment replacement program which started during the current year and Public Works department expenditures increased due to the maintenance costs of the City parks, streets & roads, and the fund set-a-side for equipment replacement program. See the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, for the Fiscal Year Ended June 30, 2014* below.

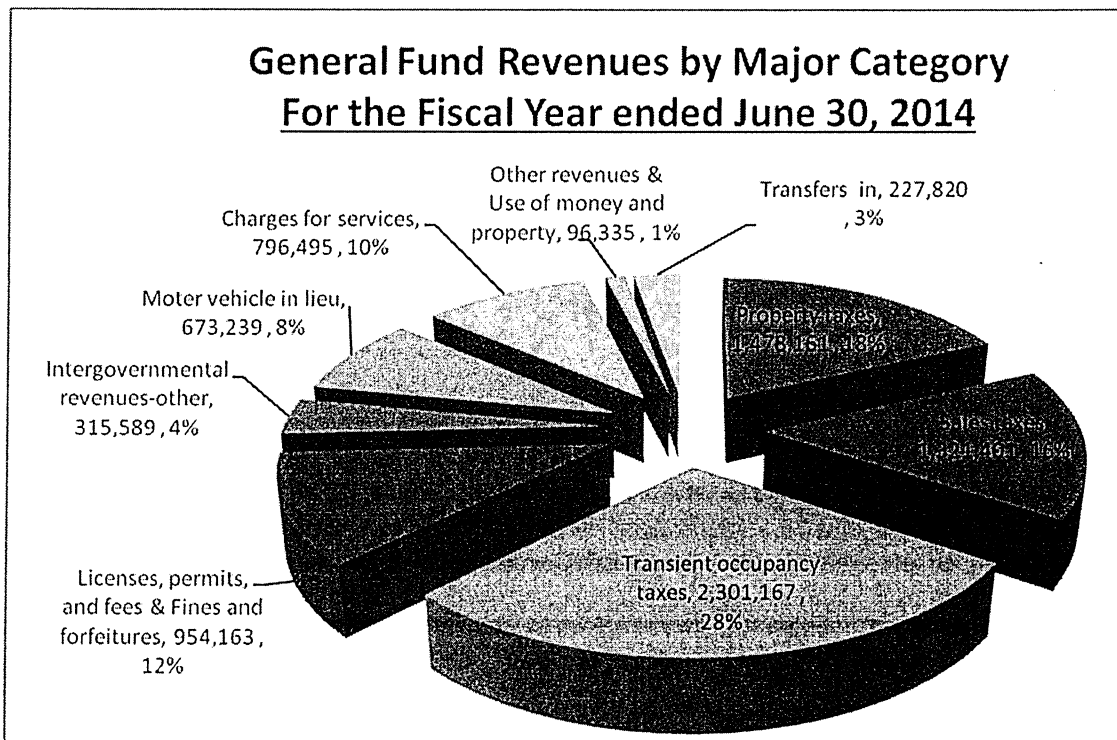
<b>CITY OF OJAI</b> <b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES</b> <b>GENERAL FUND</b> <b>For the Fiscal Year Ended June 30, 2014</b>					
	<b>Budget</b>		<b>Changes Increase (Decrease)</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>			
<b>Revenues:</b>					
Property taxes	1,319,932	1,460,600	140,668	1,478,161	17,561
Sales taxes	1,387,062	1,285,022	(102,040)	1,321,401	36,379
Transient occupancy taxes	2,201,916	2,261,208	59,292	2,301,167	39,959
Licenses, permits, and fees	860,030	915,691	55,661	932,450	16,759
Fines and forfeitures	9,093	16,620	7,527	21,713	5,093
Use of money and property	7,500	8,000	500	9,320	1,320
<b>Intergovernmental revenues:</b>					
Other	319,642	380,529	60,887	315,589	(64,940)
Motor vehicle in lieu	642,900	673,238	30,338	673,239	1
Charges for services	688,840	735,389	46,549	796,495	61,106
Other revenues	62,864	85,541	22,677	87,015	1,474
<b>Total revenues</b>	<b>7,499,779</b>	<b>7,821,838</b>	<b>322,059</b>	<b>7,936,550</b>	<b>114,712</b>
<b>Expenditures:</b>					
General Government	1,783,684	1,852,109	68,425	1,722,856	(129,253)
Public Safety	2,944,484	2,949,574	5,090	2,941,696	(7,878)
Public Works	1,396,074	1,456,659	60,585	1,545,989	89,330
Community Development	526,161	577,368	51,207	540,939	(36,429)
Parks and recreation	692,694	737,414	44,720	750,033	12,619
Capital outlays		40,651	40,651	25,067	(15,584)
Debt service - Principal	114,750	114,927	177	114,927	
<b>Total expenditures</b>	<b>7,457,847</b>	<b>7,728,702</b>	<b>270,855</b>	<b>7,641,507</b>	<b>(87,195)</b>
<b>Excess of revenues over (under) expenditures</b>	<b>41,932</b>	<b>93,136</b>	<b>51,204</b>	<b>295,043</b>	<b>201,907</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers - in	227,820	227,820		227,820	
Transfers - out	(265,539)	(292,206)	(26,667)	(256,574)	35,632
<b>Total other financing sources(uses)</b>	<b>(37,719)</b>	<b>(64,386)</b>	<b>(26,667)</b>	<b>(28,754)</b>	<b>35,632</b>
<b>Net changes in fund balances</b>	<b>4,213</b>	<b>28,750</b>	<b>24,537</b>	<b>266,289</b>	<b>237,539</b>
<b>Fund Balances (deficit) - July 1</b>	<b>8,458,325</b>	<b>8,458,325</b>		<b>8,458,325</b>	
<b>Fund Balances (deficit) - June 30</b>	<b>\$8,462,538</b>	<b>\$8,487,075</b>	<b>\$24,537</b>	<b>\$8,724,614</b>	<b>\$237,539</b>



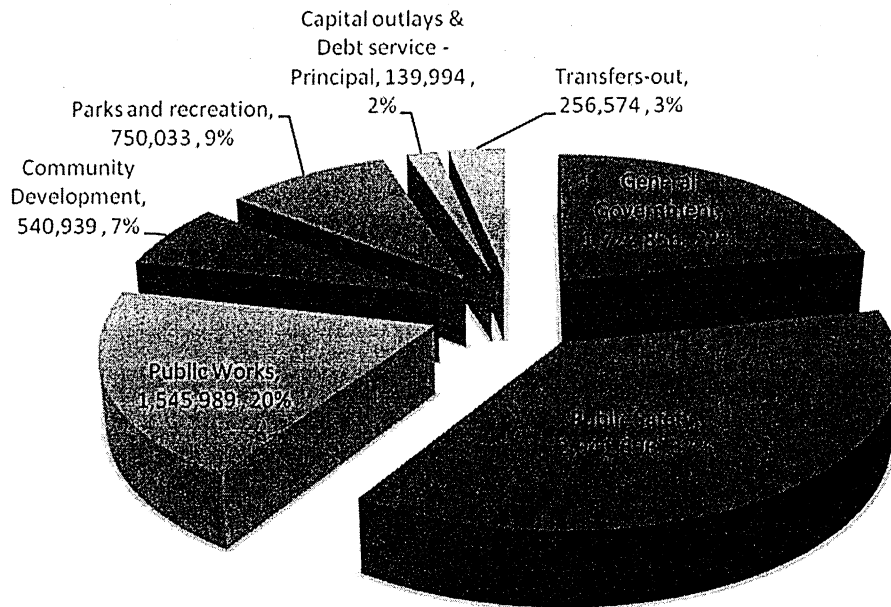
In the following two pie charts are the *General Fund* revenues and expenditures by major categories for the fiscal year ended June 30, 2014.

The *General Fund's* top three revenues are *Property Taxes*, *Sales Taxes* and *Transient Occupancy Taxes*, which generated total revenue of \$5,100,729, which is 62.48% of the total *General Fund* revenues.

The Public Safety expenditures represent thirty-seven percent (37%) of the total general fund expenditures, while twenty percent (20%) was for Public Works and twenty-two percent (22%) was for General Government services. Capital outlays & Debt service were two percent (2%) of the total general fund expenditures as shown on the expenditure pie chart. The transfer-out to Capital Projects Fund (31) was \$256,574 (3%).



## General Fund Expenditures by Major Category For the Fiscal Year Ended June 30, 2014



**Proprietary funds:** The City's proprietary fund statements provide the same type of information found in the government-wide financial statements (see more detail on pages 25-27 of this report). The net positions of the respective enterprise funds are the Transit Fund with \$974,272, a decrease of \$90,047 from the previous year, and the Cemetery Fund with \$290,822, an increase of \$11,824 from the previous year. The Transit fund has decreased its net position and the Cemetery fund has increased its net position as a result of the current fiscal year's operations.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets:** The City's investment in capital assets is for its governmental and business-type activities. The investment in capital assets includes land, buildings, equipment, improvements, infrastructure and construction in progress. The following table provides a summary of the City's capital assets net of accumulated depreciation as of June 30, 2014 and 2013. Additional information on the City's capital assets can be found in the Notes to Basic Financial Statements number 6 on pages 44-46 of this report.

CAPITAL ASSETS						
NET OF ACCUMULATED DEPRECIATION						
JUNE 30, 2014 AND 2013						
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Rights of way	\$ 750,000	\$ 750,000	\$	\$	\$ 750,000	\$ 750,000
Land	1,400,798	1,400,798	110,500	110,500	1,511,298	1,511,298
Artwork	60,982	58,737			60,982	58,737
Construction in progress	1,378,044	51,565			1,378,044	51,565
Buildings	10,587,346	10,733,360			10,587,346	10,733,360
Land improvements	1,693,558	1,814,304	372,009	394,817	2,065,567	2,209,121
Equipment and machinery	429,283	456,836	87,749	81,945	517,032	538,781
Infrastructure	3,381,538	3,653,831			3,381,538	3,653,831
Vehicles	34,088	24,518	355,477	469,552	389,565	494,070
Total	\$19,715,637	\$18,943,949	\$925,735	\$1,056,814	\$20,641,372	\$20,000,763

**Long-term debt:** As of June 30, 2014, the City had a long-term liability of \$184,490 to the California Public Employees Retirement System (CALPERS) for unfunded pension obligations for its past public safety (police) employees. The City implemented GASB 45, which requires that the City record an *Annual Required Amount*, actuarially determined, in accordance with parameters of the GASB Statement No. 45. The amount for the current year was \$1,981,429. Additional detailed information on the City's long-term debt can be found in the Notes to Basic Financial Statements number 8, pages 47- 49 of this report.

LONG - TERM LIABILITIES						
JUNE 30, 2014 AND 2013						
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Net pension obligations	\$ 184,490	\$ 299,417	\$	\$	184,490	299,417
PERS side fund	867,231	928,380			867,231	928,380
OPEB	1,981,429	1,578,922			1,981,429	1,578,922
Compensated absences	401,011	454,936	67,073	41,389	468,084	496,325
Total	\$3,434,161	\$3,261,655	\$67,073	\$41,389	\$3,501,234	\$3,303,044

## **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 priority has been to bring its General Fund reserve fund balance to the required level and to update the City's dilapidated infrastructure and this will continue to be the City's main focus.

In an effort to improve the local economy and tourism, the Ojai Valley Business Bureau, the Ojai Valley Chamber of Commerce and the City created the Ojai Tourism Improvement District effective November 1, 2012 through October 31, 2016, to fund Ojai Valley tourism promotional advertising efforts. The goal is to increase Transient Occupancy Tax (TOT) revenues, which is the City's number one revenue source. The City would utilize the increase in TOT to make streets and roads improvements as well as to improve deteriorated City facilities. It also would help to replenish the General Fund reserves for emergencies caused by natural disasters, economic downturns or other catastrophes.

The City's Transient Occupancy Tax revenues improved 14.5% (\$353,240) during the fiscal year 2013-2014 from the previous year, which helped to increase the balance of the General Fund "Rainy Day Reserve" by \$208,242 and the Capital Improvement Fund for the infrastructure projects received \$485,995 of TOT revenue, which is \$156,026 higher than the previous year. Continual improvement of Ojai Tourism would help to increase the TOT revenues for the City general fund and capital improvement fund.

## **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:

Susie L. Mears  
Director of Finance  
City of Ojai  
P. O. Box 1570  
Ojai, CA 93024

**CITY OF OJAI**  
**STATEMENT OF NET POSITION**  
June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 4,645,872	\$ 177,177	\$ 4,823,049
Cash and investments with fiscal agents	1,709		1,709
Accounts receivable, net	1,448,857	548,042	1,996,899
Interest receivable	44,315	3	44,318
Internal balances	139,192	(139,192)	
Prepaid expenses	16,800		16,800
Inventory		10,295	10,295
Loans receivable	105,461		105,461
Due from successor agency	5,220,258		5,220,258
Capital assets not being depreciated	3,589,824	110,500	3,700,324
Capital assets, net of accumulated depreciation	16,125,813	815,235	16,941,048
Total assets	31,338,101	1,522,060	32,860,161
<b>LIABILITIES</b>			
Accounts payable	1,540,328	70,554	1,610,882
Accrued liabilities	105,086	10,928	116,014
Deposits payable	1,020		1,020
Unearned revenue	651,035	108,411	759,446
Noncurrent liabilities:			
Due within one year	244,844	16,768	261,612
Due in more than one year	3,189,317	50,305	3,239,622
Total liabilities	5,731,630	256,966	5,988,596
<b>NET POSITION</b>			
Net investment in capital assets	19,715,637	925,735	20,641,372
Restricted for:			
Libraries	28,167		28,167
Streets, bikeways, parks and other related purposes	473,586		473,586
Transit	248,826		248,826
Community development	246		246
Employee benefits	1,709		1,709
Unrestricted	5,138,300	339,359	5,477,659
Total net position	\$ 25,606,471	\$ 1,265,094	\$ 26,871,565

See Notes to Basic Financial Statements

**CITY OF OJAI**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental Activities:</b>				
General government	\$ (1,720,536)	\$ 694,122	\$ 4,973	\$ -
Public safety	(3,121,709)	59,782	129,942	
Public works	(2,168,980)	314,182	469,797	273,604
Community development	(858,676)	393,998		
Parks and recreation	(839,476)	443,817		3,500
Libraries	(114,050)	91,667		
Unallocated depreciation	(197,507)			
<b>Total governmental activities</b>	<b>(9,020,934)</b>	<b>1,997,568</b>	<b>604,712</b>	<b>277,104</b>
<b>Business-type Activities:</b>				
Transit	(929,054)	85,151	753,019	25,785
Cemetery	(16,479)	27,825		
<b>Total business-type activities</b>	<b>(945,533)</b>	<b>112,976</b>	<b>753,019</b>	<b>25,785</b>
<b>Total government</b>	<b>\$ (9,966,467)</b>	<b>\$ 2,110,544</b>	<b>\$ 1,357,731</b>	<b>\$ 302,889</b>

**General Revenues and Transfers:**

**Taxes:**

Property taxes

Sales taxes

Transient occupancy tax

Other

Motor vehicle in lieu tax, unrestricted

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of fiscal year

Net position at end of fiscal year

See Notes to Basic Financial Statement

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (1,021,441)	\$ -	\$ (1,021,441)
(2,931,985)		(2,931,985)
(1,111,397)		(1,111,397)
(464,678)		(464,678)
(392,159)		(392,159)
(22,383)		(22,383)
(197,507)		(197,507)
(6,141,550)		(6,141,550)
	(65,099)	(65,099)
	11,346	11,346
	(53,753)	(53,753)
(6,141,550)	(53,753)	(6,195,303)
1,478,161		1,478,161
1,321,401		1,321,401
2,787,162		2,787,162
97,122		97,122
1,027,239		1,027,239
12,263	530	12,793
83,427		83,427
25,000	(25,000)	
6,831,775	(24,470)	6,807,305
690,225	(78,223)	612,002
24,916,246	1,343,317	26,259,563
\$ 25,606,471	\$ 1,265,094	\$ 26,871,565

**CITY OF OJAI**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2014

	General Fund	Street Lighting Fund	Plaza Maintenance Fund	Equipment Replacement Fund
<b>ASSETS</b>				
Cash and investments	\$ 2,000,408	\$ -	\$ -	\$ 726,419
Cash and investments with fiscal agents	1,709			
Accounts receivable, net	753,977	2,445	973	662,396
Interest receivable	52			
Prepaid items	16,800			
Loans receivable, net				
Due from other funds	687,342			
Due from successor agency	5,220,258			
Advances to other funds	1,315,000			
Total assets	<u>\$ 9,995,546</u>	<u>\$ 2,445</u>	<u>\$ 973</u>	<u>\$ 1,388,815</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 515,771	\$ 5,460	\$ 10,374	\$ 982,223
Accrued liabilities	103,106		1,980	
Deposits payable	1,020			
Due to other funds		246,217	301,933	
Unearned revenue	651,035			
Advances from other funds				
Total liabilities	<u>1,270,932</u>	<u>251,677</u>	<u>314,287</u>	<u>982,223</u>
Deferred inflows of resources:				
Deferred loans receivable				
Total deferred inflows of resources				
Fund balances:				
Nonspendable:				
Prepaid items	16,800			
Advances to other funds	1,315,000			
Due from successor agency	5,220,258			
Restricted	1,709			
Committed	100,000			
Assigned	50,000			406,592
Unassigned	2,020,847	(249,232)	(313,314)	
Total fund balances (deficits)	<u>8,724,614</u>	<u>(249,232)</u>	<u>(313,314)</u>	<u>406,592</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 9,995,546</u>	<u>\$ 2,445</u>	<u>\$ 973</u>	<u>\$ 1,388,815</u>

See Notes to Basic Financial Statements



Libbey Bowl Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,214,349	\$ 704,696	\$ 4,645,872
		1,709
700	28,366	1,448,857
	44,263	44,315
		16,800
105,461		105,461
		687,342
		5,220,258
		1,315,000
<u>\$ 1,320,510</u>	<u>\$ 777,325</u>	<u>\$ 13,485,614</u>
\$ -	\$ 26,500	\$ 1,540,328
		105,086
		1,020
		548,150
		651,035
1,315,000		1,315,000
<u>1,315,000</u>	<u>26,500</u>	<u>4,160,619</u>
110,194		110,194
<u>110,194</u>		<u>110,194</u>
		16,800
		1,315,000
		5,220,258
	750,825	752,534
		100,000
		456,592
(104,684)		1,353,617
<u>(104,684)</u>	<u>750,825</u>	<u>9,214,801</u>
<u>\$ 1,320,510</u>	<u>\$ 777,325</u>	<u>\$ 13,485,614</u>

**CITY OF OJAI**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2014**

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Fund balances of governmental funds	\$	9,214,801
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets at historical cost	\$	38,154,160	
Accumulated depreciation		<u>(18,438,523)</u>	19,715,637

Certain accounts, notes, loans, and interest receivable are not available to pay for current period expenditures and, therefore, are offset by unearned revenue in the governmental funds.		110,194
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Long-term debt has not been included in the governmental funds.

Pension obligation	\$	184,490	
Compensated absences		401,011	
PERS side fund		867,231	
OPEB		<u>1,981,429</u>	<u>(3,434,161)</u>

Net position of governmental activities	\$	<u><u>25,606,471</u></u>
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See Notes to Basic Financial Statements

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**CITY OF OJAI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

	General Fund	Street Lighting Fund	Plaza Maintenance Fund
<b>REVENUES</b>			
Property taxes	\$ 1,478,161	\$ -	\$ -
Sales taxes	1,321,401		
Transient occupancy tax	2,301,167		
Other taxes and assessments		87,838	127,221
Licenses, permits, and fees	932,450		
Fines and forfeitures	21,713		
Use of money and property	9,320		2,600
Intergovernmental:			
Other	315,589		
Motor vehicle in lieu	673,239		
Charges for services	796,495		
Other revenue	87,015		
Total revenues	7,936,550	87,838	129,821
<b>EXPENDITURES</b>			
Current:			
General government	1,722,856		
Public safety	2,941,696		
Public works	1,545,989	83,787	
Community development	540,939		202,085
Parks and recreation	750,033		
Libraries			
Capital outlay	25,067		
Debt service:			
Principal	114,927		
Total expenditures	7,641,507	83,787	202,085
Excess of revenues over (under) expenditures	295,043	4,051	(72,264)
Transfers in	227,820	7,809	39,643
Transfers out	(256,574)		(30,534)
Total other financing sources (uses)	(28,754)	7,809	9,109
Net changes in fund balances	266,289	11,860	(63,155)
Fund balances (deficit) - July 1, 2013	8,458,325	(261,092)	(250,159)
Fund balances (deficit) - June 30, 2014	\$ 8,724,614	\$ (249,232)	\$ (313,314)

See Notes to Basic Financial Statements

Equipment Replacement Fund	Libbey Bowl Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,478,161
			1,321,401
485,995			2,787,162
		91,667	306,726
			932,450
			21,713
1,085		1,859	14,864
		544,377	859,966
354,000			1,027,239
	2,319	16,956	815,770
22,381	262,909	15,000	387,305
<u>863,461</u>	<u>265,228</u>	<u>669,859</u>	<u>9,952,757</u>
			1,722,856
			2,941,696
		4,739	1,634,515
			743,024
			750,033
		106,000	106,000
1,585,687			1,610,754
			114,927
<u>1,585,687</u>		<u>110,739</u>	<u>9,623,805</u>
(722,226)	265,228	559,120	328,952
454,241		20,445	749,958
		(437,850)	(724,958)
<u>454,241</u>		<u>(417,405)</u>	<u>25,000</u>
(267,985)	265,228	141,715	353,952
674,577	(369,912)	609,110	8,860,849
<u>\$ 406,592</u>	<u>\$ (104,684)</u>	<u>\$ 750,825</u>	<u>\$ 9,214,801</u>

**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, 2014**

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Net change in fund balances - total governmental funds	\$	353,952
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	\$ 1,577,799	
Depreciation expense not reported in governmental funds	<u>(802,423)</u>	775,376
Revenue not recognized in the governmental funds is deferred as it was not available to pay current period expenditures		(262,909)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds.		114,927
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.		(402,507)
Governmental funds report repayments of the PERS side fund debt as retirement expenditures. However, in the statement of activities, the repayments are reported as a decrease in the long-term liabilities. This is the amount by which contributions of \$126,133 exceeded the interest incurred of \$64,984 in the period.		61,149
Governmental funds report entire proceeds from disposal of capital assets as revenue. In the statement of activities, only the resulting gain or loss is reported. This is the difference between the proceeds from disposal of capital assets and the resulting gain or loss.		(3,688)
Compensated absences are not a current period expense. This is the net change in compensated absences for the current period.		<u>53,925</u>
Change in net position of governmental activities	\$	<u>690,225</u>

See Notes to Basic Financial Statements

**CITY OF OJAI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2014

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ -	\$ 177,177	\$ 177,177
Accounts receivable, net	548,042		548,042
Interest receivable	1	2	3
Inventory		10,295	10,295
Total current assets	548,043	187,474	735,517
Noncurrent Assets:			
Capital assets not being depreciated	1,600	108,900	110,500
Capital assets, net of accumulated depreciation	811,787	3,448	815,235
Total noncurrent assets	813,387	112,348	925,735
Total assets	1,361,430	299,822	1,661,252
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	69,907	647	70,554
Accrued liabilities	10,606	322	10,928
Unearned revenue	102,036	6,375	108,411
Due to other funds	139,192		139,192
Current portion of long-term obligations	16,354	414	16,768
Total current liabilities	338,095	7,758	345,853
Noncurrent Liabilities:			
Compensated absences	49,063	1,242	50,305
Total noncurrent liabilities	49,063	1,242	50,305
Total liabilities	387,158	9,000	396,158
<b>NET POSITION</b>			
Net investment in capital assets	813,387	112,348	925,735
Unrestricted	160,885	178,474	339,359
Total net position	\$ 974,272	\$ 290,822	\$ 1,265,094

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, 2014**

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
Operating Revenues:			
Charges for services (net of refunds)	\$ 85,151	\$ 27,825	\$ 112,976
Total operating revenues	85,151	27,825	112,976
Operating Expenses:			
Salaries and benefits	461,788	10,671	472,459
Material, supplies, and operational expenses	310,648	5,562	316,210
Depreciation	156,618	246	156,864
Total operating expenses	929,054	16,479	945,533
Operating income (loss)	(843,903)	11,346	(832,557)
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	753,019		753,019
Interest income	52	478	530
Total non-operating revenues (expenses)	753,071	478	753,549
Income (loss) before transfers and capital contributions	(90,832)	11,824	(79,008)
Transfers (out)	(25,000)		(25,000)
Capital contributions	25,785		25,785
Changes in net position	(90,047)	11,824	(78,223)
Total net position - July 1, 2013	1,064,319	278,998	1,343,317
Total net position - June 30, 2014	\$ 974,272	\$ 290,822	\$ 1,265,094

See Notes to Basic Financial Statements



**CITY OF OJAI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 78,964	\$ 33,025	\$ 111,989
Cash paid to suppliers for goods and services	(358,790)	(5,538)	(364,328)
Cash paid to employees for services	(430,499)	(12,683)	(443,182)
Net cash provided by (used by) operating activities	(710,325)	14,804	(695,521)
Cash Flows from Noncapital Financing Activities:			
Operating grants received	735,274		735,274
Transfers to other funds	(25,000)		(25,000)
Net cash provided by noncapital financing activities	710,274		710,274
Cash Flows from Investing Activities:			
Interest received	51	504	555
Net cash provided by investing activities	51	504	555
Net increase in cash and cash equivalents		15,308	15,308
Cash and Cash Equivalents at Beginning of Fiscal Year		161,869	161,869
Cash and Cash Equivalents at End of Fiscal Year	\$ -	\$ 177,177	\$ 177,177
Reconciliation to Statement of Net Position:			
Cash and investments	\$ -	\$ 177,177	\$ 177,177
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (843,903)	\$ 11,346	\$ (832,557)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	156,618	246	156,864
(Increase) decrease in inventory			
Increase (decrease) in accounts payable	53,752	24	53,776
Increase (decrease) in accrued liabilities	3,197	396	3,593
Increase (decrease) in deferred charges	(6,187)	5,200	(987)
Increase (decrease) in compensated absences	28,092	(2,408)	25,684
Increase (decrease) in due to other funds	(101,894)		(101,894)
Total adjustments	133,578	3,458	137,036
Net cash provided by (used by) operating activities	\$ (710,325)	\$ 14,804	\$ (695,521)

See Notes to Basic Financial Statements

**CITY OF OJAI**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2014

	Private Purpose Trust Funds	Agency Funds
	Successor Agency	Special Deposits
<b>ASSETS</b>		
Cash and investments	\$ 525,975	\$ 23,854
Interest receivable	6	
Notes receivable	1,427,612	
Land	305,888	
Total assets	<u>2,259,481</u>	<u>\$ 23,854</u>
<b>LIABILITIES</b>		
Accounts payable	3,670	\$ 23,854
Accrued liabilities	1,992	
Accrued interest payable	9,999	
Loans payable - City of Ojai	5,220,258	
Unearned revenue	503,083	
Due to County of Ventura	837,000	
Total liabilities	<u>6,576,002</u>	<u>\$ 23,854</u>
<b>NET POSITION</b>		
Held in trust	<u>\$ (4,316,521)</u>	

**CITY OF OJAI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

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	Successor Agency
<b>ADDITIONS:</b>	
Property taxes	\$ 276,000
Use of money and property	<u>10,212</u>
Total additions	<u>286,212</u>
<b>DEDUCTIONS</b>	
Community development	262,282
Debt service:	
Interest and fiscal charges	<u>1,799</u>
Total deductions	<u>264,081</u>
Change in net position	22,131
Total net position-beginning of fiscal year	<u>(4,338,652)</u>
Total net position-end of fiscal year	<u><u>\$ (4,316,521)</u></u>

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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### 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, 2014

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

#### C. Major Funds

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

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

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

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

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

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

The Equipment Replacement Fund is used to account for costs associated with the replacement of City equipment.

Libbey Bowl Capital Project Fund – This fund accounts for the Libbey Bowl project construction cost loans receivable collections.

The City reports the following proprietary funds:

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

Cemetery Enterprise Fund – This 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.

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

#### C. Major Funds (Continued)

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

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

#### D. Basis of Accounting

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

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

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

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

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

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net 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.

**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 1 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, 2014

### 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 or estimated historical cost if purchased or constructed. 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 capital assets and improvements are capitalized as projects are constructed. 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, 2014.

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 hours. 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. Permanent part-time employees receive a pro-rata accrual based on hours worked exceeding 20 hours per week. Maximum accrual is 30 working days.
- 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 7.4 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.

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.

Currently, this benefit is funded on a pay-as-you-go basis. For fiscal year 2013-14, the City paid \$157,922 for post-employment medical benefits for 17 retirees.

**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 no items which qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position 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 qualify for reporting in this category; refer to Note 7 for a detailed listing of the deferred inflows of resources the City has recognized.

**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.

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

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

##### Net Position and Fund Balances

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 *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.

#### G. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the statement impacted the City's financial statements and is explained in Note 1 – E and Note 7.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 66, *Technical Correction - 2012*. This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*," and GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance*

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

#### G. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 66 (Continued)

*Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50 *Pension Disclosures* as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

### 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. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations which are encumbered lapse at fiscal year-end, and then are added to the following fiscal year's budgeted appropriations.

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

**A. Budgetary Information (Continued)**

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.
6. Capital projects are budgeted through the Capital Projects Funds. Appropriations for capital projects authorized, 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, 2014, 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 treasurer	\$	9
City finance		1,260
City clerk		2,738
Public works-maintenance		114,213
Recreation		12,619

Plaza Maintenance Special Revenue Fund:

Community development		52,751
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Nonmajor Special Revenue Fund

Drainage Special Revenue Fund:

Public works		4,739
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**C. Deficit Fund Balances**

The following funds had deficit fund balances at June 30, 2014:

Major Governmental Funds:

Street Lighting	\$	249,232
Plaza Maintenance		313,314
Libbey Bowl Capital Project		104,684

**CITY OF OJAI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2014

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**NOTE 3 – CASH AND INVESTMENTS**

At June 30, 2014, deposits and investments were reported in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 4,823,049
Cash and investments with fiscal agents	1,709
Fiduciary funds, statement of net position:	
Cash and investments	549,829
	<hr/>
Total cash and investments	\$ 5,374,587
	<hr/>

Cash and investments as of June 30, 2014, consist of the following:

Petty cash	\$ 500
Cash in bank	888,979
Investments	4,485,108
	<hr/>
Total cash and investments	\$ 5,374,587
	<hr/>

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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptance	180 days	40%	30%
Commercial Paper	180 days	15%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Time Deposits	5 years	25%	None
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	90 days	20%	None
Medium-Term Notes	5 years	30%	15%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	None	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

#### Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by the provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements 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	None	None	None
U.S. Agency Securities	None	None	None
Bankers' Acceptance	1 year	None	None
Commercial Paper	None	None	None
Negotiable Certificates of Deposit	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	30 days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	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	\$ 113,420	\$ 113,420	\$ -	\$ -	\$ -
Money market funds	4,369,979	4,369,979			
Held by Trustee:					
Money market funds	1,709	1,709			
Total	\$ 4,485,108	\$ 4,485,108	\$ -	\$ -	\$ -

#### 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.

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

#### 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	\$ 113,420	N/A	\$ -	\$ -	\$ -	\$ 113,420
Money market funds	4,369,979	N/A				4,369,979
Held by Trustee:						
Money market funds	1,709	N/A				1,709
Total	<u>\$ 4,485,108</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,485,108</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.

#### 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

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

June 30, 2014

**NOTE 3 – CASH AND INVESTMENTS (Continued)**Investment in State Investment Pool (Continued)

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.

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, 2014:

	Receivable	Allowance	Net
Governmental Activities -	\$ 1,448,857	\$ -	\$ 1,448,857
Accounts receivable, net	<u>\$ 1,448,857</u>	<u>\$ -</u>	<u>\$ 1,448,857</u>
Business - type Activities -	\$ 548,042	\$ -	\$ 548,042
Accounts receivable, net	<u>\$ 548,042</u>	<u>\$ -</u>	<u>\$ 548,042</u>

**NOTE 5 – INTERFUND ACTIVITY**

The following represents the interfund activity of the City for the fiscal year ended June 30, 2014.

**A. Transfers**

	Transfers In	Transfers out
Major Governmental Funds:		
General	\$ 227,820	\$ 256,574
Street Lighting	7,809	
Plaza Maintenance	39,643	30,534
Equipment Replacement	454,241	
Nonmajor Governmental Funds:		
Transit Equipment Replacement		785
Gas Tax		227,820
Drainage		134,389
Bicycle and Pedestrian		74,856
Park Acquisition	20,445	
Major Proprietary Fund:		
Transit		25,000
	<u>\$ 749,958</u>	<u>\$ 749,958</u>



**CITY OF OJAI****NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2014

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**NOTE 5 – INTERFUND ACTIVITY (Continued)****A. Transfers (Continued)**

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

**B. Advances To/From Other Funds**

At June 30, 2014, the funds below had made advances which were not expected to be repaid within the next fiscal year.

	<u>Advance Receivable</u>	<u>Advance Payable</u>
General Fund	\$ 1,315,000	\$ -
Libbey Bowl Capital Project Fund		1,315,000
	<u>\$ 1,315,000</u>	<u>\$ 1,315,000</u>

**C. 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, 2014:

	<u>Due from/ Receivable</u>	<u>Due to/ Payable</u>
Major Governmental Fund:		
General	\$ 687,342	\$ -
Street Lighting		246,217
Plaza Maintenance		301,933
Major Proprietary Fund:		
Transit		139,192
	<u>\$ 687,342</u>	<u>\$ 687,342</u>

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

**CITY OF OJAI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE 6 – CAPITAL ASSETS**

**A. Governmental Activities**

Governmental capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Capital assets, not being depreciated:</b>				
Right of way	\$ 750,000	\$ -	\$ -	\$ 750,000
Land	1,400,798			1,400,798
Artwork	58,737	2,245		60,982
Construction in progress	51,565	1,326,479		1,378,044
Total	<u>2,261,100</u>	<u>1,328,724</u>		<u>3,589,824</u>
<b>Capital assets being depreciated:</b>				
Buildings	15,076,945	156,790		15,233,735
Improvements other than buildings	3,301,072	28,126		3,329,198
Equipment and machinery	993,463	50,009	(4,512)	1,038,960
Infrastructure	14,546,252	650		14,546,902
Vehicles	501,141	13,500	(99,100)	415,541
Total	<u>34,418,873</u>	<u>249,075</u>	<u>(103,612)</u>	<u>34,564,336</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(4,343,585)	(302,804)		(4,646,389)
Improvements other than buildings	(1,486,768)	(148,872)		(1,635,640)
Equipment and machinery	(536,627)	(73,874)	824	(609,677)
Infrastructure	(10,892,421)	(272,943)		(11,165,364)
Vehicles	(476,623)	(3,930)	99,100	(381,453)
Total	<u>(17,736,024)</u>	<u>(802,423)</u>	<u>99,924</u>	<u>(18,438,523)</u>
Total, net of accumulated depreciation	<u>16,682,849</u>	<u>(553,348)</u>	<u>(3,688)</u>	<u>16,125,813</u>
<b>Total capital assets, net</b>	<u>\$ 18,943,949</u>	<u>\$ 775,376</u>	<u>\$ (3,688)</u>	<u>\$ 19,715,637</u>

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

Public safety	\$ 39,922
Public works	433,877
Community development	74,835
Parks and recreation	56,282
Unallocated	<u>197,507</u>
Total	<u>\$ 802,423</u>

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

**B. Business-Type Activities**

Business-type capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Cemetery Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 108,900	\$ -	\$ -	\$ 108,900
Total	108,900			108,900
Capital assets, being depreciated:				
Land improvements	12,124			12,124
Total	12,124			12,124
Less accumulated depreciation for:				
Land improvements	(8,430)	(246)		(8,676)
Total	(8,430)	(246)		(8,676)
Total net of accumulated depreciation	3,694	(246)		3,448
<b>Cemetery Fund capital assets, net</b>	<b>\$ 112,594</b>	<b>\$ (246)</b>	<b>\$ -</b>	<b>\$ 112,348</b>

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Transit Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,600	\$ -	\$ -	\$ 1,600
Total	1,600			1,600
Capital assets, being depreciated:				
Land improvements	451,153			451,153
Equipment and machinery	113,079	25,785		138,864
Vehicles	912,580			912,580
Total	1,476,812	25,785		1,502,597
Less accumulated depreciation for:				
Land improvements	(60,030)	(22,562)		(82,592)
Equipment and machinery	(31,134)	(19,981)		(51,115)
Vehicles	(443,028)	(114,075)		(557,103)
Total	(534,192)	(156,618)		(690,810)
Total net of accumulated depreciation	942,620	(130,833)		811,787
<b>Transit Fund capital assets, net</b>	<b>\$ 944,220</b>	<b>\$ (130,833)</b>	<b>\$ -</b>	<b>\$ 813,387</b>

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

### NOTE 6 – CAPITAL ASSETS (Continued)

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

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<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	463,277			463,277
Equipment and machinery	113,079	25,785		138,864
Vehicles	912,580			912,580
Total	1,488,936	25,785		1,514,721
Less accumulated depreciation for:				
Land improvements	(68,460)	(22,808)		(91,268)
Equipment and machinery	(31,134)	(19,981)		(51,115)
Vehicles	(443,028)	(114,075)		(557,103)
Total	(542,622)	(156,864)		(699,486)
Total net of accumulated depreciation	946,314	(131,079)		815,235
<b>Total Business-type capital assets, net</b>	<b>\$ 1,056,814</b>	<b>\$ (131,079)</b>	<b>\$ -</b>	<b>\$ 925,735</b>

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

#### Business-type Activities:

Cemetery	\$ 246
Transit	156,618
Total	<u>\$ 156,864</u>

### NOTE 7 – LOANS RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

#### Libbey Bowl

In 2011 the City entered into construction financing agreements with the community organizations Ojai Valley Service Foundation (OVSF) and Ojai Music Festivals, LTD (OMFL), collectively known as the Community, to reconstruct the Libbey Bowl. As of July, 2010, the Community received \$3,103,293 in pledges for the project to be collected over the next five years. As of June 30, 2011, the City received \$2,068,071 from the pledges. To help the cash flow of the project, the City advanced \$1,315,000 and has established a capital project fund to account for the sources and uses of the advanced funds. The project was completed in June 2011 and the total cost of the project was \$3,103,293. The City's advanced funds are repaid by the Community as the balance of the pledges are collected. The estimated date of full repayment is June 30, 2015, and as of June 30, 2014, the City had received \$1,209,539, leaving the balance to be collected as of June 30, 2014 of \$105,461 which includes an uncollectible amount as of June 30, 2014 of \$4,733.

On October 1, 2011, the City entered into the Libbey Bowl Management Agreement with the Libbey Bowl Foundation to promote, book and schedule events at the Bowl. This agreement was amended on October 1, 2012. Under the agreement, the Foundation has established a facility fee of \$2 per ticket sold for events which charge \$15 or more per ticket. The City has established the Libbey Bowl Maintenance Fund and has deposited these facility fees, which are to be used for repairs and maintenance of the Libbey Bowl, as required under the management agreement. As of June 30, 2014, the Libbey Bowl Maintenance Fund has a reserve of facility fees of \$5,510.

**NOTE 7 – LOANS RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES**

Libbey Bowl (Continued)

At June 30, 2014, deferred inflows of resources, reported in the governmental fund financial statements, consisted of the following:

	<b>Libbey Bowl Capital Project Fund</b>
Unavailable loans receivable	\$ 110,194
	<u>\$ 110,194</u>

**NOTE 8 – 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, 2014:

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014	Due Within One Year
<b>Governmental activities:</b>					
Net pension obligation	\$ 299,417	\$ -	\$ (114,927)	\$ 184,490	\$ 114,927
Compensated absences	454,936	152,300	(206,225)	401,011	
PERS side fund	928,380	64,984	(126,133)	867,231	129,917
OPEB	1,578,922	560,429	(157,922)	1,981,429	
Total governmental	<u>\$ 3,261,655</u>	<u>\$ 777,713</u>	<u>\$ (605,207)</u>	<u>\$ 3,434,161</u>	<u>\$ 244,844</u>
<b>Business-type activities:</b>					
Compensated absences					
Transit	\$ 37,325	\$ 36,488	\$ (8,396)	\$ 65,417	\$ 16,354
Cemetery	4,064	612	(3,020)	1,656	414
Total business-type	<u>\$ 41,389</u>	<u>\$ 37,100</u>	<u>\$ (11,416)</u>	<u>\$ 67,073</u>	<u>\$ 16,768</u>

B. Governmental Activities

**Police Net Pension Obligation**

The City is obligated to pay to the California Public Employees Retirement System (CALPERS) \$107,790 annually for prior unfunded pension obligation for its Public Safety (police) employees. Adjustments are made annually for actual calculations. The payments are scheduled to be made until the fiscal year ended June 30, 2016. The total outstanding balance at June 30, 2014 was \$184,490.

**Public Employees Retirement System Side Fund**

At the time the City joined the Public Employees Retirement System (PERS) Risk Pool, a side fund was required to be created to account for the difference between the funded status of the pool and the funded status of the City's plan, in addition to the existing plans unfunded liability. The side fund will be credited, on an annual basis, with the actuarial investment return assumption which was 7.75% prior to July 1, 2012 and 7.5% after that date. A side fund liability will cause the City's required PERS employer contribution rate to be increased by the amortization of the side fund. The side fund liability for the City's plan as of June 30, 2014 was \$867,231.

**NOTE 8 – LONG-TERM LIABILITIES (Continued)**

**C. Governmental Activities Long-Term Debt Amortization**

Fiscal Year Ending June 30,	Police Net Pension Obligation		
	Principal	Interest	Total
2015	\$ 114,927	\$ -	\$ 114,927
2016	69,563		69,563
	<u>\$ 184,490</u>	<u>\$ -</u>	<u>\$ 184,490</u>

**D. 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 \$119 per month in 2014.

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 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 and meet the PEMHCA eligibility requirements for medical coverage described above are eligible for the increased benefit (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 that 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 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.

Currently, this benefit is funded on a pay-as-you-go basis. For the fiscal year ended June 30, 2014, the City paid \$157,922 in health care costs for its retirees and their covered dependents.

**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.

**NOTE 8 – LONG-TERM LIABILITIES (Continued)**

**D. Other Post-employment Benefits (OPEB)**

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	\$	562,600
Interest on net OPEB obligation		71,052
Adjustment to annual required contribution		(73,223)
Annual OPEB cost (expense)		560,429
Actual contributions made		(157,922)
Increase in net OPEB obligation		402,507
Net OPEB obligation, beginning of the fiscal year		1,578,922
Net OPEB obligation, end of the fiscal year	\$	1,981,429

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, 2014, 2013, and 2012, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
6/30/2014	\$ 560,429	\$ 157,922	28.18%	\$ 1,981,429
6/30/2013	\$ 528,539	\$ 154,023	29.14%	\$ 1,578,922
6/30/2012	\$ 527,981	\$ 143,702	27.22%	\$ 1,204,406

**Funded Status and Funding Progress:**

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a% of Covered Payroll
7/1/2012	\$ -	\$ 5,034,612	\$ 5,034,612	0%	\$ 1,942,741	259.1%

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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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#### NOTE 10 – CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

##### A. Plan Description

The City of Ojai contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814. Benefit provisions and all other requirements are established by State Statute and local resolutions.

##### B. Miscellaneous Employees Plan

###### **Funding Policy**

Under the CalPERS benefit provisions and all other requirements, the City is required to contribute at an actuarially determined rate calculated as a percentage of annual covered payroll. The employer contribution rate for the fiscal year 2013-14 was 16.819% and the employees' contribution rate was 7% of their annual covered salary. Under the Public Employees' Pension Reform Act (PEPRA) of 2013, the "Classic" members' contributions are paid by the employer without change; however, employees who become CalPERS members for the first time after December 31, 2012, are required to pay one-half of their required contribution and the employer will pay the other one-half. The City's contributions to CalPERS for the fiscal years ending June 30, 2014, 2013, and 2012, were \$407,553, \$411,130, and \$387,311, respectively and were equal to the required contributions. The City Contributed its actuarially required amount of \$288,353 and also paid the employees portion of \$119,200 for the fiscal year ended June 30, 2014.

##### C. Safety Employees Plan

###### **Funding Policy**

The City is required to contribute at an actuarially determined amount for prior service costs; the current amount is \$114,927. The contribution requirements of the City are established and may be amended by CalPERS. The City's contributions to CalPERS for the fiscal years ending June 30, 2014, 2013, and 2012 were \$114,927, \$114,447, and \$114,151, respectively and were equal to the required contributions.

#### NOTE 11 – 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.



**NOTE 11 – LIABILITY, WORKERS’ COMPENSATION, AND PURCHASED INSURANCE (Continued)**

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

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

Liability

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

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

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

Workers’ Compensation

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

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

**C. Purchased Insurance**

Pollution Legal Liability Insurance

The City of Ojai participates in the pollution legal liability insurance program (formerly called environmental insurance), which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Ojai. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$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, 2014

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#### **NOTE 11 – 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 2013-14.

As of June 30, 2014, 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 12 – 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.

Management has evaluated subsequent events through the date of the financial statements were available for issuance which is November 14, 2014.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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#### NOTE 13 – 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, 2014.

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, 2014**

**NOTE 13 – 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, 2014 are as follows:

	General Fund	Street Lighting Fund	Plaza Maintenance Fund	Equipment Replacement Fund	Libbey Bowl Capital Project Fund	Other Governmental Funds	Total
<u>Nonspendable:</u>							
Prepaid items	\$ 16,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,800
Advances to other funds	1,315,000						1,315,000
Due from successor agency	5,220,258						5,220,258
Total Nonspendable	<u>6,552,058</u>						<u>6,552,058</u>
<u>Restricted for:</u>							
Community development						246	246
Libraries						28,167	28,167
Streets, bikeways, parks, and other related purposes						429,332	429,332
Transit						293,080	293,080
Employee benefits	1,709						1,709
Total Restricted	<u>1,709</u>					<u>750,825</u>	<u>752,534</u>
<u>Committed for:</u>							
OPEB	100,000						100,000
Total Assigned	<u>100,000</u>						<u>100,000</u>
<u>Assigned for:</u>							
HE contract services	50,000						50,000
Equipment replacement				406,592			406,592
Total committed	<u>50,000</u>			<u>406,592</u>			<u>456,592</u>
Unassigned:	2,020,847	(249,232)	(313,314)		(104,684)		1,353,617
Total Fund Balances (Deficits)	<u>\$ 8,724,614</u>	<u>\$ (249,232)</u>	<u>\$ (313,314)</u>	<u>\$ 406,592</u>	<u>\$ (104,684)</u>	<u>\$ 750,825</u>	<u>\$ 9,214,801</u>

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

### NOTE 14 – 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, 2014, 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, 2014.

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, 2014, 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, 2013 through June 30, 2014 was 0.307% which resulted in accrued interest on the agreement of \$9,999. The outstanding balance of the settlement agreement at June 30, 2014 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
2015	\$ -	\$ -	\$ -
2016			
2017	167,400		167,400
2018	167,400		167,400
2019	167,400		167,400
2020-2021	334,800	9,999	344,799
	<u>\$ 837,000</u>	<u>\$ 9,999</u>	<u>\$ 846,999</u>

#### 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, 2014 was \$5,220,258.

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

June 30, 2014

**NOTE 14 – SUCCESSOR AGENCY (Continued)**Changes in Long-Term Liabilities

Long term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014	Due Within One Year
Settlement Agreement with County of Ventura	\$ 837,000	\$ -	\$ -	\$ 837,000	\$ -
Loans Payable to City of Ojai	5,220,258			5,220,258	
Total Successor Agency	<u>\$ 6,057,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,057,258</u>	<u>\$ -</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, 2014, 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, 2014, was \$24,403, which will also increase annually by the CPI.

Future annual lease payments are as follows:

Fiscal Year Ending June 30,	Amount
2015	\$ 24,403
2016	24,403
2017	24,403
2018	24,403
2019	24,403
2020-2024	122,015
	<u>\$ 244,030</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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,319,932	\$ 1,460,600	\$ 1,478,161	\$ 17,561
Sales	1,387,062	1,285,022	1,321,401	36,379
Transient occupancy tax	2,201,916	2,261,208	2,301,167	39,959
Licenses, permits, and fees	860,030	915,691	932,450	16,759
Fines and forfeitures	9,093	16,620	21,713	5,093
Use of money and property	7,500	8,000	9,320	1,320
Intergovernmental:				
Other	319,642	380,529	315,589	(64,940)
Motor vehicle in lieu	642,900	673,238	673,239	1
Charges for services	688,840	735,389	796,495	61,106
Other revenue	62,864	85,541	87,015	1,474
Total revenues	7,499,779	7,821,838	7,936,550	114,712
<b>EXPENDITURES</b>				
Current:				
General government:				
City council	271,089	297,354	268,941	28,413
City manager	494,400	525,741	425,167	100,574
City treasurer	1,166	1,321	1,330	(9)
City attorney	100,000	100,000	95,727	4,273
City finance	757,249	751,589	752,849	(1,260)
City clerk	159,780	176,104	178,842	(2,738)
Total general government	1,783,684	1,852,109	1,722,856	129,253
Public safety:				
Police	2,944,484	2,949,574	2,941,696	7,878
Total public safety	2,944,484	2,949,574	2,941,696	7,878
Public works:				
General Admin/Engineering	409,016	432,220	407,337	24,883
Maintenance	987,058	1,024,439	1,138,652	(114,213)
Total public works	1,396,074	1,456,659	1,545,989	(89,330)
Community development	526,161	577,368	540,939	36,429
Parks and recreation:				
Recreation	692,694	737,414	750,033	(12,619)
Total parks and recreation	692,694	737,414	750,033	(12,619)

(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, 2014  
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive (Negative)
<b>EXPENDITURES (Continued)</b>				
Debt Service:				
Principal	\$ 114,750	\$ 114,927	\$ 114,927	\$ -
Capital outlay		40,651	25,067	15,584
Total expenditures	7,457,847	7,728,702	7,641,507	87,195
Excess of revenues over (under) expenditures	41,932	93,136	295,043	201,907
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	227,820	227,820	227,820	
Transfers out	(265,539)	(292,206)	(256,574)	35,632
Total other financing sources (uses)	(37,719)	(64,386)	(28,754)	35,632
Net change in fund balance	4,213	28,750	266,289	237,539
Fund balance - July 1, 2013	8,458,325	8,458,325	8,458,325	
Fund balance - June 30, 2014	\$ 8,462,538	\$ 8,487,075	\$ 8,724,614	\$ 237,539

**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, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Other taxes and assessments	\$ 90,133	\$ 88,953	\$ 87,838	\$ (1,115)
Total revenues	90,133	88,953	87,838	(1,115)
<b>EXPENDITURES</b>				
Current:				
Public works	112,047	96,762	83,787	12,975
Total expenditures	112,047	96,762	83,787	12,975
Excess of revenues over (under) expenditures	(21,914)	(7,809)	4,051	11,860
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,809	7,809	7,809	
Total other financing sources (uses)	7,809	7,809	7,809	
Net change in fund balance	(14,105)		11,860	11,860
Fund Balance - July 1, 2013	(261,092)	(261,092)	(261,092)	
Fund Balance - June 30, 2014	<u>\$ (275,197)</u>	<u>\$ (261,092)</u>	<u>\$ (249,232)</u>	<u>\$ 11,860</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, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Other taxes and assessments	\$ 116,961	\$ 138,684	\$ 127,221	\$ (11,463)
Use of money and property		2,600	2,600	
Total revenues	116,961	141,284	129,821	(11,463)
<b>EXPENDITURES</b>				
Current:				
Community development	195,586	149,334	202,085	(52,751)
Total expenditures	195,586	149,334	202,085	(52,751)
Excess of revenues over (under) expenditures	(78,625)	(8,050)	(72,264)	(64,214)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	39,643	39,643	39,643	
Transfers out	(40,000)	(30,000)	(30,534)	(534)
Total other financing sources (uses)	(357)	9,643	9,109	(534)
Net change in fund balance	(78,982)	1,593	(63,155)	(64,748)
Fund Balance - July 1, 2013	(250,159)	(250,159)	(250,159)	
Fund Balance - June 30, 2014	<u>\$ (329,141)</u>	<u>\$ (248,566)</u>	<u>\$ (313,314)</u>	<u>\$ (64,748)</u>

**CITY OF OJAI**

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

For the Fiscal Year Ended June 30, 2014

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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%

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## **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 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 the County. These are Article 3 funds to be used for projects and maintenance for bicycle and pedestrian right of ways.

The **Transportation Development Act Fund** is used to account for the City's contribution to the County Transit 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.

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used for the financial resources towards the acquisition and construction of major capital facilities (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.

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**CITY OF OJAI**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2014**

	Special Revenue Funds			
	Transit Equipment Replacement	Gas Tax	Drainage	Bicycle and Pedestrian
<b>ASSETS</b>				
Cash and investments	\$ 248,826	\$ 12,234	\$ 266,053	\$ 102,801
Accounts receivable, net		25,904		
Interest receivable		2	5	2
Total assets	<u>\$ 248,826</u>	<u>\$ 38,140</u>	<u>\$ 266,058</u>	<u>\$ 102,803</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities				
Fund balances:				
Restricted	248,826	38,140	266,058	102,803
Total fund balances (deficit)	<u>248,826</u>	<u>38,140</u>	<u>266,058</u>	<u>102,803</u>
Total liabilities and fund balances	<u>\$ 248,826</u>	<u>\$ 38,140</u>	<u>\$ 266,058</u>	<u>\$ 102,803</u>

Special Revenue Funds			Capital Projects Fund	
Transportation Development Act	Community Development Block Grant	Library Special Tax	Park Acquisition	Totals
\$ 1	\$ 246	\$ 52,204	\$ 22,331	\$ 704,696
		2,462		28,366
44,253		1		44,263
<u>\$ 44,254</u>	<u>\$ 246</u>	<u>\$ 54,667</u>	<u>\$ 22,331</u>	<u>\$ 777,325</u>
\$ -	\$ -	\$ 26,500	\$ -	\$ 26,500
		26,500		26,500
44,254	246	28,167	22,331	750,825
44,254	246	28,167	22,331	750,825
<u>\$ 44,254</u>	<u>\$ 246</u>	<u>\$ 54,667</u>	<u>\$ 22,331</u>	<u>\$ 777,325</u>

**CITY OF OJAI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

	Special Revenue Funds			
	Transit Equipment Replacement	Gas Tax	Drainage	Bicycle and Pedestrian
<b>REVENUES</b>				
Other taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property		261	1,061	403
Intergovernmental:				
Other	195,005	263,236		41,884
Charges for services			15,726	
Other revenue	15,000			
Total revenues	210,005	263,497	16,787	42,287
<b>EXPENDITURES</b>				
Current:				
Public works			4,739	
Libraries				
Total expenditures			4,739	
Excess of revenues over (under) expenditures	210,005	263,497	12,048	42,287
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Transfers out	(785)	(227,820)	(134,389)	(74,856)
Total other financing sources (uses)	(785)	(227,820)	(134,389)	(74,856)
Net change in fund balances	209,220	35,677	(122,341)	(32,569)
Fund balances (deficit) - July 1, 2013	39,606	2,463	388,399	135,372
Fund balances (deficit) - June 30, 2014	\$ 248,826	\$ 38,140	\$ 266,058	\$ 102,803

Special Revenue Funds			Capital Projects Fund	
Transportation Development Act	Community Development Block Grant	Library Special Tax	Park Acquisition	Totals
\$ -	\$ -	\$ 91,667	\$ -	\$ 91,667
		123	11	1,859
44,252				544,377
			1,230	16,956
				15,000
44,252		91,790	1,241	669,859
				4,739
		106,000		106,000
		106,000		110,739
44,252		(14,210)	1,241	559,120
			20,445	20,445
				(437,850)
			20,445	(417,405)
44,252		(14,210)	21,686	141,715
2	246	42,377	645	609,110
\$ 44,254	\$ 246	\$ 28,167	\$ 22,331	\$ 750,825

**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, 2014

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Other	\$ -	\$ 195,005	\$ 195,005
Other	15,000	15,000	
Total revenues	15,000	210,005	195,005
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(8,000)	(785)	7,215
Total other financing sources (uses)	(8,000)	(785)	7,215
Net change in fund balance	7,000	209,220	202,220
Fund balance - July 1, 2013	39,606	39,606	
Fund balance - June 30, 2014	<u>\$ 46,606</u>	<u>\$ 248,826</u>	<u>\$ 202,220</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, 2014

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Other	\$ 244,347	\$ 263,236	\$ 18,889
Use of money and property	365	261	(104)
Total revenues	244,712	263,497	18,785
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(227,820)	(227,820)	
Total other financing sources (uses)	(227,820)	(227,820)	
Net change in fund balance	16,892	35,677	18,785
Fund balance - July 1, 2013	2,463	2,463	
Fund balance - June 30, 2014	<u>\$ 19,355</u>	<u>\$ 38,140</u>	<u>\$ 18,785</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, 2014

---

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 15,000	\$ 15,726	\$ 726
Use of money and property	1,150	1,061	(89)
Total revenues	16,150	16,787	637
<b>EXPENDITURES</b>			
Current:			
Public works		4,739	(4,739)
Total expenditures		4,739	(4,739)
Excess of revenues over (under) expenditures	16,150	12,048	(4,102)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(96,000)	(134,389)	(38,389)
Total other financing sources (uses)	(96,000)	(134,389)	(38,389)
Net change in fund balance	(79,850)	(122,341)	(42,491)
Fund balance - July 1, 2013	388,399	388,399	
Fund balance - June 30, 2014	<u>\$ 308,549</u>	<u>\$ 266,058</u>	<u>\$ (42,491)</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, 2014

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ 400	\$ 403	\$ 3
Intergovernmental:			
Other	41,455	41,884	429
Total revenues	41,855	42,287	432
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(41,455)	(74,856)	(33,401)
Total other financing sources (uses)	(41,455)	(74,856)	(33,401)
Net change in fund balance	400	(32,569)	(32,969)
Fund balance - July 1, 2013	135,372	135,372	
Fund balance - June 30, 2014	<u>\$ 135,772</u>	<u>\$ 102,803</u>	<u>\$ (32,969)</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, 2014**

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	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental:			
Other	<u>\$ -</u>	<u>\$ 44,252</u>	<u>\$ 44,252</u>
Total revenues	<u></u>	<u>44,252</u>	<u>44,252</u>
Net change in fund balance		44,252	44,252
Fund balance - July 1, 2013	<u>2</u>	<u>2</u>	<u></u>
Fund balance - June 30, 2014	<u><u>\$ 2</u></u>	<u><u>\$ 44,254</u></u>	<u><u>\$ 44,252</u></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, 2014

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental:			
Other	\$ -	\$ -	\$ -
Total revenues			
<b>EXPENDITURES</b>			
Capital outlay			
Total expenditures			
Net change in fund balance			
Fund balance - July 1, 2013	246	246	
Fund balance - June 30, 2014	<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, 2014**

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Other taxes and assessments	\$ 99,260	\$ 91,667	\$ (7,593)
Use of money and property	100	123	23
Total revenues	99,360	91,790	(7,570)
<b>EXPENDITURES</b>			
Current:			
Libraries	106,000	106,000	
Total expenditures	106,000	106,000	
Net change in fund balance	(6,640)	(14,210)	(7,570)
Fund balance - July 1, 2013	42,377	42,377	
Fund balance - June 30, 2014	<u>\$ 35,737</u>	<u>\$ 28,167</u>	<u>\$ (7,570)</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, 2014**

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$ 5	\$ 11	\$ 6
Charges for services	1,100	1,230	130
Total revenues	1,105	1,241	136
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		20,445	20,445
Total other financing sources (uses)		20,445	20,445
Net change in fund balance	1,105	21,686	20,581
Fund balance - July 1, 2013	645	645	
Fund balance - June 30, 2014	<u>\$ 1,750</u>	<u>\$ 22,331</u>	<u>\$ 20,581</u>

**CITY OF OJAI**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS**  
**June 30, 2014**

	Housing Successor Agency	RDA Successor Agency	Total
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 525,975	\$ 525,975
Interest receivable		6	6
Notes receivable	1,427,612		1,427,612
Land	305,888		305,888
Advances to other funds	122,105		122,105
Total assets	1,855,605	525,981	2,381,586
<b>LIABILITIES</b>			
Accounts payable	1,833	1,837	3,670
Accrued liabilities		1,992	1,992
Accrued interest payable		9,999	9,999
Advances from other funds		122,105	122,105
Loans payable - City of Ojai		5,220,258	5,220,258
Unearned revenue		503,083	503,083
Due to County of Ventura		837,000	837,000
Total liabilities	1,833	6,696,274	6,698,107
<b>NET POSITION</b>			
Held in trust	\$ 1,853,772	\$ (6,170,293)	\$ (4,316,521)



**CITY OF OJAI**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS**  
**For the Fiscal Year Ended June 30, 2014**

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	Housing Successor Agency	RDA Successor Agency	Total
<b>ADDITIONS:</b>			
Property taxes	\$ -	\$ 276,000	\$ 276,000
Use of money and property	9,554	658	10,212
Total additions	9,554	276,658	286,212
<b>DEDUCTIONS</b>			
Community development	1,834	260,448	262,282
Debt service:			
Interest and fiscal charges		1,799	1,799
Total deductions	1,834	262,247	264,081
Change in net position	7,720	14,411	22,131
Total net position-beginning of fiscal year	1,846,052	(6,184,704)	(4,338,652)
Total net position-end of fiscal year	<u>\$ 1,853,772</u>	<u>\$ (6,170,293)</u>	<u>\$ (4,316,521)</u>

