

**CITY OF OJAI
CALIFORNIA**

FINANCIAL STATEMENTS
June 30, 2015

CITY OF OJAI
BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

City Council of the City of Ojai
Ojai, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ojai, as of and for the fiscal year ended June 30, 2015, 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, 2015, 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

Changes in Accounting Principles

As discussed in note 1 to the basic financial statements effective July 1, 2014, the City of Ojai adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

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

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ojai's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and combining private-purpose 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016, 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, Reny & Hartgeim LLP

Santa Maria, California
March 21, 2016

CITY OF OJAI
For the fiscal year ended June 30, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with the Basic Financial Statements and the Notes to Basic Financial Statements.

Financial Highlights

- The government-wide total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$21.5 million (total net position). The net position invested in capital assets was approximately \$19.8 million (91.9%), the unrestricted net position was \$1.2 million (5.6%) and approximately \$528,000 (2.5%) was restricted. The unrestricted total net position at June 30, 2015 decreased approximately \$4.3 million from the prior year, while the restricted net position decreased approximately \$225,000. Of the \$4.3 million decrease in unrestricted net position approximately \$3.8 million is the result of implementing GASB 68 as discussed in Note 1G, Note 8, and Note 9.
- At June 30, 2015, fund balances in the City's governmental funds totaled approximately \$8.4 million, a decrease of approximately \$775,000 from the prior year. Governmental fund assets totaled \$11.9 million, a decrease of \$1.6 million from the prior year balance, and total governmental fund liabilities totaled \$3.5 million, a decrease of \$780,000 from the prior year balance.
- At June 30, 2015, the "Unassigned" fund balance for the City's General Fund was \$2.2 million, or 27% of its total operating expenditures for the current fiscal year. The balance increased by approximately \$202,000 from the prior year. In comparison, the June 30, 2014 "Unassigned" fund balance was \$2.0 million, representing approximately 26.9% of total General Fund operating expenditures.
- Long-term liabilities of the governmental and business-type activities, including a \$3.8 million prior period adjustment, total \$6.9 million, a \$3.4 million increase from the prior year. Other than the prior period adjustment, long-term liabilities decreased by approximately \$428,000 in the current fiscal year.
- The implementation of GASB 68 to record the total pension liability in the governmental and business-type activities required a prior period adjustment, which increased long-term liabilities of the City by \$3.8 million, with \$3.4 million of that increase in governmental funds and approximately \$462,000 in the business-type activities (see Notes 8 and 9 on pages 46-53 of this report).

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net 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 in-flows and out-flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a portion of their costs, through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development, parks and recreation, libraries, and housing. The business-type activities of the City include public transit and a public cemetery. The government-wide financial statements can be found on pages 15 – 17 of this report.

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

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

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

The City maintains thirteen (13) separate governmental funds. Information is presented separately in the governmental funds statements for the *General Fund*, *Plaza Maintenance Fund*, *Equipment Replacement Fund*, and *Libbey Bowl Maintenance Fund*, which are considered to be the major funds. Data from the other nine (9) governmental funds are combined into a single aggregated amount and

shown under the caption of *Other Governmental Funds*. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and can be found in the *Supplemental Information* section of this report on pages 69-74. The basic governmental funds' financial statements can be found on pages 18-24.

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

Proprietary funds statements provide the same type of information as the government-wide financial statements, but in more detail. The proprietary funds' financial statements provide separate information for the transit and cemetery operations. 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 programs. All assets reported in agency funds are offset by liabilities. The agency funds' financial statements can be found on pages 28-29 of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 30 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information can be found on pages 61-68 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following table of *Statement of Net Position* provides the City's financial positions as of June 30, 2015 and 2014. As noted earlier, the changes in net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$21.5 million and \$26.9 for the years ended June 30, 2015 and 2014, respectively. The City's financial position has decreased by approximately \$5.3 million from the previous year. The majority of this change was the result of recording prior period adjustments of \$3.4 million in pension liabilities and \$1.6 million reduction in the loan receivable from the Redevelopment Successor Agency for adjustments to interest calculation as required by state legislation.

As previously noted, approximately 92% of the City's net position reflects its investment in capital assets at the end of the current year. This investment in capital assets (net of accumulated depreciation) is a 4.1% (\$854,000) decrease from the previous year. During the current year, City staff reviewed costs that had been accumulated in construction in progress over several years to determine the amounts that should be placed in service. This process resulted in several assets being placed in service and the staff determining that approximately \$1.4 million previously recorded as "Construction in Progress" should be retired.

CITY OF OJAI STATEMENT OF NET POSITION JUNE 30, 2015 AND 2014						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current and other assets	\$ 6,952,961	\$ 6,402,206	\$ 629,875	\$ 596,325	\$ 7,582,836	\$ 6,998,531
Due from successor agency	3,352,932	5,220,258	-	-	3,352,932	5,220,258
Capital assets	18,976,531	19,715,637	810,474	925,735	19,787,005	20,641,372
Total Assets	29,282,424	31,338,101	1,440,349	1,522,060	30,722,773	32,860,161
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	533,267	-	49,873	-	583,140	-
LIABILITIES						
Long-term liabilities	6,321,444	3,189,317	460,122	50,305	6,781,566	3,239,622
Other liabilities	1,939,410	2,542,313	185,809	206,661	2,125,219	2,748,974
Total liabilities	8,260,854	5,731,630	645,931	256,966	8,906,785	5,988,596
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	779,661	-	89,808	-	869,469	-
NET POSITION						
Investment in capital assets net of related debt	18,976,531	19,715,637	810,474	925,735	19,787,005	20,641,372
Restricted	527,920	752,534	-	-	527,920	752,534
Unrestricted	1,270,725	5,138,300	(55,991)	339,359	1,214,734	5,477,659
Total net position	\$ 20,775,176	\$ 25,606,471	\$ 754,483	\$ 1,265,094	\$ 21,529,659	\$ 26,871,565

The City uses capital assets to provide services to citizens and they are *not* available for future spending. With the exception of business-type assets, they do not generate direct revenue for the City. Although the City's investment in capital assets is reported net of related debt, it should be noted that there is no debt associated with the capital assets of the governmental or business-type activities.

As shown in the table above, the \$528,000 restricted portion of the City's total net position in the governmental activities represents resources that are subject to external restrictions on how they may be used. The remaining \$1.2 million of the net position is unrestricted and represents resources that can be used to meet the government's ongoing obligations to citizens and creditors. Of the \$6.8 million long-term liabilities, approximately \$481,000 is due to compensated absences (i.e. vacation and sick leave), \$2.8 million is from retiree medical coverage, and \$3.6 million is due to net pension liabilities. These liabilities will be liquidated over several years.

Statement of Activities

The following table of *Statement of Activities* provides the City's operations for fiscal years ended June 30, 2015 and 2014 with comparative totals for the same periods.

Governmental Activities: Revenues of the Governmental Activities include charges for services, contributions and grants, taxes, intergovernmental revenues, and other revenues. Total revenue for Governmental Activities was slightly more than \$9.9 million, an increase of approximately \$214,000 from the previous year's revenues. Overall, tax revenues increased by \$488,000 (8.6%) due to increases in the "Big Three" tax revenues: transient occupancy tax revenue increased approximately \$196,000 (7%); sales tax revenues increased \$182,000 (13.8%), and property tax revenues increased \$94,000 (6.4%).

Expenses of the Governmental Activities totaled slightly more than \$10 million, an increase of \$1 million from the prior year. Additionally, the Redevelopment Successor Agency began repaying its debt to the City of Ojai and 20% of that payment

(approximately \$46,000) was transferred to the City's housing fund, pursuant to state law. Expenses in the City's building and planning operations increased by approximately \$269,000 as the City was required to hire contractors to meet the needs of increased planning and building activity during the year. The City's recreation programs have realized an increase in activity in several very successful programs. The revenues have increased and the cost of providing those services increased by approximately \$153,000 during this fiscal year.

CITY OF OJAI STATEMENT OF ACTIVITIES JUNE 30, 2015 AND 2014						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Charges for services	\$ 2,263,568	\$ 1,997,568	\$ 107,053	\$ 112,976	\$ 2,370,621	\$ 2,110,544
Operating contributions and grants	643,600	604,712	735,999	753,019	1,379,599	1,357,731
Capital contributions & grants	111,943	277,104	-	25,785	111,943	302,889
Property taxes	1,572,362	1,478,161	-	-	1,572,362	1,478,161
Sales taxes	1,503,714	1,321,401	-	-	1,503,714	1,321,401
Transient occupancy taxes	2,982,733	2,787,162	-	-	2,982,733	2,787,162
Other	112,993	97,122	-	-	112,993	97,122
Motor vehicle in lieu	705,359	1,027,239	-	-	705,359	1,027,239
Investment earnings	14,211	12,263	1,448	530	15,659	12,793
Miscellaneous	13,797	83,427	-	-	13,797	83,427
Transfers	720	25,000	(720)	(25,000)	-	-
Total revenues	9,925,000	9,711,159	843,780	867,310	10,768,780	10,578,469
Expenses						
General government	2,100,379	1,720,536	-	-	2,100,379	1,720,536
Public Safety	3,304,268	3,121,709	-	-	3,304,268	3,121,709
Public Works	2,437,610	2,168,980	-	-	2,437,610	2,168,980
Community Development	1,011,666	858,676	-	-	1,011,666	858,676
Parks & Recreation	865,398	839,476	-	-	865,398	839,476
Libraries	113,615	114,050	-	-	113,615	114,050
Unallocated depreciation	200,188	197,507	-	-	200,188	197,507
Transit activities	-	-	963,411	929,054	963,411	929,054
Cemetery activities	-	-	25,831	16,479	25,831	16,479
Total Expenses	10,033,124	9,020,934	989,242	945,533	11,022,366	9,966,467
Change in net position	(108,124)	690,225	(145,462)	(78,223)	(253,586)	612,002
Net position - beginning of year	25,606,471	24,916,246	1,265,094	1,343,317	26,871,565	26,259,563
Prior period adjustment	(4,723,171)	-	(365,149)	-	(5,088,320)	-
Net position - beginning of year, restated	20,883,300	24,916,246	899,945	1,343,317	21,783,245	26,259,563
Net position -end of fiscal year	20,775,176	25,606,471	754,483	1,265,094	21,529,659	26,871,565

Business-type Activities: The net position from the City's Business-type Activities (from the Transit Fund and Cemetery Fund) decreased by approximately \$478,000 and \$33,000, respectively. As is the case of most transportation systems, user revenues provide only a small portion of the total revenues of the system. Total revenues decreased approximately \$24,000 this year. Expenses for Transit activities increased by approximately \$34,000 and Cemetery expenses increased by approximately \$9,000 during the year. These costs were related to annual cost of living increases and expenses of operating systems.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the City of Ojai uses fund accounting to account for its revenues and expenditures. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular,

unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

BALANCE SHEET

As shown in the table below, the total Governmental Funds fund balance was approximately \$8.4 million at year-end, a decrease of approximately \$775,000 from the prior year. This decrease is entirely due to a \$1.8 million prior period adjustment required to reduce the carrying balance of the City's loan to the Redevelopment Successor Agency, pursuant to California SB 107 that was enacted in this fiscal year.

The total *Nonspendable* General Fund balance at June 30, 2015 was \$4.7 million and includes balances in the General Fund's *Prepaid expenditures, Due from successor agency, and Advances to other funds*. The total was approximately 66% of the total fund balance in the *General Fund* as of June 30, 2015. The *Nonspendable* fund balance is not available for spending.

The *Restricted* fund balances are legally restricted for specific purposes by legislation or requirements outside the control of the City and they are not available for general purpose expenditures. At June 30, 2015, the restricted fund balance in the Governmental funds was \$528,000 and consists almost entirely of fund balances in

CITY OF OJAI BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2015 AND 2014							
	General Fund Activities		Other Governmental Activities		Total		
	2015	2014	2015	2014	2015	2014	
ASSETS							
Cash & investments	\$ 2,849,933	\$ 2,000,408	\$ 2,892,679	\$ 2,645,464	\$ 5,742,612	\$ 4,645,872	
Cash & investments with fiscal agent	1,261	1,709	-	-	1,261	1,709	
Accounts & interest receivable	795,208	754,029	386,932	844,604	1,182,140	1,598,633	
Pre-paid expenditures	4,714	16,800	-	-	4,714	16,800	
Due from other funds	332,600	687,342	-	-	332,600	687,342	
Due from successor agency	3,352,932	5,220,258	-	-	3,352,932	5,220,258	
Advances to other funds	1,315,000	1,315,000	-	-	1,315,000	1,315,000	
Total assets	8,651,648	9,995,546	3,279,611	3,490,068	11,931,259	13,485,614	
LIABILITIES							
Accounts payable	669,148	515,771	46,989	1,024,557	716,137	1,540,328	
Other liabilities	935,852	755,161	506,291	550,130	1,442,143	1,305,291	
Advances from other funds	-	-	1,315,000	1,315,000	1,315,000	1,315,000	
Total liabilities	1,605,000	1,270,932	1,868,280	2,889,687	3,473,280	4,160,619	
DEFERRED INFLOW OF RESOURCES							
Deferred loans receivable	-	-	17,983	110,194	17,983	110,194	
Total deferred inflows of resources	-	-	17,983	110,194	17,983	110,194	
FUND BALANCES							
Nonspendable	4,672,646	6,552,058	-	-	4,672,646	6,552,058	
Restricted	1,261	1,709	526,759	750,825	528,020	752,534	
Unrestricted but assigned or committed	150,000	150,000	1,178,281	406,592	1,328,281	556,592	
Unassigned	2,222,741	2,020,847	(311,692)	(667,230)	1,911,049	1,353,617	
Total fund balances	7,046,648	8,724,614	1,393,348	490,187	8,439,996	9,214,801	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,651,648	\$ 9,995,546	\$ 3,279,611	\$ 3,490,068	\$ 11,931,259	\$ 13,485,614	

several Special Revenue Funds of the City. The total *Unrestricted but assigned or committed* fund balance was \$150,000 in the General Fund at June 30, 2015 and the balance in the Equipment Replacement Fund was \$1.2 million. The amount in the equipment replacement fund has been set aside for equipment replacement and infrastructure needs of the City. The balance in the General Fund consists of \$50,000 for Neighborhood Planning Consulting fees and \$100,000 to contribute to the City's Other Post-Employment Benefits Trust Fund. This irrevocable trust fund has been established with CalPERS in the California Employers' Retiree Benefit Trust Program (CERBT), and the initial funding for the trust was made in July 2015.

The \$2.2 million *Unassigned* fund balance in the City's General Fund is designated as a "rainy day reserve" by the City Council. The *Unassigned* fund balance in the other Governmental funds was negative \$312,000. This negative balance represents a deficit position in the Plaza Maintenance Fund.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

CITY OF OJAI STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the years ended June 30, 2015 and 2014						
	General Fund		Other Governmental		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Property taxes	\$ 1,572,362	\$ 1,478,161	\$ -	\$ -	\$ 1,572,362	\$ 1,478,161
Sales taxes	1,503,714	1,321,401	-	-	1,503,714	1,321,401
Transient occupancy taxes	2,393,461	2,301,167	589,272	485,995	2,982,733	2,787,162
Other taxes and assessments	-	-	327,097	306,726	327,097	306,726
Licenses, permits, and fees	1,161,746	932,450	-	-	1,161,746	932,450
Fines and forfeitures	18,035	21,713	-	-	18,035	21,713
Use of money and property	11,364	9,320	5,310	5,544	16,674	14,864
Intergovernmental:						
Motor vehicle in lieu	705,980	315,589	(621)	544,377	705,359	859,966
Other	373,675	673,239	295,314	354,000	668,989	1,027,239
Charges for services	914,767	796,495	15,074	19,275	929,841	815,770
Other revenue	13,794	87,015	116,146	300,290	129,940	387,305
Total revenues	8,668,898	7,936,550	1,347,592	2,016,207	10,016,490	9,952,757
Expenditures:						
Current:						
General government	2,030,501	1,722,856	-	-	2,030,501	1,722,856
Public safety	3,148,300	2,941,696	-	-	3,148,300	2,941,696
Public works	1,556,528	1,545,989	81,222	88,526	1,637,750	1,634,515
Community development	728,558	540,939	170,655	202,085	899,213	743,024
Parks and recreation	772,847	750,033	2,230	-	775,077	750,033
Libraries	-	-	106,000	106,000	106,000	106,000
Non current:						
Capital outlay	26,097	25,067	338,326	1,585,687	364,423	1,610,754
Debt service	-	114,927	-	-	-	114,927
Total expenditures	8,262,831	7,641,507	698,433	1,982,298	8,961,264	9,623,805
Excess of revenues over (under) expenditures	406,067	295,043	649,159	33,909	1,055,226	328,952
Transfers in	227,820	227,820	812,962	522,138	1,040,782	749,958
Transfers out	(676,102)	(256,574)	(363,960)	(468,384)	(1,040,062)	(724,958)
Total other financing sources (uses)	(448,282)	(28,754)	449,002	53,754	720	25,000
Net change in fund balances	(42,215)	266,289	1,098,161	87,663	1,055,946	353,952
Fund balances (deficit) - beginning of year	8,724,614	8,458,325	490,187	402,524	9,214,801	8,860,849
Prior period adjustment	(1,635,751)	-	(195,000)	-	(1,830,751)	-
Fund balances (deficit) - beginning of year	7,088,863	8,458,325	295,187	402,524	7,384,050	8,860,849
Fund balances (deficit) - end of year	\$ 7,046,648	\$ 8,724,614	\$ 1,393,348	\$ 490,187	\$ 8,439,996	\$ 9,214,801

As shown in the table above, total revenues in the Governmental funds increased \$64,000, while General Fund revenues increased \$732,000 (9.2%) from the prior year. Revenues in the other Governmental funds decreased approximately \$669,000, due primarily to the timing and amount of grant revenues received in the Special Revenue Funds in the current year. Total governmental fund expenditures decreased approximately \$660,000 this year, while General Fund expenditures increased approximately \$621,000. The overall decrease was the result of a \$1.2 million decrease in capital outlay during the current year. These expenditures are not generally consistent throughout the years as staff plans various projects to create overall efficiencies in the City capital program and to take advantage capital of grants. The \$621,000 increase in general fund expenditures is primarily the result of the

following factors: 1) \$100,000 OPEB funding, 2) \$52,000 payment to Ojai FLOW to challenge water rates, 3) \$93,000 increase in police expenditures, 4) \$164,000 increase in contract services for Planning and Building services, and 5) over \$50,000 leave balances paid out to employees separating from the City.

Transfers out increased by approximately \$420,000 from the prior year. City Council chose to transfer \$257,000 from General Fund reserves to the Street Lighting Fund to liquidated deficit fund balance. The rest of the transfers were made to the equipment replacement fund for capital projects funds that were delayed until next fiscal year.

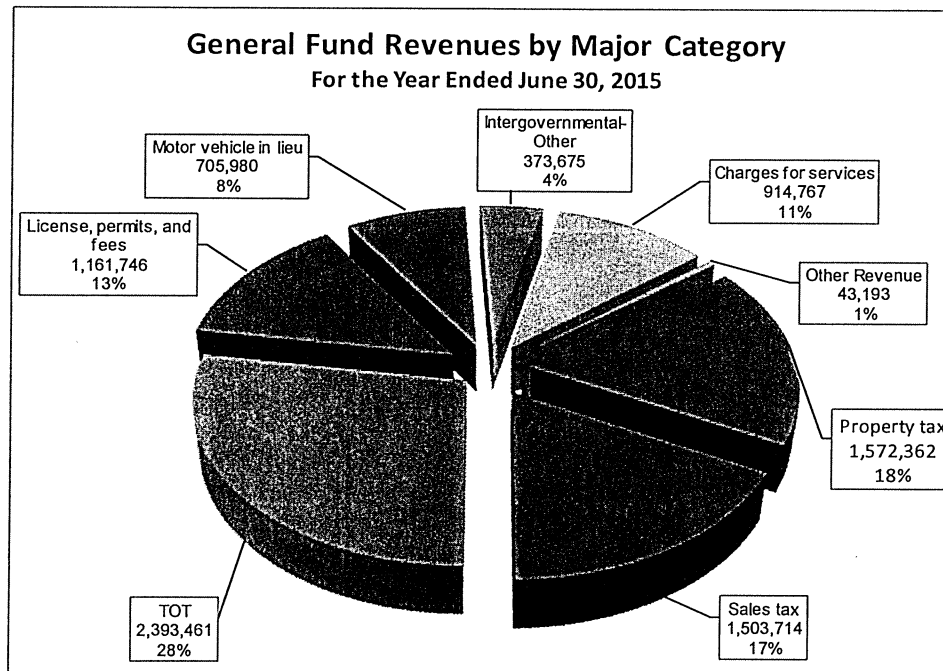
General Fund Budgetary Highlights: The City made revisions to the original

CITY OF OJAI STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND For the year ended June 30, 2015					
	Budget		Changes Increase (Decrease)	Actual Amounts	Positive (Negative) Variance From Budget
	Original	Final			
Revenues:					
Taxes					
Property	\$ 1,468,814	\$ 1,637,234	\$ 168,420	\$ 1,572,362	\$ (64,872)
Sales	1,315,000	1,315,000	-	1,503,714	188,714
Transient Occupancy	2,272,768	2,272,768	-	2,393,461	120,693
Licenses, permits, and fees	949,817	1,074,817	125,000	1,161,746	86,929
Intergovernmental:					
Motor vehicle in lieu	673,900	673,900	-	705,980	32,080
Other	489,781	489,781	-	373,675	(116,106)
Charges for services	777,652	777,652	-	914,767	137,115
Other revenue	61,685	61,685	-	43,193	(18,492)
Total revenues	8,009,417	8,302,837	293,420	8,668,898	366,061
Expenditures:					
General Government:					
City council	286,609	333,909	47,300	342,611	(8,702)
City manager	479,183	579,183	100,000	548,866	30,317
City treasurer	1,361	1,361	-	1,339	22
City attorney	105,600	105,600	-	133,629	(28,029)
Finance	781,619	950,039	168,420	805,145	144,894
City clerk	187,281	187,281	-	198,911	(11,630)
Total general government	1,841,653	2,157,373	315,720	2,030,501	126,872
Public Safety	3,142,784	3,142,784	-	3,148,300	(5,516)
Public Works					
General Admin/Engineering	429,263	429,263	-	404,296	24,967
Maintenance	1,087,846	1,087,846	-	1,152,232	(64,386)
Total public works	1,517,109	1,517,109	-	1,556,528	(39,419)
Community development	569,346	809,346	240,000	728,558	80,788
Parks and recreation	766,039	739,398	(26,641)	772,847	(33,449)
Capital Outlay	2,700	2,700	-	26,097	(23,397)
Total expenditures	7,839,631	8,368,710	529,079	8,262,831	105,879
Excess of revenues over (under) expenditures	169,786	(65,873)	(235,659)	406,067	471,940
Transfers in	227,820	227,820	-	227,820	-
Transfers out	(400,229)	(676,102)	(275,873)	(676,102)	-
Total other financing sources (uses)	(172,409)	(448,282)	(275,873)	(448,282)	-
Net change in fund balances	(2,623)	(514,155)	(511,532)	(42,215)	471,940
Fund balances (deficit) - beginning of year					
	8,724,614	8,724,614	-	8,724,614	-
Prior period adjustment					
	-	-	-	(1,635,751)	(1,635,751)
Fund balances (deficit) - beginning of year					
	8,724,614	8,724,614	-	7,088,863	(1,635,751)
Fund balances (deficit) - end of year					
	\$ 8,721,991	\$ 8,210,459	\$ (511,532)	\$ 7,046,648	\$ (1,163,811)

appropriations, which were approved by the City Council. The revisions resulted in a \$512,000 decrease to the originally projected *General Fund* balance.

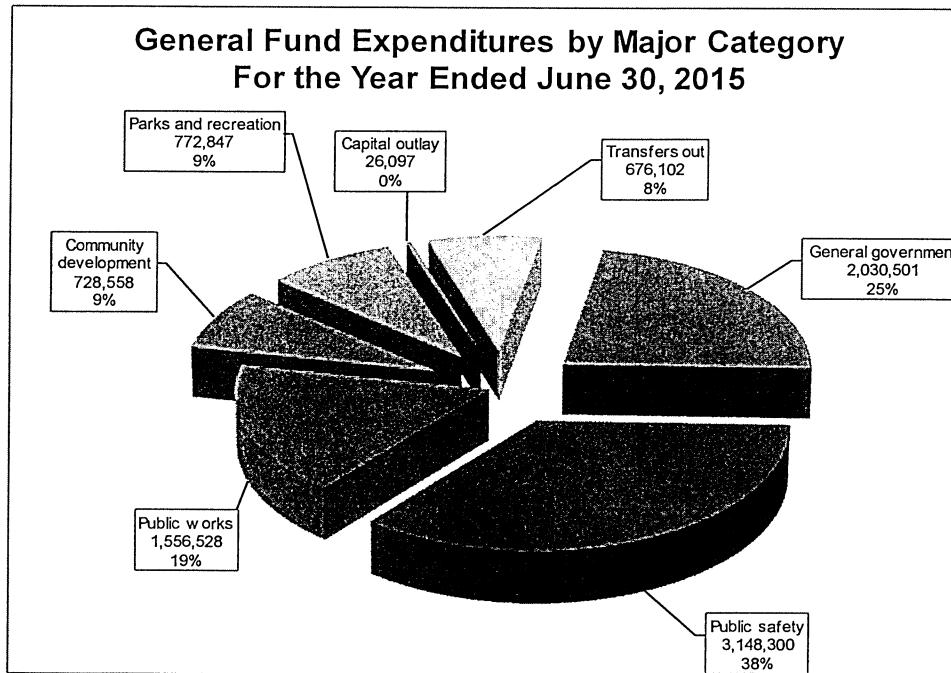
The final revenue budget projections were increased from the original total revenue budget by \$293,000 (3.7%) and actual total revenues were \$659,000 higher than the original budgeted amount. Total budgeted expenditures were increased by \$529,000 (6.7%); however, the actual total expenditures were only \$423,000 higher than the original budgeted amount. Approximately \$240,000 of the increase in budgeted expenditures was due to increased consultant fees in the City's Planning and Building operations and finance department budgeted expenditures increased \$168,000 for required payments that were related to loan repayments from the Successor Agency. \$100,000 was added to the City Manager's budget for partial funding of the OPEB plan.

The following two pie charts present the *General Fund* revenues and expenditures by major categories for the fiscal year ended June 30, 2015.



The *General Fund's* top three revenues are *Property Taxes, Sales Taxes and Transient Occupancy Taxes*, which generated approximately \$5.5 million total revenue, which is 63% of the total *General Fund* revenues.

The Public Safety expenditures represent thirty-eight percent (38%) of the total general fund expenditures, while nineteen percent (19%) was for Public Works and twenty-five percent (25%) was for General Government services. The transfer-out to Capital Projects Fund (31) was \$379,418 (3%).



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 position of the Transit enterprise fund is \$497,000, a decrease of \$144,000 (22.5%) from the restated prior year net position. Net position of the Cemetery Fund is approximately \$258,000, a decrease of \$1,000 from the restated prior year net position. Please see Notes to Basic Financial Statements Number 15 on page 60 of this report for details on the prior period adjustment and restatement of net position.

CAPITAL ASSET AND DEBT ADMINISTRATION

CITY OF OJAI						
CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION						
June 30, 2015 and 2014						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Non-depreciable Assets						
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	60,982	-	-	60,982	60,982
Construction in Progress	42,680	1,378,044	-	-	42,680	1,378,044
Depreciable Assets						
Buildings	10,324,473	10,587,346	-	-	10,324,473	10,587,346
Land Improvements	1,575,001	1,693,558	351,855	372,009	1,926,856	2,065,567
Equipment and machinery	389,606	429,283	62,611	87,749	452,217	517,032
Infrastructure	4,404,526	3,381,538	-	-	4,404,526	3,381,538
Vehicles	28,465	34,088	285,508	355,477	313,973	389,565
Total capital assets	<u>\$ 18,976,531</u>	<u>\$ 19,715,637</u>	<u>\$ 810,474</u>	<u>\$ 925,735</u>	<u>\$ 19,787,005</u>	<u>\$ 20,641,372</u>

Capital assets: The City's investment in capital assets is reported in the financial statements for the governmental and business-type activities but not the governmental fund financial statements. The investment in capital assets includes non-depreciable assets (rights-of-way, land, artwork, and construction in progress) and depreciable assets (buildings, land and other improvements, equipment and machinery, infrastructure, and vehicles). The following table provides a summary of the City's capital assets net of accumulated depreciation as of June 30, 2015 and 2014. Additional information on the City's capital assets can be found in the Notes to Basic Financial Statements Number 6 on pages 43-45 of this report.

Long-term liabilities: At June 30, 2015, the City had no loans or notes payable, but had a total of \$6.9 million in long-term liabilities: \$6.4 million in the governmental activities and \$490,000 in the business-type activities. Total long-term liabilities increased \$3.4 million in the current fiscal year, primarily as the result of net pension obligations that were recorded in the City's financial statements as a result of GASB 68 and GASB 71. Pursuant to GASB 45, the City has recorded an actuarially determined liability of \$2.4 million for Other Postemployment Benefits (OPEB), for future costs of the City's retiree medical insurance obligation. The OPEB liability amount increased approximately \$416,000 from the prior year. Additional detailed information on the City's long-term debt can be found in the Notes to Basic Financial Statements Number 8, pages 46-48 of this report.

CITY OF OJAI LONG-TERM LIABILITIES June 30, 2015 and 2014						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Net pension obligations	\$ 3,649,747	\$ 1,051,721	\$ 371,743	\$ -	\$ 4,021,490	\$ 1,051,721
OPEB	2,397,209	1,981,429	-	-	2,397,209	1,981,429
Compensated absences	365,984	401,011	117,839	67,073	483,823	468,084
Total long-term liabilities	<u>\$ 6,412,940</u>	<u>\$ 3,434,161</u>	<u>\$ 489,582</u>	<u>\$ 67,073</u>	<u>\$ 6,902,522</u>	<u>\$ 3,501,234</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET OUTLOOK

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

The economy in the Ojai Valley has continued to grow over the past several years and staff anticipates that this growth will continue. Sales tax revenues have continued to grow between 10 to 14% per year. In recent years, property tax revenues have been growing approximately 5 to 6% each year, and annual growth in Transient Occupancy Tax (TOT) revenues and has been between 5 to 8%. Staff projects this trend will continue in the coming year. Staff also projects that expenditures will continue to increase in the General Fund in the coming years. Over the past few years, the City has maintained reduced staffing levels to provide funds for the capital improvement program; however, these artificially low staffing levels are not sustainable and will need to be increased within the next two fiscal years. Activity level in the planning and building functions of the City has been increasing rapidly and the City has chosen to use contract services to meet the growing needs. While the

benefit of contractors is that they can be adjusted at any time as the City's needs change, the cost of contract services is significantly higher than permanent staffing.

The city's economy is significantly impacted by the City's tourism and the TOT that is received each year. In an effort to increase tourism, the Ojai Valley Business Bureau, the Ojai Valley Chamber of Commerce and the City created the Ojai Tourism Improvement District (TID) November 1, 2012. The TID collects 1% of the cost of hotel room rates, which is used by the Ojai Valley Chamber of Commerce to promote tourism through various tourism promotional advertising efforts. The goal is to increase Transient Occupancy Tax (TOT) revenues, which is the City's top revenue source. The City has utilized the increased revenues to perform deferred maintenance on streets, road improvements, and City facilities. The TID will sunset on October 31, 2017.

The city has taken steps to mitigate potential future economic downturns. City reserves have been increased and the City has set up an OPEB trust with CalPERS with a plan to contribute \$100,000 a year to partially cover the future health insurance liabilities to retirees. This partial funding of the OPEB plan is in addition to the pay-as-you-go funding that has occurred in prior years and will continue into the future. The City plans to establish a fund to pay for future equipment replacement, efficiency modifications, and technology improvements. Initially, the City will contribute \$40,000 a year to fund these activities. City staff has been working to obtain grant funding to cover a significant portion of the deferred maintenance required to City facilities and infrastructure and will continue to look for opportunities to leverage the City's funds to pay for these activities in the future.

REQUESTS FOR INFORMATION

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

Rudolf J. Livingston, CPA
Director of Finance
City of Ojai
401 S. Ventura St.
Ojai, CA 93023
Livingzton@ojaicity.org

CITY OF OJAI
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 5,742,612	\$ 179,565	\$ 5,922,177
Cash and investments with fiscal agents	1,261	-	1,261
Accounts receivable, net	1,164,157	461,599	1,625,756
Internal balances	22,234	(22,234)	-
Prepaid expenses	4,714	-	4,714
Inventory	-	10,945	10,945
Loans receivable	17,983	-	17,983
Due from successor agency	3,352,932	-	3,352,932
Capital assets not being depreciated	2,254,460	110,500	2,364,960
Capital assets, net of accumulated depreciation	16,722,071	699,974	17,422,045
Total assets	29,282,424	1,440,349	30,722,773
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	533,267	49,873	583,140
Total deferred outflows of resources	533,267	49,873	583,140
LIABILITIES			
Accounts payable	716,137	23,509	739,646
Accrued liabilities	181,536	9,898	191,434
Deposits payable	1,365	-	1,365
Unearned revenue	948,876	122,942	1,071,818
Noncurrent liabilities:			
Due within one year	91,496	29,460	120,956
Due in more than one year	6,321,444	460,122	6,781,566
Total liabilities	8,260,854	645,931	8,906,785
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	779,661	89,808	869,469
Total deferred inflows of resources	779,661	89,808	869,469
NET POSITION			
Net investment in capital assets	18,976,531	810,474	19,787,005
Restricted for:			
Libraries	31,264	-	31,264
Streets, bikeways, parks and other related purposes	429,864	-	429,864
Transit	66,546	-	66,546
Community development	246	-	246
Unrestricted	1,270,725	(55,991)	1,214,734
Total net position	\$ 20,775,176	\$ 754,483	\$ 21,529,659

See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General government	\$ (2,100,379)	\$ 774,664	\$ 78,810	\$ -
Public safety	(3,304,268)	45,615	152,464	-
Public works	(2,437,610)	341,975	412,326	111,943
Community development	(1,011,666)	546,854	-	-
Parks and recreation	(865,398)	445,444	-	-
Libraries	(113,615)	109,016	-	-
Unallocated depreciation	(200,188)	-	-	-
Total governmental activities	(10,033,124)	2,263,568	643,600	111,943
Business-type Activities:				
Transit	(963,411)	83,089	735,999	-
Cemetery	(25,831)	23,964	-	-
Total business-type activities	(989,242)	107,053	735,999	-
Total government	\$ (11,022,366)	\$ 2,370,621	\$ 1,379,599	\$ 111,943

General Revenues and Transfers:

Taxes:

Property taxes

Sales taxes

Transient occupancy tax

Other

Motor vehicle in lieu tax, unrestricted

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of fiscal year

Prior period adjustment

Net position at beginning of fiscal year-restated

Net position at end of fiscal year

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
(1,246,905)	\$ -	\$ (1,246,905)
(3,106,189)	-	(3,106,189)
(1,571,366)	-	(1,571,366)
(464,812)	-	(464,812)
(419,954)	-	(419,954)
(4,599)	-	(4,599)
(200,188)	-	(200,188)
(7,014,013)	-	(7,014,013)
-	(144,323)	(144,323)
-	(1,867)	(1,867)
-	(146,190)	(146,190)
(7,014,013)	(146,190)	(7,160,203)
1,572,362	-	1,572,362
1,503,714	-	1,503,714
2,982,733	-	2,982,733
112,993	-	112,993
705,359	-	705,359
14,211	1,448	15,659
13,797	-	13,797
720	(720)	-
6,905,889	728	6,906,617
(108,124)	(145,462)	(253,586)
25,606,471	1,265,094	26,871,565
(4,723,171)	(365,149)	(5,088,320)
20,883,300	899,945	21,783,245
<u>\$ 20,775,176</u>	<u>\$ 754,483</u>	<u>\$ 21,529,659</u>

CITY OF OJAI
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Plaza Maintenance Fund	Equipment Replacement Fund
ASSETS			
Cash and investments	\$ 2,849,933	\$ -	\$ 865,823
Cash and investments with fiscal agents	1,261	-	-
Accounts receivable, net	795,208	3,371	322,124
Prepaid items	4,714	-	-
Loans receivable, net	-	-	-
Due from other funds	332,600	-	-
Due from successor agency	3,352,932	-	-
Advances to other funds	1,315,000	-	-
	<u>8,651,648</u>	<u>3,371</u>	<u>1,187,947</u>
Total assets	\$ 8,651,648	\$ 3,371	\$ 1,187,947
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 669,148	\$ 3,772	\$ 9,666
Accrued liabilities	180,611	925	-
Deposits payable	1,365	-	-
Due to other funds	-	310,366	-
Unearned revenue	753,876	-	-
Advances from other funds	-	-	-
	<u>1,605,000</u>	<u>315,063</u>	<u>9,666</u>
Total liabilities	1,605,000	315,063	9,666
Deferred inflows of resources:			
Unavailable revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	-	-	-
Fund balances:			
Nonspendable:			
Prepaid items	4,714	-	-
Advances to other funds	1,315,000	-	-
Due from successor agency	3,352,932	-	-
Restricted	1,261	-	-
Committed	100,000	-	-
Assigned	50,000	-	1,178,281
Unassigned	2,222,741	(311,692)	-
	<u>7,046,648</u>	<u>(311,692)</u>	<u>1,178,281</u>
Total fund balances (deficits)	7,046,648	(311,692)	1,178,281
Total liabilities, deferred inflow of resources, and fund balances	\$ 8,651,648	\$ 3,371	\$ 1,187,947

See Notes to Basic Financial Statements

Libbey Bowl Maintenance Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,315,100	\$ 711,756	\$ 5,742,612
-	-	1,261
-	43,454	1,164,157
-	-	4,714
17,983	-	17,983
-	-	332,600
-	-	3,352,932
-	-	1,315,000
<u>\$ 1,333,083</u>	<u>\$ 755,210</u>	<u>\$ 11,931,259</u>
\$ -	\$ 33,551	\$ 716,137
-	-	181,536
-	-	1,365
-	-	310,366
-	195,000	948,876
<u>1,315,000</u>	<u>-</u>	<u>1,315,000</u>
<u>1,315,000</u>	<u>228,551</u>	<u>3,473,280</u>
<u>17,983</u>	<u>-</u>	<u>17,983</u>
<u>17,983</u>	<u>-</u>	<u>17,983</u>
-	-	4,714
-	-	1,315,000
-	-	3,352,932
100	526,659	528,020
-	-	100,000
-	-	1,228,281
-	-	1,911,049
<u>100</u>	<u>526,659</u>	<u>8,439,996</u>
<u>\$ 1,333,083</u>	<u>\$ 755,210</u>	<u>\$ 11,931,259</u>

CITY OF OJAI
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Fund balances of governmental funds		\$	8,439,996
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	\$	38,228,365	
Accumulated depreciation		<u>(19,251,834)</u>	18,976,531
Certain accounts, notes, loans, and interest receivable are not available to pay for current period expenditures and, therefore, are offset by deferred revenue in the governmental funds.			
			17,983
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.			
			(246,394)
Long-term debt has not been included in the governmental funds.			
Compensated absences	\$	365,984	
OPEB		2,397,209	
Net pension liability		<u>3,649,747</u>	<u>(6,412,940)</u>
Net position of governmental activities		\$	<u>20,775,176</u>

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, 2015

	General Fund	Plaza Maintenance Fund	Equipment Replacement Fund
REVENUES			
Property taxes	\$ 1,572,362	\$ -	\$ -
Sales taxes	1,503,714	-	-
Transient occupancy tax	2,393,461	-	589,272
Other taxes and assessments	-	130,034	-
Licenses, permits, and fees	1,161,746	-	-
Fines and forfeitures	18,035	-	-
Use of money and property	11,364	2,600	884
Intergovernmental:			
Other	373,675	-	-
Motor vehicle in lieu	705,980	-	(621)
Charges for services	914,767	-	-
Other revenue	13,794	-	4,202
Total revenues	8,668,898	132,634	593,737
EXPENDITURES			
Current:			
General government	2,030,501	-	-
Public safety	3,148,300	-	-
Public works	1,556,528	-	-
Community development	728,558	170,655	-
Parks and recreation	772,847	-	-
Libraries	-	-	-
Capital outlay	26,097	-	338,326
Total expenditures	8,262,831	170,655	338,326
Excess of revenues over (under) expenditures	406,067	(38,021)	255,411
OTHER FINANCING SOURCES (USES)			
Transfers in	227,820	39,643	516,278
Transfers out	(676,102)	-	-
Total other financing sources (uses)	(448,282)	39,643	516,278
Net changes in fund balances	(42,215)	1,622	771,689
Fund balances (deficit) - July 1, 2014	8,724,614	(313,314)	406,592
Prior period adjustment	(1,635,751)	-	-
Fund balances (deficit) - July 1, 2014, restated	7,088,863	(313,314)	406,592
Fund balances (deficit) - June 30, 2015	<u>\$ 7,046,648</u>	<u>\$ (311,692)</u>	<u>\$ 1,178,281</u>

See Notes to Basic Financial Statements

Libbey Bowl Maintenance Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,572,362
-	-	1,503,714
-	-	2,982,733
-	197,063	327,097
-	-	1,161,746
-	-	18,035
-	1,826	16,674
-	295,314	668,989
-	-	705,359
7,840	7,234	929,841
96,944	15,000	129,940
<u>104,784</u>	<u>516,437</u>	<u>10,016,490</u>
-	-	2,030,501
-	-	3,148,300
-	81,222	1,637,750
-	-	899,213
-	2,230	775,077
-	106,000	106,000
-	-	364,423
<u>-</u>	<u>189,452</u>	<u>8,961,264</u>
<u>104,784</u>	<u>326,985</u>	<u>1,055,226</u>
-	257,041	1,040,782
-	(363,960)	(1,040,062)
<u>-</u>	<u>(106,919)</u>	<u>720</u>
<u>104,784</u>	<u>220,066</u>	<u>1,055,946</u>
(104,684)	501,593	9,214,801
-	(195,000)	(1,830,751)
<u>(104,684)</u>	<u>306,593</u>	<u>7,384,050</u>
<u>\$ 100</u>	<u>\$ 526,659</u>	<u>\$ 8,439,996</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, 2015

Net change in fund balances - total governmental funds	\$	1,055,946
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	\$	361,893
Depreciation expense not reported in governmental funds	<u>(813,311)</u>	(451,418)
Revenue not recognized in the governmental funds is deferred as it was not available to pay current period expenditures		(92,211)
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.		(415,780)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		48,000
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.		(287,688)
Compensated absences are not a current period expense. This is the net change in compensated absences for the current period.		<u>35,027</u>
Change in net position of governmental activities	<u>\$</u>	<u>(108,124)</u>

See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ -	\$ 179,565	\$ 179,565
Accounts receivable, net	461,599	-	461,599
Inventory	-	10,945	10,945
Total current assets	<u>461,599</u>	<u>190,510</u>	<u>652,109</u>
Noncurrent Assets:			
Capital assets not being depreciated	1,600	108,900	110,500
Capital assets, net of accumulated depreciation	696,772	3,202	699,974
Total noncurrent assets	<u>698,372</u>	<u>112,102</u>	<u>810,474</u>
Total assets	<u>1,159,971</u>	<u>302,612</u>	<u>1,462,583</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	46,085	3,788	49,873
Total deferred outflows of resources	<u>46,085</u>	<u>3,788</u>	<u>49,873</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	22,669	840	23,509
Accrued liabilities	9,763	135	9,898
Unearned revenue	112,751	10,191	122,942
Due to other funds	22,234	-	22,234
Current portion of long-term obligations	28,852	608	29,460
Total current liabilities	<u>196,269</u>	<u>11,774</u>	<u>208,043</u>
Noncurrent Liabilities:			
Compensated absences	86,556	1,823	88,379
Net pension liability	343,507	28,236	371,743
Total noncurrent liabilities	<u>430,063</u>	<u>30,059</u>	<u>460,122</u>
Total liabilities	<u>626,332</u>	<u>41,833</u>	<u>668,165</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension	82,987	6,821	89,808
Total deferred inflows of resources	<u>82,987</u>	<u>6,821</u>	<u>89,808</u>
NET POSITION			
Net investment in capital assets	698,372	112,102	810,474
Unrestricted	(201,635)	145,644	(55,991)
Total net position	<u>\$ 496,737</u>	<u>\$ 257,746</u>	<u>\$ 754,483</u>

See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
Operating Revenues:			
Charges for services (net of refunds)	\$ 83,089	\$ 23,964	\$ 107,053
Total operating revenues	83,089	23,964	107,053
Operating Expenses:			
Salaries and benefits	481,335	16,844	498,179
Material, supplies, and operational expenses	364,342	8,741	373,083
Depreciation	117,734	246	117,980
Total operating expenses	963,411	25,831	989,242
Operating income (loss)	(880,322)	(1,867)	(882,189)
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	735,999	-	735,999
Interest income	889	559	1,448
Total non-operating revenues (expenses)	736,888	559	737,447
Income (loss) before transfers	(143,434)	(1,308)	(144,742)
Transfers (out)	(720)	-	(720)
Changes in net position	(144,154)	(1,308)	(145,462)
Total net position - July 1, 2014	974,272	290,822	1,265,094
Prior period adjustment	(333,381)	(31,768)	(365,149)
Total net position - July 1, 2014, restated	640,891	259,054	899,945
Total net position - June 30, 2015	\$ 496,737	\$ 257,746	\$ 754,483

See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-type Activities -		
	Enterprise Funds		
	Transit	Cemetery	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 175,041	\$ 27,780	\$ 202,821
Cash paid to suppliers for goods and services	(475,439)	(9,198)	(484,637)
Cash paid to employees for services	(438,259)	(16,755)	(455,014)
Net cash provided by (used by) operating activities	<u>(738,657)</u>	<u>1,827</u>	<u>(736,830)</u>
Cash Flows from Noncapital Financing Activities:			
Operating grants received	741,206	-	741,206
Transfers to other funds	(720)	-	(720)
Net cash provided by noncapital financing activities	<u>740,486</u>	<u>-</u>	<u>740,486</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(2,719)	-	(2,719)
Net cash provided by capital and related financing activities	<u>(2,719)</u>	<u>-</u>	<u>(2,719)</u>
Cash Flows from Investing Activities:			
Interest received	890	561	1,451
Net cash provided by investing activities	<u>890</u>	<u>561</u>	<u>1,451</u>
Net increase in cash and cash equivalents	-	2,388	2,388
Cash and Cash Equivalents at Beginning of Fiscal Year	-	177,177	177,177
Cash and Cash Equivalents at End of Fiscal Year	<u>\$ -</u>	<u>\$ 179,565</u>	<u>\$ 179,565</u>
Reconciliation to Statement of Net Position:			
Cash and investments	<u>\$ -</u>	<u>\$ 179,565</u>	<u>\$ 179,565</u>
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	<u>\$ (880,322)</u>	<u>\$ (1,867)</u>	<u>\$ (882,189)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	117,734	246	117,980
(Increase) decrease in accounts receivable	91,952	-	91,952
(Increase) decrease in inventory	-	(650)	(650)
(Increase) decrease in deferred outflows	(5,227)	(430)	(5,657)
Increase (decrease) in accounts payable	5,861	193	6,054
Increase (decrease) in accrued liabilities	(843)	(187)	(1,030)
Increase (decrease) in deferred charges	-	3,816	3,816
Increase (decrease) in compensated absences	49,991	775	-
Increase (decrease) in due to other funds	(116,958)	-	-
Increase (decrease) in net pension liability	(83,832)	(6,890)	-
Increase (decrease) in deferred inflows	82,987	6,821	-
Total adjustments	<u>141,665</u>	<u>3,694</u>	<u>212,465</u>
Net cash provided by (used by) operating activities	<u>\$ (738,657)</u>	<u>\$ 1,827</u>	<u>\$ (736,830)</u>

See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Private Purpose Trust Funds	Agency Funds
	Successor Agency	Special Deposits
ASSETS		
Cash and investments	\$ 435,908	\$ 34,683
Notes receivable	1,427,612	-
Land	305,888	-
Total assets	<u>2,169,408</u>	<u>\$ 34,683</u>
LIABILITIES		
Accounts payable	4,252	\$ 34,683
Accrued liabilities	1,032	-
Accrued interest payable	9,999	-
Loans payable - City of Ojai	3,352,932	-
Unearned revenue	252,453	-
Due to County of Ventura	837,000	-
Total liabilities	<u>4,457,668</u>	<u>\$ 34,683</u>
NET POSITION		
Held in trust	<u>\$ (2,288,260)</u>	

CITY OF OJAI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2015

	<u>Successor Agency</u>
ADDITIONS:	
Property taxes	\$ 660,443
Use of money and property	<u>980</u>
Total additions	<u>661,423</u>
DEDUCTIONS:	
Community development	<u>268,913</u>
Total deductions	<u>268,913</u>
Change in net position	<u>392,510</u>
Total net position-beginning of fiscal year	(4,316,521)
Prior period adjustment	<u>1,635,751</u>
Total net position-beginning of fiscal year, restated	<u>(2,680,770)</u>
Total net position-end of fiscal year	<u><u>\$ (2,288,260)</u></u>

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds

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

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

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

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

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

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

Libbey Bowl Maintenance Fund – is used to account for the Libbey Bowl project construction cost loans receivable collections.

The City reports the following proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

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

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

D. Basis of Accounting

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

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

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

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

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

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

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

Cash and Investments

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Receivables and Payables

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

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

Property Taxes

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

Property Valuations – are established by the Assessor of the County of Ventura for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100 percent of purchase price or value in 1978 whichever is later. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies – are limited to one percent of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates – are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

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

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, 2015.

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

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

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

Compensated Absences and Post-Employment Benefits

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

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 per year. 40 hours per week employees with up to 1 year of service accrue 88.0 hours per year and those with over 18 years of service accrue up to 160.0 hours per year. Permanent part-time employees receive a pro-rata accrual based on hours worked exceeding 20 hours per week. Maximum accrual is 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 8 hours per month. Permanent part time employees accrue a pro-rata share of these hours based on hours worked exceeding 20 hours per week. Maximum hours allowed as an accrual are 960. Employees can sell back up to 40 hours of sick leave every year, provided they maintain a balance of at least 300 hours. Upon death, retirement, and/or honorable separation from employment, the City will pay 50% of an employee's accumulated sick leave if the employee has at least 5 years of service.

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 2014-15, the City paid \$178,655 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 one item which qualify for reporting in this category; refer to Note 9 for a detailed listing of the deferred outflows of resources the City recognized.

In addition to liabilities, the Statement of Net Position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period. The City has two items which qualify for reporting in this category; refer to Note 7 and Note 9 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.

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's *intent* to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.
- Unassigned fund balance – the residual classification for the City's funds that include amounts not contained in the other classifications.

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

F. Estimates

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

G. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" as well as the requirements of GASB Statement No. 50, "Pension Disclosures." This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of the GASB Statement No. 68 and the impact on the City's financial statements are explained in Note 9-Pension Plan and Note 15-Prior Period Adjustment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. Implementation of the GASB Statement No. 71 and the impact on the City's financial statements are explained in Note 9-Pension Plan and Note 15-Prior Period Adjustment.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, the City Council must approve any revisions that alter the total expenditures of any fund.

3. Formal budgetary integration is employed as a management control device during the fiscal year.
4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.
5. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for this type of fund.
6. Capital projects are budgeted through the Capital Projects Funds. Appropriations for authorized capital projects but not constructed or completed during the fiscal year, are carried forward as continuing appropriations into the following fiscal year's budget.
7. Under Article XIII-B of the California constitution (the GANN Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following fiscal year. For the fiscal year ended June 30, 2015, 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.

CITY OF OJAI
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

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

B. Excess of Expenditures over Appropriation

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

<u>Major Funds</u>	
General Fund:	
City council	\$ 8,702
City attorney	28,029
City clerk	11,630
Police	5,516
Public works-maintenance	64,386
Recreation	33,449
Capital outlay	23,397
Plaza Maintenance Special Revenue Fund:	
Community development	23,379

C. Deficit Fund Balance

The following funds had a deficit fund balance at June 30, 2015:

<u>Major Governmental Fund</u>	
Plaza Maintenance	\$ 311,692

NOTE 3 – CASH AND INVESTMENTS

At June 30, 2015, deposits and investments were reported in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 5,922,177
Cash and investments with fiscal agents	1,261
Fiduciary funds, statement of net position:	
Cash and investments	470,591
	<hr/>
Total cash and investments	\$ 6,394,029
	<hr/> <hr/>

Cash and investments as of June 30, 2015, consist of the following:

Petty cash	\$ 500
Cash in bank	790,999
Investments	5,602,530
	<hr/>
Total cash and investments	\$ 6,394,029
	<hr/> <hr/>

CITY OF OJAI
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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

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.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Total	Remaining Maturity (in months)			
		12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months
State Investment Pool	\$ 113,786	\$ 113,786	\$ -	\$ -	\$ -
Money market funds	5,487,483	5,487,483	-	-	-
Held by Trustee:					
Money market funds	1,261	1,261	-	-	-
Total	\$ 5,602,530	\$ 5,602,530	\$ -	\$ -	\$ -

Investment with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, and the actual rating as of fiscal year end for each investment type.

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
State Investment Pool	\$ 113,786	N/A	\$ -	\$ -	\$ -	\$ 113,786
Money market funds	5,487,483	N/A	-	-	-	5,487,483
Held by Trustee:						
Money market funds	1,261	N/A	-	-	-	1,261
Total	\$ 5,602,530		\$ -	\$ -	\$ -	\$ 5,602,530

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.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

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

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

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City’s investment in this pool is reported in the accompanying basic financial statements at the amounts based upon the City’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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, 2015:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities -	\$ 1,164,157	\$ -	\$ 1,164,157
Accounts receivable, net	<u>\$ 1,164,157</u>	<u>\$ -</u>	<u>\$ 1,164,157</u>
Business - type Activities -	\$ 461,599	\$ -	\$ 461,599
Accounts receivable, net	<u>\$ 461,599</u>	<u>\$ -</u>	<u>\$ 461,599</u>

NOTE 5 – INTERFUND ACTIVITY

The following represents the interfund activity of the City for the fiscal year ended June 30, 2015.

A. Transfers

	<u>Transfers In</u>	<u>Transfers out</u>
Major Governmental Funds:		
General	\$ 227,820	\$ 676,102
Plaza Maintenance	39,643	-
Equipment Replacement	516,278	-
Nonmajor Governmental Funds:		
Transit Equipment Replacement	-	2,280
Gas Tax	-	227,820
Drainage	-	97,000
Bicycle and Pedestrian	-	36,860
Street Lighting	257,041	-
Major Proprietary Fund:		
Transit	-	720
	<u>\$ 1,040,782</u>	<u>\$ 1,040,782</u>

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

B. Advances To/From Other Funds

At June 30, 2015, the funds below had made advances which were not expected to be repaid within the next fiscal year.

	<u>Advances Receivable</u>	<u>Advances Payable</u>
Major Governmental Funds:		
General Fund	\$ 1,315,000	\$ -
Libbey Bowl Maintenance 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, 2015:

	<u>Due from/ Receivable</u>	<u>Due to/ Payable</u>
Major Governmental Funds:		
General	\$ 332,600	\$ -
Plaza Maintenance	-	310,366
Major Proprietary Fund:		
Transit	-	22,234
	<u>\$ 332,600</u>	<u>\$ 332,600</u>

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

NOTE 6 – CAPITAL ASSETS

A. Governmental Activities

Governmental capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Capital assets, not being depreciated:				
Right of way	\$ 750,000	\$ -	\$ -	\$ 750,000
Land	1,400,798	-	-	1,400,798
Artwork	60,982	-	-	60,982
Construction in progress	1,378,044	42,680	(1,378,044)	42,680
Total	<u>3,589,824</u>	<u>42,680</u>	<u>(1,378,044)</u>	<u>2,254,460</u>
Capital assets being depreciated:				
Buildings	15,233,735	46,078	-	15,279,813
Improvements other than buildings	3,329,198	32,067	-	3,361,265
Equipment and machinery	1,038,960	36,004	-	1,074,964
Infrastructure	14,546,902	1,295,420	-	15,842,322
Vehicles	415,541	-	-	415,541
Total	<u>34,564,336</u>	<u>1,409,569</u>	<u>-</u>	<u>35,973,905</u>
Less accumulated depreciation for:				
Buildings	(4,646,389)	(308,951)	-	(4,955,340)
Improvements other than buildings	(1,635,640)	(150,624)	-	(1,786,264)
Equipment and machinery	(609,677)	(75,681)	-	(685,358)
Infrastructure	(11,165,364)	(272,432)	-	(11,437,796)
Vehicles	(381,453)	(5,623)	-	(387,076)
Total	<u>(18,438,523)</u>	<u>(813,311)</u>	<u>-</u>	<u>(19,251,834)</u>
Total, net of accumulated depreciation	<u>16,125,813</u>	<u>596,258</u>	<u>-</u>	<u>16,722,071</u>
Total capital assets, net	<u>\$ 19,715,637</u>	<u>\$ 638,938</u>	<u>\$ (1,378,044)</u>	<u>\$ 18,976,531</u>

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

Public safety	\$ 40,463
Public works	439,764
Community development	75,850
Parks and recreation	57,046
Unallocated	<u>200,188</u>
Total	<u>\$ 813,311</u>

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 6 – CAPITAL ASSETS (Continued)

B. Business-Type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Cemetery Fund:				
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	(8,676)	(246)	-	(8,922)
Total	(8,676)	(246)	-	(8,922)
Total net of accumulated depreciation	3,448	(246)		3,202
Cemetery Fund capital assets, net	\$ 112,348	\$ (246)	\$ -	\$ 112,102

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,600	\$ -	\$ -	\$ 1,600
Total	1,600	-	-	1,600
Capital assets, being depreciated:				
Land improvements	451,153	2,719	-	453,872
Equipment and machinery	138,864	-	-	138,864
Vehicles	912,580	-	-	912,580
Total	1,502,597	2,719	-	1,505,316
Less accumulated depreciation for:				
Land improvements	(82,592)	(22,627)	-	(105,219)
Equipment and machinery	(51,115)	(25,138)	-	(76,253)
Vehicles	(557,103)	(69,969)	-	(627,072)
Total	(690,810)	(117,734)	-	(808,544)
Total net of accumulated depreciation	811,787	(115,015)	-	696,772
Transit Fund capital assets, net	\$ 813,387	\$ (115,015)	\$ -	\$ 698,372

NOTE 6 – CAPITAL ASSETS (Continued)

B. Business-Type Activities (Continued)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Total Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 110,500	\$ -	\$ -	\$ 110,500
Total	110,500	-	-	110,500
Capital assets, being depreciated:				
Land improvements	463,277	2,719	-	465,996
Equipment and machinery	138,864	-	-	138,864
Vehicles	912,580	-	-	912,580
Total	1,514,721	2,719	-	1,517,440
Less accumulated depreciation for:				
Land improvements	(91,268)	(22,873)	-	(114,141)
Equipment and machinery	(51,115)	(25,138)	-	(76,253)
Vehicles	(557,103)	(69,969)	-	(627,072)
Total	(699,486)	(117,980)	-	(817,466)
Total net of accumulated depreciation	815,235	(115,261)	-	699,974
Total Business-type capital assets, net	\$ 925,735	\$ (115,261)	\$ -	\$ 810,474

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

Business-type Activities:

Cemetery	\$ 246
Transit	117,734
Total	<u>\$ 117,980</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, 2016, and as of June 30, 2015, the City had received \$1,297,017, leaving the balance to be collected as of June 30, 2015 of \$17,983.

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, 2015, the Libbey Bowl Maintenance Fund has received facility fees of \$13,350.

NOTE 7 – LOANS RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

Libbey Bowl (Continued)

At June 30, 2015, deferred inflows of resources, reported in the governmental fund financial statements, consisted of the following:

	Libbey Bowl Maintenance Fund
Unavailable revenue	\$ 17,983
	<u>\$ 17,983</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, 2015:

	Balance at July 1, 2014	Additions	Reductions	Prior Period Adjustment	Balance at June 30, 2015	Due Within One Year
Governmental activities:						
Compensated absences	\$ 401,011	\$ 159,385	\$ (194,412)	\$ -	\$ 365,984	\$ 91,496
Net pension liability	1,051,721	1,287,499	(2,056,780)	3,367,307	3,649,747	
OPEB	1,981,429	594,445	(178,665)		2,397,209	
Total governmental	<u>\$ 3,434,161</u>	<u>\$ 2,041,329</u>	<u>\$ (2,429,857)</u>	<u>\$ 3,367,307</u>	<u>\$ 6,412,940</u>	<u>\$ 91,496</u>
Business-type activities:						
Compensated absences						
Transit	\$ 65,417	\$ 58,574	\$ (8,583)	\$ -	\$ 115,408	\$ 28,852
Cemetery	1,656	920	(145)		2,431	608
Net pension liability		147,538	(238,260)	462,465	371,743	
Total business-type	<u>\$ 67,073</u>	<u>\$ 207,032</u>	<u>\$ (246,988)</u>	<u>\$ 462,465</u>	<u>\$ 489,582</u>	<u>\$ 29,460</u>

B. Other Post-employment Benefits (OPEB)

Plan Description:

The City provides post-employment health care benefits through the Public Employees’ Medical and Hospital Care Act (PEMHCA) plan. As a PEMHCA employer, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree’s lifetime or until coverage is discontinued. The City maintains an “equal” resolution with CalPERS (executed January 2011) defining the level of the City’s contribution toward the cost of medical plan premiums for active retired employees to be the PEMHCA minimum employer contribution (MEC). The MEC was \$119 per month in 2015.

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 employments 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).

NOTE 8 – LONG-TERM LIABILITIES (Continued)

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

- 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, 2015, the City paid \$178,655 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.

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	\$ 599,508
Interest on net OPEB obligation	89,164
Adjustment to annual required contribution	(94,227)
Annual OPEB cost (expense)	594,445
Actual contributions made	(178,665)
Increase in net OPEB obligation	415,780
Net OPEB obligation, beginning of the fiscal year	1,981,429
Net OPEB obligation, end of the fiscal year	<u>\$ 2,397,209</u>

NOTE 8 – LONG-TERM LIABILITIES (Continued)

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

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, 2015, 2014, and 2013, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
6/30/2015	\$ 594,445	\$ 178,665	30.06%	\$ 2,397,209
6/30/2014	560,429	157,922	28.18%	1,981,429
6/30/2013	528,539	154,023	29.14%	1,578,922

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.

NOTE 9 – PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions

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

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

Benefits Provided

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

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		
	First Tier	Second Tier	
	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire Date			
Benefit formula	2% @ 55	2% @ 62	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.00% to 2.50%
Required employee contribution rates	7.00%	7.00%	6.25%
Required employer contribution rates	18.263%	8.44%	6.25%
	Safety		
	Prior to January 1, 2013	On or after January 1, 2013	
Hire Date			
Benefit formula	2% @ 50	N/A	
Benefit vesting schedule	5 years service	N/A	
Benefit payments	monthly for life	N/A	
Retirement age	50-55	N/A	
Monthly benefits, as a % of eligible compensation	2.00% to 2.70%	N/A	
Required employee contribution rates	9.00%	N/A	
Required employer contribution rates	27.629%	N/A	

Contributions

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

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

For the fiscal year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions-employer	\$ 286,824	\$ 114,927
Contributions-employee (paid by employer)	117,353	N/A

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

At June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net position liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 3,398,010
Safety	623,480
	<u>\$ 4,021,490</u>

The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2014, the City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and June 30, 2014 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion-June 30, 2013	0.05244%	0.00812%
Proportion-June 30, 2014	0.05461%	0.01002%
Change-Increase (Decrease)	0.00217%	0.00190%

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$491,850. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on retirement plan investments	-	859,895
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	546,420	-
Adjustment due to differences in proportion	36,720	9,574
	<u>\$ 583,140</u>	<u>\$ 869,469</u>

NOTE 9 – PENSION PLAN (Continued)

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

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

\$546,420 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Fiscal year Ending June 30,	Amount
2016	\$ (205,279)
2017	(205,279)
2018	(207,218)
2019	(214,973)
	<u>\$ (832,749)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3%	3%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.50%	7.50%
Mortality	Derived using CalPERS' Membership Data for all Funds (1)	Derived using CalPERS' Membership Data for all Funds (1)

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2014 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

NOTE 9 – PENSION PLAN (Continued)

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

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

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

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

NOTE 9 – PENSION PLAN (Continued)

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

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

The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1- percentage point higher (8.5 percent) than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 5,415,802	\$ 801,371
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 3,398,010	\$ 623,480
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 1,723,435	\$ 476,906

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plan

At June 30, 2015, the City had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2015.

NOTE 10 – 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 10 – 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.

NOTE 10 – 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 2014-15.

As of June 30, 2015, 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 11 – 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.

NOTE 12 – 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, 2015.

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, 2015

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, 2015 are as follows:

	General Fund	Plaza Maintenance Fund	Equipment Replacement Fund	Libbey Bowl Maintenance Fund	Other Governmental Funds	Total
<u>Nonspendable:</u>						
Prepaid items	\$ 4,714	\$ -	\$ -	\$ -	\$ -	\$ 4,714
Advances to other funds	1,315,000	-	-	-	-	1,315,000
Due from successor agency	3,352,932	-	-	-	-	3,352,932
Total Nonspendable	<u>4,672,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,672,646</u>
<u>Restricted for:</u>						
Community development	-	-	-	-	246	246
Libraries	-	-	-	-	31,264	31,264
Libbey Bowl deferred maintenance	-	-	-	100	-	100
Streets, bikeways, parks, and other related purposes	-	-	-	-	384,210	384,210
Transit	-	-	-	-	110,939	110,939
Employee benefits	1,261	-	-	-	-	1,261
Total Restricted	<u>1,261</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>526,659</u>	<u>528,020</u>
<u>Committed for:</u>						
OPEB	100,000	-	-	-	-	100,000
Total Assigned	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<u>Assigned for:</u>						
HE contract services	50,000	-	-	-	-	50,000
Equipment replacement	-	-	1,178,281	-	-	1,178,281
Total committed	<u>50,000</u>	<u>-</u>	<u>1,178,281</u>	<u>-</u>	<u>-</u>	<u>1,228,281</u>
Unassigned:	2,222,741	(311,692)	-	-	-	1,911,049
Total Fund Balances (Deficits)	<u>\$ 7,046,648</u>	<u>\$ (311,692)</u>	<u>\$ 1,178,281</u>	<u>\$ 100</u>	<u>\$ 526,659</u>	<u>\$ 8,439,996</u>

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, 2015, 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, 2015.

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, 2015, 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, 2014 through June 30, 2015 was 0.307% which resulted in accrued interest on the agreement of \$9,999. The outstanding balance of the settlement agreement at June 30, 2015 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
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, 2015 was \$3,352,932.

CITY OF OJAI
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2015

NOTE 14 – SUCCESSOR AGENCY (Continued)

Changes in Long-Term Liabilities

Long term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance at July 1, 2014	Additions	Reductions	Prior Period Adjustment	Balance at June 30, 2015	Due Within One Year
Settlement Agreement with County of Ventura	\$ 837,000	\$ -	\$ -	\$ -	\$ 837,000	\$ -
Loans Payable to City of Ojai	5,220,258	-	(231,575)	(1,635,751)	3,352,932	-
Total Successor Agency	\$ 6,057,258	\$ -	\$ (231,575)	\$ (1,635,751)	\$ 4,189,932	\$ -

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, 2015, 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, 2015, was \$25,098, which will also increase annually by the CPI.

Future annual lease payments are as follows:

Fiscal Year Ending June 30,	Amount
2016	\$ 25,500
2017	25,500
2018	25,500
2019	25,500
2020	25,500
2021-2025	102,000
	<u>\$ 229,500</u>

Prior Period Adjustment

A prior period adjustment of \$(1,635,751) was made to the loans payable to the City of Ojai to match the Department of Finance required interest rate.

NOTE 15 – PRIOR PERIOD ADJUSTMENT

Prior period adjustments consisted of the following:

	<u>Statement of Activities</u>		<u>Fund Statements</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Governmental Activities:				
Implementation of GASB No. 68 and No. 71	\$ -	\$ -	\$ -	\$ -
Deferred outflows	474,887	-	-	-
Net pension liability	(3,367,307)	-	-	-
Governmental Funds:				
General Fund				
Adjustment to the Successor Agency loans receivable to match the Department of Finance required interest rate.	(1,635,751)	-	(1,635,751)	-
Transit Equipment Replacement Fund				
Difference between the amount recognized as revenue in the prior year and the amount that should have been deferred.	(195,000)	-	(195,000)	-
Proprietary Funds:				
Transit Fund				
Implementation of GASB No. 68 and No. 71				
Deferred outflows	-	40,859	-	40,859
Net pension liability	-	(427,339)	-	(427,339)
The difference between the amount recorded as a payable in prior year and the actual amount due	-	53,099	-	53,099
Cemetery Fund				
Implementation of GASB No. 68 and No. 71				
Deferred outflows	-	3,358	-	3,358
Net pension liability	-	(35,126)	-	(35,126)
	<u>\$ (4,723,171)</u>	<u>\$ (365,149)</u>	<u>\$ (1,830,751)</u>	<u>\$ (365,149)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 1,468,814	\$ 1,637,234	\$ 1,572,362	\$ (64,872)
Sales	1,315,000	1,315,000	1,503,714	188,714
Transient occupancy tax	2,272,768	2,272,768	2,393,461	120,693
Licenses, permits, and fees	949,817	1,074,817	1,161,746	86,929
Fines and forfeitures	17,675	17,675	18,035	360
Use of money and property	8,000	8,000	11,364	3,364
Intergovernmental:				
Other	489,781	489,781	373,675	(116,106)
Motor vehicle in lieu	673,900	673,900	705,980	32,080
Charges for services	777,652	777,652	914,767	137,115
Other revenue	36,010	36,010	13,794	(22,216)
Total revenues	8,009,417	8,302,837	8,668,898	366,061
EXPENDITURES				
Current:				
General government:				
City council	286,609	333,909	342,611	(8,702)
City manager	479,183	579,183	548,866	30,317
City treasurer	1,361	1,361	1,339	22
City attorney	105,600	105,600	133,629	(28,029)
City finance	781,619	950,039	805,145	144,894
City clerk	187,281	187,281	198,911	(11,630)
Total general government	1,841,653	2,157,373	2,030,501	126,872
Public safety:				
Police	3,142,784	3,142,784	3,148,300	(5,516)
Total public safety	3,142,784	3,142,784	3,148,300	(5,516)
Public works:				
General Admin/Engineering	429,263	429,263	404,296	24,967
Maintenance	1,087,846	1,087,846	1,152,232	(64,386)
Total public works	1,517,109	1,517,109	1,556,528	(39,419)
Community development	569,346	809,346	728,558	80,788
Parks and recreation:				
Recreation	766,039	739,398	772,847	(33,449)
Total parks and recreation	766,039	739,398	772,847	(33,449)

(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, 2015
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Capital outlay	2,700	2,700	26,097	(23,397)
Total expenditures	7,839,631	8,368,710	8,262,831	105,879
Excess of revenues over (under) expenditures	169,786	(65,873)	406,067	471,940
OTHER FINANCING SOURCES (USES)				
Transfers in	227,820	227,820	227,820	-
Transfers out	(400,229)	(676,102)	(676,102)	-
Total other financing sources (uses)	(172,409)	(448,282)	(448,282)	-
Net change in fund balance	(2,623)	(514,155)	(42,215)	471,940
Fund balance - July 1, 2014	8,724,614	8,724,614	8,724,614	-
Prior period adjustment	-	-	(1,635,751)	(1,635,751)
Fund balance - July 1, 2014, restated	8,724,614	8,724,614	7,088,863	(1,635,751)
Fund balance - June 30, 2015	<u>\$ 8,721,991</u>	<u>\$ 8,210,459</u>	<u>\$ 7,046,648</u>	<u>\$ (1,163,811)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other taxes and assessments	\$ 138,631	\$ 138,631	\$ 130,034	\$ (8,597)
Use of money and property	2,600	2,600	2,600	-
Total revenues	141,231	141,231	132,634	(8,597)
EXPENDITURES				
Current:				
Community development	147,276	147,276	170,655	(23,379)
Total expenditures	147,276	147,276	170,655	(23,379)
Excess of revenues over (under) expenditures	(6,045)	(6,045)	(38,021)	(31,976)
OTHER FINANCING SOURCES (USES)				
Transfers in	39,643	39,643	39,643	-
Total other financing sources (uses)	39,643	39,643	39,643	-
Net change in fund balance	33,598	33,598	1,622	(31,976)
Fund balance - July 1, 2014	(313,314)	(313,314)	(313,314)	-
Fund balance - June 30, 2015	<u>\$ (279,716)</u>	<u>\$ (279,716)</u>	<u>\$ (311,692)</u>	<u>\$ (31,976)</u>

CITY OF OJAI

Schedule of Funding Progress for Post Employment Benefits Other Than Pension
For the Fiscal Year Ended June 30, 2015

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%

CITY OF OJAI

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Miscellaneous Plan

Last 10 Years*

As of June 30, 2015

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

	<u>2015</u>
Proportion of the net pension liability	0.05461%
Proportionate share of the net pension liability	\$ 3,398,010
Covered- employee payroll	\$ 1,729,126
Proportionate share of the net pension liability as percentage of covered-employee payroll	196.52%
Plan's total pension liability	\$ 13,110,948,452
Plan's fiduciary net position	\$ 10,639,461,174
Plan fiduciary net position as a percentage of the total pension liability	81.15%

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF OJAI

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Safety Plan

Last 10 Years*

As of June 30, 2015

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

	<u>2015</u>
Proportion of the net pension liability	0.01002%
Proportionate share of the net pension liability	\$ 623,480
Covered- employee payroll	\$ -
Proportionate share of the net pension liability as percentage of covered-employee payroll	N/A
Plan's total pension liability	\$ 17,719,018,179
Plan's fiduciary net position	\$ 13,968,041,341
Plan fiduciary net position as a percentage of the total pension liability	78.83%

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF OJAI
SCHEDULE OF CONTRIBUTIONS
 Miscellaneous Plan
 Last 10 Years*
 As of June 30, 2015

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

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 428,966
Contribution in relation to the actuarially determined contributions	<u>(428,966)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered- employee payroll	\$ 1,920,727
Contributions as a percentage of covered-employee payroll	22.33%

Notes to Schedule

Valuation Date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market
Amortization method	Level percentage of payroll, closed
Discount rate	7.50%
Price Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality	Derived using CalPERS' Membership data for all funds.
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF OJAI
SCHEDULE OF CONTRIBUTIONS
 Safety Plan
 Last 10 Years*
 As of June 30, 2015

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

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 117,454
Contribution in relation to the actuarially determined contributions	<u>(117,454)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered- employee payroll	\$ -
Contributions as a percentage of covered-employee payroll	N/A
Notes to Schedule	
Valuation Date:	6/30/2013
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market
Discount rate	7.50%
Price Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality	Derived using CalPERS' Membership data for all funds.
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

SUPPLEMENTAL INFORMATION SECTION

**CITY OF OJAI
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

The **Transportation Development Act Fund** is used to account for 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, 2015

	Special Revenue Funds			
	Transit Equipment Replacement	Gas Tax	Drainage	Bicycle and Pedestrian
ASSETS				
Cash and investments	\$ 261,546	\$ 23,996	\$ 174,092	\$ 126,760
Accounts receivable, net	-	21,471.00	-	-
Interest receivable	-	-	-	-
Total assets	<u>\$ 261,546</u>	<u>\$ 45,467</u>	<u>\$ 174,092</u>	<u>\$ 126,760</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	195,000	-	-	-
Total liabilities	<u>195,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	<u>66,546</u>	<u>45,467</u>	<u>174,092</u>	<u>126,760</u>
Total fund balances (deficit)	<u>66,546</u>	<u>45,467</u>	<u>174,092</u>	<u>126,760</u>
Total liabilities and fund balances	<u>\$ 261,546</u>	<u>\$ 45,467</u>	<u>\$ 174,092</u>	<u>\$ 126,760</u>

Special Revenue Funds				Capital Projects Fund	
Street Lighting	Transportation Development Act	Community Development Block Grant	Library Special Tax	Park Acquisition	Totals
\$ 20,920	\$ 44,393	\$ 246	\$ 37,439	\$ 22,364	\$ 711,756
1,658.00	-	-	20,325.00	-	43,454.00
-	-	-	-	-	-
<u>\$ 22,578</u>	<u>\$ 44,393</u>	<u>\$ 246</u>	<u>\$ 57,764</u>	<u>\$ 22,364</u>	<u>\$ 755,210</u>
\$ 5,068	\$ -	\$ -	\$ 26,500	\$ 1,983	\$ 33,551
-	-	-	-	-	195,000
<u>5,068</u>	<u>-</u>	<u>-</u>	<u>26,500</u>	<u>1,983</u>	<u>228,551</u>
<u>17,510</u>	<u>44,393</u>	<u>246</u>	<u>31,264</u>	<u>20,381</u>	<u>526,659</u>
<u>17,510</u>	<u>44,393</u>	<u>246</u>	<u>31,264</u>	<u>20,381</u>	<u>526,659</u>
<u>\$ 22,578</u>	<u>\$ 44,393</u>	<u>\$ 246</u>	<u>\$ 57,764</u>	<u>\$ 22,364</u>	<u>\$ 755,210</u>

CITY OF OJAI
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds			
	Transit Equipment Replacement	Gas Tax	Drainage	Bicycle and Pedestrian
REVENUES				
Other taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	426	845	363
Intergovernmental:				
Other	-	234,721	-	60,454
Charges for services	-	-	7,024	-
Other revenue	15,000	-	-	-
Total revenues	15,000	235,147	7,869	60,817
EXPENDITURES				
Current:				
Public works	-	-	2,835	-
Parks and recreation	-	-	-	-
Libraries	-	-	-	-
Total expenditures	-	-	2,835	-
Excess of revenues over (under) expenditures	15,000	235,147	5,034	60,817
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,280)	(227,820)	(97,000)	(36,860)
Total other financing sources (uses)	(2,280)	(227,820)	(97,000)	(36,860)
Net change in fund balances	12,720	7,327	(91,966)	23,957
Fund balances (deficit) - July 1, 2014	248,826	38,140	266,058	102,803
Prior period adjustment	(195,000)	-	-	-
Fund balances (deficit) - July 1, 2014	53,826	38,140	266,058	102,803
Fund balances (deficit) - June 30, 2015	<u>\$ 66,546</u>	<u>\$ 45,467</u>	<u>\$ 174,092</u>	<u>\$ 126,760</u>

Special Revenue Funds				Capital Projects Fund	
Street Lighting	Transportation Development Act	Community Development Block Grant	Library Special Tax	Park Acquisition	Totals
\$ 88,047	\$ -	\$ -	\$ 109,016	\$ -	\$ 197,063
41	-	-	81	70	1,826
-	139	-	-	-	295,314
-	-	-	-	210	7,234
-	-	-	-	-	15,000
<u>88,088</u>	<u>139</u>	<u>-</u>	<u>109,097</u>	<u>280</u>	<u>516,437</u>
78,387	-	-	-	-	81,222
-	-	-	-	2,230	2,230
-	-	-	106,000	-	106,000
<u>78,387</u>	<u>-</u>	<u>-</u>	<u>106,000</u>	<u>2,230</u>	<u>189,452</u>
9,701	139	-	3,097	(1,950)	326,985
257,041	-	-	-	-	257,041
-	-	-	-	-	(363,960)
<u>257,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,919)</u>
266,742	139	-	3,097	(1,950)	220,066
(249,232)	44,254	246	28,167	22,331	501,593
-	-	-	-	-	(195,000)
<u>(249,232)</u>	<u>44,254</u>	<u>246</u>	<u>28,167</u>	<u>22,331</u>	<u>306,593</u>
<u>\$ 17,510</u>	<u>\$ 44,393</u>	<u>\$ 246</u>	<u>\$ 31,264</u>	<u>\$ 20,381</u>	<u>\$ 526,659</u>

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, 2015

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Other	\$ 15,000	\$ 15,000	\$ -
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(3,000)</u>	<u>(2,280)</u>	<u>720</u>
Total other financing sources (uses)	<u>(3,000)</u>	<u>(2,280)</u>	<u>720</u>
Net change in fund balance	<u>12,000</u>	<u>12,720</u>	<u>720</u>
Fund balance - July 1, 2014	248,826	248,826	-
Prior period adjustment	<u>-</u>	<u>(195,000)</u>	<u>(195,000)</u>
Fund balance - July 1, 2014	<u>248,826</u>	<u>53,826</u>	<u>(195,000)</u>
Fund balance - June 30, 2015	<u>\$ 260,826</u>	<u>\$ 66,546</u>	<u>\$ (194,280)</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, 2015

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Other	\$ 244,347	\$ 234,721	\$ (9,626)
Use of money and property	365	426	61
Total revenues	<u>244,712</u>	<u>235,147</u>	<u>(9,565)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(227,820)</u>	<u>(227,820)</u>	<u>-</u>
Total other financing sources (uses)	<u>(227,820)</u>	<u>(227,820)</u>	<u>-</u>
Net change in fund balance	16,892	7,327	(9,565)
Fund balance - July 1, 2014	<u>38,140</u>	<u>38,140</u>	<u>-</u>
Fund balance - June 30, 2015	<u><u>\$ 55,032</u></u>	<u><u>\$ 45,467</u></u>	<u><u>\$ (9,565)</u></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, 2015

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	\$ 15,000	\$ 7,024	\$ (7,976)
Use of money and property	1,150	845	(305)
 Total revenues	 16,150	 7,869	 (8,281)
EXPENDITURES			
Current:			
Public works	2,836	2,835	1
 Total expenditures	 2,836	 2,835	 1
 Excess of revenues over (under) expenditures	 13,314	 5,034	 (8,280)
OTHER FINANCING SOURCES (USES)			
Transfers out	(97,000)	(97,000)	-
 Total other financing sources (uses)	 (97,000)	 (97,000)	 -
 Net change in fund balance	 (83,686)	 (91,966)	 (8,280)
Fund balance - July 1, 2014	266,058	266,058	-
Fund balance - June 30, 2015	<u>\$ 182,372</u>	<u>\$ 174,092</u>	<u>\$ (8,280)</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, 2015

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Use of money and property	\$ 400	\$ 363	\$ (37)
Intergovernmental:			
Other	182,387	60,454	(121,933)
Total revenues	182,787	60,817	(121,970)
OTHER FINANCING SOURCES (USES)			
Transfers out	(182,387)	(36,860)	145,527
Total other financing sources (uses)	(182,387)	(36,860)	145,527
Net change in fund balance	400	23,957	23,557
Fund balance - July 1, 2014	102,803	102,803	-
Fund balance - June 30, 2015	<u>\$ 103,203</u>	<u>\$ 126,760</u>	<u>\$ 23,557</u>

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET LIGHTING FUND
For the Fiscal Year Ended June 30, 2015

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Other taxes and assessments	\$ 88,953	\$ 88,047	\$ (906)
Use of money and property	-	41	41
Total revenues	88,953	88,088	(865)
EXPENDITURES			
Public works	96,762	78,387	18,375
Total expenditures	96,762	78,387	18,375
Excess of revenues over (under) expenditures	(7,809)	9,701	17,510
OTHER FINANCING SOURCES (USES)			
Transfers in	7,809	257,041	249,232
Total other financing sources (uses)	7,809	257,041	249,232
Net change in fund balance	-	266,742	266,742
Fund balance - July 1, 2014	(249,232)	(249,232)	-
Fund balance - June 30, 2015	<u>\$ (249,232)</u>	<u>\$ 17,510</u>	<u>\$ 266,742</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, 2015

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Other	\$ -	\$ 139	\$ 139
Total revenues	-	139	139
Net change in fund balance	-	139	139
Fund balance - July 1, 2014	44,254	44,254	-
Fund balance - June 30, 2015	<u>\$ 44,254</u>	<u>\$ 44,393</u>	<u>\$ 139</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, 2015

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Other	\$ -	\$ -	\$ -
Total revenues	-	-	-
EXPENDITURES			
Capital outlay	-	-	-
Total expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance - July 1, 2014	246	246	-
Fund balance - June 30, 2015	<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, 2015

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Other taxes and assessments	\$ 99,260	\$ 109,016	\$ 9,756
Use of money and property	100	81	(19)
Total revenues	<u>99,360</u>	<u>109,097</u>	<u>9,737</u>
EXPENDITURES			
Current:			
Libraries	<u>106,000</u>	<u>106,000</u>	<u>-</u>
Total expenditures	<u>106,000</u>	<u>106,000</u>	<u>-</u>
Net change in fund balance	(6,640)	3,097	9,737
Fund balance - July 1, 2014	<u>28,167</u>	<u>28,167</u>	<u>-</u>
Fund balance - June 30, 2015	<u><u>\$ 21,527</u></u>	<u><u>\$ 31,264</u></u>	<u><u>\$ 9,737</u></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, 2015

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Use of money and property	\$ 5	\$ 70	\$ 65
Charges for services	1,100	210	(890)
 Total revenues	 1,105	 280	 (825)
EXPENDITURES			
Current:			
Parks	-	2,230	(2,230)
 Total expenditures	 -	 2,230	 (2,230)
 Net change in fund balance	 1,105	 (1,950)	 (3,055)
 Fund balance - July 1, 2014	 22,331	 22,331	 -
 Fund balance - June 30, 2015	 <u>\$ 23,436</u>	 <u>\$ 20,381</u>	 <u>\$ (3,055)</u>

CITY OF OJAI
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2015

	Housing Successor Agency	RDA Successor Agency	Total
ASSETS			
Cash and investments	\$ 143,745	\$ 292,163	\$ 435,908
Notes receivable	1,427,612	-	1,427,612
Land	305,888	-	305,888
	<hr/>	<hr/>	<hr/>
Total assets	1,877,245	292,163	2,169,408
LIABILITIES			
Accounts payable	2,123	2,129	4,252
Accrued liabilities	-	1,032	1,032
Accrued interest payable	-	9,999	9,999
Loans payable - City of Ojai	-	3,352,932	3,352,932
Unearned revenue	-	252,453	252,453
Due to County of Ventura	-	837,000	837,000
	<hr/>	<hr/>	<hr/>
Total liabilities	2,123	4,455,545	4,457,668
NET POSITION			
Held in trust	<u>\$ 1,875,122</u>	<u>\$ (4,163,382)</u>	<u>\$ (2,288,260)</u>

CITY OF OJAI
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2015

	Housing Successor Agency	RDA Successor Agency	Total
ADDITIONS:			
Property taxes	\$ 46,315	\$ 614,128	\$ 660,443
Use of money and property	513	467	980
Total additions	<u>46,828</u>	<u>614,595</u>	<u>661,423</u>
DEDUCTIONS			
Community development	<u>25,478</u>	<u>243,435</u>	<u>268,913</u>
Total deductions	<u>25,478</u>	<u>243,435</u>	<u>268,913</u>
Change in net position	<u>21,350</u>	<u>371,160</u>	<u>392,510</u>
Total net position-beginning of fiscal year	1,853,772	(6,170,293)	(4,316,521)
Prior period adjustment	<u>1,635,751</u>	<u>1,635,751</u>	<u>1,635,751</u>
Total net position-beginning of fiscal year, restated	<u>1,853,772</u>	<u>(4,534,542)</u>	<u>(2,680,770)</u>
Total net position-end of fiscal year	<u>\$ 1,875,122</u>	<u>\$ (4,163,382)</u>	<u>\$ (2,288,260)</u>