



# CITY OF OJAI

## Audited Financials

### Fiscal Year 2019-2020



**CITY OF OJAI  
CALIFORNIA**

**FINANCIAL STATEMENTS  
JUNE 30, 2020**

## CITY OF OJAI

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## **FINANCIAL SECTION**

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

## INDEPENDENT AUDITOR'S REPORT

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### 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, 2020, 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.

### Auditor's 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Supplemental Information*

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, and the budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 to 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13 2021, 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.

*Rogers, Anderson, Maloofy & Scott, LLP.*

San Bernardino, California  
January 13, 2021

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## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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This section of the City of Ojai's annual financial report presents management's discussion and analysis of the financial performance of the City for the fiscal year ended June 30, 2020. 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 as of June 30, 2020 by \$21.8 million (total net position). The net position invested in capital assets was approximately \$21.0 million (96.4%), the unrestricted net position (deficit) was approximately (\$2.0 million) (-9.4%) and approximately \$2.8 million (13.0%) was restricted. The unrestricted total net position at June 30, 2020 decreased approximately (\$1.7 million) from the prior year, while the restricted net position increased approximately \$2.2 million due to a reclassification of the Housing Successor Fund.
- At June 30, 2020, fund balances in the City's governmental funds totaled approximately \$8.6 million, an increase of approximately \$1.0 million from the prior year. Governmental fund assets totaled \$11.1 million, an increase of approximately \$2.0 million from the prior year balance, and governmental funds liabilities totaled \$2.6 million, an increase of approximately \$1.0 million from the prior year balance.
- At June 30, 2020, the "Unassigned" fund balance in the City's General Fund was \$2.9 million, (approximately 31.1% of total General Fund operating expenditures for the current fiscal year). The balance decreased by approximately \$1.2 million from the \$4.1 million June 30, 2019. Unassigned Fund Balance, (which was approximately 42.1% of total General Fund operating expenditures).
- As shown in Note 8, non-current liabilities of the governmental and business-type activities total \$8.4 million, a decrease of approximately \$815,000 from the prior year. In FY 19-20 City of Ojai governmental and business type revenues decreased from prior year by \$0.6 million and \$0.6 million, respectively. The big three revenue sources, property tax, sales tax increased by \$96,150, \$5,900, respectively; and TOT decreased by (\$686,000).
- The City implemented Governmental Accounting Standards Board ("GASB") Statement 75 ("GASB 75") FY 17-18, which increased the OPEB liability that is required to be included in the financial statements and City accounts. The discount rate on pension costs and liabilities have had a significant impact on the liabilities shown in the statements and notes. In FY 19-20, the Pension liability increased by \$222,000, but Other Post-Employment Benefits ("OPEB") liability decreased by approximately \$1.0 million.

#### **Overview of the Financial Statements**

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

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

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

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

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 20 - 22 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 fifteen (15) separate governmental funds. The basic governmental funds' financial statements are found on pages 23 and 25. The General Fund, and Capital Improvements Fund, are considered "major funds" and information for these funds is presented separately in the governmental funds statements.

Data from the other thirteen (13) governmental funds are combined into a single aggregated amount and is shown under the caption of Other Governmental Funds. Data for each of these non-major governmental funds is provided in the form of combining statements and can be found on pages 89-96 in the Other Supplemental Information section of this report.

**Proprietary funds:** Enterprise funds are presented as business-type activities on pages 27-29 of this report. The City maintains two individual enterprise funds to account for its local transit services and its public cemetery operations.

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

**Fiduciary funds:** Fiduciary funds are used to account for situations where the City's role is purely custodial. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. All assets reported in agency funds are offset by liabilities. The fiduciary funds' financial statements can be found on pages 30 and 31 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 32 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 81-86 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Position**

Table 1 provides information on the City's financial positions as of June 30, 2020 and 2019. As noted earlier, the changes in net position may serve over time as a useful indicator of a government's financial position. The total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources for all city activities by approximately \$21.8 and \$20.4 million for the years ended June 30, 2020 and 2019, respectively. The City's total net financial position increased by approximately \$1.4 million from the previous year. This increase is a reclassification of a restricted Successor Agency Housing from an Agency Trust Fund to a Governmental fund. Without this transfer, the total net financial position would be a decrease of \$416,000 from prior year.

As previously noted, approximately 96.4% of the net position in the City's Governmental Activities is net investment in capital assets at the end of the current year. This net investment in capital assets (net of accumulated depreciation) increased 4.7% (\$0.9 million) from the previous year. Most of this increase was the result of infrastructure projects being completed, the majority of these projects were part of the ongoing improvements to the City's streets. The City uses capital assets to provide services to citizens and they are not available for future spending. With the exception of business-type assets, most capital assets do not generate direct revenue for the City. Although the City's investment in capital assets is reported net of related debt, it should be noted that there is no debt associated with the capital assets of the governmental or business-type activities.

TABLE 1

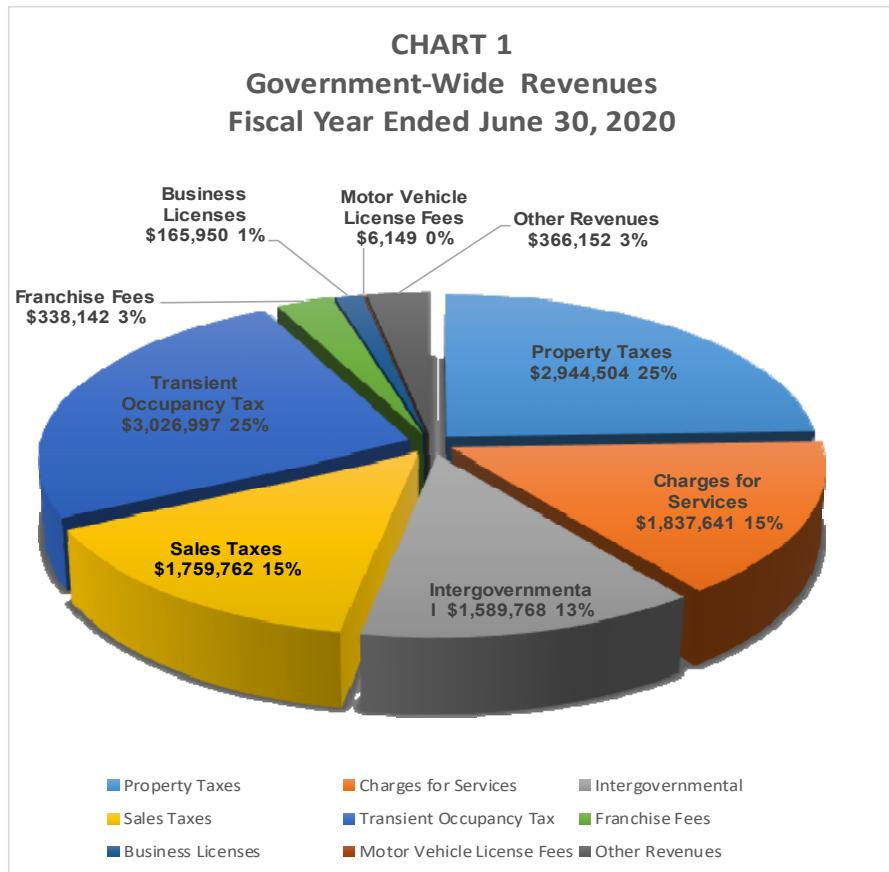
CITY OF OJAI STATEMENT OF NET POSITION JUNE 30, 2020 AND 2019						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
Current and other assets	\$ 8,997,644	\$ 6,770,323	\$ 387,720	\$ 708,810	\$ 9,385,364	\$ 7,479,133
Due from successor agency	2,020,620	2,242,407	-	-	2,020,620	2,242,407
Capital assets	20,061,107	19,167,233	964,833	894,366	21,025,940	20,061,599
Total assets	<u>31,079,371</u>	<u>28,179,963</u>	<u>1,352,553</u>	<u>1,603,176</u>	<u>32,431,924</u>	<u>29,783,139</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions	1,301,875	1,468,155	91,995	80,733	1,393,870	1,548,888
Related to OPEB	226,515	298,647	16,006	11,574	242,521	310,221
Total deferred outflows	<u>1,528,390</u>	<u>1,766,802</u>	<u>108,001</u>	<u>92,307</u>	<u>1,636,391</u>	<u>1,859,109</u>
<b>LIABILITIES</b>						
Long-Term liabilities	7,885,859	8,671,022	560,894	517,299	8,446,753	9,188,321
Other liabilities	2,456,689	1,564,292	73,101	43,952	2,529,790	1,608,244
Total liabilities	<u>10,342,548</u>	<u>10,235,314</u>	<u>633,995</u>	<u>561,251</u>	<u>10,976,543</u>	<u>10,796,565</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions	423,961	446,991	29,958	22,152	453,919	469,143
Related to OPEB	773,333	-	54,647	-	827,980	-
	<u>1,197,294</u>	<u>446,991</u>	<u>84,605</u>	<u>22,152</u>	<u>1,281,899</u>	<u>469,143</u>
<b>NET POSITIONS</b>						
Net investment in capital asset	20,061,107	19,167,233	964,833	894,366	21,025,940	20,061,599
Restricted	3,042,844	846,433	-	-	3,042,844	846,433
Unrestricted	(2,036,032)	(749,206)	(222,879)	217,714	(2,258,911)	(531,492)
Total net position	<u>\$ 21,067,919</u>	<u>\$ 19,264,460</u>	<u>\$ 741,954</u>	<u>\$ 1,112,080</u>	<u>\$ 21,809,873</u>	<u>\$ 20,376,540</u>

As shown in Table 1, approximately \$3.0 million 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, and \$20.1 million in net investment in capital assets. The remaining portion of net position is unrestricted and represents resources that can be used to meet the government's ongoing obligations to citizens and creditors. The governmental activities unrestricted portion is currently negative by approximately \$2.0 million. Total City's long-term liabilities amounted to \$8.45 million. Of the \$8.45 million, \$263,000 is due to compensated absences (i.e. vacation and sick leave), \$2.8 million is from OPEB retiree medical coverage (a decrease of approximately \$1.0 million), and \$5.4 million is due to net pension liabilities (an increase of approximately \$222,000). The OPEB and pension liabilities are determined by actuarial studies based on many factors including: funds set aside in trust to pay future liabilities, the discount rate (assumed rate of return on investment plan assets) used in the computation, retiree longevity, current salaries of employees, benefit formulas, and actual investment returns on plan assets.

The City has taken several steps to reduce the liability for retiree-health benefits. As discussed in Note 10, City Council has reduced benefits for future retirees to reduce the OPEB liability. Additionally, the City began funding a trust to pay for future retiree-health benefits at a rate of \$100,000 per year beginning in fiscal year 2015. Due to the coronavirus pandemic effects on revenue, at the recommendation of staff, City Council did not fund the \$100,000 in FY 19-20. At June 30, 2020, the balance in the trust totaled approximately \$617,000.

## **Statement of Activities**

Table 2 provides information on the City's operations in the Statement of Activities for fiscal years ended June 30, 2020 and 2019.



### **Governmental Activities Revenue**

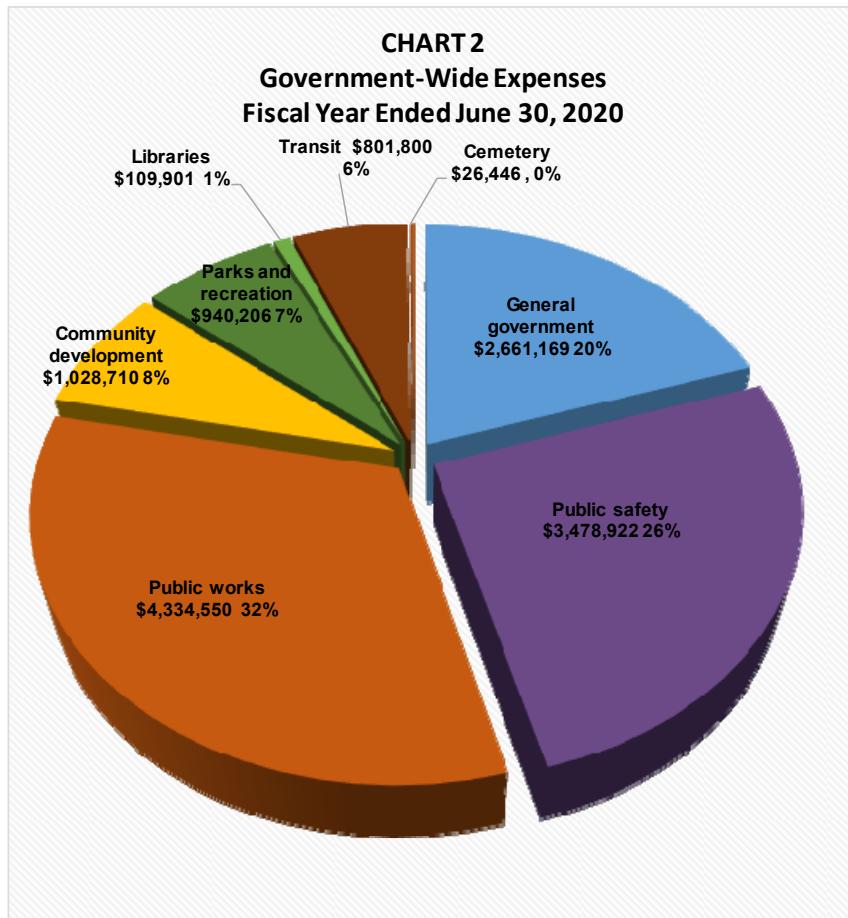
Revenues of the Governmental Activities include charges for services, contributions and grants, taxes, intergovernmental revenues, and other revenues. Total revenue for Governmental Activities was approximately \$11.4 million, a decrease of approximately (\$0.6 million) (5.0%) from the previous year's revenues. Tax revenues totaled \$7.7 million, a decrease of \$557,000 (6.7%) from the prior year. TOT, sales tax, and property tax ("Big Three") revenues accounted for approximately 64.2% of total revenues. TOT revenues accounted for approximately 25.2% of total revenues. Sales tax revenues increased by \$5,900 (0.3%) from the prior year. Property tax revenues accounted for approximately 24.5% of total revenues; property tax revenues increased \$123,000 (4.5%) from the prior year.

TABLE 2						
CITY OF OJAI STATEMENT OF ACTIVITIES JUNE 30, 2020 AND 2019						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Charges for services	\$ 1,720,237	\$ 2,378,482	\$ 117,404	\$ 114,322	\$ 1,837,641	\$ 2,492,804
Operating contributions and grants	248,861	630,499	467,023	1,056,411	715,884	1,686,910
Capital contributions and grants	873,884	308,331	-	-	873,884	308,331
Property taxes	2,944,504	2,821,302	-	-	2,944,504	2,821,302
Sales taxes	1,759,762	1,753,908	-	-	1,759,762	1,753,908
Transient occupancy taxes	3,026,997	3,713,450	-	-	3,026,997	3,713,450
Franchise fees	338,142	-	-	-	338,142	-
Business licenses	165,950	127,489	-	-	165,950	127,489
Motor vehicle license fees	6,149	-	-	-	6,149	-
Investment earnings	187,036	141,610	5,858	5,782	192,894	147,392
Miscellaneous	173,258	175,595	-	11,850	173,258	187,445
Total revenues	<u>11,444,780</u>	<u>12,050,666</u>	<u>590,285</u>	<u>1,188,365</u>	<u>12,035,065</u>	<u>13,239,031</u>
<b>Expenses:</b>						
General government	2,661,169	2,613,420	-	-	2,661,169	2,613,420
Public safety	3,478,922	3,585,337	-	-	3,478,922	3,585,337
Public works	4,334,550	3,273,649	-	-	4,334,550	3,273,649
Community development	1,028,710	1,248,118	-	-	1,028,710	1,248,118
Parks & recreation	940,206	1,224,410	-	-	940,206	1,224,410
Libraries	109,901	111,620	-	-	109,901	111,620
Unallocated depreciation	-	586,917	-	-	-	586,917
Transit activities	-	-	801,800	864,227	801,800	864,227
Cemetery activities	-	-	26,446	14,134	26,446	14,134
Total expenses	<u>12,553,458</u>	<u>12,643,471</u>	<u>828,246</u>	<u>878,361</u>	<u>13,381,704</u>	<u>13,521,832</u>
Net revenue over (under) expenses before transfers	(1,108,678)	(592,805)	(237,961)	310,004	(1,346,639)	(282,801)
Transfers	<u>4,620</u>	<u>(213,973)</u>	<u>(4,620)</u>	<u>213,973</u>	<u>-</u>	<u>-</u>
	<u>(1,104,058)</u>	<u>(806,778)</u>	<u>(242,581)</u>	<u>523,977</u>	<u>(1,346,639)</u>	<u>(282,801)</u>
Net position - beginning of year	19,264,460	20,071,238	1,112,080	588,103	20,376,540	20,659,341
Prior period adjustment	<u>2,907,517</u>	<u>-</u>	<u>(127,545)</u>	<u>-</u>	<u>2,779,972</u>	<u>-</u>
Net Position - beginning of fiscal year, restated	<u>22,171,977</u>	<u>20,071,238</u>	<u>984,535</u>	<u>588,103</u>	<u>23,156,512</u>	<u>20,659,341</u>
Net position - end of fiscal year	<u>\$ 21,067,919</u>	<u>\$ 19,264,460</u>	<u>\$ 741,954</u>	<u>\$ 1,112,080</u>	<u>\$ 21,809,873</u>	<u>\$ 20,376,540</u>

### Governmental Activities Expenses

Expenses of Governmental Activities (excluding transfers) totaled approximately \$12.6 million, a decrease of \$90,000 (-0.7%) from the prior year. **General government expenses** include the City Council, City Manager, City Treasurer, City Attorney, Finance, City Clerk, And Non-Departmental departments. General government expenses increased approximately \$48,000 (1.8%). The increase is due to increases to legal fees for water rights, Elections, and COVID-19 issues and moving the payments to Ojai Chamber of Commerce from the 1% TOT revenue pass-through account to Community Outreach expense account in FY 19-20. **Public Safety expenses** decreased approximately \$106,000 (3.0%) from the prior year due to moving unfunded liability to non-department and a police dispatcher on disability since July 2019. **Public Works expenses** increased by \$1.0 million due to road overlay projects, spending more on tree services, landscape maintenance utilities, streets maintenance, and streets tree maintenance than in prior year.

Increases to the remaining functional programs were affected by contract services due to employees being on leave, initiating the general plan update and an increase in animal regulations expenses.



**Business-type Activities:** The net position from the City's Business-type Activities decreased by approximately \$370,000 from the prior year, this decrease is due to less Operating contributions and grants received by \$589,000 (-55.8%) than prior year. Trolley user revenues provide only \$62,000 (12.6%), of the total revenues of the Transit Fund and remaining revenues come from federal, state, and local grants. Farebox revenues for the trolleys need to cover 20% of operating expenses in order to avoid a loss of grant funding for the City. Trolley fund advertising increased farebox revenue \$14,000 in the current year. The Gold Coast Transit district (GCTD) provides annual grant funding for the operation of our trolley service. FY 17-18, City Council approved an increase to the trolley fare and reduced operating hours to better meet the farebox revenue to expenditure ratio in future years. Expenses for Transit activities decreased by approximately \$62,000 and Cemetery expenses increased by approximately \$12,000 during the year.

## FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

As shown in Table 3, the total fund balance in the General Fund is approximately \$5.7 million at fiscal year-end, a decrease of approximately \$0.6 million from the prior year. The total Non-spendable General Fund balance at June 30, 2020 is \$2.0 million, consisting almost entirely of the amount due from the Successor Agency (SA). This amount decreased approximately \$256,000 in the General Fund due to receipt of the annual loan repayment from the SA. Non-spendable Fund Balance was approximately 34.6% of the total fund balance in the General Fund and 23.2% of total governmental fund balance as of June 30, 2020. The Non-spendable fund balance is not available for spending.

TABLE 3						
CITY OF OJAI BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020 AND 2019						
	General Fund		Other Governmental Funds		Total	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
Cash & investments	\$ 4,963,380	\$ 3,790,589	\$ 1,303,367	\$ 1,163,431	\$ 6,266,747	\$ 4,954,020
Accounts receivable	628,582	1,415,286	445,164	128,656	1,073,746	1,543,942
Due from other funds	318,362	337,908	-	-	318,362	337,908
Due from successor agency	1,969,083	2,242,407	51,537	-	2,020,620	2,242,407
Notes receivable	-	-	1,427,612	-	1,427,612	-
Prepays	17,718	-	-	-	17,718	-
<b>Total assets</b>	<b>\$ 7,897,125</b>	<b>\$ 7,786,190</b>	<b>\$ 3,227,680</b>	<b>\$ 1,292,087</b>	<b>\$ 11,124,805</b>	<b>\$ 9,078,277</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,007,816	\$ 553,328	\$ 220,869	\$ 59,644	\$ 1,228,685	\$ 612,972
Other liabilities	1,150,229	869,613	184,316	78,027	1,334,545	947,640
<b>Total liabilities</b>	<b>2,158,045</b>	<b>1,422,941</b>	<b>405,185</b>	<b>137,671</b>	<b>2,563,230</b>	<b>1,560,612</b>
<b>FUND BALANCES</b>						
Nonspendable	1,986,801	2,242,407	-	-	1,986,801	2,242,407
Restricted	510,936	2,837	2,531,908	843,596	3,042,844	846,433
Committed	36,076	-	-	-	36,076	-
Assigned	330,440	-	402,214	372,836	732,654	372,836
Unassigned	2,874,827	4,118,005	(111,627)	(62,016)	2,763,200	4,055,989
<b>Total fund balances</b>	<b>5,739,080</b>	<b>6,363,249</b>	<b>2,822,495</b>	<b>1,154,416</b>	<b>8,561,575</b>	<b>7,517,665</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,897,125</b>	<b>\$ 7,786,190</b>	<b>\$ 3,227,680</b>	<b>\$ 1,292,087</b>	<b>\$ 11,124,805</b>	<b>\$ 9,078,277</b>

The Restricted fund balances are legally restricted for specific purposes by legislation or requirements outside the control of the City and they are only available for specific purposes. At June 30, 2020, the restricted fund balance in the Governmental funds was approximately \$3.0 million, consisting almost entirely of fund balances in several Special Revenue Funds of the City. The total Assigned fund balance is \$732,654 and Committed fund balance is at \$36,076 in the General Fund.

The \$2.9 million Unassigned fund balance in the City's General Fund is designated as a "Rainy Day Reserve" by the City Council. This reserve balance decreased by approximately \$1.2 million in the current year. The Unassigned fund balance in the Other Governmental funds is negative (\$112,000). This negative balance represents a deficit position in various governmental funds.

TABLE 4						
CITY OF OJAI STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019						
	General Fund		Other Governmental Funds		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Property taxes	\$ 2,047,166	\$ 1,951,016	\$ -	\$ -	\$ 2,047,166	\$ 1,951,016
Sales taxes	1,759,762	1,753,908	-	-	1,759,762	1,753,908
Transient occupancy taxes	2,422,806	2,970,515	604,191	742,935	3,026,997	3,713,450
Other taxes and assessments	-	-	337,448	348,164	337,448	348,164
Licenses, permits, and fees	1,111,649	1,161,806	-	-	1,111,649	1,161,806
Fines and forfeitures	22,834	11,575	-	-	22,834	11,575
Use of money and property	151,802	115,208	38,384	28,481	190,186	143,689
Intergovernmental:						
Other	353,921	350,009	557,780	601,693	911,701	951,702
Motor vehicle in lieu	912,137	870,286	-	-	912,137	870,286
Charges for services	567,247	941,359	16,080	28,115	583,327	969,474
Other revenue	310,791	164,396	230,782	11,200	541,573	175,596
Total revenues	<u>9,660,115</u>	<u>10,290,078</u>	<u>1,784,665</u>	<u>1,760,588</u>	<u>11,444,780</u>	<u>12,050,666</u>
Expenditures:						
Current:						
General government	2,583,266	2,587,578	-	-	2,583,266	2,587,578
Public safety	3,430,645	3,431,656	-	-	3,430,645	3,431,656
Public works	1,656,391	1,838,085	95,843	71,488	1,752,234	1,909,573
Community development	866,902	882,894	140,606	131,828	1,007,508	1,014,722
Parks and recreation	771,671	1,047,149	-	-	771,671	1,047,149
Libraries	-	-	109,901	111,620	109,901	111,620
Non current:						
Capital outlay	1,429	2,809	2,085,425	878,538	2,086,854	881,347
Total expenditures	<u>9,310,304</u>	<u>9,790,171</u>	<u>2,431,775</u>	<u>1,193,474</u>	<u>11,742,079</u>	<u>10,983,645</u>
Excess of revenues over (under) expenditures	<u>349,811</u>	<u>499,907</u>	<u>(647,110)</u>	<u>567,114</u>	<u>(297,299)</u>	<u>1,067,021</u>
Transfers in	-	-	1,294,507	388,086	1,294,507	388,086
Transfers out	<u>(457,369)</u>	<u>(283,588)</u>	<u>(832,518)</u>	<u>(318,471)</u>	<u>(1,289,887)</u>	<u>(602,059)</u>
Total other financing sources (uses)	<u>(457,369)</u>	<u>(283,588)</u>	<u>461,989</u>	<u>69,615</u>	<u>4,620</u>	<u>(213,973)</u>
Net changes in fund balances	(107,558)	216,319	(185,121)	636,729	(292,679)	853,048
Fund balances - beginning of year, as restated	<u>5,846,638</u>	<u>6,146,930</u>	<u>3,007,616</u>	<u>517,687</u>	<u>8,854,254</u>	<u>6,664,617</u>
Fund balances - end of year	<u>\$ 5,739,080</u>	<u>\$ 6,363,249</u>	<u>\$ 2,822,495</u>	<u>\$ 1,154,416</u>	<u>\$ 8,561,575</u>	<u>\$ 7,517,665</u>

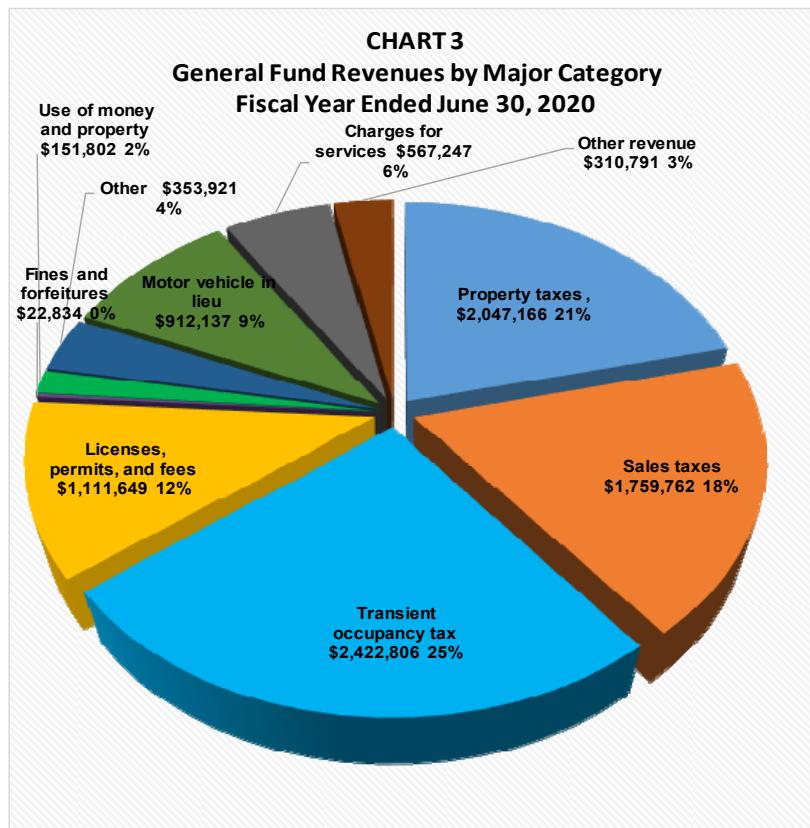
## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

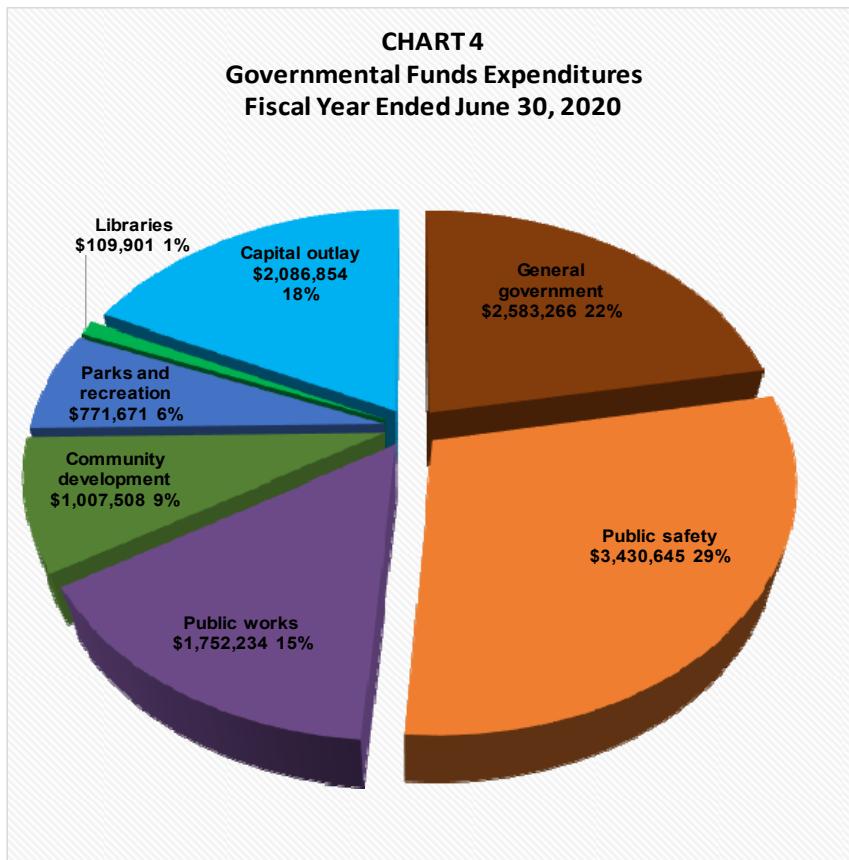
As shown in Table 4, total revenues in the Governmental funds decreased approximately \$0.6 million. General Fund revenues decreased approximately (\$630,000) while revenues from Other Governmental Funds increased approximately \$24,000. Governmental expenditures increased \$758,000. General Fund expenditures decreased by \$480,000 and approximately \$1.2 million increase from the paving project in the Capital Improvement Fund. Expenditures in the General Fund were under revenues by \$350,000. Actual revenues in the General fund were approximately \$551,000 lower than the budget and expenditures were approximately \$716,000 under budget.

### **Governmental Fund Revenues**

In the General Fund, Property tax revenues increased \$96,000 (4.9%), Transient Occupancy tax (TOT) revenues decreased (\$548,000) (18.4%) and Sales Tax revenues increased \$5,900 (0.3%).

Revenues in the Other Governmental funds increased approximately \$24,000, with the bigger impacts of \$558,000 from the State for Gas Tax and Bike/Pedestrian funds. The negative fund balance in the Plaza Maintenance Fund was improved by \$51,000 in the current year. Over the past few years, there has been a trend in gas tax revenues at the state level and the amounts paid to the City of Ojai. To reverse this trend, the state legislature approved a measure to increase gas taxes and to repay local agencies for funds borrowed by the state from the gas tax accounts. This legislation resulted in an increase of approximately \$28,000 gas tax revenue to the City in the current fiscal year.





### **Governmental Fund Expenditures**

Expenditures of the Governmental Funds increased approximately \$758,000 with General Fund expenditures decreasing (\$480,000) and expenditures in other governmental funds increasing by approximately \$1.2 million (primarily due to the on year of the bi-annual streets repair project in the Capital Improvements Fund). Other larger expenditure increases are from transfer of funds to the capital project funds for work completed in the amount of \$918,000 and the street light project at Sarzotti in the amount of \$336,000. Unlike prior year, there were salary savings in FY 19-20 due to unfilled vacancies. With the anticipation of CalPERS reducing the discount rate used as a factor in calculating pension costs, the annual pension expenditure in the City is anticipated to increase by approximately \$100,000.

### ***General Fund Expenditures***

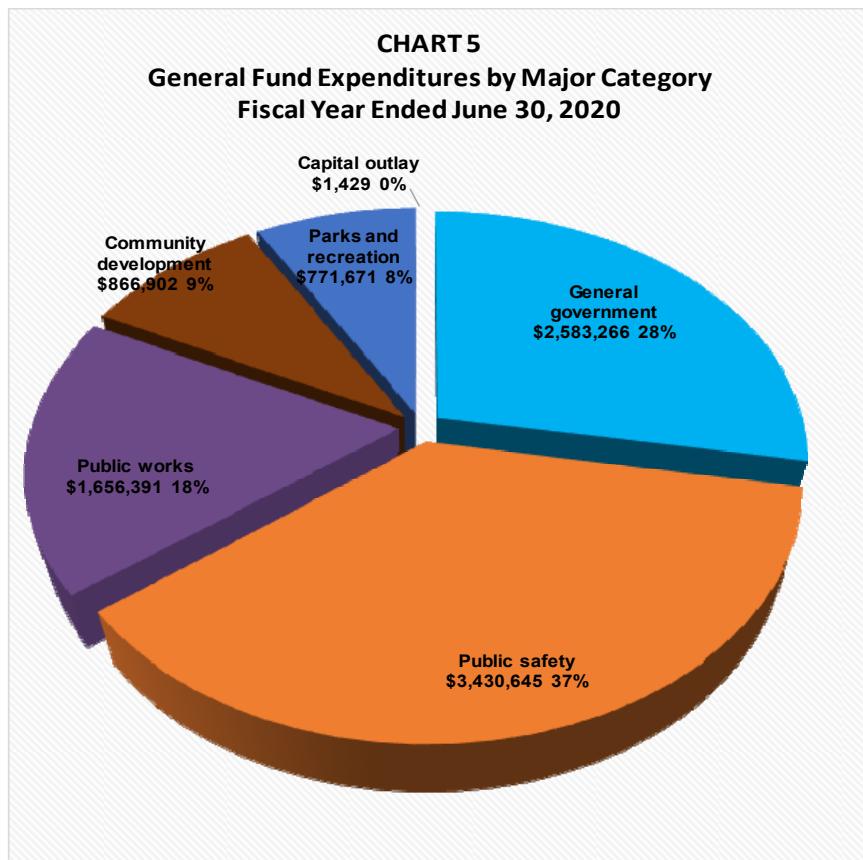
#### **General Government-**

General government activities include the City Council, City Manager, City Treasurer, Finance, City Attorney, City Clerk, Non-Departmental, and Arts Commission. Expenditures in these departments decreased (\$4,312). Some notable increases/decreases and savings in expenditures include the following: expenditures in the City Manager department decreased primarily due to a vacancy and decreased pension costs of approximately \$112,000. Savings in the City Manager department include deferment of contributing the extra \$100,000 to OPEB prefunding account. City Attorney expenditures increased by \$80,000 primarily due to general consulting services-such as COVID related issues, litigation support, code enforcement issues, and election related issues. Savings in the City Attorney's department includes a reduction of the retainer cost by \$69,000. City Clerk's department expenditures increased by \$20,000 due to legal advertisement and notices and elections related expenses. Expenditures in non-departmental

increased by \$97,000 primarily due to payments made to Ojai Chamber of Commerce instead of a revenue pass-through as reported in prior years, increase in unfunded liability and retiree medical expenditures. Savings in non-departmental includes a reduction in worker's compensation expense as well as a savings of reduced funding to Ojai Valley Green Coalition.

#### **Other General Fund Departments-**

**Public Safety** expenditures decreased \$1,000 (-0.03%) due to the net decrease in special enforcement unit/COPs grant, and salary savings due to an employee being out on disability leave utilizing only available leave balances. **Public Works** expenditures decreased \$182,000 in the current year mostly due to the reduced cost in areas of tree maintenance, salary savings, and contract services. **Community Development Department** expenditures decreased approximately \$16,000, primarily due to an employee being on leave most of the fiscal year. **Parks and Recreation** expenditures decreased \$275,000 from salary savings, closure of recreation classes, and brochures and publications not needed for classes. **Capital outlay** expenditures increased \$1.2 million, primarily due to road overlay projects this year.



**General Fund Budgetary Highlights:** The City Council adopted a General Fund revenue budget totaling approximately \$10.2 million with no budget adjustments. The adopted expenditure budget totaled \$10.2 million. Actual revenues collected were less than budgeted by approximately \$551,000. The *General Fund*'s top three revenues are *Property Taxes, Sales Taxes and Transient Occupancy Taxes*, which generated approximately \$6.2 million total revenue, is 64.4% of the total *General Fund* revenues. Top three tax revenues collected were below budget by \$281,000. Licenses, Permits, and Fees fell short of the budgeted amount by \$159,000.

Use of money and property, Other revenues, and Fines and Forfeitures exceeded the budget by \$71,000, \$2,000, and \$14,000, respectively. Intergovernmental revenue was more than budgeted by \$ 100,000, while Charges for Services revenue was under the budget by \$299,000.

The Public Safety expenditures represent 36.9% of the total General Fund expenditures, while General Government services and Public Works expenditures account for 27.7% and 17.8% of General Fund Expenditures, respectively. General Government and Public Works expenditures decreased by (-0.2%) and (-9.9%) respectively, Public Safety expenditures decreased by (0.03%) due to salary savings from an employee being on disability leave.

#### **Other Governmental Funds**

Expenditures in the other governmental funds increased by approximately \$1.2 million, which is entirely due to the road overlay project expenditures in the Capital Improvements Fund. This is consistent with the City's capital improvement plan to complete paving activities every two years in order to obtain economies of scale in these projects.

**Proprietary Funds:** The City's proprietary fund statements provide the same type of information that is found in the government-wide financial statements (see more detail on pages 27-29 of this report) because they are reported using the full accrual basis of accounting. The net position of the Transit enterprise fund is \$474,781, a decrease of \$354,015 primarily due to less support from state grants and reduced fare revenue from "Stay at Home" order effects of the coronavirus pandemic. The unrestricted net position decreased by \$425,000 due to the coronavirus pandemic closures.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The City's investment in capital assets is reported in the financial statements for the government-wide and business-type activities but not in the governmental fund financial statements. The investment in capital assets includes non-depreciable assets (rights-of-way, land, artwork, and construction in progress) and depreciable assets (buildings & buildings improvements, land improvements, equipment and machinery, infrastructure, and vehicles). Table 5 provides a summary of the City's capital assets net of accumulated depreciation as of June 30, 2020 and 2019. Additional information on the City's capital assets is found in Note 7 on page 55 of this report.

TABLE 5							
CITY OF OJAI CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION JUNE 30, 2020 AND 2019							
	Governmental Activities		Business-Type Activities		Total		
	2020	2019	2020	2019	2020	2019	
<b>Non-depreciable Assets</b>							
Rights of way	\$ 798,250	\$ 798,250	\$ -	\$ -	\$ 798,250	\$ 798,250	
Land	2,196,852	2,196,852	110,500	110,500	2,307,352	2,307,352	
Artwork	60,982	60,982	-	-	60,982	60,982	
Construction in progress	738,492	645,118	8,746	16,702	747,238	661,820	
<b>Depreciable Assets</b>							
Buildings & buildings improvements	15,452,183	15,452,183	54,183	54,183	15,506,366	15,506,366	
Land improvements	3,466,630	3,193,848	547,475	466,196	4,014,105	3,660,044	
Equipment and machinery	2,251,027	2,232,681	192,099	192,099	2,443,126	2,424,780	
Infrastructure	18,619,388	18,619,388	-	-	18,619,388	18,619,388	
Vehicles	573,054	533,154	1,232,525	1,232,525	1,805,579	1,765,679	
Public art	38,850	38,850	-	-	38,850	38,850	
Accumulated depreciation	(24,134,601)	(23,033,145)	(1,180,695)	(1,078,436)	(25,315,296)	(24,111,581)	
<b>Total capital assets, net</b>	<b>\$ 20,061,107</b>	<b>\$ 20,738,161</b>	<b>\$ 964,833</b>	<b>\$ 993,769</b>	<b>\$ 21,025,940</b>	<b>\$ 21,731,930</b>	

**Long-term Liabilities:** At June 30, 2020, the City had no loans or notes payable outstanding, but had a total of \$8.4 million in long-term liabilities with \$7.9 million in the governmental activities and \$560,894 in the business-type activities. Total long-term liabilities decreased (\$815,000) in the current fiscal year. Pension liabilities increased approximately \$222,000 while OPEB liability decreased \$1.0 million and liability for compensated absences decreased (\$30,000). The pension liability increase can be primarily attributed to a decrease in the CalPERS discount rate which is a significant part of the pension liability computation. The liability for compensated absences is total value of vacation, compensated absences, and sick leave time that will be required to be paid out or used by employees at a future date. The City has recorded an actuarially determined Net OPEB liability and implemented GASB 75 in 2018, the total net OPEB liability is \$2.8 million. Additional information on the City's long-term liabilities and OPEB is found in the Notes to Basic Financial Statements Numbers 8, 9, and 10, pages 58-72 of this report.

TABLE 6							
CITY OF OJAI LONG-TERM LIABILITIES JUNE 30, 2020 AND 2019							
	Governmental Activities		Business-Type Activities		Total		
	2020	2019	2020	2019	2020	2019	
Compensated absences	\$ 241,863	\$ 276,906	\$ 20,740	\$ 15,834	\$ 262,603	\$ 292,740	
Net Pension Liability	5,016,144	4,853,727	354,460	295,113	5,370,604	5,148,840	
Net OPEB Liability	2,627,852	3,609,616	185,694	210,311	2,813,546	3,819,927	
<b>Total long-term liabilities</b>	<b>\$ 7,885,859</b>	<b>\$ 8,740,249</b>	<b>\$ 560,894</b>	<b>\$ 521,258</b>	<b>\$ 8,446,753</b>	<b>\$ 9,261,507</b>	

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET OUTLOOK

The City was poised for a positive turn around since the effects of the Thomas Fire in December of 2017, until the recent worldwide coronavirus pandemic Stay-at- Home order in March of 2020. City management has historically budgeted revenue growth conservatively and to mitigate possible natural disaster related revenue losses. In an effort to prepare for future economic downturns and natural disasters, management has placed additional emphasis on meeting the fifty (50) percent reserve requirement and conservatively budgeting for FY 19-20. The budget continues funding \$100,000 a year to an OPEB trust in addition to the annual pay-as-you-go funding to reduce the long-term impact of the retiree medical plan. The City has established an Equipment replacement fund to pay for future equipment replacement and technology improvements, by transferring \$40,000 per year from the General Fund. As of June 30, 2020, this fund has accumulated \$402,000 for this purpose.

The City's internal policy is to hold 50% of the current year General Fund operating budget in reserves. The current internal 50% requirement may need to be re-visited, as history has shown economic downturns last 8 months or longer before showing signs of recovery. A 50% reserve would provide funding for approximately 6 months, which may not be adequate for an economic downturn. One current sign of a potential economic downturn is rising housing costs. This is an indicator to be conservative. At June 30, 2020, the City held \$2.9 million in unassigned fund balance (reserves) compared to a requirement of \$5.4 million, leaving the City \$2.4 million under the internal reserve requirement. Over the past few years, the City's top three priorities have been:

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

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

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

TOT revenue accounted for 26.4% of General Fund revenues and 25.2% of total city revenues in the fiscal year ended June 30, 2020, compared to 30.8% and 24.7% in the prior year. This heavy concentration of revenues from one source leaves the city vulnerable as we have witnessed in March 2020 on-set of a recession. Staff expected the novel coronavirus shut down to be a month or so and budgeted TOT and Sales tax revenue reduction of approximately 6.0% and 9.0%, respectively, for fiscal year 20-21. It is evident at this time the novel coronavirus effects has lasted longer as policy makers and public health authorities try to quickly react on this ever changing pandemic.

Citizens of Ojai passed Measure "C" on the March 2020 ballot. Measure "C" would bring the City's TOT rate to 15% from 10%, with the additional 5% designated for capital improvement projects. This would also help the City to catch up on deferred maintenance. Staff estimates that deferred maintenance costs may be over \$1 million at this time. Measure "C" is anticipated to raise \$1.3 to \$1.7 million per year in a normal economic year. However, due to the coronavirus pandemic Stay-at-Home order in March, City has collected \$51,000 at June 2020.

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

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

## **REQUESTS FOR INFORMATION**

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

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

**CITY OF OJAI**

**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 6,266,747	\$ 184,181	\$ 6,450,928
Accounts receivable, net	1,073,746	415,360	1,489,106
Due from successor agency	2,020,620	-	2,020,620
Internal balances	211,821	(211,821)	-
Notes receivables	1,427,612	-	1,427,612
Prepays	17,718	-	17,718
Capital assets not being depreciated	3,794,576	119,246	3,913,822
Capital assets, net of accumulated depreciation	<u>16,266,531</u>	<u>845,587</u>	<u>17,112,118</u>
 Total assets	 <u>31,079,371</u>	 <u>1,352,553</u>	 <u>32,431,924</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	1,301,875	91,995	1,393,870
Related to OPEB	<u>226,515</u>	<u>16,006</u>	<u>242,521</u>
 Total deferred outflows or resources	 <u>1,528,390</u>	 <u>108,001</u>	 <u>1,636,391</u>
<b>LIABILITIES</b>			
Accounts payable	1,228,685	40,772	1,269,457
Accrued liabilities	169,538	11,954	181,492
Deposits payable	6,025	-	6,025
Unearned revenue	1,052,441	20,375	1,072,816
Noncurrent liabilities:			
Due within one year			
Compensated absences	60,466	5,185	65,651
Due in more than one year			
Compensated absences	181,397	15,555	196,952
Net Pension liability	5,016,144	354,460	5,370,604
Net OPEB liability	<u>2,627,852</u>	<u>185,694</u>	<u>2,813,546</u>
 Total liabilities	 <u>10,342,548</u>	 <u>633,995</u>	 <u>10,976,543</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	423,961	29,958	453,919
Related to OPEB	<u>773,333</u>	<u>54,647</u>	<u>827,980</u>
 Total deferred inflows of resources	 <u>1,197,294</u>	 <u>84,605</u>	 <u>1,281,899</u>
<b>NET POSITION</b>			
Net investment in capital assets	20,061,107	964,833	21,025,940
Restricted (See Note 13)	3,042,844	-	3,042,844
Unrestricted	<u>(2,036,032)</u>	<u>(222,879)</u>	<u>(2,258,911)</u>
 Total net position	 <u>\$ 21,067,919</u>	 <u>\$ 741,954</u>	 <u>\$ 21,809,873</u>

See Notes to Basic Financial Statements

## CITY OF OJAI

### STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General government	\$ 2,661,169	\$ 346,765	\$ 41,702	\$ -
Public safety	3,478,922	319,017	177,117	-
Public works	4,334,550	4,924	-	553,641
Community development	1,028,710	574,552	30,042	320,243
Parks and recreation	940,206	363,930	-	-
Libraries	109,901	111,049	-	-
Total governmental activities	<u>12,553,458</u>	<u>1,720,237</u>	<u>248,861</u>	<u>873,884</u>
Business-type Activities:				
Transit	801,800	112,264	467,023	-
Cemetery	26,446	5,140	-	-
Total business-type activities	<u>828,246</u>	<u>117,404</u>	<u>467,023</u>	<u>-</u>
Total government	<u>\$ 13,381,704</u>	<u>\$ 1,837,641</u>	<u>\$ 715,884</u>	<u>\$ 873,884</u>
General Revenues and Transfers:				
Taxes:				
Property taxes				
Sales tax				
Transient occupancy tax				
Franchise fees				
Business licenses				
Motor vehicle license fees				
Unrestricted investment earnings				
Miscellaneous revenues				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year, as restated (See Note 15)				
Net position, end of year				

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Net (Expenses) Revenues and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,272,702)	\$ -	\$ (2,272,702)
(2,982,788)	-	(2,982,788)
(3,775,985)	-	(3,775,985)
(103,873)	-	(103,873)
(576,276)	-	(576,276)
1,148	-	1,148
<u>(9,710,476)</u>	<u>-</u>	<u>(9,710,476)</u>
 - (222,513)	 (222,513)	 (222,513)
<u>- (21,306)</u>	<u>-</u>	<u>(21,306)</u>
 - (243,819)	 (243,819)	 (243,819)
<u>(9,710,476)</u>	<u>(243,819)</u>	<u>(9,954,295)</u>
 2,944,504	 -	 2,944,504
1,759,762	-	1,759,762
3,026,997	-	3,026,997
338,142	-	338,142
165,950	-	165,950
6,149	-	6,149
187,036	5,858	192,894
173,258	-	173,258
4,620	(4,620)	-
<u>8,606,418</u>	<u>1,238</u>	<u>8,607,656</u>
 (1,104,058)	 (242,581)	 (1,346,639)
<u>22,171,977</u>	<u>984,535</u>	<u>23,156,512</u>
<u>\$ 21,067,919</u>	<u>\$ 741,954</u>	<u>\$ 21,809,873</u>

**CITY OF OJAI**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 4,963,380	\$ -	\$ 1,303,367	\$ 6,266,747
Accounts receivable, net	628,582	161,581	283,583	1,073,746
Due from other funds	318,362	-	-	318,362
Due from the successor agency	1,969,083	-	51,537	2,020,620
Notes receivable	-	-	1,427,612	1,427,612
Prepays	17,718	-	-	17,718
<b>Total assets</b>	<b>\$ 7,897,125</b>	<b>\$ 161,581</b>	<b>\$ 3,066,099</b>	<b>\$ 11,124,805</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,007,816	\$ 179,476	\$ 41,393	\$ 1,228,685
Accrued liabilities	164,764	-	4,774	169,538
Deposits payable	6,025	-	-	6,025
Due to other funds	-	24,188	82,353	106,541
Unearned revenue	979,440	-	73,001	1,052,441
<b>Total liabilities</b>	<b>2,158,045</b>	<b>203,664</b>	<b>201,521</b>	<b>2,563,230</b>
Fund balances:				
Nonspendable	1,986,801	-	-	1,986,801
Restricted	510,936	-	2,531,908	3,042,844
Committed	36,076	-	-	36,076
Assigned	330,440	-	402,214	732,654
Unassigned	2,874,827	(42,083)	(69,544)	2,763,200
<b>Total fund balances (deficits)</b>	<b>5,739,080</b>	<b>(42,083)</b>	<b>2,864,578</b>	<b>8,561,575</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,897,125</b>	<b>\$ 161,581</b>	<b>\$ 3,066,099</b>	<b>\$ 11,124,805</b>

## CITY OF OJAI

### GOVERNMENTAL FUNDS

#### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2020

---

Fund balances of governmental funds \$ 8,561,575

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	\$ 44,195,708	
Accumulated depreciation	<u>(24,134,601)</u>	20,061,107

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

Deferred outflows of resources relating to:

Pensions	1,301,875
OPEB	226,515

Deferred inflows of resources relating to:

Pensions	(423,961)	
OPEB	<u>(773,333)</u>	331,096

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

Compensated absences	(241,863)	
Net pension liability	(5,016,144)	
Net OPEB liability	<u>(2,627,852)</u>	<u>(7,885,859)</u>

Net position of governmental activities \$ 21,067,919

**CITY OF OJAI**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 2,047,166	\$ -	\$ -	\$ 2,047,166
Sales taxes	1,759,762	-	-	1,759,762
Transient occupancy tax	2,422,806	553,092	51,099	3,026,997
Other taxes and assessments	-	-	337,448	337,448
Licenses, permits, and fees	1,111,649	-	-	1,111,649
Fines and forfeitures	22,834	-	-	22,834
Use of money and property	151,802	906	37,478	190,186
Intergovernmental:				
Other	353,921	-	557,780	911,701
Motor vehicle in lieu	912,137	-	-	912,137
Charges for services	567,247	-	16,080	583,327
Other revenue	310,791	230,740	42	541,573
 Total revenues	 9,660,115	 784,738	 999,927	 11,444,780
<b>EXPENDITURES</b>				
Current:				
General government	2,583,266	-	-	2,583,266
Public safety	3,430,645	-	-	3,430,645
Public works	1,656,391	-	95,843	1,752,234
Community development	866,902	-	140,606	1,007,508
Parks and recreation	771,671	-	-	771,671
Libraries	-	-	109,901	109,901
Capital outlay	1,429	2,004,398	81,027	2,086,854
 Total expenditures	 9,310,304	 2,004,398	 427,377	 11,742,079
 Excess of revenues over (under) expenditures	 349,811	 (1,219,660)	 572,550	 (297,299)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,127,687	166,820	1,294,507
Transfers out	(457,369)	-	(832,518)	(1,289,887)
 Total other financing sources (uses)	 (457,369)	 1,127,687	 (665,698)	 4,620
 Net changes in fund balances	 (107,558)	 (91,973)	 (93,148)	 (292,679)
 Fund balance, beginning of year, as restated	 5,846,638	 49,890	 2,957,726	 8,854,254
 Fund balance (deficit), end of year	 \$ 5,739,080	 \$ (42,083)	 \$ 2,864,578	 \$ 8,561,575

## 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, 2020

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Net change in fund balances - total governmental funds \$ (292,679)

Amounts reported for governmental 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.

Net cost of assets capitalized	\$ 424,402	
Depreciation expense not reported in governmental funds	<u>(1,101,456)</u>	(677,054)

Governmental funds report all contributions for pensions and OPEB as expenditures; however, in the Statement of Activities, pension expense is actuarially determined.

Pension related net adjustments	(1,549,778)	
OPEB related net adjustments	<u>1,380,410</u>	(169,368)

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

35,043

Changes in net position of governmental activities \$ (1,104,058)

**CITY OF OJAI**

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2020**

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ -	\$ 184,181	\$ 184,181
Accounts receivable, net	415,360	-	415,360
Total current assets	<u>415,360</u>	<u>184,181</u>	<u>599,541</u>
Noncurrent Assets:			
Capital assets not being depreciated	1,600	117,646	119,246
Capital assets, net of accumulated depreciation	843,616	1,971	845,587
Total noncurrent assets	<u>845,216</u>	<u>119,617</u>	<u>964,833</u>
Total assets	<u>1,260,576</u>	<u>303,798</u>	<u>1,564,374</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension	89,208	2,787	91,995
Related to OPEB	15,521	485	16,006
Total deferred outflows of resources	<u>104,729</u>	<u>3,272</u>	<u>108,001</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	40,429	343	40,772
Accrued liabilities	11,761	193	11,954
Unearned revenue	1,201	19,174	20,375
Due to other funds	211,821	-	211,821
Current portion of noncurrent liabilities	4,871	314	5,185
Total current liabilities	<u>270,083</u>	<u>20,024</u>	<u>290,107</u>
Noncurrent Liabilities:			
Compensated absences	14,613	942	15,555
Net pension liability	343,719	10,741	354,460
Net OPEB liability	180,067	5,627	185,694
Total noncurrent liabilities	<u>538,399</u>	<u>17,310</u>	<u>555,709</u>
Total liabilities	<u>808,482</u>	<u>37,334</u>	<u>845,816</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pension	29,051	907	29,958
Related to OPEB	52,991	1,656	54,647
Total deferred inflows of resources	<u>82,042</u>	<u>2,563</u>	<u>84,605</u>
<b>NET POSITION</b>			
Net investment in capital assets	845,216	119,617	964,833
Unrestricted	(370,435)	147,556	(222,879)
Total net position	<u>\$ 474,781</u>	<u>\$ 267,173</u>	<u>\$ 741,954</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, 2020**

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
<b>Operating Revenues:</b>			
Charges for services (net of refunds)	\$ 112,264	\$ 5,140	\$ 117,404
Total operating revenues	112,264	5,140	117,404
<b>Operating Expenses:</b>			
Salaries and benefits	447,903	18,825	466,728
Material, supplies, and operational expenses	251,884	7,375	259,259
Depreciation	102,013	246	102,259
Total operating expenses	801,800	26,446	828,246
Operating income (loss)	(689,536)	(21,306)	(710,842)
<b>Non-Operating Revenues (Expenses):</b>			
Intergovernmental revenue	467,023	-	467,023
Interest income	909	4,949	5,858
Total non-operating revenues (expenses)	467,932	4,949	472,881
Income (loss) before transfers	(221,604)	(16,357)	(237,961)
Transfers out	(4,620)	-	(4,620)
Changes in net position	(226,224)	(16,357)	(242,581)
Total net position, beginning of year, as restated	701,005	283,530	984,535
Total net position, end of year	<u>\$ 474,781</u>	<u>\$ 267,173</u>	<u>\$ 741,954</u>

**CITY OF OJAI**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 260,971	\$ 5,823	\$ 266,794
Cash paid to suppliers for goods and services	(222,654)	(7,413)	(230,067)
Cash paid to employees for services	(367,568)	(10,733)	(378,301)
Net cash used by operating activities	<u>(329,251)</u>	<u>(12,323)</u>	<u>(341,574)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating grants received	467,023	-	467,023
Repayments to other funds	(60,540)	-	(60,540)
Transfers (to)/from other funds	(4,620)	-	(4,620)
Net cash provided by noncapital financing activities	<u>401,863</u>	<u>-</u>	<u>401,863</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of capital assets	<u>(73,521)</u>	<u>-</u>	<u>(73,521)</u>
Net cash used by capital and related financing activities	<u>(73,521)</u>	<u>-</u>	<u>(73,521)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest received	909	4,949	5,858
Net cash provided by investing activities	<u>909</u>	<u>4,949</u>	<u>5,858</u>
Net decrease in cash and cash equivalents	-	(7,374)	(7,374)
Cash and Cash Equivalents at Beginning of Fiscal Year	-	191,555	191,555
Cash and Cash Equivalents at End of Fiscal Year	<u>\$ -</u>	<u>\$ 184,181</u>	<u>\$ 184,181</u>
<b>Reconciliation of Operating loss to Net Cash Used by Operating Activities:</b>			
Operating loss	\$ (689,536)	\$ (21,306)	\$ (710,842)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	102,013	246	102,259
Prior-period adjustment	(226,750)	-	(226,750)
(Increase) decrease in accounts receivable	374,256	-	374,256
(Increase) decrease in deferred outflows of resources	(14,835)	(859)	(15,694)
Increase (decrease) in accounts payable	29,230	(38)	29,192
Increase (decrease) in accrued liabilities	2,744	(712)	2,032
Increase (decrease) in unearned revenue	1,201	683	1,884
Increase (decrease) in compensated absences	4,693	213	4,906
Increase (decrease) in net pension liability	57,425	1,922	59,347
Increase (decrease) in net OPEB liability	(30,244)	5,627	(24,617)
Increase (decrease) in deferred inflows of resources	60,552	1,901	62,453
Total adjustments	<u>360,285</u>	<u>8,983</u>	<u>369,268</u>
Net cash used by operating activities	<u>\$ (329,251)</u>	<u>\$ (12,323)</u>	<u>\$ (341,574)</u>

**CITY OF OJAI****STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2020**

	<u>Private Purpose</u> <u>Trust Fund</u>	<u>Agency Fund</u>
	<u>Successor Agency</u>	<u>Special Deposits</u>
<b>ASSETS</b>		
Cash and investments	\$ 433,300	\$ 67,005
Total assets	<u>433,300</u>	<u>\$ 67,005</u>
<b>LIABILITIES</b>		
Deposits	-	\$ 67,005
Account Payable	28,065	-
Accrued interest payable - City of Ojai	1,762,935	-
Loan payable - City of Ojai loan	257,685	-
Unearned revenue	<u>345,749</u>	<u>-</u>
Total liabilities	<u>2,394,434</u>	<u>\$ 67,005</u>
<b>NET POSITION (DEFICIT)</b>		
Held in trust	<u>\$ (1,961,134)</u>	

**CITY OF OJAI****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	<u>Private Purpose Trust Fund</u>	<u>Successor Agency</u>
<b>ADDITIONS:</b>		
Property taxes	\$ 392,521	
Use of money and property	<u>7,036</u>	
Total additions	<u>399,557</u>	
<b>DEDUCTIONS:</b>		
Community development	<u>46,746</u>	
Total deductions	<u>46,746</u>	
Change in net position	352,811	
Net position (deficit), beginning of year, as restated (See Note 15)	<u>(2,313,945)</u>	
Net position (deficit), end of year	<u>\$ (1,961,134)</u>	

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. Reporting Entity

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

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

##### B. Basis of Presentation

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

##### *Government-wide Statements*

The Statement of Net Position and the Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting 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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

##### B. Basis of Presentation (Continued)

###### *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.

##### 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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

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

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

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

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

The City reports the following proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

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

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.

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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

##### D. Basis of Accounting (Continued)

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

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

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

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

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

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represent 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.

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. The negotiable certificates of deposits are reported at fair value monthly. Changes are reported at fair value monthly and are allocated to each participating fund.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

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

###### **Cash and Investments (Continued)**

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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

---

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

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

###### **Property Taxes (Continued)**

*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.

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. Prepaid items are offset equally by a fund balance designation which indicates that they do not constitute expendable available resources and therefore are not available for appropriation.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

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

###### **Capital Assets**

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

Major outlays for constructed capital assets and improvements are capitalized during the construction period and is shown as construction in progress. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2020.

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 Generally Accepted Accounting Principles (GAAP).

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

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

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

The Compensated absences policy of the City is as follows:

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

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

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

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

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

The Compensated absences policy of the City is as follows:

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

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

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

Pursuant GAAP, the City recognizes deferred outflows and deferred inflows of resources.

In addition to assets, the Statement of Net Position and the governmental funds balance sheet 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 items which qualify for reporting in this category; refer to Notes 9 and 10 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 items which qualifies for reporting in this category; refer to Notes 9 and 10 for a detailed listing of the deferred inflows of resources the City has recognized.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

---

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

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

###### **Pensions**

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

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

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

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

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

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

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

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

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

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

In the fund financial statements, governmental funds report fund balance as non-spendable, 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.

- Non-spendable 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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

##### F. Estimates

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

##### G. Future Accounting Pronouncements

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

Statement No. 84 “Fiduciary Activities”

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

Statement No. 87 “Leases”

The provisions of this statement are effective for fiscal years beginning after June 15, 2021.

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

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

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

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

Statement No. 91 “Conduit Debt Obligations”

The provisions of this statement are effective for fiscal years beginning after December 15, 2021.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### **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.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, the City Council must approve any revisions that alter the total expenditures of any fund.
4. Formal budgetary integration is employed as a management control device during the fiscal year.
5. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.
6. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for this type of fund.
7. Capital projects are budgeted through the Capital Projects Funds. Appropriations for authorized capital projects but not constructed or completed during the fiscal year, are carried forward as continuing appropriations into the following fiscal year's budget.
8. Under Article XIII-B of the California constitution (the GANN Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following fiscal year. For the fiscal year ended June 30, 2020, based on calculations by City staff, proceeds of taxes did not exceed appropriations. Further, Section 5 of Article XIIIIB 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, 2020

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#### 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 Fund</u>	<u>Budgeted amounts</u>	<u>Actual Amounts</u>	<u>(Excess) over budgeted amount</u>
<u>General Fund:</u>			
City attorney			
	\$ 198,500	\$ 296,997	\$ (98,497)
Non-departmental			
	900,890	916,957	(16,067)
<u>Nonmajor Special Revenue Funds</u>			
Proposition C			
Public works			
	-	259	(259)
Gas Tax			
Public works			
	-	2,108	(2,108)
Street Lighting			
Public works			
	75,100	88,366	(13,266)
Library			
Libraries			
	109,160	109,901	(741)
Housing Successor			
Capital outlay			
	-	11,468	(11,468)

##### C. Deficit Fund Balance

The following funds had a deficit fund balance at June 30, 2020:

<u>Major Fund</u>	<u>Fund Balance</u>
Capital Improvements Fund	\$ (42,083)
<u>Nonmajor Special Revenue Funds</u>	
Gas Tax	(58,643)
Plaza Maintenance	(10,901)

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 3 – CASH AND INVESTMENTS

At June 30, 2020, deposits and investments were reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 6,450,928
Statement of Fiduciary Net Position	
Cash and investments	<u>500,305</u>
Total cash and investments	<u><u>\$ 6,951,233</u></u>

Cash and investments as of June 30, 2020 consist of the following:

Petty cash	\$ 500
Deposit with financial institutions	1,495,626
Investments	<u>5,455,107</u>
Total cash and investments	<u><u>\$ 6,951,233</u></u>

#### *Deposits with financial institutions*

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are held for, and in the name of, the local governmental agency.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### 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
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Commercial Paper	270 days	10%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	15%
Mutual Funds	N/A	20%	None
Money Market Mutual Funds	N/A	15%	10%
Local Agency Investment Fund (LAIF)	N/A	None	\$ 75,000,000
JPA Pools (other investment pools)	N/A	60%	None

##### *Investments in State Investment Pool*

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

##### *Fair Value*

Generally Accepted Accounting Principles (GAAP), establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

##### *Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy does not limit investments in Federal Agency Securities and Treasury Obligations to ratings issued by nationally recognized statistical rating organizations. Presented below are the City's investments 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			Not Rated
				AAA	AA-f		
State Investment Pool	\$ 1,088,206	N/A	-	\$ -	\$ -		\$ 1,088,206
Negotiable certificates of deposit	1,979,359	N/A	-	-	-		1,979,359
Money market funds	2,387,542	N/A	-	-	-		2,387,542
Total	<u>\$ 5,455,107</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 5,455,107</u>

##### *Custodial Credit Risk*

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment in LAIF is unrated. As of June 30, 2020, \$3,519,704 of the City's deposits with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limits were held in collateralized accounts as required by the California Government Code.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

##### *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 long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

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

Investment Type	Total	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool	\$ 1,088,206	\$ 1,088,206	\$ -	\$ -	\$ -
Negotiable certificates of deposit	1,979,359	574,877	-	1,404,482	-
Money market funds	2,387,542	2,387,542	-	-	-
<b>Total</b>	<b>\$ 5,455,107</b>	<b>\$ 4,050,625</b>	<b>\$ -</b>	<b>\$ 1,404,482</b>	<b>\$ -</b>

##### *Concentration of Credit Risk*

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

##### *Fair Value Measurements*

Generally accepted accounting principles (GAAP), establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: *Level 1 inputs* consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, *Level 2 inputs* that are observable for an asset or liability, either directly or indirectly, and *Level 3 inputs* have the lowest priority and consist of unobservable inputs for an asset or liability. The valuation technique used for level 2 investments include "inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly". *Level 2 inputs* include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active; interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

##### *Fair Value Measurements (continued)*

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2020:

Investment Type	Total	Level 1	Level 2	Level 3
<i>Investments at fair value:</i>				
Negotiable certificates of deposit	\$ 1,979,359	\$ -	\$ 1,979,359	\$ -
<i>Investments not subject to the fair value hierarchy:</i>				
State Investment Pool	1,088,206			
Money market funds	<u>2,387,542</u>			
Total investments	<u>\$ 5,455,107</u>			

*The remainder of this page left intentionally blank.*

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 4 – ACCOUNTS RECEIVABLE

The following is a list of accounts receivable at June 30, 2020:

	Receivable	Allowance	Net
Governmental Activities -			
Accounts receivable, net	<u>\$ 1,073,746</u>	<u>\$ -</u>	<u>\$ 1,073,746</u>
Business-type Activities -			
Accounts receivable, net	<u>\$ 415,360</u>	<u>\$ -</u>	<u>\$ 415,360</u>

#### NOTE 5 – INTER-FUND ACTIVITY

The following represents the inter-fund activity of the City for the fiscal year ended June 30, 2020:

##### A. Transfers

Transfers In	Transfers Out	Amount
Capital Improvements Fund	General Fund Nonmajor Governmental Funds	\$ 295,169 832,518 <u>1,127,687</u>
Nonmajor Governmental Funds	General Fund Transit Fund	162,200 4,620 <u>166,820</u>
Total interfund transfers		\$ 1,294,507

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

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 5 – INTERFUND ACTIVITY (Continued)

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

Current inter-fund 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 inter-fund balances as of June 30, 2020:

	Due from other funds	Due to other funds
Major Governmental Funds:		
General	\$ 318,362	\$ -
Capital Improvements	-	24,188
Nonmajor Governmental Funds	-	82,353
Major Proprietary Fund - Transit	-	211,821
	<hr/> <u>\$ 318,362</u>	<hr/> <u>\$ 318,362</u>

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

#### NOTE 6 – NOTES RECEIVABLES AND DUE FROM THE SUCCESSOR AGENCY

##### *Notes Receivable*

The former 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, 2020, the outstanding balance is \$250,000 plus accrued interest of \$168,913. The purpose of the loan was 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 full amount is still outstanding as of June 30, 2020.

The former 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 full amount is still outstanding as of June 30, 2020.

The former Redevelopment Agency's Low and Moderate Housing Fund has loaned 6 individuals funds for housing rehabilitation in the amount of \$113,914 plus accrued interest of \$44,784. These loans carry interest at rates ranging from 0% to 6% and are normally due when the property is sold or refinanced. The full amounts are still outstanding as of June 30, 2020.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### **NOTE 6 – NOTES RECEIVABLES AND DUE FROM THE SUCCESSOR AGENCY (Continued)**

##### *Notes Receivable (Continued)*

The former 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, 2020.

On February 1, 2012, the Housing Successor Fund assumed these agreements previously held by the former Redevelopment Agency's Low and Moderate Housing Fund and are shown as Notes Receivable in the Housing Successor Fund of the City for a total of \$1,427,612 as of June 30, 2020.

##### *Due from the Successor Agency*

On February 1, 2012, the Successor Agency assumed two loans due to the City of Ojai previously held by the former Redevelopment Agency. The loans are shown in the General Fund and the Housing Successor Fund financial statements as Due from the Successor Agency for a total \$2,020,620, including \$1,762,935 in accrued interest, as of June 30, 2020.

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## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 7 – CAPITAL ASSETS

##### A. Governmental Activities

Governmental capital asset activity for the fiscal year ended June 30, 2020, was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Right of way	\$ 798,250	\$ -	\$ -	\$ 798,250
Land	2,196,852	-	-	2,196,852
Artwork	60,982	-	-	60,982
Construction in progress	645,118	368,956	(275,582)	738,492
Total capital assets, not being depreciated	<u>3,701,202</u>	<u>368,956</u>	<u>(275,582)</u>	<u>3,794,576</u>
Capital assets, being depreciated:				
Buildings	15,452,183	-	-	15,452,183
Improvements other than buildings	3,193,848	272,782	-	3,466,630
Equipment and machinery	2,232,681	18,346	-	2,251,027
Infrastructure	18,619,388	-	-	18,619,388
Vehicles	533,154	39,900	-	573,054
Public art	38,850	-	-	38,850
Total capital assets being depreciated	<u>40,070,104</u>	<u>331,028</u>	<u>-</u>	<u>40,401,132</u>
Less accumulated depreciation for:				
Buildings	(6,162,940)	(378,255)	-	(6,541,195)
Improvements other than buildings	(2,393,885)	(148,101)	-	(2,541,986)
Equipment and machinery	(895,859)	(85,908)	-	(981,767)
Infrastructure	(13,208,146)	(460,014)	-	(13,668,160)
Vehicles	(370,367)	(27,235)	-	(397,602)
Public art	(1,948)	(1,943)	-	(3,891)
Total accumulated depreciation	<u>(23,033,145)</u>	<u>(1,101,456)</u>	<u>-</u>	<u>(24,134,601)</u>
Total capital assets being depreciated, net	<u>17,036,959</u>	<u>(770,428)</u>	<u>-</u>	<u>16,266,531</u>
Total capital assets, governmental activities	<u>\$ 20,738,161</u>	<u>\$ (401,472)</u>	<u>\$ (275,582)</u>	<u>\$ 20,061,107</u>

The beginning balances of certain capital assets and corresponding accumulated depreciation have been restated (see Note 15), as of June 30, 2020.

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

Public safety	\$ 41,551
Public works	895,206
Community development	7,024
Parks and recreation	157,675
Total	<u>\$ 1,101,456</u>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 7 – CAPITAL ASSETS (Continued)

##### B. Business-Type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Cemetery Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 108,900	\$ -	\$ -	\$ 108,900
Construction in progress	8,746	-	-	8,746
Total capital assets, not being depreciated	<u>117,646</u>	<u>-</u>	<u>-</u>	<u>117,646</u>
Capital assets, being depreciated:				
Land improvements	12,124	-	-	12,124
Total capital assets being depreciated	<u>12,124</u>	<u>-</u>	<u>-</u>	<u>12,124</u>
Less accumulated depreciation for:				
Land improvements	(9,907)	(246)	-	(10,153)
Total accumulated depreciation	<u>(9,907)</u>	<u>(246)</u>	<u>-</u>	<u>(10,153)</u>
Total capital assets being depreciated, net	<u>2,217</u>	<u>(246)</u>	<u>-</u>	<u>1,971</u>
Total capital assets, Cemetery Fund	<u>\$ 119,863</u>	<u>\$ (246)</u>	<u>\$ -</u>	<u>\$ 119,617</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Transit Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,600	\$ -	\$ -	\$ 1,600
Construction in progress	7,956	73,323	(81,279)	-
Total capital assets, not being depreciated	<u>9,556</u>	<u>73,323</u>	<u>(81,279)</u>	<u>1,600</u>
Capital assets, being depreciated:				
Land improvements	454,072	81,279	-	535,351
Buildings improvements	54,183	-	-	54,183
Equipment and machinery	192,099	-	-	192,099
Vehicles	1,232,525	-	-	1,232,525
Total capital assets being depreciated	<u>1,932,879</u>	<u>81,279</u>	<u>-</u>	<u>2,014,158</u>
Less accumulated depreciation for:				
Land improvements	(195,996)	(22,694)	-	(218,690)
Buildings improvements	-	(1,087)	-	(1,087)
Equipment and machinery	(143,995)	(8,395)	-	(152,390)
Vehicles	(728,538)	(69,837)	-	(798,375)
Total accumulated depreciation	<u>(1,068,529)</u>	<u>(102,013)</u>	<u>-</u>	<u>(1,170,542)</u>
Total capital assets being depreciated, net	<u>864,350</u>	<u>(20,734)</u>	<u>-</u>	<u>843,616</u>
Total capital assets, Transit Fund	<u>\$ 873,906</u>	<u>\$ 52,589</u>	<u>\$ (81,279)</u>	<u>\$ 845,216</u>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 7 – CAPITAL ASSETS (Continued)

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Total Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 110,500	\$ -	\$ -	\$ 110,500
Construction in progress	16,702	73,323	(81,279)	8,746
Total capital assets, not being depreciated	<u>127,202</u>	<u>73,323</u>	<u>(81,279)</u>	<u>119,246</u>
Capital assets, being depreciated:				
Land improvements	466,196	81,279	-	547,475
Buildings improvements	54,183	-	-	54,183
Equipment and machinery	192,099	-	-	192,099
Vehicles	<u>1,232,525</u>	<u>-</u>	<u>-</u>	<u>1,232,525</u>
Total capital assets being depreciated	<u>1,945,003</u>	<u>81,279</u>	<u>-</u>	<u>2,026,282</u>
Less accumulated depreciation for:				
Land improvements	(205,903)	(22,940)	-	(228,843)
Buildings improvements	-	(1,087)	-	(1,087)
Equipment and machinery	(143,995)	(8,395)	-	(152,390)
Vehicles	<u>(728,538)</u>	<u>(69,837)</u>	<u>-</u>	<u>(798,375)</u>
Total accumulated depreciation	<u>(1,078,436)</u>	<u>(102,259)</u>	<u>-</u>	<u>(1,180,695)</u>
Total capital assets being depreciated, net	<u>866,567</u>	<u>(20,980)</u>	<u>-</u>	<u>845,587</u>
Total capital assets, business-type activities	<u>\$ 993,769</u>	<u>\$ 52,343</u>	<u>\$ (81,279)</u>	<u>\$ 964,833</u>

The beginning balances of certain capital assets and corresponding accumulated depreciation have been restated (see Note 15), as of June 30, 2020.

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

Business-type activities:	
Cemetery	\$ 246
Transit	<u>102,013</u>
Total	<u>\$ 102,259</u>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### 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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 276,906	\$ 185,429	\$ (220,472)	\$ 241,863	\$ 60,466
Net pension liability (Note 9)	4,853,727	162,417	-	5,016,144	-
Net OPEB liability (Note 10)	3,609,616	-	(981,764)	2,627,852	-
Total governmental	<u>\$ 8,740,249</u>	<u>\$ 347,846</u>	<u>\$ (1,202,236)</u>	<u>\$ 7,885,859</u>	<u>\$ 60,466</u>
<b>Business-type activities:</b>					
Compensated absences					
Transit	\$ 14,791	\$ 18,865	\$ (14,172)	\$ 19,484	\$ 4,871
Cemetery	1,043	828	(615)	1,256	314
Net pension liability (Note 9)	295,113	59,347	-	354,460	-
Net OPEB liability (Note 10)	210,311	-	(24,617)	185,694	-
Total business-type	<u>\$ 521,258</u>	<u>\$ 79,040</u>	<u>\$ (39,404)</u>	<u>\$ 560,894</u>	<u>\$ 5,185</u>

##### Compensated Absences

The City's liability for vested and unpaid compensated absences in the governmental and business-type activities has been accrued and amounts to \$262,603 as of June 30, 2020. These liabilities have been described in Note 1.

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## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 9 – PENSION PLAN

##### A. General Information about the Pension Plan

###### *Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors four rate plans (three miscellaneous and one safety). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

###### *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 5 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 operate under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plans' authority to establish and amend the benefit terms are set by the PERL and PEPRA and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 9 – PENSION PLAN (Continued)

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

The Plans' provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous		
	First Tier	Second Tier	PEPRA
	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire Date			
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of 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	6.906%	8.563%	6.985%
Required employer contribution	10.221%	6.915%	6.750%
Safety			
	Prior to		
		January 1, 2013	
	2% @ 50		
Benefit formula			
Benefit vesting schedule	5 years of service		
Benefit payments	monthly for life		
Retirement age	50-55		
Monthly benefits, as a % of eligible compensation	N/A		
Required employee contribution rates	0.000%		
Required employer contribution	0.000%		

##### *Contributions*

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2020 were \$667,202. The actual employer payments of \$597,954 made to CalPERS by the City during the measurement period ended June 30, 2019 differed from the City's proportionate share of the employer's contributions of \$606,442 by (\$8,488), which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 9 – PENSION PLAN (Continued)

##### B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

##### ***Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>(1)</sup>	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The General Fund typically has been used in prior years to liquidate net pension liabilities.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 9 – PENSION PLAN (Continued)

##### B. Net Pension Liability (Continued)

###### ***Long-term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of 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 (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<b>Asset Class<sup>1</sup></b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10<sup>2</sup></b>	<b>Real Return Years 11+<sup>3</sup></b>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	<u>100%</u>		

<sup>1</sup> In the System's Financials, fixed income is included in Global

<sup>2</sup> An expected inflation of 2.00% used for this period

<sup>3</sup> An expected inflation of 2.92% used for this period

###### ***Change of Assumptions***

There were no changes in assumptions.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 9 – PENSION PLAN (Continued)

##### B. Net Pension Liability (Continued)

###### *Discount Rate*

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

##### C. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2018 (VD)	\$ 18,881,370	\$ 13,732,530	\$ 5,148,840
Balance at: 6/30/2019 (MD)	19,963,960	14,593,356	5,370,604
Net changes during 2018-19	1,082,590	860,826	221,764

Valuation Date (VD), Measurement Date (MD).

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 9 – PENSION PLAN (Continued)

##### C. Proportionate Share of Net Pension Liability (Continued)

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures.

The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The City's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2018 and 2019 measurement dates was as follows:

	Miscellaneous	Safety
Proportionate share of NPL - June 30, 2018	0.12609%	0.00676%
Proportion share of NPL - June 30, 2019	0.12638%	0.00496%
Change - Increase (Decrease)	0.00029%	-0.00180%

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

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

Plan's Net Pension Liability/(Asset)	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 7,607,073	\$ 5,060,909	\$ 2,959,230
Safety	451,371	309,695	193,543
Total	<u>\$ 8,058,444</u>	<u>\$ 5,370,604</u>	<u>\$ 3,152,773</u>

##### ***Subsequent Events***

There were no subsequent events that would materially affect the results presented in this disclosure.

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

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### **NOTE 9 – PENSION PLAN (Continued)**

##### **C. Proportionate Share of Net Pension Liability (Continued)**

###### ***Amortization of Deferred Outflows and Deferred Inflows of Resources (Continued)***

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected 5 year straight-line amortization and actual earnings

All other amounts	Straight-line amortization over the average expected remaining services lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period
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The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

##### **D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources**

As of the start of the measurement period (July 1, 2018), the City's net pension liability was \$5,148,840. For the measurement period ending June 30, 2019 (the measurement date), the City incurred a pension expense of \$1,028,689.

**CITY OF OJAI****NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 9 – PENSION PLAN (Continued)****D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources (Continued)**

As of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 254,022	\$ 88,025
Differences between expected and actual experience	371,722	27,234
Differences between projected and actual investment earnings	-	92,741
Differences between employer's contributions and proportionate share of contributions	89,042	61,799
Change in employer's proportion	11,882	184,120
Pension contributions made subsequent to measurement date	667,202	-
<b>Totals</b>	<b>\$ 1,393,870</b>	<b>\$ 453,919</b>

These amounts above are net of outflows and inflow recognized in the 2018-19 measurement period expense. Contributions after the measurement date of \$667,202 reported within deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal year ending June 30:	Miscellaneous	Safety	Total
2021	\$ 311,437	\$ 21,765	\$ 333,202
2022	(83,332)	(21,359)	(104,691)
2023	34,419	(8,891)	25,528
2024	17,879	831	18,710
2025	-	-	-
Thereafter	-	-	-
	<b>\$ 280,403</b>	<b>\$ (7,654)</b>	<b>\$ 272,749</b>

**E. Payable to the Pension Plan**

As of June 30, 2020, the City reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### **NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN**

##### ***Plan Description***

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

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

All employees hired and council members elected prior to November 1, 2010 that have at least 5 years of PERS service credit with the City and retire from the City (inclusive of the MEC).

Employees hired and Council members elected on or after November 1, 2010 but prior to October 1, 2012 (November 1, 2012 for Council members) who complete 10 or more years of service with the City and retire from the City, and who meet PEMHCA eligibility requirements for medical coverage described above are eligible for the increased benefit (inclusive of the MEC).

Employees hired on or after October 1, 2012 and City Council members elected on or after November 1, 2012 are not eligible for an additional benefit beyond the MEC.

##### ***Contributions***

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

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

The Los Angeles Area PERS Choice pre-Medicare Two-Party or Family premium rate (as applicable) and

The Los Angeles Area PERS Choice pre-Medicare Single premium rate.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### **NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)**

##### ***Employees Covered***

At June 30, 2020 (the census date, the benefit terms covered the following employees:

Active employees	30
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	44
<b>Total</b>	<b>74</b>

##### ***Net OPEB Liability***

The City's net OPEB liability was based on an actuarial valuation date of June 30, 2019 and a measurement date of June 30, 2019. The results of the June 30, 2018 actuarial valuation were rolled forward to the June 30, 2020 measurement date using standard actuarial methods. The Total OPEB Liability was determined using an actuarial valuation date of June 30, 2019, using the following actuarial assumptions:

##### **Actuarial Assumptions:**

Discount rate	7.55%
Inflation	2.50%
Salary increases	2.75%
Investment rate of return	7.55%
Mortality rate	Based on CalPERS Tables.
Healthcare cost trend rates	7% Trending down to 3.84% over 56 years.

The General Fund typically has been used in prior years to liquidate net OPEB liabilities.

The long-term expected rate of return (LTROR) on OPEB plan investments was determined by CERBT using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions):

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### **NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)**

##### ***Net OPEB Liability (Continued)***

Asset Class	Strategy 1 - Target Allocation	Long-term expected real rate of return
Global Equity	59%	6.80%
US Fixed Income	25%	3.10%
Treasury	5%	2.25%
REIT's	8%	5.50%
Commodities	3%	3.50%
Total	<u>100%</u>	

##### ***Discount Rate***

The discount rate used to measure the total OPEB liability is 7.55%. This is the expected long-term rate of return on City assets using the 1 asset allocation provided by California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return. Employees do not contribute to trust funds.

##### ***Changes in Assumptions***

In measurement date 2020, the following assumptions changed from the prior valuation report:

- The discount rate and investment rate of return went from 7.28% to 7.55%

**CITY OF OJAI**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)**

***Changes in the OPEB Liability***

	<b>Total OPEB Liability(a)</b>	<b>Plan Fiduciary Net Position(b)</b>	<b>Net OPEB Liability (c)=(a)-(b)</b>
Balance as of Measurement Date: June 30, 2018/Report Date: June 30, 2019 (Valuation Date: June 30, 2019)	\$ 4,284,972	\$ 465,045	\$ 3,819,927
Changes recognized for the measurement period:			
Service cost	108,589	-	108,589
Interest	310,773	-	310,773
Differences between expected and actual experience	(578,571)	-	(578,571)
Changes of assumptions	(467,300)	-	(467,300)
Contributions:	-	-	-
Employer - City Contributions	-	307,716	(307,716)
Employer - Implicit Subsidy	-	41,664	(41,664)
Net investment income	-	30,596	(30,596)
Benefit payments	(207,716)	(207,716)	-
Implicit Subsidy Credit	(41,664)	(41,664)	-
Administrative expense	-	(104)	104
Net changes	<u>(875,889)</u>	<u>130,492</u>	<u>(1,006,381)</u>
Balance as of Measurement Date: June 30, 2019/Report Date: June 30, 2020	<u>\$ 3,409,083</u>	<u>\$ 595,537</u>	<u>\$ 2,813,546</u>

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

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

	<b>1% Decrease 6.55%</b>	<b>Current Discount Rate 7.55%</b>	<b>1% Increase 8.55%</b>
Net OPEB Liability	\$ 3,152,636	\$ 2,813,546	\$ 2,523,688

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### **NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)**

##### ***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates***

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

	Current Healthcare Cost Trend Rates		
	1% Decrease		1% Increase
Net OPEB Liability	\$ 2,496,658	\$ 2,813,546	\$ 3,186,605

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

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss.

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (4.8 Years at June 30, 2020)

##### ***OPEB Plan Fiduciary Net Position***

CalPERS issues a publicly available CERBT financial report that may be obtained from the CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)

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

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$161,900. As of fiscal year ended June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes between expected and actual experience	\$ -	\$ 458,035
Changes of assumptions	4,715	369,945
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	15,936	-
Contributions to OPEB plan subsequent to the measurement date	221,870	-
<b>Total</b>	<b>\$ 242,521</b>	<b>\$ 827,980</b>

The \$221,870 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2020.

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

<b>Fiscal Year Ended June 30:</b>	<b>Deferred (Inflows) of Resources</b>
2021	\$ 212,514
2022	212,510
2023	212,310
2024	169,995
2025	-
Thereafter:	-
	<b>\$ 807,329</b>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### **NOTE 11 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE**

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

The City of Ojai is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 118 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***

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

##### **Primary Liability Program**

Claims are pooled separately between police and general government 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 from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cipia.org/coverage/risk-sharing-pools/>.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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

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

###### Primary Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government 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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2019-20 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 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 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 an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

###### 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 \$20,318,669. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

---

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

##### **C. Purchased Insurance (Continued)**

###### **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 \$10,584,489. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

###### **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.

##### **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 2019-20.

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## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### **NOTE 12 – CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS**

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

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

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

#### *Covid-19 Considerations*

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. Although the City's services are considered essential, the City Hall was temporarily closed to the public, certain other services transitioned to online-only and because the City's major revenue sources, including businesses that collect transient occupancy tax (TOT) and sales taxes, are directly impacted by these events, it is possible that this matter will negatively impact the future revenue of the City. However, the ultimate financial impact and duration cannot be estimated at this time, and no adjustments have been made to these financial statements as a result of this uncertainty.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 13 – NET POSITION AND FUND BALANCES

GAAP 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 non-spendable, restricted, committed, assigned, and unassigned fund balance. The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

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

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 13 – NET POSITION AND FUND BALANCES (Continued)

##### B. Fund Balances (Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds as of June 30, 2020 are as follows:

	General Fund	Capital Improvements Fund	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Due from successor agency	\$ 1,969,083	\$ -	\$ -	\$ 1,969,083
Prepays	17,718	-	-	17,718
<b>Total Nonspendable</b>	<b>1,986,801</b>	<b>-</b>	<b>-</b>	<b>1,986,801</b>
<u>Restricted for:</u>				
Community development	196,278	-	652,065	848,343
Housing	-	-	1,849,097	1,849,097
Libraries	-	-	30,746	30,746
Recreation, scholarships/grants	21,416	-	-	21,416
General Plan maintenance	293,242	-	-	293,242
<b>Total Restricted*</b>	<b>510,936</b>	<b>-</b>	<b>2,531,908</b>	<b>3,042,844</b>
<u>Committed for:</u>				
Capital improvement deposits	3,163	-	-	3,163
Community development	32,913	-	-	32,913
<b>Total Committed</b>	<b>36,076</b>	<b>-</b>	<b>-</b>	<b>36,076</b>
<u>Assigned for:</u>				
Capital improvements	85,262	-	-	85,262
Document maintenance	103,524	-	-	103,524
Community arts	134,165	-	-	134,165
Community safety	7,489	-	-	7,489
Equipment replacement	-	-	402,214	402,214
<b>Total Assigned</b>	<b>330,440</b>	<b>-</b>	<b>402,214</b>	<b>732,654</b>
<u>Unassigned:</u>				
Unassigned	2,874,827	(42,083)	(69,544)	2,763,200
<b>Total Unassigned</b>	<b>2,874,827</b>	<b>(42,083)</b>	<b>(69,544)</b>	<b>2,763,200</b>
<b>Total Fund Balances (Deficits)</b>	<b>\$ 5,739,080</b>	<b>\$ (42,083)</b>	<b>\$ 2,864,578</b>	<b>\$ 8,561,575</b>

\* Restricted Net Position in the Statement of Net Position, Governmental Activities column.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 14 – SUCCESSOR AGENCY

##### *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, 2020 was \$2,020,620 which includes \$1,762,935 in accrued interest.

Loans payable activity for the fiscal year ended June 30, 2020, was as follows:

Loan Payable - City of Ojai	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Fund	\$ 2,242,407	\$ 18,681	\$ (292,005)	\$ 1,969,083	\$ 206,148
Housing Successor Fund	124,538	-	(73,001)	51,537	51,537
Total	<u>\$ 2,366,945</u>	<u>\$ 18,681</u>	<u>\$ (365,006)</u>	<u>\$ 2,020,620</u>	<u>\$ 257,685</u>

##### *Operating Lease*

The Successor Agency to the Redevelopment Agency has entered into an operating lease agreement for property used for the Park and Ride. The lessor is the Ojai Unified School District, and the termination date of the lease is December 31, 2023. The lease may be canceled at any time by consent of both parties. The annual rent for the Park and Ride is based on available parking spaces (71). As of June 30, 2020, the amount was \$270 per space which increases annually by the Consumer Price Index (CPI). The annual lease for the Park and Ride, for the fiscal year ending June 30, 2020, was \$25,729, which will also increase annually by the CPI.

Future annual lease payments are as follows:

Operating Lease	
Fiscal Year	Amount
Ending June 30,	
2021	\$ 28,065
2022	28,627
2023	29,199
2024	29,783
Total	<u>\$ 115,674</u>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

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#### NOTE 15 – PRIOR-PERIOD RESTATEMENTS

##### *Government-Wide Statements, Governmental Funds Statements, Proprietary Funds Statements*

During fiscal year a prior period restatement was needed to adjust the beginning balance of the City's net position and fund balances of certain funds. The amount of adjustment affecting the cumulative results of operations was due to errors and omissions that occurred in the prior years.

The effects of the prior-period restatements in each statement affected is shown below:

<i>Government-wide Statements - Statement of Activities</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>
Net position, beginning of year, prior to restatement	\$ 19,264,460	\$ 1,112,080
Prior period restatement	2,907,517	(127,545)
Net position, beginning of year, as restated	<u>\$ 22,171,977</u>	<u>\$ 984,535</u>

<i>Governmental Funds Statements - Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds</i>	<i>General Fund</i>	<i>Nonmajor Special Revenues Fund - Housing Successor</i>
Fund balance, beginning of year, prior to restatement	\$ 6,363,249	\$ -
Prior period restatement	(516,611)	1,853,200
Fund balance, beginning of year, as restated	<u>\$ 5,846,638</u>	<u>\$ 1,853,200</u>

<i>Proprietary Funds Statements - Statement of Revenues, Expenses, and Changes in Net Position of Proprietary Funds</i>	<i>Proprietary Fund - Transit</i>	<i>Proprietary Fund - Cemetery</i>
Net position, beginning of year, prior to restatement	\$ 828,796	\$ 283,284
Prior period restatement	(127,791)	246
Net position, beginning of year, as restated	<u>\$ 701,005</u>	<u>\$ 283,530</u>

<i>Fiduciary Funds Statements - Statement of Changes in Net Position</i>	<i>Private Purpose Trust Fund - Successor Agency</i>
Net position (deficit), beginning of year, prior to restatement	\$ (154,857)
Prior period restatement	(2,159,088)
Net position (deficit), beginning of year, as restated	<u>\$ (2,313,945)</u>

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**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

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## CITY OF OJAI

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,964,000	\$ 1,964,000	\$ 2,047,166	\$ 83,166
Sales	1,817,600	1,817,600	1,759,762	(57,838)
Transient occupancy	2,729,000	2,729,000	2,422,806	(306,194)
Licenses, permits, and fees	1,271,130	1,271,130	1,111,649	(159,481)
Fines and forfeitures	8,600	8,600	22,834	14,234
Use of money and property	80,320	80,320	151,802	71,482
Intergovernmental:				
Other	290,900	290,900	353,921	63,021
Motor vehicle in lieu	874,700	874,700	912,137	37,437
Charges for services	865,980	865,980	567,247	(298,733)
Other revenue	308,590	308,590	310,791	2,201
Total revenues	10,210,820	10,210,820	9,660,115	(550,705)
<b>EXPENDITURES</b>				
Current:				
General government:				
City council	117,780	117,780	99,464	18,316
City manager	664,890	664,890	384,122	280,768
City treasurer	5,326	5,326	5,326	-
City finance	714,920	714,920	641,700	73,220
City attorney	198,500	198,500	296,997	(98,497)
City clerk	193,620	193,620	185,400	8,220
Non-departmental	900,890	900,890	916,957	(16,067)
Arts commision	60,760	60,760	53,300	7,460
Total general government	2,856,686	2,856,686	2,583,266	273,420
Public safety:				
Police	3,476,740	3,476,740	3,430,645	46,095
Total public safety	3,476,740	3,476,740	3,430,645	46,095
Public works	1,683,760	1,683,760	1,656,391	27,369
Community development	1,061,840	1,061,840	866,902	194,938
Parks and recreation	946,210	946,210	771,671	174,539
Capital outlay	1,000	1,000	1,429	(429)
Total expenditures	10,026,236	10,026,236	9,310,304	715,932
Excess of revenues over (under) expenditures	184,584	184,584	349,811	165,227

(continued)

**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL (Continued)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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<b>OTHER FINANCING SOURCES (USES)</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget -</b>
	<b>Original</b>	<b>Final</b>		
Transfers out	(205,590)	(205,590)	(457,369)	(251,779)
Total other financing sources (uses)	(205,590)	(205,590)	(457,369)	(251,779)
Net change in fund balance	(21,006)	(21,006)	(107,558)	(86,552)
Fund balance, beginning of year, as restated	5,846,638	5,846,638	5,846,638	-
Fund balance, end of year	<u>\$ 5,825,632</u>	<u>\$ 5,825,632</u>	<u>\$ 5,739,080</u>	<u>\$ (86,552)</u>

## CITY OF OJAI

### SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND RELATED RATIOS LAST 10 YEARS\* AS OF JUNE 30, 2020

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Measurement Date	June 30,			
	2014	2015	2016	2017
Employer's Proportion of the Collective Net Pension Liability <sup>1</sup>	0.06463%	0.05755%	0.05620%	0.05440%
Plan's Proportionate Share of the Net Pension Liability	\$4,021,490	\$3,949,970	\$4,862,637	\$5,394,741
Plan's Covered Payroll	\$1,729,126	\$1,920,727	\$1,832,505	\$1,855,753
Proportionate share of the net pension liability as percentage of covered payroll	232.57%	205.65%	265.35%	290.70%
Plan's fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%
Measurement Date	June 30,			
	2018	2019		
Proportion of the net pension liability	0.05343%	0.05241%		
Proportionate share of the net pension liability	\$5,148,840	\$5,370,604		
Plan's Covered Payroll	\$2,024,387	\$2,228,644		
Proportionate share of the net pension liability as percentage of covered payroll	254.34%	240.98%		
Plan's fiduciary net position as a percentage of the total pension liability	75.26%	73.10%		

(1) Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pools.

\*-Fiscal year 2015 was the 1st year of implementation, therefore only 6 years are shown.

## CITY OF OJAI

### SCHEDULE OF PENSION CONTRIBUTIONS LAST 10 YEARS\* AS OF JUNE 30, 2020

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially Determined Contribution	\$ 546,420	\$ 502,006	\$ 535,288	\$ 586,485
Contributions in Relation to the Actuarially Determined Contribution	<u>(546,420)</u>	<u>(502,006)</u>	<u>(535,288)</u>	<u>(586,485)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered Payroll	\$ 1,920,727	\$ 1,832,505	\$ 1,855,753	\$ 2,024,387
Contributions as a percentage of employer's covered payroll	28.45%	27.39%	28.84%	28.97%
	<b>2019</b>	<b>2020</b>		
Actuarially Determined Contribution	\$ 597,954	\$ 667,202		
Contributions in Relation to the Actuarially Determined Contribution	<u>(597,954)</u>	<u>(667,202)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
Employer's Covered Payroll	\$ 2,228,644	\$ 2,100,039		
Contributions as a percentage of employer's covered payroll	26.83%	31.77%		

#### Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

\*-Fiscal year 2015 was the 1st year of implementation, therefore only 6 years are shown.

**CITY OF OJAI**

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 YEARS\***  
AS OF JUNE 30, 2020

<b>Measurement Date (June 30)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 108,589	\$ 105,971	\$ 103,009
Interest	310,773	299,827	290,203
Differences between expected and actual experience	(578,571)	-	-
Changes of assumptions	(467,300)	6,909	-
Benefit payments	(207,716)	(214,993)	(222,046)
Implicit subsidy credit	(41,664)	(51,736)	(48,225)
Net change in total OPEB liability	(875,889)	145,978	122,941
Total OPEB liability - beginning	4,284,972	4,138,994	4,016,053
Total OPEB liability - ending (a)	<u>3,409,083</u>	<u>4,284,972</u>	<u>4,138,994</u>
<b>Plan Fiduciary Net Position</b>			
Net investment income	30,596	28,047	27,832
Employer — City's Contribution	307,716	314,993	322,046
Employer — Implicit Subsidy	41,664	51,736	48,225
Benefit payments	(207,716)	(214,993)	(222,046)
Implicit subsidy credit	(41,664)	(51,736)	(48,225)
Administrative expense	(104)	(644)	(129)
Net change in plan fiduciary net position	130,492	127,403	127,703
Plan fiduciary net position - beginning	465,045	337,642	209,939
Plan fiduciary net position - ending (b)	<u>595,537</u>	<u>465,045</u>	<u>337,642</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 2,813,546</u>	<u>\$ 3,819,927</u>	<u>\$ 3,801,352</u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.5%	10.9%	8.2%
Covered-employee payroll	\$ 1,783,551	\$ 2,254,260	\$ 2,193,927
Net OPEB liability as a percentage of covered payroll	157.7%	169.5%	173.3%

\*-Fiscal year 2018 was the 1st year of implementation, therefore only 3 years are shown.

## CITY OF OJAI

### SCHEDULE OF OPEB CONTRIBUTIONS LAST 10 YEARS\* AS OF JUNE 30, 2020

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	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially Determined Contribution (ARC)	\$ 221,870	\$ 366,729	\$ 370,271
Contributions in relation to the ARC	<u>(221,870)</u>	<u>(366,729)</u>	<u>(370,271)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll	 \$ 1,783,551	 \$ 2,254,260	 \$ 2,193,927
Contributions as a percentage of covered payroll	19.59%	16.27%	16.88%

#### Notes to Schedule:

#### Assumptions and Methods:

Actuarial Cost Method	Entry-age normal, level percent of pay
Amortization Method	Closed period, level percent of pay
Amortization Period	20 years
Inflation	2.50%
Assumed Payroll Growth	2.75%
Healthcare Trend Rates	7.00%, trending down to 3.84%
Rate of Return on Assets	7.55%
Mortality Rate	CalPERS Rates
Retirement Rates	CalPERS Rates

\*-Fiscal year 2018 was the 1st year of implementation, therefore only 3 years are shown.

**OTHER SUPPLEMENTAL INFORMATION SECTION**

## CITY OF OJAI

### DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

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#### 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 functions or activities of government. The specific special revenue funds utilized by the City are shown below:

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

The **Measure “C” Fund** is used to account for the receipt of an additional 5% special transient occupancy tax (hotel tax) on hotel guests to fund capital improvement and maintenance projects, including street paving, and fire mitigation, code enforcement, and climate change mitigation.

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

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

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

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

The **Community Development Block Grant Fund** is used to account for federal revenue from the Community Development Block grant. The City does not present a Budget versus Actual schedule for this fund.

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

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

The **Housing Successor Fund** is used to account for the activities of the former Low- and Moderate-Income Housing Fund of the former Redevelopment Agency of the City assumed by the City on February 1, 2012.

## CITY OF OJAI

### DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (continued) JUNE 30, 2020

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#### CAPITAL PROJECTS FUNDS

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

The **Park Acquisition Fund** is used to account for developer fees for the acquisition, development, and enhancement of neighborhood and community park and recreation facilities. The City does not present a Budget versus Actual schedule for this fund.

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

The **Transit Replacement Fund** is used to account for the maintenance and replacement of transit equipment. The City does not present a Budget versus Actual schedule for this fund.

**CITY OF OJAI**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020**

<u>Special Revenue Funds</u>			
	Libbey Bowl Maintenance	Measure C	Gas Tax
<b>ASSETS</b>			
Cash and investments	\$ 63,954	\$ -	\$ -
Accounts receivable, net	-	50,840	13,506
Due from the Successor Agency	-	-	-
Notes Receivable	-	-	-
<b>Total assets</b>	<b><u>\$ 63,954</u></b>	<b><u>\$ 50,840</u></b>	<b><u>\$ 13,506</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	72,149
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>72,149</u></b>
Fund balances:			
Restricted	63,954	50,840	-
Assigned	-	-	-
Unassigned	-	-	(58,643)
<b>Total fund balances (deficit)</b>	<b><u>63,954</u></b>	<b><u>50,840</u></b>	<b><u>(58,643)</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 63,954</u></b>	<b><u>\$ 50,840</u></b>	<b><u>\$ 13,506</u></b>

Special Revenue Funds					
Drainage	Bicycle and Pedestrian	Street Lighting	Community Development Block Grant	Library Special Tax	
\$ 58,925	\$ 69,647	\$ 149,784	\$ 246	\$ 54,812	
-	204,000	1,622	-	2,434	
-	-	-	-	-	
-	-	-	-	-	
<b>\$ 58,925</b>	<b>\$ 273,647</b>	<b>\$ 151,406</b>	<b>\$ 246</b>	<b>\$ 57,246</b>	
\$ -	\$ -	\$ 7,610	\$ -	\$ 26,500	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
<b>-</b>	<b>-</b>	<b>7,610</b>	<b>-</b>	<b>26,500</b>	
58,925	273,647	143,796	246	30,746	
-	-	-	-	-	
-	-	-	-	-	
<b>58,925</b>	<b>273,647</b>	<b>143,796</b>	<b>246</b>	<b>30,746</b>	
<b>\$ 58,925</b>	<b>\$ 273,647</b>	<b>\$ 151,406</b>	<b>\$ 246</b>	<b>\$ 57,246</b>	

**CITY OF OJAI**

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

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	Special Revenues Funds		Capital Projects Funds	
	Plaza Maintenance	Housing Successor	Park Acquisition	
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 443,128	\$ 5,246	
Accounts receivable, net	11,181	-	-	
Due from the Successor Agency	-	51,537	-	
Notes Receivable	-	1,427,612	-	
 Total assets	 \$ 11,181	 \$ 1,922,277	 \$ 5,246	
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 7,104	\$ 179	\$ -	
Accrued liabilities	4,774	-	-	
Unearned revenue	-	73,001	-	
Due to other funds	10,204	-	-	
 Total liabilities	 22,082	 73,180	 -	
Fund balances:				
Restricted	-	1,849,097	5,246	
Assigned	-	-	-	
Unassigned	(10,901)	-	-	
 Total fund balances (deficit)	 (10,901)	 1,849,097	 5,246	
 Total liabilities and fund balances	 \$ 11,181	 \$ 1,922,277	 \$ 5,246	

<u>Capital Projects Funds</u>		
<u>Equipment Replacement</u>	<u>Transit Equipment Replacement</u>	<u>Totals</u>
\$ 402,214	\$ 55,411	\$ 1,303,367
-	-	283,583
-	-	51,537
-	-	<u>1,427,612</u>
<u>\$ 402,214</u>	<u>\$ 55,411</u>	<u>\$ 3,066,099</u>
\$ -	\$ -	\$ 41,393
-	-	4,774
-	-	73,001
-	-	<u>82,353</u>
<u>-</u>	<u>-</u>	<u>201,521</u>
-	55,411	2,531,908
402,214	-	402,214
-	-	<u>(69,544)</u>
<u>402,214</u>	<u>55,411</u>	<u>2,864,578</u>
<u>\$ 402,214</u>	<u>\$ 55,411</u>	<u>\$ 3,066,099</u>

**CITY OF OJAI**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Special Revenue Funds</u>					
	Libbey Bowl Maintenance	Measure C	Gas Tax		
<b>REVENUES</b>					
Transient occupancy tax	\$ -	\$ 51,099	\$ -		
Other taxes and assessments	- -	- -	- -		
Use of money and property	- -	- -	3,102		
Intergovernmental:					
Other	- -	- -	322,901		
Charges for services	16,080	- -	- -		
Other revenue	- -	- -	- -		
 Total revenues	 16,080	 51,099	 326,003		
 <b>EXPENDITURES</b>					
Current:					
Public works	- -	259	2,108		
Community development	- -	- -	- -		
Libraries	- -	- -	- -		
Capital outlay	- -	- -	- -		
 Total expenditures	 - -	 259	 2,108		
 Excess of revenues over (under) expenditures	 16,080	 50,840	 323,895		
 <b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	- -	- -	- -		
Transfers out	(18,349)	- -	(699,000)		
 Total other financial sources (uses)	 (18,349)	 - -	 (699,000)		
 Net change in fund balances	 (2,269)	 50,840	 (375,105)		
 Fund balances, beginning of year, as restated	 66,223	 - -	 316,462		
 Fund balances (deficit), end of year	 \$ 63,954	 \$ 50,840	 \$ (58,643)		

Special Revenue Funds					
Drainage	Bicycle and Pedestrian	Street Lighting	Community Development Block Grant	Library Special Tax	
\$	\$	\$	\$	\$	\$
-	-	91,116	-	-	111,049
1,567	1,707	3,922	-	-	1,269
-	204,879	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,567</u>	<u>206,586</u>	<u>95,038</u>	<u>-</u>	<u>-</u>	<u>112,318</u>
5,110	-	88,366	-	-	-
-	-	-	-	-	-
-	-	-	-	-	109,901
-	-	-	-	-	-
<u>5,110</u>	<u>-</u>	<u>88,366</u>	<u>-</u>	<u>-</u>	<u>109,901</u>
 <u>(3,543)</u>	<u>206,586</u>	<u>6,672</u>	<u>-</u>	<u>-</u>	<u>2,417</u>
-	-	7,810	-	-	-
-	(44,262)	-	-	-	-
<u>-</u>	<u>(44,262)</u>	<u>7,810</u>	<u>-</u>	<u>-</u>	<u>-</u>
 (3,543)	 162,324	 14,482	 -	 2,417	
 <u>62,468</u>	 <u>111,323</u>	 <u>129,314</u>	 <u>246</u>	 <u>28,329</u>	
 <u>\$ 58,925</u>	 <u>\$ 273,647</u>	 <u>\$ 143,796</u>	 <u>\$ 246</u>	 <u>\$ 30,746</u>	

**CITY OF OJAI**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Special Revenues Funds			Capital Projects Funds
	Plaza Maintenance	Housing Successor	Park Acquisition	
<b>REVENUES</b>				
Transient occupancy tax	\$ -	\$ -	\$ -	\$ -
Other taxes and assessments	135,283	-	-	-
Use of money and property	3,267	10,066	138	
Intergovernmental:				
Other	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
 Total revenues	 138,550	 10,066	 138	
<b>EXPENDITURES</b>				
Current:				
Public works	-	-	-	-
Community development	137,905	2,701	-	-
Libraries	-	-	-	-
Capital outlay	-	11,468	-	-
 Total expenditures	 137,905	 14,169	 -	
 Excess of revenues over (under) expenditures	 645	 (4,103)	 138	
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,470	-	-	-
Transfers out	-	-	-	-
 Total other financial sources (uses)	 50,470	 -	 -	
 Net change in fund balances	 51,115	 (4,103)	 138	
 Fund balances, beginning of year, as restated	 (62,016)	 1,853,200	 5,108	
 Fund balances (deficit), end of year	 \$ (10,901)	 \$ 1,849,097	 \$ 5,246	

Capital Projects Funds		
Equipment Replacement	Equipment Replacement	Transit Totals
\$ -	\$ -	\$ 51,099
-	-	337,448
10,245	2,195	37,478
30,000	-	557,780
-	-	16,080
42	-	42
<u>40,287</u>	<u>2,195</u>	<u>999,927</u>
-	-	95,843
-	-	140,606
-	-	109,901
<u>69,559</u>	<u>-</u>	<u>81,027</u>
<u>69,559</u>	<u>-</u>	<u>427,377</u>
<u>(29,272)</u>	<u>2,195</u>	<u>572,550</u>
108,540	-	166,820
<u>-</u>	<u>(70,907)</u>	<u>(832,518)</u>
<u>108,540</u>	<u>(70,907)</u>	<u>(665,698)</u>
79,268	(68,712)	(93,148)
<u>322,946</u>	<u>124,123</u>	<u>2,957,726</u>
<u>\$ 402,214</u>	<u>\$ 55,411</u>	<u>\$ 2,864,578</u>

**CITY OF OJAI**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
LIBBEY BOWL MAINTENANCE SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Charges for services	\$ 28,120	\$ 16,080	\$ (12,040)
Total revenues	<u>28,120</u>	<u>16,080</u>	<u>(12,040)</u>
<b>EXPENDITURES</b>			
Excess of revenues over (under) expenditures	<u>28,120</u>	<u>16,080</u>	<u>(12,040)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(20,000)</u>	<u>(18,349)</u>	<u>1,651</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(18,349)</u>	<u>1,651</u>
Net change in fund balance	8,120	(2,269)	(10,389)
Fund balance, beginning of year	<u>66,223</u>	<u>66,223</u>	<u>-</u>
Fund balance, end of year	<u>\$ 74,343</u>	<u>\$ 63,954</u>	<u>\$ (10,389)</u>

**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
MEASURE "C" SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Transient occupancy tax	\$ 28,120	\$ 51,099	\$ 22,979
Total revenues	<u>28,120</u>	<u>51,099</u>	<u>22,979</u>
<b>EXPENDITURES</b>			
Current:			
Public works	-	259	(259)
Total expenditures	<u>-</u>	<u>259</u>	<u>(259)</u>
Net change in fund balance	28,120	50,840	22,720
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 28,120</u>	<u>\$ 50,840</u>	<u>\$ 22,720</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, 2020**

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 3,102	\$ 3,102
Intergovernmental:			
Other	333,660	322,901	(10,759)
Total revenues	333,660	326,003	(7,657)
<b>EXPENDITURES</b>			
Current:			
Public works	-	2,108	(2,108)
Total expenditures	-	2,108	(2,108)
Excess of revenues over (under) expenditures	333,660	323,895	(9,765)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(699,000)	(699,000)	-
Total other financing sources (uses)	(699,000)	(699,000)	-
Net change in fund balance	(365,340)	(375,105)	(9,765)
Fund balance, beginning of year	316,462	316,462	-
Fund balance (deficit), end of year	\$ (48,878)	\$ (58,643)	\$ (9,765)

**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, 2020**

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	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 1,567	\$ 1,567
Total revenues	-	1,567	1,567
<b>EXPENDITURES</b>			
Current:			
Public works	64,350	5,110	59,240
Total expenditures	64,350	5,110	59,240
Net change in fund balance	(64,350)	(3,543)	60,807
Fund balance, beginning of year	62,468	62,468	-
Fund balance, end of year	\$ (1,882)	\$ 58,925	\$ 60,807

**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, 2020**

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 1,707	\$ 1,707
Other	800	204,879	204,079
Total revenues	800	206,586	205,786
<b>EXPENDITURES</b>			
Excess of revenues over (under) expenditures	800	206,586	205,786
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(44,262)	(44,262)
Total other financing sources (uses)	-	(44,262)	(44,262)
Net change in fund balance	800	162,324	161,524
Fund balance, beginning of year	111,323	111,323	-
Fund balance, end of year	\$ 112,123	\$ 273,647	\$ 161,524

**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
STREET LIGHTING SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Other taxes and assessments	\$ 93,290	\$ 91,116	\$ (2,174)
Use of money and property	-	3,922	3,922
Total revenues	<u>93,290</u>	<u>95,038</u>	<u>1,748</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>75,100</u>	<u>88,366</u>	<u>(13,266)</u>
Total expenditures	<u>75,100</u>	<u>88,366</u>	<u>(13,266)</u>
Excess of revenues over (under) expenditures	<u>18,190</u>	<u>6,672</u>	<u>(11,518)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>7,810</u>	<u>7,810</u>	<u>-</u>
Total other financing sources (uses)	<u>7,810</u>	<u>7,810</u>	<u>-</u>
Net change in fund balance	26,000	14,482	(11,518)
Fund balance, beginning of year	<u>129,314</u>	<u>129,314</u>	<u>-</u>
Fund balance, end of year	<u>\$ 155,314</u>	<u>\$ 143,796</u>	<u>\$ (11,518)</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, 2020**

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Other taxes and assessments	\$ 109,160	\$ 111,049	\$ 1,889
Use of money and property	-	1,269	1,269
Total revenues	<u>109,160</u>	<u>112,318</u>	<u>3,158</u>
<b>EXPENDITURES</b>			
Current:			
Libraries	<u>109,160</u>	<u>109,901</u>	<u>(741)</u>
Total expenditures	<u>109,160</u>	<u>109,901</u>	<u>(741)</u>
Net change in fund balance	-	2,417	2,417
Fund balance, beginning of year	<u>28,329</u>	<u>28,329</u>	<u>-</u>
Fund balance, end of year	<u>\$ 28,329</u>	<u>\$ 30,746</u>	<u>\$ 2,417</u>

**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
PLAZA MAINTENANCE SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Other taxes and assessments	\$ 144,420	\$ 135,283	\$ (9,137)
Use of money and property	2,600	3,267	667
Total revenues	<u>147,020</u>	<u>138,550</u>	<u>(8,470)</u>
<b>EXPENDITURES</b>			
Current:			
Community development	<u>143,630</u>	<u>137,905</u>	<u>5,725</u>
Total expenditures	<u>143,630</u>	<u>137,905</u>	<u>5,725</u>
Excess of revenues over (under) expenditures	<u>3,390</u>	<u>645</u>	<u>(2,745)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>50,470</u>	<u>50,470</u>	<u>-</u>
Total other financing sources (uses)	<u>50,470</u>	<u>50,470</u>	<u>-</u>
Net change in fund balance	<u>53,860</u>	<u>51,115</u>	<u>(2,745)</u>
Fund balance (deficit), beginning of year	<u>(62,016)</u>	<u>(62,016)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (8,156)</u>	<u>\$ (10,901)</u>	<u>\$ (2,745)</u>

**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
HOUSING SUCCESSOR SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 10,066	\$ 10,066
Total revenues	-	10,066	10,066
<b>EXPENDITURES</b>			
Current:			
Community development	203,070	2,701	200,369
Capital outlay	-	11,468	(11,468)
Total expenditures	203,070	14,169	188,901
Net change in fund balance	(203,070)	(4,103)	198,967
Fund balance, beginning of year	1,853,200	1,853,200	-
Fund balance, end of year	<u>\$ 1,650,130</u>	<u>\$ 1,849,097</u>	<u>\$ 198,967</u>

**CITY OF OJAI**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 10,245	\$ 10,245
Intergovernmental:			
Other	-	30,000	30,000
Other revenue	-	42	42
Total revenues	-	40,287	40,287
<b>EXPENDITURES</b>			
Capital outlay	174,850	69,559	105,291
Total expenditures	174,850	69,559	105,291
Excess of revenues over (under) expenditures	(174,850)	(29,272)	145,578
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	122,640	108,540	(14,100)
Total other financing sources (uses)	122,640	108,540	(14,100)
Net change in fund balance	(52,210)	79,268	131,478
Fund balance, beginning of year	322,946	322,946	-
Fund balance, end of year	\$ 270,736	\$ 402,214	\$ 131,478

**CITY OF OJAI**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CAPITAL IMPROVEMENTS – MAJOR CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	Final Budget Amounts	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>			
Transient occupancy tax	\$ 682,250	\$ 553,092	\$ (129,158)
Use of money and property	-	906	906
Intergovernmental:			
Other	510,130	-	(510,130)
Other revenue	1,012,000	230,740	(781,260)
 Total revenues	 2,204,380	 784,738	 (1,419,642)
<b>EXPENDITURES</b>			
Capital outlay	3,230,910	2,004,398	1,226,512
 Total expenditures	 3,230,910	 2,004,398	 1,226,512
Excess of revenues over (under) expenditures	(1,026,530)	(1,219,660)	(193,130)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,054,500	1,127,687	73,187
 Total other financing sources (uses)	 1,054,500	 1,127,687	 73,187
Net change in fund balance	27,970	(91,973)	(119,943)
Fund balance, beginning of year	49,890	49,890	-
 Fund balance (deficit), end of year	 \$ 77,860	 \$ (42,083)	 \$ (119,943)

**CITY OF OJAI****STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND – SPECIAL DEPOSITS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	Beginning balance	Additions	Reductions	Ending balance
<b>ASSETS</b>				
Cash and investments	\$ 72,077	\$ -	\$ (5,072)	\$ 67,005
Total assets	<u>\$ 72,077</u>	<u>\$ -</u>	<u>\$ (5,072)</u>	<u>\$ 67,005</u>
<b>LIABILITIES</b>				
Deposits	\$ 72,077	\$ -	\$ (5,072)	\$ 67,005
Total liabilities	<u>\$ 72,077</u>	<u>\$ -</u>	<u>\$ (5,072)</u>	<u>\$ 67,005</u>

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