

**CITY OF OJAI
CALIFORNIA**

**FINANCIAL STATEMENTS
June 30, 2012**

CITY OF OJAI
BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

City Council of the City of Ojai
Ojai, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate fund information of the City of Ojai (the City), as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 fund information of the City of Ojai as of June 30, 2012, the respective changes in the financial position and cash flows, where applicable thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to basic financial statements effective July 1, 2011, the City of Ojai adopted Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the budgetary information on pages 57 through 61, and the schedule of funding progress on page 62 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The major capital projects and debt service fund budgetary comparison schedules, combining nonmajor fund financial statements, individual nonmajor fund budgetary comparison schedules, and combining fiduciary funds financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The major capital projects and debt service fund budgetary comparison schedules, combining nonmajor fund financial statements, individual nonmajor fund budgetary comparison schedules, and combining fiduciary funds financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Moss, Levy & Haugheim LLP

June 10, 2013
Santa Maria, California

CITY OF OJAI

For the fiscal year ended June 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ojai, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012 (the "current fiscal year"). We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the basic financial statements including the notes.

Financial Highlights

- The City of Ojai's total assets exceeded its liabilities at June 30, 2012 by \$26,889,394 (total net assets). Seventy-four percent (74%) of the City's total net assets were invested in capital assets (\$19,849,293) and the restricted net assets for specific purposes were \$681,795 or 2.5% of the total net assets. The City's unrestricted total net assets balance at June 30, 2012 was \$6,358,306, an increase of \$5,841,739 in comparison with the prior year, while the restricted net assets balance at the end of the current fiscal year was \$681,795, a decrease of \$3,337,861 in comparison with the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported ending total fund balances of \$8,040,785, an increase of \$3,758,668 in comparison with the prior year, while the total liabilities ending balance was \$3,878,002, a decrease of \$6,883,362 in comparison with the prior year.
- At the end of the current fiscal year, the "Unrestricted not assigned" fund balance for the City's General Fund was \$1,523,690, or 21.5% of its total operating expenditures for the current fiscal year. The prior year's "Unrestricted not assigned" fund balance was \$1,719,281 and its ratio to total operating expenditures was 24.6%. The current year's General Fund's "Unrestricted not assigned" fund balance decreased by \$195,591 from the prior year.
- The City of Ojai's total debt repayment during the current fiscal year was \$1,174,587. Newly-incurred debt during the current fiscal year was \$829,329.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the current fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

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

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

The City maintains seventeen (18) separate governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the

General Fund and Libbey Bowl Project Fund, which are considered to be the major funds. Data from the other thirteen (13) governmental funds are combined into a single aggregated amount and shown under the caption of Other Governmental Funds. The Redevelopment Agency Housing Fund, Redevelopment Agency Debt Service Fund and Redevelopment Agency Capital Project Fund were dissolved and the City created Housing Successor Agency and RDA during the FY2011-12 under AB26 & 27 and AB1484 to manage the dissolution of the Redevelopment Agency under the rules. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and can be found on pages 65 - 74. The basic governmental funds' financial statements can be found on pages 18 - 24.

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

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary funds' financial statements provide separate information for the transit and cemetery operations. The basic proprietary funds' financial statements can be found on pages 25-27 of this report.

Fiduciary funds: Fiduciary funds are used to account for situations where the City's role is purely custodial. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All assets reported in agency funds are offset by liabilities. The fiduciary funds' financial statements can be found on pages 28 and 29 of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 29 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 59-62 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the changes in net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Ojai, assets exceeded liabilities by \$26,889,394 and \$23,550,286 for the years ended June 30, 2012 and 2011, respectively. The City of Ojai's financial position has improved by \$3,339,108 in the fiscal year 2011-12 from the previous year. The majority of this improvement was from the extraordinary gain from the dissolution of the former Redevelopment Agency, which was \$3,102,017, and the balance was from the net asset increase from the current year's operations of \$237,091.

The net asset increase from the current year operation was a combination of the Governmental activities net decrease of \$140,491 and net increase of \$377,582 from the business-type activities. Most of the net increase for the business-type activities was due to the Capital Grants received by the Transit activity from the Federal Transportation Administration (FTA) 5311 Grant of \$289,693 for trolley purchases.

The restricted net assets decreased by \$3,337,861, while the unrestricted net assets were increased by \$5,841,739 and the investment in capital assets was also increased by \$835,230 in comparison with the prior year. The majority of the restricted net assets decrease and the unrestricted net assets increase were due to the dissolution of the former Redevelopment Agency. The increase in investment in capital assets was from the Fulton Street Extension Project, various park improvements, and the city facility improvements. The following table of *Statement of Net Assets* provides the City's financial position as of June 30, 2012 and 2011.

CITY OF OJAI						
STATEMENT OF NET ASSETS						
JUNE 30, 2012 AND 2011						
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and other assets	\$ 4,967,971	\$ 8,915,635	\$ 189,635	\$ 175,983	\$5,157,606	\$9,091,618
Due from successor agency	5,220,258	0	0	0	5,220,258	0
Capital assets	18,890,554	19,671,304	958,739	599,564	19,849,293	20,270,868
Total Assets	<u>\$ 9,078,783</u>	<u>\$28,586,939</u>	<u>\$1,148,374</u>	<u>\$775,547</u>	<u>\$30,227,157</u>	<u>\$29,362,484</u>
LIABILITIES						
Long-term liabilities	\$ 1,726,868	\$ 2,951,777	\$ 22,460	\$ 18,574	\$ 1,749,328	\$ 2,970,351
Other liabilities	1,561,762	2,806,533	26,673	35,314	1,588,435	2,841,847
Total Liabilities	<u>3,288,630</u>	<u>5,758,310</u>	<u>49,133</u>	<u>53,888</u>	<u>3,337,763</u>	<u>5,812,198</u>
NET ASSETS						
Investment in capital assets net of related debt	18,890,554	18,414,499	958,739	599,564	19,849,293	19,014,063
Restricted	681,795	4,019,656			681,795	4,019,656
Unrestricted	6,217,804	394,472	140,502	122,095	6,358,306	516,567
Total net assets	<u>\$25,790,153</u>	<u>\$22,828,627</u>	<u>\$1,099,241</u>	<u>\$721,659</u>	<u>\$26,889,394</u>	<u>\$23,550,286</u>

The largest portion (74%) of the City's net assets reflects its investment in capital assets (\$19,849,293) (e.g., land, buildings, improvements, infrastructure, vehicles, machinery, and equipment), less any related debts used to acquire those assets that are still outstanding. This investment in capital assets ratio (74%) is a 4% decrease from the previous year. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending and, with the exception of business-type assets, do not generate direct revenue for the City. Although the City of Ojai's investment in its capital assets is reported net of related debt, it should be

noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's total net assets of \$681,795 represents resources that are subject to external restrictions on how they may be used. The remaining net assets of \$6,358,306 are unrestricted and have increased substantially (\$5,841,739). Generally, the unrestricted balance represents resources that can be used to meet the government's ongoing obligations to citizens and creditors. The \$6,358,306 is net of the total long-term liabilities of \$1,749,328, which do not require short-term cash outlays. Therefore, the short-term ongoing obligations to citizens and creditors will not be disrupted. The following table of *Statement of Activities and Changes in Net Assets* provides the City's operations for fiscal years ended June 30, 2012 and 2011 with comparative totals for the same periods.

CITY OF OJAI						
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS						
JUNE 30, 2012 AND 2011						
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Charges for services	\$917,503	\$891,349	\$178,692	\$67,171	\$1,096,195	\$958,520
Operating contributions & grants	0	1,916,853	1,050,277	846,691	1,050,277	2,763,544
Capital contributions & grants	93,947	1,630,045	0	0	93,947	1,630,045
Property taxes	2,252,337	2,930,218			2,252,337	2,930,218
Sales taxes	1,210,467	996,177			1,210,467	996,177
Franchise taxes	360,045	365,526			360,045	365,526
Transient occupancy taxes	2,191,627	1,848,286			2,191,627	1,848,286
Other	503,359	379,160			503,359	379,160
Motor vehicle in lieu tax	643,186	682,030			643,186	682,030
Investment earnings	16,250	251,308	668	770	16,918	252,078
Miscellaneous	1,064,428	166,696			1,064,428	166,696
Transfers	(22,318)	(73,766)	22,318	73,766	0	0
	9,230,831	11,983,882	1,251,955	988,398	10,482,786	12,972,280
Expenditures:						
General Government	1,878,017	1,952,534			1,878,017	1,952,534
Public Safety	2,857,484	2,684,374			2,857,484	2,684,374
Public Works	2,053,025	1,909,334			2,053,025	1,909,334
Community Development	1,389,187	1,991,405			1,389,187	1,991,405
Parks and Recreation	826,630	883,165			826,630	883,165
Libraries	106,000	105,996			106,000	105,996
Unallocated depreciation	204,417	188,159			204,417	188,159
Interest on long-term debt	56,562	310,439			56,562	310,439
Transit activities			853,923	786,639	853,923	786,639
Cemetery activities			20,450	27,675	20,450	27,675
Total expenditures	9,371,322	10,025,406	874,373	814,314	10,245,695	10,839,720
Change in net assets	(140,491)	1,958,476	377,582	174,084	237,091	2,132,560

Extraordinary gain on dissolution of the RDA	3,102,017				3,102,017	0
Change in net assets	2,961,526	1,958,476	377,582	174,084	3,339,108	2,132,560
Net assets at beginning of year	22,828,627	20,870,151	721,659	547,575	23,550,286	21,417,726
Net assets at end of fiscal year	\$25,790,153	\$22,828,627	\$1,099,241	\$721,659	\$26,889,394	\$23,550,286

Governmental activities: Governmental activities increased the City's net assets by \$2,961,526. Total revenue for governmental activities decreased from the previous year by \$2,753,051, or 23%. A substantial revenue decrease of \$3,452,951 was in *Operating and Capital contributions and grants* compared with the previous year. Total governmental expenditures decreased by \$654,084, or 6.5% from the previous year.

Business-type Activities: Net assets from business-type activities (from the Transit and Cemetery funds) increased by \$377,582. The major contributing factor to this increase was the Transit Fund's receipt of FTA 5311 Capital Grants during the current fiscal year to purchase a trolley.

The Transit Fund had a change in net assets of \$369,067 in the current year and \$177,049 for the prior year. The Cemetery fund had a change in net assets of \$8,515 for the current fiscal year and a deficit of \$2,965 for the prior year.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

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

As shown in the table below, as of the end of current fiscal year, the total Governmental Fund balance was \$8,040,785, an increase of \$3,758,668 (88%) in comparison with the prior year. The total *Nonspendable* fund balance at June 30, 2012 was \$6,547,955. This balance represents the City's General Fund *Nonspendable* balance, which was approximately 81% of the total *General Fund* balance of \$8,077,559 as of June 30, 2012. The *Nonspendable* balance already has been committed and is not available for new spending.

The *Restricted* fund balances are restricted for specific purposes and they are not available for the general purpose expenditures. At the end of current year it had total Restricted balances of \$687,709 and \$5,914 for the total Governmental Funds and for the City General Fund, respectively.

The total *Unrestricted unassigned* City General Fund balance at the end of current year was \$1,523,690, a decrease of \$195,591 in comparison with the prior year. This

balance is the City's General Fund unrestricted but designated as a rainy day reserve by the City Council for the General Fund.

The *Unassigned* Other Governmental Fund balance at the end of current year was negative \$1,206,991, which was an improvement from the prior year's negative balance of \$6,065,762 by \$4,858,771 as shown below on the summary schedule of Governmental Funds Balance Sheet as of June 30 2012 and 2011. This substantial change was from dissolution of the Redevelopment Agency during the FY2011-12.

The following table provides a summary of the City's *Governmental Funds Balance Sheet* as of June 30, 2012 and 2011.

CITY OF OJAI						
BALANCE SHEET						
GOVERNMENTAL FUNDS						
JUNE 30, 2012 AND 2011						
	General Fund		Other Governmental		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
ASSETS						
Cash and investments	\$1,381,635	\$2,108,174	\$1,661,960	\$3,076,400	\$3,043,595	\$5,184,574
Cash and investments - restricted	5,914	\$9,022	0	32	5,914	9,054
Accounts & interest receivables	671,531	594,242	858,975	1,247,746	1,530,506	1,841,988
Notes receivable			0	1,398,946	0	1,398,946
Pre-paid expenditures	12,697	18,319	0	0	12,697	18,319
Due from other funds	790,817	779,600	0	0	790,817	779,600
Due from successor agency	5,220,258	0	0	0	5,220,258	0
Due from RDA	0	4,373,895	0	0	0	4,373,895
Advances to other funds	1,315,000	1,315,000	0	122,105	1,315,000	1,437,105
Total assets	9,397,852	9,198,252	2,520,935	5,845,229	11,918,787	15,043,481
LIABILITIES						
Accounts payable	464,614	733,302	53,068	199,792	517,682	933,094
Other liabilities	855,679	1,038,455	1,189,641	2,978,815	2,045,320	4,017,270
Advances from other funds			1,315,000	5,811,000	1,315,000	5,811,000
Total liabilities	1,320,293	1,771,757	2,557,709	8,989,607	3,878,002	10,761,364
Fund balances						
Nonspendable	6,547,955	5,707,214	0	0	6,547,955	5,707,214
Restricted	5,914		681,795	2,620,710	687,709	2,620,710
Assigned			488,422	300,674	448,422	310,674
Unassigned	1,523,690	1,719,281	(1,206,991)	(6,065,762)	(316,699)	(4,346,481)
Total fund balances	\$8,077,559	\$7,426,495	(\$36,774)	(\$3,144,378)	\$8,040,785	\$4,282,117
Total liabilities and fund balances	\$9,397,852	\$9,198,252	\$2,520,935	\$5,845,229	\$11,918,787	\$15,043,481

General Fund Budgetary Highlights: The City made revisions to the original appropriations, which were approved by the City Council. The revisions resulted in a decrease to the originally projected *General Fund's* fund balance by \$531,325.

The final budget revenue projections were decreased from the original revenue budget by \$222,395 (2.9%) and expenditures were increased by \$92,046 (1.3%). The increase in expenditures was mainly for capital outlays. In the *Other Financing Sources (Uses)* section, the *Transfers-out* increased by \$300,000 from the original budget. The \$300,000 was transferred out to the Capital Projects Fund to pay for various capital projects. See the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, for the Fiscal Year Ended June 30, 2012* below.

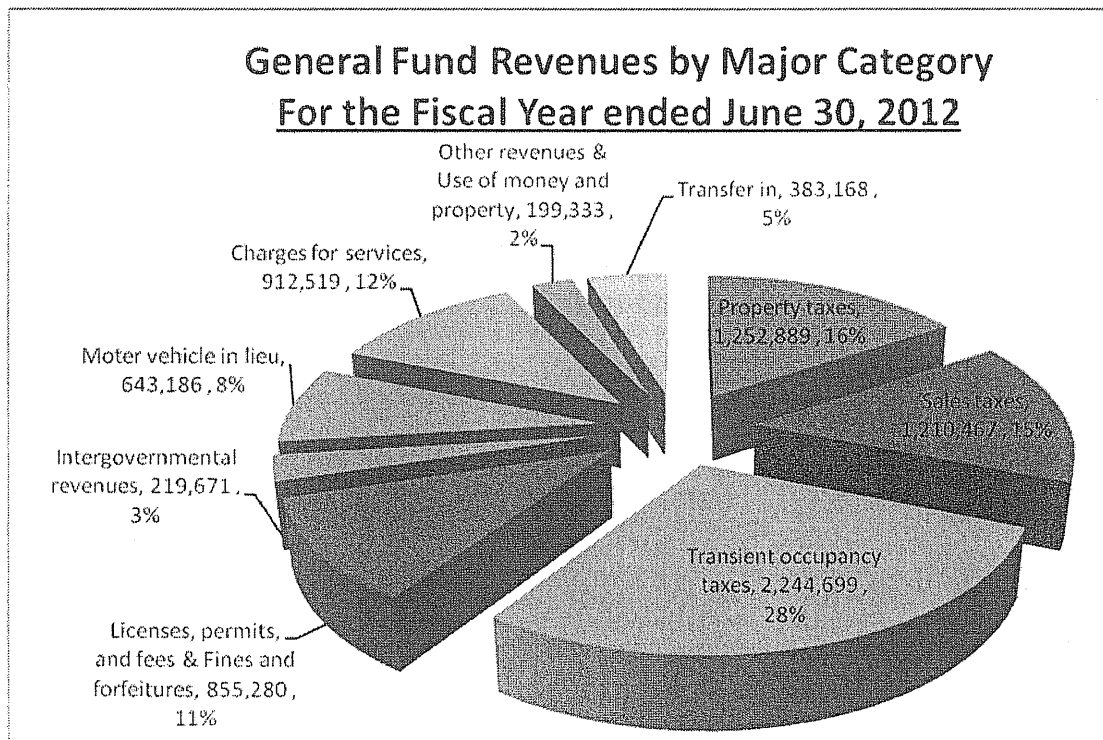
CITY OF OJAI					
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES					
GENERAL FUND					
For the Fiscal Year Ended June 30, 2012 and 2011					
	Budget		Changes	Actual	Variance
	Original	Final	Increase (Decrease)	Amounts	with Final Budget- Positive (Negative)
Revenues:					
Property taxes	\$ 1,381,470	\$1,281,831	\$ (99,639)	\$ 1,252,889	\$ (28,942)
Sales taxes	1,189,600	1,202,045	12,445	1,210,467	8,422
Transient occupancy taxes	2,357,600	2,231,544	(126,056)	2,244,699	13,155
Licenses, permits, and fees	829,477	782,966	(46,511)	837,791	54,825
Fines and forfeitures	23,480	20,131	(3,349)	17,489	(2,642)
Use of money and property	12,200	12,574	374	12,442	(132)
Intergovernmental revenues	131,738	239,576	107,838	219,671	(19,905)
Moter vehicle in lieu	675,000	658,625	(16,375)	643,186	(15,439)
Charges for services	918,516	851,525	(66,991)	912,519	60,994
Other revenues	11,930	27,799	15,869	186,891	159,092
Total revenues	7,531,011	7,308,616	(222,395)	7,538,044	229,428
Expenditures:					
General Government	1,828,368	1,734,218	(94,150)	1,719,087	15,131
Public Safety	2,716,721	2,711,168	(5,553)	2,796,953	(85,785)
Public Works	1,341,024	1,312,649	(28,375)	1,365,505	(52,856)
Community Development	373,011	479,760	106,749	469,584	10,176
Parks and recreation	741,114	742,081	967	719,922	22,159
Capital outlays	6,530	114,787	108,257	180,430	(65,643)
Debt service - Principal	110,000	114,151	4,151	114,151	0
Total expenditures	7,116,768	7,208,814	92,046	7,365,632	(156,818)
Excess of revenues over (under) expenditures	414,243	99,802	(314,441)	172,412	72,610
OTHER FINANCING SOURCES (USES):					
Transfer in	330,350	413,466	83,116	383,168	(30,298)
Transfer out	(47,452)	(347,452)	(300,000)	(432,652)	(85,200)
Total other financing sources(uses)	282,898	66,014	(216,884)	(49,484)	(72,610)

Attachment A
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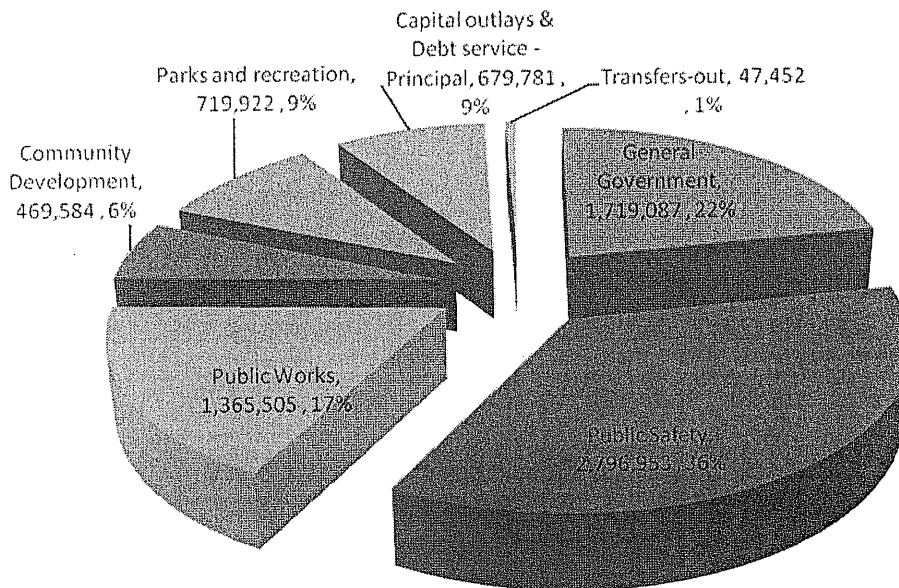
Net changes in fund balances	697,141	165,816	(531,325)	122,928	(42,888)
Fund Balances (deficit) - July 1	7,426,495	7,426,495	0	7,426,495	0
Prior Period Adjustment	0	0	0	528,136	528,136
Fund Balances (deficit) - July 1, restated	7,426,495	7,426,495	0	7,954,631	528,136
Fund Balances (deficit) - June 30	\$8,123,636	\$7,592,311	(\$531,325)	\$8,077,559	\$485,248

Following are the *General Fund* pie charts for its revenues and expenditures by major categories for the fiscal year ended June 30, 2012. Fifty-nine percent (59%) of the General Fund revenues were from Property Taxes, Sales Taxes and Transient Occupancy Taxes. Bed tax is twenty-eight percent of the General Fund revenues

The Public Safety expenditures represent thirty-six percent (36%) of the total general fund expenditures, while seventeen percent (17%) was for Public Works and twenty-two percent (22%) was for General Government services. Capital project costs were thirty-six percent (9%) of the total general fund expenditures as shown on the expenditure pie chart above. The 9% of the Capital project costs (\$679,781) includes the \$385,200 transfer-out to Capital Projects Fund (31)



General Fund Expenditures by Major Category For the Fiscal Year Ended June 30, 2012



Proprietary funds: The City's proprietary fund statements provide the same type of information found in the government-wide financial statements (see more detail on pages 25-27 of this report). The net assets of the respective enterprise funds are Transit - \$819,707, an increase of \$369,067 from the previous year and Cemetery - \$279,534, an increase of \$8,515 from the previous year. Both the Transit and Cemetery Funds have increased their net asset balances. The increases were from the results of the current fiscal year's operations. The Transit Fund net assets increase during the year was due to the receipt of the FTA 5311 Capital Grant monies for the purchase of trolleys.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets: The City's investment in capital assets is for its governmental and business-type activities. The investment in capital assets includes land, buildings, equipment, improvements, infrastructure, and construction in progress. The following table provides a summary of the City's capital assets net of accumulated depreciation as of June 30, 2012 and 2011. Additional information on the City's capital assets can be found in the Notes to Basic Financial Statements number 6 on pages 44-46 of this report.

CAPITAL ASSETS						
NET OF ACCUMULATED DEPRECIATION						
JUNE 30, 2012 AND 2011						
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Rights of way	\$ 750,000	\$ 750,000	\$ 0	\$ 0	\$ 750,000	\$ 750,000
Land	1,400,798	1,706,686	110,500	110,500	1,511,298	1,817,186
Construction in progress	452,757	309,098	26,261	20,181	479,018	329,279
Buildings	10,794,316	11,036,748	0	0	10,794,316	11,036,748
Land improvements	1,932,219	2,078,503	134,228	143,309	2,066,447	2,221,812
Equipment and machinery	446,720	366,817	101,130	10,168	547,850	376,985
Infrastructure	3,087,453	3,413,759			3,087,453	3,413,759
Vehicles	26,291	9,693	586,620	315,406	612,911	325,099
Total	\$18,890,554	\$19,671,304	\$958,739	\$599,564	\$19,849,293	\$20,270,868

Long-term debt: As of June 30, 2012, the City had a long-term liability of \$413,864 to the California Public Employees Retirement System (CALPERS) for unfunded pension obligations for its past public safety (police) employees. The City implemented GASB 45, which requires that the City record an *Annual Required Amount*, actuarially determined, in accordance with parameters of the GASB Statement No.45. The amount for the current year was \$1,204,406. Additional detailed information on the City's long-term debt can be found in the Notes to Basic Financial Statements number 7, pages 47 and 48 of this report.

LONG TERM LIABILITIES						
JUNE 30, 2012 AND 2011						
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Net pension obligations	\$ 413,864	\$ 528,015	\$	\$	\$ 413,864	\$ 528,015
Tax allocation bonds	0	1,315,000			0	1,315,000
RDA Settlement Agreement with County of Ventura	0	837,000			0	837,000
OPEB	1,204,406	820,127			1,204,406	820,127
Other	296,999	272,567	29,948	24,766	326,947	297,333
Total	\$1,915,269	\$3,772,709	\$29,948	\$24,766	\$1,945,217	\$3,797,475

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET OUTLOOK

Prior to the adoption of the current fiscal year budget, the City Council received a comprehensive report from staff on the fiscal positions of the City's General Fund and the Special Revenue Funds. The City's priority has been to bring its General Fund reserve fund balance to the required level and to update City's dilapidated infrastructure and this will continue to be the City's main focus.

The general economic recovery rate is at 3 to 4% annually and the economists are projecting this slow growth rate will continue for the next few years. In an effort to improve local economy and to improve local tourism activities, the Ojai Valley Business Bureau, the Ojai Valley Chamber of Commerce, and the City created an Ojai Tourism Improvement District effective November 1, 2012 through October 31, 2016, to fund Ojai Valley tourism promotional advertising efforts. The goal is to increase Transient Occupancy Tax (TOT), which is the City's number one revenue source. The City would utilize the increase in TOT to make streets and roads improvements as well as to improve deteriorated City facilities. It also would help to replenish the General Fund reserves for emergencies caused by natural disasters, economic downturns or other catastrophes.

The City's revenue improved during the fiscal year 2011-2012, but not to the level before the economic decline. The continuous slow recovery of the economy, coupled with unresolved State of California budget issues, raise continual concerns about the City's General Fund revenues; hence, the City staff has monitored revenue and expenditures very closely. The fiscal year 2012-13 may end with some savings, which would increase the balance of the General Fund reserve and the Capital Improvement Fund for the infrastructure projects.

REQUESTS FOR INFORMATION

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

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

CITY OF OJAI
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 3,043,595	\$ 164,890	\$ 3,208,485
Cash and investments with fiscal agents	5,914		5,914
Accounts receivable, net	1,529,691	395,146	1,924,837
Interest receivable	815	32	847
Internal balances	375,259	(375,259)	
Prepaid expenses	12,697		12,697
Inventory		4,826	4,826
Due from successor agency	5,220,258		5,220,258
Capital assets not being depreciated	2,603,555	136,761	2,740,316
Capital assets, net of accumulated depreciation	16,286,999	821,978	17,108,977
Total assets	29,078,783	1,148,374	30,227,157
LIABILITIES			
Accounts payable	517,682	12,990	530,672
Accrued liabilities	61,022	6,196	67,218
Deposits payable	700		700
Unearned revenue	793,957		793,957
Noncurrent liabilities:			
Due within one year	188,401	7,487	195,888
Due in more than one year	1,726,868	22,460	1,749,328
Total liabilities	3,288,630	49,133	3,337,763
NET ASSETS			
Invested in capital assets, net of related debt	18,890,554	958,739	19,849,293
Restricted for:			
Libraries	43,909		43,909
Streets, bikeways, parks and other related purposes	623,404		623,404
Transit	14,236		14,236
Community development	246		246
Unrestricted	6,217,804	140,502	6,358,306
Total net assets	\$ 25,790,153	\$ 1,099,241	\$ 26,889,394

See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General government	\$ (1,878,017)	\$ 912,519	\$ -	\$ -
Public safety	(2,857,484)			
Public works	(2,053,025)	4,914		17,719
Community development	(1,389,187)			76,228
Parks and recreation	(826,630)	70		
Libraries	(106,000)			
Unallocated depreciation	(204,417)			
Interest on long-term debt	(56,562)			
Total governmental activities	(9,371,322)	917,503		93,947
Business-type Activities:				
Transit	(853,923)	150,395	1,050,277	
Cemetery	(20,450)	28,297		
Total business-type activities	(874,373)	178,692	1,050,277	
Total government	<u>\$ (10,245,695)</u>	<u>\$ 1,096,195</u>	<u>\$ 1,050,277</u>	<u>\$ 93,947</u>

General Revenues and Transfers:

Taxes:

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

Total general revenues and transfers

Change in net assets before extraordinary items

Extraordinary item-Gain on dissolution of the redevelopment agency

Change in net assets

Net assets at beginning of fiscal year

Net assets at end of fiscal year

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (965,498)	\$ -	\$ (965,498)
(2,857,484)		(2,857,484)
(2,030,392)		(2,030,392)
(1,312,959)		(1,312,959)
(826,560)		(826,560)
(106,000)		(106,000)
(204,417)		(204,417)
(56,562)		(56,562)
(8,359,872)		(8,359,872)
	346,749	346,749
	7,847	7,847
	354,596	354,596
(8,359,872)	354,596	(8,005,276)
2,252,337		2,252,337
1,210,467		1,210,467
2,244,699		2,244,699
810,332		810,332
643,186		643,186
16,250	668	16,918
1,064,428		1,064,428
(22,318)	22,318	
8,219,381	22,986	8,242,367
(140,491)	377,582	237,091
3,102,017		3,102,017
2,961,526	377,582	3,339,108
22,828,627	721,659	23,550,286
\$ 25,790,153	\$ 1,099,241	\$ 26,889,394

CITY OF OJAI
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Redevelopment Agency Low and Moderate Income Housing Special Revenue Fund	Redevelopment Agency Debt Service Fund
ASSETS			
Cash and investments	\$ 1,381,635	\$ -	\$ -
Cash and investments with fiscal agents	5,914		
Accounts receivable, net	670,944		
Interest receivable	587		
Prepaid items	12,697		
Due from other funds	790,817		
Due from successor agency	5,220,258		
Advances to other funds	1,315,000		
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 9,397,852</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 464,614	\$ -	\$ -
Accrued liabilities	61,022		
Deposits payable	700		
Due to other funds			
Deferred revenue	793,957		
Advances from other funds			
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,320,293</u>	<u> </u>	<u> </u>
Fund balances:			
Nonspendable:			
Prepaid items	12,697		
Advances to other funds	1,315,000		
Due from successor agency	5,220,258		
Restricted	5,914		
Assigned			
Unassigned	1,523,690		
	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficits)	<u>8,077,559</u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 9,397,852</u>	<u>\$ -</u>	<u>\$ -</u>

Redevelopment Agency Capital Projects Fund	Libbey Bowl Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 545,650	\$ 1,116,310	\$ 3,043,595
	769,350	89,397	5,914
		228	1,529,691
			815
			12,697
			790,817
			5,220,258
			1,315,000
<u>\$ -</u>	<u>\$ 1,315,000</u>	<u>\$ 1,205,935</u>	<u>\$ 11,918,787</u>
\$ -	\$ -	\$ 53,068	\$ 517,682
			61,022
			700
		415,558	415,558
	774,083		1,568,040
	1,315,000		1,315,000
	2,089,083	468,626	3,878,002
			12,697
			1,315,000
			5,220,258
		681,795	687,709
		488,422	488,422
	(774,083)	(432,908)	316,699
	(774,083)	737,309	8,040,785
<u>\$ -</u>	<u>\$ 1,315,000</u>	<u>\$ 1,205,935</u>	<u>\$ 11,918,787</u>

CITY OF OJAI
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Fund balances of governmental funds	\$	8,040,785
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Capital assets at historical cost	\$	35,747,219	
Accumulated depreciation		<u>(16,856,665)</u>	18,890,554

Certain accounts, notes, loans, and interest receivable are not available to pay for current period expenditures and, therefore, are offset by deferred revenue in the governmental funds.		774,083
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Long-term debt has not been included in the governmental funds.

Pension obligation	\$	413,864	
Compensated absences		296,999	
OPEB		<u>1,204,406</u>	<u>(1,915,269)</u>

Net assets of governmental activities	\$	<u>25,790,153</u>
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See Notes to Basic Financial Statements

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

For the Fiscal Year Ended June 30, 2012

	General Fund	Redevelopment Agency Low and Moderate Income Housing Special Revenue Fund	Redevelopment Agency Debt Service Fund
REVENUES			
Property taxes	\$ 1,252,889	\$ 158,345	\$ -
Sales taxes	1,210,467		
Transient occupancy tax	2,244,699		
Other taxes and assessments			
Licenses, permits, and fees	837,791		
Fines and forfeitures	17,489		
Use of money and property	12,442	4,140	
Intergovernmental:			
Other	219,671		
Motor vehicle in lieu	643,186		
Charges for services	912,519		
Other revenue	186,891		
Total revenues	7,538,044	162,485	
EXPENDITURES			
Current:			
General government	1,719,087		
Public safety	2,796,953		
Public works	1,365,505		
Community development	469,584	70,742	75,353
Parks and recreation	719,922		
Libraries			
Capital outlay	180,430		
Debt service:			
Principal	114,151		645,000
Interest and fiscal charges			16,398
Total expenditures	7,365,632	70,742	736,751
Excess of revenues over (under) expenditures	172,412	91,743	(736,751)
Transfers in	383,168		741,722
Transfers out	(432,652)		
Total other financing sources (uses)	(49,484)		741,722
Net change in fund balances before extraordinary loss	122,928	91,743	4,971
EXTRAORDINARY ITEMS			
Extraordinary item-gain/(loss) on dissolution of the redevelopment agency		(2,008,793)	4,897,028
Net changes in fund balances	122,928	(1,917,050)	4,901,999
Fund balances (deficit) - July 1, 2011	7,426,495	1,917,050	(4,373,863)
Prior period adjustment	528,136		(528,136)
Fund balances (deficit) - July 1, 2011, restated	7,954,631	1,917,050	(4,901,999)
Fund balances (deficit) - June 30, 2012	\$ 8,077,559	\$ -	\$ -

 Attachment A
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See Notes to Basic Financial Statements

Redevelopment Agency Capital Projects Fund	Libbey Bowl Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ 841,103	\$ -	\$ -	\$ 2,252,337
			1,210,467
			2,244,699
		306,973	306,973
			837,791
			17,489
		4,349	20,931
4,883		372,752	597,306
			643,186
		4,984	917,503
6,212	430,743		623,846
852,198	430,743	689,058	9,672,528
			1,719,087
			2,796,953
		123,181	1,488,686
425,595		194,989	1,236,263
			719,922
		106,000	106,000
		194,111	374,541
			759,151
			16,398
425,595		618,281	9,217,001
426,603	430,743	70,777	455,527
		432,652	1,557,542
(741,722)		(405,486)	(1,579,860)
(741,722)		27,166	(22,318)
	430,743	97,943	433,209
437,224			3,325,459
122,105	430,743	97,943	3,758,668
(122,105)	(1,204,826)	639,366	4,282,117
(122,105)	(1,204,826)	639,366	4,282,117
\$ -	\$ (774,083)	\$ 737,309	\$ 8,040,785

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, 2012

Net change in fund balances - total governmental funds \$ 3,758,668

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

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

Capital outlay expenditures are added back to fund balances	\$ 355,632	
Depreciation expense not reported in governmental funds	<u>(830,494)</u>	(474,862)

Revenue not recognized in the governmental funds is deferred as it was not available to pay current period expenditures		(430,743)
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Certain notes receivable are reported in the governmental funds as expenditures and then, offset by a deferred revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued.

5,584

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net assets.

Police net pension obligation	\$ 114,151	
2007 Tax allocation bonds, Series A	<u>645,000</u>	759,151

OPEB expenditures reported in the statement of net assets do not require the use of current financial resources and therefore, is not reported as expenditures in a governmental fund. This is the net change in OPEB for the current period.		(384,279)
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Debt issuance costs are expenditures in the governmental funds, but these costs are capitalized and amortized on the statement of net assets.		
Amortization of debt issue costs		(29,097)

Accrued interest payable is interest due on long-term debt. This is the net change in accrued interest in the current period.		4,978
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Compensated absences are not a current period expense. This is the net change in compensated absences for the current period.		(24,432)
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Extraordinary item reported in the governmental funds and the difference reported on the statement of activities.		<u>(223,442)</u>
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Change in net assets of governmental activities	\$	<u>2,961,526</u>
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See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ -	\$ 164,890	\$ 164,890
Accounts receivable, net	395,146		395,146
Interest receivable		32	32
Inventory		4,826	4,826
Total current assets	395,146	169,748	564,894
Noncurrent Assets:			
Capital assets not being depreciated	27,861	108,900	136,761
Capital assets, net of accumulated depreciation	818,037	3,941	821,978
Total noncurrent assets	845,898	112,841	958,739
Total assets	1,241,044	282,589	1,523,633
LIABILITIES			
Current Liabilities:			
Accounts payable	12,555	435	12,990
Accrued liabilities	5,973	223	6,196
Due to other funds	375,259		375,259
Current portion of long-term obligations	6,888	599	7,487
Total current liabilities	400,675	1,257	401,932
Noncurrent Liabilities:			
Compensated absences	20,662	1,798	22,460
Total noncurrent liabilities	20,662	1,798	22,460
Total liabilities	421,337	3,055	424,392
NET ASSETS			
Invested in capital assets, net of related debt	845,898	112,841	958,739
Unrestricted	(26,191)	166,693	140,502
Total net assets	\$ 819,707	\$ 279,534	\$ 1,099,241

See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
Operating Revenues:			
Charges for services (net of refunds)	\$ 56,527	\$ 28,297	\$ 84,824
Other revenue	93,868		93,868
Total operating revenues	150,395	28,297	178,692
Operating Expenses:			
Salaries and benefits	373,209	15,912	389,121
Material, supplies, and operational expenses	360,700	4,291	364,991
Depreciation	120,014	247	120,261
Total operating expenses	853,923	20,450	874,373
Operating income (loss)	(703,528)	7,847	(695,681)
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	1,050,277		1,050,277
Interest income		668	668
Total non-operating revenues (expenses)	1,050,277	668	1,050,945
Income and (loss) before transfers and capital contributions	346,749	8,515	355,264
Transfers in	22,318		22,318
Changes in net assets	369,067	8,515	377,582
Total net assets - July 1, 2011	450,640	271,019	721,659
Total net assets - June 30, 2012	\$ 819,707	\$ 279,534	\$ 1,099,241

CITY OF OJAI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 150,395	\$ 28,297	\$ 178,692
Cash paid to suppliers for goods and services	(397,615)	(4,081)	(401,696)
Cash paid to employees for services	(370,872)	(15,597)	(386,469)
Net cash provided by (used by) operating activities	(618,092)	8,619	(609,473)
Cash Flows from Noncapital Financing Activities:			
Operating grants received	1,075,210		1,075,210
Transfers from other funds	22,318		22,318
Net cash provided by noncapital financing activities	1,097,528		1,097,528
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(479,436)		(479,436)
Net cash used by capital and related financing activities	(479,436)		(479,436)
Cash Flows from Investing Activities:			
Interest received		815	815
Net cash provided by investing activities		815	815
Net increase (decrease) in cash and cash equivalents		9,434	9,434
Cash and Cash Equivalents at Beginning of Fiscal Year		155,456	155,456
Cash and Cash Equivalents at End of Fiscal Year	\$ -	\$ 164,890	\$ 164,890
Reconciliation to Statement of Net Assets:			
Cash and investments	\$ -	\$ 164,890	\$ 164,890
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (703,528)	\$ 7,847	\$ (695,681)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	120,014	247	120,261
(Increase) decrease in inventory			
Increase (decrease) in accounts payable	(7,617)	210	(7,407)
Increase (decrease) in accrued liabilities	(2,402)	(127)	(2,529)
Increase (decrease) in compensated absences	4,739	442	5,181
Increase (decrease) in due to other funds	(29,298)		(29,298)
Total adjustments	85,436	772	86,208
Net cash provided by (used by) operating activities	\$ (618,092)	\$ 8,619	\$ (609,473)

See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2012

	Private Purpose Trust Funds	Agency Funds
	Successor Agency	Special Deposits
ASSETS		
Cash and investments	\$ 2,417,862	\$ 17,475
Interest receivable	360	
Notes receivable	1,408,505	
Land	305,888	
Deferred charges, net of accumulated amortization	8,313	
Total assets	<u>4,140,928</u>	<u>\$ 17,475</u>
LIABILITIES		
Accounts payable	1,720,007	\$ 17,475
Accrued liabilities	1,493	
Accrued interest payable	7,160	
Loans payable	5,220,258	
Bonds payable	670,000	
Due to County of Ventura	837,000	
Total liabilities	<u>8,455,918</u>	<u>\$ 17,475</u>
NET ASSETS		
Held in trust	<u>\$ (4,314,990)</u>	

CITY OF OJAI
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2012

	Successor Agency
ADDITIONS:	
Property taxes	\$ 843,777
Use of money and property	<u>7,320</u>
Total additions	<u>851,097</u>
DEDUCTIONS	
Community development	309,005
Amortization	20,784
AB1484 true-up payment	1,720,007
Debt service:	
Interest and fiscal charges	<u>14,274</u>
Total deductions	<u>2,064,070</u>
Net increase (decrease) before extraordinary items	(1,212,973)
EXTRAORDINARY ITEMS:	
Net assets received upon dissolution of redevelopment agency	<u>(3,102,017)</u>
Change in net assets	(4,314,990)
Total net assets-beginning of fiscal year	<u> </u>
Total net assets-end of fiscal year	<u><u>\$ (4,314,990)</u></u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The City of Ojai is a municipal corporation governed by an elected five-member City council who, in turn, elects one of its members to serve as the Mayor. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the City. The blended component units have a June 30 fiscal year end to coincide with the City.

Blended Component Units

The Redevelopment Agency of the City of Ojai (Agency) was established pursuant to the State of California Health and Safety Code, Section 33000. It consists of one project area. Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and development of blighted areas within the territorial limits of the City of Ojai. The Redevelopment Agency of the City of Ojai was dissolved on February 1, 2012. Financial activity is reported up to that date within the City's basic financial statements.

Complete financial statements for the Redevelopment Agency of the City of Ojai can be obtained from the City of Ojai.

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 Assets and the Statement of Activities display information about the primary government (the City) and its component unit. 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.

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 and blended component units. 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 non-major funds.

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, 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 Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. 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.

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 Redevelopment Agency Low and Moderate Income Housing Special Revenue Fund is used to account for the required 20% set-aside of property tax revenue pursuant to Community Development law to fund low and moderate income housing projects.

The Redevelopment Agency Debt Service Fund is used to account for property tax revenue used for the debt service activities of the Redevelopment Agency of the City of Ojai.

Redevelopment Agency Capital Projects Fund is used to account for approved redevelopment projects.

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

The City reports the following proprietary funds:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

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

Additionally, the City reports the following fund type:

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

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

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

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

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 sixty 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.

Attachment A
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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 assets may be available to finance program expenditures/expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

E. Assets, Liabilities, Net Assets or Fund Balances

Cash and Investments

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

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 their portfolio quarterly and report a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. Changes in fair value are allocated to each participating fund.

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

Receivables and Payables

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

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

Property Taxes

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

Attachment A
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Net Assets or Fund Balances (continued)

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

Tax Levies – are limited to 1 percent of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

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

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

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.

Restricted Assets

Certain proceeds of the City's long-term debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts, and their use is limited by applicable bond covenants.

In the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, these bond monies may be invested in accordance with the ordinance, resolutions and indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy. In no instance have additional types of investments been authorized that are not permitted by the City's general investment policy.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Net Assets 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, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 (including infrastructure) or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2012.

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

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

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

Compensated Absences and Post-Employment Benefits

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

The Compensated absences policy of the City is as follows:

- a) Vacation is accrued by full time employees based on years of service. Employees with up to 1 year of service accrue 79.2 hours per year and those with over 18 years of service accrue up to 144 hours. Permanent part-time employees receive a pro-rata accrual based on hours worked exceeding 20 hours per week. Maximum accrual is 30 working days.
- b) Sick leave is accrued by employees at a rate of 7.2 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Net Assets or Fund Balances (continued)

Compensated Absences and Post-Employment Benefits (continued)

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 must have ten years of continuous service for the City of Ojai and retire from the City to receive the post-employment medical benefits. Currently, this benefit is funded on a pay-as-you-go basis. For fiscal year 2011-12, the City paid \$143,702 for post-employment medical benefits for 17 retirees.

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 assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs and underwriters' discount are reported as deferred bond issuance costs. Amortization of bond premiums or discounts and issuance costs are included as part of interest expense.

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

Net Assets and Fund Balances

In the Government-wide financial statements and proprietary fund financial statements, net assets are reported in three categories: net assets invested in capital assets net of related debt, restricted net assets, and unrestricted net assets. Restricted net assets represent net assets 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 assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Net Assets or Fund Balances (continued)

Net Assets and Fund Balances (continued)

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

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

F. Estimates

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

G. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 64

For the fiscal year ended June 30, 2012, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions.” This Statement is effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Implementation of the GASB Statement No. 64, did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2012.

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

3. Formal budgetary integration is employed as a management control device during the fiscal year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations which are encumbered lapse at fiscal year-end, and then are added to the following fiscal year’s budgeted appropriations.
4. Budgets for the General, Special Revenue, Debt Service, RDA Debt Service, and RDA Capital Projects Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.
5. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for this type of funds.
6. Capital projects are budgeted through the Capital Projects Funds. Appropriations for capital projects authorized, but not constructed or completed during the fiscal year, are carried forward as continuing appropriations into the following fiscal year’s budget.
7. Under Article XIII-B of the California constitution (the GANN Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following fiscal year. For the fiscal year ended June 30, 2012, based on calculations by City staff, proceeds of taxes did not exceed appropriations. Further, Section 5 of Article XIII-B allows the City to designate a portion of fund balance for general contingencies, to be used for any purpose.

B. Excess of Expenditures over Appropriation

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

Major Funds

General Fund:

Police	\$	85,785
City council		25,131
Public works		52,856
Capital outlay		65,643
Redevelopment Debt Service Fund		
Interest and fiscal charges		11,075

Nonmajor Special Revenue Funds

Grant Funding Fund:

Capital Outlay		40,088
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Community Development Block Grant Fund:

Capital Outlay		14,362
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Street Lighting Special Revenue Fund:

Public works		16,995
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Plaza Maintenance Special Revenue Fund:

Community development		20,692
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Attachment A
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CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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

C. Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2012:

Major Governmental Funds:	
Libbey Bowl Capital Project fund	\$ 774,083
Nonmajor Governmental Funds:	
Street Lighting	239,705
Plaza Maintenance	193,203

NOTE 3 – CASH AND INVESTMENTS

At June 30, 2012, deposits and investments were reported in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 3,208,485
Cash and investments with fiscal agents	5,914
Fiduciary funds, statement of net assets:	
Cash and investments	<u>2,435,337</u>
Total cash and investments	<u>\$ 5,649,736</u>

Cash and investments as of June 30, 2012, consist of the following:

Petty cash	\$ 500
Cash in bank	99,861
Investments	<u>5,549,375</u>
Total cash and investments	<u>\$ 5,649,736</u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptance	180 days	40%	30%
Commercial Paper	180 days	15%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Time Deposits	5 years	25%	None
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	90 days	20%	None
Medium-Term Notes	5 years	30%	15%

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 – CASH AND INVESTMENTS (Continued)

Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by the provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers' Acceptance	1 year	None	None
Commercial Paper	None	None	None
Negotiable Certificates of Deposit	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	30 days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

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

Investment Type	Total	Remaining Maturity (in months)			
		12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months
State Investment Pool	\$ 5,543,461	\$ 5,543,461	\$ -	\$ -	\$ -
Held by Trustee:					
Money market funds	5,914	5,914			
Total	<u>\$ 5,549,375</u>	<u>\$ 5,549,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investment with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
State Investment Pool	\$5,543,461	N/A	\$ -	\$ -	\$ -	\$5,543,461
Held by Trustee:						
Money market funds	5,914	N/A				5,914
Total	<u>\$5,549,375</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,549,375</u>

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

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

Investment in State Investment Pool

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

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investment in State Investment Pool (continued)

the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Allocation of Interest Income Among Funds

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

NOTE 4 – ACCOUNTS RECEIVABLE

The following is a list of accounts receivable at June 30, 2012:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities -	\$ 1,529,691	\$ -	\$ 1,529,691
Accounts receivable, net	<u>\$ 1,529,691</u>	<u>\$ -</u>	<u>\$ 1,529,691</u>
Business - type Activities -	\$ 395,146	\$ -	\$ 395,146
Accounts receivable, net	<u>\$ 395,146</u>	<u>\$ -</u>	<u>\$ 395,146</u>

NOTE 5 – INTERFUND ACTIVITY

The following represents the interfund activity of the City for the fiscal year ended June 30, 2012.

A. Transfers

	<u>Transfers In</u>	<u>Transfers out</u>
Major Governmental Funds:		
General	\$ 383,168	\$ 432,652
Redevelopment Agency - Capital Projects		741,722
Redevelopment Agency - Debt Service	741,722	
Nonmajor Governmental Funds:		
Transit Equipment Replacement		22,317
Gas Tax		227,820
Bicycle and Pedestrian		1,080
Grant Funding	85,200	
Street Lighting	7,809	
Plaza Maintenance	39,643	
Arcade Assessment		40,724
Equipment Replacement	300,000	113,545
Major Proprietary Fund:		
Transit	22,318	
	<u>\$ 1,579,860</u>	<u>\$ 1,579,860</u>

NOTE 5 – INTERFUND ACTIVITY (Continued)

A. Transfers (Continued)

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

B. Advances To/From Other Funds

At June 30, 2012, the funds below had made advances which were not expected to be repaid within the next fiscal year.

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

C. Due to/From Other Funds

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year.

The following is a summary of interfund balances as of June 30, 2012:

	<u>Due to/ Payable</u>	<u>Due from/ Receivable</u>
Major Governmental Fund:		
General	\$ -	\$ 790,817
Nonmajor Governmental Funds:		
Gas Tax	10,604	
Community Development Block Grant	12,304	
Street Lighting	204,093	
Plaza Maintenance	188,549	
Arcade Assessment	8	
Major Proprietary Fund:		
Transit	375,259	
	<u>\$ 790,817</u>	<u>\$ 790,817</u>

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

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 – CAPITAL ASSETS

A. Governmental Activities

Governmental capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance at July 1, 2011	Additions	Deletions	Transfers	Balance at June 30, 2012
Capital assets, not being depreciated:					
Right of way	\$ 750,000	\$ -	\$ -	\$ -	\$ 750,000
Land	1,706,686			(305,888)	1,400,798
Construction in progress	309,098	143,659			452,757
Total	<u>2,765,784</u>	<u>143,659</u>		<u>(305,888)</u>	<u>2,603,555</u>
Capital assets being depreciated:					
Buildings	14,781,232	32,813			14,814,045
Improvements other than buildings	3,269,414				3,269,414
Equipment and machinery	776,807	128,881			905,688
Infrastructure	13,634,540	23,336			13,657,876
Vehicles	469,698	26,943			496,641
Total	<u>32,931,691</u>	<u>211,973</u>			<u>33,143,664</u>
Less accumulated depreciation for:					
Buildings	(3,744,484)	(275,245)			(4,019,729)
Improvements other than buildings	(1,190,911)	(146,284)			(1,337,195)
Equipment and machinery	(409,990)	(48,978)			(458,968)
Infrastructure	(10,220,781)	(349,642)			(10,570,423)
Vehicles	(460,005)	(10,345)			(470,350)
Total	<u>(16,026,171)</u>	<u>(830,494)</u>			<u>(16,856,665)</u>
Total, net of accumulated depreciation	<u>16,905,520</u>	<u>(618,521)</u>			<u>16,286,999</u>
Total capital assets, net	<u>\$ 19,671,304</u>	<u>\$ (474,862)</u>	<u>\$ -</u>	<u>\$ (305,888)</u>	<u>\$ 18,890,554</u>

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

Public safety	\$ 41,318
Public works	449,055
Community development	77,453
Parks and recreation	58,251
Unallocated	<u>204,417</u>
Total	<u>\$ 830,494</u>

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 – CAPITAL ASSETS (Continued)

B. Business-Type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
Cemetery Fund:				
Capital assets, not being depreciated:				
Land	\$ 108,900	\$ -	\$ -	\$ 108,900
Total	108,900			108,900
Capital assets, being depreciated:				
Land improvements	12,124			12,124
Total	12,124			12,124
Less accumulated depreciation for:				
Land improvements	(7,936)	(247)		(8,183)
Total	(7,936)	(247)		(8,183)
Total net of accumulated depreciation	4,188	(247)		3,941
Cemetery Fund capital assets, net	\$ 113,088	\$ (247)	\$ -	\$ 112,841

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,600	\$ -	\$ -	\$ 1,600
Construction in progress	20,181	6,080		26,261
Total	21,781	6,080		27,861
Capital assets, being depreciated:				
Land improvements	176,662			176,662
Equipment and machinery	18,216	93,868		112,084
Vehicles	1,196,185	379,488		1,575,673
Total	1,391,063	473,356		1,864,419
Less accumulated depreciation for:				
Land improvements	(37,541)	(8,834)		(46,375)
Equipment and machinery	(8,048)	(2,906)		(10,954)
Vehicles	(880,779)	(108,274)		(989,053)
Total	(926,368)	(120,014)		(1,046,382)
Total net of accumulated depreciation	464,695	353,342		818,037
Transit Fund capital assets, net	\$ 486,476	\$ 359,422	\$ -	\$ 845,898

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 – CAPITAL ASSETS (Continued)

B. Business-Type Activities (Continued)

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
Total Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 110,500	\$ -	\$ -	\$ 110,500
Construction in progress	20,181	6,080		26,261
Total	130,681	6,080		136,761
Capital assets, being depreciated:				
Land improvements	188,786			188,786
Equipment and machinery	18,216	93,868		112,084
Vehicles	1,196,185	379,488		1,575,673
Total	1,403,187	473,356		1,876,543
Less accumulated depreciation for:				
Land improvements	(45,477)	(9,081)		(54,558)
Equipment and machinery	(8,048)	(2,906)		(10,954)
Vehicles	(880,779)	(108,274)		(989,053)
Total	(934,304)	(120,261)		(1,054,565)
Total net of accumulated depreciation	468,883	353,095		821,978
Total Business-type capital assets, net	\$ 599,564	\$ 359,175	\$ -	\$ 958,739

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

Business-type Activities:	
Cemetery	\$ 247
Transit	120,014
Total	<u>\$ 120,261</u>

NOTE 7 – LONG-TERM LIABILITIES

A. Summary

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2012:

	Balance at July 1, 2011	Additions	Reductions	Transferred to Successor Agency	Balance at June 30, 2012	Due Within One Year
Governmental activities:						
Net pension obligation	\$ 528,015	\$ -	\$ (114,151)	\$ -	\$ 413,864	\$ 114,151
Tax allocation bonds	1,315,000		(645,000)	(670,000)		
Settlement Agreement with County of Ventura	837,000			(837,000)		
Compensated absences	272,567	279,443	(255,011)		296,999	74,250
OPEB	820,127	527,981	(143,702)		1,204,406	
Total governmental	<u>\$ 3,772,709</u>	<u>\$ 807,424</u>	<u>\$ (1,157,864)</u>	<u>\$ (1,507,000)</u>	<u>\$ 1,915,269</u>	<u>\$ 188,401</u>
Business-type activities:						
Compensated absences						
Transit	\$ 22,811	\$ 19,926	\$ (15,187)	\$ -	\$ 27,550	\$ 6,888
Cemetery	1,955	1,979	(1,536)		2,398	599
Total business-type	<u>\$ 24,766</u>	<u>\$ 21,905</u>	<u>\$ (16,723)</u>	<u>\$ -</u>	<u>\$ 29,948</u>	<u>\$ 7,487</u>

B. Governmental Activities

Police Net Pension Obligation

The City is obligated to pay to the California Public Employees Retirement System (CALPERS) \$107,790 annually for prior unfunded pension obligation for its Public Safety (police) employees. Adjustments are made annually for actual calculations. The payments are scheduled to be made until the fiscal year ended June 30, 2016. The total outstanding balance at June 30, 2012 was \$413,864.

C. Governmental Activities Long-Term Debt Amortization

Fiscal Year Ending June 30,	Police Net Pension Obligation		
	Principal	Interest	Total
2013	\$ 114,151	\$ -	\$ 114,151
2014	114,151		114,151
2015	114,151		114,151
2016	71,411		71,411
	<u>\$ 413,864</u>	<u>\$ -</u>	<u>\$ 413,864</u>

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 7 – LONG-TERM LIABILITIES (Continued)

D. Other Post-employment Benefits (OPEB)

Plan Description:

The City provides post-employment health care benefits through the Public Employees' Medical and Hospital Care Act (PEMHCA) plan. Employees who were hired before November 1, 2010 and have worked for the City five years and retire from the City will receive the same health care benefits continuously. Employees who are hired after November 1, 2010 will receive the post-employment health benefit after working for the City of Ojai for ten years continuously and retiring from the City of Ojai. The retirees' benefits are the same as the active employees. The City of Ojai provides health benefits to employees under the PEMHCA program. The City paid monthly health insurance premiums for the employees up to \$497 for an employee, \$894 for an employee and one dependent, and \$1,133 for an employee and family coverage during the calendar year 2012. The monthly premium amount may change year-to-year. Currently, this benefit is funded on a pay-as-you-go basis. For the fiscal year ended June 30, 2012, the City paid \$143,702 in health care costs for its retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation:

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

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

Annual required contribution	\$ 491,075
Interest on net OPEB obligation	36,906
Annual OPEB cost (expense)	<u>527,981</u>
Actual contributions made	<u>(143,702)</u>
Increase in net OPEB obligation	384,279
Net OPEB obligation, beginning of the fiscal year	<u>820,127</u>
Net OPEB obligation, end of the fiscal year	<u><u>\$ 1,204,406</u></u>

Funded Status and Funding Progress:

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
July 1, 2009	\$ -	\$ 4,189,579	\$ 4,189,579	0.0%	\$ 1,944,839	46%

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

Attachment A

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NOTE 8 – OPERATING LEASE

The City has entered into an operating lease agreement for property used for the Park and Ride and also the Skate Park. 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, 2012, the amount was \$270 per space which increases annually by the Consumer Price Index (CPI). The annual lease for the Park and Ride, as of June 30, 2012, was \$24,028, which will also increase annually by the CPI.

Future annual lease payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2013	\$ 24,028
2014	24,028
2015	24,028
2016	24,028
2017	24,028
2018-2022	120,140
2023-2024	48,056
	<u>\$ 288,336</u>

NOTE 9 – CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

A. Plan Description

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

B. Miscellaneous Employees Plan

Funding Policy

Active plan members are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2012, was 15.685%. Benefit provisions and all other requirements are established by State statute and may be amended by CalPERS. The City's contributions to CalPERS for the fiscal year ending June 30, 2012, 2011, and 2010, were \$387,311, \$380,394, and \$405,913 respectively and were equal to the required contributions. The City contributed its actuarially required amount of \$269,558 and also paid the employee portion of \$117,753.

C. Safety Employees Plan

Funding Policy

The City is required to contribute at an actuarially determined amount for prior service costs; the current amount is \$114,151. The contribution requirements of the City are established and may be amended by CalPERS. The City's contributions to CalPERS for the fiscal years ending June 30, 2012, 2011, and 2010 were \$114,151, \$107,790, and \$107,319 respectively and were equal to the required contributions.

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 10 – NET ASSETS – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

The government-wide statement of net assets includes three equity categories entitled net assets invested in capital assets net of related debt, restricted net assets, and unrestricted net assets. The investment in capital assets, net of related debt category presents the City's equity interest in capital assets less outstanding principal of related debt. The restricted net assets category reflects net assets that are subject to restrictions beyond the City's control (externally imposed or imposed by law). The unrestricted net assets category equals any remaining balance.

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

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

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Ojai is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 121 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the Authority

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

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

Liability

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

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

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

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

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

Workers' Compensation

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

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

C. Purchased Insurance

Pollution Legal Liability Insurance

The City of Ojai participates in the pollution legal liability insurance program (formerly called environmental insurance), which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Ojai. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

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 \$11,528,883. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance, which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance

The City of Ojai purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Ojai property currently has earthquake protection in the amount of \$8,240,405. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The City of Ojai purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

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

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 2011-12.

As of June 30, 2012, the City has no uninsured occurrences. The City has not used an actuary in determining the liability reserve if needed. Because actual claim liabilities depend on such complex factors as inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.

NOTE 12 – CONTINGENCIES AND COMMITMENTS

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.

Libbey Bowl

The City has entered into construction financing agreements with Ojai Valley Service Foundation (OVSF) and Ojai Festivals, LTD (OFL), collectively known as the Community, to reconstruct the Libbey Bowl. The City has established a capital project fund to account for the sources and uses of the funds. The Community has contributed \$1,894,872, as of June 30, 2012 from the pledge collection fund for construction and the City advanced \$1,315,000 to the project fund to complete the project. As of June 30, 2012 the project has been completed. The City’s advanced funds will be repaid to the City as the balance of the pledges are collected. The estimated date of full repayment is June 30, 2015.

NOTE 13 – NET ASSETS AND FUND BALANCES

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

A. Net Assets

Net assets are divided into three captions under GASB Statement No. 34. These captions apply only to net assets as determined at the government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the Agency’s capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Agency 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 Assets which are not restricted as to use.

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 13 – NET ASSETS AND FUND BALANCES (Continued)

B. Fund Balances

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations. The City does not have any committed fund balances at June 30, 2012.

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.

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2012 are as follows:

Fund Balances	General	Redevelopment Agency Low and Moderate Income Housing Special Revenue Fund	Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Projects Fund	Libbey Bowl Capital Project Fund	Other Governmental Funds	Total
<u>Nonspendable:</u>							
Prepaid items	\$ 12,697	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,697
Advances to other funds	1,315,000						1,315,000
Due from successor agency	5,220,258						5,220,258
Total Nonspendable	6,547,955						6,547,955
<u>Restricted for:</u>							
Community development						246	246
Housing							
Libraries						43,909	43,909
Streets, bikeways, parks, and other related purposes						623,402	623,402
Transit						14,238	14,238
Debt service	5,914						5,914
Total Restricted	5,914					681,795	687,709
<u>Assigned for:</u>							
Equipment replacement						488,422	488,422
Total Assigned						488,422	488,422
Unassigned:	1,523,690				(774,083)	(432,908)	316,699
Total Fund Balances (Deficits)	\$ 8,077,559	\$ -	\$ -	\$ -	\$ (774,083)	\$ 737,309	\$ 8,040,785

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Ojai that previously had reported a redevelopment agency within the reporting entity of the City as a blended component.

The Bill provides that upon the dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 3, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-01.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments.)

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations or the prior redevelopment agency have been paid in full and all assets have liquidated.

The Bill directs the State Controller to the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order available assets be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set for the in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency contained to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. This receipt of these assets and liabilities as January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the difference measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

Total extraordinary loss reported in governmental funds-	
Increase to net assets of the Successor Agency Trust Fund	\$ (3,325,459)
Fixed assets recorded in the government-wide financial statements-	
Increase to net assets of the Successor Agency Trust Fund	305,888
Debt issuance costs reported in the government-wide financial statements-	
Increase to net assets of the Successor Agency Trust Fund	29,097
Accrued interest payable reported in the government-wide financial statements-	
Increase to net assets of the Successor Agency Trust Fund	(9,073)
Deferred revenue reported in the governmental fund financial statements-	
Increase to net assets of the Successor Agency Trust Fund	1,404,530
Long-term debt reported in the government-wide financial statements-	
Increase to net assets of the Successor Agency Trust Fund	<u>(1,507,000)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers equal to the amount of extraordinary gain reported in the government-wide financial statements of the City	<u>\$ (3,102,017)</u>

NOTE 15 – SUCCESSOR AGENCY

Notes and Loans Receivable

The Redevelopment Agency’s Low and Moderate Housing Fund entered into an agreement on December 21, 1991 to loan Montgomery Oaks Associates, a California limited partnership, the amount of \$250,000. As of June 30, 2012, the outstanding balance is \$250,000 plus accrued interest of \$153,914. The purpose of the loan is to provide financial assistance for the land acquisition and predevelopment expenses of a 21 unit affordable housing complex. The terms of the loan call for a repayment on December 23, 2064 for principal and simple interest of 3% per annum.

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

The Redevelopment Agency’s Low and Moderate Housing Fund has loaned 6 individuals funds for housing rehabilitation in the amount of \$113,914 plus accrued interest of \$40,677. These loans carry interest at rates ranging from 0% to 6% and are normally due when the property is sold.

The Redevelopment Agency’s Low and Moderate Housing Fund entered into an agreement on October 10, 2000 and loaned \$550,000 to the Cabrillo Economic Development Corporation, a California nonprofit public benefit corporation at 0% interest. The terms of the loan call for a repayment at the end of 60 years. The full amount is still outstanding as of June 30, 2012.

On February 1, 2012 the Successor Agency assumed the Notes and Loans receivable previously held by the Redevelopment Agency.

As of June 30, 2012, loans receivable totaled \$1,408,505.

Tax Allocation Bonds – Series 2007

In December 2007, the City issued \$3,130,000 of Tax Allocation Bonds Series A. The bond proceeds along with the remaining cash available from the 1997 Tax Allocation Bonds were used to pay costs of issuance and fully redeemed the 1997 Tax Allocation Bonds. The bonds are secured by a first pledge of and lien on all of the tax increment revenues of the Agency. Interest is payable semi-annually each September 1 and March 1 at a rate of 3.25%. Principal is due every September 1 beginning in 2008 with maturity in 2012. The total outstanding balance of the 2007 bonds at June 30, 2012 was \$670,000.

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 15 – SUCCESSOR AGENCY (continued)

Tax Allocation Bonds – Series 2007 (continued)

Fiscal Year Ending June 30,	2007 Tax Allocation Bonds		
	Principal	Interest	Total
2013	\$ 670,000	\$ 10,888	\$ 680,888
	<u>\$ 670,000</u>	<u>\$ 10,888</u>	<u>\$ 680,888</u>

Settlement Agreement with the County of Ventura

The City of Ojai passed an ordinance in June 1997 which amended the Redevelopment Plan and added new territory to the project area. There was a dispute as to if the tax increment cap applies to the new territory. To settle the dispute, the City of Ojai agrees to pay the County of Ventura, per settlement agreement dated January 12, 2011, the amount of \$837 thousand plus simple interest compounded annually at the City's average annual LAIF rate. The rate for the period June 30, 2011 through June 30, 2012 was 0.372% which resulted in accrued interest on the agreement of \$3,114. The outstanding balance of the settlement agreement at June 30, 2012 was \$837,000. The Successor Agency is in an agreement to repay this to the County of Ventura.

Fiscal Year Ending June 30,	Settlement Agreement with the County of Ventura		
	Principal	Interest	Total
2013	\$ -	\$ -	\$ -
2014			
2015			
2016			
2017			
2018-2021	837,000	33,075	870,075
	<u>\$ 837,000</u>	<u>\$ 33,075</u>	<u>\$ 870,075</u>

Loans Payable

On February 1, 2012, the Successor Agency assumed loans due to the City of Ojai previously held by the former Redevelopment Agency. The amount due to the City of Ojai as of June 30, 2012 was \$5,220,258.

Changes in Long-Term Liabilities

Long term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Balance at July 1, 2011	Additions	Reductions	Transferred to Successor Agency	Balance at June 30, 2012	Due Within One Year
Tax allocation bonds	\$ -	\$ -	\$ -	\$ 670,000	\$ 670,000	\$ 670,000
Settlement Agreement with County of Ventura				837,000	837,000	
Loans Payable to City of Ojai				5,220,258	5,220,258	
Total Successor Agency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,727,258</u>	<u>\$ 6,727,258</u>	<u>\$ 670,000</u>

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE 16 – PRIOR PERIOD ADJUSTMENT

The City had a prior period adjustment of \$528,136 in the General Fund and (\$528,136) in the Redevelopment Agency Debt Service Fund. The adjustment was for unrecorded interest on the advance from the General Fund to the Redevelopment Agency Debt Service Fund. This was due to AB26 and AB1484, which mandated the City to re-compute the interest using Local Agency Investment Fund's interest rates from the original advance dates.

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REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 1,381,470	\$ 1,281,831	\$ 1,252,889	\$ (28,942)
Sales	1,189,600	1,202,045	1,210,467	8,422
Transient occupancy tax	2,357,600	2,231,544	2,244,699	13,155
Licenses, permits, and fees	829,477	782,966	837,791	54,825
Fines and forfeitures	23,480	20,131	17,489	(2,642)
Use of money and property	12,200	12,574	12,442	(132)
Intergovernmental:				
Other	131,738	239,576	219,671	(19,905)
Motor vehicle in lieu	675,000	658,625	643,186	(15,439)
Charges for services	918,516	851,525	912,519	60,994
Other revenue	11,930	27,799	186,891	159,092
Total revenues	7,531,011	7,308,616	7,538,044	229,428
EXPENDITURES				
Current:				
General government:				
City council	311,920	298,957	324,088	(25,131)
City manager	471,419	428,944	425,007	3,937
City treasurer	1,324	1,324	1,319	5
City attorney	159,500	134,500	128,753	5,747
City finance	744,368	724,392	694,000	30,392
City clerk	139,837	146,101	145,920	181
Total general government	1,828,368	1,734,218	1,719,087	15,131
Public safety:				
Police	2,716,721	2,711,168	2,796,953	(85,785)
Total public safety	2,716,721	2,711,168	2,796,953	(85,785)
Public works:				
General Admin/Engineering	382,575	364,607	358,024	6,583
Maintenance	958,449	948,042	1,007,481	(59,439)
Total public works	1,341,024	1,312,649	1,365,505	(52,856)
Community development	373,011	479,760	469,584	10,176
Parks and recreation:				
Recreation	741,114	742,081	719,922	22,159
Total parks and recreation	741,114	742,081	719,922	22,159

(Continued)
Attachment A
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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, 2012
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
Debt Service:				
Principal	\$ 110,000	\$ 114,151	\$ 114,151	\$ -
Capital outlay	6,530	114,787	180,430	(65,643)
Total expenditures	7,116,768	7,208,814	7,365,632	(156,818)
Excess of revenues over (under) expenditures	414,243	99,802	172,412	72,610
OTHER FINANCING SOURCES (USES)				
Transfers in	330,350	413,466	383,168	(30,298)
Transfers out	(47,452)	(347,452)	(432,652)	(85,200)
Total other financing sources (uses)	282,898	66,014	(49,484)	(115,498)
Net change in fund balance	697,141	165,816	122,928	(42,888)
Fund balance - July 1, 2011	7,426,495	7,426,495	7,426,495	
Prior period adjustment			528,136	528,136
Fund balance - July 1, 2011, restated	7,426,495	7,426,495	7,954,631	528,136
Fund balance - June 30, 2012	<u>\$ 8,123,636</u>	<u>\$ 7,592,311</u>	<u>\$ 8,077,559</u>	<u>\$ 485,248</u>

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REDEVELOPMENT AGENCY LOW AND MODERATE INCOME HOUSING SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive (Negative)
REVENUES				
Property taxes	\$ 328,434	\$ 158,345	\$ 158,345	\$ -
Use of money and property	9,335	3,451	4,140	689
Total revenues	337,769	161,796	162,485	689
EXPENDITURES				
Current:				
Community development	87,620	70,745	70,742	3
Total expenditures	87,620	70,745	70,742	3
Excess of revenues over (under) expenditures	250,149	91,051	91,743	692
EXTRAORDINARY ITEMS				
Loss on dissolution of the redevelopment agency			(2,008,793)	(2,008,793)
Net change in fund balance	250,149	91,051	(1,917,050)	(2,008,101)
Fund Balance - July 1, 2011	1,917,050	1,917,050	1,917,050	
Fund Balance - June 30, 2012	<u>\$ 2,167,199</u>	<u>\$ 2,008,101</u>	<u>\$ -</u>	<u>\$ (2,008,101)</u>

CITY OF OJAI**SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS****OTHER THAN PENSIONS**For the Fiscal Year Ended June 30, 2012

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

<u>Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
July 1, 2009	\$ -	\$ 4,189,579	\$ 4,189,579	0.0%	\$ 1,944,839	46%

SUPPLEMENTAL INFORMATION SECTION

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	\$ 841,103	\$ 841,103	\$ -
Intergovernmental:			
Other	4,883	4,883	
Other revenue	6,210	6,212	2
Total revenues	852,196	852,198	2
EXPENDITURES			
Current:			
Community development	442,473	425,595	16,878
Total expenditures	442,473	425,595	16,878
Excess of revenues over (under) expenditures	409,723	426,603	16,880
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out	(741,722)	(741,722)	
Total other financing sources (uses)	(741,722)	(741,722)	
EXTRAORDINARY ITEMS			
Gain on dissolution of the redevelopment agency		437,224	437,224
Net change in fund balance	(331,999)	122,105	454,104
Fund balance - July 1, 2011	(122,105)	(122,105)	
Fund balance - June 30, 2012	<u>\$ (454,104)</u>	<u>\$ -</u>	<u>\$ 454,104</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REDEVELOPMENT AGENCY DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Other revenue	\$ -	\$ -	\$ -
Total revenues			
EXPENDITURES			
Current:			
Community development	75,353	75,353	
Debt service:			
Principal	645,000	645,000	
Interest and fiscal charges	21,369	16,398	4,971
Total expenditures	741,722	736,751	4,971
Excess of revenues over (under) expenditures	(741,722)	(736,751)	4,971
OTHER FINANCING SOURCES (USES)			
Transfers in	741,722	741,722	
Total other financing sources (uses)	741,722	741,722	
EXTRAORDINARY ITEMS			
Gain on dissolution of the redevelopment agency		4,897,028	4,897,028
Net change in fund balance		4,901,999	4,901,999
Fund balance (deficit) - July 1, 2011	(4,373,863)	(4,373,863)	
Prior period adjustment		(528,136)	(528,136)
Fund balance (deficit) - July 1, 2011, restated	(4,373,863)	(4,901,999)	(528,136)
Fund balance (deficit) - June 30, 2012	<u>\$ (4,373,863)</u>	<u>\$ -</u>	<u>\$ 4,373,863</u>

**CITY OF OJAI
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

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

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

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

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

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

The **Transportation Development Act Fund** is used to account for the City's contribution to the County Transit including local services, bus stop improvements, and other projects.

The **Grant Funding Fund** is used to account for monies received through various grant agencies.

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

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 **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.

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

DEBT SERVICE FUND

Debt Service Fund is used for the accumulation and disbursement of financial resources that will be used to make principal and interest payments on long-term debt. The specific debt service fund utilized by the City is shown below:

The **Arcade Assessment Fund** is used to account for debt service activities related to the City of Ojai.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used for the financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds). The specific capital projects funds utilized by the City are shown below:

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

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

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CITY OF OJAI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue Funds			
	Transit Equipment Replacement	Gas Tax	Drainage	Bicycle and Pedestrian
ASSETS				
Cash and investments	\$ 14,236	\$ -	\$ 399,082	\$ 132,938
Accounts receivable, net		24,665		
Interest receivable		37	78	20
Total assets	<u>\$ 14,236</u>	<u>\$ 24,702</u>	<u>\$ 399,160</u>	<u>\$ 132,958</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds		10,604		
Total liabilities		<u>10,604</u>		
Fund balances:				
Restricted	14,236	14,098	399,160	132,958
Assigned				
Unassigned				
Total fund balances (deficit)	<u>14,236</u>	<u>14,098</u>	<u>399,160</u>	<u>132,958</u>
Total liabilities and fund balances	<u>\$ 14,236</u>	<u>\$ 24,702</u>	<u>\$ 399,160</u>	<u>\$ 132,958</u>

Special Revenue Funds

Transportation Development Act	Grant Funding	Community Development Block Grant	Street Lighting	Library Special Tax	Plaza Maintenance
\$ 2	\$ 20,503 41,710	\$ - 14,590	\$ - 2,445	\$ 40,490 3,397 22	\$ - 2,590
<u>\$ 2</u>	<u>\$ 62,213</u>	<u>\$ 14,590</u>	<u>\$ 2,445</u>	<u>\$ 43,909</u>	<u>\$ 2,590</u>
\$ -	\$ 5,727	\$ 2,040 12,304	\$ 38,057 204,093	\$ -	\$ 7,244 188,549
	<u>5,727</u>	<u>14,344</u>	<u>242,150</u>		<u>195,793</u>
2	56,486	246		43,909	
			(239,705)		(193,203)
<u>2</u>	<u>56,486</u>	<u>246</u>	<u>(239,705)</u>	<u>43,909</u>	<u>(193,203)</u>
<u>\$ 2</u>	<u>\$ 62,213</u>	<u>\$ 14,590</u>	<u>\$ 2,445</u>	<u>\$ 43,909</u>	<u>\$ 2,590</u>

(Continued)

CITY OF OJAI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012
(Continued)

	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>		
	<u>Arcade Assessment</u>	<u>Equipment Replacement</u>	<u>Park Acquisition</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ -	\$ 488,363	\$ 20,696	\$ 1,116,310
Accounts receivable, net				89,397
Interest receivable	<u>8</u>	<u>59</u>	<u>4</u>	<u>228</u>
Total assets	<u>\$ 8</u>	<u>\$ 488,422</u>	<u>\$ 20,700</u>	<u>\$ 1,205,935</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 53,068
Due to other funds	<u>8</u>			<u>415,558</u>
Total liabilities	<u>8</u>			<u>468,626</u>
Fund balances:				
Restricted			20,700	681,795
Assigned		488,422		488,422
Unassigned				<u>(432,908)</u>
Total fund balances (deficit)		<u>488,422</u>	<u>20,700</u>	<u>737,309</u>
Total liabilities and fund balances	<u>\$ 8</u>	<u>\$ 488,422</u>	<u>\$ 20,700</u>	<u>\$ 1,205,935</u>

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CITY OF OJAI
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds			
	Transit Equipment Replacement	Gas Tax	Drainage	Bicycle and Pedestrian
REVENUES				
Other taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property		429	1,642	387
Intergovernmental:				
Other		235,877		44,255
Charges for services			4,914	
Total revenues		236,306	6,556	44,642
EXPENDITURES				
Current:				
Public works				
Community development				
Libraries				
Capital outlay				
Total expenditures				
Excess of revenues over (under) expenditures		236,306	6,556	44,642
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	(22,317)	(227,820)		(1,080)
Total other financing sources (uses)	(22,317)	(227,820)		(1,080)
Net change in fund balances	(22,317)	8,486	6,556	43,562
Fund balances (deficit) - July 1, 2011	36,553	5,612	392,604	89,396
Fund balances (deficit) - June 30, 2012	<u>\$ 14,236</u>	<u>\$ 14,098</u>	<u>\$ 399,160</u>	<u>\$ 132,958</u>

Special Revenue Funds

Transportation Development Act	Grant Funding	Community Development Block Grant	Street Lighting	Library Special Tax	Plaza Maintenance
\$ -	\$ -	\$ -	\$ 88,020	\$ 104,195 343	\$ 114,758
	60,647	31,973			
	60,647	31,973	88,020	104,538	114,758
			123,181		194,989
	162,261	31,850		106,000	
	162,261	31,850	123,181	106,000	194,989
	(101,614)	123	(35,161)	(1,462)	(80,231)
	85,200		7,809		39,643
	85,200		7,809		39,643
	(16,414)	123	(27,352)	(1,462)	(40,588)
2	72,900	123	(212,353)	45,371	(152,615)
<u>\$ 2</u>	<u>\$ 56,486</u>	<u>\$ 246</u>	<u>\$ (239,705)</u>	<u>\$ 43,909</u>	<u>\$ (193,203)</u>

(Continued)

CITY OF OJAI
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012
(Continued)

	Debt Service Fund	Capital Project Funds		
	Arcade Assessment	Equipment Replacement	Park Acquisition	Totals
REVENUES				
Other taxes and assessments	\$	\$ -	\$ -	\$ 306,973
Use of money and property	169	1,293	86	4,349
Intergovernmental:				
Other				372,752
Charges for services			70	4,984
Total revenues	169	1,293	156	689,058
EXPENDITURES				
Current:				
Public works				123,181
Community development				194,989
Libraries				106,000
Capital outlay				194,111
Total expenditures				618,281
Excess of revenues over (under) expenditures	169	1,293	156	70,777
OTHER FINANCING SOURCES (USES)				
Transfers in		300,000		432,652
Transfers out	(40,724)	(113,545)		(405,486)
Total other financing sources (uses)	(40,724)	186,455		27,166
Net change in fund balances	(40,555)	187,748	156	97,943
Fund balances (deficit) - July 1, 2011	40,555	300,674	20,544	639,366
Fund balances (deficit) - June 30, 2012	\$	\$ 488,422	\$ 20,700	\$ 737,309

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSIT EQUIPMENT REPLACEMENT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ -	\$ (22,317)	\$ (22,317)
Total other financing sources (uses)		(22,317)	(22,317)
Net change in fund balance		(22,317)	(22,317)
Fund balance - July 1, 2011	36,553	36,553	
Fund balance - June 30, 2012	<u>\$ 36,553</u>	<u>\$ 14,236</u>	<u>\$ (22,317)</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, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Other	\$ 227,736	\$ 235,877	\$ 8,141
Use of money and property	84	429	345
Total revenues	227,820	236,306	8,486
OTHER FINANCING SOURCES (USES)			
Transfers out	(227,820)	(227,820)	
Total other financing sources (uses)	(227,820)	(227,820)	
Net change in fund balance		8,486	8,486
Fund balance - July 1, 2011	5,612	5,612	
Fund balance - June 30, 2012	<u>\$ 5,612</u>	<u>\$ 14,098</u>	<u>\$ 8,486</u>

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DRAINAGE SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	\$ 5,530	\$ 4,914	\$ (616)
Use of money and property	1,560	1,642	82
Total revenues	7,090	6,556	(534)
Net change in fund balance	7,090	6,556	(534)
Fund balance - July 1, 2011	392,604	392,604	
Fund balance - June 30, 2012	<u>\$ 399,694</u>	<u>\$ 399,160</u>	<u>\$ (534)</u>

CITY OF OJAI**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****BICYCLE AND PEDESTRIAN SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Use of money and property	\$ 387	\$ 387	\$ -
Intergovernmental:			
Other	44,255	44,255	
Total revenues	44,642	44,642	
OTHER FINANCING SOURCES (USES)			
Transfers out		(1,080)	(1,080)
Total other financing sources (uses)		(1,080)	(1,080)
Net change in fund balance	44,642	43,562	(1,080)
Fund balance - July 1, 2011	89,396	89,396	
Fund balance - June 30, 2012	<u>\$ 134,038</u>	<u>\$ 132,958</u>	<u>\$ (1,080)</u>

CITY OF OJAI
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 TRANSPORTATION DEVELOPMENT ACT SPECIAL REVENUE FUND
 For the Fiscal Year Ended June 30, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Use of money and property	\$ -	\$ -	\$ -
Total revenues			
Net change in fund balance			
Fund balance - July 1, 2011	2	2	
Fund balance - June 30, 2012	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GRANT FUNDING SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Other	\$ 85,000	\$ 60,647	\$ (24,353)
Total revenues	85,000	60,647	(24,353)
EXPENDITURES			
Capital outlay	122,173	162,261	(40,088)
Total expenditures	122,173	162,261	(40,088)
Excess of revenues over (under) expenditures	(37,173)	(101,614)	(64,441)
OTHER FINANCING SOURCES (USES)			
Transfers in		85,200	85,200
Total other financing sources (uses)		85,200	85,200
Net change in fund balance	(37,173)	(16,414)	20,759
Fund balance - July 1, 2011	72,900	72,900	
Fund balance - June 30, 2012	<u>\$ 35,727</u>	<u>\$ 56,486</u>	<u>\$ 20,759</u>

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Other	\$ 17,518	\$ 31,973	\$ 14,455
Total revenues	17,518	31,973	14,455
EXPENDITURES			
Capital outlay	17,488	31,850	(14,362)
Total expenditures	17,488	31,850	(14,362)
Excess of revenues over (under) expenditures	30	123	93
Fund balance - July 1, 2011	123	123	
Fund balance - June 30, 2012	<u>\$ 153</u>	<u>\$ 246</u>	<u>\$ 93</u>

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET LIGHTING SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Other taxes and assessments	\$ 87,777	\$ 88,020	\$ 243
Total revenues	87,777	88,020	243
EXPENDITURES			
Current:			
Public works	106,186	123,181	(16,995)
Total expenditures	106,186	123,181	(16,995)
Excess of revenues over (under) expenditures	(18,409)	(35,161)	(16,752)
OTHER FINANCING SOURCES (USES)			
Transfers in	7,809	7,809	
Total other financing sources (uses)	7,809	7,809	
Net change in fund balance	(10,600)	(27,352)	(16,752)
Fund balance (deficit) - July 1, 2011	(212,353)	(212,353)	
Fund balance (deficit) - June 30, 2012	<u>\$ (222,953)</u>	<u>\$ (239,705)</u>	<u>\$ (16,752)</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, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Other taxes and assessments	\$ 103,250	\$ 104,195	\$ 945
Use of money and property	219	343	124
Total revenues	103,469	104,538	1,069
EXPENDITURES			
Current:			
Libraries	106,000	106,000	
Total expenditures	106,000	106,000	
Net change in fund balance	(2,531)	(1,462)	1,069
Fund balance - July 1, 2011	45,371	45,371	
Fund balance - June 30, 2012	<u>\$ 42,840</u>	<u>\$ 43,909</u>	<u>\$ 1,069</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, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Other taxes and assessments	\$ 106,241	\$ 114,758	\$ 8,517
Total revenues	106,241	114,758	8,517
EXPENDITURES			
Current:			
Community development	174,297	194,989	(20,692)
Total expenditures	174,297	194,989	(20,692)
Excess of revenues over (under) expenditures	(68,056)	(80,231)	(12,175)
OTHER FINANCING SOURCES (USES)			
Transfers in	39,643	39,643	
Total other financing sources (uses)	39,643	39,643	
Net change in fund balance	(28,413)	(40,588)	(12,175)
Fund balance (deficit) - July 1, 2011	(152,615)	(152,615)	
Fund balance (deficit) - June 30, 2012	<u>\$ (181,028)</u>	<u>\$ (193,203)</u>	<u>\$ (12,175)</u>

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ARCADE ASSESSMENT DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Use of money and property	\$ 160	\$ 169	\$ 9
Total revenues	160	169	9
OTHER FINANCING SOURCES (USES)			
Transfers out	(40,715)	(40,724)	(9)
Total other financing sources (uses)	(40,715)	(40,724)	(9)
Net change in fund balance	(40,555)	(40,555)	
Fund balance - July 1, 2011	40,555	40,555	
Fund balance - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Use of money and property	\$ 1,200	\$ 1,293	\$ 93
Total revenues	1,200	1,293	93
OTHER FINANCING SOURCES (USES)			
Transfers in	300,000	300,000	
Transfers out	(143,851)	(113,545)	30,306
Total other financing sources (uses)	156,149	186,455	30,306
Net change in fund balance	157,349	187,748	30,399
Fund balance - July 1, 2011	300,674	300,674	
Fund balance - June 30, 2012	<u>\$ 458,023</u>	<u>\$ 488,422</u>	<u>\$ 30,399</u>

CITY OF OJAI**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****PARK ACQUISITION CAPITAL PROJECTS FUND**

For the Fiscal Year Ended June 30, 2012

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Use of money and property	\$ 81	\$ 86	\$ 5
Charges for services	70	70	
Total revenues	151	156	5
Net change in fund balance	151	156	5
Fund balance - July 1, 2011	20,544	20,544	
Fund balance - June 30, 2012	<u>\$ 20,695</u>	<u>\$ 20,700</u>	<u>\$ 5</u>

CITY OF OJAI
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
June 30, 2012

	Housing Successor Agency	RDA Successor Agency	Total
ASSETS			
Cash and investments	\$ 1,719,647	\$ 698,215	\$ 2,417,862
Interest receivable	360		360
Deferred charges, net of accumulated amortization		8,313	8,313
Notes receivable	1,408,505		1,408,505
Land	305,888		305,888
Advances to other funds	122,105		122,105
Total assets	<u>3,556,505</u>	<u>706,528</u>	<u>4,263,033</u>
LIABILITIES			
Accounts payable	1,720,007		1,720,007
Accrued liabilities		1,493	1,493
Accrued interest payable		7,160	7,160
Advances from other funds		122,105	122,105
Loans payable		5,220,258	5,220,258
Bonds payable		670,000	670,000
Due to County of Ventura		837,000	837,000
Total liabilities	<u>1,720,007</u>	<u>6,858,016</u>	<u>8,578,023</u>
NET ASSETS			
Held in trust	<u>\$ 1,836,498</u>	<u>\$ (6,151,488)</u>	<u>\$ (4,314,990)</u>

CITY OF OJAI
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2012

	Housing Successor Agency	RDA Successor Agency	Total
ADDITIONS:			
Property taxes	\$ -	\$ 843,777	\$ 843,777
Use of money and property	7,320		7,320
Total additions	7,320	843,777	851,097
DEDUCTIONS			
Community development	169,995	139,010	309,005
Amortization		20,784	20,784
AB1484 true-up payment	1,720,007		1,720,007
Debt service:			
Interest and fiscal charges		14,274	14,274
Total deductions	1,890,002	174,068	2,064,070
EXTRAORDINARY ITEMS:			
Net assets received upon dissolution of redevelopment agency	3,719,180	(6,821,197)	(3,102,017)
Change in net assets	1,836,498	(6,151,488)	(4,314,990)
Total net assets-beginning of fiscal year			
Total net assets-end of fiscal year	\$ 1,836,498	\$ (6,151,488)	\$ (4,314,990)

