

CITY OF OJAI

AUDITED FINANCIALS
FISCAL YEAR 2021-2022



This page intentionally left blank.

**CITY OF OJAI
CALIFORNIA**

FINANCIAL STATEMENTS
JUNE 30, 2022

This page intentionally left blank.

CITY OF OJAI

TABLE OF CONTENTS JUNE 30, 2022

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	22
Statement of Activities	23
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	25
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position	26
Statement of Revenues, Expenditures, and Changes in Fund Balances	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds:	
Statement of Net Position	29
Statement of Revenues, Expenses, and Changes in Net Position	30
Statement of Cash Flows	31
Fiduciary Funds:	
Statement of Net Position	32
Statement of Changes in Fiduciary Net Position.....	33
Notes to the Basic Financial Statements	34

REQUIRED SUPPLEMENTAL INFORMATION SECTION

Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual – General Fund	83
Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual – Measure “C” Special Revenue Fund	85
Schedule of Proportionate Share of Net Pension Liability and Related Ratios	86
Schedule of Pension Contributions	87
Schedule of Changes in the Net OPEB Liability and Related Ratios	88
Schedule of OPEB Contributions	89

CITY OF OJAI

TABLE OF CONTENTS (continued) JUNE 30, 2022

OTHER SUPPLEMENTAL INFORMATION SECTION

Nonmajor Governmental Funds

Description of Nonmajor Governmental Funds	90
Combining Balance Sheet – Nonmajor Governmental Funds	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	96
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Libbey Bowl Maintenance Fund	100
Gas Tax Special Revenue Fund	101
Drainage Special Revenue Fund	102
Bicycle and Pedestrian Special Revenue Fund	103
Street Lighting Special Revenue Fund	104
Library Special Tax Special Revenue Fund	105
Plaza Maintenance Special Revenue Fund	106
Housing Successor Special Revenue Fund	107
Equipment Replacement Capital Projects Fund	108
Transit Equipment Replacement Capital Projects Fund	109
Capital Improvements Capital Projects Fund	110

FINANCIAL SECTION

This page intentionally left blank.



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

Independent Auditor's Report

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

City Council of the City of Ojai
Ojai, California

PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
Xinlu Zoe Zhang, CPA, MSA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Alan D. Garcia, CPA, MSA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



Proud Member of
AlliottGlobalAlliance™

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ojai, California (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City adopted provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and schedules listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
March 19, 2023

This page intentionally left blank.

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

This section of the City of Ojai's annual financial report presents management's discussion and analysis of the financial performance of the City for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the Basic Financial Statements and the Notes to Basic Financial Statements.

Financial Highlights

- The government-wide total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources as of June 30, 2022, by \$31.3 million (total net position). The net position invested in capital assets was approximately \$19.3 million (61.7%), the unrestricted net position was approximately \$3.9 million (12.7%) and approximately \$8.0 million (25.6%) was restricted. The unrestricted total net position at June 30, 2022 increased approximately \$3.3 million from the prior year, and the restricted net position increased approximately \$1.9 million. The increase in the unrestricted and restricted net position is a direct result of closely monitored expenditures, vacancies, reducing spending in certain areas in the short-term to help maintain, and rebuild reserves to better prepare the City in the event of another emergency or potential shutdowns related to COVID.
- At June 30, 2022, fund balances in the City's governmental funds totaled approximately \$20.7 million, an increase of approximately \$6.6 million from the prior year. Governmental fund assets totaled \$24.0 million, an increase of approximately \$6.8 million from the prior year balance, and governmental funds liabilities totaled \$3.2 million, an increase of approximately \$285,000 from the prior year balance.
- At June 30, 2022, the "Unassigned" fund balance in the City's General Fund was \$4.2 million (approximately 38.5% of total budgeted General Fund operating expenditures for the current fiscal year). The balance decreased by approximately \$722,000 from the \$4.9 million at June 30, 2021, because a portion of this amount was moved to the "Committed" fund balance. The Committed fund balance included the reserve requirement as well as other commitments made by City Council through a resolution. Unassigned Fund Balance, (which in 2021 was approximately 35.0% of total General Fund operating expenditures). The City has met the minimum reserve requirement of fifty percent of the General Fund expenditures budget per City Council resolution no. 01-14 and confirmed with resolution no. 21-44 in 2021, this amount is included in the "Committed" section of the fund balance. This achievement can be attributed to a significant increase in TOT revenue in 2022 which nearly doubled the prior five (5) year average TOT collected and approximately \$481,500 of the fund balance increased as a result of the City Council's adoption of a cannabis tax policy to allocate all cannabis tax revenues to the General Fund reserve until the fifty (50%) percent reserve requirement has been met.
- As shown in table 1, non-current liabilities of the governmental and business-type activities total \$7.7 million, a decrease of approximately \$1.2 million from the prior year. This is a result of the net effect of one-time reduction of pension liability (from an unexpected earnings), an increase in compensated absences, and a recording of a lease liability (GASB 87) reporting requirement.
- As of June 30, 2022, governmental revenues increased from the prior year by \$2.4 million and business type revenues decreased by \$0.6 million. The big three revenue sources, property tax, sales tax increased by \$122,000, \$633,000, respectively; and TOT increased by \$3.8

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

million, staff attributes this large increase to consumer confidence in regard to living with COVID and confinement for over 2 years. TOT nearly doubled the average five (5) years TOT receipts. The decrease in business type revenue is a result of receiving less than half of FY20-21 in grants.

- The City implemented Governmental Accounting Standards Board ("GASB") Statement 75 ("GASB 75") in FY 17-18, which increased the OPEB liability that is required to be included in the financial statements and City accounts. The discount rate on pension costs and liabilities has had a significant impact on the liabilities shown in the statements and notes. Since 2018 this liability has been increasing with the exception of this FY 21-22, the Pension liability decreased by \$2.1 million and Other Post-Employment Benefits ("OPEB") liability increased by approximately \$195,000.
- In FY 2021-22, the City implemented Governmental Accounting Standards Board ("GASB") Statement 87, Leases ("GASB 87"). This implementation increased the Governmental long-term liabilities by \$600,000.

Overview of the Financial Statements

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

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

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

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

Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a portion of their costs, through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community development, parks and recreation, libraries, and housing.

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The business-type activities of the City include public transit and a public cemetery. The government-wide financial statements can be found on pages 22 - 24 of this report.

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

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

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

The City maintains fifteen (15) separate governmental funds. The basic governmental funds' financial statements are found on pages 25 and 27. The General Fund, Measure C Fund are considered "major funds" and information for these funds is presented separately in the governmental funds statements.

Data from the other eleven (13) governmental funds are combined into a single aggregated amount and is shown under the caption of Other Governmental Funds. Data for each of these non-major governmental funds is provided in the form of combining statements and can be found on pages 92-99 in the Other Supplemental Information section of this report.

Proprietary funds: Enterprise funds are presented as business-type activities on pages 29-31 of this report. The City maintains two individual enterprise funds to account for its local transit services and its public cemetery operations.

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

Fiduciary funds: Fiduciary funds are used to account for situations where the City's role is purely custodial. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The fiduciary funds' financial statements can be found on pages 32 and 33 of this report.

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 34 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 83-89 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Table 1 provides information on the City's financial positions at June 30, 2022 and 2021. As noted earlier, the changes in net position may serve over time as a useful indicator of a government's financial position. The total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources for all city activities by approximately \$31.3 and \$27.0 million for the years ended June 30, 2022 and 2021, respectively. The City's total net financial position increased by approximately \$4.4 million from the previous year. This increase is a result of a transient occupancy tax (TOT) revenue coming in more than doubled the prior five (5) year actual receipts and net of other various account increases and decreases.

Approximately 61.7% of the net position in the City's Governmental Activities is net investment in capital assets at the end of the current year. This net investment in capital assets (net of accumulated depreciation) decreased 4.1% (\$0.8 million) from the previous year. The decrease was the result of depreciation of assets and no major additional infrastructure projects in FY 21-22. The City uses capital assets to provide services to citizens and they are not available for future spending. With the exception of business-type assets, most capital assets do not generate direct revenue for the City. Although the City's investment in capital assets is reported net of related liabilities, it should be noted that there is no long-term liability associated with the capital assets of the business-type activities. Governmental activities is reported net of the related lease liability.

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

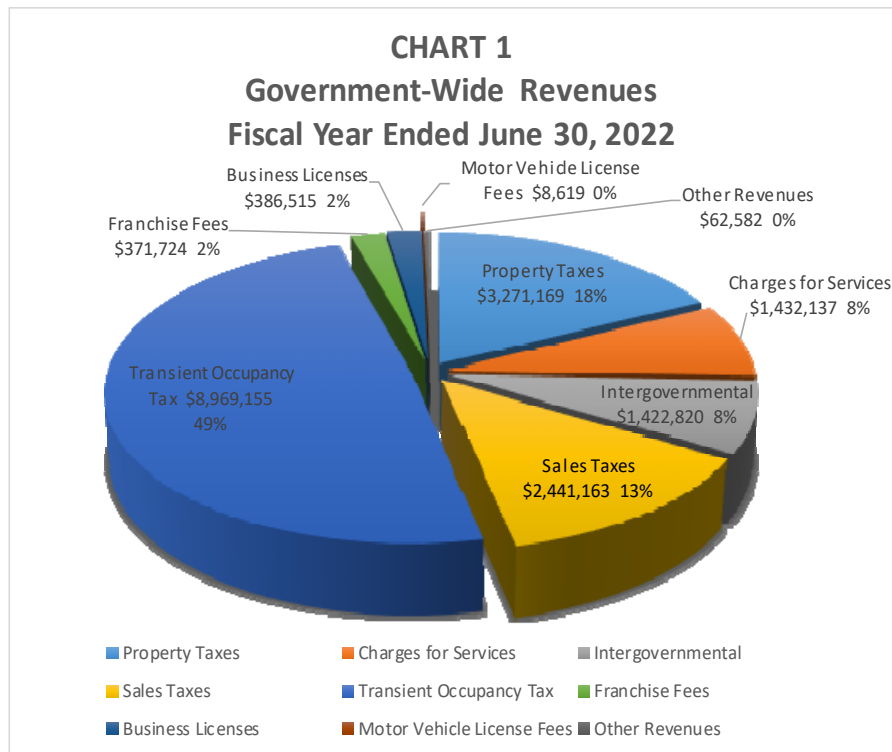
TABLE 1						
CITY OF OJAI STATEMENT OF NET POSITION JUNE 30, 2022 AND 2021						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and other assets	\$ 22,686,686	\$ 15,472,901	\$ 686,781	\$ 827,192	\$ 23,373,467	\$ 16,300,093
Due from successor agency	1,298,338	1,663,344	-	-	1,298,338	1,663,344
Capital assets, net	18,551,733	19,275,550	777,290	869,937	19,329,023	20,145,487
Right-to-use assets, net	599,804	-	-	-	599,804	-
Total assets	43,136,561	36,411,795	1,464,071	1,697,129	44,600,632	38,108,924
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	623,943	1,177,012	44,090	83,172	668,033	1,260,184
Related to OPEB	740,681	302,868	52,339	21,402	793,020	324,270
Total deferred outflows	1,364,624	1,479,880	96,429	104,574	1,461,053	1,584,454
LIABILITIES						
Long-Term liabilities	7,235,965	8,316,515	464,624	589,591	7,700,589	8,906,106
Other liabilities	3,237,812	2,950,611	37,515	53,548	3,275,327	3,004,159
Total liabilities	10,473,777	11,267,126	502,139	643,139	10,975,916	11,910,265
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	2,954,255	205,340	208,759	14,510	3,163,014	219,850
Related to OPEB	560,101	569,823	39,578	40,266	599,679	610,089
	3,514,356	775,163	248,337	54,776	3,762,693	829,939
NET POSITIONS						
Net investment in capital assets	18,551,733	19,275,550	777,290	869,937	19,329,023	20,145,487
Restricted	8,031,382	6,097,878	-	-	8,031,382	6,097,878
Unrestricted	3,929,937	475,958	32,734	233,851	3,962,671	709,809
Total net position	\$ 30,513,052	\$ 25,849,386	\$ 810,024	\$ 1,103,788	\$ 31,323,076	\$ 26,953,174

As shown in Table 1, approximately \$8.0 million restricted portion of the City's total net position in the governmental activities represents resources that are subject to external restrictions on how they may be used, and \$18.6 million in net investment in capital assets. The remaining portion of net position is unrestricted and represents resources that can be used to meet the government's ongoing obligations to citizens and creditors. The governmental activities unrestricted portion in FY 21-22 is approximately \$4.0 million. Total City's long-term liabilities amounted to \$7.7 million. Of the \$7.7 million, \$472,000 is from compensated absences (i.e. vacation and sick leave), \$3.2 million is from OPEB retiree medical coverage (an increase of approximately \$195,000), and \$3.4 million is due to net pension liabilities (a decrease of approximately \$2.1 million due to CalPERS positive investment shared earnings). The OPEB and pension liabilities are determined by actuarial studies based on many factors including: funds set aside in trust to pay future liabilities, the discount rate (assumed rate of return-on-investment plan assets) used in the computation, retiree longevity, current salaries of employees, benefit formulas, and actual investment returns on plan assets.

The City has taken several steps to reduce the liability for retiree-health benefits. Additionally, the City began funding a trust to pay for future retiree-health benefits at a rate of \$100,000 per year beginning in fiscal year 2015. Due to the uncertainty of possible business closures from the coronavirus pandemic and the effects on revenue, at the recommendation of staff, City Council did not fund the \$100,000 in FY 19-20 and in FY 20-21. At June 30, 2022, the balance in the trust totaled approximately \$766,000.

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022



Statement of Activities

Table 2 provides information on the City's operations in the Statement of Activities for fiscal years ended June 30, 2022 and 2021.

Governmental Activities Revenue

Revenues of the Governmental Activities include charges for services, contributions and grants, taxes, intergovernmental revenues, and other revenues. Total revenue for Governmental Activities was approximately \$17.8 million, an increase of approximately (\$2.4 million) from the previous year's revenues. Tax revenues totaled \$14.7 million, an increase of \$4.6 million from the prior year. This increase is mostly due to a full year of collection of Measure "C" tax revenue. TOT, sales tax, and property tax ("Big Three") revenues accounted for approximately 82.4% of total revenues. TOT revenues accounted for approximately 50.3% of total revenues. Sales tax revenues increased by \$633,000 (35.0%) from the prior year. Property tax revenues accounted for approximately 18.4% of total revenues; property tax revenues increased \$122,000 (3.9%) from the prior year.

CITY OF OJAI

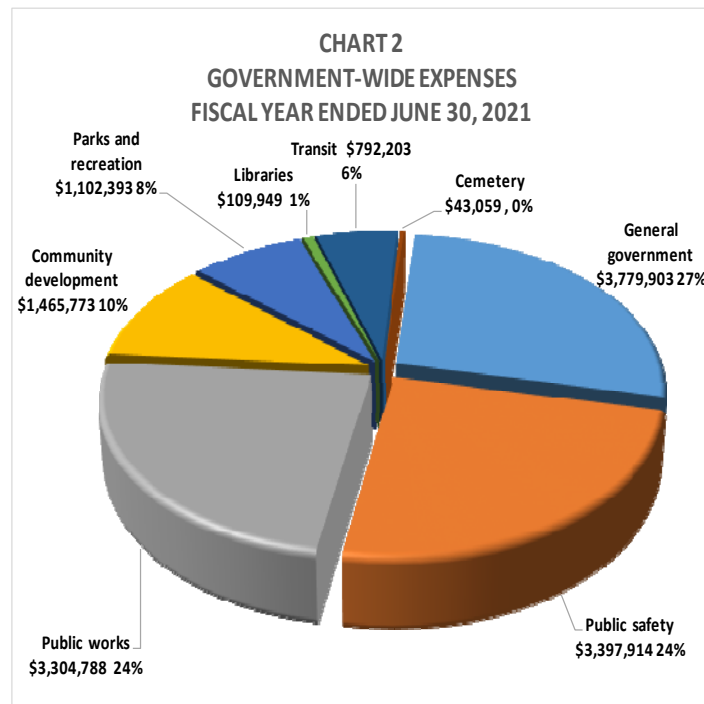
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE 2						
CITY OF OJAI STATEMENT OF ACTIVITIES FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Charges for services	\$ 1,334,701	\$ 1,524,744	\$ 97,436	\$ 56,341	\$ 1,432,137	\$ 1,581,085
Operating contributions and grants	182,389	1,300,008	460,562	1,110,863	642,951	2,410,871
Capital contributions and grants	779,869	1,247,531	-	-	779,869	1,247,531
Property taxes	3,271,169	3,149,324	-	-	3,271,169	3,149,324
Sales taxes	2,441,163	1,808,606	-	-	2,441,163	1,808,606
Transient occupancy taxes	8,969,155	5,169,346	-	-	8,969,155	5,169,346
Franchise fees	371,724	357,555	-	-	371,724	357,555
Business licenses	386,515	255,698	-	-	386,515	255,698
Motor vehicle license fees	8,619	5,543	-	-	8,619	5,543
Investment earnings	(430,116)	63,093	(13,860)	3,469	(443,976)	66,562
Miscellaneous	506,558	552,406	-	-	506,558	552,406
Gain (Loss) on disposal of assets	-	-	-	(436)	-	(436)
Total revenues	<u>17,821,746</u>	<u>15,433,854</u>	<u>544,138</u>	<u>1,170,237</u>	<u>18,365,884</u>	<u>16,604,091</u>
Expenses:						
General government	3,779,903	2,749,231	-	-	3,779,903	2,749,231
Public safety	3,397,914	3,307,787	-	-	3,397,914	3,307,787
Public works	3,304,788	2,856,229	-	-	3,304,788	2,856,229
Community development	1,465,773	1,208,684	-	-	1,465,773	1,208,684
Parks and recreation	1,102,393	500,117	-	-	1,102,393	500,117
Libraries	109,949	106,000	-	-	109,949	106,000
Transit	-	-	792,203	790,172	792,203	790,172
Cemetery	-	-	43,059	15,571	43,059	15,571
Total expenses	<u>13,160,720</u>	<u>10,728,048</u>	<u>835,262</u>	<u>805,743</u>	<u>13,995,982</u>	<u>11,533,791</u>
Net revenue over (under) expenses before transfers	4,661,026	4,705,806	(291,124)	364,494	4,369,902	5,070,300
Transfers	2,640	2,660	(2,640)	(2,660)	-	-
Change in net position	<u>4,663,666</u>	<u>4,708,466</u>	<u>(293,764)</u>	<u>361,834</u>	<u>4,369,902</u>	<u>5,070,300</u>
Net position - beginning of year	25,849,386	21,067,919	1,103,788	741,954	26,953,174	21,809,873
Prior period adjustment	-	73,001	-	-	-	73,001
Net Position - beginning of fiscal year	<u>25,849,386</u>	<u>21,140,920</u>	<u>1,103,788</u>	<u>741,954</u>	<u>26,953,174</u>	<u>21,882,874</u>
Net position - end of fiscal year	<u>\$ 30,513,052</u>	<u>\$ 25,849,386</u>	<u>\$ 810,024</u>	<u>\$ 1,103,788</u>	<u>\$ 31,323,076</u>	<u>\$ 26,953,174</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Governmental Activities Expenses

Expenses of Governmental Activities (excluding transfers) totaled approximately \$13.2 million, an increase of \$2.4 million (22.7%) from the prior year. **General government expenses** include the City Council, City Manager, City Treasurer, City Attorney, Finance, City Clerk, And Non-Departmental departments. General government expenses increased approximately \$1.0 million (37.5%). The increase is due to increases to legal fees for various litigations, OPEB contribution, Community visioning work plan not in prior year and several retirements and leave hour payout to employees moving to other jobs. **Public Safety expenses** increased approximately \$90,000 (2.7%) from the prior year. The increase is an increase in CPI, special enforcement unit, and special event overtime. **Public Works expenses** increased by \$449,000 (15.7%) due to increase in general engineering services, increase in parks and landscaping, increase general maintenance, work on Kent Hall and Oak Tree House, purchase of generators, began street work, increase tree maintenance, completing Steward Canyon restoration, and installation of solar panels. Increase to **Community Development** of \$257,000 was from the General Plan updates, the Housing element update, building contract services, and code enforcement contract expenses. **Parks and Recreation** increased by \$602,000 (120.4%) from prior year. The increase is a direct result of the community coming out of COVID and the City offering more recreational classes and programs. The remaining increase to other functional programs includes a 3.7% increase to the Library by the normal CPI increase.



Business-type Activities: The net position from the City's Business-type Activities decreased by approximately \$294,000 from the prior year, this decrease is due to less Operating contributions and grants received and reduced Trolley routes, because City was challenged by available drivers since COVID. Trolley user revenues provided \$39,300 (7.2%) of the total revenues in the Transit Fund and remaining revenues came from trolley advertisement, federal, state, and local grants.

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Farebox revenues for the trolleys need to cover 20% of operating expenses in order to avoid a loss of grant funding for the City. Trolley fund advertising increased farebox revenue by \$40,500 in the current year. The Gold Coast Transit district (GCTD) provides annual grant funding for the operation of our trolley service. Expenses for Transit activities increased by approximately \$2,000 and Cemetery expenses increased by approximately \$27,500 during the year.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

As shown in Table 3, the total fund balance in the General Fund is approximately \$12.4 million at fiscal year-end, an increase of approximately \$3.9 million from the prior year. The total Non-spendable General Fund balance at June 30, 2022 is \$1.3 million, the amount due from the Successor Agency (SA). The decrease in General Fund is the receipt of the annual loan repayment from the SA. Nonspendable Fund Balance was approximately 10.4% of the total fund balance in the General Fund and 6.3% of total governmental fund balance as of June 30, 2022. The Nonspendable fund balance is not available for spending.

TABLE 3						
CITY OF OJAI BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2022 AND 2021						
	General Fund		Other Governmental Funds		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Cash and investments	\$ 12,015,330	\$ 7,005,675	\$ 6,448,811	\$ 3,826,977	\$ 18,464,141	\$ 10,832,652
Accounts receivable	2,142,224	2,556,791	652,709	558,743	2,794,933	3,115,534
Due from successor agency	1,298,338	1,663,344	-	-	1,298,338	1,663,344
Notes receivable	-	-	1,427,612	1,427,612	1,427,612	1,427,612
Prepays	-	97,103	-	-	-	97,103
Total assets	\$ 15,455,892	\$ 11,322,913	\$ 8,529,132	\$ 5,813,332	\$ 23,985,024	\$ 17,136,245
LIABILITIES						
Accounts payable	\$ 1,377,940	\$ 1,610,833	\$ 205,169	\$ 177,956	\$ 1,583,109	\$ 1,788,789
Other liabilities	1,652,641	1,143,260	2,062	18,562	1,654,703	1,161,822
Total liabilities	3,030,581	2,754,093	207,231	196,518	3,237,812	2,950,611
FUND BALANCES						
Nonspendable	1,298,338	1,760,447	-	-	1,298,338	1,760,447
Restricted	848,550	1,546,037	7,182,832	4,551,841	8,031,382	6,097,878
Committed	5,458,230	225,380	-	-	5,458,230	225,380
Assigned	657,277	152,226	1,139,069	1,064,973	1,796,346	1,217,199
Unassigned	4,162,916	4,884,730	-	-	4,162,916	4,884,730
Total fund balances	12,425,311	8,568,820	8,321,901	5,616,814	20,747,212	14,185,634
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,455,892	\$ 11,322,913	\$ 8,529,132	\$ 5,813,332	\$ 23,985,024	\$ 17,136,245

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The Restricted fund balances are legally restricted for specific purposes by legislation or requirements outside the control of the City and they are only available for specific purposes. At June 30, 2022, the restricted fund balance in the Governmental funds was approximately \$8.0 million, consisting almost entirely of fund balances in several Special Revenue Funds of the City. The total Assigned fund balance is \$1.8 million and Committed fund balance is at \$5.5 million in the General Fund. The committed fund balance consist of committed reserve by council including the 50% emergency reserve set by City Council resolution no. 01-14. The unassigned fund balance is reduced to \$4.2 million, a decreased of approximately \$722,000 in the current year. The decrease is a net balance of moving the 50% emergency reserve to the "Committed" section of the fund balance and an increase in TOT receipts in FY21-22.

TABLE 4						
CITY OF OJAI						
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES						
GOVERNMENTAL FUNDS						
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021						
	General Fund		Other Governmental Funds		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Property taxes	\$ 2,289,679	\$ 2,189,854	\$ -	\$ -	\$ 2,289,679	\$ 2,189,854
Sales taxes	2,441,163	1,808,606	-	-	2,441,163	1,808,606
Transient occupancy taxes	6,009,334	3,097,070	2,959,821	2,072,276	8,969,155	5,169,346
Other taxes and assessments	293,993	187,552	204,578	359,466	498,571	547,018
Licenses, permits, and fees	1,401,006	1,509,583	-	-	1,401,006	1,509,583
Fines and forfeitures	40,381	24,990	-	-	40,381	24,990
Use of money and property	(267,050)	49,146	(159,565)	16,546	(426,615)	65,692
Intergovernmental:						
Other	194,988	1,486,349	586,649	1,057,505	781,637	2,543,854
Motor vehicle in lieu	990,108	965,012	-	-	990,108	965,012
Charges for services	624,408	393,340	-	-	624,408	393,340
Other revenue	145,674	143,930	66,579	72,629	212,253	216,559
Total revenues	14,163,684	11,855,432	3,658,062	3,578,422	17,821,746	15,433,854
Expenditures:						
Current:						
General government	3,331,166	2,727,111	-	4,071	3,331,166	2,731,182
Public safety	3,300,498	3,265,590	-	-	3,300,498	3,265,590
Public works	1,848,137	1,531,525	317,683	131,041	2,165,820	1,662,566
Community development	1,122,168	1,039,289	124,491	155,085	1,246,659	1,194,374
Parks and recreation	610,175	301,920	-	-	610,175	301,920
Libraries	-	-	109,949	106,000	109,949	106,000
Non current:						
Capital outlay	600,286	26,485	498,059	597,339	1,098,345	623,824
Total expenditures	10,812,430	8,891,920	1,050,182	993,536	11,862,612	9,885,456
Excess of revenues over (under) expenditures	3,351,254	2,963,512	2,607,880	2,584,886	5,959,134	5,548,398
Lease Liability	599,804	-	-	-	599,804	-
Transfers in	-	68,958	439,598	631,811	439,598	700,769
Transfers out	(94,567)	(202,730)	(342,391)	(495,379)	(436,958)	(698,109)
Total other financing sources (uses)	505,237	(133,772)	97,207	136,432	602,444	2,660
Net changes in fund balances	3,856,491	2,829,740	2,705,087	2,721,318	6,561,578	5,551,058
Fund balances - beginning of year, as restated	8,568,820	5,739,080	5,616,814	2,895,496	14,185,634	8,634,576
Fund balances - end of year	\$ 12,425,311	\$ 8,568,820	\$ 8,321,901	\$ 5,616,814	\$ 20,747,212	\$ 14,185,634

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

As shown in Table 4, total revenues in the Governmental funds increased approximately \$2.4 million. General Fund revenues increased approximately \$2.3 million while revenues from Other Governmental Funds increased approximately \$79,600. The increase in General Fund revenue is mostly from Transient occupancy tax of \$2.9 million and \$632,600 increase in sale tax, other revenues came in lower than budgeted. Other Governmental funds revenue increase was from Measure "C" tax of about \$887,500. Governmental expenditures increased \$2.0 million. The increase in Other Governmental funds was mostly from the solar installation project, Libbey Park maintenance, Tree maintenance work, and continued work on Middle Stewart Canyon Creek restoration project. General Fund expenditures increased by \$1.9 million, the majority of this increase was a combination of increases in litigations expenses, increase in parks and recreation programs and classes, tree maintenance, increase in general maintenance expenses, use of contract engineering, renovation of Kent Hall and Oak Tree House, and purchase of generators in FY21-22.

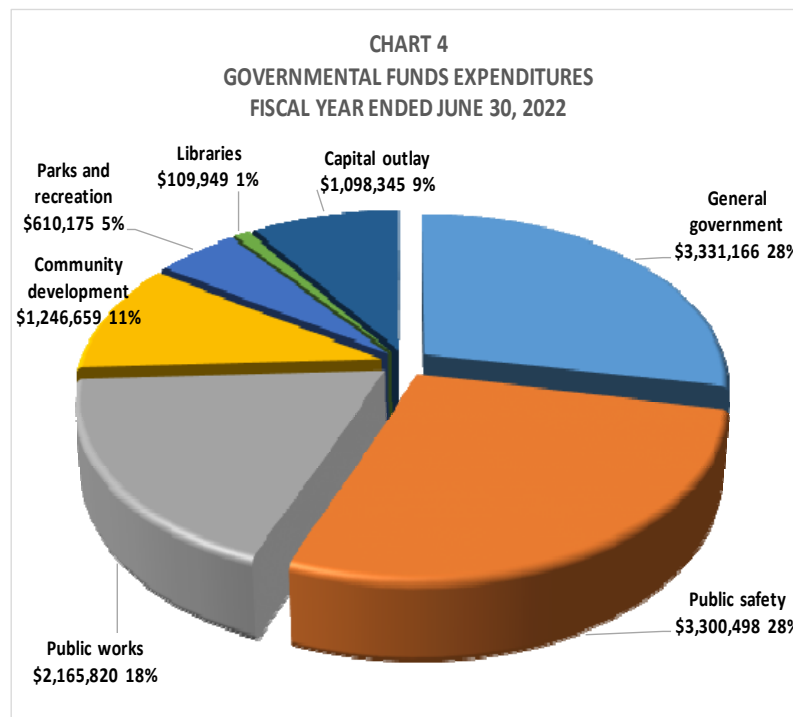
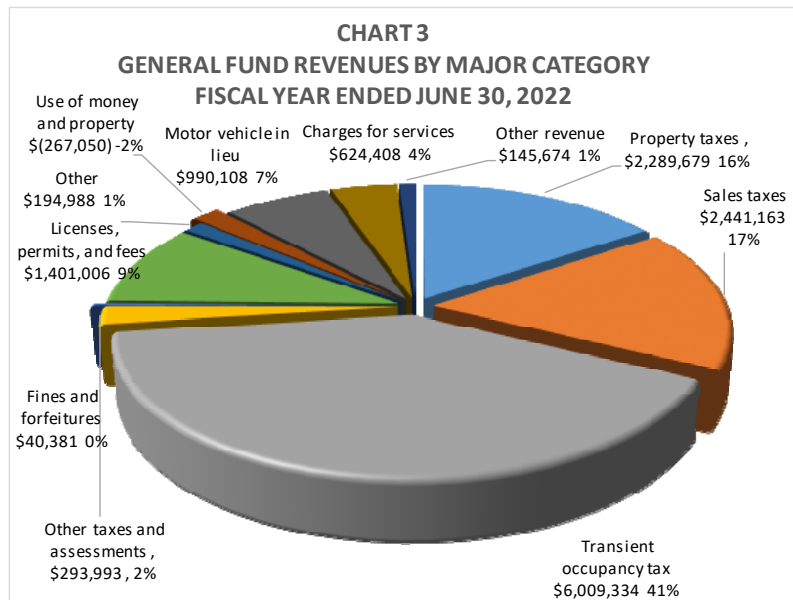
Governmental Fund Revenues

In the General Fund, Property tax revenues increased \$99,800 (4.6%), Transient Occupancy tax (TOT) revenues increased \$2.9 million (94.0%) and Sales Tax revenues increased \$632,600 (35.0%). TOT experienced the biggest growth, nearly doubled the prior average five (5) year receipts.

Revenues in the Other Governmental funds increased approximately \$79,600, all from Measure "C" tax and the remaining revenues came in less than in prior year. The biggest decrease is the reduction in COVID funding. Over the past few years, there has been a trend in gas tax revenues at the state level and the amounts paid to the City of Ojai. To reverse this trend, the state legislature approved a measure to increase gas taxes and to repay local agencies for funds borrowed by the state from the gas tax accounts. COVID pandemic caused a reduction in Gas tax revenue of approximately \$18,000 in FY20-21. In FY21-22 Gas tax revenue to the City increased by \$27,900.

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022



Governmental Fund Expenditures

Expenditures of the Governmental Funds increased approximately \$2.0 million with General Fund expenditures increasing \$1.9 million. The increase in Other Governmental funds was mostly from the solar installation project, Libbey Park maintenance, Tree maintenance work, and continued work on Middle Stewart Canyon Creek restoration project. General Fund expenditures increased by \$1.9 million, the majority of this increase was a combination of increases in litigations

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

expenses, increase in parks and recreation programs and classes, tree maintenance, increase in general maintenance expenses, use of contract engineering, renovation of Kent Hall and Oak Tree House, and purchase of generators in FY21-22.

General Fund Expenditures

General Government-

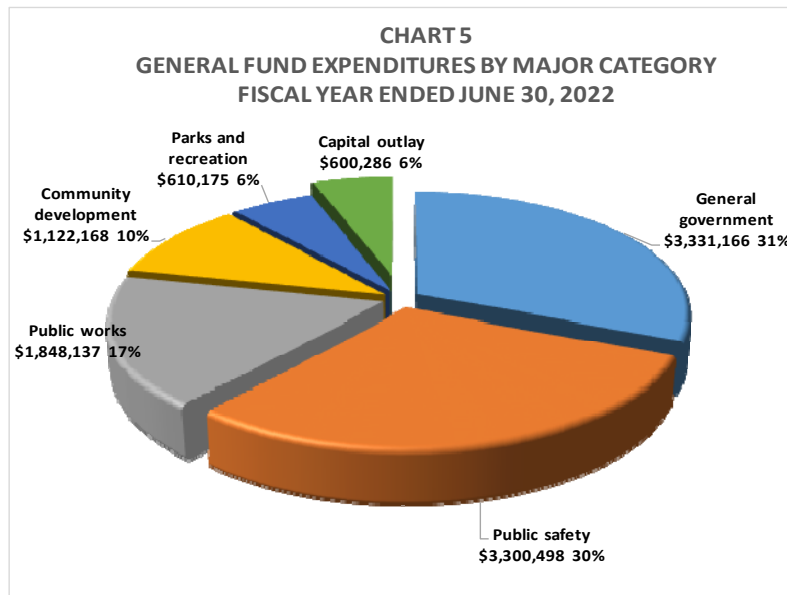
General government activities include the City Council, City Manager, City Treasurer, Finance, City Attorney, City Clerk, Non-Departmental, and Arts Commission. Expenditures in these departments increased by \$604,000. Some notable increases in expenditures include the following: expenditures in the Non-Department increased by \$213,000, because of contribution towards retiree medical payments of \$100,000 in FY21-22. In FY20-21 this prefunding was suspended due to COVID uncertainty, increase in property insurance by \$15,100, a new community outreach grant to the Ojai Valley Fire Safe Council of \$50,000, and another \$45,400 increase in salaries and benefits from having a full time Event and Public Information Coordinator position. Expenditures in the City Attorney department is mostly from litigation expenses of \$307,000 and \$11,500 for Code enforcement matters. A net increase of \$103,000 in the remaining departments makes up the rest of the expenditures increases.

Other General Fund Departments-

Public Safety expenditures increased \$34,900 (1.1%) due to the net increase in special events, Ojai day, 4th of July, and a CPI increase. **Public Works** expenditures increased \$316,600 in the current year mostly due to salary payout to employees moving on to other agencies, increase contract services, increase in parks and landscaping expenses, utility increases, renovations of Kent Hall and Oak Tree house, increase maintenance expenses, and increase tree maintenance expenses, completion of solar panel project, Libbey Park maintenance project as well as continued work on Stewart Canyon Creek restoration project. **Community Development** expenditures increased approximately \$82,900, primarily due to salary increases, the general plan update, housing element update, and code enforcement and plan check contract work in FY 21-22. **Parks and Recreation** expenditure also increased by \$308,300. After being confined for the last two years due to COVID, residents were ready to participate in classes and programs. **Capital outlay** expenditures increased \$573,800, primarily due to a GASB 87 requirement to recognize the present value of a future lease expense. In this case, this is General fund's present value of the Skate Park Lease.

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022



General Fund Budgetary Highlights: The City Council adopted a General Fund revenue and transfers in budget totaling approximately \$10.9 million. The adopted expenditure and transfers out budget total was \$11.0 million. Actual revenues collected were more than budgeted by approximately \$3.2 million. The *General Fund's* top three revenues are *Property Taxes, Sales Taxes and Transient Occupancy Taxes*, which generated approximately \$10.7 million total revenue, is 75.8% of the total *General Fund* revenues. Top three tax revenues collected were more than budgeted by \$3.9 million. Licenses, Permits, and Fees were more than budgeted amount by \$421,900.

Other intergovernmental revenues was under budget by \$872,000 because the Disaster grant came in less than estimated and planning housing grant was not received in FY21-22 along with other estimated reimbursements. Motor vehicle in lieu exceeded the budget by \$80,100. Use of money and property was under budget due to a fair market value loss if the City were to sell all the CDs owned at June 30, 2022. Charges for Services exceeded budget by \$203,600 mainly because parks and creation classes and programs was in high demand and Other revenues came in less than budgeted by \$136,600.

The Public Safety expenditures represent 30.5% of the total General Fund expenditures and is under budget by \$147,400. General Government services and Public Works expenditures account for 30.8% and 17.1% of General Fund Expenditures, respectively. General Government came under budget by \$253,525. Public Works and Parks and Recreation expenditures increased by (20.7%) and (102.1%) respectively, Public Safety expenditures increased by (1.1%).

Other Governmental Funds

Expenditures in the other governmental funds increased by approximately \$56,600, which is due to an increase in Public Works projects. With Measure "C" and grant funding, City can plan on catching up with road overlay projects in the coming year.

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Proprietary Funds: The City's proprietary fund statements provide the same type of information that is found in the government-wide financial statements (see more detail on pages 29-31 of this report) because they are reported using the full accrual basis of accounting. The net position of the Transit enterprise fund is \$589,464 a decrease of \$255,600 primarily due to delayed reimbursement request in FY21-22.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets is reported in the financial statements for the government-wide and business-type activities but not in the governmental fund financial statements. The investment in capital assets includes non-depreciable assets (rights-of-way, land, artwork, and construction in progress) and depreciable assets (buildings & buildings improvements, land improvements, equipment and machinery, infrastructure, and vehicles). Table 5 provides a summary of the City's capital assets net of accumulated depreciation as of June 30, 2022 and 2021. Additional information on the City's capital assets is found in Note 7 starting on page 56 of this report.

TABLE 5						
CITY OF OJAI						
CAPITAL ASSETS AND RIGHT TO USE ASSETS, NET						
JUNE 30, 2022 AND 2021						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Non-depreciable assets						
Rights of way	\$ 798,250	\$ 798,250	\$ -	\$ -	\$ 798,250	\$ 798,250
Land	1,909,588	1,909,588	110,500	110,500	2,020,088	2,020,088
Artwork	60,982	60,982	-	-	60,982	60,982
Construction in progress	855,359	614,830	8,746	8,746	864,105	623,576
Depreciable assets						
Buildings & buildings improvements	15,452,183	15,452,183	54,183	54,183	15,506,366	15,506,366
Land improvements	3,838,369	3,838,369	547,475	547,475	4,385,844	4,385,844
Equipment and machinery	2,182,370	2,158,727	112,527	112,527	2,294,897	2,271,254
Infrastructure	18,816,843	18,816,843	-	-	18,816,843	18,816,843
Vehicles	573,054	573,054	1,232,525	1,232,525	1,805,579	1,805,579
Public art	38,850	38,850	-	-	38,850	38,850
Accumulated depreciation	(25,974,115)	(24,986,126)	(1,288,666)	(1,196,019)	(27,262,781)	(26,182,145)
Total capital assets, net	\$ 18,551,733	\$ 19,275,550	\$ 777,290	\$ 869,937	\$ 19,329,023	\$ 20,145,487
Right-to-use asset	\$ 599,804	\$ -	\$ -	\$ -	\$ 599,804	\$ -
Total Right-to-use asset, net	\$ 599,804	\$ -	\$ -	\$ -	\$ 599,804	\$ -

Long-term Liabilities: At June 30, 2022, the City had no loans or notes payable outstanding, but had a total of \$7.7 million in long-term liabilities with \$7.2 million in the governmental activities and \$464,600 in the business-type activities. Total long-term liabilities increased \$1.2 million in the current fiscal year. Pension liabilities decreased approximately \$2.2 million, OPEB liability increased \$208,900, while compensated absences increased \$202,200. The pension liability decrease can be primarily attributed to investment earnings in CalPERS investments. The liability

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

for compensated absences is total value of vacation, compensated absences, and sick leave time that will be required to be paid out or used by employees at a future date. Due to vacancies in various departments, staff are working hard to keep up and therefore not taking normal time off. In FY21-22, The City implemented GASB 87 by recording the present value of the Skate Park Lease. This GASB 87 implementation increased the Governmental long-term liability by \$599,800. Additional information on the City's compensated absences, lease liability, pension and OPEB is found in the Notes to Basic Financial Statements numbers 8, 9, 10 and 11, pages 60-75 of this report.

TABLE 6						
CITY OF OJAI LONG-TERM LIABILITIES JUNE 30, 2022 AND 2021						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Compensated absences	\$ 444,874	\$ 250,209	\$ 27,123	\$ 19,594	\$ 471,997	\$ 269,803
Lease liability	599,804	-	-	-	599,804	-
Net pension liability	3,192,834	5,263,041	225,618	371,907	3,418,452	5,634,948
Net OPEB liability	2,998,453	2,803,265	211,883	198,090	3,210,336	3,001,355
Total long-term liabilities	\$ 7,235,965	\$ 8,316,515	\$ 464,624	\$ 589,591	\$ 7,700,589	\$ 8,906,106

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET OUTLOOK

Over the last 2 years, the City has adopted conservative budgets to help protect against potential COVID impacts. The City has monitored expenditures closely, reducing spending in certain areas in the short-term to help maintain and rebuild reserves to better protect the City in the event of another emergency or potential shutdowns related to COVID.

In FY21-22, City of Ojai issued 256 new business license of which 54 are within the City limit.

City management has historically budgeted revenue growth conservatively and to mitigate possible natural disaster-related revenue losses. In an effort to prepare for future economic downturns and natural disasters, management has placed additional emphasis on meeting the fifty (50) percent reserve requirement and conservatively budgeting for FY 21-22 and FY 22-23. Feeling more comfortable living with COVID for the last two years, the City included the extra \$100,000 OPEB trust funding in FY 21-22 budget and continue paying the annual pay-as-you-go funding of the retiree medical plan. The City significantly reduced the annual contribution to \$8,700 to the Equipment replacement and technology improvements from the General Fund. As of June 30, 2022, this fund has accumulated \$343,000 for this purpose, a reduction of \$53,000 due to the reduced funding from general fund and small purchases of equipment for the Library.

The City's emergency reserve policy is to hold 50% of the current year General Fund operating budget in reserves as prescribed in City council resolution number 01-14. The current 50% requirement may need to be re-visited; the last two years have shown that economic downturns could last over two years before showing signs of recovery. A 50% reserve would provide funding for approximately 6 months, which may not be adequate for an economic downturn. One current

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

sign of an economic downturn is rising housing costs. By closely monitoring expenditures and holding vacancies longer than staff would prefer, the City can move forward to tackling capital projects that were placed on hold. On June 30, 2022, the City held \$5.4 million in committed fund balance 50% reserve requirement. The increase in fund balance was specifically because of careful management of expenditures and delaying road and street maintenance, receiving grants from several sources, less use of General fund to support work, now supported by Measure C, and implementation of the "Cannabis" tax in FY2022.

Over the past few years, the City's top three priorities have been:

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

There are many demands on City resources and many "worthy" causes so City Council will need to exercise caution when considering funding requests and not dip into the emergency reserve and only note the unassigned portion that is allowable for all other operational needs that may arise or partial funding of major projects in the near future.

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

TOT revenue accounted for 42.4% of General Fund revenues and 50.3% of total city revenues in the fiscal year ended June 30, 2022, compared to 26.1% and 33.5% in the prior year. This heavy concentration of revenues from one source leaves the city vulnerable as we have witnessed in the past two years of a recession. Any natural disaster or "shelter-in-place" shutdown can completely eliminate financial sources for the City.

Citizens of Ojai passed Measure "C" on the March 2020 ballot, which continues to serve as a critical tool in helping the City to accomplish key projects. Measure "C" brought the City's TOT rate to 15% from 10%, with the additional 5% designated for capital improvement projects. This would also allow the City to catch up on deferred maintenance. Staff estimates that deferred maintenance costs may be over \$2.3 million at this time. The City has collected \$4.0 million by June 2022 and have used an estimated total of \$637,000.

The new fiscal year FY22-23 and FY23-24, City Council should remain conservative to be prepared for an emergency. The COVID "shelter-in-place" shut down from March 2020 should serve as a reminder to residents and City Council how vulnerable the City can be during an emergency, and how quickly the City's finances can be impacted. Conservative decision and careful planning from City Council and management helped the City tread the shutdown orders these past two years, and positioned the City to quickly recover. With the looming talks of a recession, City Council and residents should continue to be conservative and not allow the City to dip in the emergency reserve.

CITY OF OJAI

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

- 1) City staffing levels have been kept low to provide funds for the capital improvement program. These positions will be filled as the budget improves to begin enhancing the City's service levels.
- 2) Pension costs will continue to increase over the years as the cost of living continues to increase. The CalPERS governing board will continue to increase discount rates which will increase pension costs.

REQUESTS FOR INFORMATION

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

Pamela Greer | Director of Finance
City of Ojai
401 S. Ventura St.
Ojai, CA 93023
Pam.Greer@Ojai.Ca.Gov

CITY OF OJAI

STATEMENT OF NET POSITION JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 18,464,141	\$ 612,327	\$ 19,076,468
Accounts receivable, net	2,794,933	74,454	2,869,387
Due from successor agency	1,298,338	-	1,298,338
Notes receivables	1,427,612	-	1,427,612
Capital assets not being depreciated	3,624,179	119,246	3,743,425
Capital assets, net of accumulated depreciation	14,927,554	658,044	15,585,598
Right-to-use asset, net of accumulated amortization	599,804	-	599,804
Total assets	43,136,561	1,464,071	44,600,632
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	623,943	44,090	668,033
Related to OPEB	740,681	52,339	793,020
Total deferred outflows of resources	1,364,624	96,429	1,461,053
LIABILITIES			
Accounts payable	1,583,109	15,844	1,598,953
Accrued liabilities	94,295	352	94,647
Deposits payable	7,289	-	7,289
Unearned revenue	1,553,119	21,319	1,574,438
Noncurrent liabilities:			
Due within one year			
Compensated absences	111,218	6,781	117,999
Due in more than one year			
Compensated absences	333,656	20,342	353,998
Lease liability	599,804	-	599,804
Net Pension liability	3,192,834	225,618	3,418,452
Net OPEB liability	2,998,453	211,883	3,210,336
Total liabilities	10,473,777	502,139	10,975,916
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	2,954,255	208,759	3,163,014
Related to OPEB	560,101	39,578	599,679
Total deferred inflows of resources	3,514,356	248,337	3,762,693
NET POSITION			
Net investment in capital assets	18,551,733	777,290	19,329,023
Restricted (See Note 14)	8,031,382	-	8,031,382
Unrestricted	3,929,937	32,734	3,962,671
Total net position	\$ 30,513,052	\$ 810,024	\$ 31,323,076

See Notes to Basic Financial Statements

CITY OF OJAI

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General government	\$ 3,779,903	\$ 401,057	\$ -	\$ -
Public safety	3,397,914	345,719	182,389	-
Public works	3,304,788	7,260	-	652,459
Community development	1,465,773	84,907	-	-
Parks and recreation	1,102,393	426,307	-	127,410
Libraries	109,949	69,451	-	-
Total governmental activities	13,160,720	1,334,701	182,389	779,869
Business-type Activities:				
Transit	792,203	89,168	460,562	-
Cemetery	43,059	8,268	-	-
Total business-type activities	835,262	97,436	460,562	-
Total government	\$ 13,995,982	\$ 1,432,137	\$ 642,951	\$ 779,869

General Revenues and Transfers:

Taxes:

Property taxes

Sales tax

Transient occupancy tax

Franchise fees

Business licenses

Motor vehicle license fees

Unrestricted investment earnings

Miscellaneous revenues

Transfers in (out)

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

See Notes to Basic Financial Statements

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (3,378,846)	\$ -	\$ (3,378,846)
(2,869,806)	-	(2,869,806)
(2,645,069)	-	(2,645,069)
(1,380,866)	-	(1,380,866)
(548,676)	-	(548,676)
(40,498)	-	(40,498)
(10,863,761)	-	(10,863,761)
-	(242,473)	(242,473)
-	(34,791)	(34,791)
-	(277,264)	(277,264)
(10,863,761)	(277,264)	(11,141,025)
3,271,169	-	3,271,169
2,441,163	-	2,441,163
8,969,155	-	8,969,155
371,724	-	371,724
386,515	-	386,515
8,619	-	8,619
(430,116)	(13,860)	(443,976)
506,558	-	506,558
2,640	(2,640)	-
15,527,427	(16,500)	15,510,927
4,663,666	(293,764)	4,369,902
25,849,386	1,103,788	26,953,174
<u>\$ 30,513,052</u>	<u>\$ 810,024</u>	<u>\$ 31,323,076</u>

CITY OF OJAI

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2022

	General Fund	Special Revenue Funds Measure C	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 12,015,330	\$ 3,411,364	\$ 3,037,447	\$ 18,464,141
Accounts receivable, net	2,142,224	596,386	56,323	2,794,933
Due from the successor agency	1,298,338	-	-	1,298,338
Notes receivable	-	-	1,427,612	1,427,612
Total assets	<u>\$ 15,455,892</u>	<u>\$ 4,007,750</u>	<u>\$ 4,521,382</u>	<u>\$ 23,985,024</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,377,940	\$ 19,291	\$ 185,878	\$ 1,583,109
Accrued liabilities	92,233	-	2,062	94,295
Deposits payable	7,289	-	-	7,289
Unearned revenue	1,553,119	-	-	1,553,119
Total liabilities	<u>3,030,581</u>	<u>19,291</u>	<u>187,940</u>	<u>3,237,812</u>
Fund balances:				
Nonspendable	1,298,338	-	-	1,298,338
Restricted	848,550	3,988,459	3,194,373	8,031,382
Committed	5,458,230	-	-	5,458,230
Assigned	657,277	-	1,139,069	1,796,346
Unassigned	4,162,916	-	-	4,162,916
Total fund balances	<u>12,425,311</u>	<u>3,988,459</u>	<u>4,333,442</u>	<u>20,747,212</u>
Total liabilities and fund balances	<u>\$ 15,455,892</u>	<u>\$ 4,007,750</u>	<u>\$ 4,521,382</u>	<u>\$ 23,985,024</u>

See Notes to Basic Financial Statements

CITY OF OJAI

GOVERNMENTAL FUNDS RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2022

Fund balances of governmental funds		\$ 20,747,212
-------------------------------------	--	---------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation and right-to-use assets net of amortization have not been included as financial resources in governmental funds.

Capital assets at historical cost	\$ 44,525,848	
Accumulated depreciation	(25,974,115)	
Right-to-use asset	<u>599,804</u>	19,151,537

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

Deferred outflows of resources relating to:		
Pensions	623,943	
OPEB	740,681	
Deferred inflows of resources relating to:		
Pensions	(2,954,255)	
OPEB	<u>(560,101)</u>	(2,149,732)

Long-term obligations have not been included in the governmental funds.

Compensated absences	(444,874)	
Lease liability	(599,804)	
Net pension liability	(3,192,834)	
Net OPEB liability	<u>(2,998,453)</u>	<u>(7,235,965)</u>

Net position of governmental activities		<u>\$ 30,513,052</u>
---	--	----------------------

CITY OF OJAI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Funds Measure C	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 2,289,679	\$ -	\$ -	\$ 2,289,679
Sales taxes	2,441,163	-	-	2,441,163
Transient occupancy tax	6,009,334	2,959,821	-	8,969,155
Other taxes and assessments	293,993	-	204,578	498,571
Licenses, permits, and fees	1,401,006	-	-	1,401,006
Fines and forfeitures	40,381	-	-	40,381
Use of money and property	(267,050)	(94,032)	(65,533)	(426,615)
Intergovernmental:				
Other	194,988	-	586,649	781,637
Motor vehicle in lieu	990,108	-	-	990,108
Charges for services	624,408	-	-	624,408
Other revenue	145,674	-	66,579	212,253
Total revenues	14,163,684	2,865,789	792,273	17,821,746
EXPENDITURES				
Current:				
General government	3,331,166	-	-	3,331,166
Public safety	3,300,498	-	-	3,300,498
Public works	1,848,137	112,619	205,064	2,165,820
Community development	1,122,168	-	124,491	1,246,659
Parks and recreation	610,175	-	-	610,175
Libraries	-	-	109,949	109,949
Capital outlay	600,286	-	498,059	1,098,345
Total expenditures	10,812,430	112,619	937,563	11,862,612
Excess of revenues over (under) expenditures	3,351,254	2,753,170	(145,290)	5,959,134
OTHER FINANCING SOURCES (USES)				
Lease acquisition	599,804	-	-	599,804
Transfers in	-	-	439,598	439,598
Transfers out	(94,567)	(167,500)	(174,891)	(436,958)
Total other financing sources (uses)	505,237	(167,500)	264,707	602,444
Net changes in fund balances	3,856,491	2,585,670	119,417	6,561,578
Fund balances, beginning of year	8,568,820	1,402,789	4,214,025	14,185,634
Fund balances, end of year	\$ 12,425,311	\$ 3,988,459	\$ 4,333,442	\$ 20,747,212

See Notes to Basic Financial Statements

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, 2022

Net change in fund balances - total governmental funds \$ 6,561,578

Amounts reported for governmental activities differ because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and disposals were exceeded by depreciation in the current period.

Capital outlay net of disposals	\$ 264,800	
Depreciation expense not reported in governmental funds	(988,617)	
Right-to-use asset	<u>599,804</u>	(124,013)

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

Pension related net adjustments	(1,231,777)	
OPEB related net adjustments	<u>252,347</u>	(979,430)

The issuance of long term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long term liabilities consumes current financial resources. These amounts are the net effect of the difference in treatment of long term liabilities and related items in the statement of activities.

Lease liability		(599,804)
-----------------	--	-----------

Compensated absences are not a current period expense. This is the net change in compensated absences for the current period.		<u>(194,665)</u>
---	--	------------------

Changes in net position of governmental activities		<u>\$ 4,663,666</u>
--	--	---------------------

CITY OF OJAI

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2022

	Business-type Activities - Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Transit	Cemetery	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 463,652	\$ 148,675	\$ 612,327
Accounts receivable, net	74,454	-	74,454
Total current assets	538,106	148,675	686,781
Noncurrent Assets:			
Capital assets not being depreciated	1,600	117,646	119,246
Capital assets, net of accumulated depreciation	656,566	1,478	658,044
Total noncurrent assets	658,166	119,124	777,290
Total assets	1,196,272	267,799	1,464,071
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension	42,754	1,336	44,090
Related to OPEB	50,753	1,586	52,339
Total deferred outflows of resources	93,507	2,922	96,429
LIABILITIES			
Current Liabilities:			
Accounts payable	12,857	2,987	15,844
Accrued liabilities	-	352	352
Unearned revenue	-	21,319	21,319
Current portion of compensated absences	5,601	1,180	6,781
Total current liabilities	18,458	25,838	44,296
Noncurrent Liabilities:			
Compensated absences	16,802	3,540	20,342
Net pension liability	218,781	6,837	225,618
Net OPEB liability	205,462	6,421	211,883
Total noncurrent liabilities	441,045	16,798	457,843
Total liabilities	459,503	42,636	502,139
DEFERRED INFLOWS OF RESOURCES			
Related to pension	202,433	6,326	208,759
Related to OPEB	38,379	1,199	39,578
Total deferred inflows of resources	240,812	7,525	248,337
NET POSITION (DEFICIT)			
Net investment in capital assets	658,166	119,124	777,290
Unrestricted	(68,702)	101,436	32,734
Total net position	\$ 589,464	\$ 220,560	\$ 810,024

See Notes to Basic Financial Statements

CITY OF OJAI

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Transit	Cemetery	Totals
Operating Revenues:			
Charges for services (net of refunds)	\$ 89,168	\$ 8,268	\$ 97,436
Total operating revenues	89,168	8,268	97,436
Operating Expenses:			
Salaries and benefits	374,055	30,394	404,449
Material, supplies, and operational expenses	325,747	12,419	338,166
Depreciation	92,401	246	92,647
Total operating expenses	792,203	43,059	835,262
Operating income (loss)	(703,035)	(34,791)	(737,826)
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	460,562	-	460,562
Investment income (loss)	(10,484)	(3,376)	(13,860)
Total non-operating revenues (expenses)	450,078	(3,376)	446,702
Income (loss) before transfers	(252,957)	(38,167)	(291,124)
Transfers out	(2,640)	-	(2,640)
Changes in net position	(255,597)	(38,167)	(293,764)
Net position, beginning of year	845,061	258,727	1,103,788
Net position, end of year	\$ 589,464	\$ 220,560	\$ 810,024

See Notes to Basic Financial Statements

CITY OF OJAI

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds		
	Major Fund	Nonmajor Fund	
	Transit	Cemetery	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 467,043	\$ 9,176	\$ 476,219
Cash paid to suppliers for goods and services	(328,251)	(9,905)	(338,156)
Cash paid to employees for services	(314,107)	(24,441)	(338,548)
Net cash used by operating activities	(175,315)	(25,170)	(200,485)
Cash Flows from Noncapital Financing Activities:			
Operating grants received	460,562	-	460,562
Transfers (to) / from other funds	(2,640)	-	(2,640)
Net cash provided by noncapital financing activities	457,922	-	457,922
Cash Flows from Investing Activities:			
Interest received	(10,484)	(3,376)	(13,860)
Net cash used by investing activities	(10,484)	(3,376)	(13,860)
Net increase (decrease) in cash and cash equivalents	272,123	(28,546)	243,577
Cash and Cash Equivalents at Beginning of Fiscal Year	191,529	177,221	368,750
Cash and Cash Equivalents at End of Fiscal Year	\$ 463,652	\$ 148,675	\$ 612,327
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating loss	\$ (703,035)	\$ (34,791)	\$ (737,826)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	92,401	246	92,647
(Increase) decrease in accounts receivable, net	382,435	-	382,435
(Increase) decrease in prepaids	1,553	-	1,553
(Increase) decrease in deferred outflows of resources	7,898	247	8,145
Increase (decrease) in accounts payable	(4,057)	2,514	(1,543)
Increase (decrease) in accrued liabilities	(10,917)	79	(10,838)
Increase (decrease) in unearned revenue	(4,560)	908	(3,652)
Increase (decrease) in compensated absences	3,752	3,777	7,529
Increase (decrease) in net pension liability	(141,856)	(4,433)	(146,289)
Increase (decrease) in net OPEB liability	13,375	418	13,793
Increase (decrease) in deferred inflows of resources	187,696	5,865	193,561
Total adjustments	527,720	9,621	537,341
Net cash used by operating activities	\$ (175,315)	\$ (25,170)	\$ (200,485)

See Notes to Basic Financial Statements

CITY OF OJAI**STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	Private Purpose Trust Fund
	<u>Successor Agency</u>
ASSETS	
Cash and investments	\$ 398,064
Right to use asset, net	<u>34,332</u>
Total assets	<u>432,396</u>
LIABILITIES	
Account Payable	25,155
Loan payable - City of Ojai - current	365,006
Lease liability - current	25,245
Unearned revenue	422,831
Loan payable - City of Ojai - noncurrent	933,332
Lease liability - noncurrent	<u>13,054</u>
Total liabilities	<u>1,784,623</u>
NET POSITION (DEFICIT)	
Held in trust	<u><u>\$ (1,352,227)</u></u>

CITY OF OJAI**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Private Purpose Trust Fund</u>
	<u>Successor Agency</u>
ADDITIONS:	
Property taxes	\$ 365,006
Use of money and property	(10,010)
Other revenue	<u>2,910</u>
Total additions	<u>357,906</u>
DEDUCTIONS:	
Community development	1,165
Amortization expense	<u>28,184</u>
Total deductions	<u>29,349</u>
Change in net position	328,557
Net position (deficit), beginning of year	<u>(1,680,784)</u>
Net position (deficit), end of year	<u><u>\$ (1,352,227)</u></u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

Government-wide Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting or internal activities. Government activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category—*governmental, proprietary and fiduciary* are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary funds financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organization, other governmental units, and/or other funds.

C. Major Funds

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

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

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

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

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

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

The City reports the following proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

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

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

D. Basis of Accounting

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

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

Governmental funds are reported using the “*current financial resources*” measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 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.

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 are 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

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

Cash and Investments

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

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

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

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables and Payables

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

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

Property Taxes

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Taxes (Continued)

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

The County of Ventura levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year of levy.

Tax Levy Apportionments - due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - the State of California Fiscal Year 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded net of administrative fees withheld during the fiscal year.

Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are offset equally by a fund balance designation which indicates that they do not constitute expendable available resources and therefore are not available for appropriation. The cost of prepaid items is recorded as expenditures/expense when consumed rather than when purchased.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position or Fund Balances (Continued)****Capital Assets**

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

Major outlays for constructed capital assets and improvements are capitalized during the construction period and is shown as construction in progress.

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.

The remainder of this page left intentionally blank.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences

The City accrues the liability for compensated absences in accordance with Generally Accepted Accounting Principles (GAAP).

The Compensated absences policy of the City is as follows:

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

Compensated absences are paid, if matures out of the General Fund and the Transit Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows and Inflows of Resources

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

In addition to assets, the Statement of Net Position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net assets by the government that is applicable to a future reporting period. The City has items which qualify for reporting in this category; refer to Notes 10 and 11 for a detailed listing of the deferred outflows of resources the City recognized.

In addition to liabilities, the Statement of Net Position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net assets by the City that is applicable to a future reporting period. The City has items which qualifies for reporting in this category; refer to Notes 10 and 11 for a detailed listing of the deferred inflows of resources the City has recognized.

Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Other Postemployment Benefits (OPEB)

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

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Long-Term Obligations

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

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

The remainder of this page left intentionally blank.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position and Fund Balances

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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. Implementation of New GASB Pronouncements

Governmental Accounting Standards Board has issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

H. Future Accounting Pronouncements

The following new pronouncements may have an effect on the City when implemented:

Government Accounting Standards Board Statement No. 91

GASB Statement No. 91, *Conduit Debt Obligations* is effective for periods beginning after December 15, 2021.

Government Accounting Standards Board Statement No. 94

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* is effective for periods beginning after June 15, 2022.

Government Accounting Standards Board Statement No. 96

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* is effective for periods beginning after June 15, 2022.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Future Accounting Pronouncements (Continued)

Government Accounting Standards Board Statement No. 99

GASB Statement No. 99, *Omnibus 2022* is effective for periods beginning after June 15, 2022.

Government Accounting Standards Board Statement No. 100

GASB Statement No. 100, *Accounting Changes and Error Corrections* is effective for periods beginning after June 15, 2023.

Government Accounting Standards Board Statement No. 101

GASB Statement No. 101, *Compensated Absences* is effective for fiscal years beginning after June 15, 2023.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

1. The budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the fiscal year. All amendments made during the fiscal year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures. Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of budgetary control.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, the City Council must approve any revisions that alter the total expenditures of any fund.
4. Formal budgetary integration is employed as a management control device during the fiscal year.

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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

A. Budgetary Information (Continued)

5. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.
6. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for this type of fund.
7. Capital projects are budgeted through the Capital Projects Funds. Appropriations for authorized capital projects but not constructed or completed during the fiscal year are carried forward as continuing appropriations into the following fiscal year's budget.
8. Under Article XIII-B of the California Constitution (the GANN Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following fiscal year. For the fiscal year ended June 30, 2022, 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:

	Budgeted amounts	Actual Amounts	(Excess) over budgeted amount
<u>Major Fund</u>			
General Fund:			
City finance	\$ 680,660	\$ 686,847	\$ (6,187)
City attorney	263,530	424,070	(160,540)
Public works	1,823,810	1,848,137	(24,327)
Capital outlay	500	600,286	(599,786)
<u>Nonmajor Special Revenue Funds</u>			
Bicycle and Pedestrian			
Community development	-	577	(577)
Transfers out	5,000	174,891	(169,891)
Street Lighting			
Public works	80,400	101,672	(21,272)
Library			
Libraries	109,900	109,949	(49)
Transit Equipment Replacement			
Public works	-	50	(50)

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS

At June 30, 2022, deposits and investments were reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 19,076,468
Statement of Fiduciary Net Position	
Cash and investments	<u>398,064</u>
Total cash and investments	<u><u>\$ 19,474,532</u></u>

Cash and investments as of June 30, 2022 consist of the following:

Deposit with financial institutions	\$ 6,427,035
Cash on hand	500
Investments	<u>13,046,997</u>
Total cash and investments	<u><u>\$ 19,474,532</u></u>

Deposits with financial institutions

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

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
State of California Obligations	5 years	20%	None
California Local Agency Bonds	5 years	20%	None
Negotiable Certificates of Deposit	5 years	10%	5%
Mutual Funds	N/A	20%	None
Money Market Mutual Funds	N/A	15%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$ 75,000,000
JPA Pools (other investment pools)	N/A	60%	None

Investments in State Investment Pool

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

Fair Value

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

CITY OF OJAI**NOTES TO BASIC FINANCIAL STATEMENTS**
JUNE 30, 2022

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

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy does not limit investments in Federal Agency Securities and Treasury Obligations to ratings issued by nationally recognized statistical rating organizations. Presented below are the City's investments and the actual rating as of fiscal year end for each investment type:

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	AA-f	Not Rated
State Investment Pool	\$ 1,571,856	N/A	\$ -	\$ -	\$ -	\$ 1,571,856
Negotiable certificates of deposit	8,769,779	N/A	-	-	-	8,769,779
Money market funds	2,705,362	N/A	-	-	-	2,705,362
Total	<u>\$ 13,046,997</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,046,997</u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment in LAIF is unrated.

The remainder of this page left intentionally blank.

NOTE 3 – CASH AND INVESTMENTS (Continued)*Interest Rate Risk*

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

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

Investment Type	Total	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool	\$ 1,571,856	\$ 1,571,856	\$ -	\$ -	\$ -
Negotiable certificates of deposit	8,769,779	979,289	1,079,418	6,711,072	-
Money market funds	2,705,362	2,705,362	-	-	-
Total	<u>\$ 13,046,997</u>	<u>\$ 5,256,507</u>	<u>\$ 1,079,418</u>	<u>\$ 6,711,072</u>	<u>\$ -</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.

Fair Value Measurements

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

CITY OF OJAI**NOTES TO BASIC FINANCIAL STATEMENTS**
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)*Fair Value Measurements (continued)*

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2022:

<u>Investment Type</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<i>Investments at fair value:</i>				
Negotiable certificates of deposit	\$ 8,769,779	\$ -	\$ 8,769,779	\$ -
<i>Investments not subject to the fair value hierarchy:</i>				
State Investment Pool	1,571,856			
Money market funds	2,705,362			
Total investments	\$ 13,046,997			

NOTE 4 – ACCOUNTS RECEIVABLE

The following is a list of accounts receivable at June 30, 2022:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities -			
Accounts receivable, net	\$ 2,894,352	\$ 99,419	\$ 2,794,933
Business-type Activities -			
Accounts receivable, net	\$ 74,454	\$ -	\$ 74,454

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 5 – INTER-FUND ACTIVITY

The following represents the inter-fund activity of the City for the fiscal year ended June 30, 2022:

A. Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 94,567
	Measure C Fund	167,500
	Transit Fund	2,640
	Nonmajor Governmental Funds	<u>174,891</u>
Total interfund transfers		<u>\$ 439,598</u>

The Capital Improvements Fund received transfers of \$30,000 from the General Fund and \$167,500 from the Measure C Fund to support capital improvement activities, and \$174,891 from the Bicycle and Pedestrian Fund for pedestrian and bike lane work.

The Equipment Replacement Fund received transfers from the General Fund of \$6,107 for its share of maintenance costs. The Street Lighting Fund received transfers of \$6,830 from the General Fund for its assessment and benefit use share. The Library Fund received transfers of \$5,250 from the General Fund to support library activities. The Plaza Maintenance Fund received transfers of \$46,380 from the General Fund for its share of maintenance costs and assessment shares.

The Equipment Replacement Fund received transfers of \$2,640 from the Transit Fund for its share of maintenance costs.

The remainder of this page left intentionally blank.

NOTE 6 – NOTES RECEIVABLES AND DUE FROM THE SUCCESSOR AGENCY

Notes Receivable

The former Redevelopment Agency's Low and Moderate Housing Fund entered into an agreement on December 21, 1991 to loan Montgomery Oaks Associates, a California limited partnership, the amount of \$250,000. As of June 30, 2022, the outstanding balance is \$250,000 plus accrued interest of \$168,912. The purpose of the loan was to provide financial assistance for the land acquisition and predevelopment expenses of a 21-unit affordable housing complex. The terms of the loan call for a repayment on December 23, 2064 for principal and simple interest of 3% per annum. The full amount is still outstanding as of June 30, 2022.

The former Redevelopment Agency's Low and Moderate Housing Fund has loaned \$300,000 to the Area Housing Authority at 0% interest with no specific due date. The full amount is still outstanding as of June 30, 2022.

The former Redevelopment Agency's Low and Moderate Housing Fund has loaned 6 individuals funds for housing rehabilitation in the amount of \$113,914 plus accrued interest of \$44,784. These loans carry interest at rates ranging from 0% to 6% and are normally due when the property is sold or refinanced. The full amounts are still outstanding as of June 30, 2022.

The former Redevelopment Agency's Low and Moderate Housing Fund entered into an agreement on October 10, 2000 and loaned \$550,000 to the Cabrillo Economic Development Corporation, a California nonprofit public benefit corporation at 0% interest. The terms of the loan call for a repayment at the end of 60 years. The full amount is still outstanding as of June 30, 2022.

On February 1, 2012, the Housing Successor Fund assumed these agreements previously held by the former Redevelopment Agency's Low and Moderate Housing Fund. As of June 30, 2022, notes receivable balance in the Housing Successor Fund is \$1,427,612.

Due from the Successor Agency

On February 1, 2012, the Successor Agency assumed two loans due to the City of Ojai previously held by the former Redevelopment Agency. The loans are shown in the General Fund financial statements as Due from the Successor Agency for a total \$1,298,338 in accrued interest, as of June 30, 2022. The principal balance outstanding was repaid in fiscal year 2021.

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 7 – CAPITAL AND INTANGIBLE ASSETS

A. Governmental Activities

Governmental capital asset activity for the fiscal year ended June 30, 2022, was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Right of way	\$ 798,250	\$ -	\$ -	\$ 798,250
Land	1,909,588	-	-	1,909,588
Artwork	60,982	-	-	60,982
Construction in progress	614,830	240,529	-	855,359
Total capital assets, not being depreciated	3,383,650	240,529	-	3,624,179
Capital assets, being depreciated:				
Buildings	15,452,183	-	-	15,452,183
Improvements other than buildings	3,838,369	-	-	3,838,369
Equipment and machinery	2,158,727	24,271	(628)	2,182,370
Infrastructure	18,816,843	-	-	18,816,843
Vehicles	573,054	-	-	573,054
Public art	38,850	-	-	38,850
Total capital assets being depreciated	40,878,026	24,271	(628)	40,901,669
Less accumulated depreciation for:				
Buildings	(6,859,217)	(316,580)	-	(7,175,797)
Improvements other than buildings	(2,674,745)	(136,877)	-	(2,811,622)
Equipment and machinery	(967,255)	(79,155)	628	(1,045,782)
Infrastructure	(14,106,111)	(424,389)	-	(14,530,500)
Vehicles	(372,965)	(29,673)	-	(402,638)
Public art	(5,833)	(1,943)	-	(7,776)
Total accumulated depreciation	(24,986,126)	(988,617)	628	(25,974,115)
Total capital assets being depreciated, net	15,891,900	(964,346)	-	14,927,554
Total capital assets, governmental activities	\$ 19,275,550	\$ (723,817)	\$ -	\$ 18,551,733

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

Public safety	\$ 37,101
Public works	818,593
Community development	3,360
Parks and recreation	129,563
Total	<u>\$ 988,617</u>

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 7 – CAPITAL ASSETS (Continued)

A. Governmental Activities (Continued)

Intangible asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Right-to-use asset	\$ -	\$ 599,804	\$ -	\$ 599,804
Less accumulated amortization	-	-	-	-
Total right-to-use asset being depreciated, net	<u>\$ -</u>	<u>\$ 599,804</u>	<u>\$ -</u>	<u>\$ 599,804</u>

B. Business-Type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Cemetery Fund:				
Capital assets, not being depreciated:				
Land	\$ 108,900	\$ -	\$ -	\$ 108,900
Construction in progress	8,746	-	-	8,746
Total capital assets, not being depreciated	<u>117,646</u>	<u>-</u>	<u>-</u>	<u>117,646</u>
Capital assets, being depreciated:				
Land improvements	12,124	-	-	12,124
Equipment and machinery	17,641	-	-	17,641
Total capital assets being depreciated	<u>29,765</u>	<u>-</u>	<u>-</u>	<u>29,765</u>
Less accumulated depreciation for:				
Land improvements	(10,400)	(246)	-	(10,646)
Equipment and machinery	(17,641)	-	-	(17,641)
Total accumulated depreciation	<u>(28,041)</u>	<u>(246)</u>	<u>-</u>	<u>(28,287)</u>
Total capital assets being depreciated, net	<u>1,724</u>	<u>(246)</u>	<u>-</u>	<u>1,478</u>
Total capital assets, Cemetery Fund	<u>\$ 119,370</u>	<u>\$ (246)</u>	<u>\$ -</u>	<u>\$ 119,124</u>

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – CAPITAL ASSETS (Continued)

B. Business-Type Activities (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,600	\$ -	\$ -	\$ 1,600
Total capital assets, not being depreciated	1,600	-	-	1,600
Capital assets, being depreciated:				
Land improvements	535,351	-	-	535,351
Buildings improvements	54,183	-	-	54,183
Equipment and machinery	94,886	-	-	94,886
Vehicles	1,232,525	-	-	1,232,525
Total capital assets being depreciated	1,916,945	-	-	1,916,945
Less accumulated depreciation for:				
Land improvements	(241,384)	(22,694)	-	(264,078)
Buildings improvements	(2,171)	(1,084)	-	(3,255)
Equipment and machinery	(64,000)	(6,576)	-	(70,576)
Vehicles	(860,423)	(62,047)	-	(922,470)
Total accumulated depreciation	(1,167,978)	(92,401)	-	(1,260,379)
Total capital assets being depreciated, net	748,967	(92,401)	-	656,566
Total capital assets, Transit Fund	\$ 750,567	\$ (92,401)	\$ -	\$ 658,166

The remainder of this page left intentionally blank.

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – CAPITAL ASSETS (Continued)

B. Business-Type Activities (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Total Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 110,500	\$ -	\$ -	\$ 110,500
Construction in progress	8,746	-	-	8,746
Total capital assets, not being depreciated	<u>119,246</u>	<u>-</u>	<u>-</u>	<u>119,246</u>
Capital assets, being depreciated:				
Land improvements	547,475	-	-	547,475
Buildings improvements	54,183	-	-	54,183
Equipment and machinery	112,527	-	-	112,527
Vehicles	1,232,525	-	-	1,232,525
Total capital assets being depreciated	<u>1,946,710</u>	<u>-</u>	<u>-</u>	<u>1,946,710</u>
Less accumulated depreciation for:				
Land improvements	(251,784)	(22,940)	-	(274,724)
Buildings improvements	(2,171)	(1,084)	-	(3,255)
Equipment and machinery	(81,641)	(6,576)	-	(88,217)
Vehicles	<u>(860,423)</u>	<u>(62,047)</u>	<u>-</u>	<u>(922,470)</u>
Total accumulated depreciation	<u>(1,196,019)</u>	<u>(92,647)</u>	<u>-</u>	<u>(1,288,666)</u>
Total capital assets being depreciated, net	<u>750,691</u>	<u>(92,647)</u>	<u>-</u>	<u>658,044</u>
Total capital assets, business-type activities	<u>\$ 869,937</u>	<u>\$ (92,647)</u>	<u>\$ -</u>	<u>\$ 777,290</u>

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

Business-type activities:	
Cemetery	\$ 246
Transit	92,401
Total	<u>\$ 92,647</u>

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 8 – COMPENSATED ABSENCES

A. Summary

The following is a summary of changes in the City's compensated absences for the fiscal year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 250,209	\$ 414,528	\$ (219,863)	\$ 444,874	\$ 111,218
Total governmental	<u>\$ 250,209</u>	<u>\$ 414,528</u>	<u>\$ (219,863)</u>	<u>\$ 444,874</u>	<u>\$ 111,218</u>
Business-type activities:					
Compensated absences					
Transit	\$ 18,560	\$ 14,915	\$ (11,072)	\$ 22,403	\$ 5,601
Cemetery	943	6,110	(2,333)	4,720	1,180
Total business-type	<u>\$ 19,503</u>	<u>\$ 21,025</u>	<u>\$ (13,405)</u>	<u>\$ 27,123</u>	<u>\$ 6,781</u>

Compensated Absences

The City's liability for vested and unpaid compensated absences in the governmental and business-type activities has been accrued and amounts to \$471,997 as of June 30, 2022. These liabilities have been described in Note 1.

NOTE 9 – LEASE LIABILITY

The summary of changes in lease liability for governmental activities for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Lease liability	\$ -	\$ 599,804	\$ -	\$ 599,804	\$ -
Total lease liability	<u>\$ -</u>	<u>\$ 599,804</u>	<u>\$ -</u>	<u>\$ 599,804</u>	<u>\$ -</u>

The Successor Agency to the Redevelopment Agency entered into an operating lease agreement for property used for the Park and Ride on April 12, 1990. The lessor is the Ojai Unified School District, and the termination date of the lease with the Successor Agency is December 31, 2023. On March 24, 2021 the City extended this lease for another 20 years beginning January 1, 2024. In fiscal year 2022, the City recorded a lease liability, however, repayment on this liability will commence after the Successor Agency liability is paid off in fiscal year 2024.

CITY OF OJAI**NOTES TO BASIC FINANCIAL STATEMENTS**
JUNE 30, 2022

NOTE 9 – LEASE LIABILITY (Continued)

The annual rent for the Park and Ride is based on available parking spaces (40). As of June 30, 2022, the amount was \$270 per space which increases annually by the lessor of Consumer Price Index (CPI) or 3% rate. The annual lease for the Park and Ride, for the fiscal year ending June 30, 2022, was \$25,155.

The following is a schedule by years, of future debt service payments as of June 30:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ -	\$ -	\$ -
2024	8,752	4,499	13,251
2025	18,335	8,866	27,201
2026	19,328	8,591	27,919
2027	20,355	8,301	28,656
2028 - 2032	118,435	36,598	155,033
2033 - 2037	149,801	26,805	176,606
2038 - 2042	186,683	14,499	201,182
2043 - 2045	78,115	32,890	111,005
Total	<u>\$ 599,804</u>	<u>\$ 141,049</u>	<u>\$ 740,853</u>

NOTE 10 – PENSION PLAN**A. General Information about the Pension Plan*****Plan Descriptions***

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors four rate plans (three miscellaneous and one safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

NOTE 10 – PENSION PLAN (Continued)**A. General Information about the Pension Plan (Continued)*****Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

The Plans' provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous		
	First Tier	Second Tier	PEPRA
	Prior to	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-67	50-67	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.00% to 2.50%
Required employee contribution rates	7.000%	7.000%	7.730%
Required employer contribution	11.031%	9.281%	6.750%
Safety			
	Prior to		
Hire Date	January 1, 2013		
Benefit formula	2% @ 50		
Benefit vesting schedule	N/A		
Benefit payments	monthly for life		
Retirement age	50-55		
Monthly benefits, as a % of eligible compensation	N/A		
Required employee contribution rates	0.000%		
Required employer contribution	0.000%		

NOTE 10 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2022 were \$227,464. The actual employer payments of \$718,164 made to CalPERS by the City during the measurement period ended June 30, 2021 differed from the City's proportionate share of the employer's contributions of \$696,158 by \$22,006, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

The remainder of this page left intentionally blank.

NOTE 10 – PENSION PLAN (Continued)**B. Net Pension Liability (Continued)*****Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CALPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

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

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Long-term Expected Rate of Return

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

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

NOTE 10 – PENSION PLAN (Continued)**B. Net Pension Liability (Continued)**

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

Asset Class¹	New Strategic Allocation	Real Return Years 1 - 10²	Real Return Years 11+³
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	100%		

¹ In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period

³ An expected inflation of 2.92% used for this period

Change of Assumptions

There were no change of assumptions for measurement date June 30, 2021.

Discount Rate

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

NOTE 10 – PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Pension Plan Fiduciary Net Position

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

NOTE 10– PENSION PLAN (Continued)**C. Proportionate Share of Net Pension Liability**

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

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2020 (VD)	\$ 20,545,172	\$ 14,910,224	\$ 5,634,948
Balance at: 6/30/2021 (MD)	20,800,123	17,381,671	3,418,452
Net changes during 2020-21	<u>\$ 254,951</u>	<u>\$ 2,471,447</u>	<u>\$ (2,216,496)</u>

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

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

The City's proportionate share of the net pension liability for the miscellaneous and safety plans as of the June 30, 2020 and 2021 measurement dates was as follows:

	Miscellaneous	Safety
Proportionate share - June 30, 2020	0.12700%	0.00417%
Proportionate share - June 30, 2021	0.17405%	0.00324%
Change - Increase (Decrease)	<u>0.04705%</u>	<u>-0.00093%</u>

NOTE 10 – PENSION PLAN (Continued)**C. Proportionate Share of Net Pension Liability (Continued)*****Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

Plan's Net Pension Liability/(Asset)	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 5,918,885	\$ 3,304,820	\$ 1,143,810
Safety	248,406	113,632	2,931
Total	<u>\$ 6,167,291</u>	<u>\$ 3,418,452</u>	<u>\$ 1,146,741</u>

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

NOTE 10 – PENSION PLAN (Continued)**C. Proportionate Share of Net Pension Liability (Continued)**

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2020), the City's net pension liability was \$5,634,948. For the measurement period ending June 30, 2021 (the measurement date), the City incurred a pension expense of \$1,576,283.

As of June 30, 2022, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ -
Differences between expected and actual experience	390,014	-
Differences between projected and actual investment earnings	-	2,952,566
Differences between employer's contributions and proportionate share of contributions	37,408	25,122
Change in employer's proportion	13,147	185,326
Pension contributions made subsequent to measurement date	227,464	-
Totals	<u>\$ 668,033</u>	<u>\$ 3,163,014</u>

CITY OF OJAI**NOTES TO BASIC FINANCIAL STATEMENTS**
JUNE 30, 2022

NOTE 10 – PENSION PLAN (Continued)**D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources**
(Continued)

These amounts above are net of outflows and inflow recognized in the 2020-21 measurement period expense. Contributions after the measurement date of \$227,464 reported within deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal year ending			
June 30:	Miscellaneous	Safety	Total
2023	\$ (573,862)	\$ (26,881)	\$ (600,743)
2024	(606,053)	(16,049)	(622,102)
2025	(667,716)	(16,026)	(683,742)
2026	(797,247)	(18,611)	(815,858)
2027	-	-	-
Thereafter	-	-	-
	<u>\$ (2,644,878)</u>	<u>\$ (77,567)</u>	<u>\$ (2,722,445)</u>

E. Payable to the Pension Plan

As of June 30, 2022, the City reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN***Plan Description***

The City provides post-employment health care benefits through the Public Employees' Medical and Hospital Care Act (PEMHCA) plan, an agent, multiple employer plan. As a PEMHCA employer, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The City maintains an "equal" resolution with CalPERS (executed January 2011) defining the level of the City's contribution toward the cost of medical plan premiums for active retired employees to be the PEMHCA minimum employer contribution (MEC). The MEC was \$143 per month.

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

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)

Plan Description (Continued)

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

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

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

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

Contributions

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

- 100% of retiree's single party premium up to the maximum allowed rate for pre-Medicare and Medicare-eligible premium (currently PERS Choice or PERS Choice Medicare Supplement) for Los Angeles Area.
- Plus, if applicable, 80% of additional premiums for the retiree's spouse (including a surviving spouse receiving CalPERS retirement benefits) and/or other eligible dependents, but not more than 80% of the difference between:

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

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

Employees Covered

At June 30, 2021 the measurement date, the benefit terms covered the following employees:

Active employees	33
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	32
Total	65

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)***Net OPEB Liability***

The City's net OPEB liability was based on an actuarial valuation date of June 30, 2021 and a measurement date of June 30, 2021. The Total OPEB Liability was determined using an actuarial valuation date of June 30, 2021, using the following actuarial assumptions:

Actuarial Assumptions:

Discount rate	6.75%
Inflation	2.50%
Salary increases	2.80%
Investment rate of return	6.75%
Mortality rate	Based on CalPERS Tables
Healthcare cost trend rates	Based on 2021 Getzen model with actual premium increases from 2021 to 2022 followed by 5.75% (non-Medicare)/ 4.00% (Medicare) in 2022, decreasing gradually to an ultimate rate of 4.04% (non-Medicare)/ 4.00% (Medicare)

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

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

<u>Asset Class</u>	<u>Strategy 1 - Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity	59%	4.42%
US Fixed Income	25%	1.00%
Treasury	5%	0.15%
REIT's	8%	3.98%
Commodities	3%	1.73%
Total	<u>100%</u>	

CITY OF OJAI**NOTES TO BASIC FINANCIAL STATEMENTS**
JUNE 30, 2022**NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)*****Discount Rate***

The discount rate used to measure the total OPEB liability is 6.75%. This is the expected long-term rate of return on City assets using the 1 asset allocation provided by California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return. Employees do not contribute to trust funds.

Changes in Assumptions

In measurement date 2021, the following assumptions changed from the prior valuation report:

- The discount rate and investment rate of return went from 7.04% to 6.75%.
- Inflation rate increased from 0.75% to 2.5%
- Assumed Payroll Growth increased from 2.75% to 2.80%
- Healthcare Trend rate changed from 6.5% trending down to 3.84% to 5.75%. trending down to 4.04%

Changes in the OPEB Liability

	Total OPEB Liability(a)	Plan Fiduciary Net Position(b)	Net OPEB Liability (c)=(a)-(b)
Balance at June 30, 2020	\$ 3,617,647	\$ 616,292	\$ 3,001,355
(Valuation Date: June 30, 2021)			
Changes recognized for the measurement period:			
Service cost	67,892	-	67,892
Interest	251,001	-	251,001
Differences between expected and actual experience	461,541	-	461,541
Changes of assumptions	(157,691)	-	(157,691)
Contributions:			
Employer - City Contributions	-	244,536	(244,536)
Employer - Implicit Subsidy	-	-	-
Net investment income	-	169,459	(169,459)
Benefit payments	(244,536)	(244,536)	-
Administrative expense	-	(233)	233
Net changes	378,207	169,226	208,981
Balance at June 30, 2021 (Measurement Date)	\$ 3,995,854	\$ 785,518	\$ 3,210,336

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net OPEB Liability	\$ 3,626,902	\$ 3,210,336	\$ 2,856,384

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

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 2,831,812	\$ 3,210,336	\$ 3,657,055

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

Net difference between projected and actual earnings on OPEB plan investments

5 years

All other amounts

Expected average remaining service lifetime (EARSL) (5.00 Years at June 30, 2022)

OPEB Plan Fiduciary Net Position

CalPERS issues a publicly available CERBT financial report that may be obtained from the CalPERS' website at www.calpers.ca.gov.

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)***OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$138,508. As of fiscal year ended June 30, 2022, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes between expected and actual experience	\$ 371,573	\$ 216,963
Changes of assumptions	100,040	301,388
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	81,328
Contributions to OPEB plan subsequent to the measurement date	321,407	-
Total	<u>\$ 793,020</u>	<u>\$ 599,679</u>

The \$321,407 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2023.

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

Fiscal Year Ended June 30:	Deferred (Inflows) of Resources
2023	\$ (137,035)
2024	(95,047)
2025	68,462
2026	35,554
2027	-
Thereafter:	-
	<u>\$ (128,066)</u>

NOTE 12 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

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

The City of Ojai is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 124 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. Primary Self-Insurance Programs of the Authority

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

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

**NOTE 12 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE
(Continued)**

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

Primary Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 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 \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2021-22 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. *Purchased Insurance*

Pollution Legal Liability Insurance

The City of Ojai participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

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 \$78,401,080. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 12 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE (Continued)

C. Purchased Insurance (Continued)

Crime Insurance

The City of Ojai purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2021-22.

NOTE 13 – CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS

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

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

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

NOTE 14 – NET POSITION AND FUND BALANCES

Generally Accepted Accounting Principles (GAAP) requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

A. Net Position

Net position is divided into three categories under GASB Statement No. 63. These categories apply only to net position as determined at the government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt Issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low- and moderate-income housing purposes.

Unrestricted describes the portion of Net Position which is not restricted as to use.

B. Fund Balances

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

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

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds as of June 30, 2022 are as follows:

	General Fund	Measure C	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Due from successor agency	\$ 1,298,338	\$ -	\$ -	\$ 1,298,338
Total Nonspendable	1,298,338	-	-	1,298,338
<u>Restricted for:</u>				
Community development	350,056	3,988,459	62,485	4,401,000
Capital Improvement	-	-	1,029,612	1,029,612
Housing	-	-	1,883,550	1,883,550
Libraries	-	-	9,052	9,052.00
Street lighting & Plaza maintenance	-	-	204,405	204,405
Recreation, scholarships/grants	34,646	-	5,269	39,915
General Plan maintenance	463,848	-	-	463,848
Total Restricted*	848,550	3,988,459	3,194,373	8,031,382
<u>Committed for:</u>				
Community development	33,413	-	-	33,413
Emergency Reserve	5,424,817	-	-	5,424,817
Total Committed	5,458,230	-	-	5,458,230
<u>Assigned for:</u>				
Capital improvements	-	-	1,053,564	1,053,564
Document maintenance	50,000	-	-	50,000
Community arts	172,235	-	-	172,235
Community safety	435,042	-	-	435,042
Equipment replacement	-	-	85,505	85,505
Total Assigned	657,277	-	1,139,069	1,796,346
<u>Unassigned:</u>				
Unassigned	4,162,916	-	-	4,162,916
Total Unassigned	4,162,916	-	-	4,162,916
Total Fund Balances	\$ 12,425,311	\$ 3,988,459	\$ 4,333,442	\$ 20,747,212

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

CITY OF OJAI**NOTES TO BASIC FINANCIAL STATEMENTS**
JUNE 30, 2022**NOTE 15 – SUCCESSOR AGENCY***Loans Payable*

On February 1, 2012, the Successor Agency assumed loans due to the City of Ojai previously held by the former Redevelopment Agency. The amount due to the City of Ojai as of June 30, 2022 was \$1,298,338 which includes \$1,298,338 in accrued interest.

Loans payable activity for the fiscal year ended June 30, 2022, was as follows:

<u>Loan Payable - City of Ojai</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Fund	\$ 1,663,344	\$ -	\$ (365,006)	\$ 1,298,338	\$ 365,006
Total	<u>\$ 1,663,344</u>	<u>\$ -</u>	<u>\$ (365,006)</u>	<u>\$ 1,298,338</u>	<u>\$ 365,006</u>

The following is a schedule by years, of future debt service payments as of June 30

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 365,006	\$ 365,006
2024	-	365,006	365,006
2025	-	365,006	365,006
2026	-	203,320	203,320
Total	<u>\$ -</u>	<u>\$ 1,298,338</u>	<u>\$ 1,298,338</u>

Lease Liability

The summary of changes in lease liability for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Lease liability	\$ 62,516	\$ -	\$ (24,217)	\$ 38,299	\$ 25,245
Total lease liability	<u>\$ 62,516</u>	<u>\$ -</u>	<u>\$ (24,217)</u>	<u>\$ 38,299</u>	<u>\$ 25,245</u>

The Successor Agency to the Redevelopment Agency entered into an operating lease agreement for property used for the Park and Ride on April 12, 1990. The lessor is the Ojai Unified School District, and the termination date of the lease with the Successor Agency is December 31, 2023.

CITY OF OJAI**NOTES TO BASIC FINANCIAL STATEMENTS**
JUNE 30, 2022

NOTE 15 – SUCCESSOR AGENCY*Lease Liability*

The annual rent for the Park and Ride is based on available parking spaces (40). As of June 30, 2022, the amount was \$270 per space which increases annually by the lessor of Consumer Price Index (CPI) or 3% rate. The annual lease for the Park and Ride, for the fiscal year ending June 30, 2022, was \$25,155.

The following is a schedule by years, of future debt service payments as of June 30:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 25,245	\$ 574	\$ 25,819
2024	13,054	196	13,250
Total	<u>\$ 38,299</u>	<u>\$ 770</u>	<u>\$ 39,069</u>

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

This page intentionally left blank.

CITY OF OJAI

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes:				
Property	\$ 2,218,660	\$ 2,218,660	\$ 2,289,679	\$ 71,019
Sales	1,745,000	1,745,000	2,441,163	696,163
Transient occupancy	2,814,080	2,814,080	6,009,334	3,195,254
Other taxes and assessments	420,000	420,000	293,993	(126,007)
Licenses, permits, and fees	979,120	979,120	1,401,006	421,886
Fines and forfeitures	20,500	20,500	40,381	19,881
Use of money and property	52,300	52,300	(267,050)	(319,350)
Intergovernmental:				
Other	1,067,100	1,067,100	194,988	(872,112)
Motor vehicle in lieu	910,000	910,000	990,108	80,108
Charges for services	420,810	420,810	624,408	203,598
Other revenue	282,260	282,260	145,674	(136,586)
Total revenues	10,929,830	10,929,830	14,163,684	3,233,854
EXPENDITURES				
Current:				
General government:				
City council	215,490	215,490	134,192	81,298
City manager	595,924	595,924	562,996	32,928
City treasurer	21,330	21,330	5,155	16,175
City finance	680,660	680,660	686,847	(6,187)
City attorney	263,530	263,530	424,070	(160,540)
City clerk	173,610	173,610	163,954	9,656
Non-departmental	1,492,280	1,578,408	1,302,449	275,959
Arts commission	53,280	55,740	51,503	4,237
Total general government	3,496,104	3,584,692	3,331,166	253,526
Public safety:				
Police	3,447,890	3,447,890	3,300,498	147,392
Total public safety	3,447,890	3,447,890	3,300,498	147,392
Public works	1,823,810	1,823,810	1,848,137	(24,327)
Community development	1,197,130	1,197,130	1,122,168	74,962
Parks and recreation	810,390	726,862	610,175	116,687
Capital outlay	500	500	600,286	(599,786)
Total expenditures	10,775,824	10,780,884	10,812,430	(31,546)
Excess of revenues over (under) expenditures	154,006	148,946	3,351,254	3,202,308

(continued)

CITY OF OJAI**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (Continued)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Lease acquisition	\$ -	\$ -	\$ 599,804	\$ 599,804
Transfers in	2,200	2,200	-	(2,200)
Transfers out	(241,360)	(241,360)	(94,567)	146,793
Total other financing sources (uses)	(239,160)	(239,160)	505,237	144,593
Net change in fund balance	(85,154)	(90,214)	3,856,491	3,946,705
Fund balance, beginning of year	8,568,820	8,568,820	8,568,820	-
Fund balance, end of year	<u>\$ 8,483,666</u>	<u>\$ 8,478,606</u>	<u>\$ 12,425,311</u>	<u>\$ 3,946,705</u>

CITY OF OJAI**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE "C" SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Transient occupancy tax	\$ 1,392,980	\$ 1,392,980	\$ 2,959,821	\$ 1,566,841
Use of money and property	-	-	(94,032)	(94,032)
Total revenues	1,392,980	1,392,980	2,865,789	1,472,809
EXPENDITURES				
Current:				
Public works	345,500	345,500	112,619	232,881
Total expenditures	345,500	345,500	112,619	232,881
Excess of revenues over (under) expenditures	1,047,480	1,047,480	2,753,170	1,705,690
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,045,920)	(1,045,920)	(167,500)	878,420
Total other financing sources (uses)	(1,045,920)	(1,045,920)	(167,500)	878,420
Net change in fund balance	1,560	1,560	2,585,670	2,584,110
Fund balance, beginning of year	1,402,789	1,402,789	1,402,789	-
Fund balance, end of year	\$ 1,404,349	\$ 1,404,349	\$ 3,988,459	\$ 2,584,110

CITY OF OJAI

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND RELATED RATIOS LAST 10 YEARS* AS OF JUNE 30, 2022

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
6/30/2014	0.06463%	\$ 4,021,490	\$ 1,729,126	232.57%	79.82%
6/30/2015	0.05755%	3,949,970	1,920,727	205.65%	78.40%
6/30/2016	0.05620%	4,862,637	1,832,505	265.35%	74.06%
6/30/2017	0.05440%	5,394,751	1,855,753	290.70%	73.31%
6/30/2018	0.05343%	5,148,840	2,024,387	254.34%	75.26%
6/30/2019	0.05241%	5,370,604	2,228,644	240.98%	73.10%
6/30/2020	0.05179%	5,634,948	2,100,039	268.33%	72.57%
6/30/2021	0.06321%	3,418,452	1,994,993	171.35%	83.57%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

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

CITY OF OJAI

SCHEDULE OF PENSION CONTRIBUTIONS LAST 10 YEARS* AS OF JUNE 30, 2022

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 546,420	\$ (546,420)	\$ -	\$ 1,920,727	28.45%
6/30/2016	502,006	(502,006)	-	1,832,505	27.39%
6/30/2017	535,288	(535,288)	-	1,855,753	28.84%
6/30/2018	586,485	(586,485)	-	2,024,387	28.97%
6/30/2019	597,954	(597,954)	-	2,228,644	26.83%
6/30/2020	667,202	(667,202)	-	2,100,039	31.77%
6/30/2021	718,164	(718,164)	-	1,994,993	36.00%
6/30/2022	192,407	(227,464)	(35,057)	2,139,080	8.99%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF OJAI

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS LAST 10 YEARS* AS OF JUNE 30, 2022

Measurement Date (June 30)	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 67,892	\$ 60,010	\$ 108,589	\$ 105,971	\$ 103,009
Interest	251,001	251,565	310,773	299,827	290,203
Differences between expected and actual experience	461,541	4,014	(578,571)	-	-
Changes of assumptions	(157,691)	167,177	(467,300)	6,909	-
Benefit payments	(244,536)	(221,870)	(207,716)	(214,993)	(222,046)
Implicit subsidy credit	-	(52,332)	(41,664)	(51,736)	(48,225)
Net change in total OPEB liability	378,207	208,564	(875,889)	145,978	122,941
Total OPEB liability - beginning	3,617,647	3,409,083	4,284,972	4,138,994	4,016,053
Total OPEB liability - ending (a)	3,995,854	3,617,647	3,409,083	4,284,972	4,138,994
Plan Fiduciary Net Position					
Net investment income	169,459	21,046	30,596	28,047	27,832
Employer — City's Contribution	244,536	221,870	307,716	314,993	322,046
Employer — Implicit Subsidy	-	52,332	41,664	51,736	48,225
Benefit payments	(244,536)	(221,870)	(207,716)	(214,993)	(222,046)
Implicit subsidy credit	-	(52,332)	(41,664)	(51,736)	(48,225)
Administrative expense	(233)	(291)	(104)	(644)	(129)
Net change in plan fiduciary net position	169,226	20,755	130,492	127,403	127,703
Plan fiduciary net position - beginning	616,292	595,537	465,045	337,642	209,939
Plan fiduciary net position - ending (b)	785,518	616,292	595,537	465,045	337,642
Net OPEB liability - ending (a) - (b)	<u>\$ 3,210,336</u>	<u>\$ 3,001,355</u>	<u>\$ 2,813,546</u>	<u>\$ 3,819,927</u>	<u>\$ 3,801,352</u>
Plan fiduciary net position as a percentage of the total OPEB liability	19.7%	17.0%	17.5%	10.9%	8.2%
Covered-employee payroll	\$ 1,859,264	\$ 1,889,428	\$ 1,783,551	\$ 2,254,260	\$ 2,193,927
Net OPEB liability as a percentage of covered payroll	172.7%	158.8%	157.7%	169.5%	173.3%

* Measurement date 6/30/2017 (fiscal year 2018) was the first year of implementation. Additional years will be presented as information becomes available.

CITY OF OJAI

SCHEDULE OF OPEB CONTRIBUTIONS LAST 10 YEARS* AS OF JUNE 30, 2022

Fiscal year ended June 30:	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 306,073	\$ 314,711	\$ 340,409	\$ 366,729	\$ 370,271
Contributions in relation to the ADC	(321,407)	(274,202)	(221,870)	(366,729)	(370,271)
Contribution deficiency (excess)	<u>\$ (15,334)</u>	<u>\$ 40,509</u>	<u>\$ 118,539</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,859,264	\$ 1,889,428	\$ 1,783,551	\$ 2,254,260	\$ 2,193,927
Contributions as a percentage of covered payroll	17.29%	14.51%	19.59%	16.27%	16.88%

Notes to Schedule:

Assumptions and Methods:

Actuarial Cost Method	Entry-age normal, level percent of pay
Amortization Method	Closed period, level percent of pay
Amortization Period	20 years
Inflation	2.50%
Assumed Payroll Growth	2.80% wage inflation plus seniority, merit, and promotion salary increases based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members.
Healthcare Trend Rates	Based on 2021 Getzen model with actual premium increases from 2021 to 2022 followed by 5.75% (non-Medicare)/ 4.00% (Medicare) in 2022, decreasing gradually to an ultimate rate of 4.04% (non-Medicare)/ 4.00% (Medicare)
Rate of Return on Assets	6.75%
Mortality Rate	CalPERS Rates
Retirement Rates	CalPERS Rates

Changes from prior valuation:

Inflation rate increased from 0.75% to 2.5%
 Assumed Payroll Growth increased from 2.75% to 2.80%
 Healthcare Trend rate changed from 6.5% trending down to 3.84% to 5.75%. trending down to 4.04%
 Rate of Return from 5.85% to 6.75%

* Measurement date 6/30/2017 (fiscal year 2018) was the first year of implementation. Additional years will be presented as information becomes available.

This page intentionally left blank.

OTHER SUPPLEMENTAL INFORMATION SECTION

CITY OF OJAI

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

CITY OF OJAI

DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (continued) JUNE 30, 2022

CAPITAL PROJECTS FUNDS

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

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

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

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

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

CITY OF OJAI**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>Special Revenue Funds</u>		
	<u>Libbey Bowl Maintenance</u>	<u>Gas Tax</u>	<u>Drainage</u>
ASSETS			
Cash and investments	\$ 62,239	\$ 541,020	\$ 56,253
Accounts receivable, net	-	28,579	-
Notes receivable	-	-	-
Total assets	<u>\$ 62,239</u>	<u>\$ 569,599</u>	<u>\$ 56,253</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	62,239	569,599	56,253
Assigned	-	-	-
Total fund balances	<u>62,239</u>	<u>569,599</u>	<u>56,253</u>
Total liabilities and fund balances	<u>\$ 62,239</u>	<u>\$ 569,599</u>	<u>\$ 56,253</u>

Special Revenue Funds				
Bicycle and Pedestrian	Street Lighting	Community Development Block Grant	Library Special Tax	Plaza Maintenance
\$ 527,092	\$ 122,489	\$ 246	\$ 32,412	\$ 89,724
-	2,613	-	3,140	2,699
-	-	-	-	-
<u>\$ 527,092</u>	<u>\$ 125,102</u>	<u>\$ 246</u>	<u>\$ 35,552</u>	<u>\$ 92,423</u>
\$ 123,332	\$ 6,441	\$ -	\$ 26,500	\$ 4,617
-	-	-	-	2,062
<u>123,332</u>	<u>6,441</u>	<u>-</u>	<u>26,500</u>	<u>6,679</u>
403,760	118,661	246	9,052	85,744
-	-	-	-	-
<u>403,760</u>	<u>118,661</u>	<u>246</u>	<u>9,052</u>	<u>85,744</u>
<u>\$ 527,092</u>	<u>\$ 125,102</u>	<u>\$ 246</u>	<u>\$ 35,552</u>	<u>\$ 92,423</u>

CITY OF OJAI**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds	Capital Projects Funds	
	Housing Successor	Park Acquisition	Equipment Replacement
ASSETS			
Cash and investments	\$ 455,938	\$ 5,269	\$ 343,183
Accounts receivable, net	-	-	-
Notes receivable	1,427,612	-	-
Total assets	<u>\$ 1,883,550</u>	<u>\$ 5,269</u>	<u>\$ 343,183</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,161
Accrued liabilities	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,161</u>
Fund balances:			
Restricted	1,883,550	5,269	-
Assigned	-	-	342,022
Total fund balances	<u>1,883,550</u>	<u>5,269</u>	<u>342,022</u>
Total liabilities and fund balances	<u>\$ 1,883,550</u>	<u>\$ 5,269</u>	<u>\$ 343,183</u>

Capital Projects Funds		
Transit Equipment Replacement	Capital Improvements Fund	Totals
\$ 55,866	\$ 745,716	\$ 3,037,447
-	19,292	56,323
-	-	1,427,612
<u>\$ 55,866</u>	<u>\$ 765,008</u>	<u>\$ 4,521,382</u>
\$ -	\$ 23,827	\$ 185,878
-	-	2,062
-	23,827	187,940
-	-	3,194,373
55,866	741,181	1,139,069
55,866	741,181	4,333,442
<u>\$ 55,866</u>	<u>\$ 765,008</u>	<u>\$ 4,521,382</u>

CITY OF OJAI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Funds		
	Libbey Bowl Maintenance	Gas Tax	Drainage
REVENUES			
Other taxes and assessments	\$ -	\$ -	\$ -
Use of money and property	(1,715)	(12,831)	(1,285)
Intergovernmental:			
Other	-	333,697	-
Other revenue	-	-	-
Total revenues	(1,715)	320,866	(1,285)
EXPENDITURES			
Current:			
Public works	-	369	1,002
Community development	-	-	-
Libraries	-	-	-
Capital outlay	-	-	-
Total expenditures	-	369	1,002
Excess of revenues over (under) expenditures	(1,715)	320,497	(2,287)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financial sources (uses)	-	-	-
Net change in fund balances	(1,715)	320,497	(2,287)
Fund balances, beginning of year	63,954	249,102	58,540
Fund balances, end of year	\$ 62,239	\$ 569,599	\$ 56,253

Special Revenue Funds				
Bicycle and Pedestrian	Street Lighting	Community Development Block Grant	Library Special Tax	Plaza Maintenance
\$ - (11,615)	\$ 56,171 (2,722)	\$ - -	\$ 69,451 (673)	\$ 78,956 1,448
768 -	- -	- -	- -	- -
(10,847)	53,449	-	68,778	80,404
- 577 - -	101,672 - - -	- - - -	- - 109,949 -	- 118,669 - -
577	101,672	-	109,949	118,669
(11,424)	(48,223)	-	(41,171)	(38,265)
- (174,891)	6,830 -	- -	5,250 -	46,380 -
(174,891)	6,830	-	5,250	46,380
(186,315)	(41,393)	-	(35,921)	8,115
590,075	160,054	246	44,973	77,629
\$ 403,760	\$ 118,661	\$ 246	\$ 9,052	\$ 85,744

CITY OF OJAI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	
	Housing Successor	Park Acquisition	Equipment Replacement
REVENUES			
Other taxes and assessments	\$ -	\$ -	\$ -
Use of money and property	(10,415)	-	(7,746)
Intergovernmental:			
Other	-	-	-
Other revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>(10,415)</u>	<u>-</u>	<u>(7,746)</u>
EXPENDITURES			
Current:			
Public works	-	-	-
Community development	5,245	-	-
Libraries	-	-	-
Capital outlay	-	-	55,104
	<u>-</u>	<u>-</u>	<u>55,104</u>
Total expenditures	<u>5,245</u>	<u>-</u>	<u>55,104</u>
Excess of revenues over (under) expenditures	<u>(15,660)</u>	<u>-</u>	<u>(62,850)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	8,747
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>8,747</u>
Total other financial sources (uses)	<u>-</u>	<u>-</u>	<u>8,747</u>
Net change in fund balances	<u>(15,660)</u>	<u>-</u>	<u>(54,103)</u>
Fund balances, beginning of year	<u>1,899,210</u>	<u>5,269</u>	<u>396,125</u>
Fund balances, end of year	<u>\$ 1,883,550</u>	<u>\$ 5,269</u>	<u>\$ 342,022</u>

Capital Projects Funds		
Transit Equipment Replacement	Capital Improvements Fund	Totals
\$ -	\$ -	\$ 204,578
255	(18,234)	(65,533)
-	252,184	586,649
-	66,579	66,579
255	300,529	792,273
50	101,971	205,064
-	-	124,491
-	-	109,949
-	442,955	498,059
50	544,926	937,563
205	(244,397)	(145,290)
-	372,391	439,598
-	-	(174,891)
-	372,391	264,707
205	127,994	119,417
55,661	613,187	4,214,025
\$ 55,866	\$ 741,181	\$ 4,333,442

CITY OF OJAI**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LIBBEY BOWL MAINTENANCE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Use of money and property	\$ -	\$ -	\$ (1,715)	\$ (1,715)
Charges for services	28,000	28,000	-	(28,000)
Total revenues	28,000	28,000	(1,715)	(29,715)
EXPENDITURES	-	-	-	-
Excess of revenues over (under) expenditures	28,000	28,000	(1,715)	(29,715)
Net change in fund balance	28,000	28,000	(1,715)	(29,715)
Fund balance, beginning of year	63,954	63,954	63,954	-
Fund balance, end of year	<u>\$ 91,954</u>	<u>\$ 91,954</u>	<u>\$ 62,239</u>	<u>\$ (29,715)</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, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Use of money and property	\$ 2,500	\$ 2,500	\$ (12,831)	\$ (15,331)
Intergovernmental:				
Other	334,200	334,200	333,697	(503)
Total revenues	336,700	336,700	320,866	(15,834)
EXPENDITURES				
Current:				
Public works	1,700	1,700	369	1,331
Total expenditures	1,700	1,700	369	1,331
Excess of revenues over (under) expenditures	335,000	335,000	320,497	(14,503)
OTHER FINANCING SOURCES (USES)				
Transfers out	(283,000)	(283,000)	-	283,000
Total other financing sources (uses)	(283,000)	(283,000)	-	283,000
Net change in fund balance	52,000	52,000	320,497	268,497
Fund balance, beginning of year	249,102	249,102	249,102	-
Fund balance, end of year	\$ 301,102	\$ 301,102	\$ 569,599	\$ 268,497

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, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Use of money and property	\$ -	\$ -	\$ (1,285)	\$ (1,285)
Other revenue	30,950	30,950	-	(30,950)
Total revenues	30,950	30,950	(1,285)	(32,235)
EXPENDITURES				
Current:				
Public works	30,950	30,950	1,002	29,948
Total expenditures	30,950	30,950	1,002	29,948
Excess of revenues over (under) expenditures	-	-	(2,287)	(2,287)
Net change in fund balance	-	-	(2,287)	(2,287)
Fund balance, beginning of year	58,540	58,540	58,540	-
Fund balance, end of year	<u>\$ 58,540</u>	<u>\$ 58,540</u>	<u>\$ 56,253</u>	<u>\$ (2,287)</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Use of money and property	\$ 1,000	\$ 1,000	\$ (11,615)	\$ (12,615)
Intergovernmental:				
Other	1,000	1,000	768	(232)
Total revenues	2,000	2,000	(10,847)	(12,847)
EXPENDITURES				
Current:				
Community development	-	-	577	(577)
Total expenditures	-	-	577	(577)
Excess of revenues over (under) expenditures	2,000	2,000	(11,424)	(13,424)
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,000)	(5,000)	(174,891)	(169,891)
Total other financing sources (uses)	(5,000)	(5,000)	(174,891)	(169,891)
Net change in fund balance	(3,000)	(3,000)	(186,315)	(183,315)
Fund balance, beginning of year	590,075	590,075	590,075	-
Fund balance, end of year	<u>\$ 587,075</u>	<u>\$ 587,075</u>	<u>\$ 403,760</u>	<u>\$ (183,315)</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, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Other taxes and assessments	\$ 94,400	\$ 94,400	\$ 56,171	\$ (38,229)
Use of money and property	100	100	(2,722)	(2,822)
Total revenues	94,500	94,500	53,449	(41,051)
EXPENDITURES				
Current:				
Public works	80,400	80,400	101,672	(21,272)
Total expenditures	80,400	80,400	101,672	(21,272)
Excess of revenues over (under) expenditures	14,100	14,100	(48,223)	(62,323)
OTHER FINANCING SOURCES (USES)				
Transfers in	6,830	6,830	6,830	-
Total other financing sources (uses)	6,830	6,830	6,830	-
Net change in fund balance	20,930	20,930	(41,393)	(62,323)
Fund balance, beginning of year	160,054	160,054	160,054	-
Fund balance, end of year	\$ 180,984	\$ 180,984	\$ 118,661	\$ (62,323)

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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Other taxes and assessments	\$ 115,900	\$ 115,900	\$ 69,451	\$ (46,449)
Use of money and property	540	540	(673)	(1,213)
Total revenues	<u>116,440</u>	<u>116,440</u>	<u>68,778</u>	<u>(47,662)</u>
EXPENDITURES				
Current:				
Libraries	<u>109,900</u>	<u>109,900</u>	<u>109,949</u>	<u>(49)</u>
Total expenditures	<u>109,900</u>	<u>109,900</u>	<u>109,949</u>	<u>(49)</u>
Excess of revenues over (under) expenditures	<u>6,540</u>	<u>6,540</u>	<u>(41,171)</u>	<u>(47,711)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,250</u>	<u>5,250</u>	<u>5,250</u>	<u>-</u>
Total other financing sources (uses)	<u>5,250</u>	<u>5,250</u>	<u>5,250</u>	<u>-</u>
Net change in fund balance	11,790	11,790	(35,921)	(47,711)
Fund balance, beginning of year	<u>44,973</u>	<u>44,973</u>	<u>44,973</u>	<u>-</u>
Fund balance, end of year	<u>\$ 56,763</u>	<u>\$ 56,763</u>	<u>\$ 9,052</u>	<u>\$ (47,711)</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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Other taxes and assessments	\$ 144,770	\$ 144,770	\$ 78,956	\$ (65,814)
Use of money and property	2,700	2,700	1,448	(1,252)
Total revenues	147,470	147,470	80,404	(67,066)
EXPENDITURES				
Current:				
Community development	160,360	160,360	118,669	41,691
Total expenditures	160,360	160,360	118,669	41,691
Excess of revenues over (under) expenditures	(12,890)	(12,890)	(38,265)	(25,375)
OTHER FINANCING SOURCES (USES)				
Transfers in	46,380	46,380	46,380	-
Transfers out	(9,000)	(9,000)	-	9,000
Total other financing sources (uses)	37,380	37,380	46,380	9,000
Net change in fund balance	24,490	24,490	8,115	(16,375)
Fund balance, beginning of year	77,629	77,629	77,629	-
Fund balance, end of year	\$ 102,119	\$ 102,119	\$ 85,744	\$ (16,375)

CITY OF OJAI**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING SUCCESSOR SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ 5,000	\$ 5,000	\$ (10,415)	\$ (15,415)
Other revenue	5,780	5,780	-	(5,780)
Total revenues	10,780	10,780	(10,415)	(21,195)
EXPENDITURES				
Current:				
Community development	5,780	5,780	5,245	535
Capital outlay	5,000	5,000	-	5,000
Total expenditures	10,780	10,780	5,245	5,535
Net change in fund balance	-	-	(15,660)	(15,660)
Fund balance, beginning of year	1,899,210	1,899,210	1,899,210	-
Fund balance, end of year	<u>\$ 1,899,210</u>	<u>\$ 1,899,210</u>	<u>\$ 1,883,550</u>	<u>\$ (15,660)</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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ 2,500	\$ 2,500	\$ (7,746)	\$ (10,246)
Intergovernmental:				
Other	440,000	440,000	-	(440,000)
Total revenues	442,500	442,500	(7,746)	(450,246)
EXPENDITURES				
Capital outlay	709,400	709,400	55,104	654,296
Total expenditures	709,400	709,400	55,104	654,296
Excess of revenues over (under) expenditures	(266,900)	(266,900)	(62,850)	204,050
OTHER FINANCING SOURCES (USES)				
Transfers in	224,840	224,840	8,747	(216,093)
Total other financing sources (uses)	224,840	224,840	8,747	(216,093)
Net change in fund balance	(42,060)	(42,060)	(54,103)	(12,043)
Fund balance, beginning of year	396,125	396,125	396,125	-
Fund balance, end of year	\$ 354,065	\$ 354,065	\$ 342,022	\$ (12,043)

CITY OF OJAI**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSIT EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Use of money and property	\$ 2,000	\$ 2,000	\$ 255	\$ (1,745)
Intergovernmental:				
Other	25,000	25,000	-	(25,000)
Total revenues	27,000	27,000	255	(26,745)
EXPENDITURES				
Current:				
Public works	-	-	50	(50)
Total expenditures	-	-	50	(50)
Excess of revenues over (under) expenditures	27,000	27,000	205	(26,795)
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	-	(25,000)
Total other financing sources (uses)	25,000	25,000	-	(25,000)
Net change in fund balance	52,000	52,000	205	(51,795)
Fund balance, beginning of year	55,661	55,661	55,661	-
Fund balance, end of year	<u>\$ 107,661</u>	<u>\$ 107,661</u>	<u>\$ 55,866</u>	<u>\$ (51,795)</u>

CITY OF OJAI

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Use of money and property	\$ 900	\$ 900	\$ (18,234)	\$ (19,134)
Intergovernmental:				
Other	466,000	466,000	252,184	(213,816)
Other revenue	1,192,600	1,192,600	66,579	(1,126,021)
Total revenues	1,659,500	1,659,500	300,529	(1,358,971)
EXPENDITURES				
Current:				
Public works	180,000	180,000	101,971	78,029
Capital outlay	2,938,120	2,953,120	442,955	2,510,165
Total expenditures	3,118,120	3,133,120	544,926	2,588,194
Excess of revenues over (under) expenditures	(1,458,620)	(1,473,620)	(244,397)	1,229,223
OTHER FINANCING SOURCES (USES)				
Transfers in	1,483,620	1,483,620	372,391	(1,111,229)
Total other financing sources (uses)	1,483,620	1,483,620	372,391	(1,111,229)
Net change in fund balance	25,000	10,000	127,994	117,994
Fund balance, beginning of year	613,187	613,187	613,187	-
Fund balance, end of year	\$ 638,187	\$ 623,187	\$ 741,181	\$ 117,994