



**CITY OF OJAI**  
**AUDITED FINANCIALS**  
**FISCAL YEAR 2022-2023**

*Photo by Pam Greer*

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# **CITY OF OJAI**

OJAI, CALIFORNIA

FINANCIAL STATEMENTS  
JUNE 30, 2023

Prepared by the  
Department of Finance

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# CITY OF OJAI

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## **FINANCIAL SECTION**

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

#### PARTNERS

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)  
Terry P. Shea, CPA (Partner Emeritus)

#### MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA  
Monica Wysocki, CPA

#### MEMBERS

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

California Society of  
Certified Public Accountants



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City Council of the City of Ojai  
Ojai, California

#### *Independent Auditor's Report*

### **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, 2023, 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, 2023, 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.

#### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the City adopted provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

### ***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 and GAS 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 and GAS, 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 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules as 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 supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying 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 accompanying 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 May 7, 2024 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 City's internal control over financial reporting and compliance.

*Rogers, Andereoa, Malody & Scott, LLP.*

San Bernardino, California  
May 7, 2024

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## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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This section of the City of Ojai's annual financial report presents management's discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2023. 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, 2023, by \$40.5 million (total net position). The net position invested in capital assets was approximately \$19.3 million (47.6%), the unrestricted net position was approximately \$10.6 million (26.1%), and approximately \$10.7 million (26.4%) was restricted. The unrestricted total net position on June 30, 2023, increased by approximately \$6.6 million from the prior year, and the restricted net position increased by approximately \$2.7 million. The increase in the unrestricted and restricted net position is a direct result of closely monitored expenditures, vacancies, an increase in transient occupancy revenue, over \$1.1 million in one-time grants received, and an increase in interest earnings from the prior year.
- On June 30, 2023, the City's governmental fund balances totaled approximately \$29.2 million, an increase of approximately \$8.2 million from the prior year. Governmental fund assets totaled \$31.5 million, an increase of approximately \$7.6 million from the prior year balance, and governmental fund liabilities totaled \$2.4 million, a decrease of approximately \$886,600 from the prior year balance.
- On June 30, 2023, the "Unassigned" fund balance in the City's General Fund was \$9.1 million (approximately 50.6% of the total budgeted General Fund operating expenditures for the current fiscal year). The majority of the increase is due to the one-time grant funding of over \$1.1 million, the balance increased by approximately \$4.9 million from the \$4.1 million on June 30, 2022. The Committed fund balance includes the fifty percent reserve requirement and other commitments made by the City Council through a resolution. Unassigned Fund Balance is the fund balance available for miscellaneous projects as determined by the City Council. On June 30, 2023, the City continued to meet the minimum reserve requirement of fifty percent of the General Fund operating 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.
- As shown in Table 1, non-current liabilities of the governmental and business-type activities total \$11.0 million, an increase of approximately \$3.3 million from the prior year. This is due to the net effect of the pension liability, an increase in compensated absences, the recording of a lease liability (GASB 87), and a software-based information technology arrangement (GASB 96) reporting requirement.
- As of June 30, 2023, governmental revenues increased by \$3.2 million from the prior year, and business-type revenues decreased by \$83,000. The big three revenue sources, property and sales taxes, increased by \$498,000 and \$2,000, respectively, and TOT increased by \$1.0 million. Staff attributes this significant increase to price increases in all categories.

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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- 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 significantly impacted the liabilities shown in the statements and notes. In FY2022-23, the City contributed \$100,000 towards a section 115 California Employers' Pension Prefunding Trust (CEPPT) fund.
- In FY2022-23, the City implemented Governmental Accounting Standards Board ("GASB") Statement 96, Subscription-Based IT Arrangements (SBITA), also known as GASB 96. This implementation increased the Government's long-term liabilities by \$87,958. Staff expects this liability to increase as the City enters into long-term subscription-based software arrangements.

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

This discussion and analysis are 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 besides 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, 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 expressed as net position. Over time, increases or decreases in net position may serve as a valuable indicator of whether the City's financial position 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 outflows 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 intended to recover all or a portion of their costs through user fees and charges (business-type activities). The City's governmental activities include general government, public safety, public works, community development, parks and recreation, libraries, and housing.

The City's business-type activities include public transit and a public cemetery. The government-wide financial statements are on pages 23 - 25 of this report.

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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**Fund Financial Statements:** A fund is a grouping of related accounts used to maintain control over resources 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. The City's funds 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 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 helpful 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, comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements is beneficial. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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 on pages 26 and 28. The General Fund, Measure "C" Fund, and the Capital Improvements Fund are considered "major funds;" information for these funds is presented separately in the governmental funds statements.

Data from the other eleven (12) governmental funds are combined into a single aggregated amount and shown under Other Governmental Funds' caption. Data for these non-major governmental funds is provided as combining statements and can be found on pages 94-101 in this report's Other Supplemental Information section.

**Proprietary funds:** Enterprise funds are presented as business-type activities on pages 30-32 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 government-wide financial statements but in more detail. The financial statements of proprietary funds provide separate information for the transit and cemetery operations.

**Fiduciary funds:** Fiduciary funds 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 are on pages 33 and 34 of this report.

**Notes to the Basic Financial Statements:** The notes provide additional information essential to fully understanding the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 35 of this report.

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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**Other Information:** This report goes beyond the basic financial statements and accompanying notes. It also includes certain required supplementary information, which is vital for a complete financial picture. This information can be found on pages 94-112 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### **Statement of Net Position**

Table 1 presents the City's financial positions at June 30, 2023 and 2022. The changes in net position, as mentioned earlier, are key indicators of a government's financial position over time. For the years ended June 30, 2023 and 2022, the total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources for all city activities by approximately \$40.6 and \$31.3 million, respectively. The City's net financial position saw an increase of approximately \$9.3 million from the previous year. This growth was driven by \$7.3 million in assets, primarily from TOT receipts, \$2.3 million in deferred outflow of resources related to pension and OPEB expenses, and a \$295,400 net increase of liabilities and deferred inflows of resources related to pension and OPEB expenses.

Approximately 47.6% of the net position in the City is net investment in capital assets at the end of the current year. This net investment in capital assets (net of accumulated depreciation) decreased 0.1% (\$17,600) from the previous year. The decrease resulted from asset depreciation and no major additional infrastructure projects in FY 22-23. The city uses capital assets to provide services to citizens, but 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 no long-term liability is associated with the capital assets of the business-type activities. Governmental activities are reported net of the related lease liability.

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

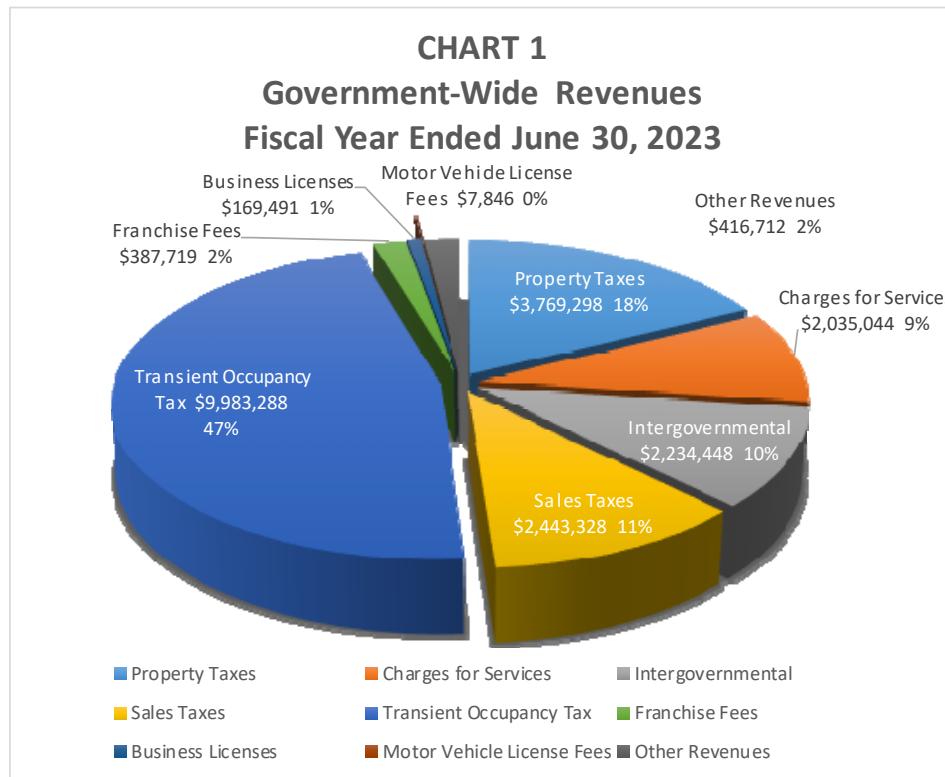
TABLE 1						
CITY OF OJAI STATEMENT OF NET POSITION JUNE 30, 2023 AND 2022						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Current and other assets	\$ 30,607,600	\$ 22,686,686	\$ 369,180	\$ 686,781	\$ 30,976,780	\$ 23,373,467
Due from successor agency	933,332	1,298,338	-	-	933,332	1,298,338
Capital assets, net	19,284,658	19,151,537	700,105	777,290	19,984,763	19,928,827
Total assets	<u>50,825,590</u>	<u>43,136,561</u>	<u>1,069,285</u>	<u>1,464,071</u>	<u>51,894,875</u>	<u>44,600,632</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions	2,458,365	623,943	173,717	44,090	2,632,082	668,033
Related to OPEB	1,027,392	740,681	72,599	52,339	1,099,991	793,020
Total deferred outflows	<u>3,485,757</u>	<u>1,364,624</u>	<u>246,316</u>	<u>96,429</u>	<u>3,732,073</u>	<u>1,461,053</u>
<b>LIABILITIES</b>						
Long-term liabilities	10,332,558	7,235,965	687,705	464,624	11,020,263	7,700,589
Other liabilities	2,351,175	3,237,812	317,217	37,515	2,668,392	3,275,327
Total liabilities	<u>12,683,733</u>	<u>10,473,777</u>	<u>1,004,922</u>	<u>502,139</u>	<u>13,688,655</u>	<u>10,975,916</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions	1,005,393	2,954,255	71,045	208,759	1,076,438	3,163,014
Related to OPEB	251,173	560,101	17,749	39,578	268,922	599,679
	<u>1,256,566</u>	<u>3,514,356</u>	<u>88,794</u>	<u>248,337</u>	<u>1,345,360</u>	<u>3,762,693</u>
<b>NET POSITIONS</b>						
Net investment in capital assets	18,611,301	18,551,733	700,105	777,290	19,311,406	19,329,023
Restricted	10,696,692	8,031,382	-	-	10,696,692	8,031,382
Unrestricted	11,063,055	3,929,937	(478,220)	32,734	10,584,835	3,962,671
Total net position	<u>\$ 40,371,048</u>	<u>\$ 30,513,052</u>	<u>\$ 221,885</u>	<u>\$ 810,024</u>	<u>\$ 40,592,933</u>	<u>\$ 31,323,076</u>

As shown in Table 1, approximately \$10.7 million restricted portion of the City's total net position in the governmental activities represents resources subject to external restrictions on their use, and \$18.6 million in net investment in capital assets. The remaining portion of the net position is unrestricted and represents resources that can be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted governmental activities in FY 22-23 are approximately \$11.1 million. Total City's long-term liabilities amounted to \$11.0 million. Of the \$11.0 million, \$400,000 is from compensated absences (i.e. vacation and sick leave), \$3.7 million is from OPEB retiree medical coverage (an increase of approximately \$700,000), and \$6.2 million is due to net pension liabilities (an increase of approximately \$2.8 million). 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.

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The City has taken several steps to reduce the liability for retiree health benefits. As discussed in Note 11, the City Council has changed the benefits for future retirees to reduce the OPEB liability. Additionally, the City began funding a trust to pay for future retiree health benefits at a rate of \$100,000 per year beginning in fiscal year 2015. Due to the uncertainty of possible business closures from the coronavirus pandemic and the effects on revenue, at the recommendation of staff, the City Council did not fund the \$100,000 in FY 19-20 and FY 20-21. On June 30, 2023, the balance in the trust totaled approximately \$917,000.



### Statement of Activities

Table 2 provides information on the City's operations in the Statement of Activities for fiscal years ended June 30, 2023, and 2022.

### **Governmental Activities Revenue**

Revenues from government activities include charges for services, contributions and grants, taxes, intergovernmental revenues, and other revenues. Total revenue for Governmental Activities was approximately \$21.0 million, an increase of approximately (\$3.2 million) from the previous year's revenues. Tax revenues totaled \$16.2 million, an increase of \$1.5 million from the prior year. This increase is primarily due to Measure "C" tax revenue came in more than expected. TOT, sales tax, and property tax ("Big Three") revenues accounted for approximately 77.2% of total revenues. TOT revenues accounted for approximately 47.6% of total revenues. Sales tax revenues increased by \$2,200 (0.1%) from the prior year. Property tax revenues accounted for approximately 18.0% of total revenues; property tax revenues increased \$498,100 (15.2%) from the preceding year.

# CITY OF OJAI

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

TABLE 2						
CITY OF OJAI STATEMENT OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2023 AND 2022						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Charges for services	\$ 1,945,081	\$ 1,334,701	\$ 89,963	\$ 97,436	\$ 2,035,044	\$ 1,432,137
Operating contributions and grants	1,084,296	182,389	369,152	460,562	1,453,448	642,951
Capital contributions and grants	781,000	779,869	-	-	781,000	779,869
Property taxes	3,769,298	3,271,169	-	-	3,769,298	3,271,169
Sales taxes	2,443,328	2,441,163	-	-	2,443,328	2,441,163
Transient occupancy taxes	9,983,288	8,969,155	-	-	9,983,288	8,969,155
Franchise fees	387,719	371,724	-	-	387,719	371,724
Business licenses	169,491	386,515	-	-	169,491	386,515
Motor vehicle license fees	7,846	8,619	-	-	7,846	8,619
Investment earnings	(74,661)	(430,116)	1,863	(13,860)	(72,798)	(443,976)
Miscellaneous	489,510	506,558	-	-	489,510	506,558
Total revenues	<u>20,986,196</u>	<u>17,821,746</u>	<u>460,978</u>	<u>544,138</u>	<u>21,447,174</u>	<u>18,365,884</u>
<b>Expenses:</b>						
General government	3,188,981	3,779,903	-	-	3,188,981	3,779,903
Public safety	3,463,250	3,397,914	-	-	3,463,250	3,397,914
Public works	2,954,637	3,304,788	-	-	2,954,637	3,304,788
Community development	848,216	1,465,773	-	-	848,216	1,465,773
Parks & recreation	771,334	1,102,393	-	-	771,334	1,102,393
Libraries	122,560	109,949	-	-	122,560	109,949
Transit activities	-	-	755,086	792,203	755,086	792,203
Cemetery activities	-	-	22,418	43,059	22,418	43,059
Interest on long-term debt	1,533	-	-	-	1,533	-
Total expenses	<u>11,350,511</u>	<u>13,160,720</u>	<u>777,504</u>	<u>835,262</u>	<u>12,128,015</u>	<u>13,995,982</u>
Net revenue over (under) expenses before transfers	9,635,685	4,661,026	(316,526)	(291,124)	9,319,159	4,369,902
Transfers	<u>4,856</u>	<u>2,640</u>	<u>(4,856)</u>	<u>(2,640)</u>	<u>-</u>	<u>-</u>
	<u>9,640,541</u>	<u>4,663,666</u>	<u>(321,382)</u>	<u>(293,764)</u>	<u>9,319,159</u>	<u>4,369,902</u>
Net position - beginning of year	30,513,052	25,849,386	810,024	1,103,788	31,323,076	26,953,174
Prior period adjustment	<u>217,455</u>	<u>-</u>	<u>(266,757)</u>	<u>-</u>	<u>(49,302)</u>	<u>-</u>
Net Position - beginning of fiscal year, restated	<u>30,730,507</u>	<u>25,849,386</u>	<u>543,267</u>	<u>1,103,788</u>	<u>31,273,774</u>	<u>26,953,174</u>
Net position - end of fiscal year	<u>\$ 40,371,048</u>	<u>\$ 30,513,052</u>	<u>\$ 221,885</u>	<u>\$ 810,024</u>	<u>\$ 40,592,933</u>	<u>\$ 31,323,076</u>

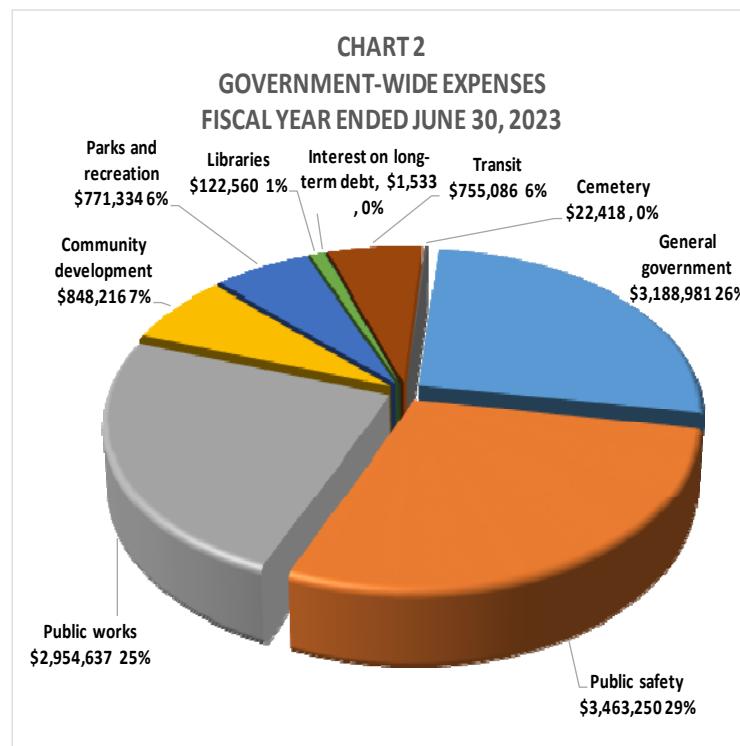
### Governmental Activities Expenses

Expenses of Governmental Activities (excluding transfers) totaled approximately \$11.4 million, a decrease of \$1.8 million (13.8%) 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 decreased by approximately \$590,900 (-15.6%). The decrease is due to decreases in no redistricting fees, reduction in Salaries due to vacancies, reduced use of Contingency, Community visioning work plan not in the current year, reduced PERS unfunded Liability due to interest earnings shared with Cities, reduced Community Support, reduction in Utilities expenses, and reduction in contract services. **Public Safety expenses** increased approximately \$65,300 (1.9%) from the prior year. The increase is an increase in CPI and special event overtime.

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Public Works expenses** decreased by \$350,200 (10.6%) due to a decrease in general engineering services, a decrease in contract services, a decrease in street tree maintenance, a decrease in general maintenance, a decrease in utility expenses, a decrease in salaries due to vacancies, and installation of solar panels. The decrease to **Community Development** in the amount of \$617,600 was from a Housing Element in the prior year, building contract services, and reduction in Trust expenses. **Parks and Recreation** decreased by \$331,100 (30.0%) from the preceding year. The decrease is a direct result of a required accounting from modified accrual to full accrual for reporting purposes. The Parks and Recreation department experienced an increase in facility maintenance, such as the weight room, sarzotti ball fields, folda goal soccer goal, and other miscellaneous maintenances, an increase in costs for the recreation activities guide, and increase in part-time salaries and staff. The remaining increases and decreases to other functional programs include an 11.5% increase to the Library, mainly from an increase in tax assessment, decrease to Transit activities by 4.7% primarily due to the net decreases of GASB 68 for pension and GASB 75 for OPEB expenses as well as a decrease in Cemetery activities by 47.9% primarily due to decreases in salaries and compensated absences and reduced tree maintenance and watering expenses at the Cemetery in FY2022-23.



## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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**Business-type Activities:** The net position from the City's Business-type Activities decreased by approximately \$588,100 from the prior year; this decrease is due to a net reduction in pension expense, reduced vehicle contract maintenance, increased part-time salaries, and an increase in parts and supplies and a prior period restatement. Trolley user revenues provided \$40,200 (9.0%) of the Transit Fund's total revenues; the remaining revenues came from trolley advertisements and federal, state, and local grants. Farebox revenues for the trolleys need to cover 20% of operating expenses to avoid a loss of grant funding for the City. Trolley fund advertising increased farebox revenue by \$32,870 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 decreased by approximately \$37,120, and Cemetery expenses decreased by approximately \$20,640 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 valuable measure of a government's net spending resources at the fiscal year's end.

As shown in Table 3, the total fund balance in the General Fund is approximately \$17.9 million at fiscal year-end, an increase of approximately \$5.5 million from the prior year. The Non-spendable General Fund balance, which is the amount due from the Successor Agency (SA), is \$933,300 as of June 30, 2023. The decrease in the General Fund balance is attributed to the receipt of the annual loan repayment from the SA. The Nonspendable Fund Balance represents about 5.2% of the total fund balance in the General Fund and 3.2% of the total governmental fund balance as of June 30, 2023. It's important to note that the Nonspendable fund balance is unavailable for spending.

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

TABLE 3						
CITY OF OJAI BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2023 AND 2022						
	General Fund		Other Governmental Funds		Total	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Cash & investments	\$ 16,964,953	\$ 12,015,330	\$ 9,307,081	\$ 6,448,811	\$ 26,272,034	\$ 18,464,141
Accounts receivable	2,217,712	2,142,224	690,242	652,709	2,907,954	2,794,933
Due from successor agency	933,332	1,298,338	-	-	933,332	1,298,338
Notes receivable	-	-	1,427,612	1,427,612	1,427,612	1,427,612
<b>Total assets</b>	<b>\$ 20,115,997</b>	<b>\$ 15,455,892</b>	<b>\$ 11,424,935</b>	<b>\$ 8,529,132</b>	<b>\$ 31,540,932</b>	<b>\$ 23,985,024</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 944,124	\$ 1,377,940	\$ 148,163	\$ 205,169	\$ 1,092,287	\$ 1,583,109
Other liabilities	1,258,242	1,652,641	646	2,062	1,258,888	1,654,703
<b>Total liabilities</b>	<b>2,202,366</b>	<b>3,030,581</b>	<b>148,809</b>	<b>207,231</b>	<b>2,351,175</b>	<b>3,237,812</b>
<b>FUND BALANCES</b>						
Nonspendable	933,332	1,298,338	-	-	933,332	1,298,338
Restricted	949,448	848,550	9,747,244	7,182,832	10,696,692	8,031,382
Committed	6,751,903	5,458,230	474,877	-	7,226,780	5,458,230
Assigned	222,549	657,277	1,054,005	1,139,069	1,276,554	1,796,346
Unassigned	9,056,399	4,162,916	-	-	9,056,399	4,162,916
<b>Total fund balances</b>	<b>17,913,631</b>	<b>12,425,311</b>	<b>11,276,126</b>	<b>8,321,901</b>	<b>29,189,757</b>	<b>20,747,212</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 20,115,997</b>	<b>\$ 15,455,892</b>	<b>\$ 11,424,935</b>	<b>\$ 8,529,132</b>	<b>\$ 31,540,932</b>	<b>\$ 23,985,024</b>

The Restricted fund balances are legally restricted for specific purposes by legislation or requirements outside the City's control and are only available for specific purposes. At June 30, 2023, the restricted fund balance in the Governmental funds was approximately \$10.7 million, consisting almost entirely of fund balances in several Special Revenue Funds of the City. The total Assigned fund balance is \$1.3 million, and the Committed fund balance is at \$7.2 million in the General Fund and \$7.2 million in the Total Governmental Fund. The committed fund balance consists of the committed reserve by the council, including the 50% emergency reserve set by City Council resolution no. 01-14. The unassigned fund balance increased to \$9.1 million, an increase of approximately \$4.9 million from the prior year. The increase is mainly from increased TOT receipts in FY22-23 due to price increases.

# CITY OF OJAI

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

TABLE 4

CITY OF OJAI STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022						
	General Fund		Other Governmental Funds		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Property taxes	\$ 2,685,784	\$ 2,289,679	\$ -	\$ -	\$ 2,685,784	\$ 2,289,679
Sales taxes	2,443,328	2,441,163	-	-	2,443,328	2,441,163
Transient occupancy taxes	6,688,840	6,009,334	3,294,449	2,959,821	9,983,289	8,969,155
Other taxes and assessments	250,643	293,993	346,739	204,578	597,382	498,571
Licenses, permits, and fees	1,244,740	1,401,006	1,091	-	1,245,831	1,401,006
Fines and forfeitures	38,227	40,381	-	-	38,227	40,381
Use of money and property	23,002	(267,050)	(93,162)	(159,565)	(70,160)	(426,615)
Intergovernmental:						
Other	1,422,425	194,988	647,538	586,649	2,069,963	781,637
Motor vehicle in lieu	1,091,361	990,108	-	-	1,091,361	990,108
Charges for services	787,083	624,408	-	-	787,083	624,408
Other revenue	114,008	145,674	100	66,579	114,108	212,253
<b>Total revenues</b>	<b>16,789,441</b>	<b>14,163,684</b>	<b>4,196,755</b>	<b>3,658,062</b>	<b>20,986,196</b>	<b>17,821,746</b>
<b>Expenditures:</b>						
Current:						
General government	3,697,858	3,331,166	-	-	3,697,858	3,331,166
Public safety	3,439,872	3,300,498	-	-	3,439,872	3,300,498
Public works	1,852,614	1,848,137	243,621	317,683	2,096,235	2,165,820
Community development	990,057	1,122,168	108,807	124,491	1,098,864	1,246,659
Parks and recreation	821,415	610,175	-	-	821,415	610,175
Libraries	-	-	122,560	109,949	122,560	109,949
Capital outlay	97,514	600,286	1,463,664	498,059	1,561,178	1,098,345
Debt services						
Principal	14,405	-	-	-	14,405	-
Interest	1,533	-	-	-	1,533	-
<b>Total expenditures</b>	<b>10,915,268</b>	<b>10,812,430</b>	<b>1,938,652</b>	<b>1,050,182</b>	<b>12,853,920</b>	<b>11,862,612</b>
Excess of revenues over (under) expenditures	5,874,173	3,351,254	2,258,103	2,607,880	8,132,276	5,959,134
<b>Other financing sources (uses)</b>						
Lease acquisition	-	599,804	-	-	-	599,804
Subscription acquisition	87,958	-	-	-	87,958	-
Transfers in	120,421	-	1,743,156	439,598	1,863,577	439,598
Transfers out	(811,687)	(94,567)	(1,047,034)	(342,391)	(1,858,721)	(436,958)
<b>Total other financing sources (uses)</b>	<b>(603,308)</b>	<b>505,237</b>	<b>696,122</b>	<b>97,207</b>	<b>92,814</b>	<b>602,444</b>
Net changes in fund balances	5,270,865	3,856,491	2,954,225	2,705,087	8,225,090	6,561,578
Fund balances - beginning of year, as restated	12,642,766	8,568,820	8,321,901	5,616,814	20,964,667	14,185,634
Fund balances - end of year	<b>\$ 17,913,631</b>	<b>\$ 12,425,311</b>	<b>\$ 11,276,126</b>	<b>\$ 8,321,901</b>	<b>\$ 29,189,757</b>	<b>\$ 20,747,212</b>

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

As shown in Table 4, total revenues from the Governmental funds increased by approximately \$3.2 million. General Fund revenues increased by approximately \$2.6 million, while revenues from Other Governmental Funds increased by approximately \$538,700. The increase in General Fund revenue is mainly from the transient occupancy tax, which is \$679,500; \$396,100 from property tax; \$2,200 in sales tax; and \$1.2 million in other intergovernmental revenues, mostly from one-time grants. Other Governmental funds revenue increase was mainly from Measure "C" tax of about \$334,600.

The governmental expenditures witnessed an increase of \$991,300. This increase was primarily seen in the Other Governmental funds, which saw a surge due to the initiation of several key projects such as the Road overlay project, solar installation project, the Fiber Optic Conduit project, Gym Floor rehabilitation project, Sewer Pump Replacement project, City Hall Arbor Repair project, Sidewalk repairs, tree maintenance project, and City website redesign project. The General Fund's expenditures also increased by \$102,800, with the majority of this increase being a combination of general maintenance and street maintenance, parts, and supplies expenses.

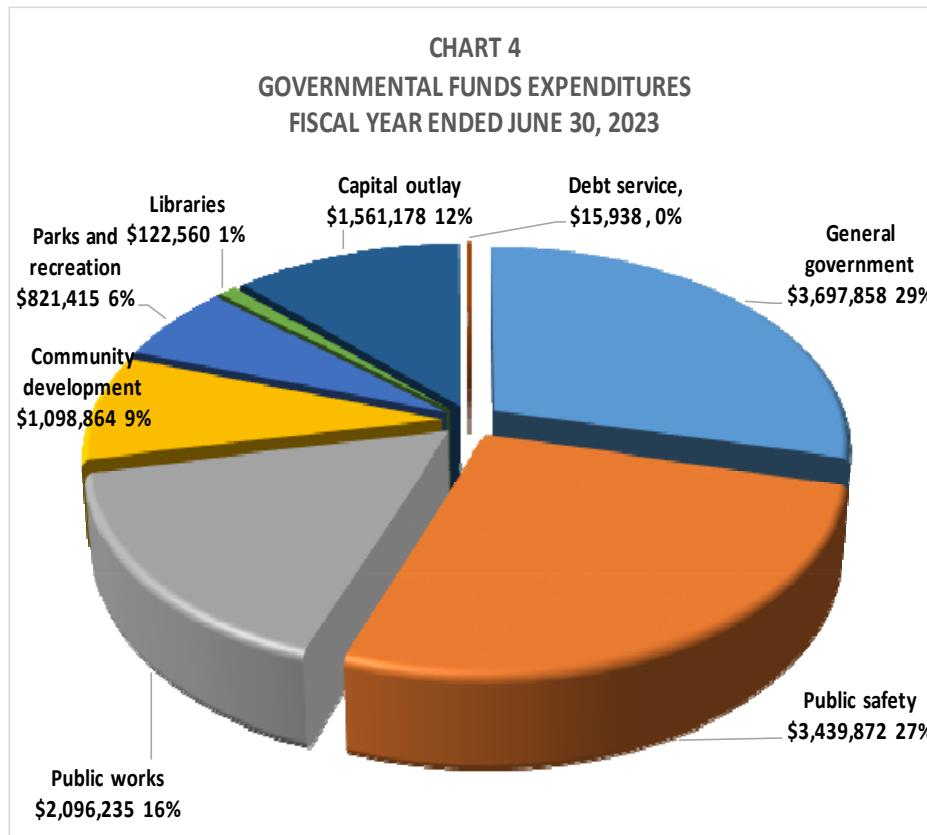
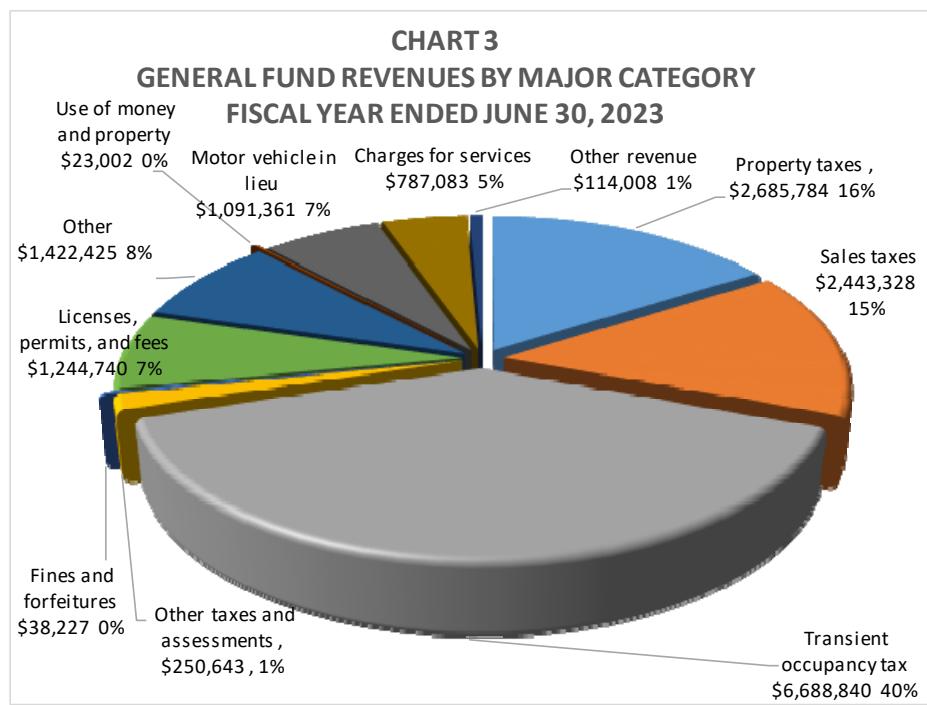
#### **Governmental Fund Revenues**

In the General Fund, Property Tax revenues increased by \$396,100 (17.3%), Transient Occupancy Tax (TOT) revenues increased by \$679,500 (11.3%), and Sales Tax revenues increased by \$2,200 (0.1%). The Transient Occupancy Tax (TOT) revenue experienced a significant growth in the prior year, nearly doubling the average five (5) year receipts. However, it is worth noting that this growth appears to be slowing down. The majority of the increase in the general fund can be attributed to the receipt of ARPA funding and the accrued Leap Grant for the Housing Element.

Revenues in the Other Governmental funds increased by approximately \$538,700, mainly from the Measure "C" tax and other taxes and assessments, such as the \$35,500 increase in the Street Lighting assessment, the \$43,000 increase in the Library Special tax, and the \$64,700 increase in the Plaza Maintenance assessment.

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023



## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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#### **Governmental Fund Expenditures**

Expenditures of the Governmental Funds increased by approximately \$991,300, with General Fund expenditures increasing by \$102,800. The increase in Other Governmental funds mainly was from the start of the Road overlay project, solar installation project, Fiber Optic Conduit project, Gym Floor rehabilitation project, Sewer Pump Replacement project, City Hall Arbor Repair project, Sidewalk repairs, tree maintenance project, and City website redesign project. General fund expenditures increased by \$102,800; the majority of this increase is a combination of an increase in general maintenance and street maintenance, as well as parts and supplies expenses.

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

##### **General Government-**

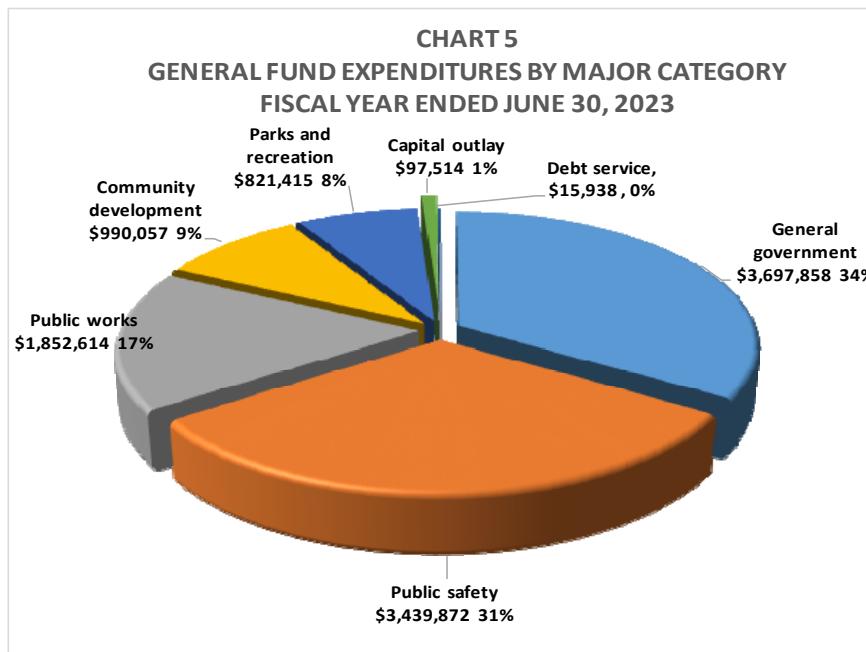
General government activities include the City Council, City Manager, City Treasurer, Finance, City Attorney, City Clerk, Non-Departmental, and Arts Commission. Expenditures in these departments increased by \$366,700. Some notable increases in spending include the following: expenditures in the Non-Department increased by \$150,400 because of contribution towards a 115 Trust for pension payments of \$100,000 and Community Services Grant to O-Higher Ed, Ojai Valley Family Shelter, Girls' Empowerment Workshop, Ojai Valley Farmer's Market, and Ojai Valley Green Coalition. Other increases included approximately \$67,000 in the City Clerk's Office for training and election-related expenses, a \$112,000 increase in the City Attorney department mostly from litigation expenses and general consulting services, a net \$20,700 decrease in Finance due to vacancies, a \$32,400 increase to City Manager's office primarily due to salary increase, a \$23,000 increase to City Council's expenses primarily due to increase in insurance expenses.

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

**Public Safety** expenditures increased \$139,400 (4.2%) due to the net increase in special events and a CPI increase. **Public Works** expenditures resulted in a slight net increase of \$4,500. Despite increases in salaries, janitorial costs, tree maintenance, Libbey Park maintenance, equipment maintenance, and repairs increases, the savings in contract services and reduced engineering expenses netted the increases to a minimal amount. **Community Development** expenditures decreased by approximately \$132,100 due to reduced general contract services, no housing element update payments, and reduced trust fund contract services-related expenditures. **Parks and Recreation** expenditures also increased by \$211,200. The increase is attributed to increased facility maintenance, a salary increase due to increased classes and programs, and an increase in program brochure expenses. **Capital outlay** expenditures decreased by \$502,800, primarily due to work on the Bicycle and Pedestrian work at the ATP project.

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023



**General Fund Budgetary Highlights:** The City Council adopted a General Fund revenue and transfers-in totaling approximately \$13.4 million. The adopted expenditure and transfers-out budget total \$13.5 million. Actual revenues collected were more than budgeted by approximately \$3.3 million. The General Fund's top three revenues are *Property Taxes, Sales Taxes, and Transient Occupancy Taxes*, which generated approximately \$11.8 million in total revenue, which is 70.4% of the total General Fund revenues. The top three tax revenues collected were more than budgeted by \$2.6 million. Licenses, Permits, and Fees were less than the budgeted amount by \$207,800.

Other intergovernmental revenues were over budget by \$941,300 because the Disaster grant recognition methodology changed in FY2022-23, and the leap grant reimbursement came in FY2022-23. Motor vehicles in lieu exceeded the budget by \$78,000. Net use of money and property was under budget. Charges for Services exceeded budget by \$153,200, mainly because of the usage of deferred revenues, special event, and recreation program revenue, and Other revenues came in less than budgeted by \$119,000.

The Public Safety expenditures represent 31.5% of the total General Fund expenditures and are under budget by \$8,000. General Government services and Public Works expenditures account for 33.9% and 17.0% of General Fund Expenditures, respectively. General Government came under budget by \$728,200.

Public Works and Parks and Recreation expenditures increased by (17.0%) and (34.6%) respectively, and Public Safety expenditures increased by (4.2%).

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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#### Other Governmental Funds

Expenditures in the other governmental funds increased by approximately \$888,500, which is due to the start of work on bicycle and pedestrian work within the ATP project. With Measure "C" tax revenue and grant funding, the City can plan on catching up with the road overlay projects and other CIP projects in the coming years. The capital projects work will be captured in the Capital Improvement Fund 031. CIP funding from Measure "C" will be shown as transfers out.

**Proprietary Funds:** The City's proprietary fund statements provide the same information found in the government-wide financial statements (see more detail on pages 30-32 of this report) because they are reported using the full accrual basis of accounting. The net position of the Transit enterprise fund is approximately \$275,900, a decrease of \$313,540 primarily due to the use of the fund for projects and delayed reimbursements in FY2022-23. The net position of the Cemetery fund is at a deficit of \$54,000, primarily due to the prior period adjustment to the valuation of actual liabilities that exists from purchased plots and urns not yet in use.

#### 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 summarizes the City's capital assets net of accumulated depreciation as of June 30, 2023 and 2022. Additional information on the City's capital assets is in Note 7 on page 57 of this report.

TABLE 5						
CITY OF OJAI CAPITAL ASSETS AND RIGHT TO USE ASSETS, NET JUNE 30, 2023 AND 2022						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
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	1,383,355	855,359	23,942	8,746	1,407,297	864,105
Depreciable assets						
Buildings & buildings improvements	15,452,183	15,452,183	54,183	54,183	15,506,366	15,506,366
Land improvements	4,171,699	3,838,369	547,475	547,475	4,719,174	4,385,844
Equipment and machinery	2,116,127	2,182,370	112,527	112,527	2,228,654	2,294,897
Infrastructure	18,888,707	18,816,843	-	-	18,888,707	18,816,843
Vehicles	549,554	573,054	1,232,525	1,232,525	1,782,079	1,805,579
Public art	38,850	38,850	-	-	38,850	38,850
Right to use - leased property	599,804	599,804	-	-	599,804	599,804
Right to use - subscription	103,708	-	-	-	103,708	-
Accumulated depreciation	(26,788,149)	(25,974,115)	(1,381,047)	(1,288,666)	(28,169,196)	(27,262,781)
<b>Total capital assets, net</b>	<b>\$ 19,284,658</b>	<b>\$ 19,151,537</b>	<b>\$ 700,105</b>	<b>\$ 777,290</b>	<b>\$ 19,984,763</b>	<b>\$ 19,928,827</b>

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Long-term Liabilities:** At June 30, 2023, the City had no loans or notes payable outstanding but has a total of \$11.0 million in long-term liabilities mainly from GASB reporting requirements; \$10.3 million is in governmental activities and \$687,700 in business-type activities. Total long-term liabilities increased by \$3.3 million in the current fiscal year. Pension liabilities increased by approximately \$2.8 million, OPEB liability increased by \$491,000, and compensated absences decreased by \$38,000. The liability for compensated absences is the 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 business moving forward and, therefore, not taking standard time off. In 2018, the City recorded the actuarially determined Net OPEB liability, a result of implementing GASB 75; the total net OPEB liability is at \$3.7 million. In FY22-23, the City implemented GASB 87 by recording the present value of the Skate Park Lease. GASB 87-Lease accounting implementation increased the Governmental long-term liability by \$599,800 in the prior year. The City also implemented GASB 96 – Subscription-based information technology arrangement that increase long-term liability by \$73,600. Additional information on the City's compensated absences, lease liability, pension, and OPEB are 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, 2023 AND 2022							
	Governmental Activities		Business-Type Activities		Total		2022
	2023	2022	2023	2022	2023	2022	
Compensated absences	\$ 400,145	\$ 444,847	\$ 33,424	\$ 27,123	\$ 433,569	\$ 471,970	
Lease liability	599,804	599,804	-	-	599,804	599,804	
Subscription liability	73,553	-	-	-	73,553	-	
Net pension liability	5,801,947	3,192,834	409,988	225,618	6,211,935	3,418,452	
Net OPEB liability	3,457,109	2,998,453	244,293	211,883	3,701,402	3,210,336	
Total long-term liabilities	<u>\$ 10,332,558</u>	<u>\$ 7,235,938</u>	<u>\$ 687,705</u>	<u>\$ 464,624</u>	<u>\$ 11,020,263</u>	<u>\$ 7,700,562</u>	

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET OUTLOOK

Over the last four years, the City adopted a conservative budget to help protect against potential COVID and other emergency impacts. After COVID, the City continued to monitor expenditures closely, reducing spending in certain areas in the short term to help maintain and build reserves to better protect the City in the event of emergencies that may impact it. The City maintains the 50% emergency reserve requirement in FY22-23 since the first year of reaching this goal in FY21-22.

In FY22-23, the City of Ojai issued 130 new business licenses, 52 of which were within the City limits and 109 renewals.

City management has historically budgeted revenue growth conservatively to mitigate possible natural disaster-related revenue losses. To prepare for potential future economic downturns and natural disasters, management has placed additional emphasis on maintaining the fifty (50)

## CITY OF OJAI

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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percent reserve requirement and conservatively budgeting for FY 22-23 and FY 23-24. As the City is in a conservatively promising position for the next fiscal year, the City included an extra \$100,000 towards the OPEB trust funding and started a new contribution towards the unfunded pension trust plan of \$100,000 known as California Employers' Pension Prefunding Trust (CEPPT) Fund, and continue paying the annual pay-as-you-go funding of the retiree medical plan. As of June 30, 2023, the CIP fund accumulated \$1.1 million, and the Equipment and Vehicle fund collected \$378,800. To rebuild these funds, the City continues to budget transfers from the general fund to the CIP fund and Equipment and Vehicle fund to grow the reserves to serve Ojai residents through future capital plans.

The City's emergency reserve policy is to hold 50% of the current year's General Fund operating budget in reserves as prescribed in City Council resolution number 01-14. A 50% emergency reserve would provide funding to continue operations for approximately six months, which may not be adequate for an economic downturn. The current 50% requirement may need to be revisited as the cost to do business continues to rise with inflation. Some signs of an economic slowdown are slow job growth, which translates to increased unemployment, real GDP growth, rising housing costs, and continued interest rate hikes over the last several years. By closely monitoring expenditures and holding vacancies longer, the City can move forward to tackling capital projects placed on hold. On June 30, 2023, the City had \$6.7 million in committed fund balance, a 50% reserve requirement. The increase in fund balance was specifically because of careful management of expenditures and delaying the start of road and street maintenance, receiving grants from several sources, less use of General funds 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 and re-evaluate the emergency reserve level.
2. Begin deferred maintenance on the City's capital assets and
3. Balance revenues and spending to position the City for increased pension costs and pay down the city's unfunded pension and retiree medical liabilities.

There are many demands on City resources and many "worthy" causes, so the City Council will need to exercise conservatism when considering funding requests and not dip into the emergency reserves. Residents and Council members are encouraged to consider the unassigned portion of the fund balance for funding future capital project plans or other operational needs that may arise 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 annual TOT, property tax, and sales tax revenue.

TOT revenue accounted for 39.8% of General Fund revenues and 47.6% of total city revenues in the fiscal year ended June 30, 2023, compared to 42.4% and 50.3% in the prior year. This heavy concentration of revenues from one source leaves the city vulnerable, as we have witnessed in the past couple of years of COVID and a natural disaster in the Ojai Valley. Any long-term natural disaster can eliminate financial sources for the City.

## **CITY OF OJAI**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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Citizens of Ojai passed Measure "C" on the March 2020 ballot, which continues to be a critical tool in helping the City accomplish key projects. Measure "C" increased the City's TOT rate to 15% from 10%, with the additional 5% designated for capital improvement projects. The increase in TOT allowed the City to catch up on deferred maintenance. The additional funding sources permitted the City to begin the process of paving City streets. Staff estimates that deferred maintenance costs may be over \$6.7 million. Since its inception, the City collected \$8.0 million in Measure "C" taxes and expended approximately \$1.4 million. The majority of Measure "C" support of CIP projects will be in FY2023-24.

City Council should remain conservative for the new fiscal year FY23-24 and FY24-25 to be prepared for an emergencies. Conservative decisions and careful planning from the City Council and management helped the City tread the COVID shutdown orders and the natural disasters such as the heavy rain episodes that the valley experienced in the past few years. With continued inflation and interest rate hikes and signs of a slowing economy in 2024 and 2025, the City Council and residents should continue to be conservative and not allow the City to dip in the planned 50% emergency reserve. With the latter mentioned, the City Council and residents should be proud that the City continued to maintain the 50% emergency reserve in FY2022-23. Staff will bring back to the City Council additional reserve options to better position the City to fund deferred maintenance.

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

1. City staffing levels have been kept low to provide funds for capital improvement programs. In FY2023-24, the city began filling vacant positions to enhance its service levels.
2. Pension costs will continue to increase over the years as the cost of living continues to grow. The CalPERS governing board will continue to increase discount rates, increasing pension costs.

City technological infrastructure and software will need updating and replacement; keeping up with technology is an unavoidable expense.

### **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](mailto:Pam.Greer@Ojai.Ca.Gov)

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# CITY OF OJAI

## STATEMENT OF NET POSITION JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 26,272,034	\$ 242,733	\$ 26,514,767
Accounts receivable, net	2,907,954	126,447	3,034,401
Due from successor agency	933,332	-	933,332
Notes receivables	1,427,612	-	1,427,612
Capital assets not being depreciated	4,152,175	134,442	4,286,617
Capital assets, net of accumulated depreciation	15,132,483	565,663	15,698,146
 Total assets	 50,825,590	 1,069,285	 51,894,875
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	2,458,365	173,717	2,632,082
Related to OPEB	1,027,392	72,599	1,099,991
 Total deferred outflows of resources	 3,485,757	 246,316	 3,732,073
<b>LIABILITIES</b>			
Accounts payable	1,092,287	20,234	1,112,521
Accrued liabilities	77,354	5,116	82,470
Deposits payable	7,689	-	7,689
Unearned revenue	1,173,845	291,867	1,465,712
Noncurrent liabilities:			
Due within one year			
Compensated absences	100,036	8,356	108,392
Long-term liabilities	38,232	-	38,232
Due in more than one year			
Compensated absences	300,109	25,068	325,177
Long-term liabilities	635,125	-	635,125
Net Pension liability	5,801,947	409,988	6,211,935
Net OPEB liability	3,457,109	244,293	3,701,402
 Total liabilities	 12,683,733	 1,004,922	 13,688,655
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	1,005,393	71,045	1,076,438
Related to OPEB	251,173	17,749	268,922
 Total deferred inflows of resources	 1,256,566	 88,794	 1,345,360
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	18,611,301	700,105	19,311,406
Restricted (See Note 14)	10,696,692	-	10,696,692
Unrestricted	11,063,055	(478,220)	10,584,835
 Total net position	 \$ 40,371,048	 \$ 221,885	 \$ 40,592,933

The accompanying notes are an integral part of these financial statements.

# CITY OF OJAI

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental Activities:</b>				
General government	\$ 3,188,981	\$ 435,459	\$ 3,143	\$ -
Public safety	3,463,250	364,760	187,662	-
Public works	2,954,637	5,370	-	598,967
Community development	848,216	517,680	893,491	-
Parks and recreation	771,334	509,490	-	182,033
Libraries	122,560	112,322	-	-
Interest on long-term debt	1,533	-	-	-
<b>Total governmental activities</b>	<b>11,350,511</b>	<b>1,945,081</b>	<b>1,084,296</b>	<b>781,000</b>
<b>Business-type Activities:</b>				
Transit	755,086	75,496	369,152	-
Cemetery	22,418	14,467	-	-
<b>Total business-type activities</b>	<b>777,504</b>	<b>89,963</b>	<b>369,152</b>	<b>-</b>
<b>Total government</b>	<b>\$ 12,128,015</b>	<b>\$ 2,035,044</b>	<b>\$ 1,453,448</b>	<b>\$ 781,000</b>

### General Revenues and Transfers:

#### Taxes:

Property taxes

Sales tax

Transient occupancy tax

Franchise fees

Business licenses

Motor vehicle license fees

Unrestricted investment earnings

Miscellaneous revenues

Transfers in (out)

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

The accompanying notes are an integral part of these financial statements.

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Net (Expenses) Revenues and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,750,379)	\$ -	\$ (2,750,379)
(2,910,828)	-	(2,910,828)
(2,350,300)	-	(2,350,300)
562,955	-	562,955
(79,811)	-	(79,811)
(10,238)	-	(10,238)
(1,533)	-	(1,533)
<u>(7,540,134)</u>	<u>-</u>	<u>(7,540,134)</u>
 - (310,438)	 (310,438)	 (310,438)
<u>- (7,951)</u>	<u>(7,951)</u>	<u>(7,951)</u>
 - (318,389)	 (318,389)	 (318,389)
<u>(7,540,134)</u>	<u>(318,389)</u>	<u>(7,858,523)</u>
 3,769,298	 -	 3,769,298
2,443,328	-	2,443,328
9,983,288	-	9,983,288
387,719	-	387,719
169,491	-	169,491
7,846	-	7,846
(74,661)	1,863	(72,798)
489,510	-	489,510
4,856	(4,856)	-
<u>17,180,675</u>	<u>(2,993)</u>	<u>17,177,682</u>
 9,640,541	 (321,382)	 9,319,159
<u>30,730,507</u>	<u>543,267</u>	<u>31,273,774</u>
 <u>\$ 40,371,048</u>	 <u>\$ 221,885</u>	 <u>\$ 40,592,933</u>

**CITY OF OJAI**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	Special Revenue Fund		Capital Projects Fund		Other Governmental Funds	Total Governmental Funds		
	General Fund	Measure C	Capital Improvements Fund					
<b>ASSETS</b>								
Cash and investments	\$ 16,964,953	\$ 6,117,633	\$ 1,161,427	\$ 2,028,021	\$ 26,272,034			
Accounts receivable, net	2,217,712	637,169	-	53,073	2,907,954			
Due from the successor agency	933,332	-	-	-	933,332			
Notes receivable	-	-	-	1,427,612	1,427,612			
<b>Total assets</b>	<b>\$ 20,115,997</b>	<b>\$ 6,754,802</b>	<b>\$ 1,161,427</b>	<b>\$ 3,508,706</b>	<b>\$ 31,540,932</b>			
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 944,124	\$ -	\$ 68,057	\$ 80,106	\$ 1,092,287			
Accrued liabilities	76,708	-	-	646	77,354			
Deposits payable	7,689	-	-	-	7,689			
Unearned revenue	1,173,845	-	-	-	1,173,845			
<b>Total liabilities</b>	<b>2,202,366</b>	<b>-</b>	<b>68,057</b>	<b>80,752</b>	<b>2,351,175</b>			
Fund balances:								
Nonspendable	933,332	-	-	-	933,332			
Restricted	949,448	6,754,802	-	2,992,442	10,696,692			
Committed	6,751,903	-	474,877	-	7,226,780			
Assigned	222,549	-	618,493	435,512	1,276,554			
Unassigned	9,056,399	-	-	-	9,056,399			
<b>Total fund balances</b>	<b>17,913,631</b>	<b>6,754,802</b>	<b>1,093,370</b>	<b>3,427,954</b>	<b>29,189,757</b>			
<b>Total liabilities and fund balances</b>	<b>\$ 20,115,997</b>	<b>\$ 6,754,802</b>	<b>\$ 1,161,427</b>	<b>\$ 3,508,706</b>	<b>\$ 31,540,932</b>			

The accompanying notes are an integral part of these financial statements.

## CITY OF OJAI

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2023

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Fund balances of governmental funds \$ 29,189,757

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	\$ 46,072,807
Accumulated depreciation	<u>(26,788,149)</u>
	19,284,658

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	2,458,365
OPEB	1,027,392

Deferred inflows of resources relating to:

Pensions	(1,005,393)
OPEB	<u>(251,173)</u>
	2,229,191

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

Compensated absences	(400,145)
Lease liability	(599,804)
Subscription liability	(73,553)
Net pension liability	(5,801,947)
Net OPEB liability	<u>(3,457,109)</u>
	(10,332,558)

Net position of governmental activities	<u>\$ 40,371,048</u>
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**CITY OF OJAI**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds					Other Governmental Funds	Total Governmental Funds		
	General Fund		Capital Projects Fund		Capital Improvements Fund				
	Measure C								
<b>REVENUES</b>									
Property taxes	\$ 2,685,784	\$ -	\$ -	\$ -		\$ 2,685,784			
Sales taxes	2,443,328	-	-	-		2,443,328			
Transient occupancy tax	6,688,840	3,294,449	-	-		9,983,289			
Other taxes and assessments	250,643	-	-	-	346,739	597,382			
Licenses, permits, and fees	1,244,740	-	-	-	1,091	1,245,831			
Fines and forfeitures	38,227	-	-	-	-	38,227			
Use of money and property	23,002	(94,789)	(7,718)	-	9,345	(70,160)			
Intergovernmental:									
Other	1,422,425	-	228,892	-	418,646	2,069,963			
Motor vehicle in lieu	1,091,361	-	-	-	-	1,091,361			
Charges for services	787,083	-	-	-	-	787,083			
Other revenue	114,008	-	100	-	-	114,108			
Total revenues	<u>16,789,441</u>	<u>3,199,660</u>	<u>221,274</u>	<u>-</u>	<u>775,821</u>	<u>20,986,196</u>			
<b>EXPENDITURES</b>									
Current:									
General government	3,697,858	-	-	-	-	3,697,858			
Public safety	3,439,872	-	-	-	-	3,439,872			
Public works	1,852,614	98,703	37,734	-	107,184	2,096,235			
Community development	990,057	-	-	-	108,807	1,098,864			
Parks and recreation	821,415	-	-	-	-	821,415			
Libraries	-	-	-	-	122,560	122,560			
Capital outlay	97,514	-	1,271,392	-	192,272	1,561,178			
Debt service:									
Principal	14,405	-	-	-	-	14,405			
Interest	1,533	-	-	-	-	1,533			
Total expenditures	<u>10,915,268</u>	<u>98,703</u>	<u>1,309,126</u>	<u>-</u>	<u>530,823</u>	<u>12,853,920</u>			
Excess of revenues over (under) expenditures	<u>5,874,173</u>	<u>3,100,957</u>	<u>(1,087,852)</u>	<u>-</u>	<u>244,998</u>	<u>8,132,276</u>			
<b>OTHER FINANCING SOURCES (USES)</b>									
Subscription acquisition	87,958	-	-	-	-	87,958			
Transfers in	120,421	-	1,440,041	-	303,115	1,863,577			
Transfers out	(811,687)	(334,614)	-	-	(712,420)	(1,858,721)			
Total other financing sources (uses)	<u>(603,308)</u>	<u>(334,614)</u>	<u>1,440,041</u>	<u>-</u>	<u>(409,305)</u>	<u>92,814</u>			
Net changes in fund balances	5,270,865	2,766,343	352,189	-	(164,307)	8,225,090			
Fund balances, beginning of year, as restated	<u>12,642,766</u>	<u>3,988,459</u>	<u>741,181</u>	<u>-</u>	<u>3,592,261</u>	<u>20,964,667</u>			
Fund balances, end of year	<u>\$ 17,913,631</u>	<u>\$ 6,754,802</u>	<u>\$ 1,093,370</u>	<u>-</u>	<u>\$ 3,427,954</u>	<u>\$ 29,189,757</u>			

The accompanying notes are an integral part of these 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, 2023

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Net change in fund balances - total governmental funds \$ 8,225,090

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	\$ 1,117,341	
Depreciation expense not reported in governmental funds	<u>(984,220)</u>	133,121

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	1,174,171	
OPEB related net adjustments	<u>136,983</u>	1,311,154

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.

Subscription liability	(87,958)	
Principal repayments	<u>14,405</u>	

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

44,729

Changes in net position of governmental activities \$ 9,640,541

The accompanying notes are an integral part of these financial statements.

**CITY OF OJAI**

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

<b>Business-type Activities - Enterprise Funds</b>			
<b>Major Fund</b>			
	<b>Transit</b>	<b>Cemetery</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 104,182	\$ 138,551	\$ 242,733
Accounts receivable, net	126,447	-	126,447
Total current assets	<u>230,629</u>	<u>138,551</u>	<u>369,180</u>
Noncurrent Assets:			
Capital assets not being depreciated	16,796	117,646	134,442
Capital assets, net of accumulated depreciation	564,431	1,232	565,663
Total noncurrent assets	<u>581,227</u>	<u>118,878</u>	<u>700,105</u>
Total assets	<u>811,856</u>	<u>257,429</u>	<u>1,069,285</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension	168,453	5,264	173,717
Related to OPEB	70,399	2,200	72,599
Total deferred outflows of resources	<u>238,852</u>	<u>7,464</u>	<u>246,316</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	20,026	208	20,234
Accrued liabilities	5,116	-	5,116
Unearned revenue	-	291,867	291,867
Current portion of compensated absences	7,272	1,084	8,356
Total current liabilities	<u>32,414</u>	<u>293,159</u>	<u>325,573</u>
Noncurrent Liabilities:			
Compensated absences	21,816	3,252	25,068
Net pension liability	397,564	12,424	409,988
Net OPEB liability	236,890	7,403	244,293
Total noncurrent liabilities	<u>656,270</u>	<u>23,079</u>	<u>679,349</u>
Total liabilities	<u>688,684</u>	<u>316,238</u>	<u>1,004,922</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pension	68,892	2,153	71,045
Related to OPEB	17,211	538	17,749
Total deferred inflows of resources	<u>86,103</u>	<u>2,691</u>	<u>88,794</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	581,227	118,878	700,105
Unrestricted	(305,306)	(172,914)	(478,220)
Total net position	<u>\$ 275,921</u>	<u>\$ (54,036)</u>	<u>\$ 221,885</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF OJAI**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business-type Activities - Enterprise Funds		
	Major Fund		
	Transit	Cemetery	Totals
<b>OPERATING REVENUES:</b>			
Charges for services (net of refunds)	\$ 75,496	\$ 14,467	\$ 89,963
Total operating revenues	75,496	14,467	89,963
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	277,643	15,421	293,064
Material, supplies, and operational expenses	385,308	6,751	392,059
Depreciation	92,135	246	92,381
Total operating expenses	755,086	22,418	777,504
Operating income (loss)	(679,590)	(7,951)	(687,541)
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Intergovernmental revenue	369,152	-	369,152
Investment income (loss)	1,751	112	1,863
Total non-operating revenues (expenses)	370,903	112	371,015
Income (loss) before transfers	(308,687)	(7,839)	(316,526)
Transfers out	(4,856)	-	(4,856)
Changes in net position	(313,543)	(7,839)	(321,382)
Total net position (deficit), beginning of year, as restated	589,464	(46,197)	543,267
Total net position (deficit), end of year	\$ 275,921	\$ (54,036)	\$ 221,885

The accompanying notes are an integral part of these financial statements.

**CITY OF OJAI**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Business-type Activities - Enterprise Funds		
	Major Fund		
	Transit	Cemetery	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers and users	\$ 23,503	\$ 18,258	\$ 41,761
Cash paid to suppliers for goods and services	(378,139)	(9,530)	(387,669)
Cash paid to employees for services	(355,685)	(18,964)	(374,649)
Net cash used for operating activities	<u>(710,321)</u>	<u>(10,236)</u>	<u>(720,557)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating grants received	369,152	-	369,152
Transfers (to) / from other funds	(4,856)	-	(4,856)
Net cash provided by noncapital financing activities	<u>364,296</u>	<u>-</u>	<u>364,296</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(15,196)	-	(15,196)
Net cash used for capital and related financing activities	<u>(15,196)</u>	<u>-</u>	<u>(15,196)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	1,751	112	1,863
Net cash provided by investing activities	<u>1,751</u>	<u>112</u>	<u>1,863</u>
Net decrease in cash and cash equivalents	(359,470)	(10,124)	(369,594)
Cash and Cash Equivalents at Beginning of Fiscal Year	463,652	148,675	612,327
Cash and Cash Equivalents at End of Fiscal Year	<u>\$ 104,182</u>	<u>\$ 138,551</u>	<u>\$ 242,733</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>			
Operating loss	\$ (679,590)	\$ (7,951)	\$ (687,541)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	92,135	246	92,381
(Increase) decrease in accounts receivable, net	(51,993)	-	(51,993)
(Increase) decrease in deferred outflows of resources	(145,345)	(4,542)	(149,887)
Increase (decrease) in accounts payable	7,169	(2,779)	4,390
Increase (decrease) in accrued liabilities	5,116	(352)	4,764
Increase (decrease) in unearned revenue	-	3,791	3,791
Increase (decrease) in compensated absences	6,685	(384)	6,301
Increase (decrease) in net pension liability	178,783	5,587	184,370
Increase (decrease) in net OPEB liability	31,428	982	32,410
Increase (decrease) in deferred inflows of resources	(154,709)	(4,834)	(159,543)
Total adjustments	<u>(30,731)</u>	<u>(2,285)</u>	<u>(33,016)</u>
Net cash used for operating activities	<u>\$ (710,321)</u>	<u>\$ (10,236)</u>	<u>\$ (720,557)</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF OJAI****STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

	<u>Private Purpose Trust Fund</u>	<u>Successor Agency</u>
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 373,813	
Total current assets	<u>373,813</u>	
Noncurrent Assets:		
Right to use asset, net	6,148	
Total noncurrent assets	<u>6,148</u>	
Total assets	<u>379,961</u>	
<b>LIABILITIES</b>		
Current Liabilities:		
Account Payable	25,910	
Accrued interest payable - City of Ojai	365,006	
Lease liability - current	13,054	
Unearned revenue	<u>365,006</u>	
Total current liabilities	<u>768,976</u>	
Noncurrent Liabilities:		
Accrued interest payable - City of Ojai - noncurrent	<u>568,326</u>	
Total noncurrent liabilities	<u>568,326</u>	
Total liabilities	<u>1,337,302</u>	
<b>NET POSITION (DEFICIT)</b>		
Held in trust	<u>\$ (957,341)</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF OJAI****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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	<u>Private Purpose Trust Fund</u>	<u>Successor Agency</u>
<b>ADDITIONS</b>		
Property taxes	\$ 422,831	
Use of money and property	<u>1,576</u>	
Total additions	<u>424,407</u>	
<b>DEDUCTIONS</b>		
Community development	1,337	
Amortization expense	<u>28,184</u>	
Total deductions	<u>29,521</u>	
Change in net position	394,886	
Net position (deficit), beginning of year	<u>(1,352,227)</u>	
Net position (deficit), end of year	<u>\$ (957,341)</u>	

The accompanying notes are an integral part of these financial statements.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

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

##### A. Reporting Entity

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

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

##### B. Basis of Presentation

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

##### *Government-wide Statements*

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

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

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

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

###### *Fund Financial Statements*

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

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

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

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

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

##### C. Major Funds

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

Major funds are defined as funds that have either assets 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, 2023

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

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

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

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

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

The City reports the following proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

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

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

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

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

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

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

##### D. Basis of Accounting

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

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

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

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### 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 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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

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

###### **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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

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

*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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

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

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, streetlights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 (including infrastructure) or more and an estimated useful life in excess of 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:

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

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

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## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

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

###### **Compensated Absences**

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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

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

###### **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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

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

###### **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, 2022
Measurement Period	July 1, 2021 to June 30, 2022

###### **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.

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## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

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

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

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

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

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

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

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

##### F. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. 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

The City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. Under this Statement, a lessee is required to recognize a SBITA liability and an intangible right-to-use asset. For additional information, refer to the disclosures for capital assets and long-term liabilities.

##### H. Future Accounting Pronouncements

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

*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.

*GASB Statement No. 102, Certain Risk Disclosures* is effective for fiscal year ending June 30, 2025.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### **NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

##### **A. Budgetary Information**

1. The budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the fiscal year. All amendments made during the fiscal year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures. Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of budgetary control.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, the City Council must approve any revisions that alter the total expenditures of any fund.
4. Formal budgetary integration is employed as a management control device during the fiscal year.
5. Budgets for the General, and Special Revenue 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, 2023, based on calculations by City staff, proceeds of taxes did not exceed appropriations. Further, Section 5 of Article XIIIIB allows the City to designate a portion of fund balance for general contingencies, to be used for any purpose.

**CITY OF OJAI****NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)****B. Excess of Expenditures over Appropriation**

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

<u>Major Fund</u>	<u>Budgeted amounts</u>	<u>Actual Amounts</u>	<u>(Excess) over budgeted amount</u>
<u>General Fund:</u>			
General government:			
City council	\$ 142,440	\$ 157,226	\$ (14,786)
City attorney	299,300	536,023	(236,723)
City clerk	224,440	231,193	(6,753)
Capital outlay	12,400	97,514	(85,114)
Capital Improvements Fund:			
Public works	22,500	37,734	(15,234)
<u>Nonmajor Special Revenue Funds</u>			
Gas Tax Fund:			
Public works	200	1,036	(836)
Bicycle and Pedestrian Fund:			
Community development	600	636	(36)
Street Lighting Fund:			
Capital outlay	-	4,125	(4,125)
Housing Successor Fund:			
Capital outlay	-	5,500	(5,500)

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### NOTE 3 – CASH AND INVESTMENTS

At June 30, 2023, deposits and investments were reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 26,514,767
Statement of Fiduciary Net Position	
Cash and investments	<u>373,813</u>
Total cash and investments	<u>\$ 26,888,580</u>

Cash and investments as of June 30, 2023 consist of the following:

Deposit with financial institutions	\$ 8,565,001
Cash on hand	500
Investments	<u>18,323,079</u>
Total cash and investments	<u>\$ 26,888,580</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, 2023

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
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
Bank or Credit Union Certificated of Deposits	5 years	80%	\$ 245,000

##### *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, 2023

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

##### *Credit Risk*

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

Investment Type	Total	Minimum Legal Rating	Rating as of Fiscal Year End
			Not Rated
State Investment Pool	\$ 1,596,354	N/A	\$ 1,596,354
Bank or Credit Union			
Certificated of Deposits	15,735,534	N/A	15,735,534
Money market funds	991,191	N/A	991,191
<b>Total</b>	<b><u>\$ 18,323,079</u></b>		<b><u>\$ 18,323,079</u></b>

##### *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.

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## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

##### *Interest Rate Risk*

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

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

Investment Type	Total	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool	\$ 1,596,354	\$ 1,596,354	\$ -	\$ -	\$ -
Bank or Credit Union					
Certified of Deposits	15,735,534	3,287,676	3,570,805	8,877,053	-
Money market funds	991,191	991,191	-	-	-
Total	\$ 18,323,079	\$ 5,875,221	\$ 3,570,805	\$ 8,877,053	\$ -

##### *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, 2023

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

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

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2023:

Investment Type	Total	Level 1	Level 2	Level 3
<i>Investments at fair value:</i>				
Bank or Credit Union				
Certified of Deposits	\$ 15,735,534	\$ -	\$ 15,735,534	\$ -
<i>Investments not subject to the fair value hierarchy:</i>				
State Investment Pool	1,596,354			
Money market funds	991,191			
Total investments	<u>\$ 18,323,079</u>			

#### **NOTE 4 – ACCOUNTS RECEIVABLE**

The following is a list of accounts receivable at June 30, 2023:

	Receivable	Allowance	Net
<i>Governmental Activities -</i>			
Accounts receivable, net	<u>\$ 2,976,761</u>	<u>\$ 68,807</u>	<u>\$ 2,907,954</u>
<i>Business-type Activities -</i>			
Accounts receivable, net	<u>\$ 126,447</u>	<u>\$ -</u>	<u>\$ 126,447</u>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### NOTE 5 – INTER-FUND ACTIVITY

The following represents the inter-fund activity of the City for the fiscal year ended June 30, 2023:

##### A. Transfers

Transfers In	Transfers Out	Amount
General Fund	Nonmajor Governmental Funds	\$ 120,421
Capital Improvements Fund	General Fund	536,877
	Measure C Fund	310,929
	Transit Fund	236
	Nonmajor Governmental Funds	591,999
Nonmajor Governmental Funds	General Fund	274,810
	Measure C Fund	23,685
	Transit Fund	4,620
<b>Total interfund transfers</b>		<b>\$ 1,863,577</b>

The General Fund received transfers of \$120,421 from the Gas Tax Fund and the Bicycle and Pedestrian Fund for street related expenses and for bike racks, respectively.

The Capital Improvements Fund received transfers of \$536,877 from the General Fund and \$310,929 from the Measure C Fund, \$347,995 from the Bicycle and Pedestrian Fund, \$244,004 to support capital improvement activities, and \$236 from the Transit fund for bus shelters.

The Equipment Replacement Fund received transfers from the General Fund of \$191,000 for its share of maintenance costs, \$23,685 from the Measure C Fund for electric vehicle charging station and equipment, and \$4,620 to support the vehicle replacement plan. The Street Lighting Fund received transfers of \$7,810 from the General Fund for its assessment and benefit use share. The Library Fund received transfers of \$6,000 from the General Fund to support library activities. The Plaza Maintenance Fund received transfers of \$70,000 from the General Fund for its share of maintenance costs and assessment shares.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### **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, 2023, the outstanding balance is \$250,000 plus accrued interest of \$168,914. 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, 2023.

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, 2023.

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, 2023.

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, 2023.

##### *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 \$933,332 in accrued interest, as of June 30, 2023. The principal balance outstanding was repaid in fiscal year 2021.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### NOTE 7 – CAPITAL AND INTANGIBLE ASSETS

##### A. Governmental Activities

Governmental capital asset activity for the fiscal year ended June 30, 2023, 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	855,359	774,326	(246,330)	1,383,355
Total capital assets, not being depreciated	3,624,179	774,326	(246,330)	4,152,175
Capital assets, being depreciated:				
Buildings	15,452,183	-	-	15,452,183
Improvements other than buildings	3,838,369	335,362	(2,032)	4,171,699
Equipment and machinery	2,182,370	80,697	(146,940)	2,116,127
Infrastructure	18,816,843	71,864	-	18,888,707
Vehicles	573,054	-	(23,500)	549,554
Public art	38,850	-	-	38,850
Right to use - leased property	599,804	-	-	599,804
Right to use - subscription	-	103,708	-	103,708
Total capital assets being depreciated	41,501,473	591,631	(172,472)	41,920,632
Less accumulated depreciation for:				
Buildings	(7,175,797)	(315,137)	-	(7,490,934)
Improvements other than buildings	(2,811,622)	(108,925)	-	(2,920,547)
Equipment and machinery	(1,045,715)	(80,903)	146,686	(979,932)
Infrastructure	(14,530,500)	(423,327)	-	(14,953,827)
Vehicles	(402,705)	(30,001)	23,500	(409,206)
Public art	(7,776)	-	-	(7,776)
Right to use - leased property	-	-	-	-
Right to use - subscription	-	(25,927)	-	(25,927)
Total accumulated depreciation	(25,974,115)	(984,220)	170,186	(26,788,149)
Total capital assets being depreciated, net	15,527,358	(392,589)	(2,286)	15,132,483
Total capital assets, governmental activities	\$ 19,151,537	\$ 381,737	\$ (248,616)	\$ 19,284,658

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

General Government	\$ 25,927
Public safety	37,172
Public works	817,859
Community development	3,366
Parks and recreation	99,896
Total	\$ 984,220

# CITY OF OJAI

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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### NOTE 7 – CAPITAL ASSETS (Continued)

#### B. Business-Type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Cemetery Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 108,900	\$ -	\$ -	\$ 108,900
Construction in progress	8,746	-	-	8,746
Total capital assets, not being depreciated	<u>117,646</u>	<u>-</u>	<u>-</u>	<u>117,646</u>
Capital assets, being depreciated:				
Land improvements	12,124	-	-	12,124
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	(10,646)	(246)	-	(10,892)
Equipment and machinery	(17,641)	-	-	(17,641)
Total accumulated depreciation	<u>(28,287)</u>	<u>(246)</u>	<u>-</u>	<u>(28,533)</u>
Total capital assets being depreciated, net	<u>1,478</u>	<u>(246)</u>	<u>-</u>	<u>1,232</u>
Total capital assets, Cemetery Fund	<u>\$ 119,124</u>	<u>\$ (246)</u>	<u>\$ -</u>	<u>\$ 118,878</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Transit Fund:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,600	\$ -	\$ -	\$ 1,600
Construction in progress	-	15,196	-	15,196
Total capital assets, not being depreciated	<u>1,600</u>	<u>15,196</u>	<u>-</u>	<u>16,796</u>
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	<u>1,916,945</u>	<u>-</u>	<u>-</u>	<u>1,916,945</u>
Less accumulated depreciation for:				
Land improvements	(264,078)	(22,694)	-	(286,772)
Buildings improvements	(3,255)	(1,084)	-	(4,339)
Equipment and machinery	(70,576)	(6,311)	-	(76,887)
Vehicles	(922,470)	(62,046)	-	(984,516)
Total accumulated depreciation	<u>(1,260,379)</u>	<u>(92,135)</u>	<u>-</u>	<u>(1,352,514)</u>
Total capital assets being depreciated, net	<u>656,566</u>	<u>(92,135)</u>	<u>-</u>	<u>564,431</u>
Total capital assets, Transit Fund	<u>\$ 658,166</u>	<u>\$ (76,939)</u>	<u>\$ -</u>	<u>\$ 581,227</u>

**CITY OF OJAI**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Total Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 110,500	\$ -	\$ -	\$ 110,500
Construction in progress	8,746	15,196	-	23,942
Total capital assets, not being depreciated	<u>119,246</u>	<u>15,196</u>	<u>-</u>	<u>134,442</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	(274,724)	(22,940)	-	(297,664)
Buildings improvements	(3,255)	(1,084)	-	(4,339)
Equipment and machinery	(88,217)	(6,311)	-	(94,528)
Vehicles	(922,470)	(62,046)	-	(984,516)
Total accumulated depreciation	<u>(1,288,666)</u>	<u>(92,381)</u>	<u>-</u>	<u>(1,381,047)</u>
Total capital assets being depreciated, net	<u>658,044</u>	<u>(92,381)</u>	<u>-</u>	<u>565,663</u>
Total capital assets, business-type activities	<u>\$ 777,290</u>	<u>\$ (77,185)</u>	<u>\$ -</u>	<u>\$ 700,105</u>

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

Business-type activities:	
Cemetery	\$ 246
Transit	92,135
Total	<u>\$ 92,381</u>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### 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, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 444,874	\$ 143,397	\$ (188,126)	\$ 400,145	\$ 100,036
Total governmental	<u>\$ 444,874</u>	<u>\$ 143,397</u>	<u>\$ (188,126)</u>	<u>\$ 400,145</u>	<u>\$ 100,036</u>
<b>Business-type activities:</b>					
Compensated absences					
Transit	\$ 22,403	\$ 20,999	\$ (14,314)	\$ 29,088	\$ 7,272
Cemetery	<u>4,720</u>	<u>1,661</u>	<u>(2,045)</u>	<u>4,336</u>	<u>1,084</u>
Total business-type	<u>\$ 27,123</u>	<u>\$ 22,660</u>	<u>\$ (16,359)</u>	<u>\$ 33,424</u>	<u>\$ 8,356</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 \$433,569 as of June 30, 2023. These liabilities have been described in Note 1.

#### NOTE 9 – LONG-TERM LIABILITIES

The summary of changes in lease liability for governmental activities for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Lease liability	\$ 599,804	\$ -	\$ -	\$ 599,804	\$ 8,752
Subscription liability	-	87,958	(14,405)	73,553	29,480
Total long-term liabilities	<u>\$ 599,804</u>	<u>\$ 87,958</u>	<u>\$ (14,405)</u>	<u>\$ 673,357</u>	<u>\$ 38,232</u>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### NOTE 9 – LONG-TERM LIABILITIES (Continued)

##### *Lease liability*

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 General Government extended this lease for another 20 years beginning January 1, 2024. In fiscal year 2022, the General Government recorded a lease liability, however, repayment on this liability will commence after the successor Agency liability is paid off in fiscal year 2024.

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 lesser of Consumer Price Index (CPI) or 3% rate. The annual lease for the Park and Ride, for the fiscal year ending June 30, 2023, 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
2024	\$ 8,752	\$ 4,499	\$ 13,251	
2025	18,334	8,866	27,200	
2026	19,328	8,591	27,919	
2027	20,355	8,301	28,656	
2028	21,416	7,996	29,412	
2029 - 2033	124,304	34,821	159,125	
2034 - 2038	156,711	24,558	181,269	
2039 - 2043	194,794	11,699	206,493	
2044 - 2045	35,810	31,716	67,526	
 Total	 \$ 599,804	 \$ 141,047	 \$ 740,851	

##### *Subscription liability*

On October 1, 2022, the City entered into a subscription for 60 months for the use of software. An initial subscription liability was recorded in the amount of \$87,958. As of June 30, 2023, the value of the subscription liability is \$73,553. The City is required to make annual fixed payments of \$1,770 increasing by 5% annually. The subscription has an interest rate of 2.85%. The value of the right-to-use asset as of June 30, 2023, of \$103,708 with accumulated amortization of \$25,927 is included on the capital asset note.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### **NOTE 9 – LONG-TERM LIABILITIES (Continued)**

##### *Subscription liability (Continued)*

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 29,480	\$ 1,749	\$ 31,229
2025	35,045	805	35,850
2026	9,028	43	9,071
<b>Total</b>	<b>\$ 73,553</b>	<b>\$ 2,597</b>	<b>\$ 76,150</b>

#### **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 PERC 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](http://www.calpers.ca.gov).

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### 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, 2023 are summarized as follows:

	Miscellaneous		
	First Tier	Second Tier	PEPRA
Hire Date	Prior to <u>January 1, 2013</u>	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
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%	6.750%
Required employer contribution	10.870%	9.120%	7.470%

	Safety	
	Prior to	
Hire Date	<u>January 1, 2013</u>	
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%	

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### 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, 2023 were \$698,515. The actual employer payments of \$227,464 made to CalPERS by the City during the measurement period ended June 30, 2022 differed from the City's proportionate share of the employer's contributions of \$826,548 by \$599,084, 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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

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## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### NOTE 10 – PENSION PLAN (Continued)

##### B. Net Pension Liability

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>(1)</sup>	Derived using CALPERS' membership data for all funds
Post Retirement	The lesser of contract COLA or 2.30% until Purchasing Power Protection
Benefit Increase	Allowance floor on purchasing power applies, 2.30% thereafter.

<sup>(1)</sup> The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

###### ***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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### NOTE 10 – PENSION PLAN (Continued)

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

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

Asset Class	Assumed Asset Allocation	Real Return <sup>1,2</sup>
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	100%	

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study.

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

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

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

The discount rate used to measure the total pension liability for PERF C was 6.90%. 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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### **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](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

**CITY OF OJAI****NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**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 (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2021 (VD)	\$ 20,800,123	\$ 17,381,671	\$ 3,418,452
Balance at: 6/30/2022 (MD)	21,934,889	15,722,954	6,211,935
Net changes during 2021-22	<u>\$ 1,134,766</u>	<u>\$ (1,658,717)</u>	<u>\$ 2,793,483</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](http://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, 2021 and 2022 measurement dates was as follows:

	Miscellaneous	Safety
Proportionate share - June 30, 2021	0.17405%	0.00324%
Proportionate share - June 30, 2022	0.12835%	0.00300%
Change - Increase (Decrease)	<u>-0.04570%</u>	<u>-0.00024%</u>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### 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 6.9 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 (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

Plan's Net Pension Liability/(Asset)	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Miscellaneous	\$ 8,866,950	\$ 6,005,808	\$ 3,651,798
Safety	336,791	206,127	99,339
<b>Total</b>	<b>\$ 9,203,741</b>	<b>\$ 6,211,935</b>	<b>\$ 3,751,137</b>

###### ***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

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### 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, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (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, 2021), the City's net pension liability was \$3,418,452. For the measurement period ending June 30, 2022 (the measurement date), the City incurred a pension credit of \$558,628.

As of June 30, 2023, 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	\$ 636,204	\$ -
Differences between expected and actual experience	129,139	83,017
Differences between projected and actual investment earnings	1,132,655	-
Differences between employer's contributions and proportionate share of contributions	30,426	458,367
Change in employer's proportion	5,143	535,054
Pension contributions made subsequent to measurement date	698,515	-
<b>Totals</b>	<b>\$ 2,632,082</b>	<b>\$ 1,076,438</b>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### NOTE 10 – PENSION PLAN (Continued)

##### D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources (Continued)

The amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense. Contributions subsequent to the measurement date of \$698,515 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
2024	\$ 90,827	\$ 9,496	\$ 100,323
2025	49,336	9,833	59,169
2026	(1,199)	6,119	4,920
2027	672,861	19,856	692,717
2028	-	-	-
Thereafter	-	-	-
	<u>\$ 811,825</u>	<u>\$ 45,304</u>	<u>\$ 857,129</u>

##### E. Payable to the Pension Plan

As of June 30, 2023, the City reported a payable of \$7,479 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

#### 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 \$151 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, 2023

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#### **NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (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, 2022 the measurement date, the benefit terms covered the following employees:

Active employees	32
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	33
<b>Total</b>	<b>65</b>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### **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, 2022. The Total OPEB Liability was determined using an actuarial valuation date of June 30, 2021, using the following actuarial assumptions:

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

Discount rate	6.00%
Inflation	2.30%
Salary increases	2.80%
Investment rate of return	6.00%
Mortality rate	Based on CalPERS Tables
Healthcare cost trend rates	Based on 2021 Getzen model that reflects actual premium increases through 2023, followed by 5.50% in 2023 decreasing gradually to an ultimate rate of 4.04% in 2075 for non-Medicare and 4.00% for all subsequent years for 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):

Asset Class	Target Allocation	Projected Real Rate of Return
Global Equity	49%	4.50%
Fixed Income	23%	1.40%
Treasury Inflation-Protected Securities (TIPS)	5%	0.50%
Global Real Estate (REITs)	20%	3.70%
Commodities	3%	1.10%
<b>Total</b>	<b><u>100%</u></b>	

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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

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

The discount rate used to measure the total OPEB liability is 6.00%. 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 2022, the following assumptions changed from the prior valuation report:

- The discount rate and investment rate of return went from 6.75% to 6.00%.
- Inflation rate increased from 2.5% to 2.3%
- Healthcare Trend rate changed from 5.75%. trending down to 4.04% to 5.5%. 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, 2021	\$ 3,995,854	\$ 785,518	\$ 3,210,336
(Valuation Date: June 30, 2021)			
Changes recognized for the measurement period:			
Service cost	62,401	-	62,401
Interest	264,382	-	264,382
Differences between expected and actual experience	119,315	-	119,315
Changes of assumptions	313,465	-	313,465
Contributions:			
Employer - City Contributions	-	387,652	(387,652)
Net investment income	-	(118,950)	118,950
Benefit payments	(287,652)	(287,652)	-
Administrative expense	-	(205)	205
Net changes	471,911	(19,155)	491,066
Balance at June 30, 2022 (Measurement Date)	<u>\$ 4,467,765</u>	<u>\$ 766,363</u>	<u>\$ 3,701,402</u>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### **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 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net OPEB Liability	\$ 4,185,547	\$ 3,701,402	\$ 3,291,629

##### ***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	\$ 3,226,064	\$ 3,701,402	\$ 4,266,588

##### ***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, 2023)

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

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

**CITY OF OJAI****NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**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, 2023, the City recognized OPEB expense of \$255,230. As of fiscal year ended June 30, 2023, 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	\$ 373,880	\$ 96,427
Changes of assumptions	314,886	172,495
Net Difference Between Projected and Actual		
Earnings on OPEB Plan Investments	75,578	-
Contributions to OPEB plan subsequent to the measurement date	<u>335,647</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,099,991</u></b>	<b><u>\$ 268,922</u></b>

The \$335,647 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, 2024.

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
2024	\$ 26,566
2025	190,075
2026	157,167
2027	121,614
2028	-
Thereafter	-
	<b><u>\$ 495,422</u></b>

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### **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/>.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### **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 2022-23 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

##### *C. Purchased Insurance*

###### Pollution Legal Liability Insurance

The City of Ojai participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Ojai. Coverage is on a claims-made basis. There is a \$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 \$23,212,182. 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, 2023

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#### **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 2022-23.

#### **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.

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### 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, 2023

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#### 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, 2023 are as follows:

	General Fund	Measure C	Capital Improvements Fund	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Due from successor agency	\$ 933,332	\$ -	\$ -	\$ -	\$ 933,332
Total Nonspendable	<u>933,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>933,332</u>
<u>Restricted for:</u>					
Community development	652,695	3,306,802	-	61,511	4,021,008
Capital improvement	-	3,448,000	-	740,734	4,188,734
Housing	-	-	-	1,869,341	1,869,341
Libraries	-	-	-	4,404	4,404.00
Street lighting & plaza maintenance	-	-	-	311,183	311,183
Recreation, scholarships/grants	5,957	-	-	5,269	11,226
General Plan maintenance	290,796	-	-	-	290,796
Total Restricted*	<u>949,448</u>	<u>6,754,802</u>	<u>-</u>	<u>2,992,442</u>	<u>10,696,692</u>
<u>Committed for:</u>					
Capital improvement deposits	-	-	474,877	-	474,877
Community development	52,968	-	-	-	52,968
Emergency Reserve	6,698,935	-	-	-	6,698,935
Total Committed	<u>6,751,903</u>	<u>-</u>	<u>474,877</u>	<u>-</u>	<u>7,226,780</u>
<u>Assigned for:</u>					
Capital improvements	-	-	618,493	-	618,493
Recreation Scholarships and Deposits	26,674	-	-	-	26,674
Community arts	134,045	-	-	-	134,045
Community safety	11,486	-	-	-	11,486
Equipment replacement	50,344	-	-	435,512	485,856
Total Assigned	<u>222,549</u>	<u>-</u>	<u>618,493</u>	<u>435,512</u>	<u>1,276,554</u>
<u>Unassigned:</u>					
Unassigned	9,056,399	-	-	-	9,056,399
Total Unassigned	<u>9,056,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,056,399</u>
Total Fund Balances	<u>\$ 17,913,631</u>	<u>\$ 6,754,802</u>	<u>\$ 1,093,370</u>	<u>\$ 3,427,954</u>	<u>\$ 29,189,757</u>

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

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### 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, 2023 was \$933,332 which includes \$933,332 in accrued interest.

Loans payable activity for the fiscal year ended June 30, 2023, was as follows:

Loan Payable - City of Ojai	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Fund	\$ 1,298,338	\$ -	\$ (365,006)	\$ 933,332	\$ 365,006
Total	\$ 1,298,338	\$ -	\$ (365,006)	\$ 933,332	\$ 365,006

##### *Lease Liability*

The summary of changes in lease liability for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease liability	\$ 38,299	\$ -	\$ (25,245)	\$ 13,054	\$ 13,054
Total lease liability	\$ 38,299	\$ -	\$ (25,245)	\$ 13,054	\$ 13,054

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.

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, 2023, was \$25,155.

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

Fiscal Year		Principal	Interest	Total
Ending June 30,	2024	\$ 13,054	\$ 196	\$ 13,250
Total		\$ 13,054	\$ 196	\$ 13,250

## CITY OF OJAI

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2023

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#### NOTE 16 – PRIOR-PERIOD RESTATEMENTS

During the fiscal year a prior period restatement was needed to adjust the beginning balance of the City's net position and fund balances of certain funds. The amount of adjustment affecting the cumulative results of operations was due to errors and omissions that occurred in the prior years, for revenue not recognized in the General Fund and unearned revenue recognized for the Cemetery Fund.

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

<i>Government-wide Statements - Statement of Activities</i>	<i>Governmental Activities</i>
Net position, beginning of year, prior to restatement	\$ 30,513,052
Prior period restatement	<u>217,455</u>
Net position, beginning of year, as restated	<u>\$ 30,730,507</u>
<i>Governmental Funds Statements - Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds</i>	<i>General Fund</i>
Fund balance, beginning of year, prior to restatement	\$ 12,425,311
Prior period restatement	<u>217,455</u>
Fund balance, beginning of year, as restated	<u>\$ 12,642,766</u>
<i>Proprietary Funds Statements - Statement of Revenues, Expenses, and Changes in Net Position of Proprietary Funds</i>	<i>Proprietary Fund - Cemetery</i>
Net position, beginning of year, prior to restatement	\$ 220,560
Prior period restatement	<u>(266,757)</u>
Net position, beginning of year, as restated	<u>\$ (46,197)</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF OJAI**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 2,365,600	\$ 2,365,600	\$ 2,685,784	\$ 320,184
Sales taxes	1,916,500	1,916,500	2,443,328	526,828
Transient occupancy tax	4,937,000	4,937,000	6,688,840	1,751,840
Other taxes and assessments	320,000	320,000	250,643	(69,357)
Licenses, permits, and fees	1,452,560	1,452,560	1,244,740	(207,820)
Fines and forfeitures	37,600	37,600	38,227	627
Use of money and property	51,600	51,600	23,002	(28,598)
Intergovernmental:				
Other	481,100	481,100	1,422,425	941,325
Motor vehicle in lieu	1,013,300	1,013,300	1,091,361	78,061
Charges for services	633,870	633,870	787,083	153,213
Other revenue	233,040	233,040	114,008	(119,032)
Total revenues	<u>13,442,170</u>	<u>13,442,170</u>	<u>16,789,441</u>	<u>3,347,271</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
City council	142,440	142,440	157,226	(14,786)
City manager	1,170,150	1,145,150	595,434	549,716
City treasurer	22,100	22,100	20,293	1,807
City finance	768,354	768,354	666,158	102,196
City attorney	299,300	299,300	536,023	(236,723)
City clerk	224,440	224,440	231,193	(6,753)
Non-departmental	1,764,766	1,764,766	1,452,843	311,923
Arts commission	59,500	59,500	38,688	20,812
Total general government	<u>4,451,050</u>	<u>4,426,050</u>	<u>3,697,858</u>	<u>728,192</u>
Public safety:				
Police	3,447,900	3,447,900	3,439,872	8,028
Total public safety	<u>3,447,900</u>	<u>3,447,900</u>	<u>3,439,872</u>	<u>8,028</u>
Public works	2,315,010	2,340,010	1,852,614	487,396
Community development	1,362,890	1,362,890	990,057	372,833
Parks and recreation	916,410	916,410	821,415	94,995
Capital outlay	12,400	12,400	97,514	(85,114)
Debt service:				
Principal	14,405	14,405	14,405	-
Interest	1,533	1,533	1,533	-
Total expenditures	<u>12,521,598</u>	<u>12,521,598</u>	<u>10,915,268</u>	<u>1,606,330</u>
Excess of revenues over (under) expenditures	<u>920,572</u>	<u>920,572</u>	<u>5,874,173</u>	<u>4,953,601</u>

(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, 2023**

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<b>OTHER FINANCING SOURCES (USES)</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Subscription acquisition	\$ -	\$ -	\$ 87,958	\$ 87,958
Transfers in	2,200	2,200	120,421	118,221
Transfers out	67,190	(934,410)	(811,687)	122,723
Total other financing sources (uses)	69,390	(932,210)	(603,308)	328,902
Net change in fund balance	989,962	(11,638)	5,270,865	5,282,503
Fund balance, beginning of year, as restated	12,642,766	12,642,766	12,642,766	-
Fund balance, end of year	<u>\$ 13,632,728</u>	<u>\$ 12,631,128</u>	<u>\$ 17,913,631</u>	<u>\$ 5,282,503</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, 2023**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Transient occupancy tax	\$ 2,467,100	\$ 2,467,100	\$ 3,294,449	\$ 827,349
Use of money and property	2,700	2,700	(94,789)	(97,489)
Total revenues	<u>2,469,800</u>	<u>2,469,800</u>	<u>3,199,660</u>	<u>729,860</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>143,300</u>	<u>143,300</u>	<u>98,703</u>	<u>44,597</u>
Total expenditures	<u>143,300</u>	<u>143,300</u>	<u>98,703</u>	<u>44,597</u>
Excess of revenues over (under) expenditures	<u>2,326,500</u>	<u>2,326,500</u>	<u>3,100,957</u>	<u>774,457</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(3,456,996)</u>	<u>(3,456,996)</u>	<u>(334,614)</u>	<u>3,122,382</u>
Total other financing sources (uses)	<u>(3,456,996)</u>	<u>(3,456,996)</u>	<u>(334,614)</u>	<u>3,122,382</u>
Net change in fund balance	<u>(1,130,496)</u>	<u>(1,130,496)</u>	<u>2,766,343</u>	<u>3,896,839</u>
Fund balance, beginning of year	<u>3,988,459</u>	<u>3,988,459</u>	<u>3,988,459</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,857,963</u>	<u>\$ 2,857,963</u>	<u>\$ 6,754,802</u>	<u>\$ 3,896,839</u>

**CITY OF OJAI**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND  
RELATED RATIOS  
LAST 10 YEARS\*  
AS OF JUNE 30, 2023**

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Measurement Date	Employer's Proportion of the Collective Net Pension Liability <sup>1</sup>	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%
6/30/2022	0.05378%	6,211,935	2,139,080	290.40%	71.68%

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

<sup>1</sup> 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, 2023

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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%
6/30/2023	698,515	(698,515)	-	2,433,442	28.70%

\* 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, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

**Changes in Assumptions:** Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial 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, 2023

<b>Measurement Date (June 30)</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 62,401	\$ 67,892	\$ 60,010
Interest	264,382	251,001	251,565
Differences between expected and actual experience	119,315	461,541	4,014
Changes of assumptions	313,465	(157,691)	167,177
Benefit payments	(287,652)	(244,536)	(221,870)
Implicit subsidy credit	-	-	(52,332)
Net change in total OPEB liability	<u>471,911</u>	<u>378,207</u>	<u>208,564</u>
Total OPEB liability - beginning	<u>3,995,854</u>	<u>3,617,647</u>	<u>3,409,083</u>
Total OPEB liability - ending (a)	<u>4,467,765</u>	<u>3,995,854</u>	<u>3,617,647</u>
<b>Plan Fiduciary Net Position</b>			
Net investment income	(118,950)	169,459	21,046
Employer — City's Contribution	387,652	244,536	221,870
Employer — Implicit Subsidy	-	-	52,332
Benefit payments	(287,652)	(244,536)	(221,870)
Implicit subsidy credit	-	-	(52,332)
Administrative expense	(205)	(233)	(291)
Net change in plan fiduciary net position	<u>(19,155)</u>	<u>169,226</u>	<u>20,755</u>
Plan fiduciary net position - beginning	<u>785,518</u>	<u>616,292</u>	<u>595,537</u>
Plan fiduciary net position - ending (b)	<u>766,363</u>	<u>785,518</u>	<u>616,292</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 3,701,402</u>	<u>\$ 3,210,336</u>	<u>\$ 3,001,355</u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.2%	19.7%	17.0%
Covered-employee payroll	\$ 2,442,741	\$ 1,859,264	\$ 1,889,428
Net OPEB liability as a percentage of covered payroll	151.5%	172.7%	158.8%

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

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<b>2019</b>	<b>2018</b>	<b>2017</b>
\$ 108,589	\$ 105,971	\$ 103,009
<u>310,773</u>	<u>299,827</u>	<u>290,203</u>
(578,571)	-	-
(467,300)	6,909	-
(207,716)	(214,993)	(222,046)
<u>(41,664)</u>	<u>(51,736)</u>	<u>(48,225)</u>
(875,889)	145,978	122,941
<u>4,284,972</u>	<u>4,138,994</u>	<u>4,016,053</u>
<u>3,409,083</u>	<u>4,284,972</u>	<u>4,138,994</u>
 30,596	28,047	27,832
307,716	314,993	322,046
41,664	51,736	48,225
(207,716)	(214,993)	(222,046)
<u>(41,664)</u>	<u>(51,736)</u>	<u>(48,225)</u>
<u>(104)</u>	<u>(644)</u>	<u>(129)</u>
130,492	127,403	127,703
<u>465,045</u>	<u>337,642</u>	<u>209,939</u>
<u>595,537</u>	<u>465,045</u>	<u>337,642</u>
 <u>\$ 2,813,546</u>	<u>\$ 3,819,927</u>	<u>\$ 3,801,352</u>
 17.5%	10.9%	8.2%
 \$ 1,783,551	\$ 2,254,260	\$ 2,193,927
 157.7%	169.5%	173.3%

## CITY OF OJAI

### SCHEDULE OF OPEB CONTRIBUTIONS LAST 10 YEARS\* AS OF JUNE 30, 2023

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Fiscal Year	Contributions in Relation to the			Contributions as a	
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Percentage of Covered Payroll
6/30/2018	\$ 370,271	\$ (370,271)	\$ -	\$ 2,193,927	16.88%
6/30/2019	366,729	(366,729)	-	2,254,260	16.27%
6/30/2020	340,409	(221,870)	118,539	1,783,551	12.44%
6/30/2021	314,711	(271,202)	43,509	1,889,428	14.35%
6/30/2022	306,073	(321,407)	(15,334)	1,859,264	17.29%
6/30/2023	300,897	(335,647)	(34,750)	2,442,741	13.74%

#### 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	19 years
Inflation	2.30%
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
Healthcare Trend Rates	Based on 2021 Getzen model that reflects actual premium increases through 20232, followed by 5.50% in 2023 decreasing gradually to an ultimate rate of 4.04% in 2075 for non-Medicare and 4.00% for all subsequent years for Medicare.
Rate of Return on Assets	6.00%
Mortality Rate	CalPERS Rates
Retirement Rates	CalPERS Rates

##### Changes from prior valuation:

Inflation rate decreased from 2.5% to 2.3%  
Rate of Return decreased from 6.75% to 6.00%

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

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## **SUPPLEMENTARY INFORMATION**

## CITY OF OJAI

### DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2023

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#### SPECIAL REVENUE FUNDS

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

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

The **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.

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## CITY OF OJAI

### DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS (continued) JUNE 30, 2023

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#### CAPITAL PROJECTS FUNDS

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

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

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

The **Transit 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.

**CITY OF OJAI****COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

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<b>Special Revenue Funds</b>			
	<b>Libbey Bowl Maintenance</b>	<b>Gas Tax</b>	<b>Drainage</b>
<b>ASSETS</b>			
Cash and investments	\$ 61,265	\$ 546,915	\$ 57,102
Accounts receivable, net	-	32,725	-
Notes receivable	-	-	-
<b>Total assets</b>	<b>\$ 61,265</b>	<b>\$ 579,640</b>	<b>\$ 57,102</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:			
Restricted	61,265	579,640	57,102
Assigned	-	-	-
<b>Total fund balances</b>	<b>61,265</b>	<b>579,640</b>	<b>57,102</b>
<b>Total liabilities and fund balances</b>	<b>\$ 61,265</b>	<b>\$ 579,640</b>	<b>\$ 57,102</b>

Special Revenue Funds							
Bicycle and Pedestrian	Street Lighting	Community Development Block Grant		Library Special Tax		Plaza Maintenance	
\$ 103,992	\$ 113,414	\$ 246		\$ 49,889		\$ 203,650	
-	5,891	-		7,515		6,942	
-	-	-		-		-	
<u>\$ 103,992</u>	<u>\$ 119,305</u>	<u>\$ 246</u>		<u>\$ 57,404</u>		<u>\$ 210,592</u>	
\$ -	\$ 11,917	\$ -		\$ 53,000		\$ 6,151	
-	-	-		-		646	
-	11,917	-		53,000		6,797	
103,992	107,388	246		4,404		203,795	
-	-	-		-		-	
<u>103,992</u>	<u>107,388</u>	<u>246</u>		<u>4,404</u>		<u>203,795</u>	
<u>\$ 103,992</u>	<u>\$ 119,305</u>	<u>\$ 246</u>		<u>\$ 57,404</u>		<u>\$ 210,592</u>	

**CITY OF OJAI**

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

---

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	
			<u>Housing Successor</u>	<u>Park Acquisition</u>
			<u>Equipment Replacement</u>	
<b>ASSETS</b>				
Cash and investments	\$ 441,729		\$ 5,269	\$ 387,882
Accounts receivable, net	-		-	-
Notes receivable	1,427,612		-	-
<b>Total assets</b>	<b>\$ 1,869,341</b>		<b>\$ 5,269</b>	<b>\$ 387,882</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -		\$ -	\$ 9,038
Accrued liabilities	-		-	-
<b>Total liabilities</b>	<b>-</b>		<b>-</b>	<b>9,038</b>
Fund balances:				
Restricted	1,869,341		5,269	-
Assigned	-		-	378,844
<b>Total fund balances</b>	<b>1,869,341</b>		<b>5,269</b>	<b>378,844</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,869,341</b>		<b>\$ 5,269</b>	<b>\$ 387,882</b>

Capital Projects Funds	Transit Equipment Replacement	Totals
\$ 56,668	\$ 2,028,021	
-	53,073	
-	1,427,612	
<hr/>	<hr/>	<hr/>
<u>\$ 56,668</u>	<u>\$ 3,508,706</u>	
\$ -	\$ 80,106	
-	646	
<hr/>	<hr/>	<hr/>
-	80,752	
-	2,992,442	
<u>56,668</u>	<u>435,512</u>	
<hr/>	<hr/>	<hr/>
<u>56,668</u>	<u>3,427,954</u>	
<u>\$ 56,668</u>	<u>\$ 3,508,706</u>	

**CITY OF OJAI**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

---

Special Revenue Funds					
	Libbey Bowl Maintenance	Gas Tax	Drainage		
<b>REVENUES</b>					
Other taxes and assessments	\$ -	\$ -	\$ -		
Licenses, permits, and fees	- -	- -	1,091		
Use of money and property	(974)	(1,610)	21		
Intergovernmental:					
Other	- -	368,884	- -		
Total revenues	<u>(974)</u>	<u>367,274</u>	<u>1,112</u>		
<b>EXPENDITURES</b>					
Current:					
Public works	- -	1,036	263		
Community development	- -	- -	- -		
Libraries	- -	- -	- -		
Capital outlay	- -	- -	- -		
Total expenditures	<u>- -</u>	<u>1,036</u>	<u>263</u>		
Excess of revenues over (under) expenditures	<u>(974)</u>	<u>366,238</u>	<u>849</u>		
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	- -	- -	- -		
Transfers out	- -	(356,197)	- -		
Total other financial sources (uses)	<u>- -</u>	<u>(356,197)</u>	<u>- -</u>		
Net change in fund balances	<u>(974)</u>	<u>10,041</u>	<u>849</u>		
Fund balances, beginning of year	<u>62,239</u>	<u>569,599</u>	<u>56,253</u>		
Fund balances, end of year	<u>\$ 61,265</u>	<u>\$ 579,640</u>	<u>\$ 57,102</u>		

Special Revenue Funds					
Bicycle and Pedestrian	Street Lighting	Community Development Block Grant	Library Special Tax	Plaza Maintenance	
\$ -	\$ 90,905	\$ -	\$ 112,322	\$ 143,512	
-	-	-	-	-	
7,329	(57)	-	(410)	3,750	
<u>49,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>57,091</u>	<u>90,848</u>	<u>-</u>	<u>111,912</u>	<u>147,262</u>	
 -	 105,806	 -	 -	 -	
<u>636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,211</u>	
-	-	-	122,560	-	
-	4,125	-	-	-	
<u>636</u>	<u>109,931</u>	<u>-</u>	<u>122,560</u>	<u>99,211</u>	
 <u>56,455</u>	 <u>(19,083)</u>	 <u>-</u>	 <u>(10,648)</u>	 <u>48,051</u>	
 -	 7,810	 -	 6,000	 70,000	
<u>(356,223)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
 <u>(356,223)</u>	 <u>7,810</u>	 <u>-</u>	 <u>6,000</u>	 <u>70,000</u>	
 (299,768)	 (11,273)	 -	 (4,648)	 118,051	
<u>403,760</u>	<u>118,661</u>	<u>246</u>	<u>9,052</u>	<u>85,744</u>	
 <u>\$ 103,992</u>	 <u>\$ 107,388</u>	 <u>\$ 246</u>	 <u>\$ 4,404</u>	 <u>\$ 203,795</u>	

**CITY OF OJAI**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

	Special Revenue Funds		Capital Projects Funds			
			Housing Successor	Park Acquisition	Equipment Replacement	
	REVENUES					
Other taxes and assessments	\$	-	\$	-	\$	-
Licenses, permits, and fees		-		-		-
Use of money and property		251		-		164
Intergovernmental:						
Other		-		-		-
Total revenues		251		-		164
 <b>EXPENDITURES</b>						
Current:						
Public works		-		-		-
Community development		8,960		-		-
Libraries		-		-		-
Capital outlay		5,500		-		182,647
Total expenditures		14,460		-		182,647
Excess of revenues over (under) expenditures		(14,209)		-		(182,483)
 <b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in		-		-		219,305
Transfers out		-		-		-
Total other financial sources (uses)		-		-		219,305
Net change in fund balances		(14,209)		-		36,822
Fund balances, beginning of year		1,883,550		5,269		342,022
Fund balances, end of year	\$	1,869,341	\$	5,269	\$	378,844

## Capital Projects

## Funds

## Transit

## Equipment

## Replacement

## Totals

\$	-	\$	346,739
	-		1,091
	881		9,345
	-		<u>418,646</u>
	<u>881</u>		<u>775,821</u>

79		107,184
-		108,807
-		122,560
-		<u>192,272</u>
<u>79</u>		<u>530,823</u>
<u>802</u>		<u>244,998</u>

-		303,115
-		<u>(712,420)</u>
-		<u>(409,305)</u>
802		(164,307)
<u>55,866</u>		<u>3,592,261</u>
<u>\$ 56,668</u>		<u>\$ 3,427,954</u>

**CITY OF OJAI**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND – MAJOR FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

---

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Use of money and property	\$ 1,200	\$ 1,200	\$ (7,718)	\$ (8,918)
Intergovernmental:				
Other	130,000	130,000	228,892	98,892
Other revenue	4,317,038	4,317,038	100	(4,316,938)
 Total revenues	 4,448,238	 4,448,238	 221,274	 (4,226,964)
<b>EXPENDITURES</b>				
Current:				
Public works	22,500	22,500	37,734	(15,234)
Capital outlay	9,150,153	9,150,153	1,271,392	7,878,761
 Total expenditures	 9,172,653	 9,172,653	 1,309,126	 7,863,527
 Excess of revenues over (under) expenditures	 (4,724,415)	 (4,724,415)	 (1,087,852)	 3,636,563
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,117,416	5,117,416	1,440,041	(3,677,375)
 Total other financing sources (uses)	 5,117,416	 5,117,416	 1,440,041	 (3,677,375)
 Net change in fund balance	 393,001	 393,001	 352,189	 (40,812)
 Fund balance, beginning of year	 741,181	 741,181	 741,181	 -
 Fund balance, end of year	 \$ 1,134,182	 \$ 1,134,182	 \$ 1,093,370	 \$ (40,812)

**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, 2023**

---

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ (974)	\$ (974)
Charges for services	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>(974)</u>	<u>(50,974)</u>
<b>EXPENDITURES</b>				
Excess of revenues over (under) expenditures	<u>50,000</u>	<u>50,000</u>	<u>(974)</u>	<u>(50,974)</u>
Net change in fund balance	50,000	50,000	(974)	(50,974)
Fund balance, beginning of year	<u>62,239</u>	<u>62,239</u>	<u>62,239</u>	<u>-</u>
Fund balance, end of year	<u>\$ 112,239</u>	<u>\$ 112,239</u>	<u>\$ 61,265</u>	<u>\$ (50,974)</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, 2023**

---

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 500	\$ 500	\$ (1,610)	\$ (2,110)
Intergovernmental:				
Other	394,038	394,038	368,884	(25,154)
Total revenues	<u>394,538</u>	<u>394,538</u>	<u>367,274</u>	<u>(27,264)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>200</u>	<u>200</u>	<u>1,036</u>	<u>(836)</u>
Total expenditures	<u>200</u>	<u>200</u>	<u>1,036</u>	<u>(836)</u>
Excess of revenues over (under) expenditures	<u>394,338</u>	<u>394,338</u>	<u>366,238</u>	<u>(28,100)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(270,000)</u>	<u>(270,000)</u>	<u>(356,197)</u>	<u>(86,197)</u>
Total other financing sources (uses)	<u>(270,000)</u>	<u>(270,000)</u>	<u>(356,197)</u>	<u>(86,197)</u>
Net change in fund balance	124,338	124,338	10,041	(114,297)
Fund balance, beginning of year	<u>569,599</u>	<u>569,599</u>	<u>569,599</u>	<u>-</u>
Fund balance, end of year	<u>\$ 693,937</u>	<u>\$ 693,937</u>	<u>\$ 579,640</u>	<u>\$ (114,297)</u>

**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
DRAINAGE SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Licenses, permits, and fees	\$ -	\$ -	\$ 1,091	\$ 1,091
Use of money and property	400	400	21	(379)
Total revenues	400	400	1,112	712
<b>EXPENDITURES</b>				
Current:				
Public works	280	280	263	17
Total expenditures	280	280	263	17
Excess of revenues over (under) expenditures	120	120	849	729
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(57,000)	(57,000)	-	57,000
Total other financing sources (uses)	(57,000)	(57,000)	-	57,000
Net change in fund balance	(56,880)	(56,880)	849	57,729
Fund balance, beginning of year	56,253	56,253	56,253	-
Fund balance (deficit), end of year	\$ (627)	\$ (627)	\$ 57,102	\$ 57,729

**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, 2023**

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	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Use of money and property	\$ 2,000	\$ 2,000	\$ 7,329	\$ 5,329
Intergovernmental:				
Other	174,800	174,800	49,762	(125,038)
Total revenues	176,800	176,800	57,091	(119,709)
<b>EXPENDITURES</b>				
Current:				
Community development	600	600	636	(36)
Total expenditures	600	600	636	(36)
Excess of revenues over (under) expenditures	176,200	176,200	56,455	(119,745)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(952,900)	(952,900)	(356,223)	596,677
Total other financing sources (uses)	(952,900)	(952,900)	(356,223)	596,677
Net change in fund balance	(776,700)	(776,700)	(299,768)	476,932
Fund balance, beginning of year	403,760	403,760	403,760	-
Fund balance (deficit), end of year	\$ (372,940)	\$ (372,940)	\$ 103,992	\$ 476,932

**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, 2023**

---

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other taxes and assessments	\$ 93,800	\$ 93,800	\$ 90,905	\$ (2,895)
Use of money and property	<u>1,100</u>	<u>1,100</u>	<u>(57)</u>	<u>(1,157)</u>
Total revenues	<u>94,900</u>	<u>94,900</u>	<u>90,848</u>	<u>(4,052)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	106,785	106,785	105,806	979
Capital outlay	<u>-</u>	<u>-</u>	<u>4,125</u>	<u>(4,125)</u>
Total expenditures	<u>106,785</u>	<u>106,785</u>	<u>109,931</u>	<u>(3,146)</u>
Excess of revenues over (under) expenditures	<u>(11,885)</u>	<u>(11,885)</u>	<u>(19,083)</u>	<u>(7,198)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>7,810</u>	<u>7,810</u>	<u>7,810</u>	<u>-</u>
Total other financing sources (uses)	<u>7,810</u>	<u>7,810</u>	<u>7,810</u>	<u>-</u>
Net change in fund balance	<u>(4,075)</u>	<u>(4,075)</u>	<u>(11,273)</u>	<u>(7,198)</u>
Fund balance, beginning of year	<u>118,661</u>	<u>118,661</u>	<u>118,661</u>	<u>-</u>
Fund balance, end of year	<u>\$ 114,586</u>	<u>\$ 114,586</u>	<u>\$ 107,388</u>	<u>\$ (7,198)</u>

**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
LIBRARY SPECIAL TAX SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other taxes and assessments	\$ 116,300	\$ 116,300	\$ 112,322	\$ (3,978)
Use of money and property	340	340	(410)	(750)
Total revenues	<u>116,640</u>	<u>116,640</u>	<u>111,912</u>	<u>(4,728)</u>
<b>EXPENDITURES</b>				
Current:				
Libraries	122,620	122,620	122,560	60
Total expenditures	<u>122,620</u>	<u>122,620</u>	<u>122,560</u>	<u>60</u>
Excess of revenues over (under) expenditures	<u>(5,980)</u>	<u>(5,980)</u>	<u>(10,648)</u>	<u>(4,668)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,000	6,000	6,000	-
Total other financing sources (uses)	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Net change in fund balance	20	20	(4,648)	(4,668)
Fund balance, beginning of year	<u>9,052</u>	<u>9,052</u>	<u>9,052</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,072</u>	<u>\$ 9,072</u>	<u>\$ 4,404</u>	<u>\$ (4,668)</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, 2023**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Other taxes and assessments	\$ 146,400	\$ 146,400	\$ 143,512	\$ (2,888)
Use of money and property	<u>3,900</u>	<u>3,900</u>	<u>3,750</u>	<u>(150)</u>
Total revenues	<u>161,000</u>	<u>161,000</u>	<u>147,262</u>	<u>(13,738)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>117,315</u>	<u>117,315</u>	<u>99,211</u>	<u>18,104</u>
Total expenditures	<u>117,315</u>	<u>117,315</u>	<u>99,211</u>	<u>18,104</u>
Excess of revenues over (under) expenditures	<u>43,685</u>	<u>43,685</u>	<u>48,051</u>	<u>4,366</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	70,000	70,000	70,000	-
Transfers out	<u>(64,000)</u>	<u>(64,000)</u>	<u>-</u>	<u>64,000</u>
Total other financing sources (uses)	<u>6,000</u>	<u>6,000</u>	<u>70,000</u>	<u>64,000</u>
Net change in fund balance	49,685	49,685	118,051	68,366
Fund balance, beginning of year	<u>85,744</u>	<u>85,744</u>	<u>85,744</u>	<u>-</u>
Fund balance, end of year	<u>\$ 135,429</u>	<u>\$ 135,429</u>	<u>\$ 203,795</u>	<u>\$ 68,366</u>

**CITY OF OJAI****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
HOUSING SUCCESSOR SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Use of money and property	\$ 3,400	\$ 3,400	\$ 251	\$ (3,149)
Total revenues	<u>3,400</u>	<u>3,400</u>	<u>251</u>	<u>(3,149)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	64,990	64,990	8,960	56,030
Capital outlay	-	-	5,500	(5,500)
Total expenditures	<u>64,990</u>	<u>64,990</u>	<u>14,460</u>	<u>50,530</u>
Net change in fund balance	(61,590)	(61,590)	(14,209)	47,381
Fund balance, beginning of year	<u>1,883,550</u>	<u>1,883,550</u>	<u>1,883,550</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,821,960</u>	<u>\$ 1,821,960</u>	<u>\$ 1,869,341</u>	<u>\$ 47,381</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, 2023**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Use of money and property	\$ 2,700	\$ 2,700	\$ 164	\$ (2,536)
Intergovernmental:				
Other	112,550	112,550	-	(112,550)
Total revenues	115,250	115,250	164	(115,086)
<b>EXPENDITURES</b>				
Capital outlay	1,043,230	1,043,230	182,647	860,583
Total expenditures	1,043,230	1,043,230	182,647	860,583
Excess of revenues over (under) expenditures	(927,980)	(927,980)	(182,483)	745,497
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	976,500	976,500	219,305	(757,195)
Total other financing sources (uses)	976,500	976,500	219,305	(757,195)
Net change in fund balance	48,520	48,520	36,822	(11,698)
Fund balance, beginning of year	342,022	342,022	342,022	-
Fund balance, end of year	\$ 390,542	\$ 390,542	\$ 378,844	\$ (11,698)

**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, 2023**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Use of money and property	\$ 400	\$ 400	\$ 881	\$ 481
Intergovernmental:				
Other	144,500	144,500	-	(144,500)
Total revenues	144,900	144,900	881	(144,019)
<b>EXPENDITURES</b>				
Current:				
Public works	100	100	79	21
Total expenditures	100	100	79	21
Excess of revenues over (under) expenditures	144,800	144,800	802	(143,998)
Net change in fund balance	144,800	144,800	802	(143,998)
Fund balance, beginning of year	55,866	55,866	55,866	-
Fund balance, end of year	\$ 200,666	\$ 200,666	\$ 56,668	\$ (143,998)