

**CITY OF OJAI
CALIFORNIA**

FINANCIAL STATEMENTS
June 30, 2013

CITY OF OJAI
BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

City Council of the City of Ojai
Ojai, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ojai, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the City of Ojai, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the basic financial statements effective July 1, 2012, the City of Ojai adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through 14, the budgetary comparison information on pages 57 through 60, and the schedule of funding progress for post-employment benefits other than pensions on page 61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

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

The combining and individual nonmajor fund financial statements and schedules and combining private-purpose funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013, on our consideration of the City of Ojai's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moss, Remy & Haugheim LLP

Santa Maria, California
December 23, 2013

CITY OF OJAI

For the fiscal year ended June 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ojai, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013 (the "current fiscal year"). We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the basic financial statements including the notes.

Financial Highlights

- The City of Ojai's total assets exceeded its liabilities at June 30, 2013 by \$26,259,563 (total net position). Seventy-six percent (76%) of the City's total net position was invested in capital assets (\$20,000,764) and the restricted net position for specific purposes was \$614,775 or 2.3% of the total net position. The City's unrestricted total net position balance at June 30, 2013 was \$5,644,024, a decrease of \$714,282 in comparison with the prior year, while the restricted net position had a decrease of \$67,020 in comparison with the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported ending total fund balances of \$8,860,849, an increase of \$820,064 in comparison with the prior year, while the total liabilities ending balance was \$3,655,476, a decrease of \$222,526 in comparison with the prior year.
- At the end of the current fiscal year, the "Unrestricted" fund balance for the City's General Fund was \$1,812,605, or 25% of its total operating expenditures for the current fiscal year. The balance was increased by \$288,915 from the prior year. The prior year's "Unrestricted" fund balance was \$1,523,690 and its ratio to total operating expenditures was 21.5%.
- The City of Ojai's total debt repayment during the current fiscal year was \$448,309. Newly-incurred debt during the current fiscal year was \$824,316. The Notes to Basic Financial Statement number 7, on page 47, has the detailed information.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the current fiscal year. 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 flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

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

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

The City maintains fourteen (14) separate governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the

General Fund, Street Lighting Fund, Plaza Maintenance Fund, Equipment Replacement Fund, and Libbey Bowl Project Fund, which are considered to be the major funds. Data from the other nine (9) governmental funds are combined into a single aggregated amount and shown under the caption of Other Governmental Funds. The Redevelopment Agency Housing Fund, Debt Service Fund and Capital Project Fund were dissolved and the City created RDA Successor Agency during the FY2011-12 under AB26 & 27 and AB1484 to manage the dissolution of the prior Redevelopment Agency under the rules. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and can be found on pages 66 - 69. The basic governmental funds' financial statements can be found on pages 18 - 24.

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

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

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

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

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information can be found on pages 57-61 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the changes in net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ojai, assets exceeded liabilities by \$26,259,563 and \$26,889,394 for the years ended June 30, 2013 and 2012, respectively. The City of Ojai's financial position has declined by \$629,831 in the fiscal year 2012-13 from the previous year. The majority of this change was from long-term liability increases, which were due to the disclosure requirements of "PERS side fund" liability of \$928,380 and the "Other Post-Employment Benefits" (OPEB) liability as of June 30, 2013 of \$1,578,922. The current year's increase for these two long-term liabilities were \$597,662 and the prior period adjustment to the long-term

“PERS side fund” liability was \$981,820. The total long-term liability increases from these were \$1,579,482.

The following table of *Statement of Net Position* provides the City’s financial positions as of June 30, 2013 and 2012.

CITY OF OJAI						
STATEMENT OF NET POSITION						
JUNE 30, 2013 AND 2012						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
ASSETS						
Current and other assets	\$ 5,473,008	\$ 4,967,971	\$ 359,366	\$ 189,635	\$ 5,832,374	\$ 5,157,606
Due from successor agency	5,220,258	5,220,258	0	0	5,220,258	5,220,258
Capital assets	18,943,949	18,890,554	1,056,815	958,739	20,000,764	19,849,293
Total Assets	29,637,215	29,078,783	1,416,181	1,148,374	31,053,396	30,227,157
LIABILITIES						
Long-term liabilities	3,021,075	1,726,868	31,042	22,460	3,052,117	1,749,328
Other liabilities	1,699,894	1,561,762	41,822	26,673	1,741,716	1,588,435
Total Liabilities	4,720,969	3,288,630	72,864	49,133	4,793,833	3,337,763
NET POSITION						
Net investment in capital assets	18,943,949	18,890,554	1,056,815	958,739	20,000,764	19,849,293
Restricted	614,775	681,795	0	0	614,775	681,795
Unrestricted	5,357,522	6,217,804	286,502	140,502	5,644,024	6,358,306
Total net position	\$24,916,246	\$25,790,153	\$1,343,317	\$ 099,241	\$26,259,563	\$26,889,394

The largest portion (76%) of the City’s net position reflects its net investment in capital assets (\$20,000,764) at the end of the current year. This net investment in capital assets ratio (76%) is a 1% increase from the previous year. While the net investment in capital assets was increased by \$151,471 with the completion of the “Y” Bus Shelter project, the Sarzotti Restroom construction and the City’s various facility improvements; in addition, the City retired several old vehicles with original costs of \$663,093 and a net book value of \$964.

The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending and, with the exception of business-type assets, do not generate direct revenue for the City. Although the City of Ojai's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As shown on the table above, the restricted portion of the City’s \$614,775 of the total net position represents resources that are subject to external restrictions on how they may be used. The remaining \$5,644,024 of the net position is unrestricted and the

amount has declined by \$714,282 in comparison with the prior year. Generally, the unrestricted net position represents resources that can be used to meet the government's ongoing obligations to citizens and creditors. The \$5,644,024 is net of the total long-term liabilities of \$3,052,117, which do not require short-term cash outlays. Therefore, the short-term ongoing obligations to citizens and creditors will not be disrupted.

The following table of *Statement of Activities* provides the City's operations for fiscal years ended June 30, 2013 and 2012 with comparative totals for the same periods.

CITY OF OJAI						
STATEMENT OF ACTIVITIES						
JUNE 30, 2013 AND 2012						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Charges for services	\$1,978,812	\$1,968,236	\$106,765	\$178,692	\$2,085,577	\$2,146,928
Operating contributions & grants	516,085	549,565	846,404	1,050,277	1,362,489	1,599,842
Capital contributions & grants	734,755	136,875	248,230	0	982,985	136,875
Property taxes	1,598,402	2,254,422	0	0	1,598,402	2,254,422
Sales taxes	1,201,701	1,210,467	0	0	1,201,701	1,210,467
Transient occupancy taxes	2,433,922	2,179,752	0	0	2,433,922	2,179,752
Other	96,401	82,473	0	0	96,401	82,473
Motor vehicle in lieu tax	642,973	643,186	0	0	642,973	643,186
Investment earnings	11,650	19,849	560	668	12,210	20,517
Miscellaneous	24,067	208,324	14,636	0	38,703	208,324
Transfers	70,600	(22,318)	(70,600)	22,318	0	0
Total revenues	9,309,368	9,230,831	1,145,995	1,251,955	10,455,363	10,482,786
Expenditures:						
General Government	1,655,049	1,878,017	0	0	1,655,049	1,878,017
Public Safety	3,038,733	2,857,484	0	0	3,038,733	2,857,484
Public Works	2,433,338	2,053,025	0	0	2,433,338	2,053,025
Community Development	908,714	1,389,187	0	0	908,714	1,389,187
Parks and Recreation	835,689	826,630	0	0	835,689	826,630
Libraries	113,488	106,000	0	0	113,488	106,000
Unallocated depreciation	216,444	204,417	0	0	216,444	204,417
Interest on long-term debt	0	56,562	0	0	0	56,562
Transit activities	0	0	877,166	853,923	877,166	853,923
Cemetery activities	0	0	24,753	20,450	24,753	20,450
Total expenditures	9,201,455	9,371,322	901,919	874,373	10,103,374	10,245,695
Change in net position	107,913	(140,491)	244,076	377,582	351,989	237,091
Extraordinary gain on dissolution of the RDA	0	3,102,017	0	0	0	3,102,017
Change in net position	107,913	2,961,526	244,076	377,582	351,989	3,339,108

Net position at beginning of year	25,790,153	22,828,627	1,099,241	721,659	26,889,394	23,550,286
Prior period adjustment	(981,820)	0	0	0	(981,820)	0
Net position at beginning of year, restated	24,808,333	22,828,627	1,099,241	721,659	25,907,574	23,550,286
Net position at end of fiscal year	\$24,916,246	\$25,790,153	\$1,343,317	\$1,099,241	\$26,259,563	\$26,889,394

Governmental activities: Governmental activities increased the City's net position by \$107,913. Total revenue for governmental activities was \$78,537 more than the previous year's revenues. The City experienced a substantial decrease of \$656,020 in property tax revenue which was related to the implementation of the AB26x1 and AB1484. However, the City had combined revenue increases of \$862,626 from other revenue sources, such as the "Charges of Services", "Capital Contributions & Grant" and "Transient Occupancy taxes". In addition, the total governmental expenditures were \$169,867 (2%) less than the previous year.

Business-type Activities: The net position from business-type activities (from the Transit Fund and Cemetery Fund) increased by \$244,076. The major contributing factor to this increase was "Capital Contribution & Grants" receipts of \$248,230 during the current fiscal year for the completion of the "Y" Bus Shelter project.

The Transit Fund had a net change of \$244,612 in the current year while the Cemetery fund had a negative change of \$536 for the current fiscal year.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

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

As shown in the table below, as of the end of current fiscal year, the total Governmental Fund balance was \$8,860,849, an increase of \$820,064 (10%) in comparison with the prior year.

The total *Nonspendable* General fund balance at June 30, 2013 was \$6,549,125. This balance represents the General fund's *Prepays, Due from successor agency, and Advance to other funds* accounts balances. The total was approximately 77% of the total *General Fund* balance as of June 30, 2013. The *Nonspendable* fund balance has already been committed and is not available for new spending.

The *Restricted* fund balances are restricted for specific purposes and they are not available for the general purpose expenditures. The table below also shows, at the end of current year, a total Governmental Fund restricted balance of \$614,775. The General Fund portion of the restricted balance was \$5,665, which, represents the *Cash*

and investment with fiscal agency account amount. The total General Fund *Unrestricted but assigned* fund balance at the end of current fiscal year was \$90,930. This is a fund set-a-side by the City Council to cover FY2013-14 expenditures of \$48,000 for Housing and Environmental Consulting fees and \$42,930 to pay the CJPIA Liability Program Retrospective Adjustment Installment due on July 1, 2013. The City's General Fund *Unrestricted* fund balance of \$1,812,605 is designated as "Rainy Day Reserve" by the City Council for the General Fund. The *Unassigned Other Governmental Fund* balance at the end of current year was negative \$881,163, as shown below on the summary schedule of Governmental Funds Balance Sheet as of June 30, 2013 and 2012. The negative *Unassigned Other Governmental Fund* balance represents the negative balances of the *Street Lighting Fund* (\$261,092), *Plaza Maintenance Fund* (\$250,159) and the *Libbey Bowl Capital Project/ Maintenance Fund* (\$369,912). The following table provides a summary of the City's *Governmental Funds Balance Sheet* as of June 30, 2013 and 2012.

CITY OF OJAI BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2013 AND 2012						
	General Fund		Other Governmental		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
ASSETS						
Cash and investments	\$1,739,758	\$1,381,635	\$1,824,772	\$1,661,960	\$3,564,530	\$3,043,595
Cash and investments -with fiscal agent	\$5,665	\$5,914	0	0	5,665	5,914
Accounts & interest receivables	714,182	671,531	933,678	858,975	1,647,860	1,530,506
Pre-paid expenditures	13,867	12,697	0	0	13,867	12,697
Due from other funds	749,145	790,817	0	0	749,145	790,817
Due from successor agency	5,220,258	5,220,258	0	0	5,220,258	5,220,258
Advances to other funds	1,315,000	1,315,000	0	0	1,315,000	1,315,000
Total assets	\$ 9,757,875	\$ 9,397,852	\$2,758,450	\$ 2,520,935	\$12,516,325	\$11,918,787
LIABILITIES						
Accounts payable	\$ 480,319	\$ 464,614	\$ 159,764	\$ 468,480	\$ 640,083	\$ 933,094
Other liabilities	819,231	855,679	373,103	358,671	1,192,334	1,214,350
Advances from other funds			1,823,059	1,730,558	1,823,059	1,730,558
Total liabilities	1,299,550	1,320,293	2,355,926	2,557,709	3,655,476	3,878,002
Fund balances						
Nonspendable	6,549,125	6,547,955	0	0	6,549,125	6,547,955
Restricted	5,665	5,914	609,110	681,715	614,775	687,709
Unrestricted but assigned	90,930	0	674,577	0	765,507	488,422
Unassigned	1,812,605	1,523,690	(881,163)	(1,206,991)	931,442	316,699
Total fund balances	8,458,325	8,077,559	402,524	(36,774)	8,860,849	8,040,785
Total liabilities and fund balances	\$9,757,875	\$9,397,852	\$2,758,450	\$2,520,935	\$12,516,325	\$11,918,787

General Fund Budgetary Highlights: The City made revisions to the original appropriations, which were approved by the City Council. The revisions resulted in an increase to the originally projected *General Fund* balance of \$589,127.

The final revenue budget projections were increased from the original revenue budget by \$604,517 (8.7%) and expenditures were increased by \$19,970 (0.3%). The increase in expenditures was mainly for capital outlays. In the *Other Financing Sources (Uses)* section, *Transfers-out* increased by \$4,580 from the original budget. The change was due to the changes of transfers out to the *Capital Projects Fund*. See the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, for the Fiscal Year Ended June 30, 2013* below.

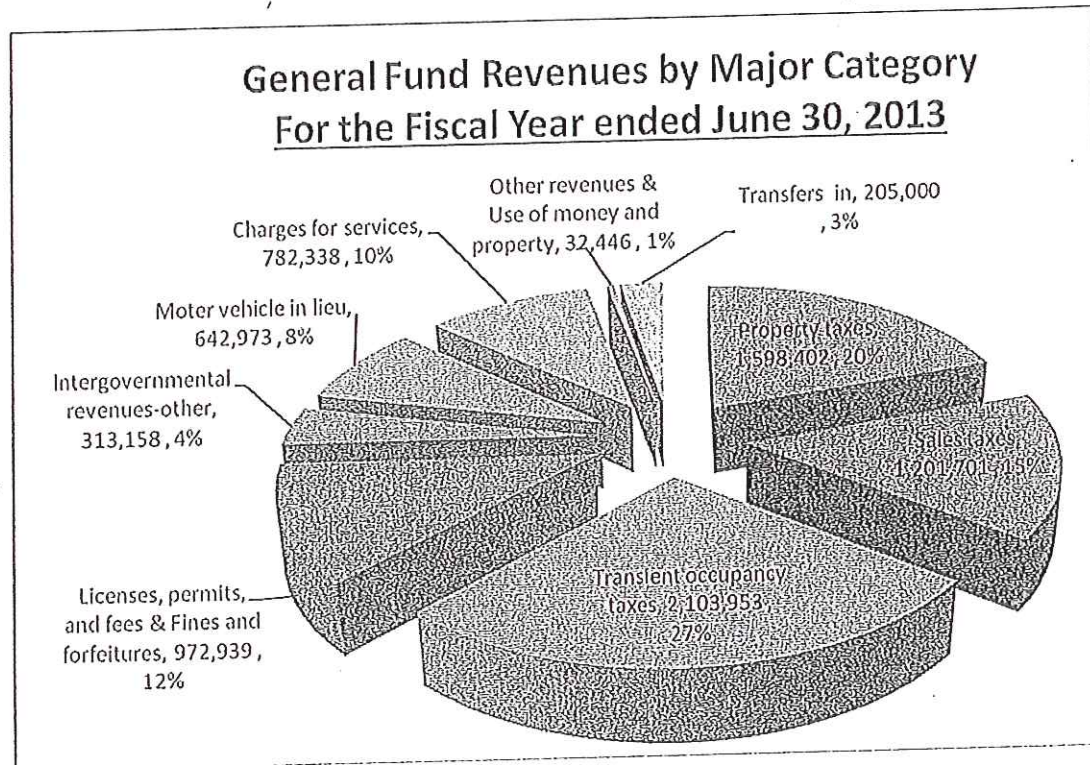
CITY OF OJAI					
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES					
GENERAL FUND					
For the Fiscal Year Ended June 30, 2013					
	Budget		Changes	Actual	Variance
	Original	Final	Increase (Decrease)	Amounts	with Final Budget- Positive (Negative)
Revenues:					
Property taxes	\$ 1,277,074	\$ 1,538,978	\$ 261,904	\$1,598,402	\$ 59,424
Sales taxes	1,207,850	1,336,670	128,820	1,201,701	(134,969)
Transient occupancy taxes	1,910,000	2,106,703	196,703	2,103,953	(2,750)
Licenses, permits, and fees	909,954	960,519	50,565	951,869	(8,650)
Fines and forfeitures	13,930	19,969	6,039	21,070	1,101
Use of money and property	12,560	8,709	(3,851)	8,383	(326)
Intergovernmental revenues:					
Other	292,045	284,736	(7,309)	313,158	28,422
Motor vehicle in lieu	658,610	642,972	(15,638)	642,973	1
Charges for services	782,488	769,772	(12,716)	782,338	12,566
Other revenues	27,725	27,725	0	24,063	(3,662)
Total revenues	7,092,236	7,696,753	604,517	7,647,910	(48,843)
Expenditures:					
General Government	1,746,143	1,653,659	(92,484)	1,573,939	79,720
Public Safety	2,815,238	2,834,854	19,616	2,859,197	(24,343)
Public Works	1,353,982	1,346,045	(7,937)	1,406,633	(60,588)
Community Development	493,192	597,401	104,209	554,433	42,968
Parks and recreation	752,144	709,823	(42,321)	720,299	(10,476)
Capital outlays	0	38,887	38,887	27,379	11,508
Debt service - Principal	114,447	114,447	0	114,447	0
Total expenditures	7,275,146	7,295,116	19,970	7,256,327	38,789
Excess of revenues over (under) expenditures	(182,910)	401,637	584,547	391,583	(10,054)
OTHER FINANCING SOURCES (USES):					
Transfer in	227,820	227,820	0	205,000	(22,820)
Transfer out	(201,452)	(196,872)	4,580	(215,817)	(18,945)

Total other financing sources (uses)	26,368	30,948	4,580	(10,817)	(41,765)
Net changes in fund balances	(156,542)	432,585	589,127	380,766	(51,819)
Fund Balances (deficit) - July 1	8,077,559	8,077,559	0	8,077,559	0
Fund Balances (deficit) - June 30	\$7,921,017	\$8,510,144	\$589,127	\$8,458,325	(\$51,819)

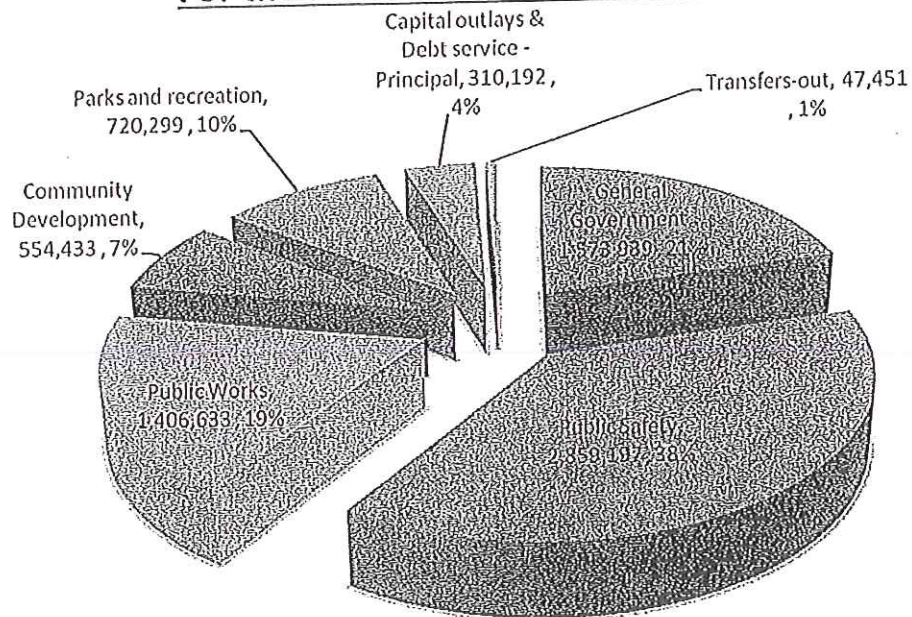
In the following two pie charts are the *General Fund* revenues and expenditures by major categories for the fiscal year ended June 30, 2013.

The *General Fund* top three revenues are *Property Taxes*, *Sales Taxes* and *Transient Occupancy Taxes*, which generated total revenue of \$4,904,056, which is 64% of the total *General Fund* revenues.

The Public Safety expenditures represent thirty-eight percent (39%) of the total general fund expenditures, while nineteen percent (19%) was for Public Works and twenty-one percent (21%) was for General Government services. Capital outlays & Debt service were four percent (4%) of the total general fund expenditures as shown on the expenditure pie chart. The Capital outlay & Debt service of \$310,192 includes the \$168,366 transfer-out to Capital Projects Fund (31).



General Fund Expenditures by Major Category For the Fiscal Year Ended June 30, 2013



Proprietary funds: The City's proprietary fund statements provide the same type of information found in the government-wide financial statements (see more detail on pages 25-27 of this report). The net position of the respective enterprise funds are the Transit Fund with \$1,064,319, an increase of \$244,612 from the previous year, and the Cemetery Fund with \$278,998, a decrease of \$536 from the previous year. The Transit fund has increased its net position, which was mainly from the capital contribution of \$248,230 for the "Y" Bus Shelter project completion during the current fiscal year. The Cemetery fund's decrease of net position was from the result of the current fiscal year's operations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets: The City's investment in capital assets is for its governmental and business-type activities. The investment in capital assets includes land, buildings, equipment, improvements, infrastructure, and construction in progress. The following table provides a summary of the City's capital assets net of accumulated depreciation as of June 30, 2013 and 2012. Additional information on the City's capital assets can be found in the Notes to Basic Financial Statements number 7 on pages 44-46 of this report.

CAPITAL ASSETS						
NET OF ACCUMULATED DEPRECIATION						
JUNE 30, 2013 AND 2012						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Rights of way	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ 750,000	\$ 750,000
Land	1,400,798	1,400,798	110,500	110,500	1,511,298	1,511,298
Artwork	58,737	0	0	0	508,737	0
Construction in progress	51,565	452,757		26,261	51,565	479,018
Buildings	10,733,360	10,794,316			10,733,360	10,794,316
Land improvements	1,814,304	1,932,219	394,817	134,228	2,209,121	2,066,447
Equipment and machinery	456,836	446,720	81,945	101,130	538,781	547,850
Infrastructure	3,653,831	3,087,453			3,653,831	3,087,453
Vehicles	24,518	26,291	469,552	586,620	494,070	612,911
Total	\$18,943,949	\$18,890,554	\$1,056,814	\$958,739	\$20,000,763	\$19,849,293

Long-term debt: As of June 30, 2013, the City had a long-term liability of \$299,417 to the California Public Employees Retirement System (CALPERS) for unfunded pension obligations for its past public safety (police) employees. The City implemented GASB 45, which requires that the City record an *Annual Required Contribution*, actuarially determined, in accordance with parameters of the GASB Statement No. 45. The amount for the current year was \$1,578,922. Additional detailed information on the City's long-term debt can be found in the Notes to Basic Financial Statements number 7, page 47- 49 of this report.

LONG TERM LIABILITIES						
JUNE 30, 2013 AND 2012						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Net pension obligations	\$ 299,417	\$ 413,864	\$ -	\$ -	\$ 299,417	\$ 413,864
PERS side fund	928,380				928,380	
OPEB	1,578,922	1,204,406			1,578,922	1,204,406
Compensated absences	454,936	296,999	41,389	29,948	496,325	326,947
Total	\$3,261,655	\$1,915,269	\$41,389	\$29,948	\$3,303,044	\$1,945,217

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET OUTLOOK

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

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

The City's Transient Occupancy Tax revenue improved 8% (\$189,223) during the fiscal year 2012-2013, but not to the level before the economic decline. During this period of slow recovery, the City staff has monitored revenue and expenditures very closely. The fiscal year 2013-14 may end with some savings, which would increase the balance of the General Fund "Rainy Day Reserve" and the Capital Improvement Fund for the infrastructure projects.

REQUESTS FOR INFORMATION

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

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

CITY OF OJAI
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 3,564,530	\$ 161,869	\$ 3,726,399
Cash and investments with fiscal agents	5,665		5,665
Accounts receivable, net	1,647,214	428,261	2,075,475
Interest receivable	646	27	673
Internal balances	241,086	(241,086)	
Prepaid expenses	13,867		13,867
Inventory		10,295	10,295
Due from successor agency	5,220,258		5,220,258
Capital assets not being depreciated	2,261,100	110,500	2,371,600
Capital assets, net of accumulated depreciation	16,682,849	946,315	17,629,164
Total assets	29,637,215	1,416,181	31,053,396
LIABILITIES			
Accounts payable	640,083	16,778	656,861
Accrued liabilities	56,764	7,335	64,099
Deposits payable	1,120		1,120
Unearned revenue	761,347	7,362	768,709
Noncurrent liabilities:			
Due within one year	240,580	10,347	250,927
Due in more than one year	3,021,075	31,042	3,052,117
Total liabilities	4,720,969	72,864	4,793,833
NET POSITION			
Net investment in capital assets	18,943,949	1,056,815	20,000,764
Restricted for:			
Libraries	42,377		42,377
Streets, bikeways, parks and other related purposes	526,881		526,881
Transit	39,606		39,606
Community development	246		246
Employee benefits	5,665		5,665
Unrestricted	5,357,522	286,502	5,644,024
Total net position	\$ 24,916,246	\$ 1,343,317	\$ 26,259,563

See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General government	\$ (1,655,049)	\$ 689,683	\$ 4,638	\$ 5,900
Public safety	(3,038,733)	46,907	129,560	
Public works	(2,433,338)	327,404	260,410	378,317
Community development	(908,714)	407,407	121,477	178,954
Parks and recreation	(835,689)	402,725		171,584
Libraries	(113,488)	104,686		
Unallocated depreciation	(216,444)			
Total governmental activities	(9,201,455)	1,978,812	516,085	734,755
Business-type Activities:				
Transit	(877,166)	83,108	846,404	248,230
Cemetery	(24,753)	23,657		
Total business-type activities	(901,919)	106,765	846,404	248,230
Total government	<u>\$ (10,103,374)</u>	<u>\$ 2,085,577</u>	<u>\$ 1,362,489</u>	<u>\$ 982,985</u>
General Revenues and Transfers:				
Taxes:				
Property taxes				
Sales taxes				
Transient occupancy tax				
Other				
Motor vehicle in lieu tax, unrestricted				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of fiscal year				
Prior period adjustment				
Net assets at beginning of fiscal year, restated				
Net position at end of fiscal year				

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (954,828)	\$ -	\$ (954,828)
(2,862,266)		(2,862,266)
(1,467,207)		(1,467,207)
(200,876)		(200,876)
(261,380)		(261,380)
(8,802)		(8,802)
(216,444)		(216,444)
(5,971,803)		(5,971,803)
	300,576	300,576
	(1,096)	(1,096)
	299,480	299,480
(5,971,803)	299,480	(5,672,323)
1,598,402		1,598,402
1,201,701		1,201,701
2,433,922		2,433,922
96,401		96,401
642,973		642,973
11,650	560	12,210
24,067	14,636	38,703
70,600	(70,600)	
6,079,716	(55,404)	6,024,312
107,913	244,076	351,989
25,790,153	1,099,241	26,889,394
(981,820)		(981,820)
24,808,333	1,099,241	25,907,574
\$ 24,916,246	\$ 1,343,317	\$ 26,259,563

CITY OF OJAI
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Street Lighting Fund	Plaza Maintenance Fund	Equipment Replacement Fund
ASSETS				
Cash and investments	\$ 1,739,758	\$ -	\$ -	\$ 246,816
Cash and investments with fiscal agents	5,665			
Accounts receivable, net	713,668	1,846	4,074	536,677
Interest receivable	514			
Prepaid items	13,867			
Due from other funds	749,145			
Due from successor agency	5,220,258			
Advances to other funds	1,315,000			
Total assets	<u>\$ 9,757,875</u>	<u>\$ 1,846</u>	<u>\$ 4,074</u>	<u>\$ 783,493</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 480,319	\$ 15,154	\$ 9,194	\$ 108,916
Accrued liabilities	56,764			
Deposits payable	1,120			
Due to other funds		247,784	245,039	
Unearned revenue	761,347			
Advances from other funds				
Total liabilities	<u>1,299,550</u>	<u>262,938</u>	<u>254,233</u>	<u>108,916</u>
Fund balances:				
Nonspendable:				
Prepaid items	13,867			
Advances to other funds	1,315,000			
Due from successor agency	5,220,258			
Restricted	5,665			
Assigned	90,930			674,577
Unassigned	1,812,605	(261,092)	(250,159)	
Total fund balances (deficits)	<u>8,458,325</u>	<u>(261,092)</u>	<u>(250,159)</u>	<u>674,577</u>
Total liabilities and fund balances	<u>\$ 9,757,875</u>	<u>\$ 1,846</u>	<u>\$ 4,074</u>	<u>\$ 783,493</u>

See Notes to Basic Financial Statements

Libbey Bowl Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ 947,782	\$ 630,174	\$ 3,564,530
		5,665
370,409	20,540	1,647,214
	132	646
		13,867
		749,145
		5,220,258
		1,315,000
<u>\$ 1,318,191</u>	<u>\$ 650,846</u>	<u>\$ 12,516,325</u>
\$ -	\$ 26,500	\$ 640,083
		56,764
		1,120
	15,236	508,059
373,103		1,134,450
1,315,000		1,315,000
<u>1,688,103</u>	<u>41,736</u>	<u>3,655,476</u>
		13,867
		1,315,000
		5,220,258
	609,110	614,775
		765,507
(369,912)		931,442
<u>(369,912)</u>	<u>609,110</u>	<u>8,860,849</u>
<u>\$ 1,318,191</u>	<u>\$ 650,846</u>	<u>\$ 12,516,325</u>

CITY OF OJAI
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2013

Fund balances of governmental funds		\$	8,860,849
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets at historical cost	\$	36,679,973	
Accumulated depreciation		<u>(17,736,024)</u>	18,943,949

Certain accounts, notes, loans, and interest receivable are not available to pay for current period expenditures and, therefore, are offset by unearned revenue in the governmental funds.			373,103
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Long-term debt has not been included in the governmental funds.

Pension obligation	\$	299,417	
Compensated absences		454,936	
PERS side fund		928,380	
OPEB		<u>1,578,922</u>	<u>(3,261,655)</u>

Net position of governmental activities		\$	<u>24,916,246</u>
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See Notes to Basic Financial Statements

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CITY OF OJAI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013

	General Fund	Street Lighting Fund	Plaza Maintenance Fund
REVENUES			
Property taxes	\$ 1,598,402	\$ -	\$ -
Sales taxes	1,201,701		
Transient occupancy tax	2,103,953		
Other taxes and assessments		89,283	121,477
Licenses, permits, and fees	951,869		
Fines and forfeitures	21,070		
Use of money and property	8,383		335
Intergovernmental:			
Other	313,158		
Motor vehicle in lieu	642,973		
Charges for services	782,338		
Other revenue	24,063		
Total revenues	<u>7,647,910</u>	<u>89,283</u>	<u>121,812</u>
EXPENDITURES			
Current:			
General government	1,573,939		
Public safety	2,859,197		
Public works	1,406,633	118,479	
Community development	554,433		218,411
Parks and recreation	720,299		
Libraries			
Capital outlay	27,379		
Debt service:			
Principal	114,447		
Total expenditures	<u>7,256,327</u>	<u>118,479</u>	<u>218,411</u>
Excess of revenues over (under) expenditures	<u>391,583</u>	<u>(29,196)</u>	<u>(96,599)</u>
Transfers in	205,000	7,809	39,643
Transfers out	<u>(215,817)</u>		
Total other financing sources (uses)	<u>(10,817)</u>	<u>7,809</u>	<u>39,643</u>
Net changes in fund balances	380,766	(21,387)	(56,956)
Fund balances (deficit) - July 1, 2012	<u>8,077,559</u>	<u>(239,705)</u>	<u>(193,203)</u>
Fund balances (deficit) - June 30, 2013	<u>\$ 8,458,325</u>	<u>\$ (261,092)</u>	<u>\$ (250,159)</u>

See Notes to Basic Financial Statements

Equipment Replacement Fund	Libbey Bowl Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,598,402
			1,201,701
329,969			2,433,922
		104,287	315,047
			951,869
			21,070
825		2,442	11,985
622,860		209,342	1,145,360
			642,973
	3,191	9,657	795,186
82,190	400,980	15,000	522,233
1,035,844	404,171	340,728	9,639,748
			1,573,939
			2,859,197
			1,525,112
			772,844
			720,299
		105,998	105,998
1,173,201		17,868	1,218,448
			114,447
1,173,201		123,866	8,890,284
(137,357)	404,171	216,862	749,464
323,512		70,600	646,564
		(360,147)	(575,964)
323,512		(289,547)	70,600
186,155	404,171	(72,685)	820,064
488,422	(774,083)	681,795	8,040,785
\$ 674,577	\$ (369,912)	\$ 609,110	\$ 8,860,849

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, 2013

Net change in fund balances - total governmental funds	\$	820,064
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Amounts reported for governmental activities in the statement of activities differ because:

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

Capital outlay expenditures are added back to fund balances	\$	932,754	
Depreciation expense not reported in governmental funds		(879,359)	53,395

Revenue not recognized in the governmental funds is deferred as it was not available to pay current period expenditures		(400,980)
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The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds.		114,447
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OPEB expenditures reported in the statement of net position do not require the use of current financial resources and therefore, is not reported as expenditures in a governmental fund. This is the net change in OPEB for the current period.		(374,516)
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Governmental funds report repayments of the PERS side fund debt as retirement expenditures. However, in the statement of activities, the repayments are reported as a decrease in the long-term liabilities. This is the amount by which contributions of \$122,563 exceeded the interest incurred of \$69,123 in the period.		53,440
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Compensated absences are not a current period expense. This is the net change in compensated absences for the current period.		(157,937)
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Change in net position of governmental activities	\$	<u>107,913</u>
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CITY OF OJAI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ -	\$ 161,869	\$ 161,869
Accounts receivable, net	428,261		428,261
Interest receivable		27	27
Inventory		10,295	10,295
Total current assets	428,261	172,191	600,452
Noncurrent Assets:			
Capital assets not being depreciated	1,600	108,900	110,500
Capital assets, net of accumulated depreciation	942,620	3,695	946,315
Total noncurrent assets	944,220	112,595	1,056,815
Total assets	1,372,481	284,786	1,657,267
LIABILITIES			
Current Liabilities:			
Accounts payable	16,155	623	16,778
Accrued liabilities	7,409	(74)	7,335
Unearned revenue	6,187	1,175	7,362
Due to other funds	241,086		241,086
Current portion of long-term obligations	9,331	1,016	10,347
Total current liabilities	280,168	2,740	282,908
Noncurrent Liabilities:			
Compensated absences	27,994	3,048	31,042
Total noncurrent liabilities	27,994	3,048	31,042
Total liabilities	308,162	5,788	313,950
NET POSITION			
Net investment in capital assets	944,220	112,595	1,056,815
Unrestricted	120,099	166,403	286,502
Total net position	\$ 1,064,319	\$ 278,998	\$ 1,343,317

See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
Operating Revenues:			
Charges for services (net of refunds)	\$ 83,108	\$ 23,657	\$ 106,765
Total operating revenues	83,108	23,657	106,765
Operating Expenses:			
Salaries and benefits	409,370	15,048	424,418
Material, supplies, and operational expenses	317,857	9,458	327,315
Depreciation	149,939	247	150,186
Total operating expenses	877,166	24,753	901,919
Operating income (loss)	(794,058)	(1,096)	(795,154)
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	846,404		846,404
Interest income		560	560
Gain (loss) on disposal of assets	14,636		14,636
Total non-operating revenues (expenses)	861,040	560	861,600
Income (loss) before transfers and capital contributions	66,982	(536)	66,446
Transfers in (out)	(70,600)		(70,600)
Capital contributions	248,230		248,230
Changes in net assets	244,612	(536)	244,076
Total net position - July 1, 2012	819,707	279,534	1,099,241
Total net position - June 30, 2013	\$ 1,064,319	\$ 278,998	\$ 1,343,317

CITY OF OJAI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds		
	Transit	Cemetery	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 83,108	\$ 24,832	\$ 107,940
Cash paid to suppliers for goods and services	(448,430)	(14,739)	(463,169)
Cash paid to employees for services	(398,159)	(13,678)	(411,837)
Net cash provided by (used by) operating activities	(763,481)	(3,585)	(767,066)
Cash Flows from Noncapital Financing Activities:			
Operating grants received	819,476		819,476
Transfers to other funds	(70,600)		(70,600)
Net cash provided by noncapital financing activities	748,876		748,876
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(995)		(995)
Proceeds from sale of capital assets	15,600		15,600
Net cash provided by capital and related financing activities	14,605		14,605
Cash Flows from Investing Activities:			
Interest received		564	564
Net cash provided by investing activities		564	564
Net increase (decrease) in cash and cash equivalents		(3,021)	(3,021)
Cash and Cash Equivalents at Beginning of Fiscal Year		164,890	164,890
Cash and Cash Equivalents at End of Fiscal Year	\$ -	\$ 161,869	\$ 161,869
Reconciliation to Statement of Net Position:			
Cash and investments	\$ -	\$ 161,869	\$ 161,869
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (794,058)	\$ (1,096)	\$ (795,154)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	149,939	247	150,186
(Increase) decrease in inventory		(5,469)	(5,469)
Increase (decrease) in accounts payable	3,600	188	3,788
Increase (decrease) in accrued liabilities	1,436	(297)	1,139
Increase (decrease) in deferred charges		1,175	1,175
Increase (decrease) in compensated absences	9,775	1,667	11,442
Increase (decrease) in due to other funds	(134,173)		(134,173)
Total adjustments	30,577	(2,489)	28,088
Net cash provided by (used by) operating activities	\$ (763,481)	\$ (3,585)	\$ (767,066)

See Notes to Basic Financial Statements

CITY OF OJAI
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Private Purpose Trust Funds	Agency Funds
	Successor Agency	Special Deposits
ASSETS		
Cash and investments	\$ 158,217	\$ 23,892
Interest receivable	33	
Notes receivable	1,418,059	
Land	305,888	
Total assets	<u>1,882,197</u>	<u>\$ 23,892</u>
LIABILITIES		
Accounts payable	3,499	\$ 23,892
Accrued liabilities	893	
Accrued interest payable	8,199	
Loans payable	5,220,258	
Unearned revenue	151,000	
Due to County of Ventura	837,000	
Total liabilities	<u>6,220,849</u>	<u>\$ 23,892</u>
NET POSITION		
Held in trust	<u>\$ (4,338,652)</u>	

CITY OF OJAI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2013

	Successor Agency
ADDITIONS:	
Property taxes	\$ 279,750
Use of money and property	12,404
Total additions	<u>292,154</u>
DEDUCTIONS	
Community development	291,731
Amortization	8,313
Debt service:	
Interest and fiscal charges	<u>15,772</u>
Total deductions	<u>315,816</u>
Change in net position	(23,662)
Total net position-beginning of fiscal year	<u>(4,314,990)</u>
Total net position-end of fiscal year	<u>\$ (4,338,652)</u>

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The City of Ojai is a municipal corporation governed by an elected five-member City council who, in turn, elects one of its members to serve as the Mayor. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The City has no blended component units as determined by GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61.

B. Basis of Presentation

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

Government-wide Statements

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

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

Fund Financial Statements

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds

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

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

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

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

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

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

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

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

The City reports the following proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

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

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

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

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 is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

E. Assets, Liabilities, Net Position or Fund Balances

Cash and Investments

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

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Receivables and Payables

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

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

Property Taxes

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

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

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

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

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

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2013.

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

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

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

Compensated Absences and Post-Employment Benefits

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Compensated absences policy of the City is as follows:

- a) Vacation is accrued by full time employees based on years of service. Employees with up to 1 year of service accrue 79.2 hours per year and those with over 18 years of service accrue up to 144 hours. Permanent part-time employees receive a pro-rata accrual based on hours worked exceeding 20 hours per week. Maximum accrual is 30 working days.
- b) Sick leave is accrued by employees at a rate of 7.2 hours per month. Permanent part time employees accrue a pro-rata share of these hours based on hours worked exceeding 20 hours per week. Maximum hours allowed as an accrual are 960. Employees can sell back up to 40 hours of sick leave every year, provided they maintain a balance of at least 300 hours. Upon death, retirement, and/or honorable separation from employment, the City will pay 50% of an employee's accumulated sick leave if the employee has at least 5 years of service.

The City provides post-employment medical benefits to retired employees who were hired before November 1, 2010 and have at least 5 years of PERS service credit with the City and retire from the City. Employees hired after November 1, 2010 must have ten years of continuous service for the City of Ojai and retire from the City to receive the post-employment medical benefits. Currently, this benefit is funded on a pay-as-you-go basis. For fiscal year 2012-13, the City paid \$154,023 for post-employment medical benefits for 17 retirees.

Long-Term Obligations

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

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

Net 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position and Fund Balances (Continued)

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

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

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

F. Estimates

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

G. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of the GASB Statement No. 60, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "The Financial Reporting Entity: Omnibus." This statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of the GASB Statement No. 61, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in *Pre-November 30, 1989* FASB and AICPA Pronouncements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the GASB Statement No. 62, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the City's financial statements are explained in Note 1 – E and Note 12-A.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

3. Formal budgetary integration is employed as a management control device during the fiscal year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations which are encumbered lapse at fiscal year-end, and then are added to the following fiscal year's budgeted appropriations.

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

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

4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (USGAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.
5. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for this type of funds.
6. Capital projects are budgeted through the Capital Projects Funds. Appropriations for capital projects authorized, but not constructed or completed during the fiscal year, are carried forward as continuing appropriations into the following fiscal year's budget.
7. Under Article XIII-B of the California constitution (the GANN Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following fiscal year. For the fiscal year ended June 30, 2013, based on calculations by City staff, proceeds of taxes did not exceed appropriations. Further, Section 5 of Article XIII-B allows the City to designate a portion of fund balance for general contingencies, to be used for any purpose.

B. Excess of Expenditures over Appropriation

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

Major Funds

General Fund:

City treasurer	\$	155
City clerk		262
Police		24,343
Public works-maintenance		67,684
Recreation		10,476

Street Lighting Special Revenue Fund:

Public works		6,286
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Plaza Maintenance Special Revenue Fund:

Community development		24,577
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Nonmajor Special Revenue Funds

Grant Funding Fund:

Capital outlay		3,483
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Community Development Block Grant Fund:

Capital outlay		100
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C. Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2013:

Major Governmental Funds:

Street Lighting	\$	261,092
Plaza Maintenance		250,160
Libbey Bowl Capital Project		369,912

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 3 – CASH AND INVESTMENTS

At June 30, 2013, deposits and investments were reported in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 3,726,399
Cash and investments with fiscal agents	5,665
Fiduciary funds, statement of net position:	
Cash and investments	182,109
Total cash and investments	<u>\$ 3,914,173</u>

Cash and investments as of June 30, 2013, consist of the following:

Petty cash	\$ 500
Cash in bank	514,621
Investments	3,399,052
Total cash and investments	<u>\$ 3,914,173</u>

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptance	180 days	40%	30%
Commercial Paper	180 days	15%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Time Deposits	5 years	25%	None
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	90 days	20%	None
Medium-Term Notes	5 years	30%	15%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	None	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool	\$ 1,011,190	\$ 1,011,190	\$ -	\$ -	\$ -
Money market funds	2,382,197	2,382,197			
Held by Trustee:					
Money market funds	5,665	5,665			
Total	\$ 3,399,052	\$ 3,399,052	\$ -	\$ -	\$ -

Investment with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 3 -- CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
State Investment Pool	\$ 1,011,190	N/A	\$ -	\$ -	\$ -	\$ 1,011,190
Money market funds	2,382,197	N/A				2,382,197
Held by Trustee:						
Money market funds	5,665	N/A				5,665
Total	<u>\$ 3,399,052</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,399,052</u>

Concentration of Credit Risk

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

Custodial Credit Risk

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

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

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

Investment in State Investment Pool

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

CITY OF OJAI**NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2013

NOTE 3 – CASH AND INVESTMENTS (Continued)Investment in State Investment Pool (continued)

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

Allocation of Interest Income Among Funds

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

NOTE 4 – ACCOUNTS RECEIVABLE

The following is a list of accounts receivable at June 30, 2013:

	Receivable	Allowance	Net
Governmental Activities -	\$ 1,647,213	\$ -	\$ 1,647,213
Accounts receivable, net	<u>\$ 1,647,213</u>	<u>\$ -</u>	<u>\$ 1,647,213</u>
Business - type Activities -	\$ 428,261	\$ -	\$ 428,261
Accounts receivable, net	<u>\$ 428,261</u>	<u>\$ -</u>	<u>\$ 428,261</u>

NOTE 5 – INTERFUND ACTIVITY

The following represents the interfund activity of the City for the fiscal year ended June 30, 2013.

A. Transfers

	Transfers In	Transfers out
Major Governmental Funds:		
General	\$ 205,000	\$ 215,817
Street Lighting	7,809	
Plaza Maintenance	39,643	
Nonmajor Governmental Funds:		
Transit Equipment Replacement	70,600	60,230
Gas Tax		205,000
Drainage		21,469
Grant Funding		53,003
Equipment Replacement	323,512	
Park Acquisition		20,445
Major Proprietary Fund:		
Transit		70,600
	<u>\$ 646,564</u>	<u>\$ 646,564</u>

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 – INTERFUND ACTIVITY (CONTINUED)

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

A. Advances To/From Other Funds

At June 30, 2013, the funds below had made advances which were not expected to be repaid within the next fiscal year.

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

B. Due to/From Other Funds

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

The following is a summary of interfund balances as of June 30, 2013:

	<u>Due from/ Receivable</u>	<u>Due to/ Payable</u>
Major Governmental Fund:		
General	\$ 749,145	\$ -
Street Lighting		247,784
Plaza Maintenance		245,039
Nonmajor Governmental Funds:		
Gas Tax		15,236
Major Proprietary Fund:		
Transit		241,086
	<u>\$ 749,145</u>	<u>\$ 749,145</u>

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

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 6 – CAPITAL ASSETS

A. Governmental Activities

Governmental capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at July 1, 2012	Additions	Deletions	Reclassification	Balance at June 30, 2013
Capital assets, not being depreciated:					
Right of way	\$ 750,000	\$ -	\$ -	\$ -	\$ 750,000
Land	1,400,798				1,400,798
Artwork		2,534		56,203	58,737
Construction in progress	452,757	28,986	(430,178)		51,565
Total	2,603,555	31,520	(430,178)	56,203	2,261,100
Capital assets being depreciated:					
Buildings	14,814,045	224,900		38,000	15,076,945
Improvements other than buildings	3,269,414	31,658			3,301,072
Equipment and machinery	905,688	181,978		(94,203)	993,463
Infrastructure	13,657,876	888,376			14,546,252
Vehicles	496,641	4,500			501,141
Total	33,143,664	1,331,412		(56,203)	34,418,873
Less accumulated depreciation for:					
Buildings	(4,019,729)	(323,856)			(4,343,585)
Improvements other than buildings	(1,337,195)	(149,573)			(1,486,768)
Equipment and machinery	(458,968)	(77,659)			(536,627)
Infrastructure	(10,570,423)	(321,998)			(10,892,421)
Vehicles	(470,350)	(6,273)			(476,623)
Total	(16,856,665)	(879,359)			(17,736,024)
Total, net of accumulated depreciation	16,286,999	452,053		(56,203)	16,682,849
Total capital assets, net	\$ 18,890,554	\$ 483,573	\$ (430,178)	\$ -	\$ 18,943,949

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

Public safety	\$ 43,749
Public works	475,478
Community development	82,010
Parks and recreation	61,678
Unallocated	216,444
Total	\$ 879,359

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 6 – CAPITAL ASSETS (Continued)

B. Business-Type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Cemetery Fund:				
Capital assets, not being depreciated:				
Land	\$ 108,900	\$ -	\$ -	\$ 108,900
Total	108,900			108,900
Capital assets, being depreciated:				
Land improvements	12,124			12,124
Total	12,124			12,124
Less accumulated depreciation for:				
Land improvements	(8,183)	(247)		(8,430)
Total	(8,183)	(247)		(8,430)
Total net of accumulated depreciation	3,941	(247)		3,694
Cemetery Fund capital assets, net	\$ 112,841	\$ (247)	\$ -	\$ 112,594
	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,600	\$ -	\$ -	\$ 1,600
Construction in progress	26,261		(26,261)	
Total	27,861		(26,261)	1,600
Capital assets, being depreciated:				
Land improvements	176,662	274,491		451,153
Equipment and machinery	112,084	995		113,079
Vehicles	1,575,673		(663,093)	912,580
Total	1,864,419	275,486	(663,093)	1,476,812
Less accumulated depreciation for:				
Land improvements	(46,375)	(13,655)		(60,030)
Equipment and machinery	(10,954)	(20,180)		(31,134)
Vehicles	(989,053)	(116,104)	662,129	(443,028)
Total	(1,046,382)	(149,939)	662,129	(534,192)
Total net of accumulated depreciation	818,037	125,547	(964)	942,620
Transit Fund capital assets, net	\$ 845,898	\$ 125,547	\$ (27,225)	\$ 944,220

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 6 – CAPITAL ASSETS (Continued)

B. Business-Type Activities (Continued)

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Total Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 110,500	\$ -	\$ -	\$ 110,500
Construction in progress	26,261		(26,261)	
Total	136,761		(26,261)	110,500
Capital assets, being depreciated:				
Land improvements	188,786	274,491		463,277
Equipment and machinery	112,084	995		113,079
Vehicles	1,575,673		(663,093)	912,580
Total	1,876,543	275,486	(663,093)	1,488,936
Less accumulated depreciation for:				
Land improvements	(54,558)	(13,902)		(68,460)
Equipment and machinery	(10,954)	(20,180)		(31,134)
Vehicles	(989,053)	(116,104)	662,129	(443,028)
Total	(1,054,565)	(150,186)	662,129	(542,622)
Total net of accumulated depreciation	821,978	125,300	(964)	946,314
Total Business-type capital assets, net	\$ 958,739	\$ 125,300	\$ (27,225)	\$ 1,056,814

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

Business-type Activities:

Cemetery	\$ 247
Transit	149,939
Total	<u>\$ 150,186</u>

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES

A. Summary

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2013:

	Balance at July 1, 2012	Additions	Reductions	Prior Period Adjustment	Balance at June 30, 2013	Due Within One Year
Governmental activities:						
Net pension obligation	\$ 413,864	\$ -	\$ (114,447)	\$ -	\$ 299,417	\$ 114,447
Compensated absences	296,999	210,321	(52,384)		454,936	
PERS side fund		69,123	(122,563)	981,820	928,380	126,133
OPEB	1,204,406	528,539	(154,023)		1,578,922	
Total governmental	<u>\$ 1,915,269</u>	<u>\$ 807,983</u>	<u>\$ (443,417)</u>	<u>\$ 981,820</u>	<u>\$ 3,261,655</u>	<u>\$ 240,580</u>
Business-type activities:						
Compensated absences						
Transit	\$ 27,550	\$ 13,492	\$ (3,717)	\$ -	\$ 37,325	\$ 9,331
Cemetery	2,398	2,841	(1,175)		4,064	1,016
Total business-type	<u>\$ 29,948</u>	<u>\$ 16,333</u>	<u>\$ (4,892)</u>	<u>\$ -</u>	<u>\$ 41,389</u>	<u>\$ 10,347</u>

B. Governmental Activities

Police Net Pension Obligation

The City is obligated to pay to the California Public Employees Retirement System (CALPERS) \$107,790 annually for prior unfunded pension obligation for its Public Safety (police) employees. Adjustments are made annually for actual calculations. The payments are scheduled to be made until the fiscal year ended June 30, 2016. The total outstanding balance at June 30, 2013 was \$299,417.

Public Employees Retirement System Side Fund

At the time the City joined the Public Employees Retirement System (PERS) Risk Pool, a side fund was required to be created to account for the difference between the funded status of the pool and the funded status of the City's plan, in addition to the existing plans unfunded liability. The side fund will be credited, in an annual basis, with the actuarial investment return assumption which was 7.75% prior to July 1, 2012 and 7.5% after that date. A side fund liability will cause the City's required PERS employer contribution rate to be increase by the amortization of the side fund. The side fund liability for the City's plan as of June 30, 2013 was \$928,380.

C. Governmental Activities Long-Term Debt Amortization

Fiscal Year Ending June 30,	Police Net Pension Obligation		
	Principal	Interest	Total
2014	\$ 114,447	\$ -	\$ 114,447
2015	114,447		114,447
2016	70,523		70,523
	<u>\$ 299,417</u>	<u>\$ -</u>	<u>\$ 299,417</u>

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Continued)

D. Other Post-employment Benefits (OPEB)

Plan Description:

The City provides post-employment health care benefits through the Public Employees' Medical and Hospital Care Act (PEMHCA) plan. 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 \$115 per month in 2013.

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

- All employees hired and council members prior to November 1, 2010, with 5 or more years of service with the City and who meet the PEMHCA eligibility requirements for medical coverage describe above are eligible for the increase benefit (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 who meet PEMHCA eligibility requirements for medical coverage describe above are eligible for the increase benefit (inclusive of the MEC).
- Employees hired on or after October 1, 2012 and council members elected on or after November 1, 2012 are not eligible for an additional benefit beyond the MEC.

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

- 100% of retiree's (Single coverage) premium, but no more than the current Blue Shield HOM pre-Medicare premium rate (Los Angeles Area)
- Plus, if applicable, 80% of additional premiums for the retiree's spouse (including a surviving spouse receiving CalPERS retirement benefits) and /or other dependents, but not more than 80% of the difference between:
 - The Los Angeles Area Blue Shield HMO pre-Medicare Two-Party or Family premium rate (as applicable) and
 - The Los Angeles Area Blue Shield HMO pre-Medicare Single premium rate.

Currently, this benefit is funded on a pay-as-you-go basis. For the fiscal year ended June 30, 2013, the City paid \$154,023 in health care costs for its retirees and their covered dependents.

Annual OPEB Cost and Net OPEB Obligation:

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

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Continued)

D. Other Post-employment Benefits (OPEB)

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

Annual required contribution	\$	528,611
Interest on net OPEB obligation		54,198
Adjustment to annual required contribution		(54,270)
Annual OPEB cost (expense)		528,539
Actual contributions made		(154,023)
Increase in net OPEB obligation		374,516
Net OPEB obligation, beginning of the fiscal year		1,204,406
Net OPEB obligation, end of the fiscal year	\$	1,578,922

Funded Status and Funding Progress:

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a% of Covered Payroll
7/1/2012	\$ -	\$ 5,034,612	\$ 5,034,612	0%	\$ 1,942,741	259.1%

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

NOTE 8 – OPERATING LEASE

The City has entered into an operating lease agreement for property used for the Park and Ride and also the Skate Park. The lessor is the Ojai Unified School District and the termination date of the lease is December 31, 2023. The lease may be canceled at any time by consent of both parties. The annual rent for the Park and Ride is based on available parking spaces (71). As of June 30, 2013, the amount was \$270 per space which increases annually by the Consumer Price Index (CPI). The annual lease for the Park and Ride, as of June 30, 2013, was \$24,403, which will also increase annually by the CPI.

CITY OF OJAI**NOTES TO BASIC FINANCIAL STATEMENTS**June 30, 2013

NOTE 8 – OPERATING LEASE (Continued)

Future annual lease payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2014	\$ 24,403
2015	24,403
2016	24,403
2017	24,403
2018	24,403
2019-2023	122,015
2024	24,403
	<u>\$ 268,433</u>

NOTE 9 – CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**A. Plan Description**

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

B. Miscellaneous Employees Plan**Funding Policy**

Under the CalPERS benefit provisions and all other requirements, the City is required to contribute at an actuarially determined rate calculated as a percentage of annual covered payroll. The employer contribution rate for the fiscal year 2012-13 was 16.819% and the employees' contribution rate was 7% of their annual covered salary. Under the Public Employees' Pension Reform Act (PEPRA) of 2013, the "Classic" members' contributions are paid by the employer without change; however, employees who become CalPERS members for the first time after December 31, 2012, are required to pay one-half of their required contribution and the employer will pay the other one-half. The City's contributions to CalPERS for the fiscal years ending June 30, 2013, 2012, and 2011, were \$411,130, \$387,311, and \$380,394, respectively and were equal to the required contributions. The City Contributed its actuarially required amount of \$290,306 and also paid the employees portion of \$120,824 for the fiscal year ended June 30, 2013.

C. Safety Employees Plan**Funding Policy**

The City is required to contribute at an actuarially determined amount for prior service costs; the current amount is \$114,447. The contribution requirements of the City are established and may be amended by CalPERS. The City's contributions to CalPERS for the fiscal years ending June 30, 2013, 2012, and 2011 were \$114,447, \$114,151, and \$107,790 respectively and were equal to the required contributions.

NOTE 10 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

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

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

B. Self-Insurance Programs of the Authority

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

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

Liability

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

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

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

NOTE 10 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE (Continued)

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

Workers' Compensation

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

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

C. Purchased Insurance

Pollution Legal Liability Insurance

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

Property Insurance

The City of Ojai participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Ojai property is currently insured according to a schedule of covered property submitted by the City of Ojai to the Authority. City of Ojai property currently has all-risk property insurance protection in the amount of \$16,408,846. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance, which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance

The City of Ojai purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Ojai property currently has earthquake protection in the amount of \$8,810,824. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

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

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2012-13.

As of June 30, 2013, the City has no uninsured occurrences. The City has not used an actuary in determining the liability reserve if needed. Because actual claim liabilities depend on such complex factors as inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 11 – CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS

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

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

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

Libbey Bowl

In 2011 the City entered into construction financing agreements with Ojai Valley Service Foundation (OVSF) and Ojai Music Festivals, LTD (OMFL), collectively known as the Community, to reconstruct the Libbey Bowl. As of July, 2010, the Community received \$3,103,293 in pledges for the project to be collected over the next five years. As of June 30, 2011, the City received \$2,068,071 from the pledges. To help the cash flow of the project, the City advanced \$1,315,000 and has established a capital project fund to account for the sources and uses of the advanced funds. The project was completed in June 2011 and the total cost of the project was \$3,103,293. The City's advanced funds are repaid as the balance of the pledges are collected. The estimated date of full repayment is June 30, 2015, and as of June 30, 2013, the City had received \$2,730,190, leaving the balance to be collected as of June 30, 2013 of \$373,103.

On October 1, 2011, the City entered into the Libbey Bowl Management Agreement with the Libbey Bowl Foundation to promote, book and schedule events at the Bowl. This agreement was amended on October 1, 2012. Under the agreement, the Foundation has established a facility fee of \$2 per ticket sold for commercial events, and \$1 per ticket sold for non-commercial events which charge \$15 or more per ticket. The City has established the Libbey Bowl Maintenance Fund and has deposited these facility fees, which are to be used for repairs and maintenance of the Libbey Bowl, as required under the management agreement. As of June 30, 2013, the Libbey Bowl Maintenance Fund has a reserve of facility fees of \$3,191.

Management has evaluated subsequent events through the date of the financial statements were available for issuance which is December 23, 2013.

NOTE 12 – NET POSITION AND FUND BALANCES

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

A. Net Position

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

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

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

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

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations. The City does not have any committed fund balances at June 30, 2013.

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

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2013 are as follows:

	General Fund	Street Lighting Fund	Plaza Maintenance Fund	Equipment Replacement Fund	Libbey Bowl Capital Project Fund	Other Governmental Funds	Total
Nonspendable:							
Prepaid items	\$ 13,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,867
Advances to other funds	1,315,000						1,315,000
Due from successor agency	5,220,258						5,220,258
Total Nonspendable	6,549,125						6,549,125
Restricted for:							
Community development						246	246
Libraries						42,377	42,377
Streets, bikeways, parks, and other related purposes						526,879	526,879
Transit						39,608	39,608
Employee benefits	5,665						5,665
Total Restricted	5,665					609,110	614,775
Assigned for:							
CJPA liability	42,930						42,930
HE contract services	48,000						48,000
Equipment replacement				674,577			674,577
Total Assigned	90,930			674,577			765,507
Unassigned:	1,812,605	(261,092)	(250,160)		(369,913)		931,440
Total Fund Balances (Deficits)	\$ 8,458,325	\$ (261,092)	\$ (250,160)	\$ 674,577	\$ (369,913)	\$ 609,110	\$ 8,860,847

CITY OF OJAI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 13 – SUCCESSOR AGENCY

Notes and Loans Receivable

The Redevelopment Agency's Low and Moderate Housing Fund entered into an agreement on December 21, 1991 to loan Montgomery Oaks Associates, a California limited partnership, the amount of \$250,000. As of June 30, 2013, the outstanding balance is \$250,000 plus accrued interest of \$161,414. The purpose of the loan is to provide financial assistance for the land acquisition and predevelopment expenses of a 21 unit affordable housing complex. The terms of the loan call for a repayment on December 23, 2064 for principal and simple interest of 3% per annum.

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

The Redevelopment Agency's Low and Moderate Housing Fund has loaned 6 individuals funds for housing rehabilitation in the amount of \$113,914 plus accrued interest of \$42,731. These loans carry interest at rates ranging from 0% to 6% and are normally due when the property is sold.

The Redevelopment Agency's Low and Moderate Housing Fund entered into an agreement on October 10, 2000 and loaned \$550,000 to the Cabrillo Economic Development Corporation, a California nonprofit public benefit corporation at 0% interest. The terms of the loan call for a repayment at the end of 60 years. The full amount is still outstanding as of June 30, 2013.

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

As of June 30, 2013, loans receivable totaled \$1,418,059.

Tax Allocation Bonds – Series 2007

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

Settlement Agreement with the County of Ventura

The City of Ojai passed an ordinance in June 1997 which amended the Redevelopment Plan and added new territory to the project area. There was a dispute as to if the tax increment cap applies to the new territory. To settle the dispute, the City of Ojai agrees to pay the County of Ventura, per settlement agreement dated January 12, 2011, the amount of \$837,000 plus simple interest compounded annually at the City's average annual LAIF rate. The rate for the period June 30, 2012 through June 30, 2013 was 0.307% which resulted in accrued interest on the agreement of \$8,119. The outstanding balance of the settlement agreement at June 30, 2013 was \$837,000. The Successor Agency is in an agreement to repay this to the County of Ventura.

Fiscal Year Ending June 30,	Settlement Agreement with the County of Ventura		
	Principal	Interest	Total
2014	\$ -	\$ -	\$ -
2015			
2016			
2017			
2018			
2019-2021	837,000	33,075	870,075
	<u>\$ 837,000</u>	<u>\$ 33,075</u>	<u>\$ 870,075</u>

CITY OF OJAI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 13 – SUCCESSOR AGENCY (Continued)

Loans Payable

On February 1, 2013, 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, 2013 was \$5,220,258.

Changes in Long-Term Liabilities

Long term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013	Due Within One Year
Tax allocation bonds	\$ 670,000	\$ -	\$ (670,000)	\$ -	\$ -
Settlement Agreement with County of Ventura	837,000			837,000	
Loans Payable to City of Ojai	5,220,258			5,220,258	
Total Successor Agency	<u>\$ 6,727,258</u>	<u>\$ -</u>	<u>\$ (670,000)</u>	<u>\$ 6,057,258</u>	<u>\$ -</u>

NOTE 14 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$(981,820) was made which effects the government-wide statement of activities. In prior years, the City did not record the PERS side fund liability.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 1,277,074	\$ 1,538,978	\$ 1,598,402	\$ 59,424
Sales	1,207,850	1,336,670	1,201,701	(134,969)
Transient occupancy tax	1,910,000	2,106,703	2,103,953	(2,750)
Licenses, permits, and fees	909,954	960,519	951,869	(8,650)
Fines and forfeitures	13,930	19,969	21,070	1,101
Use of money and property	12,560	8,709	8,383	(326)
Intergovernmental:				
Other	292,045	284,736	313,158	28,422
Motor vehicle in lieu	658,610	642,972	642,973	1
Charges for services	782,488	769,772	782,338	12,566
Other revenue	27,725	27,725	24,063	(3,662)
Total revenues	7,092,236	7,696,753	7,647,910	(48,843)
EXPENDITURES				
Current:				
General government:				
City council	222,448	209,047	207,061	1,986
City manager	484,650	418,633	397,937	20,696
City treasurer	1,191	1,166	1,321	(155)
City attorney	134,500	80,600	79,345	1,255
City finance	745,171	784,094	727,894	56,200
City clerk	158,183	160,119	160,381	(262)
Total general government	1,746,143	1,653,659	1,573,939	79,720
Public safety:				
Police	2,815,238	2,834,854	2,859,197	(24,343)
Total public safety	2,815,238	2,834,854	2,859,197	(24,343)
Public works:				
General Admin/Engineering	377,593	373,551	366,455	7,096
Maintenance	976,389	972,494	1,040,178	(67,684)
Total public works	1,353,982	1,346,045	1,406,633	(60,588)
Community development	493,192	597,401	554,433	42,968
Parks and recreation:				
Recreation	752,144	709,823	720,299	(10,476)
Total parks and recreation	752,144	709,823	720,299	(10,476)

(Continued)

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Debt Service:				
Principal	\$ 114,447	\$ 114,447	\$ 114,447	\$ -
Capital outlay		38,887	27,379	11,508
Total expenditures	7,275,146	7,295,116	7,256,327	38,789
Excess of revenues over (under) expenditures	(182,910)	401,637	391,583	(10,054)
OTHER FINANCING SOURCES (USES)				
Transfers in	227,820	227,820	205,000	(22,820)
Transfers out	(201,452)	(196,872)	(215,817)	(18,945)
Total other financing sources (uses)	26,368	30,948	(10,817)	(41,765)
Net change in fund balance	(156,542)	432,585	380,766	(51,819)
Fund balance - July 1, 2012	8,077,559	8,077,559	8,077,559	
Fund balance - June 30, 2013	\$ 7,921,017	\$ 8,510,144	\$ 8,458,325	\$ (51,819)

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET LIGHTING FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other taxes and assessments	\$	\$ 89,086	\$ 89,283	\$ 197
Total revenues		89,086	89,283	197
EXPENDITURES				
Current:				
Public works		112,193	118,479	(6,286)
Total expenditures		112,193	118,479	(6,286)
Excess of revenues over (under) expenditures		(23,107)	(29,196)	(6,089)
OTHER FINANCING SOURCES (USES)				
Transfers in		7,809	7,809	
Total other financing sources (uses)		7,809	7,809	
Net change in fund balance	-	(15,298)	(21,387)	(6,089)
Fund Balance - July 1, 2012	(239,705)	(239,705)	(239,705)	
Fund Balance - June 30, 2013	<u>\$ (239,705)</u>	<u>\$ (255,003)</u>	<u>\$ (261,092)</u>	<u>\$ (6,089)</u>

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PLAZA MAINTENANCE FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other taxes and assessments	\$ -	\$ 117,014	\$ 121,477	\$ 4,463
Use of money and property			335	335
Total revenues		117,014	121,812	4,798
EXPENDITURES				
Current:				
Community development		193,835	218,411	(24,576)
Total expenditures		193,835	218,411	(24,576)
Excess of revenues over (under) expenditures		(76,821)	(96,599)	(19,778)
OTHER FINANCING SOURCES (USES)				
Transfers in		39,643	39,643	
Total other financing sources (uses)		39,643	39,643	
Net change in fund balance		(37,178)	(56,956)	(19,778)
Fund Balance - July 1, 2012	(193,203)	(193,203)	(193,203)	
Fund Balance - June 30, 2013	<u>\$ (193,203)</u>	<u>\$ (230,381)</u>	<u>\$ (250,159)</u>	<u>\$ (19,778)</u>

CITY OF OJAI

SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS

OTHER THAN PENIOSN

For the Fiscal Year Ended June 30, 2013

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

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL)	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a% of Covered Payroll
7/1/2009	\$ -	\$ 4,189,579	\$ 4,189,579	0%	\$ 1,944,839	215.42%
7/1/2012	\$ -	\$ 5,034,612	\$ 5,034,612	0%	\$ 1,942,741	259.15%

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SUPPLEMENTAL INFORMATION SECTION

CITY OF OJAI
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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CITY OF OJAI
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2013

	Special Revenue Funds			
	Transit Equipment Replacement	Gas Tax	Drainage	Bicycle and Pedestrian
ASSETS				
Cash and investments	\$ 39,606	\$ -	\$ 388,332	\$ 135,350
Accounts receivable, net		17,670		
Interest receivable		29	67	22
Total assets	<u>\$ 39,606</u>	<u>\$ 17,699</u>	<u>\$ 388,399</u>	<u>\$ 135,372</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds		15,236		
Total liabilities		<u>15,236</u>		
Fund balances:				
Restricted	<u>39,606</u>	<u>2,463</u>	<u>388,399</u>	<u>135,372</u>
Total fund balances (deficit)	<u>39,606</u>	<u>2,463</u>	<u>388,399</u>	<u>135,372</u>
Total liabilities and fund balances	<u>\$ 39,606</u>	<u>\$ 17,699</u>	<u>\$ 388,399</u>	<u>\$ 135,372</u>

Special Revenue Funds				Capital Projects Fund	
Transportation Development Act	Grant Funding	Community Development Block Grant	Library Special Tax	Park Acquisition	Totals
\$ 2	\$ -	\$ 246	\$ 65,996 2,870 11	\$ 642 3	\$ 630,174 20,540 132
<u>\$ 2</u>	<u>\$</u>	<u>\$ 246</u>	<u>\$ 68,877</u>	<u>\$ 645</u>	<u>\$ 650,846</u>
\$ -	\$ -	\$ -	\$ 26,500	\$ -	\$ 26,500
					15,236
			26,500		41,736
2		246	42,377	645	609,110
2		246	42,377	645	609,110
<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 246</u>	<u>\$ 68,877</u>	<u>\$ 645</u>	<u>\$ 650,846</u>

CITY OF OJAI
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds			
	Transit Equipment Replacement	Gas Tax	Drainage	Bicycle and Pedestrian
REVENUES				
Other taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property		371	1,371	451
Intergovernmental:				
Other		192,994		1,963
Charges for services			9,337	
Other revenue	15,000			
Total revenues	15,000	193,365	10,708	2,414
EXPENDITURES				
Current:				
Libraries				
Capital outlay				
Total expenditures				
Excess of revenues over (under) expenditures	15,000	193,365	10,708	2,414
OTHER FINANCING SOURCES (USES)				
Transfers in	70,600			
Transfers out	(60,230)	(205,000)	(21,469)	
Total other financing sources (uses)	10,370	(205,000)	(21,469)	
Net change in fund balances	25,370	(11,635)	(10,761)	2,414
Fund balances (deficit) - July 1, 2012	14,236	14,098	399,160	132,958
Fund balances (deficit) - June 30, 2013	<u>\$ 39,606</u>	<u>\$ 2,463</u>	<u>\$ 388,399</u>	<u>\$ 135,372</u>

Special Revenue Funds				Capital Projects Fund	
Transportation Development Act	Grant Funding	Community Development Block Grant	Library Special Tax	Park Acquisition	Totals
\$ -	\$ -	\$ -	\$ 104,287 179	\$ - 70	\$ 104,287 2,442
		14,385			209,342
				320	9,657
					15,000
		14,385	104,466	390	340,728
			105,998		105,998
	3,483	14,385			17,868
	3,483	14,385	105,998		123,866
	(3,483)		(1,532)	390	216,862
	(53,003)			(20,445)	70,600 (360,147)
	(53,003)			(20,445)	(289,547)
	(56,486)		(1,532)	(20,055)	(72,685)
2	56,486	246	43,909	20,700	681,795
\$ 2	\$ \$ -	\$ 246	\$ 42,377	\$ 645	\$ 609,110

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSIT EQUIPMENT REPLACEMENT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Other revenue	\$ 15,000	\$ 15,000	\$ -
Total revenues	15,000	15,000	
OTHER FINANCING SOURCES (USES)			
Transfers in	45,600	70,600	25,000
Transfers out	(9,297)	(60,230)	(50,933)
Total other financing sources (uses)	36,303	10,370	(25,933)
Net change in fund balance	51,303	25,370	(25,933)
Fund balance - July 1, 2012	14,236	14,236	
Fund balance - June 30, 2013	<u>\$ 65,539</u>	<u>\$ 39,606</u>	<u>\$ (25,933)</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, 2013

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Other	\$ 227,736	\$ 192,994	\$ (34,742)
Use of money and property	365	371	6
Total revenues	228,101	193,365	(34,736)
OTHER FINANCING SOURCES (USES)			
Transfers out	(227,820)	(205,000)	22,820
Total other financing sources (uses)	(227,820)	(205,000)	22,820
Net change in fund balance	281	(11,635)	(11,916)
Fund balance - July 1, 2012	14,098	14,098	
Fund balance - June 30, 2013	<u>\$ 14,379</u>	<u>\$ 2,463</u>	<u>\$ (11,916)</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, 2013

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Charges for services	\$ 12,000	\$ 9,337	\$ (2,663)
Use of money and property	1,650	1,371	(279)
Total revenues	13,650	10,708	(2,942)
OTHER FINANCING SOURCES (USES)			
Transfers out	(20,029)	(21,469)	(1,440)
Total other financing sources (uses)	(20,029)	(21,469)	(1,440)
Net change in fund balance	(6,379)	(10,761)	(4,382)
Fund balance - July 1, 2012	399,160	399,160	
Fund balance - June 30, 2013	<u>\$ 392,781</u>	<u>\$ 388,399</u>	<u>\$ (4,382)</u>

CITY OF OJAI**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****BICYCLE AND PEDESTRIAN SPECIAL REVENUE FUND**For the Fiscal Year Ended June 30, 2013

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Use of money and property	\$ 555	\$ 451	\$ (104)
Intergovernmental:			
Other		1,963	1,963
Total revenues	555	2,414	1,859
OTHER FINANCING SOURCES (USES)			
Transfers out	(10,000)		10,000
Total other financing sources (uses)	(10,000)		10,000
Net change in fund balance	(9,445)	2,414	11,859
Fund balance - July 1, 2012	132,958	132,958	
Fund balance - June 30, 2013	<u>\$ 123,513</u>	<u>\$ 135,372</u>	<u>\$ 11,859</u>

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION DEVELOPMENT ACT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Use of money and property	\$ -	\$ -	\$ -
Total revenues			
Net change in fund balance			
Fund balance - July 1, 2012	2	2	
Fund balance - June 30, 2013	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GRANT FUNDING SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Other	\$ -	\$ -	\$ -
Total revenues			
EXPENDITURES			
Capital outlay		3,483	(3,483)
Total expenditures		3,483	(3,483)
Excess of revenues over (under) expenditures		(3,483)	(3,483)
OTHER FINANCING SOURCES (USES)			
Transfers in		(53,003)	(53,003)
Total other financing sources (uses)		(53,003)	(53,003)
Net change in fund balance		(56,486)	(56,486)
Fund balance - July 1, 2012	56,486	56,486	
Fund balance - June 30, 2013	<u>\$ 56,486</u>	<u>\$ -</u>	<u>\$ (56,486)</u>

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental:			
Other	\$ 14,285	\$ 14,385	\$ 100
Total revenues	14,285	14,385	100
EXPENDITURES			
Capital outlay	14,285	14,385	(100)
Total expenditures	14,285	14,385	(100)
Excess of revenues over (under) expenditures			
Fund balance - July 1, 2012	246	246	
Fund balance - June 30, 2013	\$ 246	\$ 246	\$ -

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, 2013

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Other taxes and assessments	\$ 103,557	\$ 104,287	\$ 730
Use of money and property	220	179	(41)
Total revenues	103,777	104,466	689
EXPENDITURES			
Current:			
Libraries	106,000	105,998	2
Total expenditures	106,000	105,998	2
Net change in fund balance	(2,223)	(1,532)	691
Fund balance - July 1, 2012	43,909	43,909	
Fund balance - June 30, 2013	\$ 41,686	\$ 42,377	\$ 691

CITY OF OJAI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PARK ACQUISITION CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Use of money and property	\$ 85	\$ 70	\$ (15)
Charges for services	425	320	(105)
Total revenues	510	390	(120)
OTHER FINANCING SOURCES (USES)			
Transfers out	(20,445)	(20,445)	
Total other financing sources (uses)	(20,445)	(20,445)	
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(19,935)	(20,055)	(120)
Fund balance - July 1, 2012	20,700	20,700	
Fund balance - June 30, 2013	\$ 765	\$ 645	\$ (120)

CITY OF OJAI
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2013

	Housing Successor Agency	RDA Successor Agency	Total
ASSETS			
Cash and investments	\$ -	\$ 158,217	\$ 158,217
Interest receivable		33	33
Notes receivable	1,418,059		1,418,059
Land	305,888		305,888
Advances to other funds	122,105		122,105
Total assets	1,846,052	158,250	2,004,302
LIABILITIES			
Accounts payable		3,499	3,499
Accrued liabilities		893	893
Accrued interest payable		8,199	8,199
Advances from other funds		122,105	122,105
Loans payable		5,220,258	5,220,258
Unearned revenue		151,000	151,000
Due to County of Ventura		837,000	837,000
Total liabilities		6,342,954	6,342,954
NET POSITION			
Held in trust	\$ 1,846,052	\$ (6,184,704)	\$ (4,338,652)

CITY OF OJAI
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 For the Fiscal Year Ended June 30, 2013

	Housing Successor Agency	RDA Successor Agency	Total
ADDITIONS:			
Property taxes	\$ -	\$ 279,750	\$ 279,750
Use of money and property	9,554	2,850	12,404
Total additions	9,554	282,600	292,154
DEDUCTIONS			
Community development		291,731	291,731
Amortization		8,313	8,313
Debt service:			
Interest and fiscal charges		15,772	15,772
Total deductions		315,816	315,816
Change in net position	9,554	(33,216)	(23,662)
Total net position-beginning of fiscal year	1,836,498	(6,151,488)	(4,314,990)
Total net position-end of fiscal year	\$ 1,846,052	\$ (6,184,704)	\$ (4,338,652)