

**COUNTY OF VENTURA  
FILLMORE - PIRU MEMORIAL  
DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2015**



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

*County of Ventura*  
*Fillmore-Piru Memorial District*

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**June 30, 2015**

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CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board of Directors  
County of Ventura  
Fillmore – Piru Memorial District  
Fillmore, California

### PARTNERS

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### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the County of Ventura Fillmore – Piru Memorial District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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.

### MEMBERS

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Quality Center*

California Society of  
Certified Public Accountants

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of matter**

#### *Change in Accounting Principle*

As discussed in Note 1 of the financial statements, the District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements are not affected by this missing information.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015, on our consideration of the District'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 District's internal control over financial reporting and compliance.

*Rogers Anderson Maloney & Scott, LLP*

San Bernardino, California  
December 17, 2015

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Statement of Net Position**  
**June 30, 2015**

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 227,509
Accounts receivable	843
Interest receivable	116
Capital assets, net of depreciation	<u>90,227</u>
Total assets	<u>318,695</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	1,600
Refundable deposits	<u>5,275</u>
Total liabilities	<u>6,875</u>
<b>NET POSITION</b>	
Net investment in capital assets	90,227
Unrestricted	<u>221,593</u>
Total net position	<u><u>\$ 311,820</u></u>

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

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Statement of Activities**  
**Year Ended June 30, 2015**

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Governmental activities:	Expenses	Program revenue Charges for services	Net (expense) revenue and changes in net position
<b>EXPENSES</b>			
Community development	\$ 196,775	\$ 48,174	\$ (148,601)
Total	\$ 196,775	\$ 48,174	(148,601)
<b>GENERAL REVENUES</b>			
Taxes:			
Property taxes			116,111
Special assessments			15,536
Investment earnings			427
Other revenues			4,389
Total general revenues			136,463
Change in net position			(12,138)
Net position, beginning of year			323,958
Net position, end of year			\$ 311,820

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

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Balance Sheet – Governmental Fund**  
**June 30, 2015**

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	General Fund
<b>ASSETS</b>	
Cash and investments	\$ 227,509
Accounts receivable	843
Interest receivable	116
	<hr/>
Total assets	<u>\$ 228,468</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 1,600
Refundable deposits	5,275
	<hr/>
Total liabilities	<u>6,875</u>
 Fund balance:	
Unassigned	<u>221,593</u>
	<hr/>
Total fund balance	<u>221,593</u>
	<hr/>
Total liabilities and fund balance	<u>\$ 228,468</u>
 <b>Total Fund Balance - Governmental Fund</b>	 \$ 221,593
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>90,227</u>
	<hr/>
Net position of governmental activities	<u>\$ 311,820</u>

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

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Governmental Fund  
Year Ended June 30, 2015**

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	General Fund
<b>REVENUES</b>	
Property taxes	\$ 116,111
Special assessments	15,536
Investment earnings	427
Rents and concessions	42,299
Youth programs	5,875
Other	4,389
	<hr/>
Total revenues	184,637
	<hr/>
<b>EXPENDITURES</b>	
Current:	
Salaries and benefits	110,130
Insurance	14,791
Professional fees	3,787
Repairs and maintenance	29,856
Supplies	6,289
Utilities	22,327
Other	1,668
	<hr/>
Total expenditures	188,848
	<hr/>
Net change in fund balance	(4,211)
Fund balance, beginning of year	225,804
	<hr/>
Fund balance, end of year	<u>\$ 221,593</u>

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



*County of Ventura*  
*Fillmore-Piru Memorial District*

**Reconciliation of the Statement of Revenues, Expenditure, and Changes in Fund Balance  
of Governmental Fund to the Statement of Activities  
Year Ended June 30, 2015**

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Net change in fund balance - total governmental fund \$ (4,211)

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

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

(7,927)

Change in net position of governmental activities

\$ (12,138)

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

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 1: Summary of significant accounting policies**

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

**a. Description of the reporting entity**

The Fillmore - Piru Memorial District was organized on September 19, 1950, under the provisions of Division G, Section 1170 through 1291 of the Military and Veterans Code of the State of California. It is governed by a board of five directors who must be registered electors of and residing in the District. Directors are elected to four-year terms and receive no compensation for their services or for performance of their duties.

The District may sue and be sued. It has the right to eminent domain and perpetual succession. Legal representation may be furnished by the County Counsel of Ventura.

The District owns land, buildings, furnishings, and equipment located at 511 Second Street, Fillmore, California. Civic, religious, and educational organizations are allowed to use various portions of the buildings and facilities at a nominal rental fee; however, there is no charge to veterans' organizations and such other organizations as the Board of Directors designate.

As of December 1992, the City of Fillmore and the District entered into a Joint Powers Agreement under which the City would perform administrative, operational, and maintenance services for the District. This action was taken pursuant to California Government Code Section 6500 et seq and Section 2 of the California Military and Veterans Code.

**b. Basis of presentation**

**Government-wide statements:** The Statement of Net Position and the Statement of Activities include the financial activities of the overall District government.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's 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 charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 1: Summary of significant accounting policies (continued)**

**b. Basis of presentation (continued)**

**Fund financial statements:** The fund financial statements provide information about the District's fund. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

**c. Major funds**

GASB Statement No. 34 defines major funds and requires that the District's major governmental type fund be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues or expenditures equal to or greater than ten percent of their fund-type total and five percent of the grand total.

The District reported the following major governmental fund in the accompanying financial statements:

The *General Fund* is the general operating fund of the District and accounts for all revenues and expenditures.

**d. Basis of accounting**

The government-wide 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.

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 District considers all revenues reported in the governmental fund 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 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*.

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 1: Summary of significant accounting policies (continued)**

**d. Basis of accounting (continued)**

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. The District's policy is to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

**e. Policies and procedures**

*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 procedures:

*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% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. 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% of full market value which results in a tax rate of \$1 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.

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 1: Summary of significant accounting policies (continued)**

**e. Policies and procedures (continued)**

*Property taxes (continued)*

*Tax collections* - are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 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 for late payments.

*Tax levy apportionments* - due to the nature of the 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 levy for the three years prior to fiscal year 1979.

*Property tax administration fees* - the State of California FY 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

*Cash and investments*

The District considers all highly liquid investments with a maturity of three months or less not invested with the Local Agency Investment Fund to be cash equivalents.

Investments are reported in the statement of net position at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value and any gains or losses realized upon the liquidation, maturity, or sale of investment.

*Restricted assets*

When both restricted and unrestricted assets are available for the same purpose, it is the policy of the District to use restricted resources, prior to using unrestricted resources.

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 1: Summary of significant accounting policies (continued)**

**e. Policies and procedures (continued)**

*Capital assets*

Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$5,000 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.

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

<u>Capital assets</u>	<u>Years</u>
Buildings	25 to 50
Improvements other than buildings	20
Vehicles	8 to 20
Equipment and machinery	5 to 20

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

*Net position and fund balance*

In the government-wide financial statements, net position are reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position represent net position restricted by parties outside of the District (such as creditors, grantors, contributors, and laws and regulations of other governments). The District's other restricted net position are temporarily restricted (ultimately, expendable assets). All other net position are considered unrestricted.

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 1: Summary of significant accounting policies (continued)**

**e. Policies and procedures (continued)**

*Net position and fund balance (continued)*

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* the District presents the following classifications of fund balance describing the relative strength of the spending constraints placed on the purposes for which resources can be used:

*Non-spendable* – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

*Restricted* – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

*Committed* – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Assigned* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Unassigned* – amounts that are for any purpose; positive amounts are reported only in a general fund.

It is the District's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The District's Board establishes, modifies and/or rescinds fund balance commitments by passage of an ordinance.

**f. Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 1: Summary of significant accounting policies (continued)**

**g. Budgetary data**

*General budget policies*

The District's governing board approves each year's budget submitted by the District staff prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the governing board. The budget is prepared by function and activity, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations, where required during the period, are also approved by the governing board. In most cases, expenditures may not exceed appropriations. At fiscal year-end, all operating budget appropriations lapse.

*Budget basis of accounting*

Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (U.S. GAAP).

**h. Implementation of new GASB pronouncements**

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.



*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 1: Summary of significant accounting policies (continued)**

**h. Implementation of new GASB pronouncements (continued)**

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

**i. Pension Plans**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

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

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

**j. Prepaid Items**

Prepaid items are reported in the governmental funds under consumption method. Prepaid items are offset by equally by a fund balance designation which indicates that they do not constitute expendable available resources and therefore are not available for appropriation.

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 2: Cash and investments**

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	<u>\$ 227,509</u>
 Total cash and investments	 <u><u>\$ 227,509</u></u>

Cash and investments held by the District at June 30, 2015, consist of the following:

Deposits with financial institutions	\$ 62,916
Investments	<u>164,593</u>
 Total cash and investments	 <u><u>\$ 227,509</u></u>

**Investments authorized by the California Government Code and the District's investment policy**

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio	Maximum investment in one issuer
U.S. Treasury Obligations	2 years	75%	None
U.S. Agency Securities	2 years	75%	None
Certificates of Deposit	2 years	30%	None
Savings Accounts	N/A	85%	None
Money Market Mutual Fund (U.S. Treasury)	N/A	None	10%
Ventura County Pooled Investment Funds	N/A	30%	None
Local Agency Investment Fund (LAIF)	N/A	100%	\$50,000,000

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 2: Cash and investments (continued)**

**Interest rate risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District 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 flow and liquidity needed for operations.

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

Investment type	Remaining maturity (in months)			
	12 or less	13 - 24	25 - 60	More than 60
Local Agency Investment Fund (State Pool)	\$ 164,593	\$ -	\$ -	\$ -

**Investments with fair values highly sensitive to interest rate fluctuations**

The District has no investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

**Credit risk**

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

Investment type	Minimum legal rating	Exempt from disclosure	Rating as of fiscal year end		
			AAA	AA	Not rated
Local Agency Investment Fund (State Pool)	N/A	\$ -	\$ -	\$ -	\$ 164,593

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 2: Cash and investments (continued)**

**Concentration of credit risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District has no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District 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 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 District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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 government 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 District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2015, the District maintained no deposits with financial institutions in excess of federal depository insurance (FDIC) limits.

**Investment in state investment pool**

The District 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 District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for 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.

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 3: Capital assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. The capitalization policy of the District is to capitalize all capital assets with a cost of \$5,000 or more.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these capital assets. The amount charged to depreciation expense each fiscal year represents that fiscal year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position as a reduction in the book value of capital assets.

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
<u>Governmental activities:</u>				
Capital assets, being depreciated:				
Improvements to land	\$ 14,813	\$ -	\$ -	\$ 14,813
Buildings	201,863	-	-	201,863
Furniture, fixtures, and equipment	221,568	-	-	221,568
Total capital assets, being depreciated	<u>438,244</u>	<u>-</u>	<u>-</u>	<u>438,244</u>
Less accumulated depreciation for:				
Improvements to land	(14,813)	-	-	(14,813)
Buildings	(201,863)	-	-	(201,863)
Furniture, fixtures, and equipment	(123,414)	(7,927)	-	(131,341)
Total accumulated depreciation	<u>(340,090)</u>	<u>(7,927)</u>	<u>-</u>	<u>(348,017)</u>
Governmental activities capital assets, net	<u>\$ 98,154</u>	<u>\$ (7,927)</u>	<u>\$ -</u>	<u>\$ 90,227</u>

Depreciation expense was charged to the following function of the District:

Community development	<u>\$ 7,927</u>
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*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 4: Defined benefit pension plan - PERS**

*Plan description*

The City of Fillmore contributes to the State of California Public Employees Retirement System (PERS), a cost-sharing, multiple-employer public employee retirement system that acts as a common investment and administrative agent for California cities which participate in this retirement plan.

All full-time and certain part-time City of Fillmore employees who operate the Fillmore - Piru Memorial District, are eligible to participate in PERS. A detailed description of the plan and funding progress can be found in the City of Fillmore's annual financial report.

**Note 5: Risk management**

The District is covered by insurance under the City of Fillmore's insurance coverage. The City of Fillmore is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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.

During the past three fiscal years, none of the 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 2014-15.

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2015**

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**Note 6:           Commitments and contingencies**

Grants Funding

The District 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 a result of these audits is not believed to be material.

Litigation

In the ordinary course of business, the District could be exposed to litigation and lawsuits of a nature common to many similar jurisdictions. The District's management estimates that potential existing claims against the District, if any, not covered by insurance, will not have a material adverse effect on the financial statements of the District.

*County of Ventura*  
*Fillmore-Piru Memorial District*

**Required Supplementary Information**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended June 30, 2015**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
<b>REVENUES</b>				
Property taxes	\$ 84,760	\$ 84,760	\$ 116,111	\$ 31,351
Special assessments	27,520	27,520	15,536	(11,984)
Investment earnings	-	-	427	427
Charges for services	900	900	-	(900)
Rents and concessions	45,000	45,000	42,299	(2,701)
Youth programs	4,500	4,500	5,875	1,375
Other	5,650	5,650	4,389	(1,261)
	<u>168,330</u>	<u>168,330</u>	<u>184,637</u>	<u>16,307</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
Salaries and benefits	105,163	105,163	110,130	(4,967)
Insurance	32,000	32,000	14,791	17,209
Administrative	5,020	5,020	-	5,020
Professional fees	3,700	3,700	3,787	(87)
Repairs and maintenance	22,000	22,000	29,856	(7,856)
Supplies	7,725	7,725	6,289	1,436
Utilities	30,484	30,484	22,327	8,157
Other	4,250	4,250	1,668	2,582
	<u>210,342</u>	<u>210,342</u>	<u>188,848</u>	<u>21,494</u>
Total expenditures				
Net change in fund balance	<u>\$ (42,012)</u>	<u>\$ (42,012)</u>	(4,211)	<u>\$ 37,801</u>
Fund balance, beginning of year			<u>225,804</u>	
Fund balance, end of year			<u>\$ 221,593</u>	