

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

FINANCIAL STATEMENTS

JUNE 30, 2017



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

County of Ventura
Fillmore-Piru Memorial District

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

INDEPENDENT AUDITOR'S REPORT

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

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Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA

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, 2017, 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, and the State Controller's Minimum Audit Requirement for California Special Districts. 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*

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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, 2017, 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, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

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 12, 2017, 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.

San Bernardino, California
December 12, 2017

County of Ventura
Fillmore-Piru Memorial District

Statement of Net Position
June 30, 2017

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 176,256 |
| Accounts receivable | 4,054 |
| Interest receivable | 151 |
| Taxes receivable | 5,847 |
| Capital assets, net of depreciation | <u>74,373</u> |
| Total assets | <u>260,681</u> |
| LIABILITIES | |
| Accounts payable and accrued liabilities | 10,084 |
| Refundable deposits | <u>9,975</u> |
| Total liabilities | <u>20,059</u> |
| NET POSITION | |
| Net investment in capital assets | 74,373 |
| Unrestricted | <u>166,249</u> |
| Total net position | <u><u>\$ 240,622</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, 2017

| Governmental activities: | Expenses | Program revenue Charges for services | Net (expense) revenue and changes in net position |
|---------------------------------|-------------------|--|--|
| EXPENSES | | | |
| Community development | \$ 221,094 | \$ 58,330 | \$ (162,764) |
| Total | <u>\$ 221,094</u> | <u>\$ 58,330</u> | <u>(162,764)</u> |
| GENERAL REVENUES | | | |
| Taxes: | | | |
| Property taxes | | | 140,587 |
| Special assessments | | | 15,096 |
| Investment earnings | | | 551 |
| Other revenues | | | <u>5,583</u> |
| Total general revenues | | | <u>161,817</u> |
| Change in net position | | | (947) |
| Net position, beginning of year | | | <u>241,569</u> |
| Net position, end of year | | | <u>\$ 240,622</u> |

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

County of Ventura
Fillmore-Piru Memorial District

Balance Sheet – Governmental Fund
June 30, 2017

| | General Fund |
|---|-------------------|
| ASSETS | |
| Cash and investments | \$ 176,256 |
| Accounts receivable | 4,054 |
| Interest receivable | 151 |
| Taxes receivable | 5,847 |
| | <hr/> |
| Total assets | <u>\$ 186,308</u> |
| LIABILITIES AND FUND BALANCE | |
| Liabilities: | |
| Accounts payable and accrued liabilities | \$ 10,084 |
| Refundable deposits | 9,975 |
| | <hr/> |
| Total liabilities | <u>20,059</u> |
| Fund balance: | |
| Unassigned | 166,249 |
| | <hr/> |
| Total fund balance | <u>166,249</u> |
| | |
| Total liabilities and fund balance | <u>\$ 186,308</u> |
| Total Fund Balance - Governmental Fund | \$ 166,249 |
| 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. | <hr/> 74,373 |
| Net position of governmental activities | <u>\$ 240,622</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, 2017**

| | General Fund |
|---------------------------------|-------------------|
| REVENUES | |
| Property taxes | \$ 140,587 |
| Special assessments | 15,096 |
| Investment earnings | 551 |
| Rents and concessions | 48,530 |
| Youth programs | 9,800 |
| Other | 5,583 |
| | <hr/> |
| Total revenues | 220,147 |
| | <hr/> |
| EXPENDITURES | |
| Current: | |
| Salaries and benefits | 118,840 |
| Insurance | 24,473 |
| Administrative | 17,484 |
| Professional fees | 4,738 |
| Repairs and maintenance | 17,648 |
| Supplies | 7,103 |
| Utilities | 20,555 |
| Other | 2,326 |
| | <hr/> |
| Total expenditures | 213,167 |
| | <hr/> |
| Net change in fund balance | 6,980 |
| Fund balance, beginning of year | 159,269 |
| | <hr/> |
| Fund balance, end of year | <u>\$ 166,249</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, Expenditures, and Changes in Fund Balance
of Governmental Fund to the Statement of Activities
Year Ended June 30, 2017**

| | |
|--|------------------------|
| Net change in fund balance - total governmental fund | \$ 6,980 |
| Amounts reported for <i>governmental activities</i> 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. | <u>(7,927)</u> |
| Change in net position of governmental activities | <u><u>\$ (947)</u></u> |

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, 2017

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 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, 2017

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

Generally Accepted Accounting Principles define 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, 2017

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

d. Basis of accounting, (continued)

Non-exchange transactions

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, 2017

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, 2017

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 the acquisition value at the date contributed. 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 | 1 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, 2017

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

e. Policies and procedures, (continued)

Net position and fund balance (continued)

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, 2017

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. 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, 2015 |
| Measurement Date (MD) | June 30, 2016 |
| Measurement Period (MP) | July 1, 2015 to June 30, 2016 |

i. 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, 2017

Note 2: Cash and investments

Cash and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

| | |
|----------------------------|--------------------------|
| Statement of net position: | |
| Cash and investments | <u>\$ 176,256</u> |
| Total cash and investments | <u><u>\$ 176,256</u></u> |

Cash and investments held by the District at June 30, 2017, consist of the following:

| | |
|--------------------------------------|--------------------------|
| Deposits with financial institutions | \$ 110,577 |
| Investments | <u>65,679</u> |
| Total cash and investments | <u><u>\$ 176,256</u></u> |

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

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or 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.

| <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 |
| Certificates of Deposit | None | None | None |
| Money Market Mutual Funds | N/A | None | 10% |
| Investment Contracts | 31 years | None | None |
| Local Agency Investment Fund (LAIF) | None | None | \$65,000,000 |

County of Ventura
Fillmore-Piru Memorial District

Notes to the Basic Financial Statements
Year Ended June 30, 2017

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) | \$ 65,679 | \$ - | \$ - | \$ - |

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 | \$ - | \$ - | \$ - | \$ 65,679 |

County of Ventura
Fillmore-Piru Memorial District

Notes to the Basic Financial Statements
Year Ended June 30, 2017

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 the Local Agency Investment Fund) 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, 2017, 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, 2017

Note 2: Cash and investments, (continued)

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level Piru Draft 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. As of June 30, 2017, the district does not have any investments that are categorized under any of the levels described in the "fair value hierarchy."

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 acquisition 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.

County of Ventura
Fillmore-Piru Memorial District

Notes to the Basic Financial Statements
Year Ended June 30, 2017

Note 3: Capital assets, (continued)

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

| | Beginning balance | Additions | Deletions | Ending balance |
|---|----------------------|-------------------|-------------|-------------------|
| <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 | 438,244 | - | - | 438,244 |
| Less accumulated depreciation for: | | | | |
| Improvements to land | (14,813) | - | - | (14,813) |
| Buildings | (201,863) | - | - | (201,863) |
| Furniture, fixtures, and equipment | (139,268) | (7,927) | - | (147,195) |
| Total accumulated depreciation | (355,944) | (7,927) | - | (363,871) |
| Governmental activities capital assets, net | <u>\$ 82,300</u> | <u>\$ (7,927)</u> | <u>\$ -</u> | <u>\$ 74,373</u> |

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

| | |
|-----------------------|-----------------|
| Community development | <u>\$ 7,927</u> |
|-----------------------|-----------------|

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.

County of Ventura
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Notes to the Basic Financial Statements
Year Ended June 30, 2017

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 2016-2017.

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, 2017

| | <u>Original budget</u> | <u>Final budget</u> | <u>Actual</u> | <u>Variance with final budget</u> |
|---------------------------------|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES | | | | |
| Property taxes | \$ 98,327 | \$ 98,327 | \$ 140,587 | \$ 42,260 |
| Special assessments | 28,070 | 28,070 | 15,096 | (12,974) |
| Investment earnings | - | - | 551 | 551 |
| Rents and concessions | 40,800 | 40,800 | 48,530 | 7,730 |
| Youth programs | 9,180 | 9,180 | 9,800 | 620 |
| Other | 5,763 | 5,763 | 5,583 | (180) |
| | <u>182,140</u> | <u>182,140</u> | <u>220,147</u> | <u>38,007</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Salaries and benefits | 138,267 | 138,267 | 118,840 | 19,427 |
| Insurance | 12,200 | 12,200 | 24,473 | (12,273) |
| Administrative | 18,485 | 18,485 | 17,484 | 1,001 |
| Professional fees | 3,700 | 3,700 | 4,738 | (1,038) |
| Repairs and maintenance | 20,802 | 20,802 | 17,648 | 3,154 |
| Supplies | 7,775 | 7,775 | 7,103 | 672 |
| Utilities | 60,798 | 60,798 | 20,555 | 40,243 |
| Other | 1,250 | 1,250 | 2,326 | (1,076) |
| | <u>263,277</u> | <u>263,277</u> | <u>213,167</u> | <u>50,110</u> |
| Net change in fund balance | <u>\$ (81,137)</u> | <u>\$ (81,137)</u> | 6,980 | <u>\$ 88,117</u> |
| Fund balance, beginning of year | | | <u>159,269</u> | |
| Fund balance, end of year | | | <u>\$ 166,249</u> | |