Audit Report
for FYE June 30, 2018
City Council Meeting
February 19, 2019
Agenda

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Independent Auditor’s Opinion

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 fund information of the City of Oxnard, California, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Decrease in Net Position $37 million due to increase in Liabilities

- OPEB ($13 million)
- Net pension liability ($15 million)
- Self-insurance claims ($9 million)
CAFR Highlights - General Fund ($ millions)

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Expenditures and Transfers</th>
<th>Revenues</th>
<th>Expenditures and Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2017</td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>$144</td>
<td>$150</td>
<td>$146</td>
<td>$134</td>
</tr>
</tbody>
</table>

Changes in Fund Balances
2018 ($ 6 million)
2017 $ 12 million
Revenues

- General Fund ($ millions)

<table>
<thead>
<tr>
<th>Component</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>$112</td>
<td>$109</td>
</tr>
<tr>
<td>Charges for services</td>
<td>$19</td>
<td>$23</td>
</tr>
<tr>
<td>Other</td>
<td>$13</td>
<td>$14</td>
</tr>
</tbody>
</table>

Revenues decreased by $2 million
- Taxes increased by $3 million
- Charges for services decreased by $4 million
- Other revenues decreased by $1 million

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Expenditures – General Fund ($ millions)

2018

- General Government, $18
- Transfers, $7
- Public Safety, $82
- Culture and Leisure, $19
- Community Development, $11
- Other, $13

2017

- General Government, $13
- Transfers, $9
- Public Safety, $77
- Culture and Leisure, $17
- Community Development, $9
- Other, $9

Expenditures and Transfers increased by $16 million
- General government increased by $5 million
- Public safety increased by $5 million
- Community development increased by $2 million
- Culture & Leisure increased by $2 million
- Other Expenditures increased by $4 million
- Transfers decreased by $2 million
In the General Fund, actual expenditures were in line with final budget, except:

- Public safety – due to increased staffing and response to Thomas Fire
- Culture & Leisure – due to increased cost of labor

Compared to Original Budget, actual expenditures went over by $12 million. The Final Budget exceeded the Original Budget by $16 million.
Across Enterprise Funds, revenues increased by $15 million, while expenses only increased by $5 million. In the Water Fund, revenues increased due to increase in water rate. The Water Fund is no longer in a deficit position.
Critical Audit Matters

- Challenges encountered during audit
  - Significant staff turnover

- Audit adjustments
  - Material adjustments resulting in decrease to net position of $32 million

- New accounting pronouncements
  - GASB 75 – Other post-employment benefits (OPEB)

- Accounting estimates
  - Actuarial valuation of OPEB liability, pension liability and self-insurance claims

- Significant disclosures
  - Cash and investments, bonds payable, pension and OPEB liabilities and risk & uncertainties
FY 2019 and Beyond

- New leadership –
  - We look forward to working with new CFO and his team
- Bond refunding/termination of swap agreement –
  - November 2018
- Bond ratings raised by S&P –
  - November 2018
- Continuing implementation of Corrective Action Plan (CAP)
- System conversion to begin
thank you

Eden C. Casareno
ecasareno@eadiepaynelllp.com
(951)241-7805