

CITY OF LEMOORE

SINGLE AUDIT REPORT
AND
ADDITIONAL INFORMATION

JUNE 30, 2011

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Sampson, Sampson and Partners, LLP
Certified Public Accountants

3148 Willow Ave., Suite 102
Clovis, California 93612-4739
(559) 291-0277 • FAX (559) 291-6411

March 14, 2012

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Members of City Council of the
City of Lemoore
Lemoore, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lemoore as of and for the fiscal year ended June 30, 2011, which collectively comprise the City of Lemoore's basic financial statements and have issued our report thereon dated March 14, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Lemoore's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lemoore's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. Item #2011-1.

City of Lemoore
March 14, 2012
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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. Item #'s 2011-2, 2011-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lemoore's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs items.

The City of Lemoore's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Sampson, Sampson and Partners, LLP



March 14, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and Members of
City Council of the City of Lemoore
Lemoore, California

Compliance

We have audited the compliance of the City of Lemoore (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

City of Lemoore
March 14, 2012
Page 2

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lemoore, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 14, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sampson, Sampson and Partners, LLP

CITY OF LEMOORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Program Number	Expenditures
U.S. Department of Energy:			
Direct program			
ARRA – Energy Efficiency and Conservation Block Grant Program	81.128	EECBG-CBG-09-050	<u>\$ 136,469</u>
Total U.S. Department of Energy			<u>136,469</u>
U.S. Department of Housing and Urban Development:			
Passed through California Department of Housing and Community Development:			
Community Development Block Grant	14.228	08-EDEF-5881	<u>12,885</u>
Total U.S. Department of Housing and Urban Development			<u>12,885</u>
U.S. Department of Transportation:			
Passed through State of California Department of Transportation:			
Highway Planning and Construction	20.205	CML-5115-17	70,824
Highway Planning and Construction	20.205	CML-5115(18)	61,971
Highway Planning and Construction	20.205	CML-5115(20)	222,867
Highway Planning and Construction	20.205	CML-5115(23)	10,000
ARRA – Highway Planning and Construction	20.205	ESPL5115(021)	355,600
Formula Grants for other than Urbanized Areas	20.509	L100002	99,861
Passed through State of California Office of Traffic Safety: DUI Enforcement and Awareness Program	20.600	AL-1058	<u>35,000</u>
Total U.S. Department of Transportation			<u>856,123</u>
U.S. Environmental Protection Agency:			
Passed through State of California Department of Public Health:			
ARRA – Capitalization Grants for Drinking Water State Revolving Funds	66.468	AR09FP08	<u>2,095,107</u>
Total U.S. Environmental Protection Agency			<u>2,095,107</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$3,100,584</u>

CITY OF LEMOORE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

1. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, City of Lemoore (City), and (b) component units which include organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units of the City are the:

- Lemoore Redevelopment Agency
- Lemoore Financing Authority

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Funds received under the various grant programs have been recorded within special revenue, and enterprise funds of the City. The City utilizes the modified accrual method of accounting for the special revenue, and full accrual method for enterprise funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California is included in the schedule.

The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

3. PROGRAM DESCRIPTIONS

U.S. Department of Energy

Energy Efficiency and Conservation Block Grant Program

The Energy Efficiency and Conservation Block Grant Program, funded for the first time by the American Recovery and Reinvestment Act of 2009 (ARRA) directs the Department of Energy to assist State and local governments in implementing strategies to reduce fossil fuel emissions created as a result of activities within the jurisdiction of eligible entities in a manner that is environmentally sustainable and to maximize benefits for local and regional communities, reduce total energy use of the eligible entities and improve energy efficiency in the transportation, building, and other appropriate sectors.

CITY OF LEMOORE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)

U.S. Department of Housing and Urban Development

Community Development Block Grant (CDBG)

The Community Development Block Grant (CDBG) Program was authorized under Title I of the Housing and Community Development Act of 1974. The primary objective of the CDBG Program is the development of viable urban communities, including adequate housing, a suitable living environment, and expansion of economic opportunities, principally for persons of low to moderate income. Under this program, the Department of Housing and Urban Development (HUD) distributes funds based upon approved applications to eligible local governmental units for the purpose of community improvements and betterment. The City uses CDBG funds to finance a comprehensive home improvement program that assists low and moderate income residents through low interest subsidies and deferred loans.

U.S. Department of Transportation

Highway Planning and Construction

State pass through funds are granted directly to Local Public Agencies, such as cities and counties and other political subdivisions. These funds may be used for several highway projects, such as surveying; engineering, capital improvements such as new construction and reconstruction; planning; research and development and other authorized projects.

Formula Grants for Other than Urbanized Areas

The objective of the Section 5311 formula program are to initiate, improve, or continue public transportation service in nonurbanized areas by providing financial assistance for operating and administrative expenses, and for the acquisition, construction and improvement of facilities and equipment. In addition, Section 5311 specifically provides for support of rural intercity bus service.

DUI Enforcement and Awareness Program

The purpose of this grant is to reduce the persons killed and injured in alcohol involved crashes. Strategies include DUI/Driver's License checkpoints and DUI saturation patrols. This program will help develop programs and operations for officers to concentrate on repeat DUI offenders on probation who have had their licenses suspended or revoked.

U.S. Environmental Protection Agency

Capitalization Grants for Drinking Water State Revolving Funds

Capitalization grants are awarded to States to create and maintain Drinking Water State Revolving Funds Programs. States can use capitalization grant funds to establish a revolving loan fund to assist public water systems finance the costs of infrastructure needed to achieve or maintain compliance with Safe Drinking Water Act requirements and protection to public health objectives of the Act.

CITY OF LEMOORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued: **Unqualified**

Internal control over financial reporting:

Material weakness(es) identified?	X	yes	_____	no
Significant deficiency(s) identified not considered to be material weaknesses?	X	yes	_____	no

Noncompliance material to financial statements notes? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	yes	<u> X </u>	no
Significant deficiency(s) identified not considered to be material weakness(es)?	_____	yes	<u> X </u>	none reported

Type of auditors’ report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 section 510 (a)? _____ Yes X no

Identification of major programs:

CFDA Number(s)	<u>Name of Federal Program or Cluster</u>
-----------------------	--

66.468	<u>ARRA – Capitalization Grant for Drinking Water State Revolving Funds</u>
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20.205	<u>Highway Planning and Construction</u>
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Dollar threshold used to distinguish between Type A and Type B program \$300,000

Auditee qualified as low-risk auditee? _____ yes X no

CITY OF LEMOORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

Part II - Financial Statement Finding Section

Material Weakness

2011-1 – BANK RECONCILIATIONS

Condition:

Cash is not reconciled to the general ledger on a monthly basis. Bank statements accumulate for several months before they are reconciled to the appropriate general ledger controls.

Criteria:

Failure to reconcile cash in a timely manner is a deficiency in internal controls over significant account balance.

Effect of Condition:

Not reconciling the bank accounts to the general ledger on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time consuming to reconcile accounts while transactions are fresh in mind.

Cause of Condition:

Failure on the part of the finance department to prioritize the cash reconciliation process as this comment is a repeat from prior years.

Recommendation:

Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over cash receipts and disbursements. We recommend that all bank accounts be reconciled each month to the City's financial statements (i.e. the general ledger).

Response:

The Finance Department has prioritized the process of reconciling cash receipts to the general ledger and hired a part time Accounting Technician in August, 2011 that is dedicated to bringing the bank reconciliations to a current status. At this point, the bank reconciliations for the Redevelopment Agency have been completed through December, 2011 and the January, 2012 reconciliation is in progress. The City's general account has been reconciled through November, 2011 and December, 2011 is currently in progress. The goal is to have the remaining two to three months of bank statements reconciled to the general ledger and proceed with monthly bank reconciliations within the next four to six weeks. A review of the bank reconciliation procedures and the detail of the reports used in the reconciliation process has been initiated with the objective of making the process less complicated in order to ensure that timely bank reconciliations are completed every month by the 25th day of the following month. In addition, sub ledgers and schedules have been developed to streamline the monthly bank reconciliation process and provide a daily reconciliation of cash receipts to the general ledger.

CITY OF LEMOORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

Significant Deficiency

2011-2 – CASH RECEIPTS AT REMOTE LOCATIONS

Condition:

There are several departments within the City (i.e. Police, Parks and Recreation, Public Works) that receive cash payments as a convenience to the customers. These payments are subsequently taken to the Finance Department for processing and to be deposited in the bank. Although controls have been established to safeguard the monies from the point of collection to the bank deposit, we noted that in the prior year audit that many of the controls had broken down and were not being followed during the year. Since the problem was not discovered until May, 2011, the breakdown in controls was still occurring during most of the 2010/2011 year.

Criteria:

Strong internal controls over cash payments should be established and continuously monitored for compliance to reduce the possibility of misappropriation of City funds.

Effect of Condition:

Inadequate controls over cash collections increase the risk that the City funds can be misappropriated without being detected.

Cause of Condition:

Although some internal controls over cash collections had been established, they were not adequately monitored to make sure they were working as intended.

Recommendation:

During June of the 2010/2011 year, the Finance Department established policies and procedures for cash receipts at remote locations to address the issues discovered in the prior year audit. We recommend that these new policies and procedures be continually monitored for compliance.

Response:

The Finance Department has established a file to account for the numerical sequence of receipts from remote locations. This electronic Excel file is a log entry format that is used to record all processed pre-numbered receipts in numerical sequence. The staff person assigned to maintain this log can readily determine while updating the log which pre-numbered receipts are missing and at that time begins a process to account for the missing receipts. Each pre-numbered receipt is processed into the cashier software system to enhance the information available to users of this data. Therefore, batch processing is not authorized. The remote locations are tasked with accounting for void receipts, auditing of the cash

CITY OF LEMOORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

register receipts and reporting any discrepancies to the Finance Department. When receipts are turned into the Finance Department by the remote location employee, these receipts are immediately processed into the cash register by the cashier in the presence of the remote location employee. If the cash receipting cannot be done immediately, a dual counting is performed and both employees sign acknowledgement of the count. The receipts are then kept in a locked bag with the key retained by the finance staff member who last acknowledged the count until the processing can be accomplished. If the remote receipts are received by the Finance Department at the end of the day, they are additionally locked in a safe overnight until they are able to be processed the following business day. The Finance Director maintains oversight and continually reviews the general ledger accounts to ensure ratios and comparisons of income to expenses for the remote departments appears to be reasonable. Cash receipting policies, procedures, and practices receive day to day monitoring for compliance.

CITY OF LEMOORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

Significant Deficiency

2011-3 – RECORDKEEPING OF CAPITAL ASSETS

Condition:

The City did not adequately maintain the governmental activities capital asset records during the 2010/2011 year. The schedules provided at the beginning of the audit were partially incomplete, mathematically incorrect, or did not agree to the supporting detail. In addition, records for CIP projects are not being contemporaneously maintained, resulting in hastily prepared schedules during the audit that often require revisions.

Criteria:

Capital asset records should be maintained on an ongoing basis. The summary schedules provided to the auditors at the beginning of the audit should be reviewed by someone other than the preparer and reconciled to the supporting subsidiary records.

Effect of Condition:

Failure to properly maintain the capital asset records could result in financial statements that are misstated.

Cause of Condition:

Because of time constraints, capital asset schedules are not adequately reviewed prior to being given to the auditors

Recommendation:

Prior to the beginning of the audit, all capital assets governmental activities schedules should be reviewed and adjusted to agree to the supporting subsidiary records by the Finance Department staff.

Response:

The task of reconciling the fixed assets and depreciation schedules to the supporting subsidiary records has been assigned to the City's full time accountant with oversight by the Finance Director. The accountant has contacted the accounting software vendor's support system to secure the assistance necessary to review and adjust the supporting subsidiary records to the schedules. At this point, the accountant is waiting for a response from the software vendor. In addition, the accountant will request from the software support system the procedures and training necessary for updating the records on a monthly basis. The Finance Director will review schedules once they are updated. The accountant is currently taking steps to reconcile the fixed asset records and plans to have the process complete within the next two to three months.

CITY OF LEMOORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

Part III - Federal Award Findings and Questioned Costs Section

Significant Deficiencies and Instances of Noncompliance Related to the Audit of Major Federal Programs.

None

CITY OF LEMOORE
STATUS OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Findings – Financial Statement Audit.

Significant Deficiency:

I. Finding 2010-1 – BANK RECONCILIATIONS

Condition:

Cash is not reconciled to the general ledger on a monthly basis. Bank statements accumulate for several months before they are reconciled to the appropriate general ledger control.

Recommendation:

Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over cash receipts and disbursements. We recommend that all bank accounts be reconciled each month to the City's financial statements (i.e. the general ledger).

Current Status:

Unchanged from prior year, see finding 2011-1 as of June 30, 2011.

II. Finding 2010-2 – CASH RECEIPTS AT REMOTE LOCATIONS

Condition:

Internal controls over cash receipts collected at remote locations were not followed during the 2009/2010 year.

Recommendation:

The Finance Department should review the policies and procedures in place for cash receipts and make revisions as necessary. The procedures in place should be continually monitored for compliance.

Current Status:

New cash receipts procedures were put in place in June 2011.

CITY OF LEMOORE
STATUS OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

III. Finding 2010-3 – ACCOUNTS RECEIVABLE

Condition:

Our audit work disclosed that the accounts receivable balance includes an excessive amount of past due balances that are uncollectible. The City did not send any of these uncollectible balances to collections during the 2009/2010 year.

Recommendation:

The City should establish written collection procedures regarding delinquent utility receivable balances. The utility receivable summary and aging reports should be more closely monitored and delinquent accounts written off as appropriate. The City's utility billing software vendor should be consulted to determine how to write off balances deemed to be uncollectible.

Current Status:

The utility accounts receivable were thoroughly reviewed and delinquent accounts were either written off or sent to collections as appropriate.

IV. Finding 2010-4 – RECORDKEEPING OF CAPITAL ASSETS

Condition:

The City did not adequately maintained the fixed assets records for the governmental activities during the 2009/2010 year. The detailed fixed assets and depreciation schedules provided to the auditors at year-end did not reconcile to the books.

Recommendation:

Prior to the beginning of the audit, all capital asset account balances, including depreciation, should be reviewed and adjusted to agree to the supporting subsidiary records by the Finance Department staff.

Current Status:

See Finding 2011-3 as of June 30, 2011.

Additional Information



March 14, 2012

REPORT ON COMPLIANCE
WITH ARTICLE XIII B – APPROPRIATIONS LIMIT

To the Members of City Council of the
City of Lemoore
Lemoore, California

We have applied the procedures enumerated below to the accompanying Appropriations Limit of the City of Lemoore, California for the fiscal year ended June 30, 2011. These procedures which were agreed to by the League of California Cities and presented in their Article XIII B Appropriations Limitation Uniform Guidelines were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. This report is intended for the information of management and the City Council. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The procedures performed and our findings were as follows:

1. We obtained the computations from the City of Lemoore and determined that the limit and annual adjustment factors were adopted by resolution of the City Council. We also determined that the population and inflation options were selected by a recorded vote of the City Council.
2. For the accompanying Appropriations Limit, we added last year's limit to total adjustments, and agreed the resulting amount of this year's limit.
3. We agreed the current year information presented in the accompanying appropriations limit to the other computations described above.
4. We agreed the prior year Appropriations Limit presented in the accompanying Appropriations Limit to the prior year Appropriations Limit adopted by the City Council during the prior year.

These agreed-upon procedures are substantially less in scope than an audit, the objective of which is the expression of an opinion on the accompanying Appropriations Limit. Accordingly, we do not express such an opinion.

Based on the application of the procedures referred to above, nothing came to our attention that caused us to believe that the accompanying appropriations limit was not computed in accordance with Article XIII B of the California Constitution. Had we performed additional procedures or had we conducted an audit of the accompanying Appropriations Limit and the other completed worksheets described above, matters might have come to our attention that would have been reported to you.

Sampson, Sampson and Partners, LLP

CITY OF LEMOORE
ANNUAL APPROPRIATION LIMIT CALCULATIONS
JUNE 30, 2011

	<u>Amount</u>
LAST YEARS LIMIT	\$15,750,617
ADJUSTMENT FACTORS:	
Population	1.0283%
Inflation	.9746%
Total Adjustment Factors	<u>1.0022%</u>
TOTAL ADJUSTMENTS	<u>\$ 34,651</u>
THIS YEARS LIMIT	<u>\$15,785,268</u>