

**CITY OF LEMOORE
CALIFORNIA**

**SINGLE AUDIT
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
JUNE 30, 2013**

**CITY OF LEMOORE
CALIFORNIA**

JUNE 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.....	3
Schedule of Expenditures of Federal Awards.....	5
Notes to the Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs.....	9
Summary Schedule of Prior Audit Findings	12
 ADDITIONAL INFORMATION:	
Independent Accountant's Report on Agreed-Upon Procedures Applied To the Appropriations Limit Worksheet.....	19
Annual Appropriations Limit Calculations	21



INDEPENDENT AUDITOR'S 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, in accordance with the 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, 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, California (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report, which was qualified due to the City not maintaining a complete and accurate general government capital assets listing and depreciation schedule as indicated in the Independent Auditor's Report, thereon dated March 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

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 deficiency described in the accompany schedule of findings and questioned costs as item 2013-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
March 10, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Lemoore, California's (the City) compliance with the types of compliance requirements described in the 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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Lemoore, California complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 year ended June 30, 2013, and have issued our report thereon dated March 10, 2014, which contained a qualified opinion on the governmental activities and an unmodified opinion on those remaining financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Price Pange & Company

Clovis, California
March 10, 2014

**CITY OF LEMOORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number		Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Energy				
Passed through the California Department of Energy:				
ARRA - Energy Efficiency and Conservation Block Grant	81.128	*	CBG-11-006	\$ <u>635,144</u>
Total U.S. Department of Housing and Urban Development				<u>635,144</u>
U.S. Department of Housing and Urban Development				
Passed through the California Department of Housing and Urban Development				
Housing and Community Development:				
Community Development Block Grant	14.228		10-STBG-6722	110,905
Home Investment Partnerships Program	14.239		10-HOME-6868	<u>96,901</u>
Total U.S. Department of Housing and Urban Development				<u>207,806</u>
U.S. Department of Transportation				
Passed through State of California Department of Transportation				
Highway Planning and Construction	20.205		CML-5115-(024)	273,313
Highway Planning and Construction	20.205		SRTSL-5115(022)	<u>22,003</u>
Total U.S. Department of Transportation				<u>295,316</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,138,266</u>

*Denotes a major program per OMB A-133.

**CITY OF LEMOORE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 – ORGANIZATION AND OPERATIONS

The financial reporting entity consists of (a) the primary government, City of Lemoore (the 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 Financing Authority
- Lemoore Housing Authority

NOTE 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.

NOTE 3 – PROGRAM DESCRIPTIONS

U.S. Department of Housing and Urban Development

Energy Efficiency and Conservation Block Grant Program (EECBG)

The Energy Efficiency and Conservation Block Grant (EECBG) Program was funded for the first time by the American Recovery and Redevelopment Act of 2009. EECBG was authorized in Title V, Subtitle E of the Energy Independence and Security Act and signed into law on December 17, 2007, and is modeled after the Community Development Block Program. The objective of EECBG is to assist U.S. cities, counties, states, territories, and Indian tribes to develop, implement, and manage energy efficient and conservation projects and programs designed to do the following: reduce fossil fuel emissions; reduce the total energy use of the eligible entities; improve energy efficiency in the transportation, building, and other appropriate sectors; and for the creation and retention of jobs.

CITY OF LEMOORE
LEMOORE, CALIFORNIA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 3 – PROGRAM DESCRIPTIONS (Continued)

U.S. Department of Housing and Urban Development (Continued)

Home Investment Partnerships Program (HOME)

The objectives of the Home Investment Partnerships Program include expanding the supply of decent and affordable housing, particularly housing for low and very low-income Americans; strengthening the abilities of state and local governments to design and implement strategies for achieving adequate supplies for decent, affordable housing; providing financial and technical assistance to participating jurisdictions, including the development of model programs for affordable low-income housing; and extending and strengthening partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing.

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.

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**CITY OF LEMOORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Qualified

Internal control over financial reporting:
 Material weakness identified? X Yes No
 Significant deficiencies identified that are not considered
 to be material weaknesses? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:
 Material weakness identified? Yes X No
 Significant deficiencies identified that are not considered
 to be material weaknesses? Yes X None reported

Type of auditor's 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

<u>CFDA Number</u> 81.128	<u>Name of Federal Program or Cluster</u> ARRA - Energy Efficient and Conservation Block Grant (EECBG)
------------------------------	--

Dollar threshold used to distinguish between
 Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes X No

**CITY OF LEMOORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2013-001 – Recordkeeping of General Government Capital Assets

Condition: The City has not maintained a complete and accurate general government capital assets listing and depreciation schedule as it relates to the City's governmental activities and, accordingly, has not reconciled the general government capital asset listing and corresponding depreciation schedule to the amounts reported in the financial statements. In addition, records for general government CIP projects are not being contemporaneously maintained, resulting in incomplete schedules being provided during the audit that require revisions.

Criteria: The capital assets listing and corresponding depreciation schedule should be reconciled to the prior year financial statements and 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: Inadequate maintenance of capital assets records could result in financial statements that are misstated.

Cause: The City did not have proper controls in place to ensure that general government capital assets records are adequately and contemporaneously maintained. Specifically, general government capital asset schedules are not adequately reviewed prior to being provided to the auditors.

Recommendation: Prior to the beginning of the audit, all capital assets schedules should be adequately prepared by staff and reviewed by management to ensure accuracy and agreement to the prior year financial statements and supporting subsidiary records.

Response: During the audit, the Finance Director became aware that the general government capital asset listing and depreciation schedule had not been reconciled by the staff that was assigned this task. The general government capital assets do not require a journal entry in the general ledger, which allowed this to be overlooked. Subsequently, there has been a change in staff. The listings that the Finance Department was able to obtain from the City's capital assets records and from the previous auditing firm do not balance to the 2012 fiscal year audited financial statements. The Finance Director decided that the City should take their time reconciling the general government capital assets listing in order to correct the finding for the 2014 fiscal year financial statements. Finance will be conducting an internal audit of the general government capital assets, including a physical inventory to ensure the accuracy of the 2014 fiscal year financial statements.

**CITY OF LEMOORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2013-002 – Closing of Accounting Records

Condition: We identified and proposed adjustments (which were approved and posted by management) that were material, either individually or in the aggregate, to the City's financial statements.

Criteria: A strong system of internal controls and management review mandates that general ledger account balances are properly reconciled to a subsidiary ledger or other adequate supportive documentation on a periodic basis. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP.)

Effect: As a result of this condition, various accounts in the trial balance were initially materially misstated.

Cause: The City did not have proper controls in place to ensure that all transactions get recorded completely and accurately.

Recommendation: We recommend that the City take steps to ensure that all year-end adjustments are identified and posted for financial reporting purposes and are accounted for in the proper period.

Response: The Finance Department dramatically decreased the number of adjusting journal entries for the 2013 fiscal year audit compared to the 2012 fiscal year audit. The adjusting journal entries were items that were missed by the Finance Department in the year-end adjustments. The Finance Department is making progress in reviewing all financial records so that transactions will be accounted for properly for the 2014 fiscal year audit.

The Finance Department is planning to send staff to an Intermediate Governmental Accounting training seminar. This will help the staff to better understand the nuances of reporting transactions in line with governmental accounting standards in accordance with generally accepted accounting principles (GAAP.)

SECTION III – FEDERAL AWARDS FINDINGS

None reported.

**CITY OF LEMOORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENT FINDINGS

Finding 2012-001 Credit Cards

Condition: During our testing of controls over credit cards, the following was noted:

We selected two months out of the fiscal year and tested all credit card payments for those billing cycles. Out of the thirty credit card bills tested, five did not have all of the supporting documentation attached. We also noted the credit card policy should be reviewed and updated to ensure proper controls over credit cards have been put in place and are being properly monitored by the Finance Department.

Criteria: Internal controls over credit cards should be updated and monitored to reduce the risk of misuse.

Effect: Inadequate controls over the use of credit cards increase the risk of unauthorized purchases.

Cause: Internal control procedures over credit cards are not being consistently followed.

Recommendation: We recommend a thorough review of all credit card statements and their supporting documentation to ensure each purchase has a proper business purpose is coded to the correct account code and is properly supported by documentation that is attached to the credit card statement. We also recommend the credit card policy be reviewed and updated to ensure proper controls have been put in place over the use of credit cards.

Response: We are reviewing and updating all policies and procedures in the Finance Department. The Accountant in the Finance Department is reviewing every credit card statement against every receipt from the departments and making the departments accountable for missing items. The updated policy and procedures will have consequences for the departments if receipts are missing from the credit card statement.

Status: Implemented

**CITY OF LEMOORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2012-002 General Ledger

- Condition:** As a result of the audit process, over 40 journal entries were required to adjust the general ledger for it to reflect proper account balances for the year. The following is a list of problems that were encountered while working with the general ledger:
1. Several adjusting entries to fund balance to make them agree with the prior years audited year-end balances.
 2. Journal entries were not kept organized and there was a lot of confusion regarding which entries had been recorded by the City, and which journal entries had been given to the auditors. Journal entries are not being properly reviewed prior to posting causing additional reclassifying entries to correct prior mispostings.
 3. New funds were added by the City after fieldwork was completed and the auditors were writing the report. Several reclassifying entries were then prepared and redone several times to remove balances between funds causing confusion.
- Criteria:** Controls over general ledger should be established and monitored to reduce the risk of material misstatement in the financial statements.
- Effect:** Inadequate maintenance of general ledger controls increases the risk of material misstatement within the financial statements.
- Cause:** Control over general ledger are not being properly monitored or consistently followed.
- Recommendation:** City finance staff is able to keep detailed subsidiary records current for the most part, however the general ledger needs to be maintained as this is the prime financial record for the City. Maintenance of the general ledger should be one of the highest priorities. Accounts receivable, accounts payable, long-term debt and capital assets should reflect proper balances and be adjusted on a regular basis. New funds should not be added unless absolutely necessary and all journal entries should be kept organized and should be thoroughly reviewed prior to posting.
- Response:** The Finance Department has provided training for the accounting system to eliminate some of the issues with fund balances. Journal entries will be reviewed by the Finance Director prior to posting. The accounting staff now had a shared drive on the computer so that accounting records, including the journal entries are available for use by all. Procedures are being implemented that will list all activities that should be completed on a daily, monthly quarterly and annual basis. This should help with the communication between the internal accounting staff so that all activities can be completed in a timely manner. These changes will be included in the review and update of the policies and procedures manual that is being created by Finance.
- Status:** Partially Implemented (See current year finding)

**CITY OF LEMOORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2012-003 Recordkeeping of Capital Assets

- Condition:** The City did not adequately maintain the governmental activities capital asset records during the 2011/2012 year. The schedule provided at the beginning of the audit was 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:** Inadequate maintenance of capital assets records could result in financial statements that are misstated.
- Cause:** Because of time constraints, capital asset schedules are not adequately reviewed prior to being given to 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:** Finance is verifying that the fixed asset records as of June 30, 2012 tie out to the balances that are reflected in the audit report. We will improve our reconciliations of fixed assets and depreciation schedules during the fiscal year. We will continue to improve communication with the departments as to the status of CIP projects to know when to convert them to fixed assets or to expense out the projects that are not going to continue. These changes should ensure that Finance would be able to produce accurate, timely fixed asset records for the 2012/2013 audit.
- Status:** Partially Implemented (See current year finding)

**CITY OF LEMOORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2012-004 Payroll Policies and Procedures Documentation

Condition: During our testing of payroll, the following was noted:

The internal control documentation for payroll was dated June 30, 2006. There have been personnel changes in the Finance Department and technological changes in the payroll area since 2006. Payroll is a sensitive area and controls over how the payroll process is performed and who has access to payroll information is important. An updated written policy explaining how payroll is performed and by who will decrease the risk that payroll could be done incorrectly, or by a person who does not have proper access to the sensitive information.

Criteria: Proper documentation should be kept regarding payroll policies and procedures to ensure payroll is being done correctly, efficiently and by the appropriate person in the Finance Department.

Effect: There could be some confusion as to “who” has authorization to do “what” in the Finance Department resulting in changes made by personnel who are not authorized to make changes.

Cause: The Finance Department does not have an updated written policy regarding payroll policies and procedures.

Recommendation: Updated internal control documentation for payroll should be prepared as soon as possible.

Response: As stated in previous responses, the Department is reviewing and updating all policies and procedures, including payroll. The outdated internal control documentation from 2006 will be reviewed and updated. The Finance Department is working toward the goal of cross training staff on activities, and the updated policies and procedures are instrumental in that goal.

Status: Implemented

**CITY OF LEMOORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

FEDERAL AWARDS FINDINGS

None reported.

ADDITIONAL INFORMATION

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INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPOPN PROCEDURES
APPLIED TO THE APPROPRIATIONS LIMIT WORKSHEET

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, 2013. 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.

Price Paige & Company

Clovis, California
March 10, 2014

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**CITY OF LEMOORE
ANNUAL APPROPRIATIONS LIMIT CALCULATIONS
JUNE 30, 2013**

	<u>Amount</u>
Appropriations limit, June 30, 2012	\$ 16,550,853
Adjustment factors:	
Population	1.0046
Per Capita Cost of Living	1.0377
Total adjustment factors	<u>1.0425</u>
Total adjustments	<u>702,971</u>
Appropriations limit, June 30, 2013	<u><u>\$ 17,253,824</u></u>