

City of Lemoore

California

Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2015

**City of Lemoore
119 Fox Street
Lemoore, CA 93245**

**CITY OF LEMOORE
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2015**

**Prepared by
FINANCE DEPARTMENT**

**CITY OF LEMOORE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2015**

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INTRODUCTORY SECTION

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119 Fox Street • Lemoore, California 93245 • (559) 924-6700 • Fax (559) 924-9003

April 14, 2016

Honorable Mayor and Members of the City Council,

The City is pleased to submit the first-ever Comprehensive Annual Financial Report (CAFR) for the City of Lemoore ("City") for the fiscal year ("FY") July 1, 2014 through June 30, 2015. It is noteworthy to mention that this CAFR is actually the first for the County of Kings as a whole, as no other City in the County has ever prepared a CAFR. Other Cities in the County of Kings issue only audited general purpose financial statements. The CAFR is much more comprehensive as discussed below and meets the highest standards of financial reporting for municipal organizations.

The City requires that a licensed certified public accountant conduct an annual audit at the end of each fiscal year and issue a complete set of financial statements for City Council and public review. The CAFR represents the audited financial statements of the City, with expanded statistical information and narratives to provide relevant financial information to the residents of Lemoore, taxpayers, creditors, investors, and other stakeholders.

This letter of transmittal provides a non-technical summary of City finances, services, achievements, and economic prospects. The readers who wish a more detailed discussion of the City's financial results should refer to Management's Discussion & Analysis ("MD&A") contained in the Financial Section of the CAFR.

The Lemoore Finance Department is responsible for the accuracy of the information contained in this report, including the adequacy of its disclosures, and the fairness of its presentation. Staff believes this CAFR to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, staff has established a comprehensive system of internal controls designed to protect City assets from loss, to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles (GAAP).

The City contracted with Price, Page & Company Accountancy Corporation, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for fiscal year 2014-15 are fairly stated in conformity with generally accepted accounting principles (GAAP).

This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is included in front of the Financial Section of this report.

This CAFR is organized into four sections:

- The **Introductory Section** provides this transmittal letter which includes information about the governmental structure, economic activities of the community, and notable financial activities.
- The **Financial Section** includes the financial statements, notes, and supplemental information. The MD&A immediately follows the independent auditor's report, and provides a narrative introduction, overview, and analysis of the Basic Financial Statements including notes and the Required Supplementary Information.
- The **Statistical Section** includes tables containing historical financial data, debt statistics, and miscellaneous social and economic data of potential interest to readers of financial documents. The data also includes ten-year revenue and expenditure data.

CITY PROFILE

Basic Information

Lemoore encompasses a land area of approximately 8.5 square miles and is located in the heart of Central California's San Joaquin Valley, equidistant from both the Los Angeles and San Francisco metropolitan areas. Lemoore is positioned at the crossroads of State Highways 198 and 41 about 7.5 miles (12 km) west-southwest of Hanford, at an elevation of 230 feet. The California Department of Finance estimated that Lemoore's population was 25,325 on January 1, 2015.

Lemoore was incorporated in 1900 as a general law city with a council-manager government. The City Council ("Council") is made up of five members. The five Council members are elected at large to serve four-year, overlapping terms. Municipal elections are held in November of even number years. Council selects two of its members to serve as the Mayor and the Mayor Pro-tem. The Council is responsible for making policy, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and the City Attorney.

The City Manager is responsible for carrying out the ordinances and polices of the Council, overseeing operations, and appointing the City's department heads.

Management

The City continues to maintain a strong and effective workforce with 98 full-time equivalent, 50 part-time positions, and 35 volunteer firefighters. The retirement of the previous City Manager tasked Council with identifying a new Chief of Staff. Working independent of any executive search firms, Council was able to conduct their own recruitment. Their efforts were rewarded with the selection of Andi Welsh, who at the time was serving as Assistant to the Town Manager in Gilbert, AZ (pop. 230,000). She began her service with Lemoore just days after the end of this fiscal year.

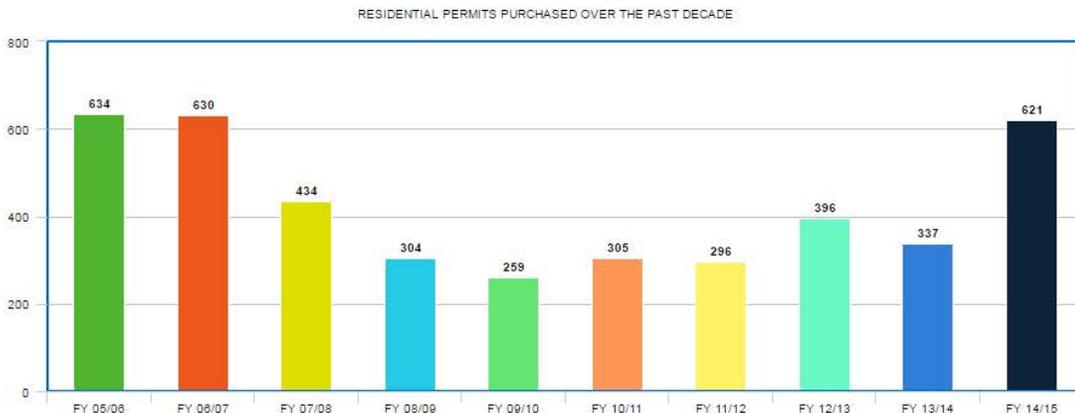
Having the desire to best illustrate the values of the community, Council approved and adopted a Mission and Vision statement for the City to serve as a guidepost for City staff. The City's Mission is "To provide high quality services and establish the conditions for economic vitality and high quality of life" and Vision "Lemoore will be an economically vital community, marked by educational, cultural, recreational and business opportunities" statements were drafted this fiscal year, and were approved and adopted shortly thereafter.

COMMUNITY DEVELOPMENT

In 2013, due to the economy, the Planning Department was eliminated and technical planning services were contracted to Quad Knopf, Inc. Parks & Recreation served through the end of FY 2014-2015 as the representative department for the City that addressed community concerns.

After several years' lull due to the downturn in the national economy from the housing crisis, FY 2014-2015 saw a marked improvement in homeowner's interest in home improvements.

The number of residential permits almost doubled from the previous year as shown below:



Due to the expansion at Naval Air Station Lemoore (NASL) and the changing economy, growth in the community is occurring and is expected to continue over the next decade. To support the expected growth, full-time onsite support is essential. Planning services performed by Quad Knopf will continue into FY 2015-2016.

Lemoore's community benefitted from several capital improvement programs, including: creation of the full service community kitchen at the Cinnamon Municipal Complex, addition of the CrossFit and Weight Room at the same location, as well as the redesign of the 19th Avenue Park space (Kings Lions Park). Specific amenities added to the park included: addition of softball field backstops as well as illumination posts for evening use, dog park renovation, and water improvements to the grounds installed to grow grass on the fields.

ECONOMIC CONDITIONS

Lemoore has enjoyed a steady population increase of four and five percent over the past few years. Site location consultants are impressed with the advantages that the City offers, including a hardworking labor force, large tracts of affordable land, enterprise zone incentives, foreign trade zone #266 designation (<http://www.lemoore.com/ed/ftzone.htm>) and a pro-business environment. Lemoore retains the charm and beauty of small rural town with its turn-of-the-century buildings and residences.

The available labor force in Lemoore has the benefit of being very diverse. Because of heavy agricultural ties, there is an abundance of unskilled and semi-skilled general labor, along with a significant amount of skilled workers who possess a variety of educational and technical training backgrounds. Many residents are related to Navy personnel stationed at NASL or were former military personnel and have chosen to reside permanently in Lemoore.

Demand for new business services has been steadily maintained over the past several years. As shown in the bar chart below, the number of business licenses has remained relatively flat, with the most significant decline occurring in fiscal year 2009-2010. Fiscal year 2009-2010 was the year where the Great Recession hit businesses the hardest at the City of Lemoore. The average annual number of business licenses was 1,182 during the last seven years of history.

The chart below shows the history of business licenses during the past seven years:



Residents benefitted from the establishment of several new organizations this year, enhancing the community with an array of important services.

Valley Animal Haven: This non-profit organization is a 'no kill' sanctuary that not only shelters pets but also emancipates animals from euthanizing facilities.

Deli Delicious: Voted "People's Choice – Best Sandwich" from 2009-2015, this franchise has found purchase in Lemoore as well as many other surrounding Cities in the Central Valley.

Etiquette School of Central Valley: Youths and adults can elevate their identities by learning valuable personal presence, communication and social/soft skills that are no longer taught in schools, nor in many homes.

NASL is the Navy's newest, largest and only West Coast master jet base. Approximately 7,200 enlisted and 1,300 civilians work at NASL, making it the third-largest industry in Kings County. In addition, it supports about 10,900 dependents, 12,825 retirees/dependents, 500 students and 825 reservists.

NASL contributes more than \$1 billion to the regional economy. Military men and women may be seen in uniform throughout the community and even at City Hall, paying their utility bills. The men and women who live and work here continue to enjoy an atmosphere of mutual respect, cooperation, strong teamwork and common interest with the local communities while supporting the mightiest Navy in the world. Also, with the most expensive military aircraft (F-35 fighter jets) serviced in Lemoore, there is a lot of activity within sphere of influence of the City from NASL.

(source: http://www.mybaseguide.com/navy/93-2064/nas_lemoore_welcome_ aboard)

Types of Services

The City provides a full range of municipal services including those required by statute or Council policy. These services include Police, Volunteer Fire, Community Development, Building & Safety, Successor Agencies to Redevelopment, Housing and Economic Development, Wastewater Treatment and Collection, Storm Water Collection, Solid Waste, Streets, Traffic Safety, Parks & Recreation, including a municipal Golf Course, and General Administration that ensure the efficient delivery of all the aforementioned municipal services.

Public Safety

The citizens of Lemoore enjoy protection from the Lemoore Police Department (LPD). The Department is comprised of 23 Officers, 2 Commanders, and further bolstered by 23 Volunteer Officers. The entire department is led by the Police Chief.

Felony crimes remained mostly unchanged from the previous year and were in line with the average crime rate throughout California. Notable among all statistics is there were no reported homicides during FY 2014-2015. It has been 13 years running since a uniformed officer has needed discharge their weapon. The Detective Bureau was

assigned 341 cases for investigation or follow up, of which 333 were cleared, resulting in an impressive solution rate of 97%.

Youth development programs continue to be enthusiastically received by Lemoore High School and Elementary School Districts. A full-time campus police officer is assigned to West Hills College. The LPD established the Police Activities League (PAL), which is aimed to reach out to at-risk youth through the sports activities and helps the youth make quality choices which in turn provides better ability for them to become responsible citizens. The LPD VIPs (Volunteers in Policing) donated 6,497 hours of service to the department and the community in FY 2014-2015.

Residents of Lemoore are also cared for by the highly skilled Volunteer Fire Department. Many hours are committed each year by their staff, which currently is comprised of 35 on-call Volunteer Firefighters; 10 of which are Certified Emergency Medical Technicians. Nearly 20,000 hours were dedicated by the Firefighters last year, ensuring that incidents within the City and within aid boundaries, were quickly addressed as well as mitigating loss of property. The City currently has an impressive Insurance Service Office (ISO) fire rating of 3 (on a scale of 1 to 10, with 1 being the highest possible rating)

The Fire Department fleet consists of nine in-service vehicles, one of which is a 2013 Ferrara 77' ladder truck, with and the newest addition being a 2015 Ferrara Intruder Midship Rescue Pumper placed on order, with an expected delivery during FY 2015-2016.

Further support is provided by the Public Works Director, who plays a dual role as the City Fire Marshall. Under the supervision of the Fire Marshall, the City Building Inspectors perform annual fire/building safety inspections on behalf of the Fire Department. One full time Community Service Officer, under the supervision of the Police Chief, assists the Fire Department with weed abatement cases that become hazardous to the community.

MAJOR INITIATIVES

The City of Lemoore is involved in a number of initiatives to improve City services and enhance the lives of its citizens. The City is a good steward of its environment with projects designed to improve air quality and lessen energy dependence. Aging infrastructure needs are being addressed or planned for with strategic capital improvements and targeted set asides. Safety of our citizens is of paramount importance as evidenced by policing policies designed to identify and address problems and doing so by working more closely with the community.

Environmental Stewardship

- Solar project
- Arsenic mitigation
- Natural gas fleet

Improving Our Neighborhoods

- Homebuyer Program
- Street repairs

Quality of Life Enhancements

- Golf Course

- Kings Lion Complex / 19th Avenue Park
- Community Investment Program Projects**
- Wastewater Treatment Plant
 - Cinnamon Drive

Community Investment Program Completed Project:

Opterra Solar Project - Green energy established itself within City limits in 2014 with the Opterra Solar Project breaking ground that summer. Work was completed during this fiscal year, after \$12.8 million dollars was invested to facilitate a cleaner and more affordable source of energy. Expectation is that 3.1 megawatts of electricity will be generated and save the City about \$44 million dollars over the next 30 years.

Solar arrays were placed at 13 locations through the City, such as water well sites, wastewater treatment facility, the police station as well as two massive parking canopies at the Cinnamon Municipal Complex.

(source:http://hanfordsentinel.com/news/lemoore/lemoore-solar-project-nears-finish-line/article_03473cb8-e5f5-11e3-be83-0019bb2963f4.html)

FINANCIAL CONDITION

The City of Lemoore is guided by a conservative philosophy that has required the City to take broad measures to survive the Great Recession of 2008-2009 and preserve service levels required to maintain the quality of life for residents of the Lemoore. Broad cost recovery allocations have enhanced fund balances for the past 10 years. The City will need to work to diversify its tax base through economic development, as well as improve its cost accounting and efficiency analyses to ensure service delivery, at the most efficient cost possible.

The City's revenues have been relatively flat for the last ten years, with little growth in funding for new programs or services in the General Fund budget. There is an opportunity for the City to be more aggressive in cost-recovery for user fees and development impact fees, to ensure that cost-recovery is maintained at full cost. However, there will continue to be programs where the City may choose to use taxes to subsidize policy priorities of the City Council. However, as the service level demands increase, the City will have to continue to explore options to recover the full cost of user fee services.

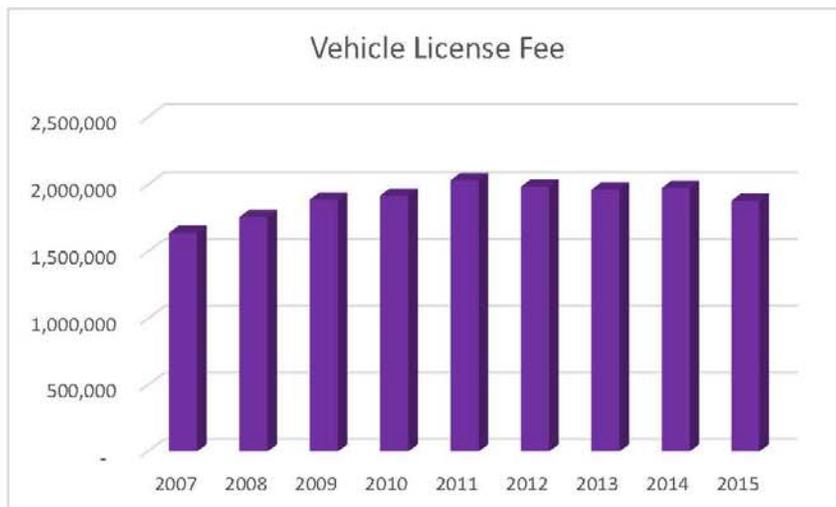
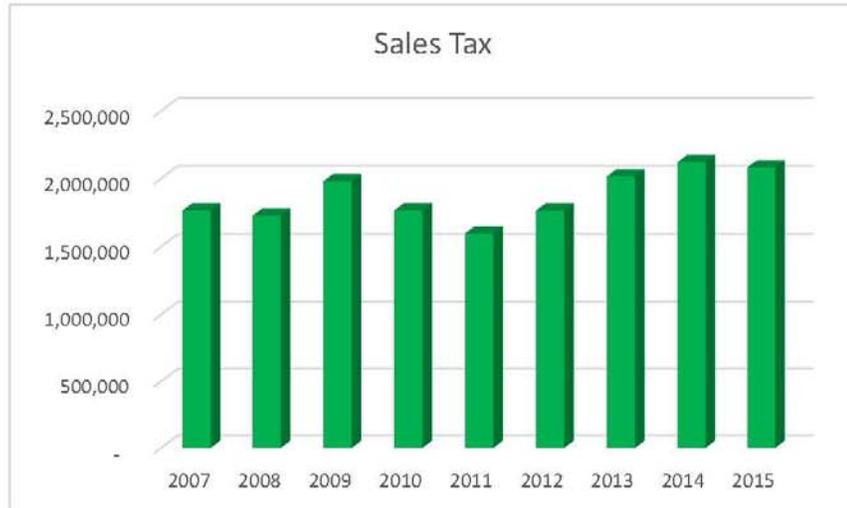
The City Manager's Office has programmed in the next fiscal year an initiative to perform a comprehensive analysis of its revenue structure, tax base, cost allocation plans, and economic development plans and seeks to implement a revenue enhancement strategy to maximize the fiscal capacity of the City, with the goal of achieving long term fiscal sustainability for the City.

The deliverables of this comprehensive analysis is a business plan and long term financial plan that can guide the City's budget decisions and fiscal policy decisions going forward.

The top five revenues in the City's General Fund generate over 76% or more of the funding for the budget. By focusing on these, the City can maximize the return on cash flows when making decisions that affect these revenue streams.

The City's *primary* revenue source is **Sales Tax** revenue from retail sales generated from the 1% City share of the total 7.50% rate.

As shown here, the sales tax revenues average about \$2 million per year, and although it has relatively stable patterns, there was a small increase in 2013, with a flattening in the last couple years. The drop in fuel prices at the pump is the largest impact on sales tax revenues in Lemoore, due to the relative importance of gas stations to the City's retail sales.



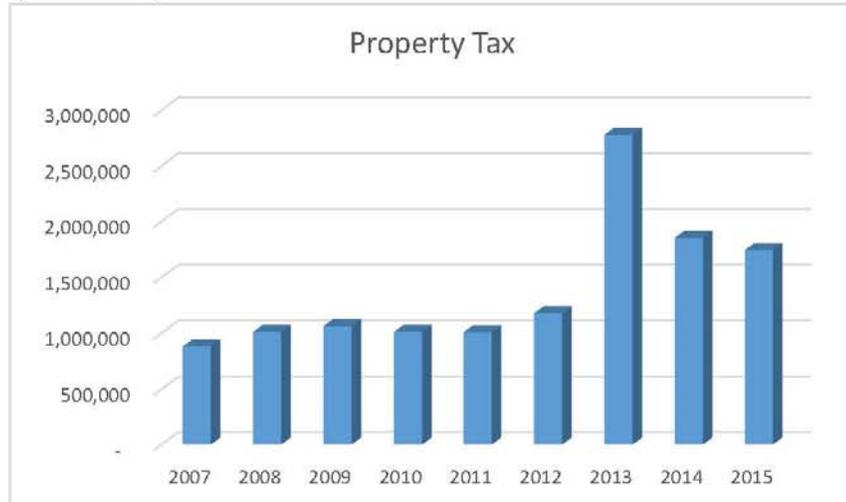
The *second* revenue source in Lemoore is the state **Vehicle License Fee** (VLF), which generates just under \$2 million per year as shown in the accompanying bar chart.

The VLF revenue has remained relatively flat, with

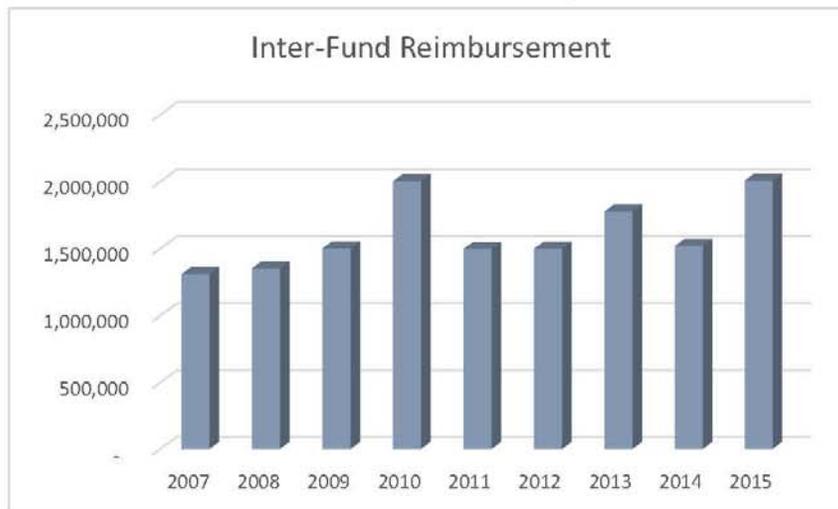
a small decline in 2015 as shown above.

The *third* revenue source is **Property Tax**, which was flat from 2007 through 2012, with a large increase in property revenues in 2013 related to the growth in residual tax increment property tax revenues generated through the dissolution of the Redevelopment Agency in 2011. The revenue chart below shows a small decrease in property tax revenues in 2015, at \$1,745,278, a decrease of \$110,050 when compared to the \$1,855,328 from the prior fiscal year.

Property taxes have anomalies due to property tax delinquencies and other related assessment issues. The 2016 tax roll will help illuminate more detail about this key revenue source of the City.



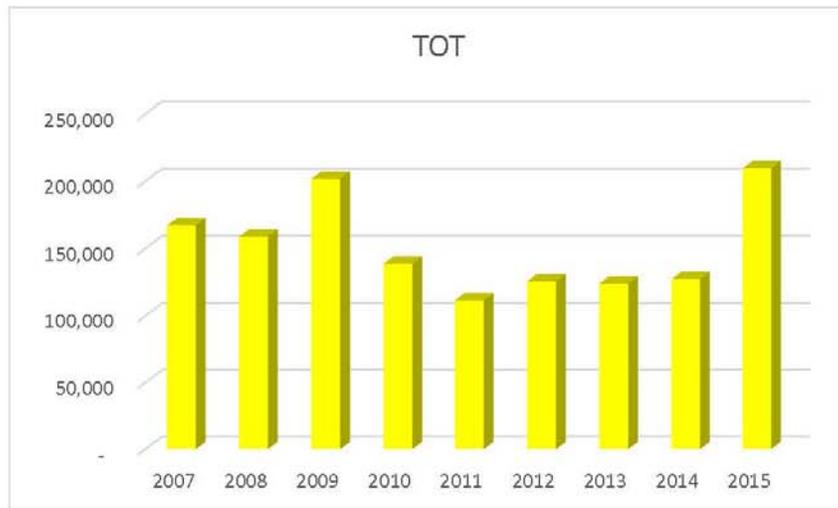
The *fourth* revenue, or funding source for the City's General Fund is Inter-Fund Reimbursements for administrative services provided to other funds. The historical chart below shows the largest increase in 2010,



which corresponds to fiscal year 2009/2010 when there was a need to expand the level of cost recovery to mitigate the revenue losses to the General Fund from the Great Recession.

Next fiscal year, the new City Manager has directed that a new cost allocation plan be developed to validate the inter-fund cost reimbursement levels in 2016 to ensure an accurate and sustainable General Fund budget going forward.

Transient Occupancy Tax (TOT) revenues, also known as a hotel lodging tax, are a smaller revenue; however, it is one of the top five revenue sources for the General Fund budget. The TOT revenue bar chart provides a visual of the last seven years of history with this revenue source as follows:



There is a spike in TOT revenues from the average annual TOT revenue of \$195,042 during the last seven years, to the 2015 revenue total of \$209,869. This is an increase of \$82,621 over last year and \$14,827 compared to the average annual revenue. The

reason for the spike in TOT revenues is likely due to construction at NAS Lemoore and the surrounding region.

CREDIT RATING

The City maintains a credit rating of **A-** from **Standard & Poor's** Rating Services, which represents a **stable financial outlook**. The City expects to maintain this credit rating into next fiscal year, which will assist the City with reasonably low borrowing costs when the \$128 million 5-Year Community Investment Program (CIP) budget is implemented, with \$97 million of that total requiring a consideration of debt financing to construct Water and Wastewater CIP projects. As of this writing, the City has initiated Proposition 218 procedures to increase Water rates to begin the funding process to finance the enterprise fund CIP project budget.

BUDGET

The City Council is required to adopt a budget for the next fiscal year by no later than June 30. This budget is prepared on an annual basis and serves as the foundation for the City's fiscal planning and financial control. The budget is prepared by departments (e.g., Administration, Police, etc.), by funds (i.e., General Fund, Traffic Safety Fund, etc.), and by divisions (i.e., City Manager, City Clerk, etc.). The City Manager may transfer appropriations within a department, provided that the total appropriation is not increased. The budgets are then managed and controlled by department heads under the supervision of the City Manager and the Finance Director.

Budgets are adopted annually for the General Fund, some of the special revenue funds, enterprise funds, and one internal service fund. A capital improvement program (CIP) projects budget is prepared for approval by the City Council, and updated as necessary.

CIP projects are funded by capital projects funds, impact fees, operating accounts, grant proceeds or debt proceeds. Next fiscal year, the City will bring forward a comprehensive Five-Year CIP Budget, with a new definition for the CIP: **Community Investment Program**.

SINGLE AUDIT

There was *no requirement for a Single Audit this fiscal year* because total federal grant award expenditures did not reach the \$500,000 threshold. However, as a recipient of federal (and state and county) grant funding, the City continues to be responsible for providing assurance that adequate internal controls are in place to ensure compliance with applicable laws and regulations relating to these award programs. Internal controls are subject to periodic evaluation by management, the Office of the City Auditor, and the City's independent auditors.

AWARDS

The City will be making its first submittal to the Government Finance Officers Association for its annual Award for Excellence in Financial Reporting. The City believes that its first comprehensive Annual Financial Report will meet the requirements for this award.

ACKNOWLEDGEMENTS

Staff would like to acknowledge the efforts of staff from all City Departments. Special mention goes to Finance Department staff for their hard work in assisting with preparation of this first-ever Comprehensive Annual Financial Report. And most importantly, to the Mayor and members of the City Council for their wise fiscal stewardship and strong leadership which has inspired staff to embrace best management practices and improve financial reporting.

This Comprehensive Annual Financial Report was made possible by the City Council's appropriation of resources and their commitment to transparency and accountability in financial reporting to the citizens and stakeholders of Lemoore.

The City Council has set a precedent for other Cities in the County of Kings, making the City of Lemoore a leader in financial reporting standards in accordance with the Government Finance Officers Association and best management practices followed by City organizations today.



Andi Welsh
City Manager

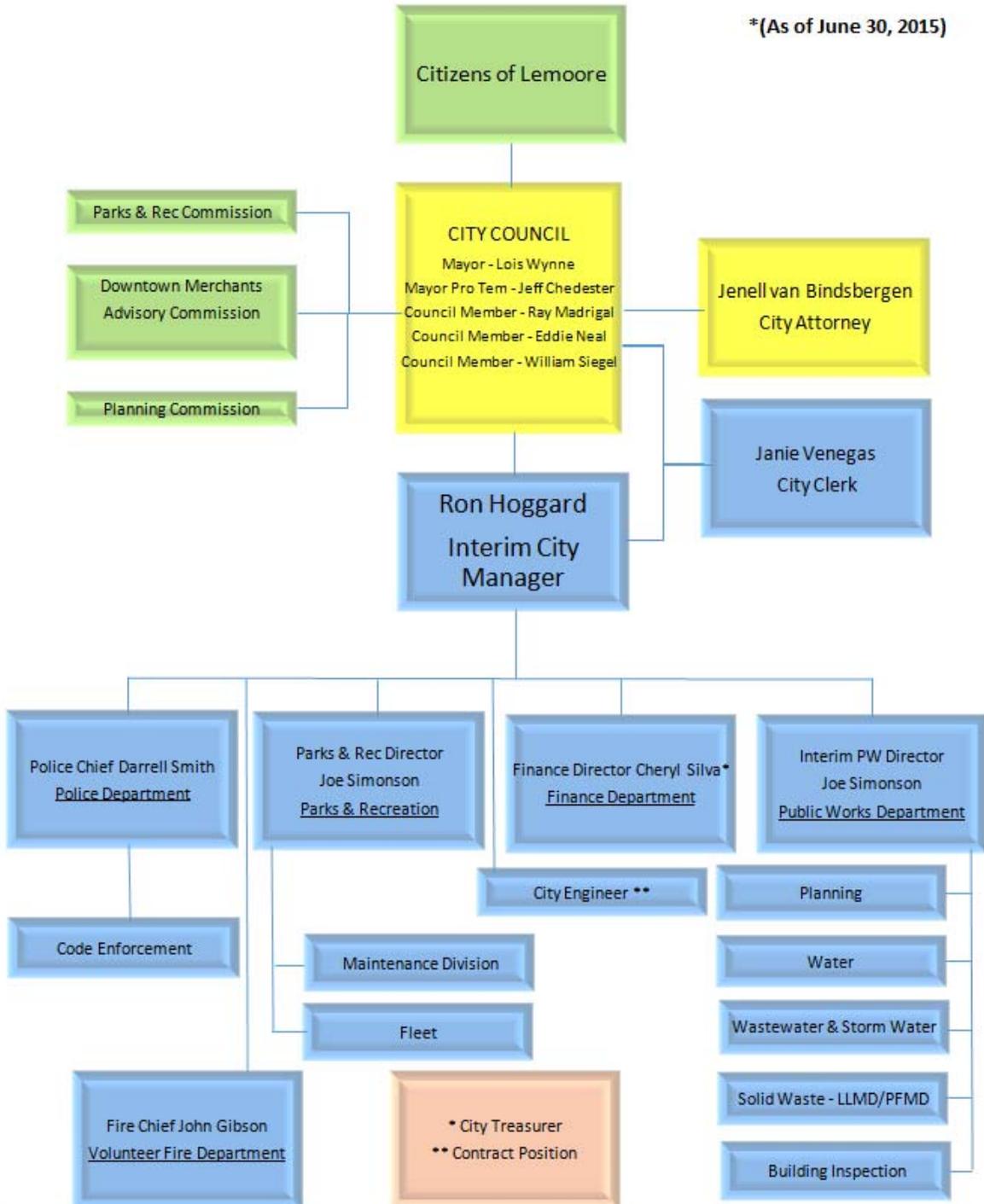


John Herrera, CPA
Finance Director (Contract)

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**CITY OF LEMOORE
ORGANIZATION CHART**

*(As of June 30, 2015)



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City of Lemoore, California

June 30, 2015

CITY COUNCIL

Mayor – Lois Wynne
Mayor Pro Tem – Jeff Chedester
Council Member – Ray Madrigal
Council Member – Eddie Neal
Council Member – William Siegel

DIRECTORY OF CITY OFFICIALS

Ron Hoggard – Interim City Manager
Janie Venegas – City Clerk
Cheryl Silva – Finance Director
Joe Simonson – Parks & Rec Director / Interim PW Director
Darrell Smith – Police Chief
John Gibson – Fire Chief
Jenell Van Bindsbergern – City Attorney

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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.

Opinions

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 Lemoore, California, as of June 30, 2015, and, the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Gasoline Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

Changes in Accounting Principle

As discussed in Note 1, *New Pronouncements Adopted*, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Change in Accounting Policy

As discussed in Note 1, *Capital Assets*, the City changed its method of recording and depreciating certain allowed infrastructure from the modified approach to the depreciation approach. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, the Schedule of the City's Proportionate Share of the Net Pension Liability on page 72, and the Schedule of Contributions on page 73 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2016, on our consideration of the City'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 City's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
April 12, 2016

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**CITY OF LEMOORE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CITY OF LEMOORE MD&A – JUNE 30, 2015

This discussion and analysis of the City of Lemoore's (City) financial performance is for the fiscal year ended June 30, 2015. This Management's Discussion and Analysis (MD&A) provides a comparison of current year to prior year ending results based on the government-wide and major fund financial statements, and an analysis on the City's overall finances and results of operations to assist users in evaluating the City's financial position as of June 30, 2015. Please read this MD&A in conjunction with the City's financial statements, notes, supplementary schedules, and statistical tables.

FINANCIAL HIGHLIGHTS

- The City's governmental total assets exceeded liabilities (net assets) by \$90,390,263, a decrease of \$4,991,632, compared to the prior fiscal year, due in large part to the Net Pension Liability adjustments to comply with Governmental Accounting Standards Board (GASB) 68. The decrease is made up of pension adjustments from Outflows of \$860,207 and Inflows of \$1,771,348 and Long-Term Debt adjustment of \$5,621,275. There were also Capital Assets adjustments of \$1,824,867 which materially affected the decrease in net assets.
- General Fund revenues exceeded General Fund expenditures by \$169,347. City General Fund revenue totaled \$8,970,941 and General Fund expenditures totaled \$8,801,594 for fiscal year 2015. Public safety (police and fire protection) costs comprised \$5,189,952 (58.97%) of General Fund expenditures.
- The City's General Fund ended the year with a fund balance of \$12,492,778, an increase of \$30,486 from the previous fiscal year. Revenues were \$570,464 more than budgeted. Expenditures were \$1,278,773 under budget due largely to the reclassification of inter-fund reimbursement costs. There was \$1,818,653 in transfer in financing source to the General Fund reclassified as reduction of expenditures to conform to the Government Finance Officers Association (GFOA) Blue Book for municipal finance practitioners.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. These statements include all activities of the City of Lemoore for the period July 1, 2014 through June 30, 2015 consistent with Governmental Accounting Standards Board (GASB) Statement No. 34. The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a more comprehensive analysis of the City's finances, with an economic resources measurement focus. Fund financial statements show how City services are financed, with a measurement focus on spendable resources. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's major funds.

REPORTING THE CITY AS A WHOLE

Government-wide financial statements. The government-wide financial statements report information about the City as a whole, providing readers with a broad overview of the City's finances. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All the current year's revenues and expenses are taken into account in the statement of activities regardless of when cash is received or paid.

The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as one indicator of whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed in the most recent fiscal year. All changes of net assets are reported as soon as the underlying event giving rise to the change occurs. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years' reporting periods.

**CITY OF LEMOORE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CITY OF LEMOORE MD&A – JUNE 30, 2015

The City's governmental activities are reported in the government-wide financial statements. Governmental activities include General Government, Public Safety (Police & Fire), Public Works, and Parks & Recreation. Revenues. The City's top 5 revenues in the General Fund account for 75% of total revenues, with sales tax, motor vehicle license fees, property tax and transient occupancy tax comprising the largest revenues. Other governmental fund revenues include development impact fees, grants, state subventions, and other governmental revenues financing these activities.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements. The fund financial statements provide detailed information about the City's most significant *funds*—not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state or federal law or by bond covenants. Management establishes other funds to control and manage money for particular purposes or to show the City is meeting legal responsibilities for using certain taxes, grants, and other funding resources. The City's three types of funds are; 1) governmental 2) proprietary, and, 3) fiduciary.

Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial resources that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether more or fewer financial resources that can be spent in the near future to finance City programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. The differences of results in the governmental funds financial statements to those in the government-wide financial statements are shown in reconciliations following the governmental funds financial statements.

Proprietary funds – Proprietary funds include enterprise and internal service funds, which are self-supporting and follow similar basis of accounting and measure focus as the government-wide financial statements in this report. The City has four enterprise funds which include Golf Course, Water, Wastewater, and Solid Waste. There is one internal service fund that provides fleet maintenance services and is funded through allocations.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements: The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-70 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. Net position as noted earlier may serve over time as a useful indicator of the City's financial position.

**CITY OF LEMOORE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CITY OF LEMOORE MD&A – JUNE 30, 2015

Below is a table showing the City's net position as of June 30, 2015 compared to June 30, 2014.

CITY OF LEMOORE
NET POSITION
JUNE 30, 2015 AND 2014

	Governmental Activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$33,160,650	\$32,283,931	\$13,499,124	\$16,787,656	\$46,659,774	\$49,071,587
Capital assets, net of depreciation	65,532,375	64,415,727	36,681,392	35,842,330	102,213,767	\$100,258,057
Total assets	\$98,693,025	\$96,699,658	\$50,180,516	\$52,629,986	\$148,873,541	\$149,329,644
Deferred outflows of resources (Pensions)	\$860,207		\$275,821		\$1,136,028	
Long-term liabilities outstanding	5,974,277	319,581	\$8,253,431	10,397,068	14,227,708	10,716,649
Other liabilities	1,417,344	998,182	4,055,845	3,989,929	5,473,189	4,988,111
Total liabilities	\$7,391,621	\$1,317,763	\$12,309,276	\$14,386,997	\$19,700,897	\$15,704,760
Deferred inflows of resources	\$1,771,348		\$683,012		\$2,454,360	
Net position:						
Net Invested in capital assets	65,532,375	64,415,727	30,015,455	21,533,822	95,547,830	85,949,549
Restricted	12,592,988	5,900,358		0	12,592,988	5,900,358
Unrestricted	12,264,900	25,065,810	7,448,594	16,709,167	19,713,494	41,774,977
Total net position	\$90,390,263	\$95,381,895	\$37,464,049	\$38,242,989	\$127,854,312	\$133,624,884

Compared to the prior year, total net position of the City's governmental activities decreased by \$4,991,632 or 5.23% due to GASB 68 pension liability and capital asset adjustments plus prior period adjustments as stated under Financial Highlights.

The City's total net position include three components: 1) invested in capital assets (net of related debt), 2) restricted net assets, and 3) unrestricted net assets.

Of total net position, \$95,547,830 or 75% is the City's investment in capital assets (e.g. land, buildings and improvements, vehicles and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. This is an increase of \$9,598,281 from the previous fiscal year.

Restricted net position of \$12,592,998 represent 10% of total net position, an increase of \$6,692,630 from prior fiscal year. Restricted net position are resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations.

Unrestricted net positions are those resources that may be used to meet the City's ongoing commitments to citizens and creditors. Government-wide unrestricted net position is \$19,713,494. As stated above, the reduction of net position was due to in large part to the Net Pension Liability adjustments to comply with Governmental Accounting Standards Board (GASB) 68. The decrease is made up of pension adjustments from Outflows of \$860,207 and Inflows of \$1,771,348 and Long-Term Debt adjustment of \$5,621,275.

**CITY OF LEMOORE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CITY OF LEMOORE MD&A – JUNE 30, 2015

Below is a table showing the government-wide changes in net position for fiscal year June 30, 2015 and 2014.

CITY OF LEMOORE
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	Governmental Activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services, Miscellaneous	\$1,808,245	\$1,832,300	\$11,398,154	\$11,870,436	\$13,206,399	\$13,702,736
Operating grants and Contributions	482,547	338,027			482,547	338,027
Capital Grants and Contributions	337,260	1,194,454	149,610	1,028,513	486,870	2,222,967
General Revenues:						
Property Taxes	1,990,281	2,156,929			1,990,281	2,156,929
Other taxes	6,771,668	6,463,917			6,771,668	6,463,917
Use of money and Property	8,810	(57,342)	(39,811)	(14,381)	(31,001)	(71,723)
Unrestricted investment earnings	173,184	207,775	87,024	37,239	260,208	245,014
Capital Contributions		812,613		357,036		1,169,649
Other Revenue	753,415	465,649	125,879	0	879,294	465,649
Total revenues and transfers	\$12,325,410	\$13,414,322	\$11,720,856	\$13,278,843	\$24,046,266	\$26,693,165
Expenditures						
General government	\$1,246,579	\$1,632,438			\$1,246,579	\$1,632,438
Public safety	5,421,986	5,058,509			\$5,421,986	5,058,509
Public works	5,172,165	1,802,463			\$5,172,165	1,802,463
Community development	158,908	2,258,286			\$158,908	2,258,286
Parks and Recreation	556,303	586,826			\$556,303	586,826
Unallocated depreciation		301,683				301,683
Water			4,256,397	3,663,339	4,256,397	3,663,339
Sewer			2,286,071	1,744,294	2,286,071	1,744,294
Refuse			2,774,668	2,042,944	2,774,668	2,042,944
Golf Course			1,116,532	1,291,826	1,116,532	1,291,826
Total expenses	\$12,555,941	\$11,640,205	\$10,433,668	\$8,742,403	\$22,989,609	\$20,382,608
Change in net Position	(230,531)	\$1,774,117	\$1,287,188	\$4,536,440	\$1,056,657	\$6,310,557
Other financing sources						
Operating transfers in	\$0	\$1,348,085	\$0	(\$1,348,085)	\$0	\$0
Prior period adjustment	0				0	0
Net position - beginning	\$90,620,794	\$92,259,693	\$36,176,861	\$35,054,634	\$126,797,655	\$127,314,327
Net position - ending	\$90,390,263	\$95,381,895	\$37,464,049	\$38,242,989	\$127,854,312	\$133,624,884

**CITY OF LEMOORE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CITY OF LEMOORE MD&A – JUNE 30, 2015

Total **government-wide** revenues for this fiscal year totaled \$24,046,266, a decrease of \$2,646,899 or 10% when compared to last fiscal year revenue of \$26,693,165.

Total **government-wide** expenses for this fiscal year total \$22,989,609, a decrease of \$2,607,001 or 13% when compared to last fiscal year expenses of \$20,382,608.

Total **governmental** revenues for this fiscal year totaled \$12,325,410, a decrease of \$1,088,912 or 8% when compared to last fiscal year revenue of \$13,414,322.

Total **governmental** expenses for this fiscal year total \$12,555,941, a decrease of \$915,736 or 7.9% when compared to last fiscal year expenses of \$11,640,205.

Total **Business-type** revenues for this fiscal year totaled \$11,720,856, a decrease of \$1,557,987 or 11.7% when compared to last fiscal year revenue of \$13,278,843.

Total **Business-type** expenses for this fiscal year total \$10,433,668, an increase of \$1,691,265, or 19% when compared to last fiscal year expenses of \$8,742,403.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds ended the year with a combined fund balance of \$30,932,639. This is an increase of \$434,795 over the prior fiscal year.

Major fund balance changes are noted below:

- General Fund revenues exceeded expenditures by \$169,347, with net financing sources and uses of negative \$138,861, for a change in fund balance of \$30,486. Total fund balance in the General Fund totals \$12,492,778 at June 30, 2015.
- Grants Fund revenues of \$6,561 were under expenditures of \$156,411 by \$149,850. Total fund balance in the Grants Fund totals negative \$72,447 at June 30, 2015.
- Gas Tax Fund ended the year with \$711,171 in fund balance after \$1,015,456 excess of expenditures over revenues in the current fiscal year.
- Lemoore Housing Authority Fund ended the year with \$7,199,391 in fund balance due to the \$171,902 excess of revenues over expenditures.
- Other Governmental Funds combined ended the year with \$10,601,746 in fund balances due to \$1,391,713 excess of revenues over expenditures.
- Proprietary Funds combined ended the year with \$37,464,049 in fund net position, which is a decrease of \$778,940, or 2% decline over last year.

Total revenue in all governmental funds was decreased by \$243,728 in 2015 compared to previous year due mostly to intergovernmental revenue (Contributions) for various projects from other agencies in the amount of \$494,474.

Total expenditures in all governmental funds was also decreased by \$2,101,668 in the current fiscal year when compared to the previous fiscal year, largely due to changes in construction spending.

General Fund Budgetary Highlights. During the fiscal year, there were several amendments to the adopted budget for fiscal year 2014/15. The original expenditure budget was \$9,477,236 but was increased by \$603,131, for a total expenditure budget of \$10,080,367. Actual expenditures were \$1,278,773 below the expenditure budget, however, this was due to the reclassification of inter-fund reimbursements. The original

**CITY OF LEMOORE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CITY OF LEMOORE MD&A – JUNE 30, 2015

revenue budget of \$7,862,627 was increased by \$537,850 for a total revenue budget of \$8,400,477. Actual revenues exceeded the revenue budget by \$570,464.

General Government expenditures were \$620,460 under budget. However, Public Safety expenditures were right at the \$5,181,903 budget, with a nominal \$8,049 overspent this fiscal year, due to expenditures in the Volunteer Fire Department budget.

Public Works and Parks & Recreation were well under budget, with \$928,659 and \$29,301, respectively, in budget savings for each Department.

All budget amendments that either increased or decreased appropriations were approved by the City Council.

CAPITAL AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the City had \$102,213,767 invested in a broad range of capital assets, including land, construction in progress, buildings, equipment and infrastructure. This amount represents a net of depreciation increase of \$1,955,710 or 1.95% from the prior year. *The City changed its method of accounting for Road Network assets from the *Modified* to the *Traditional* depreciation method of accounting for capital assets.

The table below sets forth the City's net asset investment as of June 30, 2015 and 2014.

CITY OF LEMOORE
CAPITAL ASSETS (NET OF DEPRECIATION)
JUNE 30, 2015 AND 2014

	Governmental Activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$2,710,713	\$2,710,713	\$2,053,591	\$2,053,591	\$4,764,304	\$4,764,304
Construction in progress	1,508,136	2,092,360	126,323	11,283,983	1,634,459	13,376,343
Buildings and improvements	12,013,388	11,713,494	17,838,557	15,822,986	29,851,945	27,536,480
Equipment and vehicles	2,016,832	1,185,802	16,662,921	6,681,770	18,679,753	7,867,572
Infrastructure	2,975,670	3,299,300			2,975,670	3,299,300
Road Network	44,307,636	43,414,058			44,307,636	43,414,058
Total	\$65,532,375	\$64,415,727	\$36,681,392	\$35,842,330	\$102,213,767	\$100,258,057

Additional information on the City of Lemoore's capital assets can be found in **Note 6** of the footnotes to this financial statements on page 53-55 of this report.

**CITY OF LEMOORE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

CITY OF LEMOORE MD&A – JUNE 30, 2015

The table below sets forth the City's long-term debt as of June 30, 2015 and 2014.

CITY OF LEMOORE
LONG-TERM DEBT
JUNE 30, 2015 AND 2014

	Governmental Activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Net Pension Liability	\$5,621,275	\$7,406,265	\$1,898,477	\$1,797,385	\$7,519,752	\$9,203,650
Series 2013 water loan			6,665,937	7,068,000	6,665,937	7,068,000
Capital Leases			0	4,183	0.	4,183
Total	\$5,621,275	\$7,406,265	\$8,564,414	\$8,869,568	\$14,185,689	\$16,275,833

The City's long-term liabilities primarily relate to CalPERS pension liabilities and enterprise loan. Total long-term debt decreased from \$16,275,833 last fiscal year to \$14,185,689, which represents a decrease of \$2,090,144.

Additional information on the City of Lemoore's long-term liabilities can be found in **Note 7** of the footnotes to this financial statements on page 56 of this report.

NEXT YEAR'S BUDGETS – FISCAL YEAR 2015/16 ECONOMIC FACTORS

This financial report was prepared nine months after the June 30, 2015 closing date of this report due to large turnover in the City's accounting staff. Thus, most of next year's budget for fiscal year 2015/16 is largely reconciled and expended, with nominal positive Net Operating Revenue expected for fiscal year ending June 30, 2016.

For fiscal year 2015/16, the City's General Fund recurring revenues are projected to be \$8,296,576, an increase of \$433,949, or 5.5%, compared to the \$7,862,627 original revenue budget for fiscal year 2014/15. There is also \$2,169,278 in transfers in budgeted next fiscal year, which will likely be adjust to reflect reclassification of inter-fund reimbursements as expenditure reductions to the \$10,365,003 budget, rather than transfer in financing source. This would result in a net expenditure budget of \$8,195,725, which is \$100,851 below budgeted revenues for next fiscal year. The fiscal policy of maintaining a structurally balanced budget will continue to be upheld by the City.

City management continues to take a position of conservative revenue projections and cost containment, resulting in modest increases to General Fund department expenditures. However, the most significant changes to the City's budget will occur in the subsequent fiscal year 2016/17 budget plan that is already underway.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, City Council, investors, creditors, and other stakeholders with a general overview of the City's finances. If any reader of this report has any questions or needs additional information, contact the City's Finance Director at:

City of Lemoore
119 Fox Street
Lemoore, California 93245
(559) 924-6707

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BASIC FINANCIAL STATEMENTS

**CITY OF LEMOORE
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 24,112,140	\$ 13,131,458	\$ 37,243,598
Receivables:			
Accounts, net	488,013	1,194,975	1,682,988
Notes	5,232,254	-	5,232,254
Intergovernmental	932,216	44	932,260
Other	1,419	-	1,419
Prepaid expenses	8,816	1,337	10,153
Internal balances	860,228	(860,228)	-
Inventory	-	31,538	31,538
Assets held for resale	1,485,564	-	1,485,564
Other assets	40,000	-	40,000
Capital assets:			
Non-depreciable	4,218,849	2,179,914	6,398,763
Depreciable, net of accumulated depreciation	<u>61,313,526</u>	<u>34,501,478</u>	<u>95,815,004</u>
 Total assets	 <u>98,693,025</u>	 <u>50,180,516</u>	 <u>148,873,541</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources from pensions	<u>860,207</u>	<u>275,821</u>	<u>1,136,028</u>
 Total deferred outflows of resources	 <u>860,207</u>	 <u>275,821</u>	 <u>1,136,028</u>
LIABILITIES			
Accounts payable	1,168,078	1,541,650	2,709,728
Accrued interest payable	-	13,776	13,776
Deposits and other liabilities	78,269	39,861	118,130
Unearned revenue	82,747	-	82,747
Advances from successor agency	-	2,023,147	2,023,147
Noncurrent liabilities:			
Due within one year	88,250	437,411	525,661
Due in more than one year	<u>5,974,277</u>	<u>8,253,431</u>	<u>14,227,708</u>
 Total liabilities	 <u>7,391,621</u>	 <u>12,309,276</u>	 <u>19,700,897</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources from pensions	<u>1,771,348</u>	<u>683,012</u>	<u>2,454,360</u>
 Total deferred inflows of resources	 <u>1,771,348</u>	 <u>683,012</u>	 <u>2,454,360</u>
NET POSITION			
Net investment in capital assets	65,532,375	30,015,455	95,547,830
Restricted for:			
Public safety	494,439	-	494,439
Public works	4,887,180	-	4,887,180
Community development	7,199,391	-	7,199,391
Capital projects and improvements	11,978	-	11,978
Unrestricted	<u>12,264,900</u>	<u>7,448,594</u>	<u>19,713,494</u>
 Total net position	 <u>\$ 90,390,263</u>	 <u>\$ 37,464,049</u>	 <u>\$ 127,854,312</u>

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

**CITY OF LEMOORE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/programs:							
Primary government:							
Governmental activities:							
General government	\$ 1,246,579	\$ 119,061	\$ -	\$ -	\$ (1,127,518)	\$ -	\$ (1,127,518)
Public safety	5,421,986	349,755	433,986	-	(4,638,245)	-	(4,638,245)
Public works	5,172,165	281,221	-	337,260	(4,553,684)	-	(4,553,684)
Community development	158,908	675,228	48,561	-	564,881	-	564,881
Parks and recreation	556,303	382,980	-	-	(173,323)	-	(173,323)
Total governmental activities	<u>12,555,941</u>	<u>1,808,245</u>	<u>482,547</u>	<u>337,260</u>	<u>(9,927,889)</u>	<u>-</u>	<u>(9,927,889)</u>
Business-type activities:							
Water	4,256,397	3,942,183	-	-	-	(314,214)	(314,214)
Sewer	2,286,071	3,402,947	-	-	-	1,116,876	1,116,876
Refuse	2,774,668	2,950,079	-	149,610	-	325,021	325,021
Golf Course	1,116,532	1,102,945	-	-	-	(13,587)	(13,587)
Total business-type activities	<u>10,433,668</u>	<u>11,398,154</u>	<u>-</u>	<u>149,610</u>	<u>-</u>	<u>1,114,096</u>	<u>1,114,096</u>
Total	<u>\$ 22,989,609</u>	<u>\$ 13,206,399</u>	<u>\$ 482,547</u>	<u>\$ 486,870</u>	<u>(9,927,889)</u>	<u>1,114,096</u>	<u>(8,813,793)</u>
General revenues:							
Property taxes					1,990,281	-	1,990,281
Sales taxes					2,081,582	-	2,081,582
Other taxes					4,690,086	-	4,690,086
Unrestricted investment earnings					173,184	87,024	260,208
Other revenue					753,415	125,879	879,294
Gain (loss) on sale of assets					8,810	(39,811)	(31,001)
Total general revenues and transfers					<u>9,697,358</u>	<u>173,092</u>	<u>9,870,450</u>
Changes in net position					(230,531)	1,287,188	1,056,657
Net position - beginning, restated					<u>90,620,794</u>	<u>36,176,861</u>	<u>126,797,655</u>
Net position - ending					<u>\$ 90,390,263</u>	<u>\$ 37,464,049</u>	<u>\$ 127,854,312</u>

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

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FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal year 2015. Individual nonmajor funds may be found in the supplemental section.

GENERAL FUND

This fund is the primary operating fund of the City. It accounts for normal recurring activities traditionally associated with government, which are not required to be accounted for in another fund. These activities are funded primarily by property taxes, sales and use taxes, interest and rental income, charges for services, and grants.

GRANTS SPECIAL REVENUE FUND

This fund accounts for the City's receipts and expenditures of the state, federal, and other grants.

GASOLINE TAX SPECIAL REVENUE FUND

This fund accounts for revenues and expenditures apportioned to the City under the Streets and Highway Code, Sections 2103, 2105, 2106, 2107, and 2107.5 of the State of California. Expenditures for administration, maintenance, and construction must be street related.

LEMOORE HOUSING AUTHORITY SPECIAL REVENUE FUND

This fund has taken over the assets and associated functions of the Low/Moderate Income Housing Fund of the former Lemoore Redevelopment Agency and is used to account for current and future low-income households for the acquisition, rehabilitation, or new construction of single family homes.

CITY OF LEMOORE
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds					Total Governmental Funds
	General Fund	Grants Fund	Gasoline Tax Fund	Lemoore Housing Authority Fund	Other Governmental Funds	
ASSETS						
Cash and investments	\$ 11,413,441	\$ -	\$ 876,518	\$ 1,408,543	\$ 10,413,638	\$ 24,112,140
Receivables:						
Accounts	-	-	-	-	488,013	488,013
Notes	75,180	651,200	-	4,505,874	-	5,232,254
Intergovernmental	611,909	-	324	-	319,983	932,216
Other	1,419	-	-	-	-	1,419
Interfund receivables	211,785	-	-	-	-	211,785
Advances to other funds	1,091,470	-	-	-	-	1,091,470
Prepaid items	-	-	-	-	8,816	8,816
Other assets	40,000	-	-	-	-	40,000
Assets held for resale	-	-	-	1,485,564	-	1,485,564
Total assets	\$ 13,445,204	\$ 651,200	\$ 876,842	\$ 7,399,981	\$ 11,230,450	\$ 33,603,677
LIABILITIES						
Accounts payable	\$ 781,192	\$ -	\$ 165,671	\$ 590	\$ 158,784	\$ 1,106,237
Interfund payables	-	72,447	-	-	-	72,447
Deposits and other liabilities	78,269	-	-	-	-	78,269
Unearned revenue	82,747	-	-	-	-	82,747
Total liabilities	942,208	72,447	165,671	590	158,784	1,339,700
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	10,218	651,200	-	200,000	469,920	1,331,338
Total deferred inflows of resources	10,218	651,200	-	200,000	469,920	1,331,338
FUND BALANCES (DEFICIT)						
Nonspendable:						
Prepaid items	-	-	-	-	8,816	8,816
Notes receivable	75,180	-	-	-	-	75,180
Long-term interfund advances	1,091,470	-	-	-	-	1,091,470
Restricted:						
Public safety	80,257	-	-	-	414,182	494,439
Public works	-	-	711,171	-	4,176,009	4,887,180
Community development	-	-	-	7,199,391	-	7,199,391
Capital projects and improvements	-	-	-	-	11,978	11,978
Assigned:						
Public safety	27,089	-	-	-	-	27,089
Capital projects and improvements	-	-	-	-	5,990,761	5,990,761
Subsequent year's budget: appropriation of fund balance	68,949	-	-	-	-	68,949
Unassigned	11,149,833	(72,447)	-	-	-	11,077,386
Total fund balances (deficit)	12,492,778	(72,447)	711,171	7,199,391	10,601,746	30,932,639
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 13,445,204	\$ 651,200	\$ 876,842	\$ 7,399,981	\$ 11,230,450	\$ 33,603,677

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

**CITY OF LEMOORE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

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

Total fund balances - governmental funds	\$	30,932,639
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources; therefore, they are not reported in the governmental funds.		65,473,056
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Compensated absences		(414,520)
Net pension liability and pension related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:		
Net pension liability	(5,403,437)	
Deferred outflows of resources	825,515	
Deferred inflows of resources	<u>(1,684,088)</u>	(6,262,010)
Other long-term assets are not available to pay for current period expenditures; therefore, they are unavailable in the governmental funds.		1,331,338
Internal service funds are used by management to charge the costs of fleet maintenance services to individual funds. The assets and liabilities of the internal revenue service funds are included in the governmental activities in the statement of net position.		<u>(670,240)</u>
Net position of governmental activities	\$	<u>90,390,263</u>

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

CITY OF LEMOORE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds					Total Governmental Funds
	General Fund	Grants Fund	Gasoline Tax Fund	Lemoore Housing Authority Fund	Other Governmental Funds	
REVENUES						
Property taxes	\$ 1,978,931	\$ -	\$ -	\$ -	\$ -	\$ 1,978,931
Other taxes	2,881,451	-	-	-	-	2,881,451
Licenses and permits	716,663	-	-	-	9,158	725,821
Charges for services	500,426	-	-	-	-	500,426
Intergovernmental	2,190,999	6,561	618,238	-	1,838,891	4,654,689
Fees and assessments	115,842	-	-	-	448,760	564,602
Use of money and property	(4,260)	-	7,992	116,400	53,052	173,184
Other revenue	590,889	-	-	58,000	229,269	878,158
Total revenues	8,970,941	6,561	626,230	174,400	2,579,130	12,357,262
EXPENDITURES						
Current:						
General government	1,245,332	-	-	-	6,157	1,251,489
Public safety	5,189,952	-	-	-	-	5,189,952
Public works	1,189,868	-	-	-	461,829	1,651,697
Community development	-	156,411	-	2,498	-	158,909
Parks and recreation	524,344	-	-	-	-	524,344
Capital outlay	652,098	-	1,641,686	-	861,102	3,154,886
Total expenditures	8,801,594	156,411	1,641,686	2,498	1,329,088	11,931,277
Excess (deficiency) of revenues over (under) expenditures	169,347	(149,850)	(1,015,456)	171,902	1,250,042	425,985
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	8,810	-	-	-	-	8,810
Operating transfers in	51,397	-	-	-	212,387	263,784
Operating transfers out	(199,068)	-	-	-	(64,716)	(263,784)
Total other financing sources (uses)	(138,861)	-	-	-	147,671	8,810
Net changes in fund balances	30,486	(149,850)	(1,015,456)	171,902	1,397,713	434,795
Fund balances, June 30, 2014, restated	12,462,292	77,403	1,726,627	7,027,489	9,204,033	30,497,844
Fund balances (deficit), June 30, 2015	\$ 12,492,778	\$ (72,447)	\$ 711,171	\$ 7,199,391	\$ 10,601,746	\$ 30,932,639

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

CITY OF LEMOORE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

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

Net change in fund balances - total governmental funds	\$	434,795
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is capitalized. This is the amount of capital assets recorded.		1,287,138
Depreciation expense on capital assets is reported on the government-wide statement of activities, but it does not require the use of current financial resources; therefore, depreciation expense is not reported as an expenditure in the governmental funds.		(1,984,584)
Compensated absences expense reported in the statement of activities does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds.		(40,841)
Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		530,959
Other long-term assets are not available to pay for current period expenditures; therefore, they are unavailable in the governmental funds.		(410,725)
Internal service funds are used by management to change the costs of fleet maintenance, employee benefits, liability and property insurance and general services to individual funds. The change in net position of certain activities of internal service funds is reported with governmental activities.		<u>(47,273)</u>
Change in net position of governmental activities	\$	<u>(230,531)</u>

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

**CITY OF LEMOORE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 1,483,000	\$ 1,883,000	\$ 1,978,931	\$ 95,931
Other taxes	2,769,000	2,848,000	2,881,451	33,451
Licenses and permits	345,900	641,850	716,663	74,813
Charges for services	503,100	419,750	500,426	80,676
Intergovernmental	2,321,110	2,141,549	2,190,999	49,450
Fees and assessments	14,500	14,500	115,842	101,342
Use of money and property	111,750	50,000	(4,260)	(54,260)
Other revenue	314,267	401,828	590,889	189,061
Total revenues	7,862,627	8,400,477	8,970,941	570,464
EXPENDITURES				
Current:				
General government	1,771,669	1,865,792	1,245,332	620,460
Public safety	4,920,605	5,181,903	5,189,952	(8,049)
Public works	2,158,062	2,118,527	1,189,868	928,659
Parks and recreation	553,645	553,645	524,344	29,301
Capital outlay	73,255	360,500	652,098	(291,598)
Total expenditures	9,477,236	10,080,367	8,801,594	1,278,773
Excess (deficiency) of revenues over (under) expenditures	(1,614,609)	(1,679,890)	169,347	1,849,237
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	8,810	8,810
Operating transfers in	1,870,050	-	51,397	51,397
Operating transfers out	(199,075)	-	(199,068)	(199,068)
Total other financing sources (uses)	1,670,975	-	(138,861)	(138,861)
Net changes in fund balances	56,366	(1,679,890)	30,486	1,710,376
Fund balances, June 30, 2014, restated	12,462,292	12,462,292	12,462,292	-
Fund balances, June 30, 2015	\$ 12,518,658	\$ 10,782,402	\$ 12,492,778	\$ 1,710,376

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

**CITY OF LEMOORE
GASOLINE TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amount		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
From other agencies	66,000	66,000	618,238	552,238
Use of money and property	<u>-</u>	<u>-</u>	<u>7,992</u>	<u>7,992</u>
Total revenues	<u>66,000</u>	<u>66,000</u>	<u>626,230</u>	<u>560,230</u>
EXPENDITURES				
Current:				
Public works	-	551,000	-	551,000
Capital outlay	<u>-</u>	<u>-</u>	<u>1,641,686</u>	<u>(1,641,686)</u>
Total expenditures	<u>-</u>	<u>551,000</u>	<u>1,641,686</u>	<u>(1,090,686)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>66,000</u>	<u>(485,000)</u>	<u>(1,015,456)</u>	<u>(530,456)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(230,026)</u>	<u>(230,026)</u>	<u>-</u>	<u>230,026</u>
Total other financing sources (uses)	<u>(230,026)</u>	<u>(230,026)</u>	<u>-</u>	<u>230,026</u>
Net change in fund balances	(164,026)	(715,026)	(1,015,456)	(300,430)
Fund balances, June 30, 2014	<u>1,726,627</u>	<u>1,726,627</u>	<u>1,726,627</u>	<u>-</u>
Fund balances, June 30, 2015	<u>\$ 1,562,601</u>	<u>\$ 1,011,601</u>	<u>\$ 711,171</u>	<u>\$ (300,430)</u>

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

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MAJOR PROPRIETARY FUNDS

Proprietary funds account for the City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City reported all of its Enterprise Funds and its Internal Service Fund as major funds in fiscal year 2015.

ENTERPRISE FUNDS

WATER FUND

This fund accounts for activities associated with the acquisition or construction of water facilities and the production, distribution, and transmission of potable water to users.

SEWER FUND

This fund accounts for activities associated with the acquisition or construction, and operations and maintenance of the City's sewer system, including drainage, treatment, and disposal of sanitary wastewater.

REFUSE FUND

This fund accounts for activities associated with the acquisition of refuse and disposal equipment and vehicles, and the collection and disposal of refuse throughout the City.

GOLF COURSE FUND

This fund accounts for the resources provided and used in the City's public golf course.

INTERNAL SERVICE FUND

FLEET MAINTENANCE FUND

This fund is used for the maintenance, service, and repair of the City's fleet. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

**CITY OF LEMOORE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

	Business-type Activities				Total	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Refuse Fund	Golf Course Fund		
ASSETS						
Current assets:						
Cash and investments	\$ 3,939,995	\$ 8,136,439	\$ 969,292	\$ 85,732	\$ 13,131,458	\$ -
Receivables:						
Accounts	713,690	462,825	332,425	10	1,508,950	-
Less: allowance for doubtful accounts	(136,877)	(94,584)	(82,514)	-	(313,975)	-
Intergovernmental	-	-	44	-	44	-
Inventory	-	-	-	31,538	31,538	-
Prepaid expenses	-	-	-	1,337	1,337	-
Total current assets	4,516,808	8,504,680	1,219,247	118,617	14,359,352	-
Noncurrent assets:						
Advances to other funds	-	1,921,883	-	-	1,921,883	-
Capital assets:						
Nondepreciable	530,351	768,886	252,505	628,172	2,179,914	59,319
Depreciable, net of accumulated depreciation	22,858,122	8,638,539	1,195,442	1,809,375	34,501,478	-
Total noncurrent assets	23,388,473	11,329,308	1,447,947	2,437,547	38,603,275	59,319
Total assets	27,905,281	19,833,988	2,667,194	2,556,164	52,962,627	59,319
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows from pensions	113,549	93,977	68,295	-	275,821	34,692
Total deferred outflows of resources	113,549	93,977	68,295	-	275,821	34,692
LIABILITIES						
Current liabilities:						
Accounts payable	1,116,471	249,922	78,829	96,428	1,541,650	61,841
Deposits and other liabilities	26,277	-	-	13,584	39,861	-
Compensated absences	8,980	9,588	6,717	-	25,285	5,346
Interfund payables	-	-	-	-	-	139,338
Accrued interest payable	13,776	-	-	-	13,776	-
Current portion of long-term liabilities	412,126	-	-	-	412,126	-
Total current liabilities	1,577,630	259,510	85,546	110,012	2,032,698	206,525
Noncurrent liabilities:						
Long-term liabilities	6,253,811	-	-	-	6,253,811	-
Advances from other funds	1,921,883	-	-	1,091,470	3,013,353	-
Advances from Successor Agency	-	148,380	-	1,874,767	2,023,147	-
Compensated absences	35,922	38,351	26,870	-	101,143	21,386
Net pension liability	789,164	628,845	480,468	-	1,898,477	217,838
Total noncurrent liabilities	9,000,780	815,576	507,338	2,966,237	13,289,931	239,224
Total liabilities	10,578,410	1,075,086	592,884	3,076,249	15,322,629	445,749
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows from pensions	280,815	233,720	168,477	-	683,012	87,260
Total deferred inflows of resources	280,815	233,720	168,477	-	683,012	87,260
NET POSITION						
Net investment in capital assets	16,722,536	9,407,425	1,447,947	2,437,547	30,015,455	59,319
Unrestricted	437,069	9,211,734	526,181	(2,957,632)	7,217,352	(498,317)
Total net position	\$ 17,159,605	\$ 18,619,159	\$ 1,974,128	\$ (520,085)	37,232,807	\$ (438,998)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					231,242	
Net position of business-type activities					\$ 37,464,049	

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

CITY OF LEMOORE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities				Total	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Refuse Fund	Golf Course Fund		
Operating revenues:						
Charges for services	\$ 3,842,595	\$ 3,307,825	\$ 2,887,910	\$ 1,102,971	\$ 11,141,301	\$ 866,021
Fines and forfeitures	71,666	45,092	40,779	-	157,537	-
Other revenues	<u>27,923</u>	<u>145,813</u>	<u>21,390</u>	<u>36,336</u>	<u>231,462</u>	<u>-</u>
Total operating revenues	<u>3,942,184</u>	<u>3,498,730</u>	<u>2,950,079</u>	<u>1,139,307</u>	<u>11,530,300</u>	<u>866,021</u>
Operating expenses:						
Salaries and benefits	1,434,467	1,082,382	1,073,657	236,437	3,826,943	340,474
Materials and supplies	526,227	205,959	141,929	260,728	1,134,843	322,406
Utilities	720,754	192,256	1,221	99,063	1,013,294	1,135
Contractual services	214,603	212,679	988,156	163,891	1,579,329	5,354
Repairs and maintenance	214,005	29,845	4,473	89,358	337,681	299,147
Other expenses	109,651	127,702	326,374	74,818	638,545	-
Depreciation and amortization	<u>855,106</u>	<u>394,413</u>	<u>224,548</u>	<u>158,275</u>	<u>1,632,342</u>	<u>10,772</u>
Total operating expenses	<u>4,074,813</u>	<u>2,245,236</u>	<u>2,760,358</u>	<u>1,082,570</u>	<u>10,162,977</u>	<u>979,288</u>
Operating income (loss)	<u>(132,629)</u>	<u>1,253,494</u>	<u>189,721</u>	<u>56,737</u>	<u>1,367,323</u>	<u>(113,267)</u>
Nonoperating revenues (expenses):						
Intergovernmental	-	-	149,610	-	149,610	-
Interest income	26,965	45,320	8,185	287	80,757	-
Interest expense	(170,735)	-	-	(33,962)	(204,697)	-
Gain (loss) on asset disposal	<u>(39,811)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,811)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(183,581)</u>	<u>45,320</u>	<u>157,795</u>	<u>(33,675)</u>	<u>(14,141)</u>	<u>-</u>
Income (loss) before transfers	<u>(316,210)</u>	<u>1,298,814</u>	<u>347,516</u>	<u>23,062</u>	<u>1,353,182</u>	<u>(113,267)</u>
Transfers in	217,544	30,000	-	-	247,544	-
Transfers out	<u>(30,000)</u>	<u>(108,772)</u>	<u>(108,772)</u>	<u>-</u>	<u>(247,544)</u>	<u>-</u>
Total transfers	<u>187,544</u>	<u>(78,772)</u>	<u>(108,772)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	(128,666)	1,220,042	238,744	23,062	1,353,182	(113,267)
Net position, June 30, 2014, restated	<u>17,288,271</u>	<u>17,399,117</u>	<u>1,735,384</u>	<u>(543,147)</u>		<u>(325,731)</u>
Net position, June 30, 2015	<u>\$ 17,159,605</u>	<u>\$ 18,619,159</u>	<u>\$ 1,974,128</u>	<u>\$ (520,085)</u>		<u>\$ (438,998)</u>
Adjustments to reflect consolidation of internal service fund activities related to enterprise funds					<u>(65,994)</u>	
Change in net position of business-type activities					<u>\$ 1,287,188</u>	

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

**CITY OF LEMOORE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-type Activities				Total	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Refuse Fund	Golf Course Fund		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipt from customers and users	\$ 3,989,090	\$ 3,380,251	\$ 2,958,261	\$ 1,107,411	\$ 11,435,013	\$ 866,021
Payments to suppliers and service providers	(1,667,519)	(805,894)	(1,453,899)	(604,789)	(4,532,101)	(626,601)
Payments to employees for salaries and benefits	(1,443,090)	(1,085,162)	(1,074,310)	(236,437)	(3,838,999)	(342,890)
Other receipts	<u>27,923</u>	<u>145,813</u>	<u>21,390</u>	<u>36,336</u>	<u>231,462</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>906,404</u>	<u>1,635,008</u>	<u>451,442</u>	<u>302,521</u>	<u>3,295,375</u>	<u>(103,470)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating grants	-	-	149,610	-	149,610	-
Advance from (to) other funds	(450,000)	485,868	-	(271,251)	(235,383)	103,470
Transfers from other funds	217,544	-	-	-	217,544	-
Transfers to other funds	<u>-</u>	<u>(108,772)</u>	<u>(108,772)</u>	<u>-</u>	<u>(217,544)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(232,456)</u>	<u>377,096</u>	<u>40,838</u>	<u>(271,251)</u>	<u>(85,773)</u>	<u>103,470</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital grants	20,000	-	563,963	-	583,963	-
Principal paid on capital debt	(402,063)	-	-	(4,183)	(406,246)	-
Interest paid on capital debt	(171,567)	-	-	(33,962)	(205,529)	-
Acquisition and construction of capital assets	(1,775,908)	(374,600)	(299,472)	(63,878)	(2,513,858)	-
Proceeds from the sale of capital assets	<u>2,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,645</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(2,326,893)</u>	<u>(374,600)</u>	<u>264,491</u>	<u>(102,023)</u>	<u>(2,539,025)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	<u>26,965</u>	<u>45,320</u>	<u>8,185</u>	<u>287</u>	<u>80,757</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>26,965</u>	<u>45,320</u>	<u>8,185</u>	<u>287</u>	<u>80,757</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	(1,625,980)	1,682,824	764,956	(70,466)	751,334	-
Cash and cash investments, June 30, 2014	<u>5,565,975</u>	<u>6,453,615</u>	<u>204,336</u>	<u>156,198</u>	<u>12,380,124</u>	<u>-</u>
Cash and cash investments, June 30, 2015	<u>\$ 3,939,995</u>	<u>\$ 8,136,439</u>	<u>\$ 969,292</u>	<u>\$ 85,732</u>	<u>\$ 13,131,458</u>	<u>\$ -</u>

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

CITY OF LEMOORE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

	Business-type Activities				Total	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Refuse Fund	Golf Course Fund		
Operating income (loss)	\$ (132,629)	\$ 1,253,494	\$ 189,721	\$ 56,737	\$ 1,367,323	\$ (113,267)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	855,106	394,413	224,548	158,275	1,632,342	10,772
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	70,924	27,334	29,572	9,696	137,526	-
(Increase) decrease in inventory	-	-	-	16,537	16,537	-
(Increase) decrease in prepaid expenses	-	-	-	(1,337)	(1,337)	-
(Increase) decrease in deferred outflows of resources	(18,672)	(17,628)	(10,709)	-	(47,009)	(7,787)
Increase (decrease) in accounts payable	117,721	(37,453)	8,254	67,869	156,391	1,441
Increase (decrease) in deposits and other liabilities	3,905	-	-	(5,256)	(1,351)	-
Increase (decrease) in compensated absences	325	5,490	4,627	-	10,442	935
Increase (decrease) in deferred inflows of resources	280,815	233,720	168,477	-	683,012	87,260
Increase (decrease) in net pension liability	(271,091)	(224,362)	(163,048)	-	(658,501)	(82,824)
Net cash provided (used) by operating activities	<u>\$ 906,404</u>	<u>\$ 1,635,008</u>	<u>\$ 451,442</u>	<u>\$ 302,521</u>	<u>\$ 3,295,375</u>	<u>\$ (103,470)</u>

Schedule of Non-Cash Capital and Related Financing Activities

	Business-type Activities				Total	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Refuse Fund	Golf Course Fund		
Contributions of capital assets	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ -</u>

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

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FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City administers the activity of a private purpose trust fund. The City uses an agency fund to account for assets which are custodial in nature and does not involve measurement of results of the operations. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the City's own programs.

LEMOORE REDEVELOPMENT SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND

This fund is used to account for assets and liabilities of the former redevelopment agency until they are distributed to other units of state and local government as a result of the dissolution of the redevelopment agency.

AGENCY FUNDS

These funds are used to account for assets held by the City as an agent for the Irrigation District, individuals, private organizations, other governments and/or other funds. The funds are custodial in nature and do not involve measurement of results in operations.

**CITY OF LEMOORE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	Lemoore Redevelopment Successor Agency Private Purpose Trust Fund	<u>Agency Funds</u>
ASSETS		
Cash and investments	\$ 3,312,192	\$ 367,204
Restricted cash with fiscal agent	19,495,795	-
Intergovernmental receivables	2	33,643
Advances to City of Lemoore	2,023,147	-
Notes receivable	1,290,240	-
Land held for resale	784,600	-
Other assets	-	28,800
	<u> </u>	<u> </u>
Total assets	<u>\$ 26,905,976</u>	<u>\$ 429,647</u>
LIABILITIES		
Accounts payable	\$ 13,500	\$ 73,332
Payable to State Department of Finance	18,050	-
Interest payable	819,662	-
Deposits and other liabilities	-	356,315
Long-term liabilities:		
Due within one year	1,367,669	-
Due in more than one year	36,894,428	-
	<u> </u>	<u> </u>
Total liabilities	<u>\$ 39,113,309</u>	<u>\$ 429,647</u>
NET POSITION		
Net position held in trust for the retirement of obligations of the Lemoore Successor Agency to the former Lemoore Redevelopment Agency	<u>\$ (12,207,333)</u>	

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

**CITY OF LEMOORE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Lemoore Redevelopment Successor Agency Private Purpose Trust Fund
ADDITIONS	
Taxes	\$ 1,456,912
Investment earnings	332,672
Reimbursement of debt overpayment	356,346
Miscellaneous	5,000
Total additions	2,150,930
DEDUCTIONS	
Community development	428,061
Loss on asset disposal	361,670
Interest expense	2,065,384
Total deductions	2,855,115
Change in net position	(704,185)
Net position , June 30, 2014, restated	(11,503,148)
Net position , June 30, 2015	\$ (12,207,333)

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

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Lemoore, California (the “City”) is a charter city operating under a Council-Member form of government. During the year ended June 30, 2000, the voters of the City approved a Charter which gives the City Council greater self-rule, and the Charter was accepted by the California Secretary of State.

The accompanying basic financial statements include the financial activities of the City, the primary government and its component units, the Lemoore Financing Authority (Financing Authority) and the Lemoore Housing Authority (Housing Authority). Financial information for the City and its component units are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council members, in separate sessions, serve as the governing board of the component units. These entities are presented on a blended basis.

The **Lemoore Financing Authority** (Financing Authority) was formed in August 1989 for the purpose of assisting the financing or refinancing of certain public capital facilities within the City. The Financing Authority is governed by a five-member board of directors, which consists of the members of the City Council with the City Manager as the Executive Director. The financial transactions for the Financing Authority are recorded in the Water, Sewer, and Golf Course enterprise funds. The Financing Authority does not issue separate financial statements.

The **Lemoore Housing Authority** (Housing Authority) was formed in February 2011 for the purpose of providing sanitary and safe housing for people of very low, low, or moderate income within the City’s territorial jurisdiction. The Housing Authority is governed by a five-member board of directors, which consists of the members of the City Council with the City Manager as the Executive Director. The financial transactions for the Lemoore Housing Authority are recorded in the Lemoore Housing Authority special revenue fund. The Lemoore Housing Authority does not issue separate financial statements.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental audits. The Governmental Accounting Standards Board is the accepted standard setting body for governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

Basis of Presentation

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental and business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's *business-type activities* and for each function of the City's *governmental activities*. Direct expenses are those that are specifically associated with a program or function and, therefore, are included in the program expense reported for individual function. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions and activities. Program revenues include, 1) fines, fees, and charges paid by the recipients of goods and services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: due to/due from other funds, interfund note receivable/interfund long-term debt, and transfers in/transfers out.

Fund Financial Statements – The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in funds and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent fund type total and five percent of the City's funds. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds. The City reports the following major governmental funds:

The **General Fund** is the primary operating fund of the City. It accounts for normal recurring activities traditionally associated with government, which are not required to be accounted for in another fund. These activities are funded primarily by property taxes, sales and use taxes, interest and rental income, charges for services, and grants.

The **Grant Fund** accounts for the City's receipts and expenditures of the state, federal, and other grants.

The **Gasoline Tax Fund** accounts for revenues and expenditures apportioned to the City under the Streets and Highway Code, Sections 2103, 2105, 2106, 2107, and 2107.5 of the State of California. Expenditures for administration, maintenance, and construction must be street related.

The **Lemoore Housing Authority Fund** has taken over the assets and associated functions of the Low/Moderate Income Housing Fund of the former Lemoore Redevelopment Agency and is used to account for current and future low-income households for the acquisition, rehabilitation, or new construction of single family homes.

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Enterprise fund financial statements include a statement of net position, statement of revenues, expenses and changes in net position, a statement of cash flows for each major enterprise fund and nonmajor funds aggregated.

The City has four major enterprise funds, the Water Fund, Sewer Fund, Refuse Fund, and Golf Course Fund, which are used to account for operations that are financed and operated in a manner similar to private business enterprise. In an enterprise fund, the intent of the City Council is that costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges.

The City reports the following major enterprise funds:

The **Water Fund** accounts for the activities of the City's water production and distribution operations.

The **Sewer Fund** accounts for the activities of the City's sanitary sewer system operations.

The **Refuse Fund** accounts for the activities of the City's refuse collection and disposal operations.

The **Golf Course Fund** accounts for the resources provided and used in the golf course.

The City's fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fund's activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City uses an agency fund to account for assets which are custodial in nature and does not involve measurement of results of operations. Accordingly, it presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the City's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

The City reports the following fiduciary funds:

Lemoore Redevelopment Successor Agency Private Purpose Trust Fund is used to account for assets and liabilities of the former redevelopment agency until they are distributed to other units of state and local government as a result of the dissolution of the redevelopment agency.

Agency Funds are used to account for assets held by the City as an agent for the Irrigation District, individuals, private organizations, other governments and/or other funds. The funds are custodial in nature and do not involve measurement of results of operations.

Additionally, the City reports the following fund type:

Internal Service Funds are used to account for fleet management services and insurance provided to other departments or agencies of the City on a cost reimbursement basis.

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the 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. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating revenues*, such as charges for services, result from exchange transactions associated with the principal activity of each fund. *Nonoperating revenues*, such as interest income, state and federal grants, and subsidies, result from nonexchange transactions or ancillary activities. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. This pool utilizes investments authorized by the Government Code and is further defined by the City's investment policy that is approved by the City Council.

Highly liquid market investments with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for the securities for which market quotations are readily available.

Authorized investments include deposits in the State of California administered Local Agency Investment Fund (LAIF), insured certificates of deposits, collateralized certificates of deposits, commercial paper, money market mutual funds, federally sponsored credit agency securities, and securities backed by the U.S. Government. All investments are stated at fair value.

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances
(Continued)

Deposits and Investments (Continued)

Interest income earned as a result of pooling is distributed to the appropriate funds based on month end cash balances in each fund. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Restricted Assets

Certain proceeds of general obligation debt and enterprise debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. "Cash with fiscal agent" is used to report resources set aside for potential deficiencies in the repayment ability of the enterprise funds, and for payment of construction projects undertaken by the City.

Interfund Transactions

Interfund transactions are reflected as loans, services provided or used, or reimbursements or transfers. Loans reported as receivables and payables, as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the fund financial statements, and are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Receivables

Enterprise fund statements report an allowance for uncollectible accounts against the account receivables. All customers are billed monthly. The estimated value of services provided, but unbilled at year-end, has been included in the accompanying financial statements.

Property Tax Calendar

Property taxes are assessed, collected and allocated by Kings County throughout the fiscal year according to the following property tax calendar:

Lien Date	January 1
Levy Date	July 1 to June 30
Due Dates	November 1, 1 st installment; February 1, 2 nd installment
Delinquent Dates	December 10, 1 st installment; April 10, 2 nd installment

Revenues from taxpayer-assessed taxes (sales and use, business license, transient occupancy, utility users, gas, and franchise fees) are accrued in the governmental funds when they are both measurable and available. The City considers these revenues available if they are received during the period when settlement of prior fiscal year accounts payable occurs. Historically, the majority of these taxes are received within 60 days of the fiscal year-end.

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances
(Continued)

Property Tax Calendar (Continued)

Grant and entitlement revenues are recorded as receivables in the funds when all eligibility requirements have been met. The corresponding governmental fund revenues are recorded in governmental funds when they become available, with the differences recorded as unavailable revenue. Enterprise fund revenues are recorded as nonoperating revenues when the receivables are recorded. Some grant and entitlement revenues are not susceptible to accrual, in which case the corresponding revenues are recorded when received.

The City accrues as receivable all property taxes received during the first (60) days of the new fiscal year.

Inventory of Supplies and Prepaid Items

Inventory is valued at the lower of cost, determined by the first-in, first-out method, or market and consists primarily of golf merchandise and food and beverage items sold at the golf course. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Assets Held for Resale

Land and improvements held by the City for the purpose of improving and reselling are accounted for in the account. Property is valued at the lower of cost or net realizable value.

Capital Assets

The City's assets are categorized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$2,500. Gifts or contributions of capital assets are recorded at fair value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings and improvements	40 years
Machinery and equipment	5-15 years
Road network.....	25-50 years
Infrastructure.....	10-15 years

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City's road network consists of seven subsystems which include sidewalk, curb and gutter, pavement, landscape zones, streetlights, railroad crossings, and traffic signals. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems. The assets in these subsystems are depreciated using the straight-line method.

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances
(Continued)

Capital Assets (Continued)

For the year ended June 30, 2015, the City converted from the “modified approach” to depreciation accounting for its road network system. The City is depreciating the full cost of the network or subsystem over its estimated remaining service life. The change was applied prospectively, beginning July 1, 2014. The effect of this change in the current period is an increase of \$904,237 in governmental activities public works expenses and a corresponding decrease in changes in net position for governmental activities.

Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

Interest Payable

In the government-wide financial statements, interest payable for long-term debt is recognized as the liability is incurred for the governmental fund-types and proprietary-fund types.

In the fund financial statements, proprietary fund-types recognize the interest payable when the liability is incurred.

Compensated Absences Payable

City employees are granted vacation and sick leave in varying amounts depending on the number of years of service. City employees also accumulate hours of overtime as compensated time off. For governmental funds, earned but unused, vested leave (vacation, compensated time off, holiday) is expensed and established as a liability and is reported in the government-wide statement of net position in the governmental activities column. Vested leave for enterprise funds is recorded as an expense and liability of those funds as the benefits accrue. No liability is recorded for non-vesting leave such as sick leave.

Unearned Revenue

Unearned revenue is that for which asset recognition criteria have been met, but for which asset revenue recognition criteria have not been met. The City typically records intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

Unavailable Revenue

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations. Typical transactions for which unavailable revenue is recorded are grants when funding requirements have been met, but the related funding is not yet available.

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances
(Continued)

Long-Term Debt

In the government-wide financial statements and enterprise fund type statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Note 12 and the RSI section immediately following the notes to financial statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the City's fiscal year-end or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63 and GASB Statement No. 65, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 10 and Note 12 for a detailed listing of the deferred outflows and deferred inflows of resources the City has recognized.

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances
(Continued)

Budgetary Information

Budgetary and Budgetary Accounting

Budgets are established by department and approved by the City Council. The budgets are then managed and controlled by department heads under the supervision of the City Manager. Budgets are adopted annually for the general funds, some of the special revenue funds, enterprise funds, and internal service funds. Formal budgetary integration is employed as a management control device during the year for these funds. The annual budgets are prepared on the basis of accounting utilized by the fund.

A two-year capital projects budget is prepared in even years for approval by the City Council, and updated in odd years. Capital projects are funded by capital projects funds, impact fees, operating accounts, grant proceeds or loan proceeds.

Expenditures may not legally exceed budgeted appropriations at the fund level. The City Manager is authorized to make budget transfers between accounts within any fund. The City Council may transfer funds from reserves to departments or enterprise activities as deemed appropriate during the fiscal year.

Excess of Expenditures Over Appropriations

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The City only adopts annual operating budgets for the General Fund, Gasoline Tax Fund, Traffic Safety Fund, Maintenance Assessment District Fund, Downtown Improvement Fund, and Facility Infrastructure Fund. Therefore, budget comparison information for all other special revenue and capital projects funds is not included in the City's financial statements.

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2015:

Major Funds:	
General Fund:	
Current:	
General government	(620,460)
Public safety	8,049
Capital outlay	291,598
Gasoline Tax Fund:	
Capital outlay	1,641,686
Nonmajor Funds:	
Maintenance Assessment District Fund:	
Current:	
Public works	189,048

The excess expenditures were covered by available fund balance in the funds.

Use of Estimates

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

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances
(Continued)

Classification of Net Position

In the government-wide financial statements, net position is classified in the following categories:

- ***Net investment in capital assets*** – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- ***Restricted net position*** – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted net position*** – This category represents the net position of the City, which is not restricted for any project or other purpose.

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements

New Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. This statement was adopted by the City during the current fiscal year.

As of July 1, 2014, the City adopted the provisions of GASB Statement No. 68 and restated the beginning net position of the City's governmental activities, business-type activities, enterprise funds, internal service funds, and the private purpose trust fund to record the net pension liability (see Note 17). The implementation of GASB Statement No. 68 enhanced the City's pension disclosures as described in Note 12 and required supplementary information.

Governmental Accounting Standards Board Statement No. 69

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this statement were considered but had no effect on the City for the current fiscal year.

Governmental Accounting Standards Board Statement No. 71

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement was adopted by the City during the current fiscal year.

As of July 1, 2014, the City adopted the provisions of GASB Statement No. 71 and restated the beginning net position of the City's governmental activities, business-type activities, enterprise funds, internal service funds, and the private purpose trust fund to record the beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability (see Note 17).

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements (Continued)

New Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 72

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements for this provision are effective for the City's fiscal year ending June 30, 2016.

Governmental Accounting Standards Board Statement No. 73

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and accessing accountability. This statement results from comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 74

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements (Continued)

New Pronouncements Not Yet Adopted (Continued)

Governmental Accounting Standards Board Statement No. 76

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements for this statement are effective for the City’s fiscal year ending June 30, 2016.

Governmental Accounting Standards Board Statement No. 77

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The requirements for this statement are effective for the City’s fiscal year ending June 30, 2017.

Stewardship, Compliance and Accountability

Deficit Fund Balance

The Grant Fund has a net fund deficit of \$72,447. The deficit is due primarily to expenditures in excess of grant revenues. The deficit will be eliminated through future revenues or transfers from other funds.

The Golf Course Fund has a net fund deficit of \$520,085. The deficit is due primarily to current operating income that is insufficient to cover outstanding long-term debt obligations. It is anticipated that the deficit in this fund will be eliminated through future revenues or transfers from other funds.

The Fleet Maintenance Fund has a net fund deficit of \$438,998. The deficit is due primarily to an underestimation of current fleet maintenance expenditures. The deficit will be eliminated through future revenues or transfers from other funds.

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 – CASH AND INVESTMENTS

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

Statement of Net Position:	
Cash and investments	\$ 37,243,598
Fiduciary funds:	
Cash and investments	3,679,396
Restricted cash with fiscal agents	<u>19,495,795</u>
 Total cash and investments	 <u>\$ 60,418,789</u>

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 4,650
Deposits with financial institutions	12,917,775
Investments	<u>47,496,364</u>
 Total cash and investments	 <u>\$ 60,418,789</u>

Investments Authorized by the California Government Code and the City’s Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City’s investments policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The City’s investment policy does not contain any specific provisions intended to limit the City’s exposure to interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debts proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio or Amount	Maximum Investment of One Issuer or Amount
U.S. Treasury obligations	5 years	None	None
U.S. Agency securities	5 years	None	None
Bankers acceptances	180 days	40%	30%
Commerical paper	270 days	25%	10%
National certificates of deposit	5 years	30%	Legal Limit
Repurchase agreements	1 year	None	None
Medium-term notes	5 years	30%	None
Mutual accounts	N/A	20%	10%
Money market accounts	N/A	20%	10%
Local agency investment fund (LAIF)	N/A	None	None

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risks, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio or Amount	Maximum Investment of One Issuer or Amount
U.S. Treasury obligations	None	None	None
U.S. Agency securities	None	None	None
Bankers acceptances	180 days	None	None
Commerical paper	270 days	None	None
Money market mutual funds	N/A	None	None
Investment contracts	30 years	None	None

Disclosures Relating to 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 City manages its exposure to interest rate risk is by maintaining funds in liquid, short-term investments which can be converted to cash when necessary to meet disbursement requirements.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool	\$ 15,947,435	\$ 15,947,435	\$ -	\$ -	\$ -
Federal agency securities:					
Federal Home Loan Mortgage Corporation	4,932,693	-	-	4,932,693	-
Certificates of Deposits	7,120,441	1,863,441	897,000	4,360,000	-
Held by Bond Trustee:					
Money Market Funds	4,103,734	4,103,734	-	-	-
Federal National Mortgage Association	3,986,489	-	-	3,986,489	-
Federal Home Loan Mortgage Corporation	11,405,572	-	-	11,405,572	-
Total	\$ 47,496,364	\$ 21,914,610	\$ 897,000	\$ 24,684,754	\$ -

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to 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 City’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Ratings as of Year-End			
			AAAm	AA+	A	Not Rated
State Investment Pool	\$ 15,947,435	N/A	\$ -	\$ -	\$ -	\$ 15,947,435
Federal agency securities:						
Federal Home Loan Mortgage Corporation	4,932,693	N/A	-	4,932,693	-	-
Certificates of Deposits	7,120,441	N/A	-	-	-	7,120,441
Held by Bond Trustee:						
Money Market Funds	4,103,734	A	335,500	1,043,701	1,507,422	1,217,111
Federal National Mortgage Association	3,986,489	N/A	-	3,986,489	-	-
Federal Home Loan Mortgage Corporation	11,405,572	N/A	-	11,405,572	-	-
Total	\$ 47,496,364		\$ 335,500	\$ 21,368,455	\$ 1,507,422	\$ 24,284,987

Concentration of Credit Risk

Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on the City. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated in the California Government Code. As of June 30, 2015, investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of the total pooled investment in the following:

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation	Federal agency securities	\$ 4,932,693

In addition, the Lemoore Redevelopment Successor Agency Private Purpose Trust fund hold the following investments with trustee that represent 5% or more of the funds’ investments outside the City Treasury as of June 30, 2015.

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation	Federal agency securities	\$ 11,405,572

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a city will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterpart (e.g. broker-dealer) to a transaction, a city 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 City'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 the state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under the state law (unless so waived by the government unit). The market 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 City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

GASB Statement No. 40 requires the following disclosure be made with respect to custodial credit risk relating to deposits and investments:

As of June 30, 2015, the carrying amount of the City's bank deposits was \$12,917,775, and the respective bank balances totaled \$12,865,568. Of the total bank balance, \$814,520 was insured through the Federal Depository Insurance Company (FDIC). The remaining \$12,051,048 was collateralized with pooled securities held by the financial institution's trust department. These securities are held in the name of the financial institution and not in the name of the City.

In addition, as of June 30, 2015, none of the City's investments with financial institutions were held in uncollateralized accounts.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Local Agency Investment Fund

The City of Lemoore 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 City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City'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.

NOTE 3 – FORGIVABLE LOANS

The City administers a housing rehabilitation loan program. Under this program, individuals with incomes below certain levels are eligible to receive low interest loans for rehabilitation work on their homes. These performing loans are secured by deeds of trust on the rehabilitation properties.

Deferred payment loans receivable under the these forgivable loans are not required to be paid back unless the participating homeowner sells, transfers title to the rehabilitated property, or discontinues residence in the dwelling at which time the full amount of the deferred loan is due. These deferred payment loans are "non-performing loans" and are not recorded as loans receivable in the financial statements. Such loans totaled \$2,212,658 as of June 30, 2015.

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 – INTERFUND ACTIVITIES

Interfund balances for the purpose of the government-wide statements have been eliminated. The composition of interfund balances in the fund level statements as of June 30, 2015, is as follows:

Current Interfund Receivables/Payables

Current interfund balances are generally short-term loans to cover temporary cash deficits in various funds and are expected to be repaid shortly after the end of the fiscal year. The City’s interfund receivables and payables consisted of the following at June 30, 2015.

	Due from Other Funds	Due to Other Funds
Governmental Funds		
Major Funds:		
General fund	\$ 211,785	\$ -
Grant fund	-	72,447
Internal Service Funds		
Fleet Maintenance Fund	-	139,338
Total	\$ 211,785	\$ 211,785

Long-Term Interfund Advances

Long-term interfund advances are advances to other funds that are not expected to be repaid in one year or less. The City’s long-term interfund advances consisted of the following at June 30, 2015:

	Advances to Other Funds	Advances from Other Funds
Governmental Funds		
Major Funds:		
General Fund	\$ 1,091,470	\$ -
Enterprise Funds		
Major Funds:		
Water Fund	-	1,921,883
Sewer Fund	1,921,883	148,380
Golf Course Fund	-	2,966,237
Fiduciary Funds		
Successor Agency Private Purpose Trust Fund	2,023,147	-
Totals	\$ 5,036,500	\$ 5,036,500

On August 5, 2013, the City’s General Fund loaned \$1,439,128 to the Golf Course enterprise fund to pay off the 1995 Golf Course Bonds and related expenses. The loan bears 1.35% interest, payable quarterly over an eight-year term. The final payment of the loan is scheduled for June 30, 2021. The loan balance is \$1,091,470 as of June 30, 2015.

On May 7, 2013, the City’s Sewer Fund loaned \$2,371,883 to the Water Fund for the solar project. The loan is payable annually over a five-year term. The final payment of the loan is scheduled for June 30, 2020. The loan balance is \$1,921,883 as of June 30, 2015.

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 – INTERFUND ACTIVITIES (Continued)

Long-Term Interfund Advances (Continued)

On June 30, 2005, the City's Golf Course Fund obtained a loan from the Lemoore Redevelopment Successor Agency for \$1,039,850 bearing 2.38% interest. This loan incurred interest beginning July 1, 2005. Payments of approximately \$300,000 per year will begin in fiscal year 2021. The loan was obtained to cover both direct expenses and debt service of the golf course. The final payment of the loan is scheduled for June 30, 2027. The loan balance is \$1,673,823 as of June 30, 2015.

On June 1, 2012, the City's Golf Course Fund obtained a loan from the Lemoore Redevelopment Successor Agency for \$335,994 bearing 5.75% interest, payable monthly over a sixty-month term. The loan was obtained for capital improvements at the golf course. The final payment of the loan is scheduled for June 1, 2017. The loan balance is \$146,587 as of June 30, 2015.

On June 1, 2012, the City's Golf Course Fund obtained a loan from the Lemoore Redevelopment Successor Agency for \$149,727 bearing 5.75% interest, payable monthly over a fifty-four-month term. The loan was obtained for capital improvements at the golf course. The final payment of the loan is scheduled for December 1, 2016. The loan balance is \$54,357 as of June 30, 2015.

On March 21, 2006, the City's Sewer Fund obtained a loan from the Lemoore Redevelopment Successor Agency for \$148,380. The loan was obtained for the installation of the oversized storm sewer improvements along 19½ Avenue. During the ten years immediately following payment of the loan, any new adjoining property development will reimburse the City its prorated share for oversizing; and the City will then reimburse the Successor Agency of the City of Lemoore annually for all funds collected for such oversizing. Any balance remaining on the loan to the Successor Agency, after the ten-year period, will be forgiven to the City, provided the non-payment is due to lack of development. The loan balance is \$148,380 as of June 30, 2015.

Transfers Between Funds

With City Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is for grant-related funds or operating supplies.

	Transfers	
	In	Out
Major Funds:		
General Fund	\$ 51,397	\$ 199,068
Gasoline Tax Fund	-	-
Water Fund	217,544	30,000
Sewer Fund	30,000	108,772
Refuse Fund	-	108,772
Nonmajor Funds:		
Traffic Safety Fund	-	1,025
Local Transportation Fund	-	13,319
Street Grant Fund	23,620	40,372
Recreation Improvement Fund	-	10,000
Facility Infrastructure Fund	188,767	-
Total	\$ 511,328	\$ 511,328

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 – ASSETS HELD FOR RESALE

The following is a summary of changes in the assets held for resale during the 2014-2015 fiscal year:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
Land held for resale	\$ 1,485,564	\$ -	\$ -	\$ 1,485,564

NOTE 6 – CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended June 30, 2015 is as follows:

GOVERNMENTAL ACTIVITIES

	Balance June 30, 2014 (Restated)	Additions	Reductions	Transfers	Balance June 30, 2015
Capital assets, not being depreciated:					
Land	\$ 2,710,713	\$ -	\$ -	\$ -	\$ 2,710,713
Construction in progress	2,092,360	305,132	(889,356)	-	1,508,136
Total capital assets, not being depreciated	4,803,073	305,132	(889,356)	-	4,218,849
Capital assets, being depreciated					
Buildings and improvements	15,338,601	766,705	-	-	16,105,306
Machinery and equipment	5,477,451	1,083,291	(251,583)	-	6,309,159
Road network	45,190,505	21,368	-	-	45,211,873
Infrastructure	4,791,535	-	-	-	4,791,535
Total capital assets, being depreciated	70,798,092	1,871,364	(251,583)	-	72,417,873
Less accumulated depreciation for:					
Buildings and improvements	(3,625,107)	(466,811)	-	-	(4,091,918)
Machinery and equipment	(4,243,229)	(300,681)	251,583	-	(4,292,327)
Road network	-	(904,237)	-	-	(904,237)
Infrastructure	(1,492,235)	(323,630)	-	-	(1,815,865)
Total accumulated depreciated, net	(9,360,571)	(1,995,359)	251,583	-	(11,104,347)
Total capital assets, being depreciated, net	61,437,521	(123,995)	-	-	61,313,526
Governmental activities capital assets, net	\$ 66,240,594	\$ 181,137	\$ (889,356)	\$ -	\$ 65,532,375

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental Activities:	
General government	\$ 768
Public safety	175,039
Public works	1,781,094
Parks and recreation	27,686
Capital assets held by the Internal Service Funds were charged to the various functions based on their usage	10,772
Total depreciation expense - governmental activities	<u>\$ 1,995,359</u>

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS (Continued)

Capital assets activity of the business-type activities for the year ending June 30, 2015 is as follows:

BUSINESS-TYPE ACTIVITIES

	Balance June 30, 2014	Additions	Reductions	Transfers/ Adjustments	Balance June 30, 2015
Water Fund:					
Capital Assets, not being depreciated:					
Land	\$ 427,232	\$ -	\$ -	\$ -	\$ 427,232
Construction in progress	6,848,645	100,707	(6,846,233)	-	103,119
Total capital assets, not being depreciated	7,275,877	100,707	(6,846,233)	-	530,351
Capital assets, being depreciated:					
Buildings and improvements	16,796,414	-	(170,000)	(30,000)	16,596,414
Machinery and equipment	5,815,954	8,518,061	-	4,088	14,338,103
Total capital assets, being depreciated	22,612,368	8,518,061	(170,000)	(25,912)	30,934,517
Less accumulated depreciation for:					
Buildings and improvements	(6,030,182)	(462,799)	128,334	-	(6,364,647)
Machinery and equipment	(1,317,938)	(392,307)	-	(1,503)	(1,711,748)
Total accumulated depreciation, net	(7,348,120)	(855,106)	128,334	(1,503)	(8,076,395)
Total capital assets, being depreciated, net	15,264,248	7,662,955	(41,666)	(27,415)	22,858,122
Water fund capital assets, net	<u>\$ 22,540,125</u>	<u>\$ 7,763,662</u>	<u>\$ (6,887,899)</u>	<u>\$ (27,415)</u>	<u>\$ 23,388,473</u>
Sewer Fund:					
Capital assets, not being depreciated:					
Land	\$ 749,841	\$ -	\$ -	\$ -	\$ 749,841
Construction in progress	4,435,338	-	(4,416,293)	-	19,045
Total capital assets, not being depreciated	5,185,179	-	(4,416,293)	-	768,886
Capital assets, being depreciated:					
Buildings and improvements	5,259,759	2,864,112	-	-	8,123,871
Machinery and equipment	3,399,013	1,929,425	(3,500)	26,020	5,350,958
Total capital assets, being depreciated	8,658,772	4,793,537	(3,500)	26,020	13,474,829
Less accumulated depreciation for:					
Buildings and improvements	(2,016,820)	(217,538)	-	-	(2,234,358)
Machinery and equipment	(2,429,893)	(176,875)	3,500	1,336	(2,601,932)
Total accumulated depreciation, net	(4,446,713)	(394,413)	3,500	1,336	(4,836,290)
Total capital assets, being depreciated, net	4,212,059	4,399,124	-	27,356	8,638,539
Sewer fund capital assets, net	<u>\$ 9,397,238</u>	<u>\$ 4,399,124</u>	<u>\$ (4,416,293)</u>	<u>\$ 27,356</u>	<u>\$ 9,407,425</u>

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL ASSETS (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

	Balance June 30, 2014	Additions	Reductions	Transfers/ Adjustments	Balance June 30, 2015
Refuse Fund:					
Capital assets, not being depreciated:					
Land	\$ 252,505	\$ -	\$ -	\$ -	\$ 252,505
Total capital assets, not being depreciated	<u>252,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,505</u>
Capital assets, being depreciated					
Machinery and equipment	<u>2,837,218</u>	<u>299,472</u>	<u>-</u>	<u>-</u>	<u>3,136,690</u>
Total capital assets, being depreciated	<u>2,837,218</u>	<u>299,472</u>	<u>-</u>	<u>-</u>	<u>3,136,690</u>
Less accumulated depreciation for:					
Machinery and equipment	<u>(1,716,700)</u>	<u>(224,548)</u>	<u>-</u>	<u>-</u>	<u>(1,941,248)</u>
Total accumulated depreciation, net	<u>(1,716,700)</u>	<u>(224,548)</u>	<u>-</u>	<u>-</u>	<u>(1,941,248)</u>
Total capital assets, being depreciated, net	<u>1,120,518</u>	<u>74,924</u>	<u>-</u>	<u>-</u>	<u>1,195,442</u>
Refuse fund capital assets, net	<u>\$ 1,373,023</u>	<u>\$ 74,924</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,447,947</u>
Golf Course Fund:					
Capital assets, not being depreciated:					
Land	\$ 624,013	\$ -	\$ -	\$ -	\$ 624,013
Construction in progress	<u>-</u>	<u>4,159</u>	<u>-</u>	<u>-</u>	<u>4,159</u>
Total capital assets, not being depreciated	<u>624,013</u>	<u>4,159</u>	<u>-</u>	<u>-</u>	<u>628,172</u>
Capital assets, being depreciated					
Buildings and improvements	4,384,235	38,762	-	-	4,422,997
Machinery and equipment	<u>507,992</u>	<u>20,957</u>	<u>(2,500)</u>	<u>13,868</u>	<u>540,317</u>
Total capital assets, being depreciated	<u>4,892,227</u>	<u>59,719</u>	<u>(2,500)</u>	<u>13,868</u>	<u>4,963,314</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,570,420)	(135,300)	-	-	(2,705,720)
Machinery and equipment	<u>(413,876)</u>	<u>(22,975)</u>	<u>2,500</u>	<u>(13,868)</u>	<u>(448,219)</u>
Total accumulated depreciation, net	<u>(2,984,296)</u>	<u>(158,275)</u>	<u>2,500</u>	<u>(13,868)</u>	<u>(3,153,939)</u>
Total capital assets, being depreciated, net	<u>1,907,931</u>	<u>(98,556)</u>	<u>-</u>	<u>-</u>	<u>1,809,375</u>
Golf course fund capital assets, net	<u>\$ 2,531,944</u>	<u>\$ (94,397)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,437,547</u>
Business-type capital assets, net	<u>\$ 35,842,330</u>	<u>\$ 12,143,313</u>	<u>\$ (11,304,192)</u>	<u>\$ (59)</u>	<u>\$ 36,681,392</u>

Depreciation expense is charged to business-type functions as follows:

Business-type Activities:	
Water	\$ 855,106
Sewer	394,413
Refuse	224,548
Golf Course	<u>158,275</u>
Total	<u>\$ 1,632,342</u>

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – DEPOSITS AND OTHER LIABILITIES

Deposits and other liabilities consist of the following at June 30, 2015:

	General Fund	Water Fund	Golf Course Fund	Total
Deposits	\$ 78,269	\$ -	\$ -	\$ 78,269
Other liabilities	-	26,277	13,584	39,861
Total deposits and other liabilities	<u>\$ 78,269</u>	<u>\$ 26,277</u>	<u>\$ 13,584</u>	<u>\$ 118,130</u>

NOTE 8 – COMPENSATED ABSENCES

The City's policy relating to compensated absences is described in Note 1. As shown in long-term liabilities (Note 9), the noncurrent portion of this debt at fiscal year-end was \$353,002 and \$101,143, for governmental activities and business-type activities, respectively. This obligation is expected to be paid in future years from the available resources derived from the respective funds to which the employee services are rendered.

Because of the nature of compensated absences and uncertainty over when vacations will be taken, a statement of debt service requirements to maturity of compensated absences has not been presented. At June 30, 2015, the balance is \$441,252 for governmental activities and \$126,428 for business-type activities.

NOTE 9 – LONG-TERM LIABILITIES

The following is a summary of the long-term liabilities transactions of the City for governmental activities for the year ended June 30, 2015:

	Balance June 30, 2014	Incurred or Issued	Satisfied or Matured	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 399,476	\$ 72,172	\$ (30,396)	\$ 441,252	\$ 88,250
Net pension liability	7,406,265	1,530,891	(3,315,881)	5,621,275	-
Governmental activities long-term liabilities	<u>\$ 7,805,741</u>	<u>\$ 1,603,063</u>	<u>\$ (3,346,277)</u>	<u>\$ 6,062,527</u>	<u>\$ 88,250</u>

The following is a summary of the long-term liabilities transactions of the City for business-type activities for the year ended June 30, 2015:

	Balance June 30, 2014	Incurred or Issued	Satisfied or Matured	Balance June 30, 2015	Due Within One Year
Business-Type Activities:					
Capital leases	\$ 4,183	\$ -	\$ (4,183)	\$ -	\$ -
Series 2013 water revenue loan	7,068,000	-	(402,063)	6,665,937	412,126
Compensated absences	115,986	10,706	(265)	126,428	25,285
Net pension liability	1,797,385	594,637	(493,545)	1,898,477	-
Business-type activities long-term liabilities	<u>\$ 8,985,554</u>	<u>\$ 605,343</u>	<u>\$ (900,056)</u>	<u>\$ 8,690,842</u>	<u>\$ 437,411</u>

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – LONG-TERM LIABILITIES (Continued)

Series 2013 Water Revenue Loan

In May 2013, the City obtained a water revenue loan from Pinnacle Public Finance, Inc. for \$7,068,000 bearing 2.48% interest, payable quarterly over a fifteen-year term. The loan was obtained to finance the acquisition and construction of various capital improvements, which primarily consists of photovoltaic water wells water systems throughout the City, as well as the expansion of a parking complex. The City irrevocably pledged all of the net revenues of the water fund to the punctual payment of the loan. After September 1, 2018, the City has the option to prepay the unpaid principal of the loan in whole or in part on any loan payment date. The final payment of the loan is scheduled for March 1, 2029.

The following is a schedule of the future estimated minimum payments related to the Series 2013 Water Revenue Loan at June 30, 2015:

Fiscal Years Ending June 30	Series 2013 Water Revenue Loan		
	Principal	Interest	Total
2016	\$ 412,126	\$ 161,502	\$ 573,628
2017	422,443	151,186	573,629
2018	433,017	140,612	573,629
2019	443,856	129,773	573,629
2020	454,967	118,662	573,629
2021-2025	2,451,470	416,673	2,868,143
2026-2029	<u>2,048,058</u>	<u>103,049</u>	<u>2,151,107</u>
Totals	<u>\$ 6,665,937</u>	<u>\$ 1,221,457</u>	<u>\$ 7,887,394</u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in detail in Note 12.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category and they are unavailable revenues and pension deferrals.

- Unavailable revenues arise only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General Fund	Grant Fund	Lemoore Housing Authority	Other Governmental Funds	Total Governmental Funds
Deferred housing loans	\$ -	\$ 651,200	\$ 200,000	\$ -	\$ 851,200
Licenses and permits	-	-	-	469,920	469,920
Intergovernmental revenue	<u>10,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,218</u>
Total	<u>\$ 10,218</u>	<u>\$ 651,200</u>	<u>\$ 200,000</u>	<u>\$ 469,920</u>	<u>\$ 1,331,338</u>

- The City has pension related items that qualify to be reported in deferred inflows of resources. The pension related deferred inflows of resources are described in detail in Note 12.

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 11 – POST-RETIREMENT BENEFITS

The City allows its retirees who retire under provisions of a regular service retirement to have the opportunity to continue enrollment in the City’s health insurance program. The retirees have the same choice of insurance plans as those of current employees. The retirees are pooled together separately from the active employee pool and pay the full cost of the insurance premiums without cost to the City.

NOTE 12 – DEFINED BENEFIT PENSION PLAN

California Public Employees’ Retirement Plan (CalPERS)

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Public Employees’ Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. Pursuant to PEPRA, the Miscellaneous and Safety Police “Classic” plans are closed to new entrants as of January 1, 2013.

The Plans’ provisions and benefits in effect at June 30, 2015 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	12.074%	6.25%
	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.00%	11.50%
Required employer contribution rates	21.47%	11.50%

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

California Public Employees’ Retirement Plan (CalPERS) (Continued)

A. General Information about the Pension Plans (Continued)

Contributions – Section 20814c of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	Safety
Contributions - employer	\$ 550,036	\$ 361,407
Contributions - employee (paid by employer)	191,210	141,934

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net position liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 4,493,850
Safety	3,025,902
 Total Net Pension Liability	 <u><u>\$ 7,519,752</u></u>

The City’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2013	0.1831%	0.0829%
Proportion - June 30, 2014	0.1818%	0.0807%
Change - Increase (Decrease)	-0.0013%	-0.0022%

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLAN

California Public Employees’ Retirement Plan (CalPERS) (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015, the City recognized pension expense of \$990,435. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,067,105	\$ -
Net difference between actual and allocated employer contributions	-	(144,493)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	68,923	(33,084)
Net differences between projected and actual earnings on plan investments	-	(2,276,783)
Total	<u>\$ 1,136,028</u>	<u>\$ (2,454,360)</u>

\$1,067,105 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2016	\$ (608,001)
2017	(608,001)
2018	(600,240)
2019	(569,195)
2020	-
Thereafter	-

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% ⁽¹⁾	3.3% - 14.2% ⁽¹⁾
Investment Rate of Return	7.5% ⁽²⁾	7.5% ⁽²⁾
Mortality	Derived using CalPERS' Membership Data for all Funds ⁽³⁾	

⁽¹⁾Depending on age, service and type of employment

⁽²⁾Net of pension plan investment expenses, including inflation

⁽³⁾The mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

California Public Employees' Retirement Plan (CalPERS) (Continued)

C. Actuarial Assumptions (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experiences Study can be found on the CalPERS website.

D. Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is schedule to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we change our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

California Public Employees’ Retirement Plan (CalPERS) (Continued)

D. Discount Rate (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

^(a)An expected inflation of 2.5% used for this period.

^(b)An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –

The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 7,788,418	\$ 5,141,124
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 4,493,850	\$ 3,025,902
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 1,759,670	\$ 1,283,051

E. Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

F. Payable to the Pension Plan

At June 30, 2015, there was no outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – DEFERRED COMPENSATION

The City has established a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts deferred under the plan and all income attributable to those amounts are solely the property and rights of the plan participants. The City has no liability for losses under the plan. The assets and related liabilities are not reported on the City's financial statements in accordance with Governmental Accounting Standards Board Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."

NOTE 14 – RISK MANAGEMENT

The City is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a public entity risk pool for workers' compensation and general liability insurance. The CSJVRMA is a consortium of 54 cities located in California's San Joaquin Valley. It was established under the provisions of California Government Code Section 6500 et. seq. CSJVRMA is governed by a Board of Directors consisting of one member appointed by each member city. The day-to-day business operations are handled by a management group employed by CSJVRMA. The relationship between the City and CSJVRMA is such that CSJVRMA is not considered a component unit of the City for financial reporting purposes.

For liability insurance, the risk pool covers the City above its self-insurance retention level of \$50,000 up to \$1,000,000. CSJVRMA participates in the excess pool, which provides general liability coverage from \$1,000,000 to \$29,000,000.

The City maintains a self-insured retention level of \$50,000 for workers' compensation insurance. Coverage between \$50,000 and \$500,000 is provided through the risk pool. CSJVRMA participates in an excess pool, which provides workers' compensation coverage from \$500,000 to \$5,000,000 and purchases excess insurance above \$5,000,000 to the statutory limit.

At the termination of the joint venture agreement and after all claims have been settled, any excess or deficit will be divided among the cities in proportion to the aggregate amount of contribution made by each.

The annual financial report may be obtained from the consortium's executive office at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833. The following is a summary of financial information of the CSJVRMA as of and for the fiscal year ended June 30, 2015:

Total assets	\$ 86,630,360
Total liabilities	<u>73,673,710</u>
Member's equity	<u>\$ 12,956,650</u>
Total revenue for year	\$ 38,130,606
Total expenses for year	<u>40,727,807</u>
Change in net position	<u>\$ (2,597,201)</u>

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 15 – CONTINGENT LIABILITIES AND COMMITMENTS

General Liability

There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of the City Attorney and City Management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

Federal Awards

The City has received federal awards for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowances under award terms, any required reimbursements are not expected to be material.

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2015, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	<u>Assigned Fund Balance</u>
General fund	\$ <u>27,089</u>
Total	\$ <u>27,089</u>

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 16 – SEGMENT INFORMATION FOR WATER FUND

The Water Fund is an enterprise fund that accounts for the City's water utility operations and collection and administration of water fees. Segment information for the utility operations is as follows:

	Water Fund
CONDENSED STATEMENT OF NET POSITION	
Assets:	
Current assets	\$ 4,516,808
Noncurrent assets	23,388,473
Total assets	27,905,281
Deferred Outflows of Resources	113,549
Liabilities:	
Current liabilities	1,577,630
Noncurrent liabilities	9,000,780
Total liabilities	10,578,410
Deferred Inflows of Resources	280,815
Net Position:	
Net investment in capital assets	16,722,536
Unrestricted	437,069
Total net position	\$ 17,159,605
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	
Operating revenues	\$ 3,942,184
Depreciation expenses	(855,106)
Other operating expenses	(3,219,707)
Operating income (loss)	(132,629)
Nonoperating revenues (expenses)	
Other nonoperating revenue	(39,811)
Investing income	26,965
Interest expense	(170,735)
Total nonoperating revenues (expenses)	(183,581)
Transfers	187,544
Changes in net position	(128,666)
Beginning net position, restated	17,288,271
Ending net position	\$ 17,159,605
CONDENSED STATEMENT OF CASH FLOWS	
Net cash provided (used) by:	
Operating activities	\$ 906,404
Noncapital financing activities	(232,456)
Capital and related financing activities	(2,326,893)
Investing activities	26,965
Net increase (decrease) in cash and investments	(1,625,980)
Beginning cash and investments	5,565,975
Ending cash and investments	\$ 3,939,995

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 17 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE

Prior Period Adjustments

Governmental Activities

Beginning net positions of the Governmental Activities and Business-Type Activities in the Government-Wide Statement of Activities have been restated to record prior period adjustments as presented in the reconciliation below.

Fund Financial Statements

The City has determined that certain transactions were recorded incorrectly in the prior year. The beginning fund balance of the funds has been restated on the fund basis financial statements as presented in the reconciliation below.

Change in Accounting Principle

The City implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, in the fiscal year ending June 30, 2015. The implementation of these statements required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014).

Reconciliations of the prior period ending net position to the current year beginning net position for the Governmental Activities and Business-Type Activities in the Government-Wide Statement of Activities are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning net position	\$ 95,381,895	\$ 38,242,989	\$ 133,624,884
Prior Period Adjustments:			
Overstatement of deposit	620	-	620
Understatement of capital assets	1,824,867	-	1,824,867
Understatement of charges for services	-	262,038	262,038
Total prior period adjustments	<u>1,825,487</u>	<u>262,038</u>	<u>2,087,525</u>
Change in Accounting Principle:			
Record the beginning deferred pension contributions and net pension liability	<u>(6,586,588)</u>	<u>(2,328,166)</u>	<u>(8,914,754)</u>
Total change in accounting principle	<u>(6,586,588)</u>	<u>(2,328,166)</u>	<u>(8,914,754)</u>
Beginning net position, as restated	<u>\$ 90,620,794</u>	<u>\$ 36,176,861</u>	<u>\$ 126,797,655</u>

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 17 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE (Continued)

Change in Accounting Principle (Continued)

A reconciliation of the prior period ending fund balance to the current year beginning fund balance/net position in the fund financial statements is as follows:

Description	General Fund	Nonmajor Governmental Fund Street Grant Fund	Water Fund	Sewer Fund	Refuse Fund	Internal Service Fund
Beginning fund balance/net position	\$ 12,451,672	\$ (244,902)	\$ 18,113,919	\$ 18,079,321	\$ 2,295,660	\$ (100,394)
Prior period adjustments:						
Understatement/overstatement of cash	10,000	(10,000)	-	-	-	-
Overstatement of deposit	620	-	-	-	-	-
Understatement of capital assets	-	-	-	-	-	48,420
Understatement of charges for services	-	-	139,730	96,654	25,654	-
Total prior period adjustments	<u>10,620</u>	<u>(10,000)</u>	<u>139,730</u>	<u>96,654</u>	<u>25,654</u>	<u>48,420</u>
Change in accounting principle:						
Record the beginning deferred pension contributions and net pension liability	-	-	(965,378)	(776,858)	(585,930)	(273,757)
Total change in accounting principle	<u>-</u>	<u>-</u>	<u>(965,378)</u>	<u>(776,858)</u>	<u>(585,930)</u>	<u>(273,757)</u>
Beginning fund balance/net position, as restated	<u>\$ 12,462,292</u>	<u>\$ (254,902)</u>	<u>\$ 17,288,271</u>	<u>\$ 17,399,117</u>	<u>\$ 1,735,384</u>	<u>\$ (325,731)</u>

NOTE 18 – LEMOORE REDEVELOPMENT SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND

On January 30, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with Assembly Bill 1X26 (the "Bill") which dissolved all redevelopment agencies in the State of California.

Under the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution of the redevelopment agency (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are only allocated revenue in the amount that is necessary to pay estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

Cash and Investments

A reconciliation of the Lemoore Redevelopment Successor Agency Private Purpose Trust Fund's cash and investments as of June 30, 2015 is as follows:

Cash on hand	\$ 3,312,192
Cash with fiscal agents	<u>19,495,795</u>
Total cash and investments	<u>\$ 22,807,987</u>

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 18 – LEMOORE REDEVELOPMENT SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND
(Continued)

Receivables

A reconciliation of the Lemoore Redevelopment Successor Agency Private Purpose Trust Fund's receivables balances as of June 30, 2015 is as follows:

Intergovernmental receivables	\$	2
Advances to the City of Lemoore		2,023,147
Note receivable		<u>1,290,240</u>
Total receivables	<u>\$</u>	<u>3,313,389</u>

Long-term Liabilities

The following is a summary of long-term liabilities transactions for the Lemoore Redevelopment Successor Agency Private Purpose Trust Fund at June 30, 2015:

	Balance June 30, 2014	Incurred or Issued	Satisfied or Matured	Balance June 30, 2015	Amounts Due Within One Year	Amounts Due in More Than One Year
Bonds payable:						
2011 RDA Tax Allocation	\$ 18,820,000	\$ -	\$ 165,000	\$ 18,655,000	\$ 170,000	\$ 18,485,000
Less: bond discount	(683,941)	-	(26,306)	(657,635)	-	(657,635)
2014 RDA Tax Allocation Refunding	<u>15,855,465</u>	-	-	<u>15,855,465</u>	<u>524,878</u>	<u>15,330,587</u>
Total bonds payable	<u>33,991,524</u>	-	<u>138,694</u>	<u>33,852,830</u>	<u>694,878</u>	<u>33,157,952</u>
Leprino Owner Participation Agreement Obligation	<u>4,409,267</u>	-	-	<u>4,409,267</u>	<u>672,791</u>	<u>3,736,476</u>
Business-type activities long-term liabilities	<u>\$ 38,400,791</u>	<u>\$ -</u>	<u>\$ 138,694</u>	<u>\$ 38,262,097</u>	<u>\$ 1,367,669</u>	<u>\$ 36,894,428</u>

Tax Allocation Refunding Bonds

2011 Tax Allocation Bonds

On March 4, 2011, the Agency issued \$19,150,000 of its 2011 Tax Allocation Bonds (the 2011 Bonds) bearing interest of 3.0% to 7.375%, payable semi-annually on February 1 and August 1, commencing August 1, 2011. Beginning August 2, 2012, principal comes due annually in various sums through August 1, 2040, subject to optimal redemption by the Agency, on whole or in part on August 1, 2017. The 2011 Bonds are payable from and secured by incremental property tax revenue (Pledged Tax Revenues).

The following is a schedule of the future estimated minimum payments related to the 2011 Bonds at June 30, 2015:

Fiscal Years Ending June 30	2011 Tax Allocation Refunding Bond		
	Principal	Interest	Total
2016	\$ 170,000	\$ 1,335,700	\$ 1,505,700
2017	170,000	1,328,263	1,498,263
2018	180,000	1,319,938	1,499,938
2019	180,000	1,310,825	1,490,825
2020	195,000	1,300,972	1,495,972
2021-2025	1,060,000	6,322,206	7,382,206
2026-2030	1,555,000	5,879,450	7,434,450
2031-2035	3,390,000	5,161,881	8,551,881
2036-2040	9,690,000	2,543,638	12,233,638
2041	<u>2,065,000</u>	<u>76,147</u>	<u>2,141,147</u>
Totals	<u>\$ 18,655,000</u>	<u>\$ 26,579,020</u>	<u>\$ 45,234,020</u>

**CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 18 – LEMOORE REDEVELOPMENT SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND
(Continued)

Long-term Liabilities (Continued)

2014 RDA Tax Allocation Refunding Bonds

The Agency issued \$15,855,465 of its Tax Allocation Refunding Bonds on June 27, 2014 (the 2014 Bonds) to currently fund \$4,160,427 and \$10,269,654 of the Agency's remaining issuances of the 1998 RDA Tax Allocation Refunding Bond and the 2003 RDA Tax Allocations Refunding Bonds, and to fund issuance costs and a reserve account. Beginning February 1, 2015, interest and principal on the 2014 Bonds is payable semi-annually on February 1 and August 1 of each year at an interest rate of 3.960% per annum. Debt Service payments of the 2014 Bonds are secured by a pledge of the property tax revenue increments collected on properties within the redevelopment project area. The debt agreement requires a reserve account to be held by the trustee. The final payment of the loan is scheduled for August 1, 2033.

The following is a schedule of the future estimated minimum payments related to the 2014 Bonds at June 30, 2015:

Fiscal Years Ending June 30	2014 Tax Allocation Refunding Bond		
	Principal	Interest	Total
2016	\$ 524,878	\$ 617,484	\$ 1,142,362
2017	604,523	595,122	1,199,645
2018	626,612	570,745	1,197,357
2019	653,805	545,393	1,199,198
2020	675,446	519,074	1,194,520
2021-2025	3,828,538	2,161,470	5,990,008
2026-2030	4,583,886	1,330,142	5,914,028
2031-2034	<u>4,357,777</u>	<u>353,478</u>	<u>4,711,255</u>
Totals	<u>\$ 15,855,465</u>	<u>\$ 6,692,908</u>	<u>\$ 22,548,373</u>

Leprino Owner Participation Agreement Obligation

On March 7, 2000, the Agency entered into an owner participation agreement with Leprino Foods Company (Leprino) whereby Leprino was to construct a dairy and related products manufacturing and storage facility within the redevelopment project area. The City was to reimburse Leprino \$3 million for the cost of the infrastructure improvements which contributed to the elimination of blight in the project area. Subsequently, due to an expansion of the project scope requiring Leprino to increase its investment from \$125 million to more the \$250 million, the Agency's reimbursement obligation increased to \$6 million, payable in 10 annual installments of \$600,000 each year, subject to the Leprino facility having an assessed value in excess of \$250 million and verification of actual infrastructure costs incurred by Leprino. During the June 30, 2013 fiscal year, a final payment of \$1,613,666 was made. This payment was adjusted from \$600,000 because the facility's assessed value was \$413 million.

On September 4, 2007, the Agency entered into an amendment to the Owner Participation Agreement with Leprino Foods Company (Leprino). Leprino has decided to expand the production capacity of the plant to permit the increase in the milk received on a daily basis from its current level of 6,000,000 pounds of milk per day, to install additional packaging capacity and make other process improvements. The 2007 Expansion Project includes the completion of the addition work at the Expanded Wastewater Pretreatment System.

It has been acknowledged that the City will incur an additional liability of approximately \$6 million for wastewater improvements at the Leprino plant and this liability will be paid from the additional tax increments that the plant would generate based on this expansion.

The total liability to Leprino Foods Company at June 30, 2015 was \$4,409,267.

CITY OF LEMOORE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 18 – LEMOORE REDEVELOPMENT SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND

(Continued)

Prior Period Adjustments

The beginning net position in the Lemoore Redevelopment Successor Agency Private Purpose Trust Fund was overstated by \$518,730 due to a change in the assessed value of Leprino's facilities. As discussed previously in the Leprino Owner Participation Obligation footnote, the yearly payments to Leprino from the Lemoore Redevelopment Successor Agency are dependent on the assessed property value of Leprino's facilities. In fiscal year 2014, Leprino retroactively had their property value reassessed at a lower value, resulting in a lower payment being owed from the Successor Agency in the three years affected. By the end of fiscal year 2015, Leprino had returned the overpayment amounts, a portion of which should have resulted as an increase to long-term debt.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LEMOORE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF THE CITY'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS*
AS OF JUNE 30, 2015**

	2015	
	<u>Miscellaneous</u>	<u>Safety</u>
Proportion of the net pension liability	0.07222%	0.04863%
Proportionate share of the net pension liability	\$ 4,493,850	\$ 3,025,902
Covered-employee payroll	\$ 3,260,911	\$ 1,694,266
Proportionate Share of the net pension liability as percentage of covered-employee payroll	137.81%	178.60%
Plan's fiduciary net position	\$ 20,340,320	\$ 12,765,519
Plan fiduciary net position as a percentage of the total pension liability	81.90%	80.84%

Notes to Schedule:

Benefit changes. There were no changes in benefits.

Change in assumptions. There were no changes in assumptions.

* Schedule is intended to show information for 10 years commencing with the fiscal year ended June 30, 2015. Additional years will be displayed as they occur.

**CITY OF LEMOORE
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS*
AS OF JUNE 30, 2015**

	2015	
	<u>Miscellaneous</u>	<u>Safety</u>
Actuarially determined contribution	\$ 357,208	\$ 378,838
Contributions in relation to the actuarially determined contributions	<u>(357,208)</u>	<u>(378,838)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 3,260,821	\$ 1,694,266
Contributions as a percentage of covered-employee payroll	10.95%	22.36%

Notes to Schedule:

	<u>Miscellaneous</u> <u>6/30/2013</u>	<u>Safety</u> <u>6/30/2013</u>
Valuation date:		
Methods and assumptions used to determine contribution rates:		
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll	Level percentage of payroll
Remaining amortization period	15 Years	15 Years
Asset Valuation Method	5 year smoothed market	5 year smoothed market
Inflation	2.75%	2.75%
Salary Increases	3.30% to 14.20% Depending on age, service, and type of employment	
Payroll Growth	3.00%	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.	
Retirement Age	62 years	57 years
Mortality	Derived using CalPERS' Membership data for all Funds. The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.	

* Schedule is intended to show information for 10 years commencing with the fiscal year ended June 30, 2015. Additional years will be displayed as they occur.

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SUPPLEMENTARY INFORMATION

**CITY OF LEMOORE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

Nonmajor Special Revenue Funds

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

The **Traffic Safety Fund** is used to account for proceeds of traffic citations, which may be used for programs promoting traffic safety, such as street improvements, striping, and the like.

The **Local Transportation Fund** is used to account for the maintenance and construction of roadways and for specialized engineering services using transportation development act funds.

The **Streets Grant Fund** is used to account for street improvements using miscellaneous state and federal grants.

The **Maintenance Assessment District Fund** is used to account for City maintenance costs relating to the public improvements within the assessment district area.

The **TE/STP Exchange Fund** is used to account for projects undertaken with federal streets transportation and planning funds received by the City through the State of California.

The **Downtown Improvement Fund** is used to account for economic development and revitalization endeavors by local businesses in the downtown area.

Nonmajor Capital Projects Funds

The **Capital Projects Funds** are established to account for resources used for the acquisition and constructions of capital facilities by the City, except for those financed for enterprise funds.

The **Street Improvement Fund** is used to account for improvements to local streets and roads using developer fees, grant proceeds, and other sources designated by the City Council for this purpose.

The **Recreation Improvement Fund** is used to account for the revenue from developer fees to be used for acquisition and development of parks and recreation facilities.

The **Facility Infrastructure Fund** is used to account for improvements to City buildings and improvements using developer fees, grant proceeds, and other sources designated by the City Council for this purpose.

The **Capital Improvement Fees Fund** is used to account for miscellaneous capital projects using developer fees.

**CITY OF LEMOORE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Combined Special Revenue Funds	Combined Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 4,415,034	\$ 5,998,604	\$ 10,413,638
Receivables:			
Accounts	2,352	485,661	488,013
Intergovernmental	319,983	-	319,983
Prepaid items	<u>8,816</u>	<u>-</u>	<u>8,816</u>
Total assets	<u>\$ 4,746,185</u>	<u>\$ 6,484,265</u>	<u>\$ 11,230,450</u>
LIABILITIES			
Accounts payable	<u>\$ 135,200</u>	<u>\$ 23,584</u>	<u>\$ 158,784</u>
Total liabilities	<u>135,200</u>	<u>23,584</u>	<u>158,784</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>-</u>	<u>469,920</u>	<u>469,920</u>
Total deferred inflows of resources	<u>-</u>	<u>469,920</u>	<u>469,920</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	8,816	-	8,816
Restricted:			
Public safety	414,182	-	414,182
Public works	4,176,009	-	4,176,009
Capital projects and improvements	11,978	-	11,978
Assigned:			
Capital projects and improvements	<u>-</u>	<u>5,990,761</u>	<u>5,990,761</u>
Total fund balances	<u>4,610,985</u>	<u>5,990,761</u>	<u>10,601,746</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,746,185</u>	<u>\$ 6,484,265</u>	<u>\$ 11,230,450</u>

**CITY OF LEMOORE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Combined Special Revenue Funds	Combined Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Licenses and permits	\$ 9,158	\$ -	\$ 9,158
From other agencies	1,838,891	-	1,838,891
Fees and assessments	271,095	177,665	448,760
Use of money and property	21,977	31,075	53,052
Other revenue	<u>13,242</u>	<u>216,027</u>	<u>229,269</u>
 Total revenues	 <u>2,154,363</u>	 <u>424,767</u>	 <u>2,579,130</u>
 EXPENDITURES:			
Current:			
General government	6,157	-	6,157
Public works	461,829	-	461,829
Capital outlay	<u>507,857</u>	<u>353,245</u>	<u>861,102</u>
 Total expenditures	 <u>975,843</u>	 <u>353,245</u>	 <u>1,329,088</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>1,178,520</u>	 <u>71,522</u>	 <u>1,250,042</u>
 OTHER FINANCING SOURCES (USES):			
Operating transfers in	23,620	188,767	212,387
Operating transfers out	<u>(54,716)</u>	<u>(10,000)</u>	<u>(64,716)</u>
 Total other financing sources (uses)	 <u>(31,096)</u>	 <u>178,767</u>	 <u>147,671</u>
 Net changes in fund balances	 1,147,424	 250,289	 1,397,713
 Fund balances, June 30, 2014, restated	 <u>3,463,561</u>	 <u>5,740,472</u>	 <u>9,204,033</u>
 Fund balances, June 30, 2015	 <u>\$ 4,610,985</u>	 <u>\$ 5,990,761</u>	 <u>\$ 10,601,746</u>

**CITY OF LEMOORE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015**

	Traffic Safety	Local Transportation	Streets Grant Fund	Maintenance Assessment District	TE/STP Exchange Fund	Downtown Improvement	Totals
ASSETS							
Cash and investments	\$ 412,469	\$ 1,230,309	\$ 123,312	\$ 2,131,008	\$ 505,657	\$ 12,279	\$ 4,415,034
Receivables:							
Accounts	1,309	376	-	663	-	4	2,352
Intergovernmental	404	109,385	26,329	26,474	157,391	-	319,983
Prepaid items	-	-	-	8,816	-	-	8,816
Total assets	<u>\$ 414,182</u>	<u>\$ 1,340,070</u>	<u>\$ 149,641</u>	<u>\$ 2,166,961</u>	<u>\$ 663,048</u>	<u>\$ 12,283</u>	<u>\$ 4,746,185</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 19,761	\$ 115,134	\$ -	\$ 305	\$ 135,200
Total liabilities	<u>-</u>	<u>-</u>	<u>19,761</u>	<u>115,134</u>	<u>-</u>	<u>305</u>	<u>135,200</u>
FUND BALANCES							
Nonspendable:							
Prepaid items	-	-	-	8,816	-	-	8,816
Restricted:							
Public safety	414,182	-	-	-	-	-	414,182
Public works	-	1,340,070	129,880	2,043,011	663,048	-	4,176,009
Capital projects and improvements	-	-	-	-	-	11,978	11,978
Total fund balances	<u>414,182</u>	<u>1,340,070</u>	<u>129,880</u>	<u>2,051,827</u>	<u>663,048</u>	<u>11,978</u>	<u>4,610,985</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 414,182</u>	<u>\$ 1,340,070</u>	<u>\$ 149,641</u>	<u>\$ 2,166,961</u>	<u>\$ 663,048</u>	<u>\$ 12,283</u>	<u>\$ 4,746,185</u>

CITY OF LEMOORE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Traffic Safety	Local Transportation	Streets Grant Fund	Maintenance Assessment District	TE/STP Exchange Fund	Downtown Improvement	Totals
REVENUES							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,158	\$ 9,158
From other agencies	-	660,150	612,562	408,943	157,236	-	1,838,891
Fees and assessments	13,968	-	-	257,127	-	-	271,095
Use of money and property	2,293	5,046	386	11,281	2,893	78	21,977
Other revenue	-	-	13,242	-	-	-	13,242
Total revenues	16,261	665,196	626,190	677,351	160,129	9,236	2,154,363
EXPENDITURES							
Current:							
General government	-	-	-	-	-	6,157	6,157
Public works	-	-	-	461,829	-	-	461,829
Capital outlay	-	180,498	224,656	-	102,703	-	507,857
Total expenditures	-	180,498	224,656	461,829	102,703	6,157	975,843
Excess (deficiency) of revenues over (under) expenditures	16,261	484,698	401,534	215,522	57,426	3,079	1,178,520
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	23,620	-	-	-	23,620
Operating transfers out	(1,025)	(13,319)	(40,372)	-	-	-	(54,716)
Total other financing sources (uses)	(1,025)	(13,319)	(16,752)	-	-	-	(31,096)
Net change in fund balance	15,236	471,379	384,782	215,522	57,426	3,079	1,147,424
Fund balance, June 30, 2014, restated	398,946	868,691	(254,902)	1,836,305	605,622	8,899	3,463,561
Fund balances, June 30, 2015	\$ 414,182	\$ 1,340,070	129,880	\$ 2,051,827	\$ 663,048	\$ 11,978	\$ 4,610,985

**CITY OF LEMOORE
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2015**

	<u>Street Improvement</u>	<u>Recreation Improvement</u>	<u>Facility Infrastructure</u>	<u>Capital Improvement Fees</u>	<u>Totals</u>
ASSETS					
Cash and investments	\$ 120,218	\$ 1,825,686	\$ 604,857	\$ 3,447,843	\$ 5,998,604
Receivables:					
Accounts	<u>37</u>	<u>305,153</u>	<u>127</u>	<u>180,344</u>	<u>485,661</u>
Total assets	<u>\$ 120,255</u>	<u>\$ 2,130,839</u>	<u>\$ 604,984</u>	<u>\$ 3,628,187</u>	<u>\$ 6,484,265</u>
LIABILITIES					
Accounts payable	<u>\$ -</u>	<u>\$ 2,161</u>	<u>\$ 21,423</u>	<u>\$ -</u>	<u>\$ 23,584</u>
Total liabilities	<u>-</u>	<u>2,161</u>	<u>21,423</u>	<u>-</u>	<u>23,584</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>-</u>	<u>298,417</u>	<u>-</u>	<u>171,503</u>	<u>469,920</u>
Total deferred inflows of resources	<u>-</u>	<u>298,417</u>	<u>-</u>	<u>171,503</u>	<u>469,920</u>
FUND BALANCES					
Assigned:					
Capital projects and improvements	<u>120,255</u>	<u>1,830,261</u>	<u>583,561</u>	<u>3,456,684</u>	<u>5,990,761</u>
Total fund balances	<u>120,255</u>	<u>1,830,261</u>	<u>583,561</u>	<u>3,456,684</u>	<u>5,990,761</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 120,255</u>	<u>\$ 2,130,839</u>	<u>\$ 604,984</u>	<u>\$ 3,628,187</u>	<u>\$ 6,484,265</u>

CITY OF LEMOORE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Street Improvement</u>	<u>Recreation Improvement</u>	<u>Facility Infrastructure</u>	<u>Capital Improvement Fees</u>	<u>Totals</u>
REVENUES					
Fees and assessments	\$ -	\$ 72,521	\$ -	\$ 105,144	\$ 177,665
Use of money and property	671	10,353	2,458	17,593	31,075
Other revenue	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>210,027</u>	<u>216,027</u>
Total revenues	<u>671</u>	<u>88,874</u>	<u>2,458</u>	<u>332,764</u>	<u>424,767</u>
EXPENDITURES					
Capital outlay	<u>-</u>	<u>172,336</u>	<u>87,795</u>	<u>93,114</u>	<u>353,245</u>
Total expenditures	<u>-</u>	<u>172,336</u>	<u>87,795</u>	<u>93,114</u>	<u>353,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>671</u>	<u>(83,462)</u>	<u>(85,337)</u>	<u>239,650</u>	<u>71,522</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	188,767	-	188,767
Operating transfers out	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(10,000)</u>	<u>188,767</u>	<u>-</u>	<u>178,767</u>
Net change in fund balances	671	(93,462)	103,430	239,650	250,289
Fund balances, June 30, 2014	<u>119,584</u>	<u>1,923,723</u>	<u>480,131</u>	<u>3,217,034</u>	<u>5,740,472</u>
Fund balances, June 30, 2015	<u>\$ 120,255</u>	<u>\$ 1,830,261</u>	<u>\$ 583,561</u>	<u>\$ 3,456,684</u>	<u>\$ 5,990,761</u>

CITY OF LEMOORE
NONMAJOR SPECIAL REVENUE FUNDS - TRAFFIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fees and assessments	\$ 29,200	\$ 29,200	\$ 13,968	\$ (15,232)
Use of money and property	-	-	2,293	2,293
Total revenues	<u>29,200</u>	<u>29,200</u>	<u>16,261</u>	<u>(12,939)</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>29,200</u>	<u>29,200</u>	<u>16,261</u>	<u>(12,939)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(1,025)	(1,025)	(1,025)	-
Total other financing sources (uses)	<u>(1,025)</u>	<u>(1,025)</u>	<u>(1,025)</u>	<u>-</u>
Net change in fund balances	28,175	28,175	15,236	(12,939)
Fund balances, June 30, 2014	<u>398,946</u>	<u>398,946</u>	<u>398,946</u>	<u>-</u>
Fund balances, June 30, 2015	<u>\$ 427,121</u>	<u>\$ 427,121</u>	<u>\$ 414,182</u>	<u>\$ (12,939)</u>

CITY OF LEMOORE
NONMAJOR SPECIAL REVENUE FUNDS – MAINTENANCE ASSESSMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amount		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
From other agencies	\$ -	\$ 550,199	\$ 408,943	\$ (141,256)
Fees and assessments	257,334	257,334	257,127	(207)
Use of money and property	-	-	11,281	11,281
	257,334	807,533	677,351	(130,182)
EXPENDITURES				
Current:				
Public works	302,820	272,781	461,829	(189,048)
	302,820	272,781	461,829	(189,048)
Excess (deficiency) of revenues over (under) expenditures	(45,486)	534,752	215,522	(319,230)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(30,000)	(30,000)	-	30,000
	(30,000)	(30,000)	-	30,000
Net change in fund balances	(75,486)	504,752	215,522	(289,230)
Fund balances, June 30, 2014	1,836,305	1,836,305	1,836,305	-
Fund balances, June 30, 2015	\$ 1,760,819	\$ 2,341,057	\$ 2,051,827	\$ (289,230)

CITY OF LEMOORE
NONMAJOR SPECIAL REVENUE FUNDS – DOWNTOWN IMPROVEMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amount		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ 9,500	\$ 19,000	\$ 9,158	\$ (9,842)
Use of money and property	-	-	78	78
Total revenues	9,500	19,000	9,236	(9,764)
EXPENDITURES				
Current:				
General government	16,500	16,500	6,157	10,343
Total expenditures	16,500	16,500	6,157	10,343
Net change in fund balances	(7,000)	2,500	3,079	579
Fund balances, June 30, 2014	8,899	8,899	8,899	-
Fund balances, June 30, 2015	\$ 1,899	\$ 11,399	\$ 11,978	\$ 579

CITY OF LEMOORE
NONMAJOR CAPITAL PROJECTS FUNDS – FACILITY INFRASTRUCTURE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amount		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 2,458	\$ 2,458
Total revenues	-	-	2,458	2,458
EXPENDITURES				
Capital outlay	-	116,714	87,795	28,919
Total expenditures	-	116,714	87,795	28,919
Excess (deficiency) of revenues over (under) expenditures	-	(116,714)	(85,337)	31,377
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	188,767	188,767
Total other financing sources (uses)	-	-	188,767	188,767
Net change in fund balances	-	(116,714)	103,430	220,144
Fund balances, June 30, 2014	480,131	480,131	480,131	-
Fund balances, June 30, 2015	<u>\$ 480,131</u>	<u>\$ 363,417</u>	<u>\$ 583,561</u>	<u>\$ 220,144</u>

**CITY OF LEMOORE
FIDUCIARY FUNDS
JUNE 30, 2015**

Fiduciary Funds

The **Trust and Agency Funds** are used to account for assets held by a governmental unit in a trustee capacity and/or as an agent for individuals, private organizations, other governmental units, and /or other funds. These include Successor Agency private purpose trust funds and agency funds.

Private Purpose Trust Funds

The **Lemoore Redevelopment Successor Agency Debt Service Fund** is used to retire debt obligations.

The **Lemoore Redevelopment Successor Agency Capital Projects Fund** is used to account for Successor Agency activities approved in the ROPS.

Agency Funds

The **Laguna Irrigation Fund** is used to account for an agreement to benefit water recharge or to purchase water.

The **Other Agency Funds** is used to account for development deposit amounts and a trust account for contributions to be used for special activities.

The **Insurance Fund** is used to account for dental benefits for employees.

**CITY OF LEMOORE
COMBINING STATEMENT OF NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2015**

	Lemoore Redevelopment Successor Agency Debt Service	Lemoore Redevelopment Successor Agency Capital Projects	Total Lemoore Redevelopment Successor Agency Private-Purpose Trust Fund
ASSETS			
Cash and investments	\$ 13,972	\$ 3,298,220	\$ 3,312,192
Restricted cash with fiscal agents	19,495,795	-	19,495,795
Intergovernmental receivables	-	2	2
Advances to City of Lemoore	-	2,023,147	2,023,147
Notes receivable	-	1,290,240	1,290,240
Assets held for resale	-	784,600	784,600
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 19,509,767</u>	<u>\$ 7,396,209</u>	<u>\$ 26,905,976</u>
LIABILITIES			
Accounts payable	\$ -	\$ 13,500	\$ 13,500
Intergovernmental payable	-	18,050	18,050
Interest payable	819,662	-	819,662
Long-term liabilities:			
Due within one year	694,878	672,791	1,367,669
Due in more than one year	33,157,952	3,736,476	36,894,428
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>34,672,492</u>	<u>4,440,817</u>	<u>39,113,309</u>
NET POSITION			
Held in trust for the retirement of obligations of the former Lemoore Redevelopment Agency	<u>(15,162,725)</u>	<u>2,955,392</u>	<u>(12,207,333)</u>
	<u> </u>	<u> </u>	<u> </u>
Total net position	<u>\$ (15,162,725)</u>	<u>\$ 2,955,392</u>	<u>\$ (12,207,333)</u>

**CITY OF LEMOORE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Lemoore Redevelopment Successor Agency Debt Service	Lemoore Redevelopment Successor Agency Capital Projects	Total Lemoore Redevelopment Successor Agency Private-Purpose Trust Fund
ADDITIONS			
Taxes	\$ -	\$ 1,456,912	\$ 1,456,912
Investment earnings	242,230	90,442	332,672
Reimbursement of debt overpayment	-	356,346	356,346
Miscellaneous	-	5,000	5,000
Intrafund transfers	<u>1,818,137</u>	<u>23</u>	<u>1,818,160</u>
Total additions	<u>2,060,367</u>	<u>1,908,723</u>	<u>3,969,090</u>
DEDUCTIONS			
Community development	13,671	414,390	428,061
Intrafund transfers	23	1,818,137	1,818,160
Loss on asset disposal	-	361,670	361,670
Interest expense	<u>2,065,384</u>	<u>-</u>	<u>2,065,384</u>
Total deductions	<u>2,079,078</u>	<u>2,594,197</u>	<u>4,673,275</u>
Changes in net position	<u>(18,711)</u>	<u>(685,474)</u>	<u>(704,185)</u>
Net position, June 30, 2014, restated	<u>(15,144,014)</u>	<u>3,640,866</u>	<u>(11,503,148)</u>
Net position, June 30, 2015	<u>\$ (15,162,725)</u>	<u>\$ 2,955,392</u>	<u>\$ (12,207,333)</u>

**CITY OF LEMOORE
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015**

	<u>Laguna Irrigation</u>	<u>Other Agency Funds</u>	<u>Insurance</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 24,964	\$ 253,328	\$ 88,912	\$ 367,204
Accounts receivable	-	33,643	-	33,643
Other assets	<u>28,800</u>	<u>-</u>	<u>-</u>	<u>28,800</u>
Total assets	<u>\$ 53,764</u>	<u>\$ 286,971</u>	<u>\$ 88,912</u>	<u>\$ 429,647</u>
LIABILITIES				
Accounts payable	\$ -	\$ 73,332	\$ -	\$ 73,332
Due to others	53,764	179,421	88,912	322,097
Deposits	<u>-</u>	<u>34,218</u>	<u>-</u>	<u>34,218</u>
Total liabilities	<u>\$ 53,764</u>	<u>\$ 286,971</u>	<u>\$ 88,912</u>	<u>\$ 429,647</u>

**CITY OF LEMOORE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015**

Laguna Irrigation

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash and investments	\$ 500,410	\$ -	\$ 475,446	\$ 24,964
Other assets	<u>28,800</u>	<u>-</u>	<u>-</u>	<u>28,800</u>
Total assets	<u>\$ 529,210</u>	<u>\$ -</u>	<u>\$ 475,446</u>	<u>\$ 53,764</u>
LIABILITIES				
Due to others	<u>\$ 529,210</u>	<u>\$ -</u>	<u>\$ 475,446</u>	<u>\$ 53,764</u>
Total liabilities	<u>\$ 529,210</u>	<u>\$ -</u>	<u>\$ 475,446</u>	<u>\$ 53,764</u>

Other Agency Funds

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash and investments	\$ 433,516	\$ 844,963	\$ 1,025,151	\$ 253,328
Accounts receivable	<u>45,204</u>	<u>78,847</u>	<u>90,408</u>	<u>33,643</u>
Total assets	<u>\$ 478,720</u>	<u>\$ 923,810</u>	<u>\$ 1,115,559</u>	<u>\$ 286,971</u>
LIABILITIES				
Accounts payable	\$ 262,794	\$ 749,843	\$ 939,305	\$ 73,332
Due to others	184,215	-	4,794	179,421
Deposits	<u>31,711</u>	<u>2,507</u>	<u>-</u>	<u>34,218</u>
Total liabilities	<u>\$ 478,720</u>	<u>\$ 752,350</u>	<u>\$ 944,099</u>	<u>\$ 286,971</u>

CITY OF LEMOORE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
AGENCY FUNDS
JUNE 30, 2015

Insurance

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS				
Cash and investments	\$ 71,625	\$ 74,310	\$ 57,023	\$ 88,912
Total assets	<u>\$ 71,625</u>	<u>\$ 74,310</u>	<u>\$ 57,023</u>	<u>\$ 88,912</u>
LIABILITIES				
Due to others	\$ 71,625	\$ 74,310	\$ 57,023	\$ 88,912
Total liabilities	<u>\$ 71,625</u>	<u>\$ 74,310</u>	<u>\$ 57,023</u>	<u>\$ 88,912</u>

Total

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS				
Cash and investments	\$ 1,005,551	\$ 919,273	\$ 1,557,620	\$ 367,204
Accounts receivable	45,204	78,847	90,408	33,643
Other assets	<u>28,800</u>	<u>-</u>	<u>-</u>	<u>28,800</u>
Total assets	<u>\$ 1,079,555</u>	<u>\$ 998,120</u>	<u>\$ 1,648,028</u>	<u>\$ 429,647</u>
LIABILITIES				
Accounts payable	\$ 262,794	\$ 749,843	\$ 939,305	\$ 73,332
Due to others	785,050	74,310	537,263	322,097
Deposits	<u>31,711</u>	<u>2,507</u>	<u>-</u>	<u>34,218</u>
Total liabilities	<u>\$ 1,079,555</u>	<u>\$ 826,660</u>	<u>\$ 1,476,568</u>	<u>\$ 429,647</u>

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the **City of Lemoore's** comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents

Financial Trends: These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity: These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity: These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF LEMOORE
NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year					Fiscal Year				
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 46,094,712	\$ 45,033,905	\$ 42,040,440	\$ 45,841,891	\$ 44,904,303	\$ 36,380,777	\$ 61,864,076	\$ 62,852,134	\$ 64,415,727	\$ 65,532,375
Restricted	15,707,378	13,483,363	29,521,460	31,758,572	32,151,791	35,119,950	19,545,949	10,447,890	5,900,358	12,592,988
Unrestricted	12,442,946	16,949,411	9,056,856	9,153,728	9,418,125	9,806,053	9,661,340	19,517,911	25,065,810	12,206,195
Total governmental activities net position	<u>\$ 74,245,036</u>	<u>\$ 75,466,679</u>	<u>\$ 80,618,756</u>	<u>\$ 86,754,191</u>	<u>\$ 86,474,219</u>	<u>\$ 81,306,780</u>	<u>\$ 91,071,365</u>	<u>\$ 92,817,935</u>	<u>\$ 95,381,895</u>	<u>\$ 90,331,558</u>
Business-Type Activities										
Net investment in capital assets	\$ 3,963,442	\$ 8,749,934	\$ 11,418,932	\$ 11,435,322	\$ 16,260,519	\$ 17,266,866	\$ 21,892,596	\$ 23,444,815	\$ 21,533,822	\$ 30,015,455
Restricted	1,641,006	1,428,850	1,488,495	1,417,663	-	-	-	-	-	-
Unrestricted	5,076,542	587,031	(420,159)	1,306,625	4,251,948	6,027,206	10,323,565	11,763,520	16,709,167	7,217,352
Total business-type activities net position	<u>\$ 10,680,990</u>	<u>\$ 10,765,815</u>	<u>\$ 12,487,268</u>	<u>\$ 14,159,610</u>	<u>\$ 20,512,467</u>	<u>\$ 23,294,072</u>	<u>\$ 32,216,161</u>	<u>\$ 35,208,335</u>	<u>\$ 38,242,989</u>	<u>\$ 37,232,807</u>
Primary Government:										
Net investment in capital assets	\$ 50,058,154	\$ 53,783,839	\$ 53,459,372	\$ 57,277,213	\$ 61,164,822	\$ 53,647,643	\$ 83,756,672	\$ 86,296,949	\$ 85,949,549	\$ 95,547,830
Restricted	17,348,384	14,912,213	31,009,955	33,176,235	32,151,791	35,119,950	19,545,949	10,447,890	5,900,358	12,592,988
Unrestricted	17,519,488	17,536,442	8,636,697	10,460,353	13,670,073	15,833,259	19,984,905	31,281,431	41,774,977	19,423,547
Total Primary Governmental activities net position	<u>\$ 84,926,026</u>	<u>\$ 86,232,494</u>	<u>\$ 93,106,024</u>	<u>\$ 100,913,801</u>	<u>\$ 106,986,686</u>	<u>\$ 104,600,852</u>	<u>\$ 123,287,526</u>	<u>\$ 128,026,270</u>	<u>\$ 133,624,884</u>	<u>\$ 127,564,365</u>

**CITY OF LEMOORE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Primary Government										
Governmental Activities:										
Expenses										
General government	\$ 1,505,297	\$ 2,912,602	\$ 3,337,096	\$ 3,193,542	\$ 3,096,277	\$ 6,725,881	\$ 4,487,075	\$ 2,057,530	\$ 1,632,438	\$ 1,246,579
Public safety	3,736,759	4,384,817	4,520,649	4,953,938	4,625,887	4,608,197	4,807,752	4,546,380	5,058,509	5,421,986
Public works	355,394	484,639	403,106	380,679	300,551	350,549	312,893	3,204,362	1,802,463	5,172,165
City Streets	447,769	668,429	525,633	562,662	487,812	-	-	-	-	-
Community development	3,828,804	3,588,232	3,381,788	4,317,676	7,134,297	13,191,774	4,439,747	2,069,524	2,258,286	158,908
Parks and Recreation	699,845	1,183,249	1,001,477	929,905	899,853	405,919	414,746	467,875	586,826	556,303
Interest on long-term debt	1,090,872	1,184,597	1,100,696	1,153,844	1,072,656	1,743,738	1,190,083	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	187,081	301,683	-
Total Governmental Activities Expenses	11,664,740	14,406,565	14,270,445	15,492,246	17,617,333	27,026,058	15,652,296	12,532,752	11,640,205	12,555,941
Business-Type Activities:										
Water	2,250,250	2,535,119	2,907,098	3,012,344	2,794,055	3,427,536	3,216,132	3,131,361	3,663,339	4,256,397
Sewer	1,340,687	1,590,309	1,794,460	1,755,303	1,729,026	1,792,761	1,895,857	1,654,160	1,744,294	2,286,071
Refuse	2,026,380	2,490,517	2,282,627	2,418,969	2,132,818	2,022,570	1,985,803	2,094,112	2,042,944	2,774,668
Golf Course	1,475,087	1,576,817	1,540,356	1,546,483	1,530,665	1,450,794	1,393,917	1,269,053	1,291,826	1,116,532
Total Business-Type Activities Expenses	7,092,404	8,192,762	8,524,541	8,733,099	8,186,564	8,693,661	8,491,709	8,148,686	8,742,403	10,433,668
Total Primary Government Expenses	\$ 18,757,144	\$ 22,599,327	\$ 22,794,986	\$ 24,225,345	\$ 25,803,897	\$ 35,719,719	\$ 24,144,005	\$ 20,681,438	\$ 20,382,608	\$ 22,989,609

**CITY OF LEMOORE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(CONTINUED)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental Activities										
Charges for services:										
General government	\$ 168,277	\$ 293,103	\$ 125,791	\$ 106,515	\$ 131,662	\$ 142,139	\$ 110,700	\$ 112,078	\$ 329,690	\$ 119,061
Public safety	500,975	214,079	273,965	247,139	156,944	174,441	186,374	248,714	204,964	349,755
Public works	954,961	685,367	606,846	637,344	696,710	447,935	669,787	282,882	375,243	281,221
Community development	59,351	10,020	15,846	23,925	11,822	9,780	9,903	514,313	542,068	675,228
Parks and recreation	68,692	82,692	81,751	79,996	126,182	176,923	219,804	325,469	380,335	382,980
Operating contributions and grants:	-	-	-	-	-	-	-	-	-	-
General government	2,600	-	-	3,831	2,689	111,375	-	-	-	-
Public safety	248,218	2,500	261,215	236,716	357,666	432,888	244,082	265,459	307,629	433,986
Public works	-	331,950	-	-	-	-	-	-	-	-
City streets	793,860	159,077	-	207,953	226,042	-	-	-	-	-
Community development	-	-	-	147,800	755,855	63,214	1,177,690	147,661	30,398	48,561
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Capital contributions and grants:	-	-	-	-	-	-	-	-	-	-
Public safety	140,122	57,267	-	44,658	50,585	-	-	-	-	-
Public works	74,606	-	-	-	108,364	850,513	1,026,752	1,280,749	1,194,454	337,260
City Streets	604,983	854,976	1,066,382	1,225,507	321,957	-	-	-	-	-
Community development	237,975	807,308	5,037	-	-	-	-	-	-	-
Parks and recreation	322,395	333,743	109,649	492,340	-	-	-	-	-	-
Total Governmental Activities program revenues	4,177,015	3,832,082	2,546,482	3,453,724	2,946,478	2,409,208	3,645,092	3,177,325	3,364,781	2,628,052
Business-Type Activities										
Charges for services:										
Water	2,834,737	3,015,783	3,194,438	4,105,646	3,790,398	5,008,749	4,128,405	4,145,592	4,182,222	3,942,183
Sewer	2,065,529	2,314,711	2,833,901	3,776,539	3,500,520	3,541,929	3,694,785	3,577,349	3,482,196	3,402,947
Refuse	2,505,972	2,570,358	2,567,235	2,685,981	2,825,938	2,865,372	2,889,494	2,948,335	2,906,828	2,950,079
Golf Course	1,471,521	1,482,959	1,443,786	1,373,493	1,384,200	1,372,337	1,406,092	1,319,848	1,299,190	1,102,945
Operating contributions and grants:										
Refuse	-	-	126,444	-	-	-	-	-	-	-
Capital contributions and grants:										
Water	-	-	-	-	4,925,785	707,835	24,178	-	38,196	-
Sewer	-	-	1,513,184	85,680	33,600	-	2,195,752	639,590	419,398	-
Refuse	-	-	-	-	5,000	6,952	306,160	290,256	570,919	149,610
Golf Course	-	-	-	-	-	-	-	-	-	-
Total Business-Type program revenues	8,877,759	9,383,811	11,678,988	12,027,339	16,465,441	13,503,174	14,644,866	12,920,970	12,898,949	11,547,764

**CITY OF LEMOORE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(CONTINUED)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Revenues (Expenses)										
Governmental Activities	\$ (7,487,725)	\$ (10,574,483)	\$ (11,723,963)	\$ (12,038,522)	\$ (14,670,855)	\$ (24,616,850)	\$ (12,007,204)	\$ (9,355,427)	\$ (8,275,424)	\$ (11,432,040)
Business-Type Activities	1,785,355	1,191,049	3,154,447	3,294,240	8,278,877	4,809,513	6,153,157	4,772,284	4,156,546	2,618,247
Total Net Revenues (Expenses)	<u>\$ (5,702,370)</u>	<u>\$ (9,383,434)</u>	<u>\$ (8,569,516)</u>	<u>\$ (8,744,282)</u>	<u>\$ (6,391,978)</u>	<u>\$ (19,807,337)</u>	<u>\$ (5,854,047)</u>	<u>\$ (4,583,143)</u>	<u>\$ (4,118,878)</u>	<u>\$ (8,813,793)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property taxes	\$ 8,879,855	\$ 8,280,321	\$ 9,413,719	\$ 10,225,746	\$ 10,147,859	\$ 11,312,419	\$ 6,767,250	\$ 3,069,388	\$ 2,156,929	\$ 1,990,281
Sales taxes	1,269,710	1,768,578	1,730,663	1,979,203	1,768,904	1,597,534	1,768,113	2,014,040	2,122,348	2,081,582
Other taxes	1,346,743	3,038,640	3,166,748	3,385,656	3,621,897	3,786,700	4,303,681	3,888,353	4,341,569	4,690,086
Unrestricted investment earnings	911,403	1,651,813	1,510,852	1,041,178	520,767	388,377	286,623	195,537	207,775	173,184
Sales of property	-	49,358	-	-	-	-	-	-	-	-
Other Revenue	54,478	95,563	74,541	219,723	233,226	256,065	3,136,138	537,498	465,649	753,415
Gain (Loss) on sale of Assets	520,995	-	-	-	-	-	-	(997)	(57,342)	8,810
Loss on sale of assets held for resale	(132,375)	-	-	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	-	812,613	-
Transfers	843,745	1,543,304	1,663,416	1,895,744	2,005,911	2,108,316	1,347,974	1,398,178	1,348,085	-
Total general revenues	<u>13,694,554</u>	<u>16,427,577</u>	<u>17,559,939</u>	<u>18,747,250</u>	<u>18,298,564</u>	<u>19,449,411</u>	<u>17,609,779</u>	<u>11,101,997</u>	<u>11,397,626</u>	<u>9,697,358</u>
Business-Type Activities:										
Unrestricted investment earnings	253,015	312,668	230,422	162,906	79,891	80,428	56,592	31,507	37,239	87,024
Gain (Loss) on sale of Assets	-	-	-	-	-	-	-	-	(14,381)	(39,811)
Capital contributions	-	-	-	-	-	-	-	-	357,036	125,879
Other revenues	41,105	105,597	-	-	-	-	-	-	-	-
Transfers	(843,745)	(1,543,304)	(1,663,416)	(1,895,744)	(2,005,911)	(2,108,316)	(1,347,974)	(1,398,178)	(1,348,085)	-
Total general revenues	<u>\$ (549,625)</u>	<u>\$ (1,125,039)</u>	<u>\$ (1,432,994)</u>	<u>\$ (1,732,838)</u>	<u>\$ (1,926,020)</u>	<u>\$ (2,027,888)</u>	<u>\$ (1,291,382)</u>	<u>\$ (1,366,671)</u>	<u>\$ (968,191)</u>	<u>\$ 173,092</u>
Extraordinary Item:		15,302,538								
Gain on dissolution of Redevelopment Agency	-	-	-	-	-	-	7,268,746	-	-	-
Change in Net Assets	<u>\$ 7,442,559</u>	<u>\$ 5,919,104</u>	<u>\$ 7,557,429</u>	<u>\$ 8,270,130</u>	<u>\$ 9,980,566</u>	<u>\$ (2,385,814)</u>	<u>\$ 17,733,096</u>	<u>\$ 5,152,183</u>	<u>\$ 6,310,557</u>	<u>\$ 1,056,657</u>

CITY OF LEMOORE
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,625,914	\$ 1,783,935	\$ 1,769,055	\$ 1,755,299	\$ 1,733,878	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,098,140	10,130,693	8,729,139	8,051,020	8,485,175	-	-	-	-	-
Nonspendable	-	-	-	-	-	1,704,244	660,171	97,286	1,360,705	1,166,650
Restricted	-	-	-	-	-	-	-	-	-	80,257
Committed	-	-	-	-	-	2,374,959	2,593,761	1,321,595	-	-
Assigned	-	-	-	-	-	-	-	-	-	96,038
Unassigned	-	-	-	-	-	6,369,941	6,661,552	10,710,575	11,090,967	11,149,833
Total general fund	\$ 10,724,054	\$ 11,914,628	\$ 10,498,194	\$ 9,806,319	\$ 10,219,053	\$ 10,449,144	\$ 9,915,484	\$ 12,129,456	\$ 12,451,672	\$ 12,492,778
All other governmental funds										
Reserved	\$ 6,600,995	\$ 7,935,914	\$ 9,309,943	\$ 10,262,432	\$ 11,611,653	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,592,026	3,749,318	4,452,044	5,382,553	5,652,401	-	-	-	-	-
Capital projects funds	12,325,886	14,064,823	15,499,703	15,868,676	14,177,260	-	-	-	-	-
Debt service	(210,534)	606,062	756,605	1,497,969	2,087,046	-	-	-	-	-
Nonspendable	-	-	-	-	-	6,535,121	-	-	4,405,474	8,816
Restricted	-	-	-	-	-	41,546,633	12,421,997	10,447,890	5,900,358	12,512,731
Committed	-	-	-	-	-	7,158,186	7,075,622	7,392,997	7,585,676	-
Assigned	-	-	-	-	-	-	-	369,110	398,946	-
Unassigned	-	-	-	-	-	(219,143)	535,184	-	(244,902)	5,918,314
Total all other governmental funds	\$ 22,308,373	\$ 26,356,117	\$ 30,018,295	\$ 33,011,630	\$ 33,528,360	\$ 55,020,797	\$ 20,032,803	\$ 18,209,997	\$ 18,045,552	\$ 18,439,861

CITY OF LEMOORE
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property taxes	\$ 9,104,166	\$ 8,249,529	\$ 9,403,666	\$ 10,210,173	\$ 10,144,716	\$ 11,309,161	\$ 6,745,624	\$ 3,053,995	\$ 2,128,660	\$ 1,978,931
Other taxes	1,981,879	2,487,016	2,464,134	2,719,047	2,409,957	2,293,676	2,484,776	2,706,573	2,877,392	2,881,451
Licenses and permits	1,291,060	1,062,618	763,657	749,987	586,583	380,851	601,682	665,896	689,558	725,821
Charges for services	312,064	192,448	193,023	154,741	166,355	236,895	308,408	399,471	458,129	500,426
Intergovernmental	1,872,036	3,782,513	3,342,780	3,948,971	4,977,496	4,402,488	5,644,429	4,729,214	5,149,163	4,654,689
Fees and assessments	1,041,509	1,103,703	670,077	1,424,248	146,596	298,824	653,299	304,094	462,662	564,602
Use of money and property	1,054,575	1,651,813	1,513,388	1,021,490	497,277	393,764	294,163	211,195	216,489	173,184
Loan repayments	174,640	-	-	-	-	-	-	-	-	-
Other revenue	147,239	1,119,262	961,704	936,751	1,091,559	1,294,820	511,698	555,868	618,937	878,158
Total revenues	16,979,168	19,648,902	19,312,429	21,165,408	20,020,539	20,610,479	17,244,079	12,626,306	12,600,990	12,357,262
Expenditures										
Current:										
General government	1,360,043	2,843,794	3,015,382	2,854,211	2,725,266	3,798,765	4,482,387	2,067,528	1,628,021	1,251,489
Public safety	3,616,019	3,890,012	4,356,897	4,906,949	4,602,554	4,503,385	4,755,182	4,639,315	4,979,815	5,189,952
Public works	351,173	441,526	389,709	381,075	300,608	345,426	339,296	354,785	401,503	1,651,697
City streets	393,144	445,322	451,519	517,262	456,177	-	-	-	-	-
Community development	3,828,804	3,588,232	4,190,892	5,264,786	8,041,554	5,533,770	3,128,090	1,609,414	1,775,792	158,909
Parks and recreation	662,291	704,313	828,596	811,872	793,389	408,167	414,165	462,244	578,425	524,344
Capital outlay	1,973,725	3,552,650	3,891,366	4,084,111	2,366,274	1,884,348	1,339,845	4,536,290	4,669,389	3,154,886
Debt service	-	-	-	-	-	-	-	-	-	-
Bond issuance cost	-	-	-	-	-	1,009,397	-	-	-	-
Principal	462,035	395,000	854,439	890,980	922,521	1,401,199	455,000	-	-	-
Interest	1,078,676	1,486,034	1,096,855	1,151,191	1,070,658	1,364,557	960,869	-	-	-
Total expenditures	13,725,910	17,346,883	19,075,655	20,862,437	21,279,001	20,249,014	15,874,834	13,669,576	14,032,945	11,931,277
Excess (deficiency) of revenues over expenditures	3,253,258	2,302,019	236,774	302,971	(1,258,462)	361,465	1,369,245	(1,043,270)	(1,431,955)	425,985
Other financing sources (uses)										
Bond proceeds	-	-	-	-	-	19,150,000	-	-	-	-
Sale of capital assets	1,558,779	-	-	-	79,268	-	-	-	9,201	8,810
Gain (loss) on sale of assets held for resale	(132,375)	-	-	-	-	-	-	-	-	-
Operating transfers in	6,156,106	5,149,767	4,325,823	6,606,909	9,647,742	8,888,692	9,278,355	1,931,121	1,733,248	2,049,390
Operating transfers out	(5,225,617)	(3,520,030)	(2,575,974)	(4,608,418)	(7,539,084)	(6,677,629)	(7,827,634)	(496,685)	(282,416)	(503,186)
Total other financing sources (uses)	2,356,893	1,629,737	1,749,849	1,998,491	2,187,926	21,361,063	1,450,721	1,434,436	1,460,033	1,555,014
Extraordinary Item										
Gain/loss on dissolution of Redevelopment Agency	-	-	-	-	-	-	(35,550,894)	-	-	-
Net change in fund balances	\$ 5,610,151	\$ 3,931,756	\$ 1,986,623	\$ 2,301,462	\$ 929,464	\$ 21,722,528	\$ (32,730,928)	\$ 391,166	\$ 28,078	\$ 1,980,999
Debt service as a percentage of noncapital expenditures	13.11%	13.64%	12.85%	12.17%	10.54%	15.06%	9.74%	0.00%	0.00%	0.00%

**CITY OF LEMOORE
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year	Local Secured	Utility	Unsecured	Total
2006	\$ 1,200,382,056	\$ 920,677	\$ 26,128,843	\$ 1,227,431,576
2007	1,320,833,198	919,168	34,559,528	1,356,311,894
2008	1,476,908,563	857,527	42,301,715	1,520,067,805
2009	1,618,788,968	828,108	42,411,801	1,662,028,877
2010	1,626,916,526	825,630	39,269,425	1,667,011,581
2011	1,709,130,426	554,384	28,706,275	1,738,391,085
2012	1,758,796,967	574,763	26,393,761	1,785,765,491
2013	1,737,953,522	575,662	28,254,947	1,766,784,131
2014	1,751,569,065	574,057	27,317,455	1,779,460,577
2015	1,665,821,072	684,859	25,689,595	1,692,195,526

Source: California Municipal Statistics, Inc.

Note: In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the Debt Services payment owners are charged taxes as a percentage of assessed property values for the Debt Service payment of Lemoore High School District, West Hills Community College District and Hills Community College District SFID No. 3.

**CITY OF LEMOORE
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUE
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City Direct Rates:										
City of Lemoore Basic Rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:										
Lemoore Union High School District						0.045187	0.044631	0.045886	0.046730	0.047924
West Hills Community College District						0.000004	0.002160	0.013878	0.011106	0.011206
West Hills College District SFID No. 3						0.001024	0.025856	0.018342	0.019058	0.016280
Total Direct Rate	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.046215</u>	<u>1.072647</u>	<u>1.078106</u>	<u>1.076894</u>	<u>1.075410</u>

Source: California Municipal Statistics, Inc.

Note: In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the Debt Services payment owners are charged taxes as a percentage of assessed property values for the Debt Service payment of Lemoore High School District, West Hills Community College District and Hills Community College District SFID No. 3.

The City of Lemoore only has 5 years available for this table and has decided to present this statistical table as such.

**CITY OF LEMOORE
PRINCIPAL LOCAL SECURED TAXPAYERS
CURRENT YEAR AND 10 YEARS AGO**

Property Owner	Primary Land Use	2006-07		2014-15	
		Assessed Value	% of Total (1)	Assessed Value	% of Total (1)
Leprino Foods Company	Food Processing	\$ 291,472,873	22.07%	\$ 345,086,533	20.72%
Olam tomato Processors Inc.	Food Processing	-		83,034,166	4.98%
SK food LP	Food Processing	65,193,201	4.94%	-	
Agusa	Food Processing	11,766,949	0.89%	11,747,045	0.71%
Lemoore-Lakeview Apartments Ltd. #511-B	Apartments	11,701,576	0.89%	-	
Lemoore Properties II LP	Apartments	-		11,014,966	0.66%
Lemoore Apartments LLC	Apartments	-		10,653,322	0.64%
Heritage Lemoore Ltd.	Apartments	5,464,492	0.41%	6,090,118	0.37%
Winn California Properties LLC	Apartments	5,213,974	0.39%	5,815,516	0.35%
Benderson-Lemoore Associates LP	Commercial	5,016,077	0.38%	5,591,904	0.34%
Poul and Vickie Daley LP	Residential Properties	4,744,507	0.36%	9,578,674	0.58%
Save Mart Supermarkets	Supermarket	4,650,081	0.35%	-	
Lemoore Center LLC	Shopping Center	4,531,155	0.34%	-	
Tanglewood Lemoore Ltd.	Apartments	4,527,849	0.34%	7,282,311	0.44%
Valley Oak Apartments LLC	Apartments	-		7,212,385	0.43%
Lemoore Rural LLC	Residential Properties	4,052,174	0.31%	-	
Anand Investments LLC	Hotel/Motel	4,014,320	0.30%	4,154,175	0.25%
JB Moses Management Corp.	Hotel/Motel	3,972,205	0.30%	-	
Lemoore Cinemas	Movie Theater	3,868,024	0.29%	6,598,936	0.40%
Lemoore Capital LP	Shopping Center	-		5,727,622	0.34%
Carole D, Delap	Shopping Center	-		5,426,994	0.33%
Lemoore 99 LLC	Commercial	-		5,123,154	0.31%
Seven Mart Supermarkets	Supermarket	-		4,665,312	0.28%
Lemoore Hospitality LLC	Hotel/Motel	3,774,598	0.29%	-	
Lennar Fresno Inc.	Residential Properties	3,565,823	0.27%	-	
Devante liberty LP	Residential land	3,488,400	0.26%	-	
HR LLC	Commercial	3,428,876	0.26%	3,770,882	0.23%
Wal-Mart Stores Inc.	Commercial Land	-		3,667,477	0.22%
Guthrie & Castadio Inc.	Commercial	-		3,656,848	2.20%
Golden Gate Holdings LLC	Commercial	3,194,855	0.24%	-	
Top Ten Totals		\$447,642,009	33.88%	\$ 545,898,340	34.78%

Source: California Municipal Statistics, Inc.

Note: (1) 2014-15 Local Secured Assessed Valuation : \$1,665,821,072

**CITY OF LEMOORE
TAX APPORTIONMENT
LAST TEN FISCAL YEARS**

	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Secured	\$ 688,035	\$ 775,359	\$ 795,210	\$ 854,481	\$ 943,748	\$ 930,083
Unsecured	37,138	35,556	36,832	37,360	38,081	38,750
Prior Secured	31,261	34,940	18,051	24,844	(6,229)	9,534
Prior Unsecured	104	623	0	442	106	(1,456)
SB813	17,266	36,616	16,808	9,335	15,582	34,903
Prior SB 813	18,340	15,343	0	8,926	6,252	4,689
Airplane	761	464	548	552	569	266
Transfer Tax	50,104	33,095	39,014	48,190	48,948	51,486
RDA RPTTF Residual (ABX1 26)			160,893	219,158	873,292	928,574
Lemoore RDA 25% Pass-through				168,891	Included in Secured Tax	
Total	843,009	931,996	1,067,355	1,372,180	1,920,347	1,996,830

Source: Kings County

The City of Lemoore only has 5 years available for this table and has decided to present this statistical table as such.

**CITY OF LEMOORE
RATIOS OF OUTSTANDING DEBT
BY TYPE
LAST FISCAL TEN YEARS**

Fiscal Year	Governmental Activities			Loans Payable	Total Business-Type	Total Primary Government
	Certificates of Participation	Capital Leases	Total Government			
2006			0		0	0
2007			0		0	0
2008			0		0	0
2009			0		0	0
2010			0		0	0
2011			0		0	0
2012	2,275,000	12,855	2,287,855		0	2,287,855
2013	2,070,000	8,353	2,078,353	7,068,000	7,068,000	9,146,353
2014		4,183	4,183	7,068,000	7,068,000	7,072,183
2015			0	6,665,937	6,665,937	6,665,937

Source: City of Lemoore, Finance Department

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Also, Redevelopment Bonds prior to 2011 are removed for consistency in reporting after dissolution.

**CITY OF LEMOORE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015**

2014-2015 Assessed Valuations:

2014-2015 Assessed Valuation	\$	1,692,195,526
Redevelopment Incremental Valuation		-
Adjusted Assessed Valuation	\$	1,692,195,526

<u>Overlapping Debt Tax and Assessment Debt:</u>	<u>Total Debt 6/30/2015</u>	<u>% Applicable (1)</u>	<u>District's Share of Debt 6/30/15</u>
West Hills Community College District	\$ 17,660,000	16.58%	\$ 2,928,381
West Hills Community College District School Facilities Improvements District No. 3	17,650,919	38.94%	6,872,385
Lemoore Union High School District	2,338,619	68.43%	1,600,411
Total Overlapping Tax and Assessment Debt			<u>11,401,177</u>
 <u>Direct and Overlapping General Fund Debt:</u>			
Kings County General Fund Obligation	\$ 12,175,000	18.39%	2,238,374
Kings County Pension Obligation Bonds	7,087,885	18.39%	1,303,108
West Hills Community College District General Fund Obligations	70,200,000	16.58%	11,640,564
Lemoore Union High School District Certificates of Participation	1,240,000	68.43%	848,582
City of Lemoore	-	100.00%	-
Total Direct and Overlapping General Fund Debt			<u>16,030,627</u>
 Overlapping Tax Increment Debt (Successor Agency):	 34,510,465	 100.00%	 <u>34,510,465</u>
Total Direct Debt			-
Total Overlapping Debt			<u>61,942,270</u>
Combined Total Debt			<u>\$ 61,942,270 (2)</u>

Ratios to 2014-15 Assessed Valuations:

Total Overlapping Tax and Assessment Debt	0.67%
Total Direct Debt	
Combined Total Debt	3.66%

Ratios to Redevelopment Successor Agency Incremental Valuation (895,698,099):

Total Overlapping Tax Increment Debt	3.85%
--------------------------------------	-------

AB:(\$475)

Notes:

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

**CITY OF LEMOORE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gross Assessed Valuation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,738,391,085	\$ 1,785,765,491	\$ 1,766,784,131	\$ 1,779,460,577	\$ 1,692,195,526
Debt Margin Ratio (1)						0.0375	0.0375	0.0375	0.0375	0.0375
Debt Margin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,189,666	\$ 66,966,206	\$ 66,254,405	\$ 66,729,772	\$ 63,457,332
Less Outstanding General Obligation Bonds						0%	0%	0%	0%	0%
Net Debt Margin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,189,666	\$ 66,966,206	\$ 66,254,405	\$ 66,729,772	\$ 63,457,332

(1) California Government Code, Section 43605 sets debt limit as 15%. The code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 3.75% (one-fourth the limit of 15%).

The City of Lemoore only has 5 years available for this table and has decided to present this statistical table as such.

**CITY OF LEMOORE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Calendar Year	Population (1) City of Lemoore	Kings County			
		Population (1)	Personal Income (2) (thousands of dollars)	Per Capita Personal Income (2)	Unemployment Rate (3)
2006	23,388	147,729	3,478,661	23,966	8.40%
2007	24,140	151,607	3,489,648	23,625	8.70%
2008	24,502	154,434	3,968,492	26,383	10.60%
2009	23,859	151,816	3,978,531	26,170	14.20%
2010	24,531	152,982	3,792,920	24,908	16.10%
2011	24,700	152,533	4,051,300	26,580	16.20%
2012	24,559	151,060	4,516,364	29,701	15.30%
2013	24,979	150,537	4,491,688	29,679	13.50%
2014	25,225	149,942	4,533,297	30,049	12.10%
2015	25,325	149,721	4,864,335	32,371	10.50%

Sources: 1 California Department of Finance.
 2 U.S. Department of Commerce, Bureau of Economic Analysis (Kings County)
 3 California Employment Development Department.
 5 Current numbers are for prior year.

**CITY OF LEMOORE
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR**

Business Name	2014-15	
	Number of Employees	Percent of Total Employment (%)
Lepirino Foods CO (West)	1,015	9.14%
Lemoore Union Elementary School District (2)	318	2.86%
Lemoore Union High School District	224	2.02%
West Hills College-Lemoore	146	1.32%
City of Lemoore (3)	136	1.23%
Kmart	110	0.99%
Save Mart (3)	75	0.68%
Mc Donald's (3)	69	0.62%
Best Buy Market (3)	45	0.41%
Northland Process Piping	26	0.23%
Total Top Employers	2,164	19.50%
 Total City Employment (1)	 11,100	

Source: MuniServices, LLC

(1) Total City Labor Force provided by EDD Labor Force Data.

(2) Includes classified, certificated, and admin employees

(3) Includes full and part time

Note: Tachi Palace Hotel & Casino and Lemoore Naval Air Station are significant employers in the Lemoore area, however, they are not located within the City limits.

**CITY OF LEMOORE
FULL-TIME AND PART-TIME CITY EMPLOYEES
BY FUNCTION
LAST TEN FISCAL YEARS**

Function	FY 2005-06 Authorized Positions	FY 2006-07 Authorized Positions	FY 2007-08 Authorized Positions	FY 2008-09 Authorized Positions	FY 2009-10 Authorized Positions	FY 2010-11 Authorized Positions	FY 2011-12 Authorized Positions	FY 2012-13 Authorized Positions	FY 2013-14 Authorized Positions	FY 2014-15 Authorized Positions
City Manager	4.02	4.01	4.13	4.50	7.03	7.64	6.67	5.70	5.95	5.94
Finance Department	3.01	3.00	3.07	3.11	3.00	3.34	3.00	3.74	3.00	3.44
Public Works	3.90	2.70	2.70	2.70	2.70	2.70	2.70	2.70	3.75	3.75
Utility Department	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.75
Maintenance Division	4.60	4.60	10.65	9.10	6.90	10.68	7.15	11.76	8.15	12.95
Streets	4.50	4.51	5.25	5.37	4.89	0.22	0.00	0.00	0.00	0.00
Building Inspection	5.14	4.33	3.40	4.63	4.21	2.30	7.08	2.30	6.99	2.37
Police Department	35.00	36.61	39.68	39.67	40.59	37.17	37.34	37.09	38.73	40.73
Fire Department	1.85	1.61	1.68	1.64	1.46	1.40	1.36	1.25	1.25	1.25
Parks and Recreation Department	8.39	8.76	12.05	12.28	9.44	6.94	8.78	6.82	6.04	5.89
Planning Department	3.89	3.06	5.93	4.87	3.81	0.80	1.62	0.55	0.00	0.00
Water Department	19.35	8.76	10.40	13.47	13.30	12.94	16.33	12.79	15.46	11.92
Refuse Department	10.32	9.66	12.90	12.46	10.64	7.53	9.69	10.00	10.27	12.52
Sewer Department	9.89	10.06	10.33	10.60	11.54	9.75	10.65	10.65	11.85	12.68
Fleet Maintenance Department	3.98	3.54	4.66	5.48	4.24	3.33	3.20	3.30	3.53	3.66
Golf Course	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.48
LLMD Department	3.08	6.08	5.49	3.96	0.50	0.12	0.00	0.00	0.00	0.00
Redevelopment Department	4.00	4.04	4.42	4.09	4.00	0.00	0.00	0.00	0.00	0.00
Total	128.90	119.32	140.73	141.92	131.25	109.85	118.57	111.65	117.97	130.33

Source: City of Lemoore, Finance Department

**CITY OF LEMOORE
OPERATING INDICATORS
BY FUNCTION
LAST TEN FISCAL YEARS**

Function:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety:										
Police (1)										
Calls for Service	30,474	30,481	29,621	29,872	28,266	30,984	29,882	32,100	46,897	45,828
Citations	1,292	1,718	1,791	1,206	1,204	1,382	1,393	1,630	1,325	1,592
Cases	560	544	299	292	307	420	305	544	301	341
Arrests	1,174	1,363	1,066	1,218	1,296	1,268	1,453	1,560	1,285	1,793
Fire (2)										
Calls for Service	N/A	N/A	1,403	1,359	1,465	N/A	907	1,854	1,736	1,694
Public Works (3)										
Miles of street resurfacing	0.72	3.58	0.00	1.01	7.55	2.34	18.72	12.41	12.86	1.47

(1) Source: City of Lemoore's Police Department.
(3) Source: City of Lemoore's Fire Department.
(3) Source: City of Lemoore's Public Works Department.

**CITY OF LEMOORE
CAPITAL ASSET STATISTICS
BY FUNCTION
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety:										
Police Stations*	1	1	1	1	1	1	1	1	1	1
Fire Stations*	2	2	2	2	2	2	2	2	2	2
Community Development & Community Services:										
Parks and Open Space- Acreage	117	117	117	117	117	117	117	117	117	117
Community Center	1	1	1	1	1	1	1	1	1	1
Library (County)	1	1	1	1	1	1	1	1	1	1
Historic Stowe House	37	37	37	37	37	37	37	37	37	37
Elementary Schools (K-8)	8	8	8	8	8	8	8	8	8	8
Middle Schools (6-8)	1	1	1	1	1	1	1	1	1	1
High Schools (9-12)	3	3	3	3	3	3	3	3	3	3
College	1	1	1	1	1	1	1	1	1	1
Private Schools	2	2	2	2	2	2	2	2	2	2
Public Works:										
Area of City (square miles)	8.84	8.84	8.84	8.84	8.84	8.84	8.84	8.84	8.84	8.84
Miles of streets										
Number of Street lights (1)	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433
Number of vehicles (city wide)	57	87	85	110	113	107	111	118	132	108

Source: Various City of Lemoore Departments

**CITY OF LEMOORE
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)**

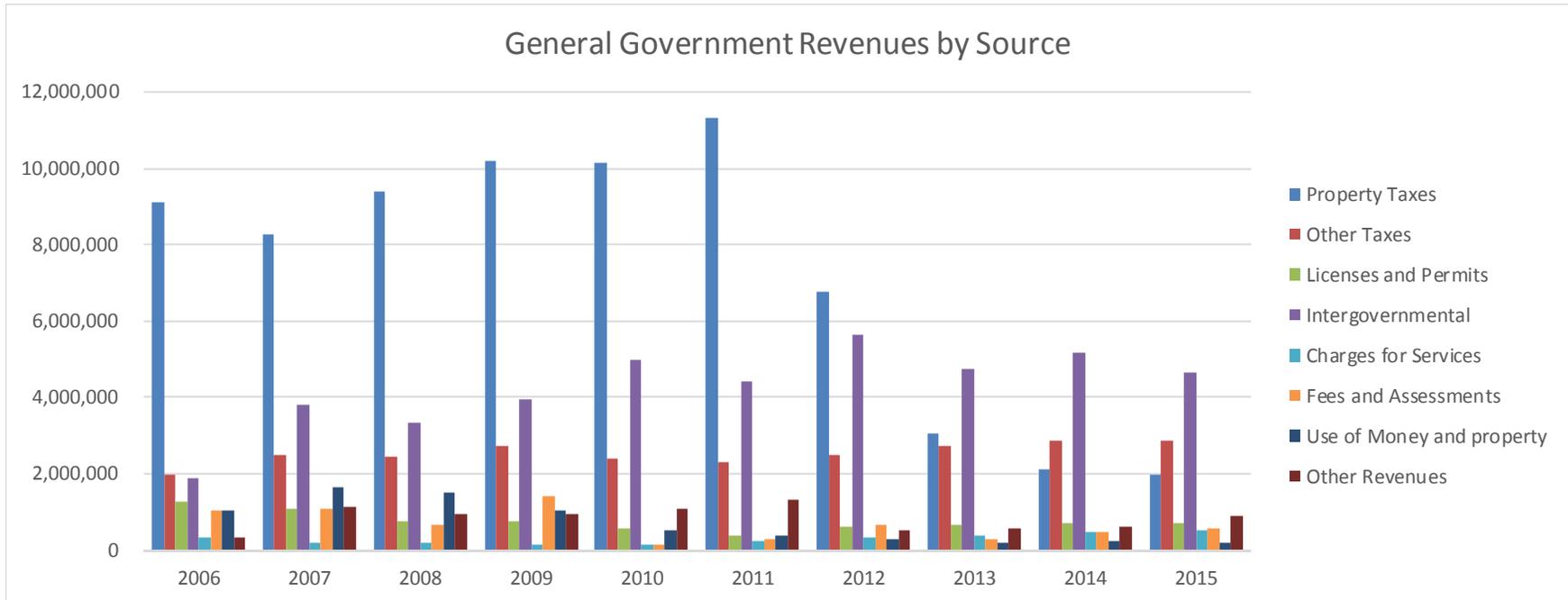
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Apparel Stores	\$ 463	\$ 382	\$ 348	\$ 390	\$ 281	\$ 599	\$ 639	\$ 681	\$ 559	\$ 339
Food Stores	8,877	9,121	9,272	9,482	9,671	9,696	10,782	11,553	11,767	12,441
Eating and Drinking Places	18,609	19,163	19,028	18,679	18,758	21,186	21,750	24,710	26,086	27,754
Building Materials	5,647	5,017	4,702	4,862	5,661	5,238	4,778	5,176	6,699	4,683
Auto Dealers and Supplies	19,483	18,150	12,721	7,860	8,164	9,390	9,916	10,702	10,508	10,798
Service Stations	25,160	28,163	30,450	25,344	29,167	35,073	35,102	37,653	39,520	32,416
Other Retail Stores	37,203	35,752	31,917	30,256	28,044	27,473	28,432	29,108	29,359	29,251
All other Outlets	62,608	66,628	86,852	68,976	62,196	78,171	92,014	92,897	86,970	75,725
Total Direct Rate	\$ 178,050	\$ 182,376	\$ 195,290	\$ 165,849	\$ 161,942	\$ 186,826	\$ 203,413	\$ 212,480	\$ 211,468	\$ 193,406

Source: State of California Board of Equalization and The HdI Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

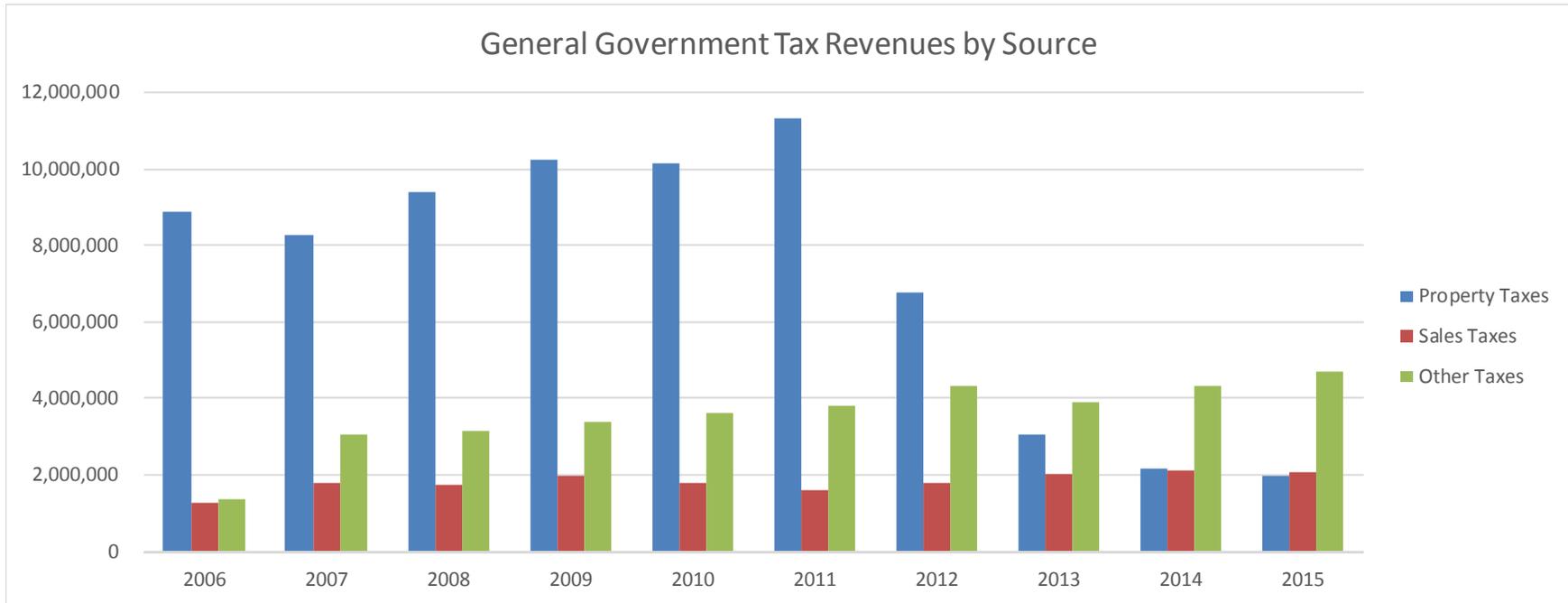
**CITY OF LEMOORE
GENERAL GOVERNMENT REVENUES
BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Property Taxes	Other Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fees and Assessments	Use of Money and property	Other Revenues	Total
2006	9,104,166	1,981,879	1,291,060	1,872,036	312,064	1,041,509	1,054,575	321,879	16,979,168
2007	8,249,529	2,487,016	1,062,618	3,782,513	192,448	1,103,703	1,651,813	1,119,262	19,648,902
2008	9,403,666	2,464,134	763,657	3,342,780	193,023	670,077	1,513,388	961,704	19,312,429
2009	10,210,173	2,719,047	749,987	3,948,971	154,741	1,424,248	1,021,490	936,751	21,165,408
2010	10,144,716	2,409,957	586,583	4,977,496	166,355	146,596	497,277	1,091,559	20,020,539
2011	11,309,161	2,293,676	380,851	4,402,488	236,895	298,824	393,764	1,294,820	20,610,479
2012	6,745,624	2,484,776	601,682	5,644,429	308,408	653,299	294,163	511,698	17,244,079
2013	3,053,995	2,706,573	665,896	4,729,214	399,471	304,094	211,195	555,868	12,626,306
2014	2,128,660	2,877,392	689,558	5,149,163	458,129	462,662	216,489	618,937	12,600,990
2015	1,978,931	2,881,451	725,821	4,654,689	500,426	564,602	173,184	878,158	12,357,262



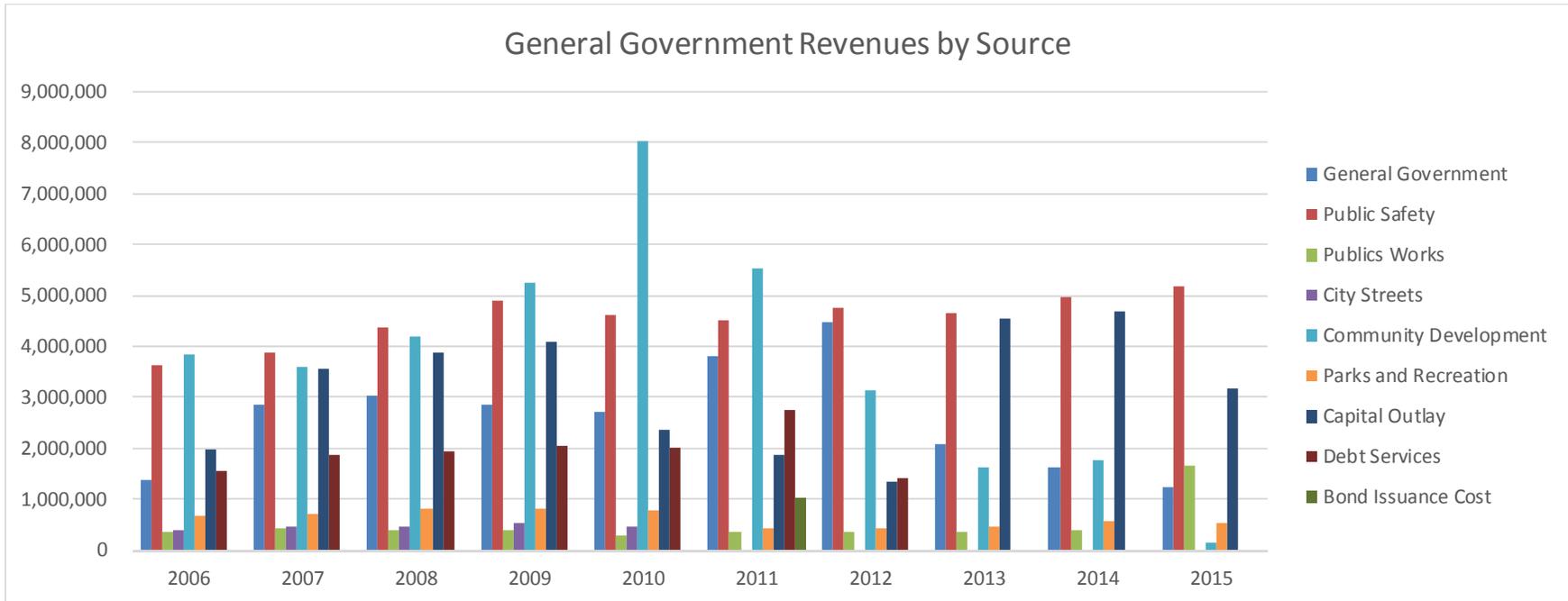
**CITY OF LEMOORE
GENERAL GOVERNMENT TAX REVENUE
BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Property Taxes	Sales Taxes	Other Taxes	Total
2006	8,879,855	1,269,710	1,346,743	11,496,308
2007	8,280,321	1,768,578	3,038,640	13,087,539
2008	9,413,719	1,730,663	3,166,748	14,311,130
2009	10,225,746	1,979,203	3,385,656	15,590,605
2010	10,147,859	1,768,904	3,621,897	15,538,660
2011	11,312,419	1,597,534	3,786,700	16,696,653
2012	6,767,250	1,768,113	4,303,681	12,839,044
2013	3,069,388	2,014,040	3,888,353	8,971,781
2014	2,156,929	2,122,348	4,341,569	8,620,846
2015	1,990,281	2,081,582	4,690,086	8,761,949



**CITY OF LEMOORE
GENERAL GOVERNMENT EXPENDITURES
BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	General Government	Public Safety	Publics Works	City Streets	Community Development	Parks and Recreation	Capital Outlay	Debt Services	Bond Issuance Cost	Total
2006	1,360,043	3,616,019	351,173	393,144	3,828,804	662,291	1,973,725	1,540,711		13,725,910
2007	2,843,794	3,890,012	441,526	445,322	3,588,232	704,313	3,552,650	1,881,034		17,346,883
2008	3,015,382	4,356,897	389,709	451,519	4,190,892	828,596	3,891,366	1,951,294		19,075,655
2009	2,854,211	4,906,949	381,075	517,262	5,264,786	811,872	4,084,111	2,042,171		20,862,437
2010	2,725,266	4,602,554	300,608	456,177	8,041,554	793,389	2,366,274	1,993,179		21,279,001
2011	3,798,765	4,503,385	345,426		5,533,770	408,167	1,884,348	2,765,756	1,009,397	20,249,014
2012	4,482,387	4,755,182	339,296		3,128,090	414,165	1,339,845	1,415,869		15,874,834
2013	2,067,528	4,639,315	354,785		1,609,414	462,244	4,536,290			13,669,576
2014	1,628,021	4,979,815	401,503		1,775,792	578,425	4,669,389			14,032,945
2015	1,251,489	5,189,952	1,651,697		158,909	524,344	3,154,886			11,931,277



**CITY OF LEMOORE
NAVY ACTIVE DUTY, RESERVISTS,
GUARDS, AND CIVILIANS AT
NAVAL AIR STATION
LEMOORE, CA**

Source: DMDC UICSS
Source: DMDC Self-Service
As of 30 June 2015

BASE NAME	SERVICE / COMPONENT	SERVICE MEMBER COUNT
LEMOORE NAS	NAVY ACTIVE DUTY ENLISTED	3,338
LEMOORE NAS	NAVY ACTIVE DUTY OFFICER	468
LEMOORE NAS	NAVY SELECTED RESERVE ENLISTED	0
LEMOORE NAS	NAVY SELECTED RESERVE OFFICER	518
LEMOORE NAS	NAVY GUARD ENLISTED	44
LEMOORE NAS	NAVY GUARD OFFICER	0
LEMOORE NAS	NAVY APF CIVILIAN	765
LEMOORE NAS	NAVY NAF CIVILIAN	513
	TOTAL	5,646

Disclaimer: Defense Manpower Data Center (DMDC) owns the data provided in this report. This office claims no ownership of any kind, expressed or implied of the information therein.

Source : NAS Lemoore Offices.

The City decided to only provide on year of dates for this statistic.



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 Honorable Mayor and
Members of the City Council
City of 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 12, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 responses, 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 City'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 responses as items 2015-001, 2015-002, 2015-005 and 2015-007, to be material weaknesses.

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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 accompanying schedule of findings and responses as items 2015-003, 2015-004, and 2015-006, to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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
April 12, 2016

**CITY OF LEMOORE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

Finding 2015-001

RPTTF Funding (Material Weakness)

- Condition:** The City received Regional Property Tax Trust Fund (RPTTF) distributions from the County prior to the fiscal year-end. The City distribution was derived from the tax levy imposed upon taxpayers for the 2014-15 tax year. The City improperly recorded the distribution as unearned revenue instead of recognizing the revenue for the fiscal year ended June 30, 2015.
- Criteria:** Government Accounting Standards Board Codification No. 50.115 requires that property taxes be recognized as revenues in the fiscal year for which those funds are levied.
- Cause:** The City made their determination based on the time period of the Recognized Obligation Payment Schedule (ROPS) rather than the tax year wherein the tax levy was imposed.
- Effect:** As a result of this condition, unearned revenue was overstated and revenue was understated by \$1,456,911 in the Lemoore Redevelopment Successor Agency Trust Fund. In addition, unearned revenue was overstated and revenue was understated by \$197,384 in the General Fund.
- Recommendation:** We recommend that the City recognize RPTTF funds, distributed to the Successor Agency from the County, in the proper period.

**CITY OF LEMOORE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

Finding 2015-002

Calculation of Unavailable Revenue (Material Weakness)

Condition: The City improperly recorded unavailable revenue in the Water, Sewer, and Refuse funds. In addition, the City failed to record an adjustment to unavailable revenues in relation to payments made on loans within the Lemoore Housing Authority fund.

Criteria: Governmental Accounting Standards Board Statement requires that proprietary funds should be accounted for on an accrual basis. Also, unavailable revenues should be considered revenues once payments are received.

Cause: The City improperly applied unavailable revenue criteria to proprietary funds. In addition, the City did not recognize principal housing loan payments when received.

Effect: As a result of these conditions, unavailable revenues were overstated and revenues were understated by \$139,730 in the Water Fund, \$96,654 in the Sewer Fund, and \$25,654 in the Refuse Fund. Unavailable revenues were overstated and revenues were understated by \$58,000 in the Lemoore Housing Authority Fund.

Recommendation: We recommend that the City put processes in place to eliminate the recording of unavailable revenue in proprietary funds and also designate an employee to review the housing loan schedules and reconcile both the receivable and unavailable balances at year-end to the trial balance.

Finding 2015-003

Revenues Being Recorded as Deposits (Significant Deficiency)

Condition: The City improperly recorded Assembly Bill 109 (AB109) receipts received from the State as a deposit (liability) instead of revenue.

Criteria: Governmental Accounting Standards Board Statement No. 33 requires that derived tax revenues should be recognized when the resources are received.

Cause: The City maintains certain restricted funding sources as liabilities for internal tracking purposes.

Effect: As a result of this condition, deposits were overstated and revenues understated by \$80,257 in the General Fund.

Recommendation: We recommend that the City implement a process to prepare a year-end entry to reclassify the activity recorded in the deposit account from liability to revenues and expenses, respectively.

**CITY OF LEMOORE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

Finding 2015-004

Interest Expense Accrual (Significant Deficiency)

- Condition:** The City did not accrue interest expense at year-end for various long-term debt accounts.
- Criteria:** Interest expense should be recorded and recognized in the proper period.
- Cause:** The City's year-end close process did not consider interest accruals for long-term debts.
- Effect:** As a result of this condition, expenditures and liabilities were understated in the Water fund by \$831, and in the Lemoore Redevelopment Successor Agency Trust Fund by \$261,615.
- Recommendation:** We recommend that the City implement a process at year-end to identify interest expense accruals for proper financial reporting.

Finding 2015-005

Receivables (Material Weakness)

- Condition:** During our testing of accounts receivable, we identified a check that was received by the City prior to the fiscal year-end that was not recorded timely.
- Criteria:** Receipts to the City should be recorded and deposited timely to enhance proper internal controls and financial reporting.
- Cause:** The City was initially unaware of the reason for the receipt of the check. This caused a significant delay for the proper recording of the receipt and the adjustment to the related accounts receivable balance.
- Effect:** As a result of this condition, accounts receivable was overstated and cash was understated in the General Fund by \$1,340, and in the Water Fund by \$101,256.
- Recommendation:** We recommend that the City record payments promptly when received. The City should also enhance their year-end reconciliations of accounts receivable for proper financial recording.

**CITY OF LEMOORE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

Finding 2015-006

Capital Assets Reconciliation (Significant Deficiency)

- Condition:** The City's capital assets reconciliation schedule was not fully prepared and completed prior to the fiscal year-end. Audit testing of these accounts was delayed as a result.
- Criteria:** General ledger account balances should be properly reconciled to a subsidiary ledger or other adequate supporting documentation throughout the year as well as during the financial year-end close.
- Cause:** The City had significant turnover and staffing issues after the fiscal year-end. In addition, the City converted from the modified approach to the depreciation approach for the financial reporting of capital assets.
- Effect:** As a result of this condition, the capital assets schedule had numerous errors, including, but not limited to: depreciation expense counted twice for one department, capital asset additions not being recorded, transfers of assets between departments recorded incorrectly, prior year additions listed as current year additions, an identical capital asset addition being listed in two separate departments, and certain depreciation expense calculation errors.
- Recommendation:** We recommend that the City thoroughly review the capital asset reconciliation schedule as a part of the year-end closing process.

Finding 2015-007

Assets Held for Resale (Material Weakness)

- Condition:** Assets held for resale were sold during the fiscal year. The City recorded revenue for payments received instead of recording a reduction of the asset balance from the accounting records as well as recording the related gain or loss on the sale.
- Criteria:** When assets are sold, the asset balance should decrease and a gain or loss on the sale should be recorded, as applicable.
- Cause:** The City did not update their inventory schedule during fiscal year 2015.
- Effect:** As a result of this condition, assets held for resale were overstated by \$679,777. Revenues on the sales of property were overstated by \$318,107, and loss on sale of asset was understated by \$361,670.
- Recommendation:** We recommend that the City review the assets held for resale inventory schedule as part of the year-end closing process for proper financial reporting.

**CITY OF LEMOORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

Finding 2014-001

Year-End Closing Process (Significant Deficiency)

- Condition:** We have determined that the processes utilized for the closing and reporting of the City's financial activity were not concluded in a timely manner. Accordingly, we received various reconciling schedules that were either inaccurate or incomplete.
- Criteria:** A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process, and provided to the City's auditors at the time fieldwork commences. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United State of America.
- Cause:** Year-end balances, specifically related to long-term debt and capital assets, were incorrectly recorded in the City's financial records and the incorrect balances were not subsequently reviewed. Additionally, various schedules, including the City's depreciation schedules and Schedule of Expenditures of Federal awards were either incomplete or inaccurate when they were requested and/or provided to us by the City.
- Effect:** As a result of this condition, long-term debt and the Schedule of Expenditures of Federal Awards were initially materially misstated. Additionally, significant delays in the completion of the audit occurred due to the City providing us incomplete and inaccurate reconciling schedules.
- Recommendation:** Although the City's Finance Department has continued to make significant improvements in its overall ability to provide accurate financial information, we recommend that further emphasis be placed on closing accounting records in a more timely manner. This will include creating and implementing specific procedures to ensure that the general ledger and all supporting schedules are complete and have been reviewed by the appropriate personnel prior to the commencement of audit fieldwork. We also recommend that the Finance Department create and implement controls to ensure the proper tracking of all grants the City receives. We believe that this can be achieved through increased communication with all of the City's departments regarding the receipt and progress of grant expenditures. Additionally, the progress of all grants should be consistently maintained on a schedule that reconciles each of its grants to the general ledger.

**CITY OF LEMOORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

Finding 2014-001

Year-End Closing Process (Significant Deficiency) (Continued)

City Response:

The Finance Department had all departments conduct a physical inventory of all assets during fiscal year 2013-2014. The supporting schedules were updated accordingly. However, the year-end process did not proceed as timely as anticipated. Finance staff was tasked with new duties beginning July 2014 that required a tremendous allotment of time. The capital asset schedules were not completed timely due to the time restraints placed on staff. The schedules are currently up to date and the next fiscal year process will proceed in a timely manner.

The Finance Department plans to take a more active role in the grant activities of the City. We now have a clear picture of what information is required for the future audits. The Finance department staff will work closely with the departments to ensure that all schedules are available for the 2014- 2015 audit.

The Finance Department has worked diligently to make improvements in accounting for the financial activities in the past three years. Each year new hurdles are presented and the Finance staff continues to take on the additional tasks while maintaining existing duties. The Finance Department will strive to provide complete and accurate financial information for the next audit in a timely manner.

Status:

Not implemented.



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Finance Department

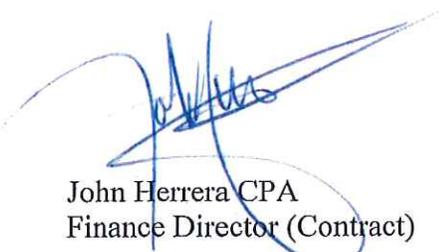
Management response to the auditor's findings

As per auditors recommendation with regard to improve material weaknesses in recognition and reporting Revenue and Expenditure within the correct period, the finance department has taken steps to correct the weaknesses by compiling the Standard Operating Procedures, enhancing the training of the staff, as well as regular cross-training of the staff, establishing periodic internal audit and enhancing the Internal Control Procedures. In addition the finance department has placed additional trained staff on various tasks with regard to Internal control

These procedures, training, and reassigned staff positions will address the following finding:

1. Finding 2015-001 RPTTF Funding and ROPS reporting
2. Finding 2015-002 Calculation of unavailable Revenue
3. Finding 2015-003 Revenue as being recorded as deposit
4. Finding 2015-004 Interest Expense Accrual not recorded on some loans.
5. Finding 2015-005 Receivables nor recorded in some cases.
6. Finding 2015-006 Capital Asset Reconciliation
7. Finding 2015-007 Asset Held for Resale.

Based on this recommendations, the Finance Department as a whole will implement and execute the improved guidelines and updates the Standard Operating Procedures periodically to improve financial statement reporting.



John Herrera CPA
Finance Director (Contract)



April 12, 2016

To the Honorable Mayor and
Members of the City Council
City of 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 (the City) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 20, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. The City adopted Statement of Governmental Accounting Standards (GASB Statement) No. 68, *Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*, in fiscal year 2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities of the government-wide financial statements and the Statement of Revenue, Expenditures, and Changes in Net Position of the Proprietary Fund financial statements. In addition, during the current fiscal year the City converted from the modified approach as defined by GASB Statement No. 34 for its road network system to depreciation accounting. The City is depreciating the full cost of the road network system over its estimated remaining service life. The change is being applied prospectively, beginning July 1, 2014. We noted no transactions entered into by City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Management's estimate of the allowance for doubtful accounts is based on an average of the past five years of direct account write-offs. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of capital asset carrying values and depreciation expense is based on estimated useful lives of individual assets. We evaluated the key factors and assumptions used to develop the capital assets carrying value and depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability and related deferrals is based on actuarial valuations which include significant assumptions regarding discount rate, inflation, payroll growth, projected salary increases and investment rate of return. We evaluated the key factors and assumptions used to develop the liability and related deferrals in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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Difficulties Encountered in Performing the Audit

The completion of our audit was delayed due to significant turnover in the City's finance department. This resulted in an increase in the amount of research required on audit inquiries and also caused a delay on receipt of requested documentation for audit testing. These factors impacted the timing and completion of the fieldwork performed and subsequent issuance of the financial reports.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached Schedule A summarizes an uncorrected misstatement of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The material misstatements detected (see attached Schedule B) as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 12, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Schedule of the City's Proportionate Share of the Net Pension Liability – Defined Benefit Pension Plans and the Schedule of Contributions – Defined Benefit Pension Plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements and individual fund statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of City Council and management of the City of Lemoore and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Prue Page & Company

City of Lemoore
Uncorrected Misstatement
6/30/2015
Schedule A

Account Number	Description	Debit	Credit
Uncorrected Misstatement No. 1			
1-0010-42210-4220000	Police: Oper. Supplies	49,704	
1-0010-42420-4220000	Recreation: Oper. Supplies	49,574	
1-0010-00000-2295000	Teen Center: Liability	7,805	
1-0010-00000-2290000	Asset Forfeit: Liability	18,885	
1-0010-00000-3815000	Abandoned Vehicle abatement revenue		43,320
1-0010-00000-3868000	Asset Forfeit: Revenues		47,262
1-0010-00000-3875000	Gifts & Donations: Revenue		14,059
1-0010-00000-2302000	Evidence Holdings: Liability		21,327

The City is recording certain revenue and expense transactions as deposits (current liability). It has been determined that the City records these transactions in this manner so they can track the funds available relating to these sources of revenue, versus restricting fund balance for these purposes.

**City of Lemoore
Adjusting Journal Entries
6/30/2015
Schedule B**

Account Number	Description	Debit	Credit
Material Adjustment No. 01a			
6-1500-00000-2081000	UNAVAILABLE REVENUE	250,000	
6-1500-00000-2081000	UNAVAILABLE REVENUE	1,206,911	
6-1500-00000-3980000	TAX INCREMENT		1,456,911

To reclass RPTTF revenue received before year-end related to the ROPS 15-16A (7/1-12/31/15) from unavailable revenue to revenue

Material Adjustment No. 01b			
1-0010-00000-2081000	UNAVAILABLE REVENUE	197,384	
1-0010-00000-3010A00	SECURED PROPERTY TAX - RDA		197,384

To reclass RPTTF revenue received before year-end related to the ROPS 15-16A (7/1-12/31/15) from unavailable revenue to revenue

Material Adjustment No. 02			
2-1550-00000-2082000	UNAVAILABLE REVENUE	58,000	
2-1550-00000-3719000	Loan Repayment		58,000

To reclassify \$58,000 of principal payments received in FY15 from unearned revenue to revenue.

Material Adjustment No. 03			
6-1500-00000-2535000	PRIOR PERIOD ADJUSTMENT	518,730	
6-1500-00000-2361000	LEPRINO OWN PART AGREEMENT		518,730

To record the effects of overpayments relating to the reassessment of property value for the 2nd amendment of Leprino Owner's Agreement.

Material Adjustment No. 04			
1-0010-00000-2306000	AB109 FUNDING	80,257	
1-0010-00000-3796000	AB109		80,257

To adjust revenues for cash received relating to AB109 funding.

City of Lemoore
Adjusting Journal Entries
6/30/2015
Schedule B

Account Number	Description	Debit	Credit
Material Adjustment No. 05			
5-0500-00000-2030000	ACCRUED INTEREST PAYABLE	831	
5-0500-42500-4392000	SOLAR LOAN INTEREST EXP		831
6-1580-00000-2030000	ACCRUED INTEREST PAYABLE	2,750	
6-1580-49620-4460000	LRA-INTEREST EXPENSE		2,750
6-1590-49630-4460000	LRA-INTEREST EXPENSE	261,615	
6-1590-00000-2030000	Accrued Interest Payable		261,615

To adjust interest payable balances to agree with amortization schedules.

Material Adjustment No. 06

1-0010-00000-1010000	CASH	1,340	
1-0010-00000-1161000	ACCOUNTS RECEIVABLE		1,340
5-0500-00000-1010000	CASH	7,210	
5-0500-00000-1161000	ACCOUNTS RECEIVABLE		7,210
5-0700-00000-1010000	CASH	85,491	
5-0700-00000-1161000	ACCOUNTS RECEIVABLE		85,491
5-070A-00000-1010000	Cash	8,555	
5-070A-00000-1161000	ACCOUNTS RECEIVABLE		8,555

To reclassify a payment of accounts receivable received before June 30, 2015.

Material Adjustment No. 07

5-0700-00000-2081000	UNAVAILABLE REVENUE	127,092	
5-0700-00000-2535000	PRIOR PERIOD ADJUSTMENT		127,092
5-070A-00000-2081000	UNAVAILABLE REVENUE	12,638	
5-070A-00000-2535000	PRIOR PERIOD ADJUSTMENT		12,638
5-0690-00000-2081000	UNAVAILABLE REVENUE	46,725	
5-0690-00000-2535000	PRIOR PERIOD ADJUSTMENT		46,725
5-0710-00000-2081000	UNAVAILABLE REVENUE	11,837	
5-0710-00000-2535000	PRIOR PERIOD ADJUSTMENT		11,837
5-071A-00000-2081000	UNAVAILABLE REVENUE	38,092	
5-071A-00000-2535000	PRIOR PERIOD ADJUSTMENT		38,092
5-0760-00000-2081000	UNAVAILABLE REVENUE	25,654	
5-0760-00000-2535000	PRIOR PERIOD ADJUSTMENT		25,654

To reclassify unavailable revenue related to a building permit on Grove Apartments to prior period adjustment.

**City of Lemoore
 Adjusting Journal Entries
 6/30/2015
 Schedule B**

Account Number	Description	Debit	Credit
Material Adjustment No. 08			
1-0010-00000-2081000	UNAVAILABLE REVENUE	4,227	
1-0010-00000-3710000	GRANT PROCEEDS		4,227
1-0010-00000-2081000	UNAVAILABLE REVENUE	18,636	
1-0010-00000-2081000	UNAVAILABLE REVENUE	13,501	
1-0010-00000-3879000	REIMBURSEMENTS		32,137
2-0270-00000-2081000	UNAVAILABLE REVENUE	157,236	
2-0270-00000-3727000	RTPA EXCHANGE FUNDS		157,236
2-0280-00000-2081000	UNAVAILABLE REVENUE	26,281	
2-0280-00000-3710000	GRANT PROCEEDS		26,281
1-0010-00000-2081000	UNAVAILABLE REVENUE	3,699	
1-0010-00000-3879000	REIMBURSEMENTS		3,699

To reclassify grant related unavailable revenue to revenue.

Material Adjustment No. 09

6-1500-00000-3865000	SALE OF PROPERTY	679,777	
6-1500-00000-1430000	LAND HELD FOR RESALE		679,777

To record sale of land held for resale.

Mayor
Lois Wynne
Mayor Pro Tem
Jeff Chedester
Council Members
Ray Madrigal
Eddie Neal
William Siegel



**Finance
Department**

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Staff Report

ITEM NO. 5-2

To: Lemoore City Council
From: John Herrera, Finance Director Consultant
Date: April 18, 2016 **Meeting Date:** May 3, 2016
Subject: Implementation of Online Bill Pay and Acceptance of Credit Cards – Agreement with Paymentus Corporation

Proposed Motion:

Authorize the City Manager to enter into an agreement with Paymentus Corporation for Utility Online Billing services, amend the budget to pay the \$9,000 cost of three service kiosks and the absorption of credit card fees for customers who choose to pay their bills online or at a kiosk with direction to conduct a fee and charge study with the idea of recovering these costs.

Subject/Discussion:

Entering into an agreement with Paymentus will allow utility customers the ability to pay their bill online. Staff has identified a Citywide solution that will improve the customer service level and save staff time in the following City departments/locations:

- Utility Billing Office – City Hall
- Parks & Recreation – Cinnamon Municipal Complex
- Public Works/Development Services
- Police Department
- Municipal Golf Course (to be evaluated).

The City would like to incorporate the Paymentus system City wide and offer the ability to process electronic payments in all departments. By incorporating one system the “same look and feel” would create efficiencies and familiarity for the community when paying City bills.

The Parks & Recreation office currently uses Federal Payments and charges customers 2.5% per transaction. However, staff is currently recommending that the City eventually migrate Parks & Recreation to the Paymentus system for consistency across the entire City.

A link on the City’s existing website will be added that says “Pay your Bills Here”, or words to that effect, allowing City website users to be linked to the Paymentus website, which will have the Lemoore logo. The transaction will be seamless to the customer, and provide additional flexibility for users to pay for City services at their home or in the lobby

at the kiosk. Users would still need to complete City forms and documents necessary to process payments or receive services, which will likely still require a trip into the City (or mailing) of paperwork.

The Online Payment kiosk is a sleek design and occupies very little space in City offices. Staff expects that 20% of customers will use the online billing and/or payment system during the first year, but this will grow over time, as more customers become familiar with this technology.,

The Paymentus Corporation provides a comprehensive service for the City to accept e-Payments for utility billing and business licenses. The community has long requested the ability to pay bills online and/or receive electronic bills for utility payments. Currently, the City accepts bank checks (sent directly through a customer's bank account), mailed checks, or in-person payments made at City Hall. The ability to add online or credit card payments has been a demand to the Finance department from the general public for several years. The Finance Department is asked by approximately 75% of customers at the window if, or when, the City will have these services.

Paymentus partners with InfoSend and SunGard (companies that currently provide billing and software services for the City), which translates into an easier transition. Customers will now have the option to pay online, over the phone, by text or at a dedicated kiosk at City Hall, in addition to in person or by mail as they have in the past. Customers have the option to receive e-notices for payment should they choose

If approved it will take approximately 6-8 weeks to implement the new system.

Financial Consideration(s):

Paymentus will supply the City with a kiosk that will allow customers to do self-service payments at a cost of \$9,000, which is \$1,800 for each of the five locations. Staff is requesting a budget adjustment for \$1,800 in each of the Departments using their 4220 budget account. The annual amount of absorbed credit card fees will total approximately \$29,000 for Fiscal Year 2017. However, there will be anticipated savings in staff time.

Due to the anticipated savings in staff time, staff is recommending absorbing the cost of the credit card fees, rather than having customers pay the fee. The cost is 33% lower for utility customers when the absorption model is followed, with an average \$2 per bill, rather than \$2.95. The cost of the \$29,000 first-year credit card fees will be more than offset by the reduction in staff time needed to accept payments in-person at the Utility Billing office.

Staff is also seeking direction to include these costs in the Community Investment Program (CIP) Project #9903 (Master Fee Schedule) study.

For this first-year program, staff will develop internal administrative procedures to limit high-dollar transactions (amounts of \$250 or less) and define other details that can affect the benefits to the community from using online payments and credit card services. However, if approved, permanent administrative procedures will be written for the use of credit cards for subsequent years as a part of the Master Fee Schedule project.

Alternatives or Pros/Cons: