

City of Lemoore | CA

Financial Statements

For the Year Ended June 30, 2023



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of Net Pension Liability on page 66, Schedule of Contributions on page 67, and the Budgetary Comparison information on pages 61 - 63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 accompanying combining fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2024, 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 solely 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 the effectiveness of the City's 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.

A handwritten signature in black ink, appearing to be 'Michael J. [unclear]', written in a cursive style.

March 8, 2024

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LEMOORE | JUNE 30, 2023

Statement of Net Position

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 42,924,086	\$ 28,714,781	\$ 71,638,867
Restricted cash and investments	614,161	-	614,161
Restricted cash and investments with fiscal agents	-	6	6
Receivables:			
Accounts, net	262,419	2,475,967	2,738,386
Interest	79,067	60,995	140,062
Notes	7,503,754	89,964	7,593,718
Intergovernmental	2,938,892	15,000	2,953,892
Leases	264,070	290,131	554,201
Public-private partnership	-	1,125,796	1,125,796
Prepaid expenses	303,152	90,637	393,789
Internal balances	11,677	(11,677)	-
Assets held for resale	608,170	-	608,170
Other assets	40,000	-	40,000
Capital assets not being depreciated/amortized	4,326,448	40,667,613	44,994,061
Capital assets, net of accumulated depreciation/ amortization	<u>56,964,908</u>	<u>28,342,229</u>	<u>85,307,137</u>
Total assets	<u>116,840,804</u>	<u>101,861,442</u>	<u>218,702,246</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	<u>5,738,640</u>	<u>2,307,891</u>	<u>8,046,531</u>
Total deferred outflows of resources	<u>5,738,640</u>	<u>2,307,891</u>	<u>8,046,531</u>
LIABILITIES			
Accounts payable	658,866	1,872,382	2,531,248
Retainage payable	-	1,652,585	1,652,585
Accrued interest payable	-	111,277	111,277
Deposits and other liabilities	445,962	104,266	550,228
Unearned revenue	120,302	-	120,302
Noncurrent liabilities:			
Due within one year:			
Compensated absences	281,780	67,714	349,494
Lease liabilities	115,770	17,806	133,576
Bonds and notes payable	-	667,260	667,260
Due in more than one year:			
Compensated absences	406,697	52,387	459,084
Lease liabilities	412,552	62,130	474,682
Bonds and notes payable	-	32,024,185	32,024,185
Advances from Successor Agency	-	1,869,470	1,869,470
Net pension liability	<u>11,929,384</u>	<u>5,486,601</u>	<u>17,415,985</u>
Total liabilities	<u>14,371,313</u>	<u>43,988,063</u>	<u>58,359,376</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	809,776	367,267	1,177,043
Lease related	335,074	261,945	597,019
Public-private partnership related	<u>-</u>	<u>1,189,299</u>	<u>1,189,299</u>
Total deferred inflows of resources	<u>1,144,850</u>	<u>1,818,511</u>	<u>2,963,361</u>
NET POSITION			
Net investment in capital assets	60,763,034	36,318,397	97,081,431
Restricted for:			
General government	9	-	9
Public safety	65,663	-	65,663
Public works	11,483,178	-	11,483,178
Community development	16,598,238	-	16,598,238
Parks and recreation	19,809	-	19,809
Capital projects and improvements	9,638,112	89,964	9,728,076
Debt service reserve	-	6	6
Unrestricted	<u>8,495,238</u>	<u>21,954,392</u>	<u>30,449,630</u>
Total net position	<u>\$ 107,063,281</u>	<u>\$ 58,362,759</u>	<u>\$ 165,426,040</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Statement of Activities

	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	\$ 1,067,169	\$ 323,962	\$ -	\$ -	\$ (743,207)	\$ -	\$ (743,207)
Public safety	9,667,701	371,933	2,396,458	258,036	(6,641,274)	-	(6,641,274)
Public works	3,340,144	1,179,372	2,022,452	1,415,389	1,277,069	-	1,277,069
Community development	1,086,244	782,269	-	-	(303,975)	-	(303,975)
Parks and recreation	862,870	258,106	-	300,838	(303,926)	-	(303,926)
Interest on long-term debt	15,378	-	-	-	(15,378)	-	(15,378)
Total governmental activities	16,039,506	2,915,642	4,418,910	1,974,263	(6,730,691)	-	(6,730,691)
Business-type activities:							
Water	8,819,998	10,508,460	-	116,714	-	1,805,176	1,805,176
Sewer	4,197,574	3,916,018	-	485,888	-	204,332	204,332
Refuse	3,959,423	4,635,001	-	-	-	675,578	675,578
Golf course	180,407	-	-	-	-	(180,407)	(180,407)
Total business-type activities	17,157,402	19,059,479	-	602,602	-	2,504,679	2,504,679
Total primary government	\$ 33,196,908	\$ 21,975,121	\$ 4,418,910	\$ 2,576,865	(6,730,691)	2,504,679	(4,226,012)
General revenues:							
Property taxes					3,578,231	-	3,578,231
Sales taxes					3,691,306	-	3,691,306
Franchise taxes					813,332	-	813,332
Transient taxes					379,352	-	379,352
Other taxes					623,130	-	623,130
Motor vehicle in-lieu					2,513,104	-	2,513,104
Unrestricted investment earnings					600,523	435,313	1,035,836
Other revenue					177,545	-	177,545
Insurance proceeds					91,345	-	91,345
Gain on sale of assets					72,607	-	72,607
Transfers					(105,722)	105,722	-
Total general revenues					12,434,753	541,035	12,975,788
Changes in net position					5,704,062	3,045,714	8,749,776
Net position - beginning					101,359,219	55,317,045	156,676,264
Net position - ending					\$ 107,063,281	\$ 58,362,759	\$ 165,426,040

The notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal year 2023. 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 governments, 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.

Streets 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 and the Road Maintenance and Rehabilitation act 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.

Public Safety Dispatch Center Capital Projects Fund – This fund is used to account for revenue and expenditures related to construction of the new public safety dispatch center.

CITY OF LEMOORE | JUNE 30, 2023

Governmental Funds

Balance Sheet

	Special Revenue Funds		Capital Project Fund		Total	
	General Fund	Housing Authority	Public Safety Dispatch Center Fund	Nonmajor Governmental Funds	Governmental Funds	
	Streets Fund	Fund				
ASSETS						
Cash and investments	\$ 14,835,926	\$ 4,266,988	\$ 2,923,516	\$ 1,096,198	\$ 19,801,458	\$ 42,924,086
Restricted cash and investments	614,161	-	-	-	-	614,161
Receivables:						
Accounts, net	262,419	-	-	-	-	262,419
Interest	24,829	9,089	3,878	2,154	39,117	79,067
Notes	35,230	-	5,371,733	-	2,096,791	7,503,754
Intergovernmental	1,537,015	163,713	-	-	1,238,164	2,938,892
Leases	264,070	-	-	-	-	264,070
Interfund receivables	1,206,345	-	-	-	-	1,206,345
Prepaid items	303,152	-	-	-	-	303,152
Other assets	40,000	-	-	-	-	40,000
Assets held for resale	-	-	608,170	-	-	608,170
Total assets	\$ 19,123,147	\$ 4,439,790	\$ 8,907,297	\$ 1,098,352	\$ 23,175,530	\$ 56,744,116
LIABILITIES						
Accounts payable	\$ 568,516	\$ -	\$ 1,348	\$ 5,712	\$ 33,974	\$ 609,550
Deposits and other liabilities	445,962	-	-	-	-	445,962
Unearned revenue	120,302	-	-	-	-	120,302
Interfund payable	-	-	-	-	554,225	554,225
Total liabilities	1,134,780	-	1,348	5,712	588,199	1,730,039
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - loans	-	-	5,371,733	-	2,116,091	7,487,824
Lease related	335,074	-	-	-	-	335,074
Total deferred inflows of resources	335,074	-	5,371,733	-	2,116,091	7,822,898
FUND BALANCES (DEFICITS)						
Nonspendable:						
Prepaid items	303,152	-	-	-	-	303,152
Notes receivable	35,230	-	-	-	-	35,230
Lease receivable	264,070	-	-	-	-	264,070
Restricted:						
General government	9	-	-	-	-	9
Public safety	65,663	-	-	-	-	65,663
Public works	211	4,439,790	-	-	7,043,177	11,483,178
Community development	344,204	-	3,534,216	-	5,337,450	9,215,870
Parks and recreation	14,509	-	-	-	5,300	19,809
Capital projects and improvements	-	-	-	1,092,640	8,440,016	9,532,656
Committed:						
Premium pay	702,033	-	-	-	-	702,033
Ambulance fines	41,547	-	-	-	-	41,547
Assigned:						
Subsequent year's budget:						
Appropriation of fund balance	5,858,273	-	-	-	-	5,858,273
Unassigned	10,024,392	-	-	-	(354,703)	9,669,689
Total fund balances (deficits)	17,653,293	4,439,790	3,534,216	1,092,640	20,471,240	47,191,179
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,123,147	\$ 4,439,790	\$ 8,907,297	\$ 1,098,352	\$ 23,175,530	\$ 56,744,116

The notes to the basic financial statements are an integral part of this statement.

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position

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

Total fund balances - governmental funds		\$	47,191,179
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources; therefore, they are not reported in the governmental funds.			61,229,936
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.			(528,322)
Compensated absences are not due and payable in the current period, and therefore are not reported in the funds.			(678,043)
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	(11,839,124)		
Deferred outflows of resources	5,700,903		
Deferred inflows of resources	<u>(804,030)</u>		(6,942,251)
Certain assets are not available to pay for current period expenditures; therefore, they are unavailable in the governmental funds.			7,487,824
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>(697,042)</u>
Net position of governmental activities		\$	<u>107,063,281</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds			Capital Project Fund	Total	
	General Fund	Streets Fund	Lemoore Housing Authority Fund	Public Safety Dispatch Center Fund	Nonmajor Governmental Funds	Governmental Funds
REVENUES						
Property taxes	\$ 3,578,231	\$ -	\$ -	\$ -	\$ -	\$ 3,578,231
Other taxes	8,020,224	-	-	-	-	8,020,224
Licenses and permits	1,347,276	-	-	-	9,956	1,357,232
Charges for services	637,162	-	-	-	-	637,162
Intergovernmental	2,416,625	1,267,076	-	-	1,346,126	5,029,827
Fees and assessments	54,866	-	-	-	2,244,257	2,299,123
Loan repayments	-	-	36,915	-	-	36,915
Use of money and property	291,448	24,885	12,111	9,539	118,021	456,004
Other revenue	218,486	-	1,530	-	-	220,016
Total revenues	16,564,318	1,291,961	50,556	9,539	3,718,360	21,634,734
EXPENDITURES						
Current:						
General government	904,666	-	-	-	5,140	909,806
Public safety	9,484,824	-	-	-	43,894	9,528,718
Public works	1,855,615	475	-	-	43,788	1,899,878
Community development	610,628	-	18,457	-	422,566	1,051,651
Parks and recreation	623,673	-	-	-	-	623,673
Capital outlay	818,713	72,376	-	673,671	837,787	2,402,547
Debt service:						
Principal	79,529	-	-	-	-	79,529
Interest and fiscal charges	15,378	-	-	-	-	15,378
Total expenditures	14,393,026	72,851	18,457	673,671	1,353,175	16,511,180
Excess (deficiency) of revenues over (under) expenditures	2,171,292	1,219,110	32,099	(664,132)	2,365,185	5,123,554
OTHER FINANCING SOURCES (USES)						
Lease proceeds	494,403	-	-	-	-	494,403
Sale of capital assets	-	-	72,607	-	-	72,607
Transfers in	3,029	-	-	-	19,665	22,694
Transfers out	(139,291)	-	-	-	-	(139,291)
Total other financing sources (uses)	358,141	-	72,607	-	19,665	450,413
Net changes in fund balances	2,529,433	1,219,110	104,706	(664,132)	2,384,850	5,573,967
Fund balances - beginning	15,123,860	3,220,680	3,429,510	1,756,772	18,086,390	41,617,212
Fund balances - ending	\$ 17,653,293	\$ 4,439,790	\$ 3,534,216	\$ 1,092,640	\$ 20,471,240	\$ 47,191,179

The notes to the basic financial statements are an integral part of this statement.

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities

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

Net changes in fund balances - total governmental funds	\$ 5,573,967
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.	(529,734)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is a decrease in net position.	
Loss on disposal of assets	(109,093)
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.	(106,268)
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.	627,228
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(14,203)
The distribution of housing loans and corresponding payments that were recognized in the governmental funds are not recognized in the statement of activities.	63,088
Leases and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of leases and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.	
Lease issued	38,250
Principal paid on leases	78,602
Internal service funds are used by management to charge the costs of fleet maintenance to individual funds. The change in net position of certain activities of internal service funds is reported with governmental activities.	<u>82,225</u>
Change in net position of governmental activities	<u>\$ 5,704,062</u>

The notes to the basic financial statements are an integral part of this statement.

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 2023.

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 | JUNE 30, 2023

Proprietary Funds
Statement of Net Position

	Business-type Activities				Total	Governmental
	Water Fund	Sewer Fund	Refuse Fund	Golf Course Fund		Activities Internal Service Fund
ASSETS						
Current assets:						
Cash and investments	\$ 14,080,041	\$ 11,867,866	\$ 2,766,874	\$ -	\$ 28,714,781	\$ -
Restricted cash and investments with fiscal agents	6	-	-	-	6	-
Receivables:						
Accounts	1,627,972	579,373	592,531	12,887	2,812,763	-
Less: allowance for doubtful accounts	(203,383)	(59,388)	(74,025)	-	(336,796)	-
Interest	28,916	24,896	7,183	-	60,995	-
Notes	18,551	71,413	-	-	89,964	-
Intergovernmental	-	-	15,000	-	15,000	-
Leases	-	184,681	105,450	-	290,131	-
Public-private partnership	-	-	-	1,125,796	1,125,796	-
Interfund receivables	39,202	66,976	248,103	-	354,281	-
Prepaid expenses	90,637	-	-	-	90,637	-
Total current assets	15,681,942	12,735,817	3,661,116	1,138,683	33,217,558	-
Noncurrent assets:						
Capital assets:						
Nondepreciable	36,311,788	3,362,457	369,355	624,013	40,667,613	-
Depreciable, net of accumulated depreciation	18,616,123	7,468,065	1,222,321	1,035,720	28,342,229	61,420
Total noncurrent assets	54,927,911	10,830,522	1,591,676	1,659,733	69,009,842	61,420
Total assets	70,609,853	23,566,339	5,252,792	2,798,416	102,227,400	61,420
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	966,801	508,769	832,321	-	2,307,891	37,737
Total deferred outflows of resources	966,801	508,769	832,321	-	2,307,891	37,737
LIABILITIES						
Current liabilities:						
Accounts payable	1,281,805	494,055	95,837	685	1,872,382	49,316
Retainage payable	1,652,585	-	-	-	1,652,585	-
Deposits and other liabilities	86,288	-	-	17,978	104,266	-
Compensated absences	4,037	25,430	38,247	-	67,714	2,461
Interfund payable	-	-	-	434,657	434,657	571,744
Accrued interest payable	111,277	-	-	-	111,277	-
Lease liability	8,903	8,903	-	-	17,806	-
Long-term liabilities	667,260	-	-	-	667,260	-
Total current liabilities	3,812,155	528,388	134,084	453,320	4,927,947	623,521
Noncurrent liabilities:						
Long-term liabilities	32,024,185	-	-	-	32,024,185	-
Advances from Successor Agency	-	-	-	1,869,470	1,869,470	-
Compensated absences	-	8,938	43,449	-	52,387	7,973
Lease liability	31,065	31,065	-	-	62,130	-
Net pension liability	2,297,070	1,208,878	1,980,653	-	5,486,601	90,260
Total noncurrent liabilities	34,352,320	1,248,881	2,024,102	1,869,470	39,494,773	98,233
Total liabilities	38,164,475	1,777,269	2,158,186	2,322,790	44,422,720	721,754
DEFERRED INFLOWS OF RESOURCES						
Pension related	158,412	79,872	128,983	-	367,267	5,746
Lease related	-	164,433	97,512	-	261,945	-
Public-private partnership related	-	-	-	1,189,299	1,189,299	-
Total deferred inflows of resources	158,412	244,305	226,495	1,189,299	1,818,511	5,746
NET POSITION (DEFICIT)						
Net investment in capital assets	22,236,466	10,830,522	1,591,676	1,659,733	36,318,397	61,420
Restricted for:						
Capital projects and improvements	18,551	71,413	-	-	89,964	-
Debt service reserve	6	-	-	-	6	-
Unrestricted	10,998,744	11,151,599	2,108,756	(2,373,406)	21,885,693	(689,763)
Total net position (deficit)	\$ 33,253,767	\$ 22,053,534	\$ 3,700,432	\$ (713,673)	58,294,060	\$ (628,343)
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds						
					68,699	
Net position of business-type activities						
					\$ 58,362,759	

The notes to the basic financial statements are an integral part of this statement.

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

	Business-type Activities				Total	Governmental
	Water Fund	Sewer Fund	Refuse Fund	Golf Course Fund		Activities Internal Service Fund
Operating revenues:						
Charges for services	\$ 10,605,894	\$ 4,210,531	\$ 4,443,364	\$ -	\$ 19,259,789	\$ 1,042,012
Fines and forfeitures	18,586	190,908	191,233	-	400,727	-
Pension revenue	870,466	178,878	213,168	-	1,262,512	10,537
Other revenues	694	467	404	-	1,565	-
Total operating revenues	11,495,640	4,580,784	4,848,169	-	20,924,593	1,052,549
Operating expenses:						
Salaries and benefits	684,965	821,766	1,393,801	-	2,900,532	205,039
Materials and supplies	640,449	512,339	137,968	-	1,290,756	401,696
General and administrative	1,855,029	1,001,731	581,215	-	3,437,975	1,063
Contractual services	3,106,740	950,117	1,079,622	-	5,136,479	26,564
Repairs and maintenance	146,158	57,640	22,448	-	226,246	369,000
Other expenses	858,513	442,991	730,561	-	2,032,065	60,721
Depreciation	1,148,669	585,341	211,879	123,317	2,069,206	23,954
Total operating expenses	8,440,523	4,371,925	4,157,494	123,317	17,093,259	1,088,037
Operating income (loss)	3,055,117	208,859	690,675	(123,317)	3,831,334	(35,488)
Nonoperating revenues (expenses):						
Use of money and property	82,098	137,392	59,536	156,288	435,314	-
Interest expense	(1,248,348)	-	-	(57,090)	(1,305,438)	(5,725)
Insurance proceeds	-	-	-	-	-	91,345
Total nonoperating revenues (expenses)	(1,166,250)	137,392	59,536	99,198	(870,124)	85,620
Income (loss) before transfers	1,888,867	346,251	750,211	(24,119)	2,961,210	50,132
Transfers in	16,313	27,188	65,250	-	108,751	10,875
Transfers out	(2,685)	(344)	-	-	(3,029)	-
Total transfers	13,628	26,844	65,250	-	105,722	10,875
Changes in net position	1,902,495	373,095	815,461	(24,119)	3,066,932	61,007
Net position (deficit) - beginning	31,351,272	21,680,439	2,884,971	(689,554)		(689,350)
Net position (deficit) - ending	\$ 33,253,767	\$ 22,053,534	\$ 3,700,432	\$ (713,673)		\$ (628,343)
Adjustments to reflect consolidation of internal service fund activities related to enterprise funds					(21,218)	
Change in net position of business-type activities					\$ 3,045,714	

The notes to the basic financial statements are an integral part of this statement.

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Proprietary Funds

Statement of Cash Flows

	Business-type Activities				Total	Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Refuse Fund	Golf Course Fund		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 11,364,983	\$ 4,494,558	\$ 4,824,180	\$ 610	\$ 20,684,331	\$ 1,042,012
Payments to suppliers and service providers	(5,833,588)	(2,935,186)	(2,555,207)	-	(11,323,981)	(866,144)
Payments to employees for salaries and benefits	(503,592)	(700,137)	(1,204,230)	(1,244,513)	(3,652,472)	(193,308)
Other receipts	694	467	404	-	1,565	-
Net cash provided by (used for) operating activities	<u>5,028,497</u>	<u>859,702</u>	<u>1,065,147</u>	<u>(1,243,903)</u>	<u>5,709,443</u>	<u>(17,440)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating grants	-	-	(15,000)	-	(15,000)	-
Loans (to) from other funds	15,223	3,985	42,341	39,203	100,752	(79,055)
Transfers from other funds	16,313	27,188	65,250	-	108,751	10,875
Transfers to other funds	(2,685)	(344)	-	-	(3,029)	-
Proceeds from lease of property	-	10,096	10,096	-	20,192	-
Net cash provided by (used for) noncapital financing activities	<u>28,851</u>	<u>40,925</u>	<u>102,687</u>	<u>39,203</u>	<u>211,666</u>	<u>(68,180)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on lease liability	(12,000)	(12,000)	-	-	(24,000)	-
Principal paid on capital debt	(747,710)	-	-	-	(747,710)	-
Interest paid on capital debt	(1,249,877)	-	-	(57,090)	(1,306,967)	(5,725)
Acquisition and construction of capital assets	(427,793)	(1,170,475)	(402,751)	-	(2,001,019)	-
Proceeds from lease	51,968	51,968	-	-	103,936	-
Proceeds from insurance proceeds on capital assets	-	-	-	-	-	91,345
Public-private partnership	-	-	-	1,195,691	1,195,691	-
Net cash provided by (used for) capital and related financing activities	<u>(2,385,412)</u>	<u>(1,130,507)</u>	<u>(402,751)</u>	<u>1,138,601</u>	<u>(2,780,069)</u>	<u>85,620</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received (paid)	<u>58,611</u>	<u>70,192</u>	<u>24,737</u>	<u>66,099</u>	<u>219,639</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>58,611</u>	<u>70,192</u>	<u>24,737</u>	<u>66,099</u>	<u>219,639</u>	<u>-</u>
Increase (decrease) in cash and investments	2,730,547	(159,688)	789,820	-	3,360,679	-
Cash and investments, July 1	<u>11,349,500</u>	<u>12,027,554</u>	<u>1,977,054</u>	<u>-</u>	<u>25,354,108</u>	<u>-</u>
Cash and investments, June 30	<u>\$ 14,080,047</u>	<u>\$ 11,867,866</u>	<u>\$ 2,766,874</u>	<u>\$ -</u>	<u>\$ 28,714,787</u>	<u>\$ -</u>
Cash and investments	\$ 14,080,041	\$ 11,867,866	\$ 2,766,874	\$ -	\$ 28,714,781	\$ -
Cash and investments with fiscal agents	6	-	-	-	6	-
Total cash and investments	<u>\$ 14,080,047</u>	<u>\$ 11,867,866</u>	<u>\$ 2,766,874</u>	<u>\$ -</u>	<u>\$ 28,714,787</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Proprietary Funds

Statement of Cash Flows (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)	\$ 3,055,117	\$ 208,859	\$ 690,675	\$ (123,317)	\$ 3,831,334	\$ (35,488)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	1,148,669	585,341	211,879	123,317	2,069,206	23,954
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	715,571	95,160	189,583	610	1,000,924	-
(Increase) decrease in notes receivable	(530)	(2,041)	-	-	(2,571)	-
(Increase) decrease in prepaid expenses	3,453	-	-	-	3,453	-
(Increase) decrease in deferred outflows of resources	(490,496)	(315,314)	(536,217)	-	(1,342,027)	(23,971)
Increase (decrease) in accounts payable	769,848	29,632	(3,393)	-	796,087	(7,100)
Increase (decrease) in deposits and other liabilities	25,462	-	-	-	25,462	-
Increase (decrease) in compensated absences	(30,560)	10,095	6,832	-	(13,633)	3,404
Increase (decrease) in deferred inflows of resources	(1,101,847)	(422,287)	(643,765)	(1,244,513)	(3,412,412)	(30,169)
Increase (decrease) in net pension liability	933,810	670,257	1,149,553	-	2,753,620	51,930
Net cash provided (used) by operating activities	<u>\$ 5,028,497</u>	<u>\$ 859,702</u>	<u>\$ 1,065,147</u>	<u>\$ (1,243,903)</u>	<u>\$ 5,709,443</u>	<u>\$ (17,440)</u>

The notes to the basic financial statements are an integral part of this statement.

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 and a custodial fund. 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 Funds – These funds are used to account for assets and liabilities of the former Lemoore Redevelopment Agency until they are distributed to other units of state and local government as a result of the dissolution of the redevelopment agency.

Custodial Funds – These funds are used to account for assets held by the City 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 | JUNE 30, 2023

Fiduciary Funds

Statement of Fiduciary Net Position

	Lemoore Redevelopment Successor Agency Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash	\$ (221,864)	\$ 1,326,333
Restricted cash and investments with fiscal agents	1,460,923	-
Intergovernmental receivables	950,000	-
Advances to City of Lemoore	1,869,470	-
Notes receivable	988,552	-
Land held for resale	18,742	-
Other assets	-	28,800
	<u>5,065,823</u>	<u>1,355,133</u>
LIABILITIES		
Accounts payable	-	220
Impact fees payable	-	1,206,318
Interest payable	178,334	-
Long-term liabilities:		
Due within one year	865,281	-
Due in more than one year	9,895,543	-
	<u>10,939,158</u>	<u>1,206,538</u>
NET POSITION (DEFICIT)		
Restricted for:		
Net position (deficit) held in trust for the retirement of obligations of the Lemoore Successor Agency to the former Lemoore Redevelopment Agency	(5,873,335)	-
Organizations and other governments	-	148,595
	<u>\$ (5,873,335)</u>	<u>\$ 148,595</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

	Lemoore Redevelopment Successor Agency Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Investment earnings:		
Interest, dividends and other	\$ 67,179	\$ 276
Net investment earnings	67,179	276
Collections on behalf of other governments:		
Property taxes	1,202,231	-
Impact fees	-	1,781,075
Other	-	1,310
Total collections on behalf of other governments	1,202,231	1,782,385
Total additions	1,269,410	1,782,661
DEDUCTIONS		
Administrative expense	43,004	-
Interest expense	457,209	-
Payments to other governments	-	1,782,385
Other expenses	-	1,889
Bad debt	45,366	-
Total deductions	545,579	1,784,274
Net increase (decrease) in fiduciary net position	723,831	(1,613)
Net position (deficit) - beginning	(6,597,166)	150,208
Net position (deficit) - ending	\$ (5,873,335)	\$ 148,595

The notes to the basic financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 Housing Authority are recorded in the Lemoore Housing Authority special revenue fund. The 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.

B. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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 regard 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 the 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 **Streets Special Revenue Fund** accounts for revenues and expenditures apportioned to the City under the Streets and Highway Code, Sections 2103, 2105, 2106, 2107, and 2107.5 and the Road Maintenance and Rehabilitation act of the State of California. Expenditures for administration, maintenance, and construction must be street related.

The **Lemoore Housing Authority Special Revenue 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The **Public Safety Dispatch Center Capital Projects Fund** is used to account for the revenue and expenditures related to the construction of the new public safety dispatch center.

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. 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.

Custodial Funds are used to account for assets held by the City as a custodian for the Laguna Irrigation District, individuals, private organizations, other governments and/or other funds.

Additionally, the City reports the following fund type:

Internal Service Fund is used to account for fleet maintenance services provided to other departments or agencies of the City on a cost reimbursement basis.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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 when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified basis of accounting*. Revenues, except for grants, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal year. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirement, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues items are considered to be measurable and available only when cash is received by the City.

The proprietary and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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.

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.

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 agents" 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, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 \$5,000. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Right-to-Use Lease Assets

Right-to-use lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payment made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service.

Right-to-use lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life on the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised.

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) as unearned revenue.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 16 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 of the 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.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Lemoore California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 14 for a detailed listing of the deferred outflows and deferred inflows of resources the City has recognized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Leases

Lessee: The City is a lessee for noncancellable leases of equipment and vehicles. The lessee recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases, which it has determined is the prime rate at the inception of the lease.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor: The City is a lessor for noncancellable leases of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental and enterprise fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the interest rate charged to the lessees as the discount rate. When the interest rate charged to the lessees is not provided, the City generally uses the implied rate of return as the discount rate for leases. When the implied rate of return cannot be determined, the City uses its estimated incremental borrowing rate which it has determined is the prime rate at the inception of the lease.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Leases (Continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription Based Information Technology Arrangements (SBITAs)

Lessee: The City entered into noncancellable subscription-based information technology arrangements (SBITAs) for the acquisition of various information technology services. SBITAs are accounted for in accordance with GASB Statement No. 96.

Upon commencement of a subscription, the City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. Subscription liabilities are recognized when their initial individual values are \$5,000 or more. The subscription liability is initially measured at the present value of payments expected to be made during the subscription term and is subsequently reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, and any directly attributable initial costs. The subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include determining the discount rate used to discount expected subscription payments to present value, the subscription term, and the composition of subscription payments.

- The City generally uses the interest rate charged by the subscription provider as the discount rate. When the interest rate charged by the provider is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs, which is the prime rate at the inception of the subscription.
- The subscription term includes the noncancellable period of the subscription and subscription payments that the City is reasonably certain to make.
- The measurement of subscription liability excludes any variable payments such as payments based on the number of user seats unless they depend on an index or a rate or are fixed in substance.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other intangible assets, and subscription liabilities are reported as liabilities on the statement of net position.

This disclosure provides information on the accounting policies related to Subscription-Based Information Technology Arrangements (SBITAs) in accordance with GASB Statement No. 96 and should be read in conjunction with the accompanying financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Classification of Net Position

In the government-wide financial statements and proprietary fund 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balances (Continued)

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.

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.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 71,638,867
Restricted cash and investments	614,161
Restricted cash and investments with fiscal agents	6
Fiduciary Funds:	
Cash	1,104,469
Restricted cash and investments with fiscal agents	<u>1,460,923</u>
Total cash and investments	<u>\$ 74,818,426</u>

Cash and investments as of June 30, 2023 consist of the following:

Cash on hand	\$ 5,540
Deposits with financial institutions	55,555,214
Investments	<u>19,257,672</u>
Total cash and investments	<u>\$ 74,818,426</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

A. 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%
Commercial 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

B. 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
Commercial paper	270 days	None	None
Money market mutual funds	N/A	None	None
Investment contracts	30 years	None	None

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. 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	Amount	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool	\$ 17,553,179	\$ 17,553,179	\$ -	\$ -	\$ -
Certificates of Deposits	243,563	243,563	-	-	-
Held by Bond Trustee: Money Market Funds	<u>1,460,930</u>	<u>1,460,930</u>	-	-	-
Total	<u>\$ 19,257,672</u>	<u>\$ 19,257,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

D. 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	
			AA+	Not Rated
State Investment Pool	\$ 17,553,179	N/A	\$ -	\$ 17,553,179
Certificates of Deposits	243,563	N/A	-	243,563
Held by Bond Trustee: Money Market Funds	<u>1,460,930</u>	N/A	-	<u>1,460,930</u>
Total	<u>\$ 19,257,672</u>		<u>\$ -</u>	<u>\$ 19,257,672</u>

E. 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, 2023, there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total pooled investment.

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. 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.

As of June 30, 2023, the carrying amount of the City's bank deposits was \$56,503,617, and the respective bank balances totaled \$55,555,214, the total amount of which 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, 2023, 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).

G. 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. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals to and from LAIF are transferred on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy, LAIF is uncategorized.

NOTE 2 – CASH AND INVESTMENTS (Continued)

H. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2023:

Investments by Fair Value Level	Amount	Fair Value Measurements Level 2 Inputs
Certificates of Deposit	\$ 243,563	<u>\$ 243,563</u>
Investments not Subject to the Fair Value Hierarchy:		
State Investment Pool	17,553,179	
Held by Bond Trustee:		
Money Market Funds	<u>1,460,930</u>	
Total	<u>\$ 19,257,672</u>	

In determining fair value, the City’s custodians use various methods including market and income approaches. Based on these approaches, the City’s custodians utilize certain assumptions that market participants would use in pricing the asset or liability. The City’s custodians utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Various inputs are used in determining the value of the City’s investments and other financial instruments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. These inputs are summarized in the three broad levels: Level 1 – quoted prices in active markets for identical investments, Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) and Level 3 – significant unobservable inputs (including the City’s own assumptions in determining the fair value of investments).

According to GASB 72, money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less should be measured at amortized cost, and as such, are not shown in the fair value hierarchy. Additionally, the City’s LAIF is not presented, as the amount available for withdrawal is based on amortized cost.

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.

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 loans are “non-performing loans” and are not recorded as loans receivable in the financial statements. Such loans totaled \$1,603,156 as of June 30, 2023.

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, 2023, is as follows:

A. Current Interfund Receivables/Payables

Current interfund balances represent short-term borrowings resulting from a fund’s temporary need for additional cash. Primarily, these amounts have been recorded when timing differences between when the services are provided and when they are paid for/reimbursed causes the funds to temporarily overdraw their share of pooled cash. These balances are generally expected to be repaid within the next few months and not longer than a 12- month fiscal operating cycle.

The City’s interfund receivables and payables consisted of the following at June 30, 2023.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds		
Major Funds:		
General Fund	\$ 1,206,345	\$ -
Nonmajor Funds:		
Lemoore Sports Complex Capital Projects Fund	-	171,184
Street Improvement Capital Projects Fund	-	383,041
Enterprise Funds		
Major Funds:		
Water Fund	39,202	-
Sewer Fund	66,976	-
Refuse Fund	248,103	-
Golf Course Fund	-	434,657
Internal Service Funds		
Major Funds:		
Fleet Maintenance Fund	-	571,744
Total	<u>\$ 1,560,626</u>	<u>\$ 1,560,626</u>

NOTE 4 – INTERFUND ACTIVITIES (Continued)

B. 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, 2023:

	Advances to Other Funds	Advances from Other Funds
Enterprise Funds		
Major Funds:		
Golf Course Fund	\$ -	\$ 1,869,470
Fiduciary Funds		
Successor Agency Private Purpose Trust Fund	1,869,470	-
Total	\$ 1,869,470	\$ 1,869,470

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 2024. 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, 2030. The loan balance is \$1,869,470 as of June 30, 2023.

C. Transfers

Transfers for the year ended June 30, 2023 are summarized as follows:

	Transfers	
	In	Out
Major Funds:		
General Fund	\$ 3,029 (2)	\$ 139,291 (1),(3)
Water Fund	16,313 (1)	2,685 (2)
Sewer Fund	27,188 (1)	344 (2)
Refuse Fund	65,250 (1)	-
Fleet Maintenance Fund	10,875 (1)	-
Nonmajor Funds:		
Maintenance Assessment District Fund	19,665 (3)	-
Total	\$ 142,320	\$ 142,320
Total Transfers - Governmental Activities	\$ 33,569	\$ 139,291
Total Transfers - Business-Type Activities	108,751	3,029
Total Transfers	\$ 142,320	\$ 142,320

- (1) The General Fund transferred ARPA funds to cover premium pay in the Water, Sewer, Refuse, and Fleet Maintenance Enterprise Funds.
- (2) The Water and Sewer Funds transferred printer lease expenses to the General Fund, aligning with actual usage, to cover the lease liability.
- (3) The General Fund transferred funds to the Maintenance Assessment District Fund to cover maintenance costs.

NOTE 5 – EMPLOYEE LOAN PROGRAM

In March 2004, the City Council approved the Homebuyer Assistance Program (Program), which provides interest-free, forgivable loans to full-time, permanent City employees for the purchase of a single-family residence. The amount available to borrow is \$15,000 for sworn personnel and \$10,000 for all other employees and are forgiven incrementally over ten years, beginning at the time of disbursement. All loans are secured by a deed of trust on the property and must be repaid upon the termination of the employee, whether voluntary or involuntary, with certain exceptions, or a lien is placed on the property. During the fiscal year ended June 30, 2023, one new loan was entered by the City in the amount of \$15,000 and \$15,417 of collections were received. At June 30, 2023, the remaining balance of the open loan was \$153,174, \$117,944, or 77%, of which has been deemed to be uncollectible.

NOTE 6 – ASSETS HELD FOR RESALE

The following is a summary of changes in the assets held for resale during the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Land held for resale	\$ 1,485,564	\$ -	\$ 877,394	\$ 608,170

NOTE 7 – CAPITAL ASSETS

A. Governmental Activities

Capital assets activity of the governmental activities for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Reductions	Transfers/ Adjustments	Balance June 30, 2023
Capital assets, not being depreciated/amortized:					
Land	\$ 2,830,358	\$ -	\$ -	\$ -	\$ 2,830,358
Construction in progress	4,361,484	1,506,384	(4,371,778)	-	1,496,090
Total capital assets, not being depreciated/amortized	7,191,842	1,506,384	(4,371,778)	-	4,326,448
Capital assets, being depreciated/amortized:					
Buildings and improvements	17,350,797	3,129,606	(196,450)	-	20,283,953
Machinery and equipment	6,718,616	165,856	(50,612)	-	6,833,860
Road network	48,215,125	1,242,172	-	-	49,457,297
Right-to-use leased equipment	136,795	531,726	-	-	668,521
Infrastructure	5,952,622	-	-	-	5,952,622
Total capital assets, being depreciated/amortized	78,373,955	5,069,360	(247,062)	-	83,196,253
Less accumulated depreciation/amortization for:					
Buildings and improvements	(7,692,420)	(587,763)	87,357	-	(8,192,826)
Machinery and equipment	(5,152,110)	(350,264)	50,612	-	(5,451,762)
Road network	(7,486,287)	(996,786)	-	-	(8,483,073)
Right-to-use leased equipment	(21,495)	(77,940)	-	-	(99,435)
Infrastructure	(3,791,074)	(213,175)	-	-	(4,004,249)
Total accumulated depreciation/amortization, net	(24,143,386)	(2,225,928)	137,969	-	(26,231,345)
Total capital assets, being depreciated/amortized, net	54,230,569	2,843,432	(109,093)	-	56,964,908
Governmental activities capital assets, net	\$ 61,422,411	\$ 4,349,816	\$ (4,480,871)	\$ -	\$ 61,291,356

NOTE 7 – CAPITAL ASSETS (Continued)

A. Governmental Activities (Continued)

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

Governmental Activities:	
General government	\$ 65,714
Public safety	332,233
Public works	1,716,999
Parks and recreation	87,028
Capital assets held by the Internal Service Funds were charged to the various functions based on their usage	<u>23,954</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 2,225,928</u>

B. Business-Type Activities

Capital assets activity of the business-type activities for the year ending June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Reductions	Transfers/ Adjustments	Balance June 30, 2023
Water Fund:					
Capital assets, not being depreciated:					
Land	\$ 427,232	\$ -	\$ -	\$ -	\$ 427,232
Construction in progress	<u>35,970,195</u>	<u>-</u>	<u>(85,639)</u>	<u>-</u>	<u>35,884,556</u>
Total capital assets, not being depreciated	<u>36,397,427</u>	<u>-</u>	<u>(85,639)</u>	<u>-</u>	<u>36,311,788</u>
Capital assets, being depreciated/amortized:					
Buildings and improvements	16,785,973	-	-	-	16,785,973
Machinery and equipment	17,926,357	461,464	-	-	18,387,821
Right-to-use subscriptions	<u>-</u>	<u>51,968</u>	<u>-</u>	<u>-</u>	<u>51,968</u>
Total capital assets, being depreciated/amortized	<u>34,712,330</u>	<u>513,432</u>	<u>-</u>	<u>-</u>	<u>35,225,762</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(9,494,417)	(373,725)	-	-	(9,868,142)
Machinery and equipment	(5,966,553)	(772,346)	-	-	(6,738,899)
Right-to-use subscriptions	<u>-</u>	<u>(2,598)</u>	<u>-</u>	<u>-</u>	<u>(2,598)</u>
Total accumulated depreciation/amortization, net	<u>(15,460,970)</u>	<u>(1,148,669)</u>	<u>-</u>	<u>-</u>	<u>(16,609,639)</u>
Total capital assets, being depreciated/amortized, net	<u>19,251,360</u>	<u>(635,237)</u>	<u>-</u>	<u>-</u>	<u>18,616,123</u>
Water fund capital assets, net	<u>\$ 55,648,787</u>	<u>\$ (635,237)</u>	<u>\$ (85,639)</u>	<u>\$ -</u>	<u>\$ 54,927,911</u>

CITY OF LEMOORE | JUNE 30, 2023
Notes to the Basic Financial Statements

NOTE 7 – CAPITAL ASSETS (Continued)

B. Business-Type Activities (Continued)

	Balance June 30, 2022	Additions	Reductions	Transfers/ Adjustments	Balance June 30, 2023
Sewer Fund:					
Capital assets, not being depreciated:					
Land	\$ 1,142,838	\$ -	\$ -	\$ -	\$ 1,142,838
Construction in progress	<u>1,177,010</u>	<u>1,042,609</u>	<u>-</u>	<u>-</u>	<u>2,219,619</u>
Total capital assets, not being depreciated	<u>2,319,848</u>	<u>1,042,609</u>	<u>-</u>	<u>-</u>	<u>3,362,457</u>
Capital assets, being depreciated/amortized:					
Buildings and improvements	9,670,338	-	-	-	9,670,338
Machinery and equipment	6,524,624	75,898	-	-	6,600,522
Right-to-use subscriptions	<u>-</u>	<u>51,968</u>	<u>-</u>	<u>-</u>	<u>51,968</u>
Total capital assets, being depreciated/amortized	<u>16,194,962</u>	<u>127,866</u>	<u>-</u>	<u>-</u>	<u>16,322,828</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(4,368,964)	(339,318)	-	-	(4,708,282)
Machinery and equipment	(3,900,458)	(243,425)	-	-	(4,143,883)
Right-to-use subscriptions	<u>-</u>	<u>(2,598)</u>	<u>-</u>	<u>-</u>	<u>(2,598)</u>
Total accumulated depreciation/amortization, net	<u>(8,269,422)</u>	<u>(585,341)</u>	<u>-</u>	<u>-</u>	<u>(8,854,763)</u>
Total capital assets, being depreciated/amortized, net	<u>7,925,540</u>	<u>(457,475)</u>	<u>-</u>	<u>-</u>	<u>7,468,065</u>
Sewer fund capital assets, net	<u>\$ 10,245,388</u>	<u>\$ 585,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,830,522</u>
	Balance June 30, 2022	Additions	Reductions	Transfers/ Adjustments	Balance June 30, 2023
Refuse Fund:					
Capital assets, not being depreciated:					
Land	\$ 369,355	\$ -	\$ -	\$ -	\$ 369,355
Total capital assets, not being depreciated	<u>369,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,355</u>
Capital assets, being depreciated:					
Machinery and equipment	<u>3,627,137</u>	<u>402,751</u>	<u>-</u>	<u>-</u>	<u>4,029,888</u>
Total capital assets, being depreciated	<u>3,627,137</u>	<u>402,751</u>	<u>-</u>	<u>-</u>	<u>4,029,888</u>
Less accumulated depreciation for:					
Machinery and equipment	<u>(2,595,688)</u>	<u>(211,879)</u>	<u>-</u>	<u>-</u>	<u>(2,807,567)</u>
Total accumulated depreciation, net	<u>(2,595,688)</u>	<u>(211,879)</u>	<u>-</u>	<u>-</u>	<u>(2,807,567)</u>
Total capital assets, being depreciated, net	<u>1,031,449</u>	<u>190,872</u>	<u>-</u>	<u>-</u>	<u>1,222,321</u>
Refuse fund capital assets, net	<u>\$ 1,400,804</u>	<u>\$ 190,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,591,676</u>

NOTE 7 – CAPITAL ASSETS (Continued)

B. Business-Type Activities (Continued)

	Balance June 30, 2022	Additions	Reductions	Transfers/ Adjustments	Balance June 30, 2023
Golf Course Fund:					
Capital assets, not being depreciated:					
Land	\$ 624,013	\$ -	\$ -	\$ -	\$ 624,013
Total capital assets, not being depreciated	<u>624,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624,013</u>
Capital assets, being depreciated					
Buildings and improvements	4,588,430	-	-	-	4,588,430
Machinery and equipment	314,183	34,975	-	-	349,158
Total capital assets, being depreciated	<u>4,902,613</u>	<u>34,975</u>	<u>-</u>	<u>-</u>	<u>4,937,588</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,466,995)	(117,192)	-	-	(3,584,187)
Machinery and equipment	(311,556)	(6,125)	-	-	(317,681)
Total accumulated depreciation, net	<u>(3,778,551)</u>	<u>(123,317)</u>	<u>-</u>	<u>-</u>	<u>(3,901,868)</u>
Total capital assets, being depreciated, net	<u>1,124,062</u>	<u>(88,342)</u>	<u>-</u>	<u>-</u>	<u>1,035,720</u>
Golf course fund capital assets, net	<u>\$ 1,748,075</u>	<u>\$ (88,342)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,659,733</u>
Business-type capital assets, net	<u>\$ 69,043,054</u>	<u>\$ 52,427</u>	<u>\$ (85,639)</u>	<u>\$ -</u>	<u>\$ 69,009,842</u>

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

Business-Type Activities:

Water	\$ 1,148,669
Sewer	585,341
Refuse	211,879
Golf Course	<u>123,317</u>
Total	<u>\$ 2,069,206</u>

NOTE 8 – DEPOSITS AND OTHER LIABILITIES

The following is a summary of deposits and other liabilities during the year ended June 30, 2023:

	General Fund	Water Fund	Golf Course Fund	Total
Deposits	\$ 178,356	\$ -	\$ -	\$ 178,356
Payroll liabilities	267,606	-	-	267,606
Unapplied credits	-	86,016	17,946	103,962
Other liabilities	<u>-</u>	<u>272</u>	<u>32</u>	<u>304</u>
Total deposits and other liabilities	<u>\$ 445,962</u>	<u>\$ 86,288</u>	<u>\$ 17,978</u>	<u>\$ 550,228</u>

NOTE 9 – COMPENSATED ABSENCES

The City’s policy relating to compensated absences is described in Note 1. The noncurrent portion of this debt at fiscal year-end was \$406,697 and \$52,387, 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, 2023, the balance is \$688,477 for governmental activities and \$120,101 for business-type activities.

NOTE 10 – 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, 2023:

	Balance June 30, 2022	Incurred or Issued	Satisfied or Matured	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 578,805	\$ 326,916	\$ (217,244)	\$ 688,477	\$ 281,780
Governmental activities long-term liabilities	<u>\$ 578,805</u>	<u>\$ 326,916</u>	<u>\$ (217,244)</u>	<u>\$ 688,477</u>	<u>\$ 281,780</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, 2023:

	Balance June 30, 2022	Incurred or Issued	Satisfied or Matured	Balance June 30, 2023	Due Within One Year
Business-Type Activities:					
<i>Notes from direct borrowings and direct placements:</i>					
Series 2013 Water Revenue Loan	\$ 3,555,146	\$ -	\$ (489,995)	\$ 3,065,151	\$ 502,260
Total notes from direct borrowings and direct placements:	3,555,146	-	(489,995)	3,065,151	502,260
2019 Water Revenue Bond	27,085,000	-	(155,000)	26,930,000	165,000
2019 Water Revenue Bond- Premium	2,799,009	-	(102,715)	2,696,294	-
Compensated absences	133,734	43,764	(57,397)	120,101	67,714
Business-type activities long-term liabilities	<u>\$ 33,572,889</u>	<u>\$ 43,764</u>	<u>\$ (805,107)</u>	<u>\$ 32,811,546</u>	<u>\$ 734,974</u>

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 consist 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. There is a provision in the loan whereby in the event of default, the unpaid aggregate principal components of the loan and the interest accrued thereon, will become immediately due and payable. There is also a provision whereby the Lender shall have the right, at its option upon notice to the City, to (i) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the City to charge and collect rates for services provided by the City and the Enterprise sufficient to meet all requirements of the loan agreement, and (ii) take whatever action at law or in equity as may appear necessary or desirable to collect the loan payments then due or thereafter to become due during the term of the loan agreement.

NOTE 10 – LONG-TERM LIABILITIES (Continued)

Series 2013 Water Revenue Loan (Continued)

The following is a schedule of the future estimated minimum payments related to the Series 2013 Water Revenue Loan at June 30, 2023:

Fiscal Years Ending June 30	Series 2013 Water Revenue Loan		
	Principal	Interest	Total
2024	\$ 502,260	\$ 71,369	\$ 573,629
2025	514,832	58,797	573,629
2026	527,719	45,910	573,629
2027	540,929	32,700	573,629
2028	554,469	19,160	573,629
2029	424,942	5,280	430,222
Totals	<u>\$ 3,065,151</u>	<u>\$ 233,216</u>	<u>\$ 3,298,367</u>

Series 2019 Water Revenue Bond

In March 2019, the City obtained a water revenue bond from U.S. Bank National Association for \$27,380,000 bearing between 4-5% interest, payable semiannually over a thirty-year term. The loan was obtained to finance the capital projects of the City's water treatment, production, storage and distribution system. The City irrevocably pledged all of the net revenues of the Water Fund to the punctual payment of the loan. The final payment of the loan is scheduled for June 1, 2049. There is a provision within the bond agreement whereby in the event of default, the principal may be declared immediately due and payable.

The following is a schedule of the future estimated minimum payments related to the Series 2019 Water Revenue Bond at June 30, 2023:

Fiscal Years Ending June 30	Series 2019 Water Revenue Bond		
	Principal	Interest	Total
2024	\$ 165,000	\$ 1,259,306	\$ 1,424,306
2025	170,000	1,252,706	1,422,706
2026	175,000	1,245,906	1,420,906
2027	185,000	1,238,906	1,423,906
2028	190,000	1,231,506	1,421,506
2029-2033	3,745,000	5,806,531	9,551,531
2034-2038	5,305,000	4,678,281	9,983,281
2039-2043	6,750,000	3,234,581	9,984,581
2043-2047	8,340,000	1,645,556	9,985,556
2048-2049	1,905,000	88,925	1,993,925
Plus: unamortized premium	<u>2,696,294</u>	<u>-</u>	<u>2,696,294</u>
Totals	<u>\$ 29,626,294</u>	<u>\$ 21,682,206</u>	<u>\$ 51,308,500</u>

NOTE 11 – LEASES

Leases as lessor

In fiscal year 2021, the City's Sewer Fund leased a 12-acre parcel of land to a third party. The lease is for six years and the City will receive annual payments of \$24,000. The City recognized \$20,077 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was \$79,231. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$66,922.

In fiscal year 2021, the City's Sewer and Refuse Fund leased 35-acres of land to a third party (split 50% sewer and 50% refuse). The lease is for six years and the City will receive annual payments of \$70,000. The City recognized \$58,507 in lease revenue and \$14,809 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was \$210,900. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$195,023.

In fiscal year 2021, the City's General Fund leased a 19-acre parcel of land to a third party. The lease is for six years and the City will receive monthly payments of \$3,167. The City recognized \$37,054 in lease revenue and \$1,222 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was \$131,524. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$123,512.

In fiscal year 2021, the City's General Fund leased a 19.15-acre parcel of land to a third party. The lease is for six years and the City will receive monthly payments of \$3,192. The City recognized \$37,335 in lease revenue and \$1,246 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was \$132,546. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$127,562.

In fiscal year 2021, the City's General Fund leased a portion of a facility to a third party. The lease is for ten years with annual payments of \$12,000. The City received the full amount of \$120,000 from the lessee as of the effective date of the lease. The City recognized \$12,000 in lease revenue during the current fiscal year. Accordingly, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$84,000.

Leases as lessee

In fiscal year 2020, the City's General Fund entered into a five-year lease agreement as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$30,937 during fiscal year 2020. As of June 30, 2023, the value of the lease liability was \$11,093. The City is required to make monthly principal and interest payments of \$578. The lease has an interest rate of 4.75%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$10,312 and had accumulated amortization of \$20,625.

In fiscal year 2022, the City's General Fund entered into a five-year lease agreement as lessee for the acquisition and use of two police vehicles. An initial lease liability was recorded in the amount of \$102,710 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$76,721. The City is required to make monthly principal and interest payments of \$1,852. The lease has an interest rate of 3.25%. The vehicles each have a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$77,629 and had accumulated amortization of \$28,229.

NOTE 11 – LEASES (Continued)

Leases as lessee (Continued)

In fiscal year 2023, the City’s General Fund entered into a five-year lease agreement as lessee for the acquisition and use of five police vehicles. An initial lease liability was recorded in the amount of \$234,487 during the current fiscal year. As of June 30, 2023, the lease liability had a remaining balance of \$224,604. The City is required to make monthly principal and interest payments of \$4,748. These leases carry varying interest rates, ranging from 8% to 8.25%. Each of the vehicles has an estimated useful life of five-years. The value of the right-to-use asset as of the end of the current fiscal year was \$264,548 and had accumulated amortization of \$7,262.

In fiscal year 2023, the City’s General Fund entered into a five-year lease agreement as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$259,916 during the fiscal year. As of June 30, 2023, the value of the lease liability was \$215,904. The City is required to make monthly principal and interest payments of \$4,856. The lease has an interest rate of 4.75%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$216,597 and had accumulated amortization of \$43,319.

The future principal and interest lease payments as of June 30, 2023, are as follows:

Fiscal Years Ending	Governmental Activities - Leases		
	Principal	Interest	Total
June 30			
2024	\$ 115,770	\$ 28,400	\$ 144,170
2025	120,157	21,702	141,859
2026	122,425	14,810	137,235
2027	122,245	7,582	129,827
2028	<u>47,725</u>	<u>1,541</u>	<u>49,266</u>
Totals	<u>\$ 528,322</u>	<u>\$ 74,035</u>	<u>\$ 602,357</u>

NOTE 12 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

SBITAs as lessee

In fiscal year 2023, the City's Water and Sewer Fund entered into a five-year SBITA arrangement as the lessee to acquire the Nobel Systems GeoViewer software. An initial SBITA liability in the amount of \$51,968 was recorded in each respective fund. As of June 30, 2023, the SBITA liability's carrying amount in each fund had decreased to \$39,968. The City is obligated to make annual payments for both principal and interest, with each payment amounting to \$24,000. The SBITA carries an interest rate of 7.75%. The software subscription, corresponding to the SBITA, has a duration of five years. As of the end of the current fiscal year, the right-to-use software was valued at \$49,369, with accumulated amortization amounting to \$5,197 in each fund.

During fiscal year 2022, the City entered into a five-year SBITA arrangement as the lessee for Tyler MUNIS (MUNIS), an Enterprise ERP software. As of June 30, 2023, the City has incurred \$151,033 in implementation costs, which have been recognized and recorded as capitalizable prepayments within the General Fund. The City will recognize a right-to-use IT Subscription and corresponding Subscription Liability on July 1, 2023 which is the date the City went live with MUNIS.

NOTE 12 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (Continued)

SBITAs as lessee (Continued)

The future principal and interest SBITA payments as of June 30, 2023, are as follows:

Fiscal Years Ending June 30	Business-Type Activities - SBITA		
	Principal	Interest	Total
2024	\$ 17,806	\$ 6,195	\$ 24,001
2025	19,185	4,815	24,000
2026	20,672	3,328	24,000
2027	<u>22,273</u>	<u>1,726</u>	<u>23,999</u>
Totals	<u>\$ 79,936</u>	<u>\$ 16,064</u>	<u>\$ 96,000</u>

NOTE 13 – PUBLIC-PRIVATE PARTNERSHIP FOR GOLF COURSE

In fiscal year 2023, the City’s golf course enterprise fund, entered into a public-private partnership arrangement with Sierra Golf Management (SGM), under which SGM will operate, maintain and collect concession and service fees from the Lemoore Golf Course complex for the next 15 years. The City recognized a discount rate of 3.5% applied to the measurement of the receivable balance. This was determined using the estimated incremental borrowing rate which the City determined is the prime rate at the inception of the arrangement. SGM is required to make a minimum of \$315,000 of capital improvements during the term. In the current year, SGM made capital improvements totaling \$34,975. All structural alternations or improvements made or installed on the leased premises by SGM shall be considered part of the leased premises and, on expiration of the lease agreement or sooner termination shall remain on the leased premises and shall become the property of the City. The golf course enterprise fund continues to report the golf course complex as a capital asset with a carrying amount of \$1,659,733 at year-end and reports a receivable in the amount of \$1,125,796, and a deferred inflow of resources in the amount of \$1,189,299 at year-end pursuant to the public-private partnership arrangement.

NOTE 14 – 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 16.

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 four types of items that qualify for reporting in this category and they are unavailable revenues, pension deferrals, inflows from right-to-use leases where the City is a lessor, and assets and future installment payments of the public-private partnership.

Unavailable revenues arise only under a modified accrual basis of accounting and are reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are all related to deferred housing loans.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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 16.

The City has lease-related items that qualify to be reported in deferred inflows of resources. The lease-related deferred inflows of resources are described in detail in Note 11.

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

The City has public-private partnership related items that qualify to be reported in deferred inflows of resources. The public-private partnership related deferred inflows of resources are described in detail in Note 13.

NOTE 15 – 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 16 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City of Lemoore's (City) sponsors four rate plans (two miscellaneous and two safety.) Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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 the Plan are applied as specified by the Public Employees' Retirement Law.

NOTE 16 – DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

The rate plan provisions and benefits in effect at June 30, 2023 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%	6.75%
Required employer contribution rates	10.32%	7.47%

	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%	13.00%
Required employer contribution rates	18.17%	12.78%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$1,283,473 for the fiscal year ended June 30, 2023.

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The City’s contributions to the plan recognized as pension expense for the year ended June 30, 2023 were \$1,954,698.

NOTE 16 – DEFINED BENEFIT PENSION PLAN (Continued)

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

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$17,415,985.

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, 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 plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

Proportion - June 30, 2021	0.1574%
Proportion - June 30, 2022	0.1508%
Change - Increase (Decrease)	-0.0066%

For the year ended June 30, 2023, the City recognized pension expense of \$701,119. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,086,863	\$ -
Changes of assumptions	1,772,697	-
Differences between actual and expected experience	504,724	215,399
Net differences between projected and actual earnings on plan investments	3,006,399	-
Change in employer's proportion	675,848	83,852
Differences between the employer's actual contributions and the employer's proportionate share of contributions	<u>-</u>	<u>877,792</u>
Total	<u>\$ 8,046,531</u>	<u>\$ 1,177,043</u>

\$2,086,863 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, 2024. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2024	\$ 1,302,546
2025	1,057,790
2026	585,334
2027	1,836,955
2028	-
Thereafter	-

NOTE 16 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry- Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90% ⁽¹⁾
Mortality	Derived using CalPERS' Membership Data for all Funds ⁽²⁾

⁽¹⁾ Net of pension plan investment expenses, including inflation

⁽²⁾ The mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 80% of scale MP 2020.

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Change of Assumptions - Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

D. Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

NOTE 16 – DEFINED BENEFIT PENSION PLAN (Continued)

D. Discount Rate (Continued)

The expected real rates of return by asset class are as follows:

Asset Class ^(a)	Assumed Asset Allocation	Real Return Years 1-10 ^(a,b)
Global Equity - Cap Weighted	30.0%	4.54%
Global Equity - Non-cap Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

^(a) An expected inflation of 2.30% used for this period

^(b) Figures are based on the 2021 Asset Liability Management study

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:

Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
\$26,205,347	\$17,415,985	\$10,204,926

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

The City had an outstanding amount of contributions payable to the pension plan of \$53,846 required for the year ended June 30, 2023.

NOTE 17 – 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 18 – 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.

NOTE 19 – CONTINGENT LIABILITIES AND COMMITMENTS

A. 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.

B. 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.

NOTE 19 – CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

C. Well Site 7 Incident

On June 21, 2021, a 1.5-million-gallon water storage tank located at Well Site 7 suffered catastrophic damage as the result of work being completed by an employee of the City’s independent contractor. The storage tank was completely destroyed, as was other City property located on site. The full financial scope of the loss is not known at this time, but coverage for some or all of the damages incurred by the City may be available from the City’s contractors and/or their insurers. The City estimates the replacement cost of the 1.5-million-gallon water storage tank to be approximately \$3,000,000, which work and repairs are ongoing. Additional monetary losses as a result of the incident are unknown. As of June 30, 2023, the City had been approved for \$2,591,920 of insurance proceeds.

NOTE 20 – 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.

A. Cash and Investments

A reconciliation of the Lemoore Redevelopment Successor Agency Private Purpose Trust Fund’s cash and investments as of June 30, 2023 is as follows:

Cash	\$ (221,864)
Restricted cash and investments with fiscal agents	<u>1,460,923</u>
Total cash and investments	<u>\$ 1,239,059</u>

B. Receivables

A reconciliation of the Lemoore Redevelopment Successor Agency Private Purpose Trust Fund’s receivables balances as of June 30, 2023 is as follows:

Intergovernmental receivables	\$ 950,000
Advances to City of Lemoore	1,869,470
Note receivable	<u>988,552</u>
Total receivables	<u>\$ 3,808,022</u>

NOTE 20 – LEMOORE REDEVELOPMENT SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND (Continued)

C. 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, 2023:

	Balance June 30, 2022	Incurred or Issued	Satisfied or Matured	Balance June 30, 2023	Amounts Due Within One Year
<i>Notes from direct borrowings and direct placements:</i>					
Leprino Owner Participation Agreement Obligation	\$ 76,501	\$ -	\$ -	\$ 76,501	\$ -
2014 RDA Tax Allocation Refunding	11,326,927	-	(761,297)	10,565,630	795,281
Total notes from direct borrowings and direct placements:	11,403,428	-	(761,297)	10,642,131	795,281
<i>Bonds Payable</i>					
2011 RDA Tax Allocation	215,000	-	(70,000)	145,000	70,000
Less: bond discount	(52,612)	-	26,305	(26,307)	-
Total bonds payable:	162,388	-	(43,695)	118,693	70,000
Total long-term liabilities	\$ 11,565,816	\$ -	\$ (804,992)	\$ 10,760,824	\$ 865,281

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, 2018. The 2011 Bonds are payable from and secured by incremental property tax revenue (Pledged Tax Revenues). There is a provision within the bond agreement whereby in the event of default, the principal may be declared immediately due and payable.

On December 5, 2016, the Agency participated in a partial defeasance of the 2011 Tax Allocation Bonds. The Agency's remaining bonds are payable through August 1, 2024.

The following is a schedule of the future estimated minimum payments related to the 2011 Bonds at June 30, 2023:

Fiscal Years Ending June 30	2011 Tax Allocation Refunding Bond		
	Principal	Interest	Total
2024	\$ 70,000	\$ 7,288	\$ 77,288
2025	75,000	2,484	77,484
Total	\$ 145,000	\$ 9,772	\$ 154,772

NOTE 20 – LEMOORE REDEVELOPMENT SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND (Continued)

C. 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. There is a provision within the bond agreement whereby in the event of default, the principal may be declared due and payable. Such declaration and its consequences may be rescinded and annulled as further provided in the indenture.

The following is a schedule of the future estimated minimum payments related to the 2014 Bonds at June 30, 2023

Fiscal Years Ending June 30	2014 Tax Allocation Refunding Bond		
	Principal	Interest	Total
2024	\$ 795,281	\$ 402,652	\$ 1,197,933
2025	828,686	370,498	1,199,184
2026	851,491	337,230	1,188,721
2027	880,336	302,940	1,183,276
2028	915,191	267,389	1,182,580
2029-2033	5,143,391	753,265	5,896,656
2034	1,151,254	22,795	1,174,049
Total	<u>\$ 10,565,630</u>	<u>\$ 2,456,769</u>	<u>\$ 13,022,399</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.

NOTE 20 – LEMOORE REDEVELOPMENT SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND (Continued)

C. Long-term Liabilities (Continued)

Leprino Owner Participation Agreement Obligation (Continued)

The City incurred an additional liability of approximately \$6 million for wastewater improvements at the Leprino plant and this liability has been paid from the additional tax increments that the plant would generate based on this expansion. Payments on the liability are being deferred until Kings County completes a reassessment of the value of Leprino Foods Company. At which time, the amount of the City's liability will be reassessed. As of June 30, 2023, a reassessment had not been received from Kings County.

The total liability to Leprino Foods Company at June 30, 2023 was \$76,501.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedules

General Fund

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 2,965,400	\$ 2,965,400	\$ 3,578,231	\$ 612,831
Other taxes	8,022,767	8,022,767	8,020,224	(2,543)
Licenses and permits	765,210	765,210	1,347,276	582,066
Charges for services	459,100	459,100	637,162	178,062
Intergovernmental	494,600	654,600	2,416,625	1,762,025
Fees and assessments	16,400	16,400	54,866	38,466
Loan repayments	6,000	6,000	-	(6,000)
Use of money and property	259,300	259,300	291,448	32,148
Other revenue	44,200	44,200	218,486	174,286
Total revenues	<u>13,032,977</u>	<u>13,192,977</u>	<u>16,564,318</u>	<u>3,371,341</u>
EXPENDITURES				
Current:				
General government	1,674,639	1,727,739	904,666	823,073
Public safety	9,712,857	9,773,357	9,484,824	288,533
Public works	2,650,302	2,907,997	1,855,615	1,052,382
Community development	729,742	889,742	610,628	279,114
Parks and recreation	586,195	679,495	623,673	55,822
Capital outlay	605,838	646,102	818,713	(172,611)
Debt service:				
Principal	-	-	79,529	(79,529)
Interest	-	-	15,378	(15,378)
Total expenditures	<u>15,959,573</u>	<u>16,624,432</u>	<u>14,393,026</u>	<u>2,231,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,926,596)</u>	<u>(3,431,455)</u>	<u>2,171,292</u>	<u>5,602,747</u>
OTHER FINANCING SOURCES (USES)				
Lease proceeds	-	-	494,403	494,403
Transfers in	632,063	632,063	3,029	(629,034)
Transfers out	(26,200)	(26,200)	(139,291)	(113,091)
Total other financing sources (uses)	<u>605,863</u>	<u>605,863</u>	<u>358,141</u>	<u>(247,722)</u>
Net changes in fund balances	(2,320,733)	(2,825,592)	2,529,433	5,355,025
Fund balances - beginning	<u>15,123,860</u>	<u>15,123,860</u>	<u>15,123,860</u>	<u>-</u>
Fund balances - ending	<u>\$ 12,803,127</u>	<u>\$ 12,298,268</u>	<u>\$ 17,653,293</u>	<u>\$ 5,355,025</u>

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedules

Streets Fund

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,826,581	\$ 1,826,581	\$ 1,267,076	\$ (559,505)
Use of money and property	<u>2,200</u>	<u>2,200</u>	<u>24,885</u>	<u>22,685</u>
Total revenues	<u>1,828,781</u>	<u>1,828,781</u>	<u>1,291,961</u>	<u>(536,820)</u>
EXPENDITURES				
Current:				
Public works	106,275	106,750	475	106,275
Capital outlay	<u>1,200,000</u>	<u>1,199,525</u>	<u>72,376</u>	<u>1,127,149</u>
Total expenditures	<u>1,306,275</u>	<u>1,306,276</u>	<u>72,851</u>	<u>1,233,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>522,506</u>	<u>522,505</u>	<u>1,219,110</u>	<u>696,605</u>
Fund balances - beginning	<u>3,220,680</u>	<u>3,220,680</u>	<u>3,220,680</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,743,186</u>	<u>\$ 3,743,185</u>	<u>\$ 4,439,790</u>	<u>\$ 696,605</u>

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedules

Lemoore Housing Authority Fund

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Loan repayments	\$ -	\$ -	\$ 36,915	\$ 36,915
Use of money and property	-	-	12,111	12,111
Other revenue	-	-	1,530	1,530
Total revenues	-	-	50,556	50,556
EXPENDITURES				
Current:				
Community development	1,112,000	1,112,000	18,457	1,093,543
Total expenditures	1,112,000	1,112,000	18,457	1,093,543
Excess (deficiency) of revenues over (under) expenditures	(1,112,000)	(1,112,000)	32,099	1,144,099
Other financing sources (uses):				
Sale of capital assets	-	-	72,607	72,607
Total other financing sources (uses)	-	-	72,607	72,607
Net change in fund balances	(1,112,000)	(1,112,000)	104,706	1,216,706
Fund balances - beginning	3,429,510	3,429,510	3,429,510	-
Fund balances - ending	\$ 2,317,510	\$ 2,317,510	\$ 3,534,216	\$ 1,216,706

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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, special revenue funds, capital projects 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 department. The City Council may transfer funds from reserves to departments or enterprise activities as deemed appropriate during the fiscal year.

B. Budgetary Information

The City incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2023:

Major Funds:

General Fund:

Capital outlay	\$	172,611
Debt service:		
Principal	\$	79,529
Interest	\$	15,378

The expenditures in excess of appropriations were covered by available fund balance.

COST SHARING MULTIPLE-EMPLOYER PENSION PLAN

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Pension Plan – Cost-Sharing Multiple-Employer Plan
 Schedule of Proportionate Share of Net Pension Liability
 Last 10 Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the net pension liability	0.1197%	0.1160%	0.1224%	0.1245%	0.1272%	0.1308%	0.1354%	0.1574%	0.1508%
Proportionate share of the net pension liability	\$ 7,519,752	\$ 7,960,168	\$ 10,592,376	\$ 12,347,424	\$ 12,253,736	\$ 13,403,737	\$ 14,736,592	\$ 8,510,430	\$ 17,415,985
Covered payroll	\$ 5,076,165	\$ 5,273,173	\$ 5,467,395	\$ 5,850,364	\$ 6,279,086	\$ 7,373,773	\$ 6,963,862	\$ 6,520,865	\$ 6,442,201
Proportionate Share of the net pension liability as percentage of covered payroll	148.14%	150.96%	193.74%	211.05%	195.15%	181.78%	211.62%	130.51%	270.34%
Plan fiduciary net position as a percentage of the total pension liability	81.49%	80.97%	76.05%	74.96%	76.25%	75.85%	74.63%	85.91%	71.84%

Notes to Schedule:

Change in Benefit Terms None

Changes of Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Pension Plan – Cost-Sharing Multiple-Employer Plan

Schedule of Contributions

Last 10 Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 1,048,489	\$ 1,067,105	\$ 1,088,741	\$ 1,035,775	\$ 1,316,527	\$ 1,577,783	\$ 1,728,021	\$ 1,796,407	\$ 1,954,698	\$ 2,086,863
Contributions in relation to the actuarially determined contributions	<u>1,048,489</u>	<u>1,067,105</u>	<u>1,088,741</u>	<u>1,035,775</u>	<u>1,316,527</u>	<u>1,577,783</u>	<u>1,728,021</u>	<u>1,796,407</u>	<u>1,954,698</u>	<u>2,086,863</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,076,165	\$ 5,273,173	\$ 5,467,395	\$ 5,850,364	\$ 6,279,086	\$ 7,373,773	\$ 6,963,862	\$ 6,520,865	\$ 6,442,201	\$ 6,659,530
Contributions as a percentage of covered payroll	20.66%	20.24%	19.91%	17.70%	20.97%	21.40%	24.81%	27.55%	30.34%	31.34%

COMBINING FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

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.

Grants Fund – used to account for the City’s receipts and expenditures of the state, federal, and other grants.

Lemoore Sports Complex Fund – used to account for rehabilitation of the Lemoore Sports Complex.

Traffic Safety Fund – 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.

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

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

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

Downtown Improvement Fund – 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 construction of capital facilities by the City, except for those financed for enterprise funds.

Street Improvement Fund – 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.

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

Facility Infrastructure Fund – 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.

Capital Improvement Fees Fund – used to account for miscellaneous capital projects using developer fees.

Traffic Signal Fund – used to account for the construction of traffic signals and other related projects.

CITY OF LEMOORE | JUNE 30, 2023

Nonmajor Governmental Funds

Combining Balance Sheet

	Combined Special Revenue Funds	Combined Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 11,390,011	\$ 8,411,447	\$ 19,801,458
Receivables:			
Interest	22,342	16,775	39,117
Notes	1,991,335	105,456	2,096,791
Intergovernmental	1,209,230	28,934	1,238,164
	<u>14,612,918</u>	<u>8,562,612</u>	<u>23,175,530</u>
Total assets	<u>\$ 14,612,918</u>	<u>\$ 8,562,612</u>	<u>\$ 23,175,530</u>
LIABILITIES			
Accounts payable	\$ 33,132	\$ 842	\$ 33,974
Due to other funds	171,184	383,041	554,225
	<u>204,316</u>	<u>383,883</u>	<u>588,199</u>
Total liabilities	<u>204,316</u>	<u>383,883</u>	<u>588,199</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - loans	2,010,635	105,456	2,116,091
	<u>2,010,635</u>	<u>105,456</u>	<u>2,116,091</u>
Total deferred inflows of resources	<u>2,010,635</u>	<u>105,456</u>	<u>2,116,091</u>
FUND BALANCES			
Restricted:			
Public works	7,043,177	-	7,043,177
Community development	5,337,450	-	5,337,450
Parks and recreation	5,300	-	5,300
Capital projects and improvements	12,040	8,427,976	8,440,016
Unassigned	-	(354,703)	(354,703)
	<u>12,397,967</u>	<u>8,073,273</u>	<u>20,471,240</u>
Total fund balances	<u>12,397,967</u>	<u>8,073,273</u>	<u>20,471,240</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,612,918</u>	<u>\$ 8,562,612</u>	<u>\$ 23,175,530</u>

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Combined Special Revenue Funds	Combined Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Licenses and permits	\$ 9,956	\$ -	\$ 9,956
Intergovernmental	1,088,090	258,036	1,346,126
Fees and assessments	803,744	1,440,513	2,244,257
Use of money and property	69,910	48,111	118,021
	<u>1,971,700</u>	<u>1,746,660</u>	<u>3,718,360</u>
Total revenues			
EXPENDITURES			
Current:			
General government	5,140	-	5,140
Public safety	43,894	-	43,894
Public works	43,788	-	43,788
Community development	422,566	-	422,566
Capital outlay	127,734	710,053	837,787
	<u>643,122</u>	<u>710,053</u>	<u>1,353,175</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>1,328,578</u>	<u>1,036,607</u>	<u>2,365,185</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	19,665	-	19,665
	<u>19,665</u>	<u>-</u>	<u>19,665</u>
Total other financing sources (uses)			
Net changes in fund balances	1,348,243	1,036,607	2,384,850
Fund balances - beginning	<u>11,049,724</u>	<u>7,036,666</u>	<u>18,086,390</u>
Fund balances - ending	<u>\$ 12,397,967</u>	<u>\$ 8,073,273</u>	<u>\$ 20,471,240</u>

CITY OF LEMOORE | JUNE 30, 2023
 Nonmajor Special Revenue Funds
 Combining Balance Sheet

	Grants Fund	Lemoore Sports Complex	Traffic Safety Fund	Local Transportation Fund	Maintenance Assessment District Fund	TE/STP Exchange Fund	Downtown Improvement Fund	Total
ASSETS								
Cash and investments	\$ 594,130	\$ -	\$ 366,771	\$ 4,273,875	\$ 4,782,384	\$ 1,360,720	\$ 12,131	\$ 11,390,011
Receivables:								
Interest	1,167	-	721	8,398	9,358	2,674	24	22,342
Notes	1,991,335	-	-	-	-	-	-	1,991,335
Intergovernmental	-	176,484	4,619	808,021	2,728	217,378	-	1,209,230
Total assets	<u>\$ 2,586,632</u>	<u>\$ 176,484</u>	<u>\$ 372,111</u>	<u>\$ 5,090,294</u>	<u>\$ 4,794,470</u>	<u>\$ 1,580,772</u>	<u>\$ 12,155</u>	<u>\$ 14,612,918</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 33,017	\$ -	\$ 115	\$ 33,132
Due to other funds	-	171,184	-	-	-	-	-	171,184
Total liabilities	-	171,184	-	-	33,017	-	115	204,316
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - loans	2,010,635	-	-	-	-	-	-	2,010,635
Total deferred inflows of resources	2,010,635	-	-	-	-	-	-	2,010,635
FUND BALANCES								
Restricted:								
Public works	-	-	372,111	5,090,294	-	1,580,772	-	7,043,177
Community development	575,997	-	-	-	4,761,453	-	-	5,337,450
Parks and recreation	-	5,300	-	-	-	-	-	5,300
Capital projects and improvements	-	-	-	-	-	-	12,040	12,040
Total fund balances	<u>575,997</u>	<u>5,300</u>	<u>372,111</u>	<u>5,090,294</u>	<u>4,761,453</u>	<u>1,580,772</u>	<u>12,040</u>	<u>12,397,967</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,586,632</u>	<u>\$ 176,484</u>	<u>\$ 372,111</u>	<u>\$ 5,090,294</u>	<u>\$ 4,794,470</u>	<u>\$ 1,580,772</u>	<u>\$ 12,155</u>	<u>\$ 14,612,918</u>

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Grants Fund	Lemoore Sports Complex	Traffic Safety Fund	Local Transportation Fund	Maintenance Assessment District Fund	TE/STP Exchange Fund	Downtown Improvement Fund	Total
REVENUES								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,956	\$ 9,956
Intergovernmental	12,000	68,251	-	790,461	-	217,378	-	1,088,090
Fees and assessments	-	-	31,431	-	772,313	-	-	803,744
Use of money and property	3,657	-	2,366	27,871	27,546	8,392	78	69,910
Total revenues	15,657	68,251	33,797	818,332	799,859	225,770	10,034	1,971,700
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	5,140	5,140
Public safety	-	-	43,894	-	-	-	-	43,894
Public works	-	-	-	43,788	-	-	-	43,788
Community development	19,300	-	-	-	403,266	-	-	422,566
Capital outlay	-	68,251	19,820	39,663	-	-	-	127,734
Total expenditures	19,300	68,251	63,714	83,451	403,266	-	5,140	643,122
Excess (deficiency) of revenues over (under) expenditures	(3,643)	-	(29,917)	734,881	396,593	225,770	4,894	1,328,578
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	19,665	-	-	19,665
Total other financing sources (uses)	-	-	-	-	19,665	-	-	19,665
Net change in fund balances	(3,643)	-	(29,917)	734,881	416,258	225,770	4,894	1,348,243
Fund balances - beginning	579,640	5,300	402,028	4,355,413	4,345,195	1,355,002	7,146	11,049,724
Fund balances - ending	\$ 575,997	\$ 5,300	\$ 372,111	\$ 5,090,294	\$ 4,761,453	\$ 1,580,772	\$ 12,040	\$ 12,397,967

CITY OF LEMOORE | JUNE 30, 2023
 Nonmajor Capital Projects Funds
 Combining Balance Sheet

	Street Improvement Fund	Recreation Improvement Fund	Facility Infrastructure Fund	Capital Improvement Fees Fund	Traffic Signal Fund	Total
ASSETS						
Cash and investments	\$ -	\$ 3,233,360	\$ 455,874	\$ 4,522,782	\$ 199,431	\$ 8,411,447
Receivables:						
Interest	246	6,354	896	8,887	392	16,775
Notes	-	40,219	-	65,237	-	105,456
Intergovernmental	28,934	-	-	-	-	28,934
Total assets	<u>\$ 29,180</u>	<u>\$ 3,279,933</u>	<u>\$ 456,770</u>	<u>\$ 4,596,906</u>	<u>\$ 199,823</u>	<u>\$ 8,562,612</u>
LIABILITIES						
Accounts payable	\$ 842	\$ -	\$ -	\$ -	\$ -	\$ 842
Due to other funds	383,041	-	-	-	-	383,041
Total liabilities	<u>383,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,883</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - loans	-	40,219	-	65,237	-	105,456
Total deferred inflows of resources	<u>-</u>	<u>40,219</u>	<u>-</u>	<u>65,237</u>	<u>-</u>	<u>105,456</u>
FUND BALANCES						
Restricted:						
Capital projects and improvements	-	3,239,714	456,770	4,531,669	199,823	8,427,976
Unassigned	(354,703)	-	-	-	-	(354,703)
Total fund balances	<u>(354,703)</u>	<u>3,239,714</u>	<u>456,770</u>	<u>4,531,669</u>	<u>199,823</u>	<u>8,073,273</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,180</u>	<u>\$ 3,279,933</u>	<u>\$ 456,770</u>	<u>\$ 4,596,906</u>	<u>\$ 199,823</u>	<u>\$ 8,562,612</u>

CITY OF LEMOORE | JUNE 30, 2023

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Street Improvement Fund	Recreation Improvement Fund	Facility Infrastructure Fund	Capital Improvement Fees Fund	Traffic Signal Fund	Total
REVENUES						
Intergovernmental	\$ 258,036	\$ -	\$ -	\$ -	\$ -	\$ 258,036
Fees and assessments	-	287,755	-	1,152,758	-	1,440,513
Use of money and property	847	18,883	2,806	24,348	1,227	48,111
Total revenues	<u>258,883</u>	<u>306,638</u>	<u>2,806</u>	<u>1,177,106</u>	<u>1,227</u>	<u>1,746,660</u>
EXPENDITURES						
Capital outlay	<u>710,053</u>	-	-	-	-	<u>710,053</u>
Total expenditures	<u>710,053</u>	-	-	-	-	<u>710,053</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(451,170)</u>	<u>306,638</u>	<u>2,806</u>	<u>1,177,106</u>	<u>1,227</u>	<u>1,036,607</u>
Net change in fund balances	(451,170)	306,638	2,806	1,177,106	1,227	1,036,607
Fund balances - beginning	<u>96,467</u>	<u>2,933,076</u>	<u>453,964</u>	<u>3,354,563</u>	<u>198,596</u>	<u>7,036,666</u>
Fund balances - ending	<u>\$ (354,703)</u>	<u>\$ 3,239,714</u>	<u>\$ 456,770</u>	<u>\$ 4,531,669</u>	<u>\$ 199,823</u>	<u>\$ 8,073,273</u>

FIDUCIARY FUNDS

The **Trust and Custodial 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 custodial 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.

CUSTODIAL FUNDS

The **School and County Impact Fees Fund** is a passthrough fund used to account for impact fees collected on behalf of Kings County and Lemoore Unified School District.

The **Laguna Irrigation Fund** is used to account for an agreement to benefit water recharge or to purchase water on behalf of the Laguna Irrigation District.

The **Kings Area Rural Transit Fund** is a passthrough fund used to account for bus fees collected on behalf of the Kings County Area Public Transit Agency.

CITY OF LEMOORE | JUNE 30, 2023

Private Purpose Trust Funds

Combining Statement of Fiduciary Net Position

	Lemoore Redevelopment Successor Agency Debt Service Fund	Lemoore Redevelopment Successor Agency Capital Projects Fund	Total Lemoore Redevelopment Successor Agency Private-Purpose Trust Funds
ASSETS			
Cash	\$ -	\$ (221,864)	\$ (221,864)
Restricted cash and investments with fiscal agents	1,460,923	-	1,460,923
Intergovernmental receivables	-	950,000	950,000
Advances to City of Lemoore	-	1,869,470	1,869,470
Notes receivable	-	988,552	988,552
Land held for resale	-	18,742	18,742
	<u>1,460,923</u>	<u>3,604,900</u>	<u>5,065,823</u>
LIABILITIES			
Interest payable	178,334	-	178,334
Long-term liabilities:			
Due within one year	865,281	-	865,281
Due in more than one year	9,819,042	76,501	9,895,543
	<u>10,862,657</u>	<u>76,501</u>	<u>10,939,158</u>
NET POSITION (DEFICIT)			
Restricted for:			
Net position (deficit) held in trust for the retirement of obligations of the Lemoore Successor Agency to the former Lemoore Redevelopment Agency	<u>(9,401,734)</u>	<u>3,528,399</u>	<u>(5,873,335)</u>
	<u>\$ (9,401,734)</u>	<u>\$ 3,528,399</u>	<u>\$ (5,873,335)</u>

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Private Purpose Trust Funds

Combining Statement of Revenues, Expenses and Changes in Fiduciary Net Position

	Lemoore Redevelopment Successor Agency Debt Service Fund	Lemoore Redevelopment Successor Agency Capital Projects Fund	Total Lemoore Redevelopment Successor Agency Private-Purpose Trust Funds
ADDITIONS			
Investment earnings:			
Interest, dividends, and other	\$ 10,050	\$ 57,129	\$ 67,179
Net investment earnings	<u>10,050</u>	<u>57,129</u>	<u>67,179</u>
Collections on behalf of other governments:			
Property taxes	-	1,202,231	1,202,231
Total collections on behalf of other governments:	<u>-</u>	<u>1,202,231</u>	<u>1,202,231</u>
Total additions	<u>10,050</u>	<u>1,259,360</u>	<u>1,269,410</u>
DEDUCTIONS			
Administrative expense	-	43,004	43,004
Interest expense	457,209	-	457,209
Bad debt	-	45,366	45,366
Interfund transfers	<u>(1,266,750)</u>	<u>1,266,750</u>	<u>-</u>
Total deductions	<u>(809,541)</u>	<u>1,355,120</u>	<u>545,579</u>
Net increase (decrease) in fiduciary net position	819,591	(95,760)	723,831
Net position (deficit) - beginning	<u>(10,221,325)</u>	<u>3,624,159</u>	<u>(6,597,166)</u>
Net position (deficit) - ending	<u>\$ (9,401,734)</u>	<u>\$ 3,528,399</u>	<u>\$ (5,873,335)</u>

CITY OF LEMOORE | JUNE 30, 2023

Custodial Funds

Combining Statement of Fiduciary Net Position

	School and County Impact Fees	Laguna Irrigation District	Kings Area Rural Transit	Total Custodial Funds
ASSETS				
Cash	\$ 1,206,318	\$ 119,795	\$ 220	\$ 1,326,333
Other assets	<u>-</u>	<u>28,800</u>	<u>-</u>	<u>28,800</u>
Total assets	<u>1,206,318</u>	<u>148,595</u>	<u>220</u>	<u>1,355,133</u>
LIABILITIES				
Accounts payable	-	-	220	220
Impact fees payable	<u>1,206,318</u>	<u>-</u>	<u>-</u>	<u>1,206,318</u>
Total liabilities	<u>1,206,318</u>	<u>-</u>	<u>220</u>	<u>1,206,538</u>
NET POSITION				
Restricted for:				
Organizations and other governments	<u>-</u>	<u>148,595</u>	<u>-</u>	<u>148,595</u>
Total net position	<u>\$ -</u>	<u>\$ 148,595</u>	<u>\$ -</u>	<u>\$ 148,595</u>

CITY OF LEMOORE | FOR THE YEAR ENDED JUNE 30, 2023

Custodial Funds

Combining Statement of Changes in Fiduciary Net Position

	School and County Impact Fees	Laguna Irrigation District	Kings Area Rural Transit	Total Custodial Funds
ADDITIONS				
Investment earnings:				
Interest, dividends, and other	\$ -	\$ 276	\$ -	\$ 276
Net investment earnings	-	276	-	276
Collections on behalf of other governments:				
Impact Fees	1,781,075	-	-	1,781,075
Other	-	-	1,310	1,310
Total collections on behalf of other governments	1,781,075	-	1,310	1,782,385
Total additions	1,781,075	276	1,310	1,782,661
DEDUCTIONS				
Payments to other governments	1,781,075	-	1,310	1,782,385
Other expenses	-	1,889	-	1,889
Total deductions	1,781,075	1,889	1,310	1,784,274
Net increase (decrease) in fiduciary net position	-	(1,613)	-	(1,613)
Net position - beginning	-	150,208	-	150,208
Net position - ending	<u>\$ -</u>	<u>\$ 148,595</u>	<u>\$ -</u>	<u>\$ 148,595</u>

CITY OF LEMOORE
MANAGEMENT REPORT
AND
AUDITOR'S
COMMUNICATION LETTER

FOR THE YEAR ENDED JUNE 30, 2023

**CITY OF LEMOORE
MANAGEMENT REPORT AND AUDITOR’S COMMUNICATION LETTER
FOR THE YEAR ENDED JUNE 30, 2023**

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BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Luis A. Perez C.P.A.
Lan T. Kimoto

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

We have audited the financial statements of the City of Lemoore (City), for the year ended June 30, 2023. 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 engagement letter dated October 3, 2023. Professional standards require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 GASB Statement No. 96 – Subscription-Based Information Technology Arrangements and the application of other existing policies was not changed during 2023. We noted no transactions entered into by the 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. Accounting estimates are used in determining the depreciable lives and methods used for capital assets, compensated absences, funding progress of CalPERS pension liability, certain lease terms not explicitly stated in lease agreements, and certain terms not explicitly stated in subscription-based information technology arrangements. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures about the employee retirement plan disclosed in Note 16 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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. Management has corrected all such misstatements. We did not identify any significant audit adjustments.

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 March 8, 2024.

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 and 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.

A handwritten signature in black ink, appearing to be "Michael J. [unclear]", written in a cursive style.

March 8, 2024

**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 City Council of the
City of Lemoore
Lemoore, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lemoore, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated March 8, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be 'M. J. [unclear]', written in a cursive style.

March 8, 2024

CITY OF LEMOORE

**SUMMARY SCHEDULE OF PRIOR AUDIT
FINDINGS FOR THE YEAR ENDED JUNE 30, 2023**

None