

CITY OF WOODLAKE

AUDITED BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

CITY OF WOODLAKE
BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015
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FINANCIAL SECTION

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
Woodlake, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodlake, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodlake, California as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 17 to the financial statements, during the year ended June 30, 2015, the City implemented *Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which modified the current financial reporting of those elements. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 47 through 50, and the Schedule of Changes in the Net Pension Liability and Related Ratios and Schedule of Contributions pages 51 and 52, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 inquires 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.

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 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 the 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.

Other 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 other supplementary information as listed in the table of contents is presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplemental information as listed in the table of contents and the schedule of expenditures of federal awards are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents and schedule of expenditures of federal awards 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 17, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Pressley & Associates, Inc.

Accountancy Corporation

Arroyo Grande, California
March 17, 2016

BASIC FINANCIAL STATEMENTS

**CITY OF WOODLAKE
STATEMENT OF NET POSITION
June 30, 2015**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and investments			
Unrestricted	\$ 1,109,411	\$ 6,182,402	\$ 7,291,813
Restricted	-	224,000	224,000
Receivables:			
Accounts	61,215	250,108	311,323
Taxes	43,588	-	43,588
Intergovernmental	755,027	106,162	861,189
Internal balances	(233,132)	233,132	-
Prepays	-	-	-
Loans receivable	9,647,452	-	9,647,452
Intergovernmental receivable	195,982	-	195,982
Capital assets:			
Non-depreciable	3,073,045	620,922	3,693,967
Depreciable, net of accumulated depreciation	8,534,359	22,748,416	31,282,775
Total assets	<u>23,186,947</u>	<u>30,365,142</u>	<u>53,552,089</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred pensions			
Unamortized loss on bonds	143,002	67,485	210,487
Total deferred outflows of resources	-	54,187	54,187
	<u>143,002</u>	<u>121,672</u>	<u>264,674</u>
<u>LIABILITIES</u>			
Accounts payable and other accruals	522,999	189,483	712,482
Interest payable	-	163,341	163,341
Unearned revenue	3,322	-	3,322
Due to other funds	-	-	-
Noncurrent liabilities:			
Due in one year	6,995	289,926	296,921
Due in more than one year	1,472,939	14,666,728	16,139,667
Total liabilities	<u>2,006,255</u>	<u>15,309,478</u>	<u>17,315,733</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred pensions	245,180	141,819	386,999
<u>NET POSITION</u>			
Net investment in capital assets	11,607,404	9,134,963	20,742,367
Restricted for:			
Special revenues	703,026	-	703,026
Debt service	-	224,000	224,000
Capital Projects	88,852	-	88,852
Unrestricted	8,679,232	5,676,554	14,355,786
Total net position	<u>\$ 21,078,514</u>	<u>\$ 15,035,517</u>	<u>\$ 36,114,031</u>
The notes to the financial statements are an integral part of this statement.			

**CITY OF WOODLAKE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue				Other Nonmajor Governmental Funds	Total Governmental Funds
	General	Community Development Fund	Gas Tax	Measure R		
ASSETS:						
Cash and investments	\$ 519,946	\$ 368,258	\$ -	\$ -	\$ 221,207	\$ 1,109,411
Receivables:						
Accounts	61,215	-	-	-	-	61,215
Taxes	43,588	-	-	-	-	43,588
Intergovernmental	-	-	423,914	151,119	179,994	755,027
Interest	-	-	-	-	-	-
Prepays	-	-	-	-	-	-
Due from other funds	-	-	-	-	215,448	215,448
Loans receivable	57,442	9,590,010	-	-	-	9,647,452
Advances to other funds	195,982	-	-	-	-	195,982
Total assets	<u>\$ 878,173</u>	<u>\$ 9,958,268</u>	<u>\$ 423,914</u>	<u>\$ 151,119</u>	<u>\$ 616,649</u>	<u>\$ 12,028,123</u>
LIABILITIES						
Accounts payables	\$ 206,839	\$ -	\$ 208,466	\$ 88,070	\$ 19,624	\$ 522,999
Due to other funds	-	-	215,448	63,049	170,083	448,580
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	3,322	3,322
Total liabilities	<u>206,839</u>	<u>-</u>	<u>423,914</u>	<u>151,119</u>	<u>193,029</u>	<u>974,901</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred housing loans	\$ -	\$ 9,590,010	\$ -	\$ -	\$ -	\$ 9,590,010
Total deferred inflows of resources	<u>-</u>	<u>9,590,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,590,010</u>
FUND BALANCES						
Nonspendable fund balances:						
Land held for resale	-	-	-	-	-	-
Advances	195,982	-	-	-	-	195,982
Restricted for debt service.	-	-	-	-	-	-
Assigned fund balances:						
Special revenue funds	-	368,258	-	-	334,768	703,026
Capital projects	-	-	-	-	88,852	88,852
Unassigned, general fund	475,352	-	-	-	-	475,352
Total fund balances	<u>671,334</u>	<u>368,258</u>	<u>-</u>	<u>-</u>	<u>423,620</u>	<u>1,463,212</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 878,173</u>	<u>\$ 9,958,268</u>	<u>\$ 423,914</u>	<u>\$ 151,119</u>	<u>\$ 616,649</u>	<u>\$ 12,028,123</u>

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

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

Total fund balances-governmental funds	\$ 1,463,212
 Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the funds.	11,607,404
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds.	9,590,010
Deferred inflows of resources and deferred outflows of resources:	
Deferred outflows of resources are not current assets of financial resources; and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds:	
Deferred pension outflows of resources	143,002
Deferred pension inflows of resources	(245,180)
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental fund balance sheet:	
Net pension liability	(1,393,592)
Compensated absences	(86,342)
	(1,479,934)
Net position of governmental activities	\$ 21,078,514

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

	Special Revenue				Other Nonmajor Governmental Funds	Total Governmental Funds
	General	Community Development Fund	Gas Tax	Measure R		
REVENUES						
Property taxes	\$ 283,339	\$ -	\$ -	\$ -	\$ -	\$ 283,339
Utility users tax	329,482	-	-	-	-	329,482
Sales tax	335,292	-	-	-	-	335,292
Other taxes	137,075	-	-	-	-	137,075
Licenses and permits	118,434	-	-	-	14,235	132,669
Charges for services	734,539	-	-	-	-	734,539
Intergovernmental revenues	760,049	-	1,504,443	728,959	740,844	3,734,295
Fines and forfeitures	26,555	-	-	-	-	26,555
Repayment of loans	-	91,099	-	-	-	91,099
Use of money and property	3,243	2,363	24	-	2,777	8,407
Miscellaneous revenues	78,944	-	-	-	-	78,944
Total revenues	2,806,952	93,462	1,504,467	728,959	757,856	5,891,696
EXPENDITURES						
Current:						
General government	599,604	-	-	-	-	599,604
Community development	-	5,109	-	-	422,878	427,987
Public safety	1,225,681	-	-	-	99,600	1,325,281
Public works	251,764	-	-	-	45,713	297,477
Parks and recreation	146,574	-	-	-	-	146,574
Refuse services	587,465	-	-	-	-	587,465
Capital outlay:						
Public works	160,000	-	1,861,224	728,959	83,015	2,833,198
Parks and recreation	-	-	-	-	2,448	2,448
Debt service:						
Principal	44,000	-	-	-	-	44,000
Interest	-	-	-	-	-	-
Total expenditures	3,015,088	5,109	1,861,224	728,959	653,654	6,264,034
Excess (deficiency) of revenues over (under) expenditures	(208,136)	88,353	(356,757)	-	104,202	(372,338)
OTHER FINANCING SOURCES (USES):						
Transfers in	313,789	-	5,830	-	-	319,619
Transfers out	-	-	-	-	(191,786)	(191,786)
Sale of capital assets	-	-	-	-	-	-
Total other financing sources and uses	313,789	-	5,830	-	(191,786)	127,833
Net change in fund balances	105,653	88,353	(350,927)	-	(87,584)	(244,505)
Fund balances, July 1, 2014	565,681	279,905	350,927	-	511,204	1,707,717
Fund balances, June 30, 2015	\$ 671,334	\$ 368,258	\$ -	\$ -	\$ 423,620	\$ 1,463,212

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

Net change in fund balances - total governmental funds	\$ (244,505)
 Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded.	2,932,071
Depreciation expense on capital assets is reported in the government-wide statement of changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(266,461)
Community loans are reported in the governmental funds as expenditures and are not in the statement of activities. This is the amount of community loans given.	282,698
Revenues in the governmental funds that were recognized as revenue in the previous periods in the statement of activities.	(91,099)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	12,318
Repayment of long-term liabilities principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net assets.	44,000
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB Statement No. 68.	44,184
	44,184
Change in net position - governmental activities	\$ 2,713,206

**CITY OF WOODLAKE
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2015**

	Water	Sewer	Nonmajor		Total
			Airport Fund	TDA Transit	
<u>ASSETS</u>					
Current assets:					
Cash and investments	\$ 1,847,456	\$ 4,295,433	\$ -	\$ 39,513	\$ 6,182,402
Receivables:					
Accounts	78,789	171,319	-	-	250,108
Intergovernmental	-	-	-	106,162	106,162
Prepays	-	-	-	-	-
Due from other funds	-	357,609	-	-	357,609
Noncurrent assets:					
Restricted cash with fiscal agent	99,000	125,000	-	-	224,000
Capital assets:					
Nondepreciable	94,209	451,713	-	75,000	620,922
Depreciable, net	2,568,802	19,237,967	46,883	894,764	22,748,416
Total assets	4,688,256	24,639,041	46,883	1,115,439	30,489,619
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred pensions	25,187	33,773	-	8,525	67,485
Unamortized loss on bonds	17,000	37,187	-	-	54,187
Total deferred outflows of resources	42,187	70,960	-	8,525	121,672
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	45,616	21,971	491	38,300	106,378
Utility deposits	37,062	46,043	-	-	83,105
Interest payable	25,365	137,976	-	-	163,341
Due to other funds	-	-	124,477	-	124,477
Loan payable (Due in one year)	33,600	247,777	-	-	281,377
Noncurrent liabilities:					
Loan payable	1,811,161	12,196,024	-	-	14,007,185
Compensated absences	19,432	24,630	-	10,908	54,970
Net pension liability	228,831	306,840	-	77,451	613,122
Total liabilities	2,201,067	12,981,261	124,968	126,659	15,433,955
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred pensions	52,930	70,974	-	17,915	141,819
<u>NET POSITION</u>					
Net investment in capital assets	835,250	7,283,066	46,883	969,764	9,134,963
Restricted for:					
Debt service	99,000	125,000	-	-	224,000
Unrestricted	1,542,196	4,249,700	(124,968)	9,626	5,676,554
Total net position	\$ 2,476,446	\$ 11,657,766	\$ (78,085)	\$ 979,390	\$ 15,035,517

CITY OF WOODLAKE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Water	Sewer	Nonmajor		Total
			Airport Fund	TDA Transit	
Operating revenues:					
Charges for services	\$ 864,968	\$ 1,785,737	\$ 29,809	\$ 14,518	\$ 2,695,032
Operating expenses:					
Personnel Services	270,039	342,688	-	89,305	702,032
Contractual services	38,404	70,987	2,532	1,137	113,060
Repairs and maintenance	13,120	13,120	-	12,653	38,893
Utilities	121,451	73,889	6,805	62	202,207
Other services and supplies	87,715	214,455	34,275	7,377	343,822
Amortization	500	1,062	-	-	1,562
Depreciation	110,487	543,741	-	62,654	716,882
Allocated indirect administrative expenses:					
Maintenance shop	-	-	-	-	-
Non-departmental expenses	-	-	-	-	-
Total operating expenses	641,716	1,259,942	43,612	173,188	2,118,458
Operating income (loss)	223,252	525,795	(13,803)	(158,670)	576,574
Nonoperating revenues (expenses):					
Interest income	13,394	31,990	-	13	45,397
Rental income	-	-	41,875	-	41,875
Impact fees	22,262	33,581	-	-	55,843
Revenue from other agencies	-	-	10,000	126,992	136,992
Transfers In (Out)	(41,671)	(66,868)	-	(19,294)	(127,833)
Interest expense	(50,231)	(292,447)	-	-	(342,678)
Total nonoperating revenues	(56,246)	(293,744)	51,875	107,711	(190,404)
Change in net position	167,006	232,051	38,072	(50,959)	386,170
Net position, July 1, 2014	2,593,552	11,806,682	(116,157)	1,126,511	15,410,588
Prior period adjustment	(284,112)	(380,967)	-	(96,162)	(761,241)
Net position, July 1, 2014, restated	2,309,440	11,425,715	(116,157)	1,030,349	14,649,347
Net position, June 30, 2015	\$ 2,476,446	\$ 11,657,766	\$ (78,085)	\$ 979,390	\$ 15,035,517

**CITY OF WOODLAKE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Water	Sewer	Nonmajor		Total
			Airport Fund	TDA Transit	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	\$ 869,121	\$ 1,794,534	\$ 35,013	\$ 14,518	\$ 2,713,186
Cash receipts (payments), vendors for goods or services	(256,117)	(384,327)	(45,632)	10,102	(675,974)
Cash receipts (payments), employees for, services including withholding of taxes and other items	(272,482)	(343,639)	-	(89,208)	(705,329)
Net cash provided by (used) operating activities	<u>340,522</u>	<u>1,066,568</u>	<u>(10,619)</u>	<u>(64,588)</u>	<u>1,331,883</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Revenue from other agencies	-	-	10,000	23,838	33,838
Transfers in (out)	(41,671)	(66,868)	-	(19,294)	(127,833)
Deferred outflows and inflows	(27,538)	(36,926)	-	(9,321)	(73,785)
Due to (from)	-	120,917	5,627	-	126,544
Proceeds from operating lease	-	-	41,875	-	41,875
Net cash provided by noncapital financing	<u>(69,209)</u>	<u>17,123</u>	<u>57,502</u>	<u>(4,777)</u>	<u>639</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Principal paid on capital debt service	(32,700)	(241,535)	-	-	(274,235)
Interest paid on capital debt service	(50,681)	(295,021)	-	-	(345,702)
Impact fees	22,262	33,581	-	-	55,843
Revenue from other agencies	-	-	-	66,992	66,992
Acquire, construct or improve capital assets	(41,887)	(32,397)	(46,883)	-	(121,167)
Net cash (used) by capital and related financing activities	<u>(103,006)</u>	<u>(535,372)</u>	<u>(46,883)</u>	<u>66,992</u>	<u>(618,269)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Gain (loss) on investments	-	-	-	-	-
Investment earnings	13,394	31,990	-	13	45,397
Net cash provided by investing activities	<u>13,394</u>	<u>31,990</u>	<u>-</u>	<u>13</u>	<u>45,397</u>
Net Increase (decrease) in cash and cash equivalents	181,701	580,309	-	(2,360)	759,650
Cash and Investments, July 1, 2014	<u>1,764,755</u>	<u>3,840,124</u>	<u>-</u>	<u>41,873</u>	<u>5,646,752</u>
Cash and investments, June 30, 2015	<u>\$ 1,946,456</u>	<u>\$ 4,420,433</u>	<u>\$ -</u>	<u>\$ 39,513</u>	<u>\$ 6,406,402</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 223,252	\$ 525,795	\$ (13,803)	\$ (158,670)	\$ 576,574
Adjustments to reconcile operating income to net cash (used) by operating activities:					
Depreciation & amortization	110,987	544,803	-	62,654	718,444
Pension expense	-	-	-	-	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	929	2,709	5,204	-	8,842
(Increase) decrease in prepaid expenses	2,000	5,000	-	-	7,000
Increase (decrease) in accounts payable	2,573	(16,876)	(2,020)	31,331	15,008
Increase (decrease) in due to other funds	-	-	-	-	-
Increase (decrease) in compensated absences	(2,443)	(951)	-	97	(3,297)
Increase (decrease) in utility deposits	3,224	6,088	-	-	9,312
Net cash provided (used) by operating activities	<u>\$ 340,522</u>	<u>\$ 1,066,568</u>	<u>\$ (10,619)</u>	<u>\$ (64,588)</u>	<u>\$ 1,331,883</u>

**CITY OF WOODLAKE
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2015**

	Private-purpose Trust Fund	Woodlake Fire Protection District
<u>ASSETS</u>		
Cash and investments	\$ 236,262	\$ 132,436
Land held for resale	45,114	-
Capital assets:		
Land	605,409	-
Improvements other than land	855,968	-
Less accumulated depreciation	(162,653)	-
Total Assets	1,580,100	\$ 132,436
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred pensions	1,402	
<u>LIABILITIES</u>		
Accounts payable	8,319	\$ 23,840
Due to external investment pool participants	-	108,596
Intergovernmental payable	195,983	-
Bond payable	398,200	-
Pension payable	12,738	-
Total Liabilities	615,240	\$ 132,436
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred pensions	2,946	
<u>NET POSITION</u>		
Net position held in trust	\$ 963,316	

**CITY OF WOODLAKE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Private-purpose Trust Fund
<u>ADDITIONS</u>	
Contributions - Redevelopment Property Tax Trust Fund	\$ 44,092
Interest revenue	1,611
Total Additions	45,703
 <u>DEDUCTIONS</u>	
Administrative expenses	134,041
Loss on sale of capital assets	47,040
Depreciation expense	21,399
Debt redemption, interest	16,426
Total Deductions	218,906
 Change in net position	 (173,203)
Net position held in trust - beginning	1,152,334
Prior period adjustment	(15,815)
Net position held in trust - beginning, restated	1,136,519
 Net position held in trust - ending	 \$ 963,316

CITY OF WOODLAKE
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The City of Woodlake (the City) was incorporated in 1941 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: general administrative services, community development, public safety (police), public works, parks, refuse, water, sewer, and transit.

The accompanying basic financial statements include the financial activities of the City, the primary government. Financial information for the City is 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 serve as the governing board of the City.

The Redevelopment Agency of the City of Woodlake (the Agency) was established March 9, 1993, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law" and on November 7, 1995, the City Council became the governing board. The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of the blighted areas within the territorial limits of the City. Under Assembly Bill 1X26, the Redevelopment Agency of the City of Woodlake was dissolved and all its assets, liabilities and obligations were transferred to the Successor Agency on February 1, 2012.

The Successor Agency of the City of Woodlake (Successor Agency) was established January 12, 2012, and elected to serve as the Successor Agency. It is responsible for winding down the affairs of the redevelopment agency including disposing of its assets. The Successor Agency operates under the control of an Oversight Board, which serves in its fiduciary capacity and has authority over the operations and the timely dissolution of the former redevelopment agency.

The Woodlake Housing Fund was formed on February 1, 2012, it assumed all housing assets and functions previously performed by the redevelopment agency, including all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the former redevelopment agency.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Woodlake Public Financing Authority (the Authority) was established as a joint powers authority between the City and the Agency on August 27, 2007, pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in order that such Authority may exercise the powers authorized under the Marks-Roes Local Bond Pooling Act of 1985 (Government Code Section 6584 et seq.) and, in addition, exercise such powers in connection with future financing undertaken by the City or the Agency. The funds and related debt activity associated with the Authority have been included in the business-type activities of the Water Fund in the financial statements because its purpose is to finance the water system improvement project to be owned by the City and other future enterprise fund improvement projects to be owned by the City.

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 units. The Governmental Accounting Standards Board is the accepted standard setting body for governmental accounting and financial reporting principles.

B. Basis of Accounting / Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City government-wide financial statements include a statement of net assets and a statement of activities and changes in net assets. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net assets. The statement of activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the city are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net assets have been eliminated. In the statement of activities, interfund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. In addition, the City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated.

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Community Development Fund** is used to account for the CDBG and HOME loan repayment revenue and program income money.

The **Gas Tax Fund** is used for the accounting of revenues collected through an excise tax on the sale of fuel that is intended for transportation. The fuel tax receipts is dedicated for transportation projects. The tax is being used to leverage current and future downtown transportation projects and assist in the maintenance of our current transportation infrastructure.

The **Measure R Fund** is used for the accounting of revenues collected through Measure R and other local transportation funding sources. The revenues from the fund are used to fund downtown, transportation and mitigation projects. Measure R is a local sales tax for transportation projects.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Financial Statements

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash during the year or within 60 days after year-end. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Enterprise Fund Financial Statements

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

The City Reports the following major enterprise fund types:

The **Water Fund** accounts for financial activity of the water utility system.

The **Sewer Fund** is used to account for the financial activity of the sewage collection and wastewater treatment utility system.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the enterprise funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Fund Financial Statements

The City's fiduciary funds represent:

An agency fund, which is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, and a private purpose trust fund, which is used to record the assets, liabilities and activities of the Redevelopment Successor Agency. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The City reports the following agency and special purpose trust funds:

The **Woodlake Fire Protection District Agency Fund** accounts for receipts and expenditures made on behalf of the Woodlake Fire District.

The **Successor Agency Fund** is responsible for the wind down of the affairs of the dissolved Redevelopment Agency of the City of Woodlake.

Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

C. Cash and Investments

Under the City's cash management program, cash in excess of operating requirements from all funds is pooled with the purpose of maximizing interest through investment activities, and is deposited in savings accounts or invested in bank certificates of deposit, bank money market accounts and the State of California Local Agency Investment Fund (LAIF). Interest income on pooled investments is allocated on the end of month balance in each fund included in the pools. Information regarding the amount of dollars invested in derivatives, if any, with LAIF was not available.

D. Cash and Cash Equivalents

For 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. All cash and investments of the enterprise fund types are pooled with the City's pooled cash and investments.

E. Use of Estimates

The preparation of 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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 non-current portion of interfund loans).

Proprietary fund receivables are shown net of an allowance for uncollectible accounts. Utility customers are billed monthly. The estimated value of services provided, but unbilled at year-end has been included in the accompanying financial statements.

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

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

Revenue 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.

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

G. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. The City has chosen not to capitalize infrastructure in place prior to the adoption of GASB 34. Gifts or contributions of capital assets are recorded at fair value when received.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings and improvements	20-50 years
Utility systems	20-50 years
Equipment and vehicles	5-10 years
Infrastructure	40 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the City has included the value of all infrastructure acquired since the adoption of this statement.

The City defines infrastructure as capital assets that are stationery and have expected useful lives significantly in excess of most capital assets. The assets include the street system, water purification and distribution system, sewer collection and treatment system, parks and recreation improvements, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business.

H. 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.

I. Compensated Absences Payable

Under certain circumstances and according to negotiated labor agreements, employees of the City are allowed to accumulate annual leave. This amount is included as a liability in the government- wide and proprietary fund financial statements.

J. Long-Term Debt

In the government-wide and enterprise fund statements, long-term debt and other long-term obligations are reported as liabilities. Issuance costs are deferred and amortized over the life of the loan. Issuance costs are reported as other assets and amortized over the term of the related debt, which is 40 years. The United States Department of Agriculture obligation commenced July 1, 2009, and the United States Department of Agriculture, Series A and B commenced November 18, 2010. Amortization for the fiscal year ended June 30, 2015 was \$1,562.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

K. Deferred outflows/inflows of resources

In additions to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In additions to liabilities, this statement of financial 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 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 only one type of item, which arises only a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from federal and state grants, and from the housing loan principal. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. Classification of Net Position and Fund Balances

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Net investment in capital assets – This category groups all capital assets 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 the balance in this category.

Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulation of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category represents net position of the City, not restricted for project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City implemented GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2011. The objective of the statement is to enhance the usefulness of fund balance information by provided clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

As prescribed by GASB Statement No. 54, governmental funds report fund balances in classifications 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 fund balance- includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance- includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other government or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance- includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council and Management. These amounts cannot be used for any other purpose unless the City Council and Management 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 fund balance - 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 is expressed by (a) the City Council and Management or (b) an appointed body or official to which the City Council and Management has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned fund balance - this classification includes all residual fund balances for the General Fund that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

In circumstance when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, it is the City's policy to use restricted resources first, followed by committed, assigned and unassigned. However, the City reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Compliance and Accountability

The Airport Enterprise fund had a deficit net position balance of \$ 78,085 as of June 30, 2015. The City made some unexpected repairs during the previous years and expects to replenish the fund balance with future income generated from the airport.

NOTE 2 – CASH AND INVESTMENTS

The investment policy of the City is consistent with guidelines set forth under State of California Government Code Section 53601 and serves to maximize investment income consistent with safe and prudent investment practices. All surplus funds are managed by the City Administrator in compliance with the Statement of Investment Policy adopted by the City Council which delegates to the City Administrator the authority to invest City funds and to deposit securities.

The City follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the month-end cash and investment balances.

At June 30, 2015, cash, cash equivalents and investments consisted of the following:

Cash and cash equivalents	\$ 3,566,824
Investments	<u>4,317,687</u>
Total cash, cash equivalents and investments	<u>\$ 7,884,511</u>

Cash Deposits

The City maintains a cash investment pool that is available for all funds. Each fund type balance in the pool is reflected on the statement of net assets as cash and cash equivalents. The carrying amount of the City's cash deposits was \$3,566,824 at June 30, 2015. The general bank balance at June 30, 2015, was \$3,578,863, which was fully covered by federal depository insurance limits.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus collateral for cash deposits is considered to be held in the City's name. The market value of the pledged securities must equal at least 110 percent of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of a City's total deposits.

NOTE 2 – CASH AND INVESTMENTS (continued)

Local Agency Investment Fund (LAIF)

The City 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 investments 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). These funds are carried at cost which approximates fair value. As of June 30, 2015, the balance is \$1,953,433. The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Authorized Investments:

Under provision of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

Securities of the U.S. Government, or its agencies	Local agency investment fund deposits
Certificates of deposit (or time deposits) placed with commercial banks and/or savings and loan companies	(state pool)
Negotiable certificates of deposit	Passbook savings account demand deposits
Bankers' acceptances	Small business administration loans
Commercial paper	Repurchase agreements
	Reverse repurchase agreements

The City's investment activities are within state statutes and the City's investment policy.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing exposure of fair value losses arising from increasing interest rates.

The Value of investments held in the City Treasury, carried at cost, which approximates fair value grouped by maturity at June 30, 2015, is as follows:

NOTE 2 – CASH AND INVESTMENTS (continued)

Investment type	Total Amount	12 months or less	13 to 24 Months	25 to 60 Months	60+ Months
Local Agency Investment Fund (LAIF)	\$ 1,953,433	\$ 1,953,433	\$ -	\$ -	\$ -
Money market	-	-	-	-	-
Certificate of deposits	1,803,697	201,731	403,602	1,198,364	-
Held by Trustee:					
Federal Agency Securities	560,557	-	-	560,557	-
Total	\$ 4,317,687	\$ 2,155,164	\$ 403,602	\$ 1,758,921	\$ -

Credit and Concentration Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSRO's). It is in the City's policy to limit its investments in these investment types to the top rating issued by NRSRO's, including raters Standard & Poor's and Moody's Investors Services. At June 30, 2015, the City's credit risks, expressed on a percentage basis, are as follows:

Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments			
Investment Type	Moody's Credit Rating	S & P's Rating	% of Investments
Certificate of Deposits	Not Rated	A	0.00%
Certificate of Deposits	Not Rated	Not Rated	41.77%
Local Agency Investment Fund (LAIF)	Not Rated	Not Rated	45.24%
Federal National Mortgage Association	Not Rated	A	12.99%
Total			100.00%

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

NOTE 2 – CASH AND INVESTMENTS (continued)

	<u>Credit Quality Ratings</u>	<u>Fair Value</u>
Cash on hand	Not Rated	\$ 200
Primary government deposits	Not Rated	3,197,926
Certificates of deposits	Not Rated	1,803,696
Local Agency Investment Fund (LAIF)	Not Rated	1,953,433
Federal National Mortgage Association	A	560,558
Cash in fiduciary fund	Not Rated	<u>368,698</u>
 Total cash and investments		 <u><u>\$ 7,884,511</u></u>

Cash and investments are reported on the government-wide statement of net assets as follows:

	<u>Credit Quality Ratings</u>	<u>Fair Value</u>
Cash and investments	Not Rated	\$ 7,515,813
Restricted cash and cash equivalents	Not Rated	<u>-</u>
 Total cash and investments		 <u><u>\$ 7,515,813</u></u>
 Cash and investments in fiduciary fund		 <u><u>\$ 368,698</u></u>

NOTE 3 – INTERFUND TRANSACTIONS

A. Current Interfund Balance

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year.

<u>Due to fund</u>	<u>Due from fund</u>	<u>Amount</u>
Sewer	Airport	\$ 124,477
Sewer	Measure R	63,049
Sewer	HOME Program Income	170,083
Transportation	CDBG Program	<u>215,448</u>
		<u><u>\$ 573,057</u></u>

B. Long-Term Interfund Advances

At June 30, 2015, the funds below have made advances that were not expected to be repaid in one year or less.

NOTE 3 – INTERFUND TRANSACTIONS (continued)

<u>Advances from</u>	<u>Advances to</u>	<u>Amounts</u>
	Private-Purpose Trust Fund	
General fund	Successor Agency	\$ 195,982

The Redevelopment Agency Fund advance is from the General Fund and is composed of various operating advances for the redevelopment agency's different project areas. The advances have an interest rate at 7 percent per annum and are expected to be repaid with tax increment revenue.

C. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund.

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Reason</u>
Water	General	\$ 41,671	Costs applied
Sewer	General	66,868	Costs applied
Transit	General	19,294	Costs applied
Transportation	General	185,956	Costs applied
Transportation	Gas Tax	5,830	Costs applied

NOTE 4 – LOANS RECEIVABLE / DEFERRED INFLOWS

On October 17, 1995, the City entered into a "Building Loan Agreement" with and among the Woodlake Valencia Partners and Wells Fargo National Bank. The City loaned \$952,000 of Home Investors Partnership (HOME) funds. The interest rate is 6.5 percent fixed rate, simple interest. Interest began accruing on the date of the loan closing. The term of the loan is 40 years with a grace period of 20 years for payment on accrued interest and principal. Payments shall be made annually beginning April 1, 2017, in an amount equal to fifty percent (50%) of residual receipts.

On June 10, 1996, the City entered into a "Development Agreement" with Scott B. Townsend and Carolyn L. Townsend, doing business as Walsberg Properties. The City loaned \$952,381 of HOME funds. The interest rate is 1.5 percent fixed rate, simple interest. Interest began accruing on January 1, 1997. Annual payments are made on April 30 of each year, which began April 30, 1998, in the amount of fifty percent (50%) of all residual receipts over \$12,000. The payments are applied first to interest then due and the balance to principal. The term of the loan shall end on June 10, 2051.

The grant funds expended for rehabilitation and First Time Homebuyers Program under the Community Development Block Grant Program are recorded as expenditures in the year the loans are made to participants even though the amounts will be recovered as the loans are repaid. The City maintains detailed records of these loans and records loan principal and interest payments as program revenues in the year such payments are received. These are "performing" loans with monthly/annual activity and are recorded as receivable and deferred revenue. Such loans totaled \$336,256 as of June 30, 2015.

NOTE 4 – LOANS RECEIVABLE / DEFERRED REVENUE (continued)

Deferred payment loans, issued under the Community Development Block Grant Program and Home Investors Partnership Program, are not required to be paid back until 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. Deferred payment loans are "non-performing" loans and are recorded as receivable and deferred revenue. Such loans totaled \$9,253,754 as of June 30, 2015.

NOTE 5 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure additions as of the beginning of the 2002-2003 fiscal year in the government-wide statement of net assets. The City elected to use the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

For the year ended June 30, 2015, depreciation expense on capital assets was charged to the governmental functions as follows:

General government	\$ 11,114
Community development	3,066
Public safety	54,829
Public works	170,778
Parks and recreation	<u>26,674</u>
Total	<u>\$ 266,461</u>

NOTE 5 – CAPITAL ASSETS (continued)

The following presents summary information on capital assets:

	Balance June 30, 2014	Increases	Decreases	Adjustments	Balance June 30, 2015
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 336,871	\$ 423,900	\$ -	\$ -	\$ 760,771
Construction in progress	<u>3,006,333</u>	<u>2,186,253</u>	<u>2,880,312</u>	<u>-</u>	<u>2,312,274</u>
Total capital assets, not being depreciated	<u>3,343,204</u>	<u>2,610,153</u>	<u>2,880,312</u>	<u>-</u>	<u>3,073,045</u>
Capital assets, being depreciated:					
Buildings	740,652	-	-	-	740,652
Improvements other than buildings	1,587,459	49,256	-	-	1,636,715
Equipment	805,571	272,662	-	-	1,078,233
Infrastructure	<u>4,581,489</u>	<u>2,880,312</u>	<u>-</u>	<u>-</u>	<u>7,461,801</u>
Total capital assets, being depreciated	<u>7,715,171</u>	<u>3,202,230</u>	<u>-</u>	<u>-</u>	<u>10,917,401</u>
Less accumulated depreciation for:					
Buildings	554,014	19,129	-	-	573,143
Improvements other than buildings	350,485	76,298	-	-	426,783
Equipment	536,052	56,497	-	-	592,549
Infrastructure	<u>676,030</u>	<u>114,537</u>	<u>-</u>	<u>-</u>	<u>790,567</u>
Total accumulated depreciation	<u>2,116,581</u>	<u>266,461</u>	<u>-</u>	<u>-</u>	<u>2,383,042</u>
Total capital assets, being depreciated, net	<u>5,598,590</u>	<u>2,935,769</u>	<u>-</u>	<u>-</u>	<u>8,534,359</u>
Governmental activity capital assets, net	<u>\$ 8,941,794</u>	<u>\$ 5,545,922</u>	<u>\$ 2,880,312</u>	<u>\$ -</u>	<u>\$ 11,607,404</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 526,713	\$ -	\$ -	\$ -	\$ 526,713
Infrastructure in progress	<u>94,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,209</u>
Total capital assets, not being depreciated	<u>620,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>620,922</u>
Capital assets being depreciated:					
Utility system	24,020,900	67,658	-	-	24,088,558
Building and Structures	850,000	46,883	-	-	896,883
Equipment and vehicles	<u>1,172,200</u>	<u>6,625</u>	<u>-</u>	<u>-</u>	<u>1,178,825</u>
Total capital assets, being depreciated	<u>26,043,100</u>	<u>121,166</u>	<u>-</u>	<u>-</u>	<u>26,164,266</u>
Less accumulate depreciation for:					
Utility system	2,136,699	586,770	-	-	2,723,469
Building and Structures	-	42,500	-	-	42,500
Equipment and vehicles	<u>562,278</u>	<u>87,603</u>	<u>-</u>	<u>-</u>	<u>649,881</u>
Total accumulated depreciation	<u>2,698,977</u>	<u>716,873</u>	<u>-</u>	<u>-</u>	<u>3,415,850</u>
Total capital assets, being depreciated, net	<u>23,344,123</u>	<u>(595,707)</u>	<u>-</u>	<u>-</u>	<u>22,748,416</u>
Business-type capital assets, net	<u>\$ 23,965,045</u>	<u>\$ (595,707)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,369,338</u>

NOTE 6 – OPERATING LEASES

Rental Income

The City entered into a lease agreement to lease out the restaurant at the airport. Monthly installments of \$1,250 were required under a month to month lease which was canceled in November 2014. The City entered a new month to month lease for the facility in December of 2014. This lease is with a new tenant and requires monthly payments of \$1,500. Rental income was \$16,400 for the fiscal year ended June 30, 2015.

The City entered into lease agreements for land/hangar leases at the airport. Monthly installments of \$2,160 are required under the leases monthly. Rental income was \$25,475 for the fiscal year ended June 30, 2015.

NOTE 7 – COMPENSATED ABSENCES

The City's policy relating to compensated absences is described in Note 1. As shown in the table below, the long-term portion of this debt, amounting to \$79,347 for governmental activities and \$46,421 for business-type activities at June 30, 2015, is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the general fund and the enterprise funds.

	<u>Balance June 30, 2014</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities:						
Compensated absences	<u>\$ 98,660</u>	<u>\$ 39,862</u>	<u>\$ 52,180</u>	<u>\$ 86,342</u>	<u>\$ 6,995</u>	<u>\$ 79,347</u>
Business-Type Activities:						
Compensated absences	<u>\$ 58,268</u>	<u>\$ 27,612</u>	<u>\$ 30,910</u>	<u>\$ 54,970</u>	<u>\$ 8,549</u>	<u>\$ 46,421</u>

NOTE 8 – LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2015.

	<u>Balance June 30, 2014</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
Governmental Activities:						
RDA loan	<u>\$ 44,000</u>	<u>\$ -</u>	<u>\$ 44,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business Type Activities						
USDA loan Water	\$ 1,877,461	\$ -	\$ 32,700	\$ 1,844,761	\$ 33,600	\$ 1,811,161
Sewer Loan	191,936	-	12,635	179,301	13,677	165,624
USDA loan, Series A	8,572,800	-	157,100	8,415,700	160,600	8,255,100
USDA loan, Series B	<u>3,920,600</u>	<u>-</u>	<u>71,800</u>	<u>3,848,800</u>	<u>73,500</u>	<u>3,775,300</u>
Total business type activities	<u>\$ 14,562,797</u>	<u>\$ -</u>	<u>\$ 274,235</u>	<u>\$ 14,288,562</u>	<u>\$ 281,377</u>	<u>\$ 14,007,185</u>

A. California Department of Parks and Recreation

This \$220,000 promissory note was issued by the California Department of Parks and Recreation due to the City's non-compliance with a previously awarded grant contract. The City is required to make annual principal only payments of \$44,000 on June 1 of each year through June 1, 2015, commencing June 1, 2011. The balance of this obligation was paid off this year.

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

B. USDA Loan

The City purchased certificates of participation of \$2,000,000 from the USDA to finance water system improvements. Interest on the certificates of participation accrues at 2.75 percent per annum. The City is required to make annual principal payments on July 1 of each year commencing July 1, 2010 through July 1, 2048, with interest payments made semi-annually on January 1 and July 1. The payments will vary based on number of days that interest is accrued.

The following is a summary of future required minimum payments due:

Fiscal Year Ending	USDA Certificate of Participation		
	Principal	Interest	Total
2016	\$ 33,600	\$ 50,465	\$ 84,065
2017	34,500	49,529	84,029
2018	35,500	48,566	84,066
2019	36,500	47,576	84,076
2020	37,500	46,559	84,059
2021-2025	203,400	216,535	419,935
2026-2030	232,800	185,588	418,388
2031-2035	266,800	152,295	419,095
2036-2040	305,500	113,009	418,509
2041-2045	349,700	68,028	417,728
2046-2048	308,961	17,684	326,645
Totals	<u>\$ 1,844,761</u>	<u>\$ 995,834</u>	<u>\$ 2,840,595</u>

C. Sewer Loan

The City entered into a loan agreement for \$240,000 with David C. Stillwell and Victoria Lynn Stillwell as trustees of the David C. Stillwell and Victoria Lynn Stillwell Trust on August 14, 2009, to purchase property to be used as part of the sewer improvement project. The loan accrues interest at a fixed rate of 8 percent per annum. The City is required to make quarterly payments of \$6,904, which include principal and interest, on the November 15, February 15, May 15, and August 15, each year through August 15, 2024.

The following is a summary of future required minimum payments due:

Fiscal Year Ending	Sewer Loan		
	Principal	Interest	Total
2016	\$ 13,677	\$ 13,941	\$ 27,618
2017	14,804	12,813	27,617
2018	16,024	11,593	27,617
2019	17,345	10,272	27,617
2020	18,775	8,842	27,617
2021-2024	98,676	18,698	117,374
Total	<u>\$ 179,301</u>	<u>\$ 76,159</u>	<u>\$ 255,460</u>

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

D. USDA Loan – Series A

The City purchased certificates of participation of \$9,000,000 from the USDA to finance sewer system improvements. Interest on the certificates of participation accrues at 2.25 percent per annum. The City is required to make annual principal payments on January 1 of each year commencing January 1, 2012 through January 1, 2050, with interest payments made semi-annually on January 1 and July 1. The payments will vary based on number of days that interest is accrued. The following is a summary of future required minimum payments due:

Fiscal Year Ending	USDA Certificate of Participation - Series A		
	Principal	Interest	Total
2016	\$ 160,600	\$ 187,547	\$ 348,147
2017	164,200	183,893	348,093
2018	167,900	180,156	348,056
2019	171,700	176,336	348,036
2020	175,600	172,429	348,029
2021-2025	938,900	800,391	1,739,291
2026-2030	1,049,500	688,652	1,738,152
2031-2035	1,173,100	563,761	1,736,861
2036-2040	1,311,100	424,159	1,735,259
2041-2045	1,465,300	268,138	1,733,438
2046-2050	1,637,800	93,768	1,731,568
Total	\$ 8,415,700	\$ 3,739,230	\$ 12,154,930

E. USDA Loan – Series B

The City purchased certificates of participation of \$4,116,000 from the USDA to finance sewer system improvements. Interest on the certificates of participation accrues at 2.25 percent per annum. The City is required to make annual principal payments on January 1 of each year commencing January 1, 2012 through January 1, 2050, with interest payments made semi-annually on January 1 and July 1. The payments will vary based on number of days that interest is accrued. The following is a summary of future required minimum payments due:

Fiscal Year Ending	USDA Certificate of Participation - Series B		
	Principal	Interest	Total
2016	\$ 73,500	\$ 85,771	\$ 159,271
2017	75,100	84,099	159,199
2018	76,800	82,391	159,191
2019	78,500	80,643	159,143
2020	80,300	78,857	159,157
2021-2025	429,500	366,040	795,540
2026-2030	479,900	314,934	794,834
2031-2035	536,500	257,817	794,317
2036-2040	599,600	193,979	793,579
2041-2045	670,200	122,625	792,825
2046-2050	748,900	42,875	791,775
Total	\$ 3,848,800	\$ 1,710,031	\$ 5,558,831

NOTE 9 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

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

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

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

	Miscellaneous	
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
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	55	62
Monthly benefits, as a % of eligible compensation	2.0%	2%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	13%	6.25%
	Safety	
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	2% @ 55	2.% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	57
Monthly benefits, as a % of eligible compensation	2.0%	2.0%
Required employee contribution rates	7%	9.5%
Required employer contribution rates	23.869%	9.5%

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	13	19
Inactive employees entitled to but not yet receiving benefits	7	41
Active employees	<u>14</u>	<u>8</u>
Total	<u><u>34</u></u>	<u><u>68</u></u>

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

B. Net Pension Liability

The City of Woodlake’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	7%	7%

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

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

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

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

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

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

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

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		
(a) An expected inflation of 2.5% used for this period.			
(b) An expected inflation of 3.0% used for this period.			

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follows:

<i>Miscellaneous Plan:</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$5,122,833	\$3,806,327	\$1,316,506
Changes in the year:			
Service cost	110,560		110,560
Interest on the total pension liability	381,344		381,344
Differences between actual and expected experience	0	0	0
Changes in assumptions	0		0
Implementation year adjustments	0	102,794	(102,794)
Contribution - employer		89,008	(89,008)
Contribution - employee (paid by employer)		0	0
Contribution - employee		53,026	(53,026)
Net investment income	0	283,714	(283,714)
Deferred inflow/outflow expenses netted	0	291,211	(291,211)
Benefit payments, including refunds of employee contributions	(187,046)	(187,046)	0
Net changes	304,858	632,707	(327,849)
Balance at June 30, 2015	\$5,427,691	\$4,439,034	\$988,657

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

Safety Plan:			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$3,557,175	\$2,345,903	\$1,211,272
Changes in the year:			
Service cost	121,243		121,243
Interest on the total pension liability	363,383		363,383
Differences between actual and expected experience			0
Changes in assumptions			0
Implementation year adjustments		113,726	(113,726)
Contribution - employer		121,760	(121,760)
Contribution - employee (paid by employer)			0
Contribution - employee		36,026	(36,026)
Net investment income		173,734	(173,734)
Deferred inflow/outflow expenses netted		219,857	(219,857)
Benefit payments, including refunds of employee contributions	(312,052)	(312,052)	0
Net changes	172,574	353,051	(180,477)
Balance at June 30, 2015	\$3,729,749	\$2,698,954	\$1,030,795

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City of Woodlake for each Plan, calculated using the discount rate for each Plan, as well as what the City of Woodlake’s 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:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	\$1,708,709	\$1,530,386
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$988,657	\$1,030,795
1% Increase	8.50%	8.50%
Net Pension Liability	\$391,082	\$691,154

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City of Woodlake recognized pension expense of \$ 83,581. At June 30, 2015, the City of Woodlake 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		
Differences between actual and expected experience		(\$490,889)
Changes in assumptions		
Adjustments due to differences in proportions	13,700	(\$33,879)
Total	\$13,700	(\$524,768)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	(\$129,929)
2017	(129,929)
2018	(128,487)
2019	(122,723)
2020	
Thereafter	
	<u><u>(\$511,068)</u></u>

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The City does not provide postemployment benefits, other than pension benefits. City's OPEB plan was terminate in July 2013 with Council Resolution No. 13-49.

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk of loss is primarily handled through the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a consortium of fifty-two (52) cities for workers' compensation programs and fifty-eight (58) cities for the pooled liability program in the San Joaquin Valley of California. It was established under the provisions of California Government Code Section 6500 et seq. Central San Joaquin Valley Risk Management Authority is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by CSJVRMA.

CSJVRMA provides \$4,500,000 coverage limits in excess of the retained limit of \$500,000 for each workers' compensation claim and also participates in the California State Association of Counties Excess Insurance Authority (CSAC-EIA) for coverage in excess of \$5,000,000.

Under the pooled liability program, expected claims are actuarially determined and deposited with CSJVRMA along with all estimated operating costs. Each year is retrospectively adjusted five years following its conclusion and any funds remaining are returned to the City. Likewise, funds paid out in excess of City's original deposit are collected from the City. The risk sharing pool covers the first \$1,000,000 of losses. CSJVRMA provides coverage in excess of the retained limit up to \$29,000,000.

The following is a summary of financial information of the CSJVRMA as of and for the fiscal year ended June 30, 2015.

Total assets	\$	86,630,360
Total liabilities		<u>73,673,710</u>
Member's equity	\$	<u>12,956,650</u>
Total revenues	\$	36,826,322
Total expenses		<u>40,427,807</u>
Excess of expenses over income	\$	<u>(3,601,485)</u>

At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with governing documents.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Construction Commitments

The City has entered into various construction contracts with private contractors prior to the fiscal year end. These commitments include various contracts related to the completion of the City's water and sewer system improvements and Bravo Lake improvements. These commitments are contingent on the receipt of future revenues for funding.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)

General Liability

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

Federal Awards and Grants

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

NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, The California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Woodlake that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “Successor Agency” to hold the assets until they are distributed to other units of state and local government. On January 9, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City Minute Order, which passed unanimously.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects) that were subject to legally enforceable contractual commitments.

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the 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.

The Bill directs the State Controller of the State of California to review the propriety of any transfer of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in conjunction with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the Successor Agency trustee under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (continued)

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Land held for resale

Land held for resale for the year ended June 30, 2015, was as follows:

<u>APN#</u>	<u>Book Value</u>
060-230-006, 060-250-007 & 060-250-008	<u>\$ 45,114</u>

Capital assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Land	\$ 605,409	\$ -	\$ -	\$ 605,409
Improvements other than buildings	855,968	-	-	855,968
Accumulated depreciation - improvements	<u>(141,253)</u>	<u>(21,399)</u>	-	<u>(162,652)</u>
Capital assets net	<u>\$ 1,320,124</u>	<u>\$ (21,399)</u>	<u>\$ -</u>	<u>\$ 1,298,725</u>

Intergovernmental payable

The advance made by the City of Woodlake to the Former redevelopment agency were transferred to the Successor Agency private-purpose trust fund as intergovernmental payable and comprised of the following:

<u>Purpose</u>	<u>Amount</u>
Admin and Projects 10/11 FY	\$ 163,261
Admin and Projects 09/10 FY	25,362
Admin and Projects 08/09 FY	<u>7,360</u>
Totals	<u>\$ 195,983</u>

NOTE 13 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (continued)

Long-term debt

The RDA tax allocation bonds were issued by the Redevelopment Agency to purchase the local airport. The USDA purchased the bonds that bear an interest rate of 4.125 percent per annum. The City is required to make annual principal payments on July 1 of each year through July 1, 2025, with semi-annual interest payments in January and July. The payments will vary based on number of days that interest is accrued.

The following is a summary of future required minimum payments:

Fiscal Year Ending	RDA Tax Allocation Bonds - USDA		
	Principal	Interest	Total
2016	\$ 30,600	\$ 15,217	\$ 45,817
2017	31,800	13,955	45,755
2018	33,100	12,643	45,743
2019	34,500	11,278	45,778
2020	35,900	9,855	45,755
2021-2025	<u>202,300</u>	<u>25,802</u>	<u>228,102</u>
Totals	<u>\$ 368,200</u>	<u>\$ 88,750</u>	<u>\$ 456,950</u>

Contingencies

Under AB 1X 26, the repayment of loans made in good faith by the City of Woodlake to the former redevelopment agency became unenforceable as of February 1, 2012 and not subject to repayment by the Successor Agency. Under AB 1484, the City may be eligible to receive repayment of sums loaned to the redevelopment agency more than two years after the redevelopment agency was created. However, AB 1484 places several conditions on the repayment of the loans by the Successor Agency to the City which could significantly reduce the repayment amount. It is also possible that the State of California Department of Finance (DOF) could invalidate any of the loans made by the City to the redevelopment agency.

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

Changes to June 30, 2014, fund balance and net position are as follows:

	Water Fund	Sewer Fund	Transit Fund	Private- Purpose Trust Fund	Governmental Activities	Business- type Activities
Fund Balance/Net Position						
June 30, 2014	\$ 2,593,552	\$ 11,806,682	\$ 1,126,511	\$ 1,152,334	\$ 19,905,262	\$ 15,410,588
Net pension adjustment per GASB statement 68	(284,112)	(380,967)	(96,162)	(15,815)	(1,539,954)	(761,241)
Prior period adjustments	(284,112)	(380,967)	(96,162)	(15,815)	(1,539,954)	(761,241)
June 30, 2014, restated	<u>\$ 2,309,440</u>	<u>\$ 11,425,715</u>	<u>\$ 1,030,349</u>	<u>\$ 1,136,519</u>	<u>\$ 18,365,308</u>	<u>\$ 14,649,347</u>

NOTE 15 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2015, have been evaluated for possible adjustments to the financial statements or disclosures is March 17, 2016, which is the date that the financial statements were available to be issued.

NOTE 16 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2012, the City of Woodlake loaned \$74,000 to the Woodlake Cemetery District. The loan is a related party transaction, because the City conducted business with the employer of one of the City's Council members. There were no payments made in Fiscal Year 2014/2015, resulting in the ending balance of \$57,442.

NOTE 17 – RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions Plans – an amendment of GASB Statement No. 27*. Statement No. 68 provisions are effective for financial statements beginning after June 15, 2014. The City implemented the change for the fiscal year ended June 30, 2015.

GASB Statement No. 69 - Government Combinations and Disposals of Government Operations. The provisions of this Statement are effective for periods beginning after December 31, 2013. Management has determined that there was no impact of this Statement on its accounting and financial reporting.

GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of Statement No. 71 are required and were to be applied simultaneously with the provisions of Statement No. 68. The City implemented this change for the fiscal year ended June 30, 2015.

GASB Statement No. 72 - Fair Value Measurement and Application. The provisions of GASB Statement No. 72 are effective for financial statements beginning after June 15, 2015. Management has not yet determined the impact of this Statement on its financial statements.

NOTE 17 – RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. The provisions of GASB Statement No. 73 are effective for financial statements beginning after June 15, 2015 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are within the scope of GASB Statement No. 68, which are effective for the fiscal years beginning after June 15, 2016. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The provisions of GASB Statement No. 74 are effective for financial statements beginning after June 15, 2016. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 75 - Accounting and Reporting for Postemployment Benefit Plans Other Than Pensions. The provisions of GASB Statement No. 75 are effective for financial statements beginning after June 15, 2017. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 76 - The Hierarchy of Generally Accepted Accounting Principles of State and Local Governments. The provisions of GASB Statement No. 76 are effective for financial statements beginning after June 15, 2015. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 77 - The Abatement Disclosures. The provisions of GASB Statement No. 77 are effective for financial statements beginning after December 15, 2015. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 78 - Pensions Provide through Certain Multiple-Employer Defined Pension Plans. The provisions of GASB Statement No. 78 are effective for financial statements beginning after December 15, 2015. Management has not yet determined the impact of this Statement on its financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF WOOLAKE
SCHEDULE OF REVENUES EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (GAAP basis) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	165,200	213,650	283,339	69,689
Utility users tax	325,000	330,000	329,482	(518)
Sales taxes	265,000	300,000	335,292	35,292
Other taxes	50,000	60,000	137,075	77,075
Licenses and permits	65,550	122,425	118,434	(3,991)
Charges for services	699,870	712,395	734,539	22,144
Intergovernmental revenues	732,500	778,100	760,049	(18,051)
Fines and forfeitures	33,000	22,000	26,555	4,555
Use of money and property	3,800	9,350	3,243	(6,107)
Miscellaneous revenues	65,000	25,000	78,944	53,944
Total revenues	<u>\$ 2,404,920</u>	<u>\$ 2,572,920</u>	<u>\$ 2,806,952</u>	<u>\$ 234,032</u>
Expenditures:				
Current:				
General government	\$ 287,541	\$ 280,996	\$ 599,604	\$ (318,608)
Community development	98,791	119,101	-	119,101
Public Safety	1,194,488	1,246,606	1,225,681	20,925
Public works	43,073	35,811	251,764	(215,953)
Parks and recreation	43,644	187,243	146,574	40,669
Refuse services	621,998	621,998	587,465	34,533
Capital outlay:	-	-	-	-
Public works	-	-	160,000	(160,000)
Public safety	-	-	-	-
Total expenditures	<u>2,289,535</u>	<u>2,491,755</u>	<u>2,971,088</u>	<u>(479,333)</u>
Excess (deficiency) of revenues over expenditures	<u>115,385</u>	<u>81,165</u>	<u>(164,136)</u>	<u>(245,301)</u>
OTHER FINANCING SOURCES (USES)				
Debt service interest	-	-	(44,000)	(44,000)
Operating transfers in (out)	-	-	313,789	313,789
Total other financing sources	<u>-</u>	<u>-</u>	<u>269,789</u>	<u>269,789</u>
Net change in fund balance	<u>\$ 115,385</u>	<u>\$ 81,165</u>	105,653	<u>\$ 24,488</u>
Fund Balance, July 1			<u>565,681</u>	
Fund Balance, June 30			<u>\$ 671,334</u>	

City of Woodlake
Community Development Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balances-Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2015

	Budget Amounts		Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Repayment of loans	26,000	26,000	91,099	65,099
Use of money and property	-	-	2,363	2,363
Total revenues	26,000	26,000	93,462	67,462
Expenditures:				
Current:				
Community development	1,500	1,500	5,109	(3,609)
Total expenditures	1,500	1,500	5,109	(3,609)
Excess (deficiency) of revenues over (under) expenditures	24,500	24,500	88,353	63,853
Other financing sources (uses):				
Transfers out	-	-	-	-
Net change in fund balance	24,500	24,500	88,353	63,853
Fund balance - July 1			279,905	
Fund balance - June 30			\$ 368,258	

City of Woodlake
Gas Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balances-Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2015

	Budget Amounts		Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 2,742,000	\$ 1,249,000	\$ 1,504,443	\$ 255,443
Use of money and property	1,500	100	24	(76)
Total revenues	<u>2,743,500</u>	<u>1,249,100</u>	<u>1,504,467</u>	<u>255,367</u>
Expenditures:				
Capital outlay:				
Streets and Roads	2,852,889	1,408,266	1,861,224	(452,958)
Total expenditures	<u>2,852,889</u>	<u>1,408,266</u>	<u>1,861,224</u>	<u>(452,958)</u>
Excess (deficiency) of revenues over (under) expenditures	(109,389)	(159,166)	(356,757)	(197,591)
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>5,830</u>	<u>5,830</u>
Net change in fund balance	<u>(109,389)</u>	<u>(159,166)</u>	(350,927)	<u>(191,761)</u>
Fund balance - July 1			<u>350,927</u>	
Fund balance - June 30			<u>\$ -</u>	

City of Woodlake
Measure R Program Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balances-Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2015

	Budget Amounts		Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 970,000	\$ 765,000	\$ 728,959	\$ (36,041)
Licenses and permits	-	-	-	-
Use of money and property	-	-	-	-
Total revenues	<u>970,000</u>	<u>765,000</u>	<u>728,959</u>	<u>(36,041)</u>
Expenditures:				
Capital outlay:				
Public works	-	-	-	-
Streets and Roads	<u>970,000</u>	<u>765,000</u>	<u>728,959</u>	<u>36,041</u>
Total expenditures	<u>970,000</u>	<u>765,000</u>	<u>728,959</u>	<u>36,041</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers out	-	-	-	-
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - July 1			<u>-</u>	
Fund balance - June 30			<u>\$ -</u>	

CITY OF WOODLAKE
FOR THE YEAR ENDED JUNE 30, 2015
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	<u>Miscellaneous 2015</u>	<u>Safety 2015</u>
Total Pension Liability		
Service Cost	\$ 338,829,351	\$ 369,638,880
Interest on total pension liability	921,162,366	1,251,259,652
Changes in assumptions	-	-
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	(523,586,912)	(801,045,884)
Net change in total pension liability	736,404,805	819,852,648
Total pension liability - beginning	12,374,543,647	16,899,165,531
Total pension liability - ending (a)	<u>\$ 13,110,948,452</u>	<u>\$ 17,719,018,179</u>
Plan fiduciary net position		
Contributions - employer	\$ 316,207,965	\$ 424,554,942
Contributions - employee	159,834,203	131,938,305
Net investment income	1,589,130,702	2,097,750,007
Benefit payments, including refunds of employee contributions	(523,586,912)	(801,045,884)
Net change in plan fiduciary net position	1,541,585,958	1,853,197,370
Plan fiduciary net position - beginning	9,097,875,216	12,114,843,971
Plan fiduciary net position - ending (b)	<u>\$ 10,639,461,174</u>	<u>\$ 13,968,041,341</u>
Net pension liability - ending (a)-(b)	<u>\$ 2,471,487,278</u>	<u>\$ 3,750,976,838</u>
Plan fiduciary net position as a percentage of the total pension liability	81.15%	78.83%
Covered - employee payroll	\$ 3,451,521	\$ 3,304,575
Net pension liability as percentage of covered-employee payroll	71605.74%	113508.60%

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF WOODLAKE
 FOR THE YEAR ENDED JUNE 30, 2015
 Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	Miscellaneous 2015	Safety 2015
Actuarially determined contribution	\$ 100,012	\$ 103,070
Contributions in relation to the actuarially determined contributions	100,012	103,070
Contribution deficiency (excess)	\$ -	\$ -
 Covered-employee payroll	 \$ 3,451,521	 \$ 3,304,575
 Contributions as a percentage of covered- employee payroll	 2.90%	 3.12%

Notes to Schedule

Valuation date:	6/30/2013	6/30/2013
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	4.5%, average, including inflation of 3.0%
	7.75%, net of pension plan investment expense, including inflation
Investment rate of return	
Retirement age	67 yrs. Misc., 57 yrs. Safety
Mortality	RP-2000 Healthy Annuitant Mortality Table

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

OTHER SUPPLEMENTAL INFORMATION

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

	Nonmajor Special Revenue	Capital Projects Capital Impact Fees	Total Nonmajor Governmental Funds
ASSETS:			
Cash and investments	\$ 132,355	\$ 88,852	\$ 221,207
Receivables:			
Intergovernmental	179,994	-	179,994
Interest	-	-	-
Land held for resale	-	-	-
Due from other funds	215,448	-	215,448
	\$ 527,797	\$ 88,852	\$ 616,649
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 19,624	\$ -	\$ 19,624
Due to other funds	170,083	-	170,083
Deferred revenue	3,322	-	3,322
Total liabilities	193,029	-	193,029
Fund balances:			
Unassigned	334,768	88,852	423,620
Total fund balances	334,768	88,852	423,620
Total liabilities and fund balances	\$ 527,797	\$ 88,852	\$ 616,649

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

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

	Nonmajor Special Revenue	Capital Projects Capital Impact Fees	Total Nonmajor Governmental Funds
REVENUES			
Licenses and permits	\$ -	\$ 14,235	\$ 14,235
Intergovernmental revenues	740,844	-	740,844
Use of money and property	2,725	52	2,777
Total revenues	<u>743,569</u>	<u>14,287</u>	<u>757,856</u>
EXPENDITURES			
Current:			
Community development	422,878	-	422,878
Public safety	99,600	-	99,600
Public works	45,713	-	45,713
Capital Outlay:			
Public works	83,015	-	83,015
Parks and recreation	-	2,448	2,448
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>651,206</u>	<u>2,448</u>	<u>653,654</u>
Excess (deficiency) of revenues over (under) expenditures	<u>92,363</u>	<u>11,839</u>	<u>104,202</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(191,786)	-	(191,786)
Total other financing sources and uses	<u>(191,786)</u>	<u>-</u>	<u>(191,786)</u>
Net change in fund balances	(99,423)	11,839	(87,584)
Fund balance, July 1, 2014	<u>434,191</u>	<u>77,013</u>	<u>511,204</u>
Fund balances, June 30, 2015	<u>\$ 334,768</u>	<u>\$ 88,852</u>	<u>\$ 423,620</u>

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

	Special Revenue Funds						
	Landscaping Lighting District Fund	Transportation Tax Fund	AB3229 COPS	CDBG Program Income	HOME Program Income	Woodlake Housing Fund	Total
ASSETS:							
Cash and investments	\$ 36,110	\$ 36,661	\$ 45,702	\$ 10,149	\$ -	\$ 3,733	\$ 132,355
Receivables:							
Intergovernmental	750	-	9,161	-	170,083	-	179,994
Interest	-	-	-	-	-	-	-
Due from other funds	-	215,448	-	-	-	-	215,448
Land held for resale	-	-	-	-	-	-	-
Total assets	\$ 36,860	\$ 252,109	\$ 54,863	\$ 10,149	\$ 170,083	\$ 3,733	\$ 527,797
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 1,961	\$ 13,587	\$ -	\$ 4,076	\$ -	\$ -	\$ 19,624
Due to other funds	-	-	-	-	170,083	-	170,083
Deferred revenue	-	-	-	3,322	-	-	3,322
Total liabilities	1,961	13,587	-	7,398	170,083	-	193,029
Fund balances:							
Unassigned	34,899	238,522	54,863	2,751	-	3,733	334,768
Total fund balances	34,899	238,522	54,863	2,751	-	3,733	334,768
Total liabilities and fund balances	\$ 36,860	\$ 252,109	\$ 54,863	\$ 10,149	\$ 170,083	\$ 3,733	\$ 527,797

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

	Special Revenue Funds						
	Landscaping Lighting District Fund	Transportation Tax Fund	AB 3229 COPS	CDBG Program Income	HOME Program Income	Woodlake Housing Fund	Total
REVENUES							
Intergovernmental revenues	\$ 33,660	\$ 172,605	\$ 111,701	\$ 103,209	\$ 319,669	\$ -	\$ 740,844
Use of money and property	283	2,078	338	-	-	26	2,725
Total revenues	<u>33,943</u>	<u>174,683</u>	<u>112,039</u>	<u>103,209</u>	<u>319,669</u>	<u>26</u>	<u>743,569</u>
EXPENDITURES							
Current:							
Community development	-	-	-	103,209	319,669	-	422,878
Public safety	-	-	99,600	-	-	-	99,600
Public works	45,713	-	-	-	-	-	45,713
Capital Outlay:							
Public works	-	83,015	-	-	-	-	83,015
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>45,713</u>	<u>83,015</u>	<u>99,600</u>	<u>103,209</u>	<u>319,669</u>	<u>-</u>	<u>651,206</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,770)</u>	<u>91,668</u>	<u>12,439</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>92,363</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(191,786)	-	-	-	-	(191,786)
Total other financing sources and uses	<u>-</u>	<u>(191,786)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(191,786)</u>
Net change in fund balances	(11,770)	(100,118)	12,439	-	-	26	(99,423)
Fund balance, July 1, 2014	<u>46,669</u>	<u>338,640</u>	<u>42,424</u>	<u>2,751</u>	<u>-</u>	<u>3,707</u>	<u>434,191</u>
Fund balances, June 30, 2015	<u>\$ 34,899</u>	<u>\$ 238,522</u>	<u>\$ 54,863</u>	<u>\$ 2,751</u>	<u>\$ -</u>	<u>\$ 3,733</u>	<u>\$ 334,768</u>

OTHER REPORT

**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**

Independent Auditor's Report

Honorable Mayor and Members of the
City Council
Woodlake, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodlake, California (City) as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2016.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of finding and questioned costs to be material weaknesses 15-01.

Honorable Mayor and Member of the
City Council
Woodlake, California
Page two

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted no deficiencies to be significant deficiencies. We consider the deficiencies described in the accompanying schedule of finding and questioned costs to be material weaknesses 15-02.

Compliance and Other Matters

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

City's Response to Findings

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

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.

Pressley & Associates, Inc.

Accountancy Corporation

Arroyo Grande, California
March 17, 2016

SINGLE AUDIT SECTION

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

Honorable Mayor and Member of the
City Council
Woodlake, California

Report on Compliance for Each Major Federal Program

We have audited the City of Woodlake, Woodlake, California, (City)'s compliance with the types of compliance requirements described in *the OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion of compliance for each of City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Woodlake, California, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Honorable Mayor and Member of the
City Council
Woodlake, California
Page two

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

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

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

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

Pressley & Associates, Inc.

Accountancy Corporation

Arroyo Grande, California
March 17, 2016

**City of Woodlake, California
Schedule of Expenditures of Federal Awards**

For the Year Ended June 30, 2015

Federal Grantor/pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Passed through the State of California:			
Community Development Block Grant	*14.228	12 CDBG 8423	\$ 106,531
HOME Investment Partnership	*14.239	08 CALHOME 4896	148,880
HOME Investment Partnership	*14.239	11 CALHOME 8242	<u>170,789</u>
<i>Total Department of Housing and Urban Development</i>			<u>426,200</u>
U.S. Department of Transportation:			
Passed through the State of California:			
FTA 5311 Grant	20.509	SA641129-00	65,793
TEA	*20.205	06-1521/06-1571	67,214
CMAQ	*20.205	CML-5284(010)	223,046
TEA	*20.205	RPSTPLE-5284(010)	505,222
CMAQ	*20.205	06-1521/06-1571	<u>583,987</u>
<i>Total Department of Transportation</i>			<u>1,445,262</u>
U.S. Department of Justice:			
COPS Hiring Program	*16.710	2013-UMWX0049	<u>74,184</u>
<i>Total Department of Justice</i>			<u>74,184</u>
U.S. Department of Homeland Security:			
State Homeland Security Program (SHSP)	97.067	GMM 2014-03	<u>34,868</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,980,514</u></u>

* Designates a major program

The notes are an integral part of this schedule.

City of Woodlake
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Woodlake, under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

- Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *OMB Circular A-87, Cost Principles for States, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Pass-through entity identifying numbers are presented where available.

Note 3: Loans Outstanding

The City had the following loan balance outstanding at June 30, 2015. The portion of the loan balance expended for the project is included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
USDA - Community Facilities -Water loan	10.766	\$ 1,844,761
USDA - Community Facilities -Sewer loan	10.766	8,415,700
USDA - Community Facilities -Sewer loan	10.766	3,848,800
		<u>\$ 14,109,261</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**City of Woodlake
Schedule of Findings and Questioned Costs**

For the Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

 yes X no

Identification of major programs:

<u>CFDA #(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	U.S. Department of Housing and Urban Development - CDBG
14.239	U.S. Department of Housing and Urban Development - HOME Investment Partnership
16.710	U.S. Department of Justice - COPS Hiring Recovery Program
20.205	U.S. Department of Transportation - TEA Highway Planning and Construction
20.205	U.S. Department of Transportation - CMAQ

Dollar threshold used to distinguish between type A and type B programs:

 \$ 300,000

Auditee qualified as low-risk auditee?

 yes X no

**City of Woodlake
Schedule of Findings and Questioned Costs**

For the Year Ended June 30, 2015

Section II – Financial Statement Findings

Finding: 15-01 Material Weakness

Reconciling Accounts to Supporting Documentation – Accounting Controls

Criteria: In accordance with *Government Auditing Standards* and accounting principles generally accepted in the United States of America, internal controls should be designed to provide reasonable assurance of achieving effective and efficient operations, reliable financial performance reporting, or compliance with applicable laws and regulations.

Condition: The City does not reconcile its general ledger accounts to supporting documents. In order to make the interim and annual financial statements meaningful, we recommend the City reconcile the general ledger balance sheet accounts to supporting documentation on a monthly or routine basis. During our audit, we identified certain adjustments to general ledger assets and liabilities that impacted the operating results of the City.

Effect: The absence of performing monthly and/or routine reconciliations provides an opportunity that errors can accumulate and these errors may go undetected. The benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period (month), which makes it easier to perform future reconciliations.

Cause: Management has not reviewed its policies and procedures to ensure that general ledger accounts are supported by adequate documentation on a monthly or routine basis. Management is responsible for establishing and maintaining internal controls, including reconciling general ledger accounts to supporting documents.

Recommendation: We recommend management establish monthly and/or routine reconciliation policies and procedures for balance sheet accounts, and review that they are completed for interim and year end reporting.

Views of responsible officials and planned corrective actions: *The City agrees with finding 15-01. The City will establish monthly/quarterly/annual reconciliation procedures for balance sheet accounts and review that they are completed for the interim and year end reporting.*

Finding: 15-02 Material Weakness

Recording Budget Allocations – Accounting and Administrative Controls

Criteria: In accordance with *Government Auditing Standards* and accounting principles generally accepted in the United States of America, internal controls should be designed to provide reasonable assurance of achieving effective and efficient operations, reliable financial performance reporting, or compliance with applicable laws and regulations.

Condition: Management is responsible for establishing and maintaining internal controls, including monitoring, that allow for the fair presentation of the City's required supplementary information, which presents the results of actual operations compared to the City's adopted budget. City's Council adopts the original budget; however, these allocations must be recorded according to the budget in the City's financial accounting system.

City of Woodlake
Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2015

Section II – Financial Statement Findings (continued)

Finding: 15-02 Material Weakness (continued)

Recording Budget Allocations – Accounting and Administrative Controls

Effect: The absence of the internal accounting and administrative control to ensure the budget allocations are recorded to the financial accounting system is considered a significant deficiency because the potential exists that a more than inconsequential but less than material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Cause: Currently, management has not reviewed budget expenditure allocations to budget items authorized by the City's Council to its financial accounting system.

Recommendation: We recommend all budget allocations approved and authorized by the City's Council be recorded to the financial accounting system to ensure proper preparation and presentation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual. This statement is required supplementary information when reporting the City results of operation in conformity with accounting principles generally accepted in the United States.

Views of responsible officials and planned corrective actions: *The City agrees with finding 15-02. The City will review budget expenditures against the actual expenditures on a quarterly basis. The updated budget will be approved by the City Council and uploaded to the financial accounting system.*

Section III – Federal Award Findings and Questioned Costs

No finding noted during current period

**City of Woodlake
Status of Prior Audit Year Findings**

For the Year Ended June 30, 2015

Finding: 14-FS-01 Material Weakness

Reconciling Accounts to Supporting Documentation – Accounting Controls

Criteria: In accordance with *Government Auditing Standards* and accounting principles generally accepted in the United States of America, internal controls should be designed to provide reasonable assurance of achieving effective and efficient operations, reliable financial performance reporting, or compliance with applicable laws and regulations.

Recommendation: We recommend management establish monthly and/or routine reconciliation policies and procedures for balance sheet accounts, and review that they are completed for interim and year end reporting.

Views of responsible officials and planned corrective actions: *City agrees with finding 14-FS-01. City will establish monthly reconciliation policies and procedures for balance sheet accounts, and review that they are completed for interim and year end reporting.*

Status: See current finding **15-01**.