

CITY OF WOODLAKE

AUDITED BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

**CITY OF WOODLAKE**  
**BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**  
**TABLE OF CONTENTS**

<u><b>Financial Section:</b></u>	<u>PAGE</u>
Independent Auditor's Report	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet - Governmental Funds	6
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in	
Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	9
Enterprise Funds:	
Statement of Net Position - Enterprise Funds	10
Statement of Revenues, Expenses, and Changes in	
Fund Net Position - Enterprise Funds	11
Statement of Cash Flows - Enterprise Funds	12
Fiduciary Funds:	
Statement of Net Position	13
Statement of Changes in Net Position	14
Notes to the Basic Financial Statements	15
 <u><b>Required Supplementary Information:</b></u>	
Major Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	48
Special Revenue Funds:	
Community Development Fund	49
Gas Tax	50
Measure R	51
Schedule of Changes in the Net Pension Liability and Related Ratios	53
Schedule of Contributions	54

**Other Supplemental Information:**

**PAGE**

Combining Balance Sheet - Nonmajor Governmental funds	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental funds	56
Combining Balance Sheet - Nonmajor Special Revenue Funds	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	58

## FINANCIAL SECTION



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## **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, 2016, 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, 2016, 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.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 48 through 51, and the Schedule of Changes in the Net Pension Liability and Related Ratios and Schedule of Contributions pages 53 and 54, 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 missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 combining and individual nonmajor fund financial statements are 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2017 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 the City's internal control over financial reporting and compliance.

*Infinity Accountancy Group, LLP*

Arroyo Grande, California  
February 22, 2017

## BASIC FINANCIAL STATEMENTS

**CITY OF WOODLAKE  
STATEMENT OF NET POSITION  
June 30, 2016**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and investments			
Unrestricted	\$ 1,146,304	\$ 5,513,114	\$ 6,659,418
Restricted	-	265,500	265,500
Receivables:			
Accounts	73,012	273,717	346,729
Taxes	91,776	-	91,776
Intergovernmental	1,538,742	271,618	1,810,360
Internal balances	(1,024,991)	1,024,991	-
Prepays	2,700	-	2,700
Loans receivable	9,791,506	-	9,791,506
Intragovernmental receivable	121,066	-	121,066
Capital assets:			
Non-depreciable	10,238,604	3,227,808	13,466,412
Depreciable, net of accumulated depreciation	5,519,287	22,893,586	28,412,873
Total assets	<u>27,498,006</u>	<u>33,470,334</u>	<u>60,968,340</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred pensions	181,464	85,664	267,128
Unamortized loss on bonds	-	52,625	52,625
Total deferred outflows of resources	<u>181,464</u>	<u>138,289</u>	<u>319,753</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and other accruals	373,914	287,062	660,976
Interest payable	-	171,115	171,115
Unearned revenue	-	1,275	1,275
Due to other funds	-	-	-
Noncurrent liabilities:			
Due in one year	-	303,604	303,604
Due in more than one year	89,638	16,083,006	16,172,644
Net pension liability	1,165,399	725,019	1,890,418
Total liabilities	<u>1,628,951</u>	<u>17,571,081</u>	<u>19,200,032</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred pensions	307,149	128,930	436,079
<b><u>NET POSITION</u></b>			
Net investment in capital assets	15,757,891	9,805,151	25,563,042
Restricted for:			
Special revenues	940,491	-	940,491
Debt service	-	265,500	265,500
Capital projects	87,880	-	87,880
Unrestricted	8,957,108	5,837,961	14,795,069
Total net position	<u>\$ 25,743,370</u>	<u>\$ 15,908,612</u>	<u>\$ 41,651,982</u>

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

**CITY OF WOODLAKE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General Government	\$ 588,571	\$ 33,124	\$ -	\$ -	\$ (555,447)		\$ (555,447)
Community development	181,068	-	-	368,296	187,228		187,228
Public safety	1,647,441	1,365,085	140,705	-	(141,651)		(141,651)
Public works	556,480	212,229	58,376	4,533,414	4,247,539		4,247,539
Parks and recreation	129,752	-	-	-	(129,752)		(129,752)
Refuse services	632,857	683,322	-	-	50,465		50,465
<b>Total governmental activities</b>	<b>3,736,169</b>	<b>2,293,760</b>	<b>199,081</b>	<b>4,901,710</b>	<b>3,658,382</b>		<b>3,658,382</b>
<b>Business-type Activities:</b>							
Water	808,944	870,304	-	-	-	61,360	61,360
Sewer	1,824,725	1,873,296	-	135,562	-	184,133	184,133
Airport	37,841	20,055	10,000	-	-	(7,786)	(7,786)
Transit	166,723	14,124	158,457	-	-	5,858	5,858
<b>Total business-type activities</b>	<b>2,838,233</b>	<b>2,777,779</b>	<b>168,457</b>	<b>135,562</b>	<b>-</b>	<b>243,565</b>	<b>243,565</b>
<b>Total</b>	<b>\$ 6,574,402</b>	<b>\$ 5,071,539</b>	<b>\$ 367,538</b>	<b>\$ 5,037,272</b>	<b>3,658,382</b>	<b>243,565</b>	<b>3,901,947</b>
<b>General revenues:</b>							
Property taxes					306,291	-	306,291
Utility users tax					326,296	-	326,296
Sales tax					343,097	-	343,097
Franchise tax					38,677	-	38,677
Other taxes					55,013	-	55,013
Investment earnings					15,278	75,700	90,978
Rental Income					-	44,678	44,678
Loss on sale of capital assets					-	-	-
Miscellaneous					146,155	-	146,155
Transfers					144,267	(144,267)	-
<b>Total general revenues and transfers</b>					<b>1,375,074</b>	<b>(23,889)</b>	<b>1,351,185</b>
Change in net assets					5,033,456	219,676	5,253,132
Net position, July 1, 2015					21,078,514	15,035,517	36,114,031
Prior period adjustment					(368,600)	653,419	284,819
Net position, July 1, 2015, restated					20,709,914	15,688,936	36,398,850
Net position, June 30, 2016					<b>\$ 25,743,370</b>	<b>\$ 15,908,612</b>	<b>\$ 41,651,982</b>

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

**CITY OF WOODLAKE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>Special Revenue</u>				<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Community Development Fund</u>	<u>Gas Tax</u>	<u>Measure R</u>		
<b>ASSETS:</b>						
Cash and investments	\$ 702,161	\$ 259,593	\$ -	\$ -	\$ 184,550	\$ 1,146,304
Receivables:						
Accounts	73,012	-	-	-	-	73,012
Taxes	91,776	-	-	-	-	91,776
Intergovernmental	-	-	759,979	204,673	574,090	1,538,742
Interest	-	-	-	-	-	-
Prepays	2,700	-	-	-	-	2,700
Due from other funds	-	-	-	-	-	-
Loans receivable	58,116	9,733,390	-	-	-	9,791,506
Advances to other funds	121,066	-	-	-	-	121,066
Total assets	<u>\$ 1,048,831</u>	<u>\$ 9,992,983</u>	<u>\$ 759,979</u>	<u>\$ 204,673</u>	<u>\$ 758,640</u>	<u>\$ 12,765,106</u>
<b>LIABILITIES</b>						
Accounts payables and other accruals	\$ 169,368	\$ 20,898	\$ 60,967	\$ 3,742	\$ 118,939	\$ 373,914
Due to other funds	-	-	499,983	200,931	324,077	1,024,991
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>169,368</u>	<u>20,898</u>	<u>560,950</u>	<u>204,673</u>	<u>443,016</u>	<u>1,398,905</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred housing loans	\$ -	\$ 9,733,390	\$ -	\$ -	\$ -	\$ 9,733,390
Total deferred inflows of resources	<u>-</u>	<u>9,733,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,733,390</u>
<b>FUND BALANCES</b>						
Nonspendable fund balances:						
Land held for resale	-	-	-	-	-	-
Advances	121,066	-	-	-	-	121,066
Restricted for forfeiture	153,957	-	-	-	-	153,957
Assigned fund balances:						
Special revenue funds	-	238,695	199,029	-	227,744	665,468
Capital projects	-	-	-	-	87,880	87,880
Unassigned, general fund	604,440	-	-	-	-	604,440
Total fund balances	<u>879,463</u>	<u>238,695</u>	<u>199,029</u>	<u>-</u>	<u>315,624</u>	<u>1,632,811</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,048,831</u>	<u>\$ 9,992,983</u>	<u>\$ 759,979</u>	<u>\$ 204,673</u>	<u>\$ 758,640</u>	<u>\$ 12,765,106</u>

**CITY OF WOODLAKE  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

Total fund balances-governmental funds	\$ 1,632,811
 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.	15,757,891
Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds.	9,733,390
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	181,464
Deferred pension inflows of resources	(307,149)
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	(1,165,399)
Compensated absences	(89,638)
	<hr/>
Net position of governmental activities	<u>\$ 25,743,370</u>

**CITY OF WOODLAKE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue				Other Nonmajor Governmental Funds	Total Governmental Funds
	General	Community Development Fund	Gas Tax	Measure R		
<b>REVENUES</b>						
Property taxes	\$ 306,291	\$ -	\$ -	\$ -	\$ -	\$ 306,291
Utility users tax	326,296	-	-	-	-	326,296
Sales tax	343,097	-	-	-	-	343,097
Other taxes	174,014	-	-	-	-	174,014
Licenses and permits	134,984	-	-	-	10,696	145,680
Charges for services	827,464	-	-	-	-	827,464
Intergovernmental revenues	1,060,691	-	3,495,573	776,782	834,447	6,167,493
Fines and forfeitures	173,590	-	-	-	-	173,590
Repayment of loans	-	107,129	-	-	-	107,129
Use of money and property	10,492	3,247	-	-	1,539	15,278
Miscellaneous revenues	146,155	-	-	-	-	146,155
<b>Total revenues</b>	<b>3,503,074</b>	<b>110,376</b>	<b>3,495,573</b>	<b>776,782</b>	<b>846,682</b>	<b>8,732,487</b>
<b>EXPENDITURES</b>						
Current:						
General government	559,532	-	-	-	-	559,532
Community development	-	27,215	-	-	368,296	395,511
Public safety	1,337,101	-	-	-	99,600	1,436,701
Public works	281,300	-	-	-	41,562	322,862
Parks and recreation	98,901	-	-	-	-	98,901
Refuse services	622,807	-	-	-	-	622,807
Capital outlay:						
Community development	308,900	-	-	-	-	308,900
Public works	-	212,724	3,296,544	776,782	250,363	4,536,413
Parks and recreation	199,844	-	-	-	11,772	211,616
Public safety	138,995	-	-	-	-	138,995
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,547,380</b>	<b>239,939</b>	<b>3,296,544</b>	<b>776,782</b>	<b>771,593</b>	<b>8,632,238</b>
Excess (deficiency) of revenues over (under) expenditures	(44,306)	(129,563)	199,029	-	75,089	100,249
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	490,728	-	-	-	-	490,728
Transfers out	(163,376)	-	-	-	(183,085)	(346,461)
<b>Total other financing sources and uses</b>	<b>327,352</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(183,085)</b>	<b>144,267</b>
<b>Net change in fund balances</b>	<b>283,046</b>	<b>(129,563)</b>	<b>199,029</b>	<b>-</b>	<b>(107,996)</b>	<b>244,516</b>
Fund balances, July 1, 2015	596,417	368,258	-	-	423,620	1,388,295
Fund balances, June 30, 2016	<b>\$ 879,463</b>	<b>\$ 238,695</b>	<b>\$ 199,029</b>	<b>\$ -</b>	<b>\$ 315,624</b>	<b>\$ 1,632,811</b>

**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, 2016**

Net change in fund balances - total governmental funds	\$	244,516
 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.		5,141,936
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.		(288,394)
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.		285,800
This is the amount of community loans deemed uncollectible.		(35,291)
Revenues in the governmental funds that were recognized as revenue in the previous periods in the statement of activities. This is the amount of loan payments and adjustments.		(107,129)
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.		(3,296)
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB Statement No. 68.		<u>(204,686)</u>
Change in net position - governmental activities	\$	<u><u>5,033,456</u></u>

**CITY OF WOODLAKE  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
JUNE 30, 2016**

	Water	Sewer	Nonmajor		Total
			Airport Fund	TDA Transit	
<b><u>ASSETS</u></b>					
Current assets:					
Cash and investments	\$ 1,594,428	\$ 3,918,686	\$ -	\$ -	\$ 5,513,114
Receivables:					
Accounts	84,674	188,728	315	-	273,717
Intergovernmental	-	-	-	271,618	271,618
Prepays	-	-	-	-	-
Due from other funds	-	1,189,286	-	-	1,189,286
Noncurrent assets:					
Restricted cash with fiscal agent	115,500	150,000	-	-	265,500
Capital assets:					
Nondepreciable	2,701,095	451,713	-	75,000	3,227,808
Depreciable, net	2,659,810	19,345,657	44,539	843,580	22,893,586
<b>Total assets</b>	<b>7,155,507</b>	<b>25,244,070</b>	<b>44,854</b>	<b>1,190,198</b>	<b>33,634,629</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
Deferred pensions	33,714	43,729	-	8,221	85,664
Unamortized loss on bonds	16,500	36,125	-	-	52,625
<b>Total deferred outflows of resources</b>	<b>50,214</b>	<b>79,854</b>	<b>-</b>	<b>8,221</b>	<b>138,289</b>
<b><u>LIABILITIES</u></b>					
Current liabilities:					
Accounts payable	139,962	45,389	130	7,339	192,820
Utility deposits	40,917	53,325	-	-	94,242
Interest payable	34,117	136,998	-	-	171,115
Due to other funds	-	-	84,642	79,653	164,295
Loan payable (Due in one year)	49,500	254,104	-	-	303,604
Unearned revenue	-	-	1,275	-	1,275
Noncurrent liabilities:					
Loan payable	4,070,719	11,941,920	-	-	16,012,639
Compensated absences	24,708	33,228	-	12,431	70,367
Net pension liability	285,342	370,097	-	69,580	725,019
<b>Total liabilities</b>	<b>4,645,265</b>	<b>12,835,061</b>	<b>86,047</b>	<b>169,003</b>	<b>17,735,376</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred pensions	50,742	65,815	-	12,373	128,930
<b><u>NET POSITION</u></b>					
Net investment in capital assets	1,240,686	7,601,346	44,539	918,580	9,805,151
Restricted for debt service	115,500	150,000	-	-	265,500
Unrestricted	1,153,528	4,671,702	(85,732)	98,463	5,837,961
<b>Total net position (deficit)</b>	<b>\$ 2,509,714</b>	<b>\$ 12,423,048</b>	<b>\$ (41,193)</b>	<b>\$ 1,017,043</b>	<b>\$ 15,908,612</b>

**CITY OF WOODLAKE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Water	Sewer	Nonmajor		Total
			Airport Fund	TDA Transit	
Operating revenues:					
Charges for services	\$ 851,857	\$ 1,824,317	\$ 20,055	\$ 14,124	\$ 2,710,353
Operating expenses:					
Personnel Services	402,461	500,189	-	82,063	984,713
Contractual services	22,418	222,834	21,686	2,172	269,110
Repairs and maintenance	10,105	39,935	-	12,022	62,062
Utilities	94,578	81,336	1,206	858	177,978
Other services and supplies	119,467	149,549	12,605	6,954	288,575
Amortization	500	1,062	-	-	1,562
Depreciation	110,108	543,624	2,344	62,654	718,730
Allocated indirect administrative expenses:					
Maintenance shop	-	-	-	-	-
Non-departmental expenses	-	-	-	-	-
Total operating expenses	759,637	1,538,529	37,841	166,723	2,502,730
Operating income (loss)	92,220	285,788	(17,786)	(152,599)	207,623
Nonoperating revenues (expenses):					
Interest income	18,939	56,761	-	-	75,700
Rental income	-	-	44,678	-	44,678
Impact fees	18,447	48,979	-	-	67,426
Revenue from other agencies	-	135,562	10,000	158,457	304,019
Transfers In (Out)	(47,031)	(75,612)	-	(21,624)	(144,267)
Interest expense	(49,307)	(286,196)	-	-	(335,503)
Total nonoperating revenues	(58,952)	(120,506)	54,678	136,833	12,053
Change in net position	33,268	165,282	36,892	(15,766)	219,676
Net position, July 1, 2015	2,476,446	11,657,766	(78,085)	979,390	15,035,517
Prior period adjustment	-	600,000	-	53,419	653,419
Net position, July 1, 2015, restated	2,476,446	12,257,766	(78,085)	1,032,809	15,688,936
Net position, June 30, 2016	\$ 2,509,714	\$ 12,423,048	\$ (41,193)	\$ 1,017,043	\$ 15,908,612

**CITY OF WOODLAKE  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Water	Sewer	Nonmajor		Total
			Airport Fund	TDA Transit	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash receipts from customers	\$ 849,827	\$ 1,814,190	\$ 21,015	\$ 14,124	\$ 2,699,156
Cash receipts (payments), vendors for goods or services	(152,222)	(470,236)	(35,858)	(52,967)	(711,283)
Cash receipts (payments), employees for, services including withholding of taxes and other items	(351,389)	(443,449)	-	(93,649)	(888,487)
Net cash provided by (used) operating activities	<u>346,216</u>	<u>900,505</u>	<u>(14,843)</u>	<u>(132,492)</u>	<u>1,099,386</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Revenue from other agencies	-	-	10,000	46,420	56,420
Transfers in (out)	(47,031)	(75,612)	-	(21,624)	(144,267)
Due to (from)	-	(831,677)	(39,835)	79,653	(791,859)
Proceeds from operating lease	-	-	44,678	-	44,678
Net cash provided by noncapital financing	<u>(47,031)</u>	<u>(907,289)</u>	<u>14,843</u>	<u>104,449</u>	<u>(835,028)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>					
Principal paid on capital debt service	(33,600)	(247,777)	-	-	(281,377)
Interest paid on capital debt service	(40,555)	(287,174)	-	-	(327,729)
Impact fees	18,447	48,979	-	-	67,426
Proceeds from long-term debt	2,309,058	135,562	-	-	2,444,620
Acquire, construct or improve capital assets	(2,808,002)	(51,314)	-	(11,470)	(2,870,786)
Net cash (used) by capital and related financing activities	<u>(554,652)</u>	<u>(401,724)</u>	<u>-</u>	<u>(11,470)</u>	<u>(967,846)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Gain (loss) on investments	-	-	-	-	-
Investment earnings	18,939	56,761	-	-	75,700
Net cash provided by investing activities	<u>18,939</u>	<u>56,761</u>	<u>-</u>	<u>-</u>	<u>75,700</u>
Net Increase (decrease) in cash and cash equivalents	(236,528)	(351,747)	-	(39,513)	(627,788)
Cash and Investments, July 1, 2015	<u>1,946,456</u>	<u>4,420,433</u>	<u>-</u>	<u>39,513</u>	<u>6,406,402</u>
Cash and investments, June 30, 2016	<u>\$ 1,709,928</u>	<u>\$ 4,068,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,778,614</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 92,220	\$ 285,788	\$ (17,786)	\$ (152,599)	\$ 207,623
(used) by operating activities:					
Depreciation & amortization	110,608	544,686	2,344	62,654	720,292
Changes in assets, deferred outflows/inflows and liabilities:					
(Increase) decrease in accounts receivable	(5,885)	(17,409)	960	-	(22,334)
(Increase) decrease in prepaid expenses	-	-	-	-	-
(Increase) decrease in deferred outflows	(8,527)	(9,956)	-	304	(18,179)
Increase (decrease) in accounts payable	94,346	23,418	(361)	(30,961)	86,442
Increase (decrease) in deferred inflows	(2,188)	(5,159)	-	(5,542)	(12,889)
Increase (decrease) in compensated absences	5,276	8,598	-	1,523	15,397
Increase (decrease) in utility deposits	3,855	7,282	-	-	11,137
Increase (decrease) in net pension liabilities	56,511	63,257	-	(7,871)	111,897
Net cash provided (used) by operating activities	<u>\$ 346,216</u>	<u>\$ 900,505</u>	<u>\$ (14,843)</u>	<u>\$ (132,492)</u>	<u>\$ 1,099,386</u>

**CITY OF WOODLAKE  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2016**

	Private-purpose Trust Fund	Woodlake Fire Protection District
<b><u>ASSETS</u></b>		
Cash and investments	\$ 244,319	\$ 214,063
Accounts receivable	38,778	
Land held for resale	45,114	-
Capital assets:		
Land	605,409	-
Improvements other than land	855,968	-
Less accumulated depreciation	(184,052)	-
<b>Total Assets</b>	<b>1,605,536</b>	<b>\$ 214,063</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred pensions	597	
<b><u>LIABILITIES</u></b>		
Accounts payable	7,808	\$ 45,299
Due to external investment pool participants	-	168,764
Intergovernmental payable	121,066	-
Bond payable	368,900	-
Net pension liability	5,059	-
<b>Total Liabilities</b>	<b>502,833</b>	<b>\$ 214,063</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred pensions	900	
<b><u>NET POSITION</u></b>		
Net position held in trust	<b>\$ 1,102,400</b>	

**CITY OF WOODLAKE  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Private-purpose Trust Fund
<b><u>ADDITIONS</u></b>	
Contributions - Redevelopment Property Tax Trust Fund	\$ 179,933
Interest revenue	1,932
Total Additions	181,865
 <b><u>DEDUCTIONS</u></b>	
Administrative expenses	6,165
Loss on sale of capital assets	-
Depreciation expense	21,399
Debt redemption, interest	15,217
Total Deductions	42,781
 Change in net position	 139,084
Net position held in trust - beginning	963,316
Net position held in trust - ending	\$ 1,102,400

CITY OF WOODLAKE  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2016

**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 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 are 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.

#### *Fair Value Measurement*

As defined in GASB Statement No. 72, *Fair Value Measurement and Application*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Observable inputs, other than Level 1 prices, for asset or liability, either directly or indirectly;

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Level 3 – Unobservable inputs for the asset or liability.

For fiscal year ended June 30, 2016, the application of valuation technique applied to the City’s financial statements has been consistent.

**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.

**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			
Levy Date	July 1st to June 30th			
Due Dates	November 1st	1st installment	February 1st	2nd installment
Delinquent 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Grant and entitlement revenues are recorded as receivables in the funds when all eligibility requirements have been met. The corresponding governmental fund revenues are recorded 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.

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.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **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, 2016 was \$1,563.

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.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **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.

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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

**M. Compliance and Accountability**

The Airport Enterprise fund had a deficit net position balance of \$ 41,193 as of June 30, 2016. 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, 2016, cash, cash equivalents and investments consisted of the following:

Cash and cash equivalents	\$ 3,110,256
Investments	<u>4,273,044</u>
Total cash, cash equivalents and investments	<u>\$ 7,383,300</u>

## **NOTE 2 – CASH AND INVESTMENTS (continued)**

### **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 \$3,110,255 at June 30, 2016. The general bank balance at June 30, 2016, was \$3,599,445, 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.

### **Local Agency Investment Fund (LAIF)**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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, 2016, the balance is \$1,963,126. 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.

**NOTE 2 – CASH AND INVESTMENTS (continued)**

**Investment Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy, established by generally accepted accounting principles. Investments classified in Level 2 of the fair value hierarchy are valued using quote prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based pricing valuations for which all significant assumptions are observable or can be corroborated by observable market data.

The following is a summary of the fair value measurements as of June 30, 2016:

	<u>Fair Value</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments classified by fair value hierarchy		
U.S. Government Securities	\$ 582,056	\$ 582,056
Total investments by fair value hierarchy	<u>\$ 582,056</u>	<u>\$ 582,056</u>
Investments not subject to fair value hierarchy		
Local Agency Investment Fund	\$ 1,963,126	
Non-negotiable Certificates of Deposits	<u>1,727,862</u>	
Total investments not subject to fair value hierarchy	<u>\$ 3,690,988</u>	
Total investments measured at fair value	<u>\$ 4,273,044</u>	

**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, 2016, is as follows:

<u>Investment type</u>	<u>Total Amount</u>	<u>12 months or less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>60+ Months</u>
Local Agency Investment Fund (LAIF)	\$ 1,963,126	\$ 1,963,126	\$ -	\$ -	\$ -
Money market	-	-	-	-	-
Certificate of deposits	1,727,862	301,827	-	1,426,035	-
Held by Trustee:					
Federal Agency Securities	<u>582,056</u>	<u>-</u>	<u>-</u>	<u>582,056</u>	<u>-</u>
Total	<u>\$ 4,273,044</u>	<u>\$ 2,264,953</u>	<u>\$ -</u>	<u>\$ 2,008,091</u>	<u>\$ -</u>

**NOTE 2 – CASH AND INVESTMENTS (continued)**

**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, 2016, 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	Not Rated	45.94%
Local Agency Investment Fund (LAIF)	Not Rated	Not Rated	40.44%
Federal National Mortgage Association	Not Rated	A	13.62%
<b>Total</b>			<b>100.00%</b>

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

	Credit Quality Ratings	Fair Value
Cash on hand	Not Rated	\$ 200
Primary government deposits	Not Rated	2,651,674
Certificates of deposits	Not Rated	1,727,862
Local Agency Investment Fund (LAIF)	Not Rated	1,963,126
Federal National Mortgage Association	A	582,056
Cash in fiduciary fund	Not Rated	458,382
<b>Total cash and investments</b>		<b>\$ 7,383,300</b>

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

	Credit Quality Ratings	Fair Value
Cash and investments	Not Rated	\$ 6,659,418
Restricted cash and cash equivalents	Not Rated	265,500
<b>Total cash and investments</b>		<b>\$ 6,924,918</b>
Cash and investments in fiduciary fund		\$ 458,382

**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.

Due to fund	Due from fund	Amount
Sewer	Airport	\$ 84,642
Sewer	Measure R	200,931
Sewer	Transit	79,653
Sewer	CDBG Program	137,679
Sewer	Gas Tax	499,983
Sewer	Transportation	186,398
		\$ 1,189,286

**B. Long-Term Interfund Advances**

At June 30, 2016, the funds below have made advances that were not expected to be repaid in one year or less.

Advances from	Advances to	Amounts
General fund	Private-Purpose Trust Fund Successor Agency	\$ 121,066

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.

Transfer from	Transfer to	Amount	Reason
Water	General	\$ 47,031	Costs applied
Sewer	General	75,612	Costs applied
Transit	General	21,624	Costs applied
Transportation	General	183,085	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 \$306,656 as of June 30, 2016.

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 \$9,426,734 as of June 30, 2016.

#### 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, 2016, depreciation expense on capital assets was charged to the governmental functions as follows:

General government	\$ 11,353
Community development	3,066
Public safety	48,813
Public works	196,788
Parks and recreation	<u>28,374</u>
Total	<u>\$ 288,394</u>

**NOTE 5 – CAPITAL ASSETS (continued)**

The following presents summary information on capital assets:

	Balance June 30, 2015	Increases	Decreases	Adjustments	Balance June 30, 2016
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land and improvements	\$ 760,771	\$ 153,826	\$ -	\$ -	\$ 914,597
Construction in progress	<u>2,312,274</u>	<u>4,834,476</u>	<u>2,343</u>	<u>-</u>	<u>7,144,407</u>
Total capital assets, not being depreciated	<u>3,073,045</u>	<u>4,988,302</u>	<u>2,343</u>	<u>-</u>	<u>8,059,004</u>
Capital assets, being depreciated:					
Buildings	740,652	-	-	-	740,652
Improvements other than buildings	1,636,715	24,718	-	-	1,661,433
Equipment	1,078,233	128,916	-	-	1,207,149
Infrastructure	<u>7,461,801</u>	<u>-</u>	<u>(332,112)</u>	<u>(368,600)</u>	<u>7,425,313</u>
Total capital assets, being depreciated	<u>10,917,401</u>	<u>153,634</u>	<u>(332,112)</u>	<u>(368,600)</u>	<u>11,034,547</u>
Less accumulated depreciation for:					
Buildings	573,143	12,752	-	-	585,895
Improvements other than buildings	426,783	78,761	-	-	505,544
Equipment	592,549	82,344	-	-	674,893
Infrastructure	<u>790,567</u>	<u>114,537</u>	<u>-</u>	<u>-</u>	<u>905,104</u>
Total accumulated depreciation	<u>2,383,042</u>	<u>288,394</u>	<u>-</u>	<u>-</u>	<u>2,671,436</u>
Total capital assets, being depreciated, net	<u>8,534,359</u>	<u>(134,760)</u>	<u>(332,112)</u>	<u>(368,600)</u>	<u>8,363,111</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 11,607,404</u>	<u>\$ 4,853,542</u>	<u>\$ (329,769)</u>	<u>\$ (368,600)</u>	<u>\$ 16,422,115</u>
	Balance June 30, 2015	Increases	Decreases	Adjustments	Balance June 30, 2016
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land and improvements	\$ 526,713	\$ -	\$ -	\$ -	\$ 526,713
Infrastructure in progress	<u>94,209</u>	<u>2,606,886</u>	<u>-</u>	<u>-</u>	<u>2,701,095</u>
Total capital assets, not being depreciated	<u>620,922</u>	<u>2,606,886</u>	<u>-</u>	<u>-</u>	<u>3,227,808</u>
Capital assets being depreciated:					
Utility system	24,088,558	153,104	-	600,000	24,841,662
Building and Structures	896,883	11,469	-	-	908,352
Equipment and vehicles	<u>1,178,825</u>	<u>99,327</u>	<u>-</u>	<u>-</u>	<u>1,278,152</u>
Total capital assets, being depreciated	<u>26,164,266</u>	<u>263,900</u>	<u>-</u>	<u>600,000</u>	<u>27,028,166</u>
Less accumulate depreciation for:					
Utility system	2,723,469	588,470	-	-	3,311,939
Building and Structures	42,500	44,844	-	-	87,344
Equipment and vehicles	<u>649,881</u>	<u>85,416</u>	<u>-</u>	<u>-</u>	<u>735,297</u>
Total accumulated depreciation	<u>3,415,850</u>	<u>718,730</u>	<u>-</u>	<u>-</u>	<u>4,134,580</u>
Total capital assets, being depreciated, net	<u>22,748,416</u>	<u>(454,830)</u>	<u>-</u>	<u>600,000</u>	<u>22,893,586</u>
<b>Business-type capital assets, net</b>	<u>\$ 23,369,338</u>	<u>\$ 2,152,056</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 26,121,394</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 \$1,500 are required under a month to month lease for the facility, beginning December 2014. Rental income was \$18,259 for the fiscal year ended June 30, 2016.

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 \$26,419 for the fiscal year ended June 30, 2016.

## 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 \$82,942 for governmental activities and \$62,213 for business-type activities at June 30, 2016, 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, 2015</u>	<u>Incurred</u>	<u>Satisfied</u>	<u>Balance June 30, 2016</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
<b>Governmental Activities:</b>						
Compensated absences	<u>\$ 86,342</u>	<u>\$ 43,163</u>	<u>\$ 39,867</u>	<u>\$ 89,638</u>	<u>\$ 6,696</u>	<u>\$ 82,942</u>
<b>Business-Type Activities:</b>						
Compensated absences	<u>\$ 54,970</u>	<u>\$ 46,336</u>	<u>\$ 30,910</u>	<u>\$ 70,396</u>	<u>\$ 8,183</u>	<u>\$ 62,213</u>

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2016:

	<u>Balance June 30, 2015</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2016</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More than One Year</u>
<b>Business Type Activities</b>						
USDA loan Water	\$ 1,811,161	\$ -	\$ 34,500	\$ 1,776,661	\$ 35,500	\$ 1,741,161
Sewer Loan	179,301	-	13,677	165,624	14,804	150,820
USDA loan, Series A	8,415,700	-	160,600	8,255,100	164,200	8,090,900
USDA loan, Series B	3,848,800	-	73,500	3,775,300	75,100	3,700,200
USDA bond - Water meters	-	<u>2,363,000</u>	-	<u>2,363,000</u>	-	<u>2,363,000</u>
Total business type activities	<u>\$ 14,254,962</u>	<u>\$ 2,363,000</u>	<u>\$ 282,277</u>	<u>\$ 16,335,685</u>	<u>\$ 289,604</u>	<u>\$ 16,046,081</u>

**NOTE 8 – LONG-TERM OBLIGATIONS**

**A. USDA Water loan**

The City entered into a USDA loan in the amount of \$2,363,000 for the purchase of automated water meters to replace the old, existing meters. Interest on the loan is at a fixed rate of 2.50 percent per annum. The City is required to make annual principal payments on July 1 of each year commencing July 1, 2017 through July 1, 2055, 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 Bond		
	Principal	Interest	Total
2017	\$ -	\$ 39,156	\$ 39,156
2018	15,000	58,837	73,837
2019	37,500	58,231	95,731
2020	38,500	57,282	95,782
2021	39,500	56,306	95,806
2022-2026	213,500	266,006	479,506
2027-2031	242,000	237,563	479,563
2032-2036	273,500	205,369	478,869
2037-2041	310,000	168,937	478,937
2042-2046	350,000	129,739	479,739
2047-2051	395,500	81,194	476,694
2052-2056	448,000	26,611	474,611
Totals	\$ 2,363,000	\$ 1,385,231	\$ 3,748,231

**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
2017	\$ 35,500	\$ 48,858	\$ 84,358
2018	36,500	47,882	84,382
2019	37,500	46,878	84,378
2020	38,500	45,847	84,347
2021	39,600	44,788	84,388
2022-2026	214,700	207,009	421,709
2027-2031	245,800	175,827	421,627
2032-2036	281,600	140,107	421,707
2037-2041	322,500	99,195	421,695
2042-2046	369,200	52,357	421,557
2047-2048	155,261	6,337	161,598
Totals	\$ 1,776,661	\$ 915,085	\$ 2,691,746

**NOTE 8 – LONG-TERM OBLIGATIONS (continued)**

**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
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	20,323	7,294	27,617
2021-2025	78,353	11,403	89,756
<b>Total</b>	<b>\$ 165,624</b>	<b>\$ 62,217</b>	<b>\$ 227,841</b>

**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
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	179,500	168,434	347,934
2022-2026	960,100	779,028	1,739,128
2027-2031	1,073,100	664,773	1,737,873
2032-2036	1,199,500	537,069	1,736,569
2037-2041	1,340,600	394,328	1,734,928
2042-2046	1,498,200	234,799	1,732,999
2047-2050	1,324,700	60,441	1,385,141
<b>Total</b>	<b>\$ 8,255,100</b>	<b>\$ 3,551,686</b>	<b>\$ 11,806,786</b>

**NOTE 8 – LONG-TERM OBLIGATIONS (continued)**

**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
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	82,100	77,030	159,130
2022-2026	439,200	356,267	795,467
2027-2031	490,700	304,014	794,714
2032-2036	548,500	245,611	794,111
2037-2041	613,100	180,336	793,436
2042-2046	685,300	107,376	792,676
2047-2050	605,700	27,636	633,336
Total	<u>\$ 3,775,300</u>	<u>\$ 1,624,260</u>	<u>\$ 5,399,560</u>

**F. Operating Leases**

In 2016, the City entered into two operating leases for copier machines, one located at City Hall and the other at the Police Department. These are five year leases, and annual payments of principal and interest are \$3,279 and \$2,618, respectively.

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

Fiscal Year Ending	Operating Lease - City Copier			Operating lease - Police Department Copier			Total
	Principal	Interest	Total	Principal	Interest	Total	
2017	\$ 3,036	\$ 243	\$ 3,279	\$ 2,424	\$ 194	\$ 2,618	\$ 5,897
2018	3,036	243	3,279	2,424	194	2,618	5,897
2019	3,036	243	3,279	2,424	194	2,618	5,897
2020	1,012	81	1,093	1,515	121	1,636	2,729
Total	<u>\$ 10,120</u>	<u>\$ 810</u>	<u>\$ 10,930</u>	<u>\$ 8,787</u>	<u>\$ 703</u>	<u>\$ 9,490</u>	<u>\$ 20,420</u>

**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. These Plans are cost-sharing, 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 (calpers.ca.gov).

**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 five years of service. The death benefits are: 1) Basic Death Benefit; the 1957 Survivor Benefit, Level 3, if qualified; or 3) Optional Settlement 2W Death Benefit (if decedent is at least age 50). The City has contracted for the Special Death Benefit for public safety members, whose death is the direct result of a violent act while on duty. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

**Employees Covered** – As of the June 30, 2015 measurement date, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active employees	15	10
Inactive employees entitled to but not yet receiving benefits	7	43
Inactive employees or beneficiaries currently receiving benefits	<u>14</u>	<u>21</u>
Total	<u><u>36</u></u>	<u><u>74</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 by CalPERS, on an actuarial basis as of June 30. 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.

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)**

The Plans’ provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<b>Miscellaneous</b>	
	Classic Members <sup>1 3</sup>	New Members <sup>2 3</sup>
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 (eligible age 50 classic, 52 new)	55	62
Monthly benefits, as a % of eligible compensation	2%	2%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	14.695%	6.25%
	<b>Safety</b>	
	Classic Members <sup>1 3</sup>	New Members <sup>2 3</sup>
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 (eligible at age 50)	50	57
Monthly benefits, as a % of eligible compensation	2.0%	2.0%
Required employee contribution rates	7%	9.50%
Required employer contribution rates	27.436%	9.50%

<sup>1</sup> Classic members are defined as: 1) employees currently working for the City that were hired before January 1, 2013, 2) new hires, who previously worked for a CalPERS agency and did not have a break in service of greater than 6 months, and 3) new hires eligible for reciprocity with another California public retirement system.

<sup>2</sup> New members are defined as employees that: 1) have never worked for a CalPERS agency, 2) have worked previously for a CalPERS agency, and had a break in service of greater than 6 months, or 3) have never worked for a CalPERS agency and are not eligible for reciprocity with another Public retirement system.

<sup>3</sup> Rehired employees return to the plan established as of their original hire date.

**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, 2015, using an annual actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)**

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
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	7.65% (2)	7.65% (2)
Mortality	7%	7%

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period 1997 to 2011.

Further details of the Experience Study report can found on the CalPERS website ([calpers.ca.gov](http://calpers.ca.gov)) under Forms and Publications.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65% 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called GASB Crossover Testing Report that can be obtained from the CalPERS website under the GASB 68 section.

## NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)

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 the methodology is changed.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) 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.

The table below reflects the long-term expected real rate of return by asset class:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10<sup>1</sup></u>	<u>Real Return Years 11<sup>2</sup></u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	10.00	6.83	6.95
Real Estate	10.00	4.50	5.13
Infrastructure and Forestland	2.00	4.50	5.09
Liquidity	2.00	-0.55	1.05

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3% used for this period

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board, effective on July 1, 2014. These rates of return are net of administrative expenses.

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)**

**C. Changes in the Net Pension Liability**

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
Miscellaneous Risk Pool			
<b>Balance at 6/30/14</b>	<b>\$ 5,427,691</b>	<b>\$ 4,439,034</b>	<b>\$ 988,657</b>
<b>Changes recognized for the Measurement Period</b>			
Recognized difference in proportion (TPL & FNP)	(100,975)	(36,106)	(64,869)
Recognized difference in proportion (DOR & DIR)		34,513	(34,513)
Service Cost	124,384		124,384
Interest on the Total Pension Liability (TPL)	362,691		362,691
Changes on Benefit Terms	180		180
Changes on Assumptions	(89,812)		(89,812)
Differences between Expected Actual Experience	9,493		9,493
Plan to Plan Resource Movement		24,284	(24,284)
Contributions from the Employer		155,974	(155,974)
Contributions from Employees		57,179	(57,179)
Net Investment Income		89,263	(89,263)
Benefit Payments, including Refunds of Employee Contributions	(192,195)	(192,195)	-
Administrative Expenses		(4,537)	4,537
Proportion credit		(58,302)	58,302
<b>Net Changes</b>	<b>\$ 113,766</b>	<b>\$ 70,073</b>	<b>\$ 43,693</b>
<b>Balance at 6/30/15</b>	<b>\$ 5,541,457</b>	<b>\$ 4,509,107</b>	<b>\$ 1,032,350</b>

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
Safety Risk Pool			
<b>Balance at 6/30/14</b>	<u>\$ 3,729,749</u>	<u>\$ 2,698,954</u>	<u>\$ 1,030,795</u>
<b>Changes recognized for the Measurement Period</b>			
Recognized difference in proportion (TPL & FNP)	(36,751)	207,935	(244,686)
Recognized difference in proportion (DOR & DIR)		(89,772)	89,772
Service Cost	103,185		103,185
Interest on the Total Pension Liability (TPL)	375,004		375,004
Changes on Benefit Terms	-		-
Changes on Assumptions	(93,703)		(93,703)
Differences between Expected Actual Experience	(20,373)		(20,373)
Plan to Plan Resource Movement		(177)	177
Contributions from the Employer		99,204	(99,204)
Contributions from Employees		37,405	(37,405)
Net Investment Income		88,463	(88,463)
Benefit Payments, including Refunds of Employee Contributions	(278,099)	(278,099)	-
Administrative Expenses		(4,518)	4,518
Proportion credit		156,490	(156,490)
<b>Net Changes</b>	<u>\$ 49,263</u>	<u>\$ 216,931</u>	<u>\$ (167,668)</u>
<b>Balance at 6/30/15</b>	<u>\$ 3,779,012</u>	<u>\$ 2,915,885</u>	<u>\$ 863,127</u>

**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	6.65%	6.65%
Net Pension Liability	\$1,707,058	\$1,896,789
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$1,017,881	\$1,183,021
1% Increase	8.65%	8.65%
Net Pension Liability	\$448,886	\$597,744

**NOTE 9 – DEFINED BENEFIT PENSION PLAN (continued)**

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

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

For the year ended June 30, 2016, the City of Woodlake recognized pension expense of \$61,074 for Miscellaneous, and (\$42,988) for Safety. At June 30, 2016, the City of Woodlake reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety		Total	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 114,981	\$ -	\$ 145,749	\$ -	\$ 260,730	\$ -
Changes in assumptions	-	66,177	-	69,044	-	135,221
Differences between actual and expected experience	6,995	-	-	15,012	6,995	15,012
Net differences between projected & actual earnings on pension plan investments	-	33,174	-	34,991	-	68,165
Adjustment due to differences in proportions	-	64,422	-	135,927	-	200,349
Employer contributions under proportionated contributions	-	19,813	-	13,431	-	33,244
<b>Total</b>	<b>\$ 121,976</b>	<b>\$ 183,586</b>	<b>\$ 145,749</b>	<b>\$ 268,405</b>	<b>\$ 267,725</b>	<b>\$ 451,991</b>

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	Miscellaneous	Safety	Safety
June 30			
2016	\$43,231	\$27,239	\$70,470
2017	(\$74,362)	(\$113,379)	(\$187,741)
2018	(72,885)	(79,472)	(\$152,357)
2019	42,406	42,956	\$85,362
	<u>(\$61,610)</u>	<u>(\$122,656)</u>	<u>(\$184,266)</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 \$5,000,000 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, 2016:

Total assets	\$	92,743,162
Total liabilities		<u>77,308,330</u>
Member's equity	\$	<u>15,434,832</u>
Total revenues	\$	37,945,462
Total expenses		<u>37,742,471</u>
Excess of expenses over income	\$	<u>202,991</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 system improvements and Bravo Lake improvements. These commitments are contingent on the receipt of future revenues for funding.

### **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.

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

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.

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, 2016, 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, 2016, was as follows:

	<u>Balance June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
Land	\$ 605,409	\$ -	\$ -	\$ 605,409
Improvements other than buildings	855,968	-	-	855,968
Accumulated depreciation - improvements	<u>(162,652)</u>	<u>(21,400)</u>	-	<u>(184,052)</u>
Capital assets net	<u>\$ 1,298,725</u>	<u>\$ (21,400)</u>	<u>\$ -</u>	<u>\$ 1,277,325</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:

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

Purpose	Amount
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>
Payments	
Fiscal year 2015-16	<u>74,917</u>
Balance	<u>\$ 121,066</u>

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
2017	\$ 30,600	\$ 15,217	\$ 45,817
2018	31,800	13,955	45,755
2019	33,100	12,643	45,743
2020	34,500	11,278	45,778
2021	35,900	9,855	45,755
2022-2025	<u>203,000</u>	<u>25,802</u>	<u>228,802</u>
Totals	<u>\$ 368,900</u>	<u>\$ 88,750</u>	<u>\$ 457,650</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, 2015, fund balance and net position are as follows:

	Governmental Activities	Sewer Fund	Transit Fund	Business- Type Activities
Fund Balance/Net Position June 30, 2015	\$ 21,078,514	\$ 11,657,766	\$ 979,390	\$ 12,637,156
Correction to 2014-15 recording of 5311 funds Adjustments for capital assets reclass	- (368,600)	- 600,000	53,419 -	53,419 600,000
June 30, 2015, restated	<u>\$ 20,709,914</u>	<u>\$ 12,257,766</u>	<u>\$ 1,032,809</u>	<u>\$ 13,290,575</u>

#### NOTE 15 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2016, have been evaluated for possible adjustments to the financial statements or disclosures is February 22, 2017, 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 2015/2016, resulting in the ending balance of \$58,116.

#### NOTE 17 – RECENT ACCOUNTING PRONOUNCEMENTS

*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. See Note 1- C, and Note 2 for further discussion.

*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. Implementation of this Statement did not have a material impact on the City's 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. GASB Statement No. 75 does not apply to the City, as Postemployment Benefits are not offered to employees, at this time.

**NOTE 17 – RECENT ACCOUNTING PRONOUNCEMENTS (continued)**

*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. Implementation of this Statement did not have a material impact on the City's 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.

*GASB Statement No. 79 – Certain External Investment Pools and Pool Participants.* The provisions of GASB Statement No. 79 are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for reporting periods beginning after December 15, 2015. Management has not yet determined the impact of this Statement on its financial statements.

*GASB Statement No. 80 – Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.* The provisions of GASB Statement No. 80 are effective for reporting periods beginning after June 15, 2016. Management has determined the impact of this Statement on its financial statements is not applicable.

*GASB Statement No. 81 – Irrevocable Split-Interest Agreements.* The provisions of GASB Statement No. 81 are effective for reporting periods beginning after December 15, 2016. Management has not yet determined the impact of this Statement on its financial statements.

*GASB Statement No. 82 – Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.* The provisions of GASB Statement No. 82 are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management has not yet determined the impact of this Statement on its financial statements.

*GASB Statement No. 83 – Certain Asset Retirement Obligations.* The provisions of GASB Statement No. 83 are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the impact of this Statement on its financial statements.

*GASB Statement No. 84 – Fiduciary Activities.* The provisions of GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2018. 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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 214,100	\$ 243,400	\$ 306,291	\$ 62,891
Utility users tax	320,000	330,000	326,296	(3,704)
Sales taxes	335,000	350,000	343,097	(6,903)
Other taxes	73,200	44,500	174,014	129,514
Licenses and permits	130,530	134,600	134,984	384
Charges for services	724,700	761,500	827,464	65,964
Intergovernmental revenues	880,333	1,091,800	1,060,691	(31,109)
Fines and forfeitures	27,100	17,900	173,590	155,690
Use of money and property	6,550	135,772	10,492	(125,280)
Miscellaneous revenues	35,000	20,550	146,155	125,605
Total revenues	<u>2,746,513</u>	<u>3,130,022</u>	<u>3,503,074</u>	<u>373,052</u>
<b>Expenditures:</b>				
Current:				
General government	234,301	201,058	559,532	(358,474)
Community development	131,213	150,163	-	150,163
Public Safety	1,322,673	1,493,779	1,337,101	156,678
Public works	32,421	39,809	281,300	(241,491)
Parks and recreation	68,019	156,222	98,901	57,321
Refuse services	635,858	654,369	622,807	31,562
Capital outlay:				
Community development	100,000	462,725	308,900	153,825
Parks and recreation	-	-	199,844	(199,844)
Public safety	-	-	138,995	(138,995)
Total expenditures	<u>2,524,485</u>	<u>3,158,125</u>	<u>3,547,380</u>	<u>(389,255)</u>
Excess (deficiency) of revenues over expenditures	<u>222,028</u>	<u>(28,103)</u>	<u>(44,306)</u>	<u>(16,203)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt service interest	-	-	-	-
Operating transfers in (out)	-	-	327,352	327,352
Total other financing sources	<u>-</u>	<u>-</u>	<u>327,352</u>	<u>327,352</u>
Net change in fund balance	<u>\$ 222,028</u>	<u>\$ (28,103)</u>	283,046	<u>\$ 311,149</u>
<b>Fund Balance, July 1</b>			<u>596,417</u>	
<b>Fund Balance, June 30</b>			<u>\$ 879,463</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, 2016**

	Budget Amounts		Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Repayment of loans	26,000	99,235	107,129	7,894
Use of money and property	-	-	3,247	3,247
Total revenues	<u>26,000</u>	<u>99,235</u>	<u>110,376</u>	<u>11,141</u>
Expenditures:				
Current:				
Community development	1,500	1,500	27,215	(25,715)
Capital outlay	-	203,043	212,724	(9,681)
Total expenditures	<u>1,500</u>	<u>204,543</u>	<u>239,939</u>	<u>(35,396)</u>
Excess (deficiency) of revenues over (under) expenditures	24,500	(105,308)	(129,563)	(24,255)
Other financing sources (uses):				
Transfers out	-	-	-	-
Net change in fund balance	<u>\$ 24,500</u>	<u>\$ (105,308)</u>	(129,563)	<u>\$ (24,255)</u>
Fund balance - July 1			<u>368,258</u>	
Fund balance - June 30			<u>\$ 238,695</u>	

**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, 2016**

	Budget Amounts		Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 3,242,000	\$ 3,138,736	\$ 3,495,573	\$ 356,837
Use of money and property	100	-	-	-
Total revenues	<u>3,242,100</u>	<u>3,138,736</u>	<u>3,495,573</u>	<u>356,837</u>
Expenditures:				
Capital outlay:				
Streets and Roads	<u>3,187,877</u>	<u>3,138,736</u>	<u>3,296,544</u>	<u>(157,808)</u>
Total expenditures	<u>3,187,877</u>	<u>3,138,736</u>	<u>3,296,544</u>	<u>(157,808)</u>
Excess (deficiency) of revenues over (under) expenditures	54,223	-	199,029	199,029
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 54,223</u>	<u>\$ -</u>	199,029	<u>\$ 199,029</u>
Fund balance - July 1			<u>60,967</u>	
Fund balance - June 30			<u>\$ 259,996</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, 2016**

	Budget Amounts		Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 710,000	\$ 889,000	\$ 776,782	\$ (112,218)
Licenses and permits	-	-	-	-
Use of money and property	-	-	-	-
Total revenues	<u>710,000</u>	<u>889,000</u>	<u>776,782</u>	<u>(112,218)</u>
Expenditures:				
Capital outlay:				
Public works	-	-	-	-
Streets and Roads	710,000	889,000	776,782	112,218
Total expenditures	<u>710,000</u>	<u>889,000</u>	<u>776,782</u>	<u>112,218</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>
Fund balance - July 1			-	
Fund balance - June 30			<u>\$ -</u>	

# REQUIRED SUPPLEMENTAL INFORMATION

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

- The beginning and ending balances of the City's share of total pension liability, the plan assets available for pension benefits (called plan fiduciary net position), and the net pension liability.
- A ratio of the City's share of plan net position divided by the total pension liability, the payroll amount for employees in the plan (covered-employee payroll), and a ratio of the City's share of net pension liability divided by covered-employee payroll.

## SCHEDULE OF CONTRIBUTIONS

- If an agent employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the agent employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

CITY OF WOODLAKE  
FOR THE YEAR ENDED JUNE 30, 2016  
Last 10 Years\*

**Schedule of City's Proportionate Share of Net Pension Liabilities ad Related Ratios**

Measurement date	<b>Miscellaneous</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
City's Proportionate Share of Plan Total Pension Liability	\$ 5,541,457	\$ 5,427,691
City's Proportionate Share of Plan Fiduciary Net Position	\$ 4,509,107	\$ 4,439,034
Percentage of City's Total Pension Liability	81.370%	81.785%
City's Proportionate Share of Net Pension Liability(Asset)	\$ 1,032,350	\$ 988,657
City's Covered-Employee Payroll	\$ 828,428	\$ 812,169
City's Proportionate Share of Net Pension Liability(Asset) as a Percentage of its Covered Payroll	124.62%	121.73%
	<b>Safety</b>	
	<b>June 30, 2015</b>	<b>June 30, 2014</b>
City's Proportionate Share of Plan Total Pension Liability	\$ 3,779,012	\$ 3,729,749
City's Proportionate Share of Plan Fiduciary Net Position	\$ 2,915,885	\$ 2,698,954
Percentage of City's Total Pension Liability	77.160%	72.363%
City's Proportionate Share of Net Pension Liability(Asset)	\$ 863,127	\$ 1,030,795
City's Covered-Employee Payroll	\$ 577,295	\$ 535,928
City's Proportionate Share of Net Pension Liability(Asset) as a Percentage of its Covered Payroll	149.51%	192.34%

**Notes to Schedule:**

\* - Fiscal year 2015 was the 1st year of implementation; historical information is required only for measurement periods during which GASB 68 was in effect.

CITY OF WOODLAKE  
 FOR THE YEAR ENDED JUNE 30, 2016  
 Last 10 Years\*  
**SCHEDULE OF CONTRIBUTIONS**

	Miscellaneous	
	2016	2015
Actuarially determined contribution	\$ 114,981	\$ 109,136
Contributions in relation to the actuarially determined contributions	114,981	109,136
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 853,281	\$ 828,428
Contributions as a percentage of covered-employee payroll	13.48%	13.17%

	Safety	
	2016	2015
Actuarially determined contribution	\$ 145,749	\$ 114,111
Contributions in relation to the actuarially determined contributions	145,749	114,111
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 594,614	\$ 577,295
Contributions as a percentage of covered-employee payroll	24.51%	19.77%

**Notes to Schedule**

Valuation date: 6/30/2015 6/30/2014

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%
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Retirement age	67 yrs. Misc., 57 yrs. Safety
Mortality	RP-2000 Healthy Annuitant Mortality Table

\* - Fiscal year 2015 was the 1st year of implementation; historical information is required only for measurement periods during which GASB 68 was in effect.

## OTHER SUPPLEMENTAL INFORMATION

**CITY OF WOODLAKE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Nonmajor Special Revenue	Capital Projects Capital Impact Fees	Total Nonmajor Governmental Funds
<b>ASSETS:</b>			
Cash and investments	\$ 96,670	\$ 87,880	\$ 184,550
Receivables:			
Intergovernmental	574,090	-	574,090
Interest	-	-	-
Land held for resale	-	-	-
Due from other funds	-	-	-
Total assets	<u>\$ 670,760</u>	<u>\$ 87,880</u>	<u>\$ 758,640</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ 118,939	\$ -	\$ 118,939
Due to other funds	324,077	-	324,077
Deferred revenue	-	-	-
Total liabilities	<u>443,016</u>	<u>-</u>	<u>443,016</u>
Fund balances:			
Unassigned	<u>227,744</u>	<u>87,880</u>	<u>315,624</u>
Total fund balances	<u>227,744</u>	<u>87,880</u>	<u>315,624</u>
Total liabilities and fund balances	<u>\$ 670,760</u>	<u>\$ 87,880</u>	<u>\$ 758,640</u>

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, 2016**

	Nonmajor Special Revenue	Capital Projects Capital Impact Fees	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Licenses and permits	\$ -	\$ 10,696	\$ 10,696
Intergovernmental revenues	834,447	-	834,447
Use of money and property	1,435	104	1,539
Total revenues	<u>835,882</u>	<u>10,800</u>	<u>846,682</u>
<b>EXPENDITURES</b>			
Current:			
Community development	368,296	-	368,296
Public safety	99,600	-	99,600
Public works	41,562	-	41,562
Capital Outlay:			
Public works	250,363	-	250,363
Parks and recreation	-	11,772	11,772
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>759,821</u>	<u>11,772</u>	<u>771,593</u>
Excess (deficiency) of revenues over (under) expenditures	<u>76,061</u>	<u>(972)</u>	<u>75,089</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	(183,085)	-	(183,085)
Total other financing sources and uses	<u>(183,085)</u>	<u>-</u>	<u>(183,085)</u>
Net change in fund balances	(107,024)	(972)	(107,996)
Fund balance, July 1, 2014	<u>334,768</u>	<u>88,852</u>	<u>423,620</u>
Fund balances, June 30, 2015	<u>\$ 227,744</u>	<u>\$ 87,880</u>	<u>\$ 315,624</u>

**CITY OF WOODLAKE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Special Revenue Funds						
	Landscaping Lighting District Fund	Transportation Tax Fund	AB3229 COPS	CDBG Program Income	HOME Program Income	Woodlake Housing Fund	Total
<b>ASSETS:</b>							
Cash and investments	\$ 28,916	\$ -	\$ 58,316	\$ -	\$ 5,663	\$ 3,775	\$ 96,670
Receivables:							
Intergovernmental	285	308,739	21,918	219,102	24,046	-	574,090
Interest	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 29,201</b>	<b>\$ 308,739</b>	<b>\$ 80,234</b>	<b>\$ 219,102</b>	<b>\$ 29,709</b>	<b>\$ 3,775</b>	<b>\$ 670,760</b>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts payable	\$ 2,432	\$ 8,126	\$ -	\$ 78,672	\$ 29,709	\$ -	\$ 118,939
Due to other funds	-	186,398	-	137,679	-	-	324,077
Deferred revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>2,432</b>	<b>194,524</b>	<b>-</b>	<b>216,351</b>	<b>29,709</b>	<b>-</b>	<b>443,016</b>
Fund balances:							
Unassigned	26,769	114,215	80,234	2,751	-	3,775	227,744
<b>Total fund balances</b>	<b>26,769</b>	<b>114,215</b>	<b>80,234</b>	<b>2,751</b>	<b>-</b>	<b>3,775</b>	<b>227,744</b>
<b>Total liabilities and fund balances</b>	<b>\$ 29,201</b>	<b>\$ 308,739</b>	<b>\$ 80,234</b>	<b>\$ 219,102</b>	<b>\$ 29,709</b>	<b>\$ 3,775</b>	<b>\$ 670,760</b>

**CITY OF WOODLAKE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds						
	Landscaping Lighting District Fund	Transportation Tax Fund	AB 3229 COPS	CDBG Program Income	HOME Program Income	Woodlake Housing Fund	Total
<b>REVENUES</b>							
Intergovernmental revenues	\$ 33,123	\$ 308,739	\$ 124,289	\$ 222,424	\$ 145,872	\$ -	\$ 834,447
Use of money and property	309	402	682	-	-	42	1,435
Total revenues	<u>33,432</u>	<u>309,141</u>	<u>124,971</u>	<u>222,424</u>	<u>145,872</u>	<u>42</u>	<u>835,882</u>
<b>EXPENDITURES</b>							
Current:							
Community development	-	-	-	222,424	145,872	-	368,296
Public safety	-	-	99,600	-	-	-	99,600
Public works	41,562	-	-	-	-	-	41,562
Capital Outlay:							
Public works	-	250,363	-	-	-	-	250,363
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>41,562</u>	<u>250,363</u>	<u>99,600</u>	<u>222,424</u>	<u>145,872</u>	<u>-</u>	<u>759,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,130)</u>	<u>58,778</u>	<u>25,371</u>	<u>-</u>	<u>-</u>	<u>42</u>	<u>76,061</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(183,085)	-	-	-	-	(183,085)
Total other financing sources and uses	<u>-</u>	<u>(183,085)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(183,085)</u>
Net change in fund balances	(8,130)	(124,307)	25,371	-	-	42	(107,024)
Fund balance, July 1, 2014	<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>
Fund balances, June 30, 2015	<u>\$ 26,769</u>	<u>\$ 114,215</u>	<u>\$ 80,234</u>	<u>\$ 2,751</u>	<u>\$ -</u>	<u>\$ 3,775</u>	<u>\$ 227,744</u>