

Reports of Independent Auditors and
Financial Statements

City of Lemoore
Transportation Development Act Fund
Non-Transit Operations

June 30, 2024 and 2023

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Report of Independent Auditors

The City Council
City of Lemoore, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Transportation Development Act Fund Non-Transit Operations (the TDA Fund) for the City of Lemoore, California (the City), pertaining to Article 8 Section 99400(a) of the Public Utilities Code as recorded in the City's Local Transportation Fund (LTF), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund of the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the TDA Fund of the City, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the TDA Fund of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Reporting Entity

As discussed in Note 1 to the financial statements, the financial statements present only the TDA Fund and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2024, and the respective changes in financial position, or where applicable, its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TDA Fund of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2025, on our consideration of the TDA Fund of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the TDA Fund of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the TDA Fund of the City's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Eugene, Oregon
August 7, 2025

Financial Statements

**City of Lemoore
Transportation Development Act Fund
Non-Transit Operations
Balance Sheets
June 30, 2024 and 2023**

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 5,057,061	\$ 4,273,875
Receivables	659,255	816,419
Total current assets	\$ 5,716,316	\$ 5,090,294
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	\$ 75,325	\$ 5,198
Total current liabilities	75,325	5,198
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - Allocation from County of Kings Local Transportation Fund	650,482	-
Total deferred inflows of resources	650,482	-
FUND BALANCE		
Restricted	4,990,509	5,085,096
Total fund balance	4,990,509	5,085,096
Total liabilities, deferred inflows of resources and fund balance	\$ 5,716,316	\$ 5,090,294

See accompanying notes.

City of Lemoore
Transportation Development Act Fund
Non-Transit Operations
Statements of Revenues, Expenditures, and Changes in Fund Balance
Years Ended June 30, 2024 and 2023

	2024	2023
REVENUES		
Allocation from County of Kings Local Transportation Fund	\$ -	\$ 755,376
Grant revenue	9,128	35,085
Interest	64,496	27,872
Total revenues	73,624	818,333
EXPENDITURES		
Streets and road maintenance	168,211	88,648
Total expenditures	168,211	88,648
Net change in fund balance	(94,587)	729,685
FUND BALANCE, beginning of year	5,085,096	4,355,411
FUND BALANCE, end of year	\$ 4,990,509	\$ 5,085,096

See accompanying notes.

City of Lemoore
Transportation Development Act Fund
Non-Transit Operations
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting entity – Article 8 allocations under Public Utilities Code Section 99400(a) of the Transportation Development Act (TDA) are recorded in the Local Transportation Fund (LTF) – Fund No. 33 (the Fund) of the City of Lemoore, California (the City). The basic financial statements included in this report are intended to present the financial position and results of operations of only the transactions of the LTF of the City. They are not intended to present the financial position and the results of operations of the City taken as a whole. For additional information regarding the City, please refer to the Annual Financial Report available from the City.

Measurement focus, basis of accounting, and financial statement presentation – The basic financial statements of the TDA Fund of the City are prepared on the basis of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management Discussion and Analysis – for State and Local Governments*, and related standards.

The TDA Fund of the City is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheets. The statements of revenues, expenditures and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the TDA Fund of the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, compensated absences are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the TDA Fund of the City's policy to use restricted resources first, then unrestricted resources as they are needed. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for the governmental fund.

The TDA Fund of the City reports the following major governmental fund:

The *Special Revenue Fund* is the general operating fund of the TDA Fund of the City and accounts for all revenues and expenditures of the TDA Fund of the City.

Cash and investments – The TDA Fund of the City maintains its cash account with the City of Lemoore Treasury as part of the common investment pool. The City is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

City of Lemoore
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Non-Transit Operations
Notes to Financial Statements

State statutes and the City's investment policy authorize the City Treasury to invest in U.S. Government Treasury and Agency Securities, bankers' acceptances, commercial paper, corporate bonds and notes, repurchase agreements, and the State Treasurer's Local Agency Investment Fund (LAIF). In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments held by the City Treasury are stated at fair value. The fair value of pooled investments is determined quarterly and is based on current market prices received from the securities custodian. The balance available for withdrawal is based on the accounting records maintained by the City Treasury.

Credit quality ratings are not available for the TDA Fund of the City investments as all cash is invested as part of the common investment pool of the City. The TDA Fund of the City does not have any deposits with financial institutions as of June 30, 2024 and 2023.

Accounts receivable – The TDA Fund of the City utilizes the allowance method of accounting for and reporting uncollectible or doubtful accounts. At June 30, 2024 and 2023, management considered all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements.

Nonexchange transactions – Nonexchange transactions, in which the TDA Fund of the City gives or receives value without directly receiving or giving equal value in exchange, include Article 8 allocations under Public Utilities Code Section 99400(a) of the TDA. With the accrual basis of accounting, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 expenses during the reporting period. Actual results could differ from those estimates.

Fund balance – In the TDA Fund of the City's financial statements, in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the TDA Fund of the City is bound to honor constraints on how specific amounts can be spent.

Nonspendable – Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – Amounts constrained to specific purposes by the TDA Fund of the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the TDA Fund of the City takes the same highest-level action to remove or change the constraint.

City of Lemoore
Transportation Development Act Fund
Non-Transit Operations
Notes to Financial Statements

Assigned – Amounts the TDA Fund of the City intends to use for a specific purpose. Intent can be expressed by the TDA Fund of the City or by an official or body to which the City Council delegates the authority.

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the General Fund of the TDA Fund of the City.

The TDA Fund of the City establishes and modifies or rescinds fund balance commitments by passage of an ordinance or policy. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget as a designation or commitment of the fund, such as approved contracts. Assigned fund balance is established by the TDA Fund of the City through adoption or amendment of the budget, or future year budget, plan as intended for a specific purpose.

The TDA Fund of the City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Budgeting procedures – Each year management of the TDA Fund of the City prepares a proposed budget, which is presented to the City Council. The annual budget is then legally enacted through adoption of a budget resolution.

An operating budget is adopted each fiscal year on the modified accrual basis of accounting. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Operating budgets that have not been encumbered lapse at the end of the fiscal year.

Governmental accounting standards update – During the year ending June 30, 2024, the TDA Fund of the City implemented the following standards with no financial impact:

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. The requirements of this statement are effective for reporting periods beginning after June 15, 2023. This statement had no impact on the TDA Fund financial statements.

Released GASB Statements to be implemented in future financial statements are as follows:

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for reporting periods beginning after June 15, 2024.

GASB Statement No. 103 – *Financial Reporting Model Improvements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

City of Lemoore
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Notes to Financial Statements

Subsequent events – In compliance with accounting standards, management has evaluated events that have occurred after year end to determine if these events are required to be disclosed in the financial statements. Management has determined that no events require disclosure in accordance with accounting standards.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2024 and 2023, consist of the following:

	2024	2023
Cash in City of Lemoore Treasury	\$ 5,057,061	\$ 4,273,875
Total interest and investment earnings from City of Lemoore	\$ 64,496	\$ 27,872

See the City of Lemoore Annual Financial Report for disclosures related to risks and fair value measurements.

Note 3 – Transportation Development Act Allocations

The City receives TDA funds from the County of Kings LTF in accordance with resolutions by the Kings County Association of Governments. The amounts identified are to be expended in accordance with Public Utilities Code Section 99400(a).

Note 4 – Economic Dependency

The TDA Fund of the City received the majority of its funding from one source, by Section 99400(a) of the Public Utilities Code. The total amount of revenue from the Public Utilities Code was \$650,482 and \$0, or 100% and 0%, of the total revenue for the years ending June 30, 2024 and 2023, respectively. Revenues for the year ending June 30, 2024 is reported as unavailable revenue as the revenue did not meet the availability criteria. The TDA Fund of the City is thus subject to possible risk of reductions in services and/or closure due to potential future changes of Section 99400(a) of the Public Utilities Code.

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The City Council
City of Lemoore, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Transportation Development Act Fund Non-Transit Operations (the TDA Fund) of the City of Lemoore, California (the City), pertaining to Article 8 Section 99400(a) of the Public Utilities Code as recorded in the City's Local Transportation Fund (LTF), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the TDA Fund of the City's basic financial statements, and have issued our report thereon dated August 7, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Baker Tilly US, LLP

Eugene, Oregon
August 7, 2025

City of Lemoore
Transportation Development Act Fund
Non-Transit Operations
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

FINDING 2023-001 – Material Weakness in Internal Control over Financial Reporting – Revenue Recognition – Cleared

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