

**Audited Financial Statements  
& Other Financial Information**

**LINDSAY-STRATHMORE MEMORIAL DISTRICT**

**JUNE 30, 2016**

**JOHN M. MURAO, CPA  
Certified Public Accountant**

# LINDSAY-STRATHMORE MEMORIAL DISTRICT

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## Independent Auditor's Report

Board of Directors  
Lindsay-Strathmore Memorial District  
Lindsay, California

### **Report on the Financial Statements**

I have audited the accompanying basic financial statements of the Lindsay-Strathmore Memorial District (the District) as of and for the year ended June 30, 2016 as listed in the table of contents and the related notes to the financial statements. The prior year summarized comparative information was derived from the District's 2015 financial statements and in my report dated November 16, 2015, I expressed an unqualified opinion on those statements.

### **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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 U.S. Comptroller General. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 assessment, 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis of my audit opinions.

### **Opinion**

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Lindsay-Strathmore Memorial District as of June 30, 2016 and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

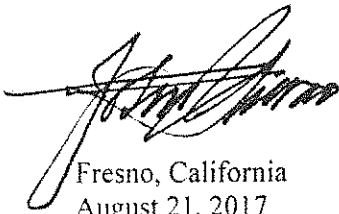
## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and budgetary comparison information on pages 3 to 6 and 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 21, 2017, on my consideration of Lindsay-Strathmore Memorial District's internal control over financial reporting and my tests of its compliance with certain provision of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of my 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 Lindsay-Strathmore Memorial District's internal control over financial reporting and compliance.



Fresno, California  
August 21, 2017

**LINDSAY-STRATHMORE MEMORIAL DISTRICT**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

This management's discussion and analysis of the financial performance of the Lindsay-Strathmore Memorial District provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the District's financial statements which begin on page 7.

**FINANCIAL HIGHLIGHTS**

- The District's total net assets decreased over the course of the fiscal year by \$6,409 to \$143,536 which represents its governmental net position.
- The general fund, on the current financial resources basis, reported excess of expenditures over revenues of \$3,022.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this portion), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The government-wide financial statements provide both long-term and short-term information about the District's overall financial status.
- Fund financial statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Government-wide Financial Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies or on the accrual basis of accounting. The statement of net position includes all the District's assets and liabilities. All the current year's revenues and expenses are reported in the statement of activities regardless of when cash is received or paid.

**Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one type of fund – the governmental fund or general fund. Most of the District's basic services are included in governmental fund, which focus on (1) short-term inflows and outflows of expendable resources, and (2) the remaining year-end balances available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliation that explains the relationship (or differences) between governmental funds and governmental activities follow each of the governmental funds statements.

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements provide long-term and short-term information about the District's overall financial condition. This analysis addresses the financial statements of the District as a whole.

**LINDSAY-STRATHMORE MEMORIAL DISTRICT**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

**Lindsay-Strathmore Memorial District**  
**Summary of Net Position**  
**As of June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Current assets	\$ 62,775	\$ 49,669
Capital assets	<u>115,481</u>	<u>118,868</u>
Total assets	<u>178,256</u>	<u>168,537</u>
 Current liabilities	 <u>34,720</u>	 <u>18,592</u>
 Net position:		
Net investment in capital assets	115,481	118,868
Unrestricted	<u>28,055</u>	<u>31,077</u>
Total net position	<u>\$ 143,536</u>	<u>\$149,945</u>

Net position of the District's governmental activities decreased by \$6,409 or 4.3 percent to \$143,536.

**Lindsay-Strathmore Memorial District**  
**Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Program revenues		
Facilities rental	<u>\$ 34,633</u>	<u>\$ 31,025</u>
 <b>General Revenue</b>		
Taxes	126,181	119,377
Intergovernmental revenue	10,154	11,012
Interest	380	341
Others	<u>2,624</u>	<u>1,766</u>
Total general revenues	<u>139,339</u>	<u>132,496</u>
Total revenues	<u>173,972</u>	<u>163,521</u>
 <b>Expenses</b>		
Salaries & employee benefits	77,897	74,761
Services and supplies	96,197	103,304
Depreciation	<u>6,287</u>	<u>11,356</u>
Total expenses	<u>180,381</u>	<u>189,421</u>
<b>Decrease in net assets</b>	<u>(\$ 6,409)</u>	<u>(\$25,900)</u>

**LINDSAY-STRATHMORE MEMORIAL DISTRICT**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

**Revenues**

The District's total revenues for the year ended June 30, 2016 increased by \$10,451 or 6.4 % to \$173,972 primarily due to the increase in facilities rental revenue of \$3,608 and general revenues of \$6,843. Taxes provided 78.4% of the total revenues of the District while charges for services (rental revenue) provided 19.9% of the total revenue received during the year.

**Expenses**

Expenses of the District for the year the year ended June 30, 2016 totaled \$180,381 compared with \$189,421 for the prior year or a decrease of \$9,040 or 4.8%. This was primarily due to the decrease in Salaries and Wages of \$2,173; Janitorial, \$3,742; Utilities, \$3,727; Depreciation, \$5,070 and reduced by an increase in Employees benefits of \$5,309.

**FINANCIAL ANALYSIS OF THE FUND STATEMENT**

The District uses fund accounting to assure and demonstrate compliance with finance-related legal requirements. The fund financial statements report the District's operations in more detail than the government-wide statements.

The District's governmental fund provides information on near-term inflows, outflows, and balances of expendable resources. The governmental fund shows a decrease of \$3,022 over the fiscal year.

**General Fund Budgetary Highlights**

By state law, the District's governing board must approved a tentative budget no later than July 1<sup>st</sup> and adopt a final budget no later than September 15<sup>th</sup>. These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. A comparison of the District's budget and the actual revenues and expenditures during the fiscal year ending June 30, 2016 is shown on page 17.

**CAPITAL ASSET**

As of June 30, 2016, the District had invested \$115,481 in capital assets. The net decrease amounted to \$3,387 representing depreciation provided in the amount of \$6,287 reduced by addition to fixed assets of \$2,900.

Capital Assets (Net of depreciation)	Governmental Activity
Capital assets not being depreciated:	
Land and improvements	\$ 70,604
Other capital assets:	
Furniture and Equipment	<u>44,877</u>
	<u>\$115,481</u>

**LINDSAY-STRATHMORE MEMORIAL DISTRICT**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2016**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District derives its revenues mainly from property tax revenues which are billed and collected by the County of Tulare and from rental paid by users of its facilities. The general fund budget for fiscal year ended June 30, 2017 shows estimated revenues of \$164,100 and total expenditures of \$202,552 which includes \$10,000 for capital expenditures.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. If you have questions about this report, need additional financial information, contact the Lindsay-Strathmore Memorial District, Post Office Box 518, Lindsay, California 93247.



**LINDSAY-STRATHMORE MEMORIAL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2016  
(With Summarized Comparative Information for June 30, 2015)**

	<b>Governmental Activities</b>	
	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash in county treasury and bank	\$ 42,034	\$ 33,104
Prepaid insurance	11,088	10,635
Accounts receivables	9,253	5,930
Receivable from employee	400	-
Capital assets, net	<u>115,481</u>	<u>118,868</u>
Total assets	<u>178,256</u>	<u>168,537</u>
<b>LIABILITIES</b>		
Accounts payable	<u>34,720</u>	<u>18,592</u>
Total liabilities	<u>34,720</u>	<u>18,592</u>
<b>NET POSITION</b>		
Invested in capital assets	115,481	118,868
Unrestricted	<u>28,055</u>	<u>31,077</u>
Total net position	<u>\$ 143,536</u>	<u>\$ 149,945</u>

**LINDSAY-STRATHMORE MEMORIAL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2016  
(With Summarized Comparative Information For Fiscal Year Ended June 30, 2015)**

	<u>Operating Expenses</u>	<u>Charges for Services</u>	<u>2016 Net (Expense) Revenue</u>	<u>2015 Net (Expense) Revenue</u>
<b>Governmental activities</b>				
Facilities rental	\$ 180,381	\$ 34,633	\$ (145,748)	\$ (158,396)
			<u>Governmental Activities</u>	
<b>Change in net position</b>				
Net (expense) revenue			\$ (145,748)	\$ (158,396)
<b>General revenues:</b>				
Taxes			126,181	119,377
Intergovernmental revenues			10,154	11,012
Interest			380	341
Miscellaneous revenue			2,624	1,766
Total general revenues			<u>139,339</u>	<u>132,496</u>
Change in net position			(6,409)	(25,900)
<b>Net position, beginning of year</b>			<u>149,945</u>	<u>175,845</u>
<b>Net position, end of year</b>			<u>\$ 143,536</u>	<u>\$ 149,945</u>

**LINDSAY-STRATHMORE MEMORIAL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUND**  
**June 30, 2016**  
**(With Summarized Comparative Information for June 30, 2015)**

	<u>2016 General Fund</u>	<u>2015 General Fund</u>
<b>ASSETS</b>		
Cash in bank & county treasury (Note 2)	\$ 42,034	\$ 33,104
Prepaid insurance	11,088	10,635
Accounts receivable	9,253	5,930
Receivable from employee	400	-
<b>TOTAL ASSETS</b>	<u>\$ 62,775</u>	<u>\$ 49,669</u>
<b>LIABILITIES</b>		
Accounts payable	<u>\$ 34,720</u>	<u>\$ 18,592</u>
<b>TOTAL LIABILITIES</b>	<u>34,720</u>	<u>18,592</u>
<b>FUND EQUITY AND OTHER CREDITS</b>		
Undesignated fund balance	<u>28,055</u>	<u>31,077</u>
<b>TOTAL FUND BALANCE AND OTHER CREDITS</b>	<u>28,055</u>	<u>31,077</u>
<b>TOTAL LIABILITIES AND FUND EQUITY AND OTHER CREDITS</b>	<u>\$ 62,775</u>	<u>\$ 49,669</u>

See Accompanying Notes To Financial Statements

**LINDSAY-STRATHMORE MEMORIAL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2016**  
(With Summarized Comparative Information for Fiscal Year Ended June 30, 2015)

	2016	2015
<b>REVENUES</b>		
Taxes	\$ 126,181	\$ 119,377
Intergovernmental revenues	10,154	11,012
Interest	380	341
Rents	34,633	31,025
Miscellaneous	2,624	1,766
Total Revenues	173,972	163,521
 <b>EXPENDITURES</b>		
Salaries and wages	58,485	60,658
Utilities	30,162	33,889
Maintenance, structures	5,915	4,756
Insurance	10,637	10,478
Employee benefits	19,412	14,103
Professional services	24,370	22,300
Household expense	2,604	6,784
Maintenance & small tools	2,834	4,249
Payroll taxes	4,609	5,817
Tax administration	2,874	2,925
Capital outlay	2,900	5,359
Communications	2,143	2,017
Office expense	1,001	329
Transportation and travel	2,492	2,924
Pest control	108	552
Miscellaneous	6,448	6,284
Total Expenditures	176,994	183,424
 Excess of revenues over expenditures	(3,022)	(19,903)
 <b>FUND BALANCE, July 1</b>	31,077	50,980
 <b>FUND BALANCE, June 30</b>	\$ 28,055	\$ 31,077

See Accompanying Notes To Financial Statements

**LINDSAY-STRATHMORE MEMORIAL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS**

**June 30, 2016**

**(With Summarized Comparative Information for June 30, 2015)**

	<u>2016</u>	<u>2015</u>
Fund balances - total governmental funds	\$ 28,055	\$ 31,077
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental capital assets	663,924	661,024
Less accumulated depreciation	<u>(548,443)</u>	<u>(542,156)</u>
	<u>115,481</u>	<u>118,868</u>
Net position - governmental activities	<u>\$ 143,536</u>	<u>\$ 149,945</u>

**LINDSAY-STRATHMORE MEMORIAL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUND**

**For the Fiscal Year Ended June 30, 2016**

**(With Summarized Comparative Information for Fiscal Year Ended June 30, 2015)**

	<u>2016</u>	<u>2015</u>
Net change in fund balances-total governmental funds	\$ (3,022)	\$ (19,903)
<p>Amounts reported for governmental activities in the statement of activities are different because</p> <p>Government funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
	2,900	5,359
<p>Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and 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</p>		
	<u>(6,287)</u>	<u>(11,356)</u>
Change in net position of governmental activities	<u>\$ (6,409)</u>	<u>\$ (25,900)</u>

**LINDSAY-STRATHMORE MEMORIAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of Lindsay-Strathmore Memorial District conform to generally accepted accounting principles as applicable to governments. Generally accepted principles for local governments include those prescribed by the Governmental accounting Standards Board (GASB).

**Basis of Presentation and Accounting**

The Authority follows the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis- For State and Local Governments." Statement 34, as amended, established the financial reporting standards for all state and local government entities, which includes a statement of net position, and a statement of revenues, expenses and changes in net position. It requires the classification of net position in the following three components:

*Net Investment in capital assets* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* – This component of net position consists of constraints imposed by creditors (such as through debt covenant), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* – This component of net position consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Government-Wide and Fund Financial Statements:* The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the government.

*Statement of net positions:* The statement of net position reports the composition and balances of net economic resources that can be used by the Authority to provide future services.

*Statement of Activities:* This statement demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Other items not properly included among program revenues are reported instead as general revenues.

*Governmental Fund:* To insure observance of limitations and restrictions placed on the use of resources available to the District, the accounts of the District are maintained in accordance with the principles of fund accounting. This procedure by which resources of various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. The District only uses governmental funds which includes unrestricted resources of the fund.

**LINDSAY-STRATHMORE MEMORIAL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

*Measurement Focus:* The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Fixed Assets:** All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

**Prior Year Summarized Comparative Information:** The basic financial statements include prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

**Budgets and Budgetary Accounting:** By state law, the District's governing board must approve a tentative budget no later than July 1<sup>st</sup> and adopt a final budget no later than September 15<sup>th</sup>. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. It is the final revised budget that is presented in the financial statements.

**Cash:** The District considers all cash deposits and cash in the County Treasury as cash.

**Accumulated Vacation and Sick Leave:** Accumulated unpaid employee vacation benefits are recognized as current liabilities of the District. No liability existed at June 30, 2016.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable.



**LINDSAY-STRATHMORE MEMORIAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Property Tax:** Secured property taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxes are payable in two installments on November 15<sup>th</sup> and March 15<sup>th</sup>. Unsecured property taxes are payable in one installment on or before August 31<sup>st</sup>. The County of Tulare bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

**NOTE 2 – CASH IN BANK AND COUNTY TREASURY**

Cash at June 30, 2016 consisted of the following:

Cash on hand and in bank	\$ 14,158
Pooled funds:	
Cash in County Treasury	<u>27,876</u>
	<u>\$ 42,034</u>

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possessin of an outside party.

The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated institution. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. The District's deposits are entirely insured by Federal Depository Insurance or collateralized with pools of securities held by the pledging financial institution's trust department or agent but not in the District's name. The Cash in County Treasury of Tulare is pooled and invested by the County Treasurer. All pooled cash deposits are entirely insured and collateralized.

**Concentration of Credit Risk**

The District has no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total District investments are as follows:

Bank of America	\$ 13,507	32.6%
Cash in County Treasury	<u>27,876</u>	67.4%
Total	<u>\$ 41,383</u>	

**NOTE 3 – PREPAID INSURANCE**

The Prepaid Insurance at June 30, 2016 amounting to \$11,88 represents premium paid in advance on property and liability insurance for the next fiscal year.

**LINDSAY-STRATHMORE MEMORIAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4- ACCOUNTS RECEIVABLE**

As of June 30, 2016, this account represented a receivable of \$9,253 from customers using the District facilities.

**NOTE 5 – CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2016, is shown below:

	Balance <u>6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/15</u>
Land	\$ 70,604	\$ -	\$ -	\$ 70,604
Buildings	457,711	-	-	457,711
Equipment	<u>132,709</u>	<u>2,900</u>	<u>-</u>	<u>135,609</u>
Total	<u>\$661,024</u>	<u>2,900</u>	<u>-</u>	<u>\$663,924</u>
Accumulated Depr.				
Buildings	419,178	4,503	-	423,681
Equipment	<u>122,978</u>	<u>1,784</u>	<u>-</u>	<u>124,762</u>
	<u>542,156</u>	<u>\$ 6,287</u>	<u>\$ -</u>	<u>548,443</u>
Net Capital Assets	<u>\$118,868</u>			<u>\$115,481</u>

All capital assets have been recorded at cost, except that assets acquired prior to 1968 have been recorded at estimated cost in the amount of \$255,372. The District's buildings are depreciated over 40 years and furniture and equipment are depreciated over 5-10 year.

**NOTE 6 –NET POSITION**

The District's net position is categorized as net investment in capital assets (net of related debt) and unrestricted. At June 30, 2016 net position consisted of the following:

Invested in capital assets	\$115,481
Unrestricted	<u>28,055</u>
	<u>\$143,536</u>

**NOTE-7- SUBSEQUENT EVENTS**

In compliance with accounting standards generally accepted in the United States of America, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in these financial statements. Management has determined that no events require disclosure in accordance with accounting standards generally accepted in the United States of America. These subsequent events have been evaluated through August 21, 2017, which is the date the financial statements were issued.

**LINDSAY STRATHMORE MEMORIAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Taxes	\$ 113,650	\$ 126,181	\$ 12,531
Intergovernmental revenues	10,275	10,154	(121)
Interest	160	380	220
Rents	33,000	34,633	1,633
Miscellaneous income		2,624	2,624
Total Revenues	157,085	173,972	16,887
 <b>EXPENDITURES</b>			
Salaries and employee benefits	75,700	77,897	(2,197)
Services and supplies	98,400	96,197	2,203
Capital outlay	19,085	2,900	16,185
Total Expenditures	193,185	176,994	16,191
 Excess (deficit) of revenues over expenditures	\$ (36,100)	\$ (3,022)	\$ 33,078
 <b>FUND BALANCE, July 1</b>		31,077	
 <b>FUND BALANCE, June 30</b>		\$ 28,055	

See Accompanying Notes To Financial Statements



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**REPORT ON COMPLIANCE AND ON CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Lindsay-Strathmore Memorial District  
Lindsay, California

I 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 Lindsay-Strathmore Memorial District as of and for the year ended June 30, 2016 and the related notes to the financial statements, and have issued my report thereon dated August 21, 2017.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Lindsay-Strathmore Memorial District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lindsay-Strathmore District's internal control. Accordingly, I do not express an opinion on the effectiveness of Lindsay-Strathmore Memorial District'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 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, internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

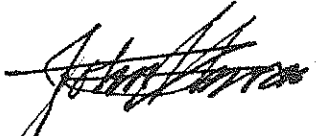
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lindsay-Strathmore Memorial District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "John A. [unclear]", written in a cursive style.

Presno, California  
August 21, 2017