

EXETER MEMORIAL DISTRICT
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020

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**EXETER MEMORIAL DISTRICT
2019-2020 AUDIT REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis is intended to be an easily readable analysis of the Exeter Memorial District's financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the Independent Auditor's Report found on pages 4-6 and the financial statements that follow.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

Overview of the Financial Statements

This report consists of the following three parts: Management's Discussion and Analysis (MD&A), Basic Financial Statements, and other Supplementary Information. The first two statements are condensed and present a government-wide view of the District's finances. Within this view, all District operations are categorized and reported as business-type activities. Business-type activities are activities that are supported by fees charged for goods or services.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets of the District, the liabilities it owes, and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Business-type activities are reported on the accrual basis of accounting.
- The Statement of Activities identifies the District's revenues and expenses and summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

Government-wide Financial Statements

A condensed version of the Statements of Net Position as of June 30, follows:

	<u>2020</u>	<u>2019</u>
Assets	\$ 1,013,141	\$ 973,495
Current Liabilities	<u>5,177</u>	<u>9,577</u>
Net Position	<u>\$ 1,007,964</u>	<u>\$ 963,918</u>

**EXETER MEMORIAL DISTRICT
2019-2020 AUDIT REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Government-wide Financial Statements (Continued)

A condensed version of the Statement of Activities for the years ended June 30, is as follows:

	<u>2020</u>	<u>2019</u>
Total Revenues	\$ 330,812	\$ 327,746
Total Expenditures	<u>(286,766)</u>	<u>(254,267)</u>
Excess Revenues Over Expenditures	<u>\$ 44,046</u>	<u>\$ 73,479</u>

Capital Assets

At June 30, 2020 and 2019, the District had \$305,927 and \$264,525, respectively invested in capital assets, consisting primarily of structure and improvements and equipment.

	<u>2020</u>	<u>2019</u>
Land	\$ 1	\$ 1
Structures and Improvements	974,363	900,238
Furniture and Fixtures	45,405	43,955
Maintenance Equipment	35,356	34,817
Kitchen Equipment	48,771	48,771
Total Capital Assets	<u>1,103,896</u>	<u>1,027,782</u>
Less Accumulated Depreciation	<u>(797,969)</u>	<u>(763,257)</u>
Net Capital Assets	<u>\$ 305,927</u>	<u>\$ 264,525</u>

During the year ended June 30, 2020 there were the following additions to capital assets:

Security Camaras	\$ 1,450
Hedgetrimmer	539
Kitchen Door	1,125
Asphalt Repairs	59,210
Landscape and Sprinkler Repair	1,700
Parking Lot Island Conduit	3,300
Parking Lot Water Backflow	<u>8,790</u>
	<u>\$ 76,114</u>

During the year ended June 30, 2020 there were no fixed asset disposals.

At year-end the District had no outstanding debt.

**EXETER MEMORIAL DISTRICT
2019-2020 AUDIT REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Government-wide Financial Statements (Continued)

Financial Contact

The District's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District's Board at P.O. Box 496, Exeter, CA 93221.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Exeter Memorial District
Exeter, California

We have audited the accompanying financial statements of the business-type activities of Exeter Memorial District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District'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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Exeter Memorial District, as of June 30, 2020, and the respective changes in financial position and 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 management's discussion and analysis on pages 1-3 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Exeter Memorial District's basic financial statements. The Budget vs. Actual Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budget vs. Actual Schedule is the responsibility of management and was 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 Budget vs. Actual Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020, on our consideration of Exeter Memorial District's internal control over financial reporting and on our tests of its compliance with certain provision 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 Exeter Memorial District's internal control over financial reporting and compliance.

Pine, Pearsoncelli & Aguilar, Inc

Visalia, California
October 20, 2020

**EXETER MEMORIAL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

ASSETS

CURRENT ASSETS

Cash in County Treasury	\$ 691,786
Employee Receivable	396
Prepaid Insurance	<u>15,031</u>
Total Current Assets	<u>707,213</u>

NON CURRENT ASSETS

Capital Assets:	
Nondepreciable	1
Depreciable, Net	<u>305,927</u>
Net Property and Equipment	<u>305,928</u>
TOTAL ASSETS	<u><u>1,013,141</u></u>

LIABILITIES

Accounts Payable	890
Accrued Vacation	3,909
Accrued Payroll	<u>378</u>
TOTAL LIABILITIES	<u><u>5,177</u></u>

NET POSITION

Net Investment in Capital Assets	305,928
Unrestricted Net Position:	
Unrestricted, Board Designated - Capital Investment	105,099
Undesignated	<u>596,937</u>
TOTAL NET POSITION	<u><u>\$ 1,007,964</u></u>

The accompanying notes are an integral part of these financial statements.

**EXETER MEMORIAL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Operating Revenues:	
Facilities Rental	\$ <u>21,453</u>
 Total Operating Revenues	 <u>21,453</u>
Operating Expenses:	
Salaries and Wages	88,029
Employee Benefits	47,578
Payroll Taxes	7,235
Communications	2,149
Supplies	11,036
Insurance	9,108
Repairs and Maintenance for Equipment	1,975
Repairs and Maintenance for Building and Improvements	13,636
Memberships	2,148
Office Expense	2,006
Professional Services	17,562
Small Tools	2,144
Publications and Legal Notices	308
Administration Fees	6,853
Travel Expense	720
Utilities	39,568
Depreciation Expense	<u>34,711</u>
 Total Operating Expenses	 <u>286,766</u>
 Operating Loss	 <u>(265,313)</u>

The accompanying notes are an integral part of these financial statements.

**EXETER MEMORIAL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Nonoperating Revenues:	
Property Taxes	\$ 291,273
Investment Income	17,115
Other Revenue	<u>971</u>
Nonoperating Revenues	<u>309,359</u>
Change in Net Position	44,046
NET POSITION, Beginning of the Year	<u>963,918</u>
NET POSITION, End of the Year	<u>\$ 1,007,964</u>

The accompanying notes are an integral part of these financial statements.

**EXETER MEMORIAL DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Position	\$ 44,046
Adjustments to Reconcile Change in Net Position to Net Cash Flows from Operating Activities:	
Depreciation	34,711
Increase in Operating Assets:	
Prepaid Expenses	(5,758)
Decrease in Operating Liabilities:	
Accounts Payable	(2,892)
Accrued Payroll Taxes	<u>(1,508)</u>
Net Cash Provided by Operating Activities	<u>68,599</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of Equipment	<u>(76,114)</u>
Net Cash Used by Investing Activities	<u>(76,114)</u>
Net Decrease in Cash	(7,515)
Cash - Beginning of Year	<u>699,301</u>
CASH - END OF YEAR	<u><u>\$ 691,786</u></u>

The accompanying notes are an integral part of these financial statements.

**EXETER MEMORIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

1. Summary of Significant Accounting Policies

Organization of the District

Exeter Memorial District (the District) is a California Special District organized to maintain a building for military veterans organizations. It was formed in 1953 and the building was completed in 1954.

Reporting Entity

The District's basic financial statements include the accounts of all of its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts of the District and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accrual basis of accounting is required for proprietary fund types and is utilized by the District. Under this method, revenues are recorded when earned and expenses are recorded when incurred.

This report has been prepared in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board pronouncements as well as the Financial Accounting Standards Board pronouncements issued after November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board pronouncements.

Budgets and Budgetary Accounting

By state law, the District's governing board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. This was not considered necessary during the year ended June 30, 2020.

**EXETER MEMORIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

1. Summary of Significant Accounting Policies (Continued)

Cash Equivalents and Investments

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. This includes bank accounts and deposits with the County of Tulare ("County").

The County is authorized to deposit cash and invest excess funds by California Government Code Section 5648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Tulare County Treasury indicates that the amount was less than 1% for the year ended June 30, 2020.

Deposits and Investments

The District maintains all its cash in the Tulare County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Capital Assets

Capital assets are reported at actual cost or estimated historical cost if historical records are not available. Donated assets are reported at estimated fair value at the time received. Maintenance and repairs are charged to expenses as incurred and improvements and renewals are capitalized.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset amounts), depreciation methods, and estimated useful lives or capital assets are reported as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All	N/A	N/A
Structures and Improvements	\$ 1,000	Straight-Line	10 - 40
Equipment	\$ 500	Straight-Line	5 - 25

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**EXETER MEMORIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

1. Summary of Significant Accounting Policies (Continued)

Accumulated Vacation

Employees earn vacation benefits based on the number of years of service with the District ranging from 40 hours to 120 hours with a maximum accrual allowed up to 80 hours. Accrued vacation has been provided based upon each employee's unused vacation at June 30, 2020, at the employees' current rate of pay.

Net Position

Net position comprise the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position are classified 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 - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Property Tax

Under California law, property taxes are assessed and collected by the County up to 1% of the assessed value, plus other increases approved by the voters. The property taxes go into a pool and are allocated to the District based on formulas, which were established by the County of Tulare and the cities and districts within the County. The property tax calendar for the District is as follows:

Lien Date	January 1
Levy Date	July 1 through June 30
Due Dates	November 1 and February 1
Collection Dates	December 10 and April 10

Property tax revenues are recognized when they become measurable and available to finance current liabilities. Property taxes on the unsecured roll are assessed on January 1 lien date and become delinquent if unpaid on September 30.

Management's Review

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 20, 2020, the date the financial statements were available to be issued.

2. Cash and Investments

Pooled Funds:

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**EXETER MEMORIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

2. Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2020, the weighted average maturity of the investments contained in the County of Tulare investment pool is approximately 784 days.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment.

<u>Investment Type</u>	<u>Amount</u>	<u>Maturity Days</u>
County Investment Pool	\$ 691,786	784

Disclosures Relating to Interest Rate Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Tulare Investment Pool does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the County contains a limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents more than 7.1% of Total County's investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institutions, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**EXETER MEMORIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

2. Cash and Investments (Continued)

Investment in State Investment Pool

The County is a voluntary participant in the State Treasurer's Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported at amounts based upon the County's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Tulare County Treasury is authorized to invest in the following:

A listing of the securities owned by the Tulare County as of June 30, 2020 is shown below:

	<u>Portfolio Composition</u>		<u>% of Portfolio</u>	<u>% Permitted by Policy</u>
	<u>Book Value</u>	<u>Market Value</u>		
U.S. Treasuries	\$ 426,131,477	\$ 447,421,109	27%	100%
Federal Agencies	325,886,266	333,198,067	20%	75%
Agency Mortgage Backed Securites	53,253,590	54,223,168	3%	75%
U.S. Instrumentalities- Supernationals	26,054,304	26,919,311	2%	30%
Negotiable Certificates of Deposit	139,523,004	141,102,771	9%	30%
Corporate Bonds and Notes	334,464,805	344,716,693	21%	30%
Municipal Obligations	30,754,803	31,177,982	2%	30%
Asset Backed Securities	39,886,411	40,598,264	2%	20%
Commercial Paper	74,911,575	74,986,850	5%	40%
Local Agency Investment Fund	74,315,432	74,315,432	5%	\$75 Million
CAMP	28,940,672	28,940,672	2%	50%
Money Market Funds	13,007	13,007	<1%	15%
Money Market Accounts	47,486,797	47,486,797	3%	50%
Cash	2,339,797	2,339,797	<1%	100%
	<u>\$ 1,603,961,940</u>	<u>\$ 1,647,439,919</u>	<u>100%</u>	

All cash is payable to the District upon demand. Exeter Memorial District's portion of pooled funds at June 30, 2020 was \$691,786.

**EXETER MEMORIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

3. Capital Assets

The following is a summary of the changes in capital assets as of June 30, 2020:

	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
Nondepreciable Capital Assets:				
Land	\$ 1	\$ -	\$ -	\$ 1
Depreciable Capital Assets:				
Structures and Improvements	900,238	74,125	-	974,363
Furniture and Fixtures	43,955	1,450	-	45,405
Maintenance Equipment	34,817	539	-	35,356
Kitchen Equipment	48,771	-	-	48,771
Total Depreciable Capital Assets	<u>1,027,781</u>	<u>76,114</u>	<u>-</u>	<u>1,103,895</u>
Less Accumulated Depreciation				
Structures and Improvements	661,755	27,716	-	689,471
Furniture and Fixtures	36,378	2,296	-	38,674
Maintenance Equipment	24,352	1,881	-	26,233
Kitchen Equipment	40,772	2,818	-	43,590
Total Accumulated Depreciation	<u>763,257</u>	<u>34,711</u>	<u>-</u>	<u>797,968</u>
Net Depreciable Capital Assets	<u>264,524</u>	<u>41,403</u>	<u>-</u>	<u>305,927</u>
Total Capital Assets, Net	<u>\$ 264,525</u>	<u>\$ 41,403</u>	<u>\$ -</u>	<u>\$ 305,928</u>

**EXETER MEMORIAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

4. Retirement Plan

The District makes contributions to each eligible employees' Simplified Employee Pension (SEP) plan account. The amount of the contribution is based on management's discretion and is limited to a maximum of 25% of covered compensation. The employees are 100% vested. The District contributed 16% of qualified salary expenditures to the plan.

The District contribution information for the year ended June 30, 2020 is as follows:

	<u>Number of Employees Covered</u>	<u>Total Employer Contribution</u>	<u>Total Qualified Salary</u>
6/30/2020	2	\$ <u>6,244</u>	\$ <u>41,033</u>

5. Risk Management

The District has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; wrongful acts; injuries to employees; and employee health and life. Payments of premiums for these policies are recorded as expenses of the District. Insurance settlements have not exceeded insurance coverage in any of the past three years. There are no significant reductions in coverage compared to the prior years.

6. Litigation

The District was a defendant in two lawsuits involving former employees. One was settled with prejudice and the insurance company covered the cost of the settlement. The other was dismissed without prejudice. The attorney representing the District in both cases was provided by the District's insurance company and the cost of fees were covered by the District's insurance.

OTHER INDEPENDENT AUDITOR'S REPORT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Directors of
Exeter Memorial District
Exeter, 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 business-type activities of Exeter Memorial District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Exeter Memorial District's basic financial statements, and have issued our report thereon dated October 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Exeter 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Exeter Memorial District's internal control. Accordingly, we do not express an opinion on the effectiveness of Exeter 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 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 may exist that have not been identified.

Compliance and Other Matters

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

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.



Visalia, California
October 20, 2020

OTHER SUPPLEMENTARY INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information that is required by other entities.

**EXETER MEMORIAL DISTRICT
BUDGET VS ACTUAL SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenue</u>			
Property Taxes	\$ 248,600	\$ 291,273	\$ 42,673
Intergovernmental Revenue	1,100	-	(1,100)
Interest	11,800	17,115	5,315
Rent	28,000	21,453	(6,547)
In Kind Donations	-	-	-
Other Income	100	971	871
	<u>289,600</u>	<u>330,812</u>	<u>41,212</u>
Total Revenue			
<u>Expenditures</u>			
Salaries and Wages	119,000	88,029	30,971
Employee Benefits	60,000	47,578	12,422
Payroll Taxes	11,000	7,235	3,765
Worker's Compensation	18,000	-	18,000
Agriculture	8,000	-	8,000
Communications	3,000	2,149	851
Depreciation Expense	-	34,711	(34,711)
Household Supplies	20,000	11,036	8,964
Insurance	20,000	9,108	10,892
Maintenance - Equipment	45,000	1,975	43,025
Maintenance - Buildings and Improvements	140,000	13,636	126,364
Memberships	3,000	2,148	852
Miscellaneous	2,000	-	2,000
Office Expenses	4,000	2,006	1,994
Outside Services	20,000	-	20,000
Professional Services	28,000	17,562	10,438
Publications	1,000	308	692
Rents and Leases Equipment	3,000	-	3,000
Small Tools	2,000	2,144	(144)
Special Expense	5,000	-	5,000
Tax Administrative Fee	7,000	6,853	147
Transportation and Travel	1,000	720	280
Utilities	48,000	39,568	8,432
	<u>568,000</u>	<u>286,766</u>	<u>281,234</u>
Total Expenditures			

See independent auditor's report.

**EXETER MEMORIAL DISTRICT
BUDGET VS ACTUAL SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess Revenues Over (Under) Expenditures	\$ <u>(278,400)</u>	\$ 44,046	\$ <u>322,446</u>
Net Position, Beginning of Year		<u>963,918</u>	
Net Position, End of Year		\$ <u>1,007,964</u>	

See independent auditor's report.