

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2021**

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

JUNE 30, 2021

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**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

JUNE 30, 2021

LIST OF BOARD OF DIRECTORS

| | |
|-----------------|------------|
| Tom Wright | Chairman |
| Don Watnick | Vice-Chair |
| August Flach | Secretary |
| Susan Frantzich | Director |
| Patrick Ruth | Director |

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Clovis Veterans Memorial District
Clovis, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General fund of the Clovis Veterans Memorial District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Clovis Veterans Memorial 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Clovis Veterans Memorial District, as of June 30, 2021, 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.

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Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 24-26, the schedule of proportionate share of the net pension liability on page 27, and the schedule of contributions on page 28 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022, on our consideration of the Clovis Veterans Memorial District'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 Clovis Veterans Memorial District'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 Clovis Veterans Memorial District's internal control over financial reporting and compliance.

Price Page & Company

Clovis, California
January 11, 2022

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION
JUNE 30, 2021**

| | General Fund | Adjustments | Statement of Net Position |
|--|---------------------|----------------------|------------------------------|
| ASSETS | | | |
| Cash and investments | \$ 7,154,565 | \$ - | \$ 7,154,565 |
| Receivables: | | | |
| Accounts | 1,480 | - | 1,480 |
| Interest | 38,490 | - | 38,490 |
| Other assets | 19,941 | - | 19,941 |
| Land and construction in progress | - | 2,826,159 | 2,826,159 |
| Other capital assets, net of accumulated depreciation | - | 23,367,283 | 23,367,283 |
| | <u>7,214,476</u> | <u>26,193,442</u> | <u>33,407,918</u> |
| Total assets | <u>7,214,476</u> | <u>26,193,442</u> | <u>33,407,918</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension deferrals | - | 544,339 | 544,339 |
| | <u>-</u> | <u>544,339</u> | <u>544,339</u> |
| Total deferred outflows of resources | <u>-</u> | <u>544,339</u> | <u>544,339</u> |
| Total assets and deferred outflows of resources | <u>\$ 7,214,476</u> | <u>\$ 26,737,781</u> | <u>\$ 33,952,257</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 283,501 | \$ - | \$ 283,501 |
| Payroll liabilities | 65,013 | - | 65,013 |
| Deposits payable | 12,156 | - | 12,156 |
| Interest payable | - | 37,961 | 37,961 |
| Loans payable - current | - | 208,000 | 208,000 |
| Compensated Absences - current | - | 22,501 | 22,501 |
| Due in more than one year: | | | |
| Loans payable | - | 2,563,000 | 2,563,000 |
| Compensated absences | - | 13,504 | 13,504 |
| Net pension liability | - | 1,202,796 | 1,202,796 |
| | <u>360,670</u> | <u>4,047,762</u> | <u>4,408,432</u> |
| Total liabilities | <u>360,670</u> | <u>4,047,762</u> | <u>4,408,432</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue | 38,490 | (38,490) | - |
| Pension deferrals | - | 123,739 | 123,739 |
| | <u>38,490</u> | <u>85,249</u> | <u>123,739</u> |
| Total deferred inflows of resources | <u>38,490</u> | <u>85,249</u> | <u>123,739</u> |
| FUND BALANCE/NET POSITION | | | |
| Fund balance: | | | |
| Committed | | | |
| Capital projects | 3,545,500 | (3,545,500) | - |
| Unassigned | 3,269,816 | (3,269,816) | - |
| | <u>6,815,316</u> | <u>(6,815,316)</u> | <u>-</u> |
| Total fund balance | <u>6,815,316</u> | <u>(6,815,316)</u> | <u>-</u> |
| Net position: | | | |
| Net investment in capital assets | - | 23,422,442 | 23,422,442 |
| Unrestricted | - | 5,997,644 | 5,997,644 |
| | <u>-</u> | <u>29,420,086</u> | <u>29,420,086</u> |
| Total net position | <u>-</u> | <u>29,420,086</u> | <u>29,420,086</u> |
| Total liabilities, deferred inflows of resources, and fund balance/net position | <u>\$ 7,214,476</u> | <u>\$ 26,737,781</u> | <u>\$ 33,952,257</u> |

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

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

| | | | |
|---|------------------|----|-------------------|
| Total fund balance - General Fund | | \$ | 6,815,316 |
| Capital assets used in governmental activities are not current financial resources; therefore, they are not reported in the General Fund. | | | 26,193,442 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. | | | 38,490 |
| Interest is not due and payable in the current period and, therefore, is not reported in the General Fund. | | | (37,961) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund. | | | (3,973,796) |
| Compensated absences were not due and payable in the current period; therefore, they are not reported in the General Fund. | | | (36,005) |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for postretirements benefits (pension) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position. | | | |
| Deferred outflows - pension related | 544,339 | | |
| Deferred inflows - pension related | <u>(123,739)</u> | | |
| | | | <u>420,600</u> |
| Total net position - governmental activities | | \$ | <u>29,420,086</u> |

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

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

| | <u>General Fund</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|---|-------------------------|----------------------|------------------------------------|
| REVENUES | | | |
| Program revenues: | | | |
| Charges for current services | \$ 425,648 | \$ - | \$ 425,648 |
| Operating grant and contributions | 90,205 | | 90,205 |
| General revenues: | | | |
| Property taxes | 3,628,708 | - | 3,628,708 |
| Interest income | <u>79,515</u> | <u>9,042</u> | <u>88,557</u> |
| Total revenues | <u>4,224,076</u> | <u>9,042</u> | <u>4,233,118</u> |
| EXPENDITURES | | | |
| Salaries and employee benefits | 1,151,372 | (55,552) | 1,095,820 |
| Administration | 252,954 | - | 252,954 |
| Activities | 14,503 | - | 14,503 |
| Senior services | 1,225 | - | 1,225 |
| Buildings and grounds | 404,614 | - | 404,614 |
| Grants and memorials | - | - | - |
| Capital improvements | 783,791 | (731,032) | 52,759 |
| Depreciation | - | 753,700 | 753,700 |
| Debt service: | | | |
| Principal | 202,000 | (202,000) | - |
| Interest | <u>80,077</u> | <u>(2,767)</u> | <u>77,310</u> |
| Total expenditures | <u>2,890,536</u> | <u>(237,651)</u> | <u>2,652,885</u> |
| Excess of revenues over expenditures | <u>1,333,540</u> | <u>246,693</u> | <u>1,580,233</u> |
| Net change in fund balance/net position | 1,333,540 | 246,693 | 1,580,233 |
| Fund balance/net position, beginning of year (restated) | <u>5,481,776</u> | <u>22,358,077</u> | <u>27,839,853</u> |
| Fund balance/net position, end of year | <u>\$ 6,815,316</u> | <u>\$ 22,604,770</u> | <u>\$ 29,420,086</u> |

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

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

| | |
|--|----------------------------|
| Net change in fund balance - General Fund | \$ 1,333,540 |
| <p>The General Fund reports capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p> | (22,668) |
| <p>Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities on the Statement of Net Position.</p> | 202,000 |
| <p>Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.</p> | 9,042 |
| <p>Interest expenditure adjustment to reconcile to amortization schedule for reporting on statement of activities</p> | 2,767 |
| <p>Compensated absences in the statement of activities did not require the use of current financial resources. The difference between compensated absences paid and earned was:</p> | (6,745) |
| <p>Pension contributions are reported as expenditures in the governmental funds, but contributions are reported as deferred outflows in the Statement of Net Position.</p> | <u>62,297</u> |
| Change in net position - governmental activities | <u><u>\$ 1,580,233</u></u> |

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

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Clovis Veterans Memorial District (the "District") was formed in 1946 under the provisions of the Military and Veterans Code of the State of California for the purpose of providing recreational facilities for various veterans and community activities. The District encompasses the area contained within the Clovis Unified School District, plus part of the Tarpey School District. The District Board is composed of five members elected by the public to serve four-year staggered terms without compensation.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government.

The statement of activities 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. Program revenues include 1) charges to customer or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and 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. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balance) 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. Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within 60 days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting (Continued)

Governmental Fund Financial Statements (Continued)

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The District reports the following major governmental fund:

- *General Fund* – The General Fund is the general operating fund of the District and is used to account for all financial resources.

The District adopts annual appropriated budgets for its General Fund. Budgetary comparison schedules have been provided for this fund to demonstrate compliance with the budgets.

Budgetary Procedures

By state law, the District's Governing Board must approve, and file with the County, a budget no later than July 31. The District's Governing Board satisfied these requirements.

The budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. The final revised budgets are presented in these financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object accounts.

Assets, Liabilities and Net Position

Cash and Investments

The District invests its excess cash principally with the Fresno County Treasury. The County pools these funds with those of other entities in the County and invests the cash in accordance with California Government Codes. Generally, investments with the County are available for withdrawal on demand.

Capital Assets

Capital assets, which includes property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of more than one year. Furniture and equipment purchased or acquired are carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives or the related fixed assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful life:

| | |
|-------------------------------|-------------|
| Ground improvements | 20-50 years |
| Buildings | 20-50 years |
| Furniture and equipment | 5-10 years |

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Compensated Absences

The liability for vested leave (vacation, compensated time off, holiday) earned but not used in governmental funds is expensed and established as a liability and is reported in the government-wide statement of net position. No liability is recorded for non-vesting leave such as sick leave.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities.

Pension Plan

The District recognizes a net pension liability, which represents its proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by Fresno County Employees' Retirement Association (FCERA). The net pension liability is measured as of the District's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred. The average remaining service lifetime for the 2017-2018 measurement period is 4.52 years. Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a recognition period of 5 years.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2020 |
| Measurement Date | June 30, 2021 |
| Measurement Period | July 1, 2020 to June 30, 2021 |

Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted component of net position as needed.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Net Position and Fund Balance

Net Position

In the government-wide financial statements, net position is reported in three categories as follows:

- *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 borrowings that are attributable to the acquisition, construction, or improvement of those.
- *Restricted net position* – 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 net position* – This component of net position consists of assets that do not meet the definition of “restricted net position” or “net investment in capital assets”.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted* – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Commissioners. These amounts cannot be used for any other purpose unless the Commissioners remove or change the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- *Assigned* – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners or through the Commissioners delegating this responsibility to the District’s Manager through the budgetary process.
- *Unassigned* – This classification includes any negative residual amounts that may exist as a result of expenditures incurred for specific purposes in excess of amounts restricted, committed, or assigned to those purposes.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The county of Fresno Bills and collects the taxes for the District. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The District considers property taxes available if they are collected within sixty days after year-end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category, deferred outflows related to pensions.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. The separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has one type of deferred inflow which qualifies for reporting in this category, deferred inflows related to pensions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2021 consist of the following:

| | |
|--|---------------------|
| Bank deposits | \$ 1,897,845 |
| External Investment pool - Fresno County | |
| Treasury Investment Pool | 5,256,720 |
| Total | <u>\$ 7,154,565</u> |

Investments Authorized by the California Government Code

The District does not have an investment policy independent of what is allowed under the California Government Code.

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the Code that addresses interest rate risk, credit risk, and concentration of credit risk.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|-------------------------------------|---------------------|---------------------------------------|--|
| Local Agency Bonds | 5 years | None | None |
| U.S. Treasury Obligations | 5 years | None | None |
| U.S. Agency Securities | 5 years | None | None |
| Banker's Acceptances | 180 days | 40% | 30% |
| Commercial Paper | 270 days | 25% | 10 |
| Negotiable Certificates of Deposit | 5 years | 30% | None |
| Repurchase Agreements | 1 year | None | None |
| Reverse Repurchase Agreements | 92 days | 20% of base value | None |
| Medium-Term Notes | 5 years | 30% | None |
| Mutual Funds | N/A | 20% | 10 |
| Money Market Mutual Funds | N/A | 20% | 10 |
| Mortgage Pass-through Securities | 5 years | 20% | None |
| County Pooled Investment Funds | N/A | None | None |
| Local Agency Investment Fund (LAIF) | N/A | None | None |
| JPA Pools (other investment pools) | N/A | None | None |

The Fresno County Treasury Investment Pool Statement of Investment Policy is more stringent than the California Government Code. As of June 30, 2021, the Investment Pool portfolio complied with its Statement of Investment Policy.

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, 2021, the years to maturity of the investments contained in the Fresno County Treasury Investment Pool is 2.2 years. 32.3% of the portfolio at cost matures within 12 months, 32.3% matures between 1 and 3 years, and 35.4% matures between 3 and 5 years.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit 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 Fresno County Treasury Investment Pool does not have a rating provided by a nationally recognized statistical rating organization and is exempt from disclosure per the requirements of GASB 40. However, the assets of the portfolio held by the pool as of June 30, 2021, had an average dollar weighted quality rating at “AA+.”

Concentration of Credit Risk

There are no investments in any one issuer that represents 5% or more of total District investments.

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 possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code require that financial institutions secure deposits made by the state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under the 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. California Laws also allow financial institutions to secure district deposits by pledging the first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, none of the District's deposits with financial institutions were held in uncollateralized accounts.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or governmental investment pools (such as the Fresno County Treasury Investment Pool).

Investments in Fresno County Treasury Investment Pool

The District is a voluntary participant in the Fresno County Treasury Investment Pool that is regulated by the California Government Code under the oversight of the Auditor-Controller/Treasurer-tax Collector of Fresno County. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Treasury Investment Pool for the entire Treasury Investment Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Treasury Investment Pool, which are recorded on an amortized cost basis.

Fair Value Hierarchy

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Fresno County Treasury Investment Pool invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, it is not an investment type that can be categorized in any particular level in the fair value hierarchy.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in capital assets:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|------------|--------------|-------------------|
| Capital Assets: | | | | |
| Land | \$ 2,271,637 | \$ - | \$ - | \$ 2,271,637 |
| Leasehold improvements | - | - | - | - |
| Construction in progress | 696,333 | 731,032 | (872,843) | 554,522 |
| Total capital assets, not being depreciated | 2,967,970 | 731,032 | (872,843) | 2,826,159 |
| Capital assets, being depreciated: | | | | |
| Ground improvements | 3,687,739 | - | - | 3,687,739 |
| Buildings | 25,838,377 | 684,554 | - | 26,522,931 |
| Furniture and equipment | 849,239 | 188,289 | - | 1,037,528 |
| Total capital assets, being depreciated | 30,375,355 | 872,843 | - | 31,248,198 |
| Less accumulated depreciation for: | | | | |
| Ground improvements | (1,112,605) | (81,985) | - | (1,194,590) |
| Buildings | (5,770,252) | (583,317) | - | (6,353,569) |
| Furniture and equipment | (244,358) | (88,398) | - | (332,756) |
| Total accumulated depreciation | (7,127,215) | (753,700) | - | (7,880,915) |
| Total capital assets, being depreciated, net | 23,248,140 | 119,143 | - | 23,367,283 |
| Governmental activities capital assets, net | \$ 26,216,110 | \$ 850,175 | \$ (872,843) | \$ 26,193,442 |

Depreciation expense for the year ended June 30, 2021 was \$753,700.

NOTE 4 – LONG-TERM LIABILITIES

Principal payments consist of the following for the years ending June 30, 2021:

| | Balance June 30, 2020 | Additions | Reductions | Balance June 30, 2021 | Due Within One Year |
|--------------------------|--------------------------|-----------|--------------|--------------------------|---------------------------|
| Direct borrowings: | | | | | |
| 2017 Lease financing | \$ 2,973,000 | \$ - | \$ (202,000) | \$ 2,771,000 | \$ 208,000 |
| Total direct borrowings: | 2,973,000 | - | (202,000) | 2,771,000 | 208,000 |
| Compensated absences | 29,260 | 24,672 | (17,927) | 36,005 | 22,501 |
| Total long-term debt | \$ 3,002,260 | \$ 24,672 | \$ (219,927) | \$ 2,807,005 | \$ 230,501 |

Total interest expense incurred on the note for the year ended June 30, 2021 was \$77,310.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

2017 Lease Financing Direct Borrowings

In June 2017, the District entered into a lease agreement with Local Facilities Financing Corporation (the "Corporation") to finance the purchase of real property and capital improvements to District facilities as part of the bond issuance of \$4,470,000 in Direct Borrowings. Under the terms of the agreement, the District will lease the Rex Phebus Veterans Memorial Building to the Corporation in exchange for an up-front rental payment sufficient to enable the District to finance the purchase. The Corporation will lease the building back to the District in consideration for the payment by the District of semiannual lease payments as rental for the leased property, which the Corporation will assign to Branch Banking and Trust Company. The lease agreement contains a provision that, in the event of default, the outstanding principal balance and accrued interest shall become due and payable immediately. The District will also be liable for any costs the Corporation incurs to re-lease the property. Lease payments bear interest at 2.74% and are paid semi-annually in July and January, beginning July 2017. Lease payments to be made by the District to maturity of the agreement are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 2022 | \$ 208,000 | \$ 80,077 | \$ 288,077 |
| 2023 | 214,000 | 74,501 | 288,501 |
| 2024 | 220,000 | 68,760 | 288,760 |
| 2025 | 226,000 | 62,856 | 288,856 |
| 2026 | 232,000 | 56,787 | 288,787 |
| 2027-2031 | 1,260,000 | 186,991 | 1,446,991 |
| 2032-2033 | 411,000 | 28,017 | 439,017 |
| Total | <u>\$ 2,771,000</u> | <u>\$ 557,989</u> | <u>\$ 3,328,989</u> |

NOTE 5 – RETIREMENT PLAN

Plan Description

Plan Administration—The Fresno County Employees' Retirement Association (FCERA) was established by the County of Fresno Board of Supervisors on January 1, 1945. FCERA is administered by the Board of Retirement and governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. Seq.). FCERA is a cost-sharing multiple employer defined benefit public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the General and Safety members employed by the County of Fresno. FCERA also provides retirement benefits to the employee members of the Superior Court County of Fresno, Clovis Veterans Memorial District, Fresno-Madera Area Agency on Aging and Fresno Mosquito and Vector Control District.

The management of FCERA is vested with the FCERA Board of Retirement. The Board consists of nine members and one alternate. The County Treasurer is elected by the general public and a member of the Board of Retirement by law. Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor. Two active members are elected by the General members; one active member is elected by the Safety members; one retired member and one alternate are elected by the retired members. All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with his/her term as County Treasurer.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – RETIREMENT PLAN (Continued)

Plan Description (Continued)

Plan membership — At June 30, 2020, pension plan membership consisted of the following:

| | |
|---|---------------|
| Retired members or beneficiaries currently receiving benefits | 7,838 |
| Vested terminated members entitled to buy not yet receiving benefits ⁽¹⁾ | 4,014 |
| Active members | <u>7,873</u> |
| Total | <u>19,725</u> |

⁽¹⁾ Includes terminated members due a refund of member contributions

Benefits Provided—FCERA provides service retirement, disability, death, and survivor benefits to the District's eligible employees. All regular full-time employees and permanent part-time employees who work 50% or more for the District become members of FCERA effective on the first day of the first full pay period after employment in a permanent position. There are separate retirement benefits for General and Safety members. Safety membership is extended to those involved in active law enforcement, fire suppression, and district attorney investigators. All other employees are classified as General members. The retirement benefits the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier. The tiers and their basic provisions for the District are listed below:

| <u>Tier Name</u> | <u>Effective Date</u> | <u>Basic Provisions</u> | <u>Final Average Salary Period</u> |
|------------------|-----------------------|-----------------------------|------------------------------------|
| General Tier 1 | January 1, 2001 | 2.5% at 55; Maximum 3% COLA | Highest 1-year |
| General Tier 5 | January 1, 2013 | 2.5% at 67; No COLA | Highest 3-years |

Any new member who becomes a member on or after January 1, 2013 is placed into Tier 5 and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq.

General members enrolled in Tier 1, 2, 3, or 4 are eligible to retire once they attain the age of 70 regardless of service or at age 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. General members enrolled in General Tier 5 are eligible to retire once they have attained the age of 70 regardless of service or at age 52 and have acquired five years of retirement service credit.

For members enrolled in Tier 1, 2, 3, or 4, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members enrolled in Tier 5. However, for members with membership dates on or after January 1, 2013 the maximum amount of pensionable compensation that can be taken into account for 2020 is equal to \$126,291 for those enrolled in Social Security (\$151,549 for those not enrolled in Social Security). This limit is adjusted on an annual basis. Members are exempt from paying member contributions and employers are exempt from paying employer contributions on compensation in excess of the annual cap.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – RETIREMENT PLAN (Continued)

Plan Description (Continued)

The member may elect an unmodified retirement allowance or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the member's date of death and the surviving spouse or domestic partner has attained age 55 on or prior to the member's date of death. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

FCERA provides an annual cost-of-living benefit to all retirees in Tier 1, 2, or 3. The cost-of-living adjustment, based upon the Consumer Price Index for the West Region (with 1982-84 as the base period), is capped at 3.0%.

Contributions

The County of Fresno and the other participating agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from FCERA's actuary after the completion of the annual actuarial valuation. The average employer contribution rate as of June 30, 2020 for 2019-2020 (based on the June 30, 2018 valuation) was 54.81% of compensation.

Members are required to make contributions to FCERA regardless of the retirement plan or tier in which they are included. The average member contribution rate as of June 30, 2020 for 2019-2020 (based on the June 30, 2018 valuation) was 9.25% of compensation.

For the year ended June 30, 2021, the employer contributions recognized as part of pension expense for the Plan were \$217,152.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – RETIREMENT PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the District reported net pension liabilities of \$1,202,796 for its proportionate share of the net pension liability of FCERA.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2019 and 2020 was as follows:

| | |
|------------------------------|---------|
| Proportion - June 30, 2019 | 0.1050% |
| Proportion - June 30, 2020 | 0.1100% |
| Change - Increase (Decrease) | 0.0050% |

For the year ended June 30, 2021 the District recognized pension expense of \$182,547. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 244,844 | \$ - |
| Changes of Assumptions | - | 29,590 |
| Differences between actual and expected experience | 28,230 | 27,049 |
| Net differences between projected and actual earnings on plan investments | 231,942 | - |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | <u>39,323</u> | <u>67,100</u> |
| Total | <u>\$ 544,339</u> | <u>\$ 123,739</u> |

\$244,844 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized as follows:

| <u>Years Ending June 30</u> | |
|---------------------------------|------------|
| 2022 | \$ (8,102) |
| 2023 | 47,196 |
| 2024 | 72,495 |
| 2025 | 64,167 |
| 2026 | - |
| Thereafter | - |

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – RETIREMENT PLAN (Continued)

Actuarial Valuation Assumptions

The Total Pension Liability (TPL) as of June 30, 2020 and 2019 were determined by actuarial valuations as of June 30, 2019 and 2018, respectively. The actuarial assumptions used were based on the results of an experience study for the period from July 1, 2015 through June 30, 2018. They are the same assumptions used in the June 30, 2019 funding valuation for FCERA. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Methods and assumptions used to establish "actuarially determined contribution" rates:

| | |
|-------------------------------|---|
| Valuation date | Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported |
| Actuarial cost method | Entry age actuarial cost method |
| Amortization Method | Level percent of payroll (3.50% payroll growth assumed) |
| Remaining Amortization Period | UAAL established as of June 30, 2003 is amortized over a declining period (with . 15 years remaining as of the June 30, 2018 valuation which set the rates for the 2019-2020 fiscal year) plus 15 years (declining) for UAAL due to actuarial gains or losses, changes in actuarial assumptions or plan amendments ¹ established on each subsequent valuation |
| Asset Valuation Method | The actuarial value of assets is determined by recognizing any difference between the actual and the expected market return over 10 six-month interest crediting periods. The actuarial value of assets is further adjusted, if necessary, to be within 30% of the market value of assets. The valuation value of assets is the actuarial value of assets reduced by the value of the non-valuation reserves. |

Actuarial Assumptions:

| | |
|----------------------------|--|
| Valuation Date | June 30, 2018 valuation (for year ended 2020 ADC) |
| Investment Rate of Return | 7.00%, net of pension plan investment expense, including inflation |
| Inflation Rate | 3.00% |
| Administrative Expenses | 1.10% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member. |
| Projected salary increases | General: 4.50% to 11.50% and Safety: 4.90% to 11.50%, varying by service, including inflation |
| Cost-of-living adjustment | 3.00% of retirement income for General Tiers 1, 2 and 3 and Safety Tiers 1 and 2, 0.00% for General Tiers 4 and 5 and Safety Tiers 4 and 5 |
| Other Assumptions | Same as those used in the June 30, 2018 funding actuarial valuation |

Discount Rate

The discount rate used to measure the TPL was 7.00% for both June 30, 2020 and June 30, 2019. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2020 and June 30, 2019.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – RETIREMENT PLAN (Continued)

Target Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2020 is summarized in the following table. This information will change every three years based on the actuarial experience study.

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--|----------------------|--|
| Large Cap Equity | 20% | 5.44% |
| Small Cap Equity | 5% | 6.18% |
| Developed International Large Cap Equity | 15% | 6.54% |
| Developed International Small Cap Equity | 3% | 6.64% |
| Emerging Market Equity | 6% | 8.73% |
| Core Bonds | 4% | 1.42% |
| High Yield Bonds | 3% | 3.64% |
| Global Sovereign | 7% | 0.16% |
| Bank Loan | 3% | 3.45% |
| TIPS | 3% | 1.20% |
| Local Emerging Market Debt | 3% | 4.72% |
| Real Estate | 3% | 4.51% |
| Value Add Real Estate | 1% | 8.80% |
| Opportunistic Real Estate | 1% | 12.00% |
| Infrastructure | 3% | 7.90% |
| Hedge Funds | 6% | 3.20% |
| Private Equity | 6% | 9.90% |
| Private Credit | 8% | 5.80% |
| Total | 100% | |

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – RETIREMENT PLAN (Continued)

Discount Rate Sensitivity

The following presents Net Pension Liability (NPL) of the District as of June 30, 2021, calculated using the discount rate of 7.00%, as well as what the District's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate.

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|-----------------------|------------------------------------|-----------------------|
| District's proportionate share of the net pension liability | \$ 1,951,270 | \$ 1,202,796 | \$ 590,548 |

Pension Plan Fiduciary Net Position

Detailed information about the FCERA's fiduciary net position is available in a separately issued FCERA annual comprehensive report, which may be obtained on the internet by visiting <https://fresnocountyretirement.org/>, by writing them at 7772 N. Palm Ave, Fresno CA 93711, or calling them at (559) 457-0681.

Payable to the Pension Plan

At June 30, 2021, the District reported a payable of \$8,724 for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

NOTE 6 – INSURANCE COVERAGES

The District has the following coverages in force as of June 30, 2021:

Liability Limits:

| | |
|--|---|
| General Liability, Automobile Liability and Errors & Omissions | \$1,000,000 per occurrence |
| Employment Practices Liability | \$1,000,000 per occurrence |
| Excess Liability | \$29,000,000 per occurrence |
| Workers Compensation | \$500,000 any one loss |
| Excess Worker's Compensation | Statutory coverage for WC and \$500,000 For Employers Liability |

Property Limits:

| | |
|------------------------------|--|
| Property Damage | \$10,000 any one loss |
| Boiler & Machinery | \$100,000,000 per occurrence |
| All Risk Property Insurance | \$1,000,000,000 per occurrence |
| Auto Physical Damage Program | \$30,000 per accident |
| Business Travel Accident | \$150,000 per accident |
| Group Fidelity | \$1,000,000 Employee Theft |
| | \$1,000,000 Employee Faithful Performance |
| | \$1,000,000 Depositors Forgery or Alteration |

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus, COVID-19, a pandemic. Accordingly, some functions of the District's operations were limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

In the opinion of management, based upon discussion with legal counsel, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

NOTE 8 –PRIOR PERIOD ADJUSTMENT

The District has determined that certain transactions were recorded incorrectly in the prior year. The beginning net position has been restated in the financial statements as presented in the reconciliation below:

| | |
|-------------------------------------|-----------------------------|
| Beginning net position | \$ 27,880,583 |
| Understatement of interest payable | <u>40,730</u> |
| Beginning net position, as restated | <u><u>\$ 27,839,853</u></u> |

REQUIRED SUPPLEMENTARY INFORMATION

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------------------|------------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 3,486,834 | \$ 3,486,834 | \$ 3,628,708 | 141,874 |
| Investment earnings | 25,000 | 25,000 | 79,515 | 54,515 |
| Building fees and miscellaneous | 444,140 | 444,140 | 515,853 | 71,713 |
| Total revenues | 3,955,974 | 3,955,974 | 4,224,076 | 268,102 |
| EXPENDITURES | | | | |
| Salaries and employee benefits: | | | | |
| Salaries | 912,226 | 912,226 | 572,584 | 339,642 |
| Payroll taxes | 115,042 | 115,042 | 45,159 | 69,883 |
| Retirement | 317,711 | 317,711 | 295,973 | 21,738 |
| Insurance | 255,000 | 255,000 | 236,503 | 18,497 |
| Employee benefit package | 15,000 | 15,000 | 1,153 | 13,847 |
| Total salaries and employee benefits | 1,614,979 | 1,614,979 | 1,151,372 | 463,607 |
| Administration: | | | | |
| Accounting | 30,500 | 30,500 | 31,594 | (1,094) |
| Advertising | 115,000 | 115,000 | 40,092 | 74,908 |
| Association membership | 12,000 | 12,000 | 8,742 | 3,258 |
| Bank charges | 500 | 500 | 549 | (49) |
| Communication | 15,500 | 15,500 | 14,166 | 1,334 |
| Consulting | 55,000 | 55,000 | 38,179 | 16,821 |
| Education | 9,876 | 9,876 | 4,549 | 5,327 |
| HR expense | 4,000 | 4,000 | 2,245 | 1,755 |
| Merchant deposit fees | 14,000 | 14,000 | 2,503 | 11,497 |
| Meeting expense | 9,415 | 9,415 | 3,081 | 6,334 |
| Office expense | 87,650 | 87,650 | 91,074 | (3,424) |
| Payroll expense | 7,800 | 7,800 | 7,412 | 388 |
| Miscellaneous | - | - | 8,768 | (8,768) |
| Total administration | 361,241 | 361,241 | 252,954 | 108,287 |
| Activities: | | | | |
| Art and essay award contest | - | - | - | - |
| Christmas activities | 5,000 | 5,000 | 2,833 | 2,167 |
| District recognition | 7,000 | 7,000 | 4,519 | 2,481 |
| Memorial Day | 18,000 | 18,000 | 2,317 | 15,683 |
| Patriots dinner | 15,000 | 15,000 | 3,007 | 11,993 |
| Special events | 25,000 | 25,000 | - | 25,000 |
| Veterans Day | 48,000 | 48,000 | 278 | 47,722 |
| Miscellaneous activities | 3,000 | 3,000 | 1,549 | 1,451 |
| Total activities | 121,000 | 121,000 | 14,503 | 106,497 |

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021
(Continued)**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|-----------------------------|------------------|------------|--------------|-------------------------------|
| | Original | Final | | |
| Senior services: | | | | |
| Senior center | 17,200 | 17,200 | 1,225 | 15,975 |
| Total senior services | 17,200 | 17,200 | 1,225 | 15,975 |
| Buildings and grounds: | | | | |
| Insurance | 116,000 | 116,000 | 94,832 | 21,168 |
| Maintenance and equipment | 120,000 | 120,000 | 170,648 | (50,648) |
| Inventory | 50,000 | 50,000 | 390 | 49,610 |
| Supplies | 40,000 | 40,000 | 14,221 | 25,779 |
| Employee uniforms/rugs | 6,000 | 6,000 | 2,402 | 3,598 |
| Utilities | 175,000 | 175,000 | 69,215 | 105,785 |
| Service | 60,000 | 60,000 | 52,906 | 7,094 |
| Total buildings and grounds | 567,000 | 567,000 | 404,614 | 162,386 |
| Capital improvements | 255,000 | 255,000 | 783,791 | (528,791) |
| Debt service: | | | | |
| Principal | 208,000 | 208,000 | 202,000 | 6,000 |
| Interest | 74,501 | 74,501 | 80,077 | (5,576) |
| Total debt service | 282,501 | 282,501 | 282,077 | 424 |
| Total expenditures | 3,218,921 | 3,218,921 | 2,890,536 | 328,385 |
| Net change in fund balance | \$ 737,053 | \$ 737,053 | 1,333,540 | \$ 596,487 |
| Fund balance, July 1, 2020 | | | 5,481,776 | |
| Fund balance, June 30, 2021 | | | \$ 6,815,316 | |

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**NOTES TO THE BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2021**

NOTE 1 – BUDGETARY INFORMATION

An annual nonappropriated budget, which establishes the total spending authority for the General Fund, is adopted by the Board just prior to the beginning of the District's fiscal year. The Board may authorize amendments to the budget during the year as deemed necessary. Budgeted amounts are reported as amended.

The budgetary basis of accounting is consistent with generally accepted accounting principles applicable to the District's financial statements.

NOTE 2 – EXCESS EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2021, expenditures exceeded appropriations in the following categories:

| <u>Appropriations Category</u> | <u>Excess Expenditures</u> |
|--------------------------------|--------------------------------|
| General Fund: | |
| Accounting | \$ (1,094) |
| Bank charges | (49) |
| Office expense | (3,424) |
| Miscellaneous | (8,768) |
| Total administration | <u>\$ (13,335)</u> |
| Buildings and grounds: | |
| Maintenance and equipment | \$ (50,648) |
| Total buildings and grounds | <u>\$ (50,648)</u> |
| Capital improvements | <u>\$ (528,791)</u> |
| Debt service: | |
| Interest | \$ (5,576) |
| Total debt service | <u>\$ (5,576)</u> |

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021
LAST 10 YEARS***

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of the Net Pension Liability | Proportionate Share of Net Pension Liability | Covered Payroll ⁽¹⁾ | Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--|---|--|-----------------------------------|---|--|
| 2015 | 0.079% | 690,297 | 405,365 | 218.17% | 82.71% |
| 2016 | 0.096% | 1,042,901 | 403,071 | 318.04% | 79.14% |
| 2017 | 0.102% | 1,559,493 | 469,250 | 380.94% | 72.77% |
| 2018 | 0.091% | 1,187,091 | 443,055 | 267.93% | 77.46% |
| 2019 | 0.088% | 13,504 | 468,880 | 220.88% | 80.36% |
| 2020 | 0.082% | 922,735 | 429,925 | 214.63% | 81.58% |
| 2021 | 0.086% | 1,202,796 | 487,489 | 246.73% | 78.10% |

⁽¹⁾ Covered payroll represents payroll on which contributions to the pension plan are based.

Notes to Schedule

Changes in Benefit Terms - None

Changes in Assumptions - None

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The information presented above relates solely to Clovis Veterans Memorial District and not FCERA as a whole.

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021
LAST 10 YEARS***

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Actuarially required contribution (actuarially determined) | \$ 148,388 | \$ 175,451 | \$ 175,451 | \$ 193,182 | \$ 177,352 | \$ 190,392 | \$ 217,152 | \$ 244,844 |
| Contributions in relation to the actuarially determined contributions | <u>(148,388)</u> | <u>(175,451)</u> | <u>(175,451)</u> | <u>(193,182)</u> | <u>(177,352)</u> | <u>(190,392)</u> | <u>(217,152)</u> | <u>(244,844)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 405,365 | \$ 403,071 | \$ 469,250 | \$ 443,055 | \$ 468,880 | \$ 429,925 | \$ 487,489 | \$ 568,207 |
| Contributions as a percentage of covered-employee payroll | 36.61% | 43.53% | 37.39% | 43.60% | 37.82% | 44.28% | 44.55% | 43.09% |

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The information presented above relates solely to Clovis Veterans Memorial District and not FCERA as a whole.

OTHER INDEPENDENT AUDITOR'S REPORT

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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
Clovis Veterans Memorial District
Clovis, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Clovis Veterans Memorial District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 11, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-01 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

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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*.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Price Pange & Company

Clovis, California
January 11, 2022

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**SUMMARY SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

| | | | |
|---|-------------------|-----|--------------------------------|
| Type of auditor's report issued: | <u>Unmodified</u> | | |
| Internal control over financial reporting: | | | |
| Material weakness(es) identified? | <u> X </u> | Yes | <u> </u> No |
| Significant deficiency(ies) identified - not considered to be material weaknesses? | <u> </u> | Yes | <u> X </u> None reported |
| Noncompliance material to financial statements noted? | <u> </u> | Yes | <u> X </u> No |

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2021-001 – Financial Close and Reporting Process (Material Weakness)

| | |
|------------------------|--|
| Condition: | The District did not properly record or adjust multiple accounts during the year-end closing process. We identified these errors during our audit and proposed the necessary accounting entries to correct the balances of these accounts. Management agrees with our adjustments and will post the entries, so the District's trial balance reconciles to the issued Financial Statements. |
| Criteria: | A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process. Management is responsible for maintaining accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). |
| Cause: | Internal controls over the year-end financial reporting process were not properly designed and were not placed in operation. |
| Effect: | As a result of this condition, interest, capital assets, unearned revenue, and rental revenue were initially misstated. |
| Recommendation: | The District should enhance its year-end financial close procedures to include the additional steps necessary to ensure proper reconciliation and reporting of all significant account balances, in addition to ensuring there are supporting schedules to support those balances. |
| Response: | See Corrective Action Plan |

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENT FINDINGS

Finding 2020-001 – Financial Close and Reporting Process (Material Weakness)

| | |
|------------------------|--|
| Condition: | The District did not properly record or adjust capital asset accounts on a timely basis during the year-end closing process. We identified these errors during our audit and proposed the necessary accounting entries to correct the balances of these accounts. Management agrees with our adjustments and will post the entries, so the District's trial balance reconciles to the issued Financial Statements. |
| Criteria: | A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process. Management is responsible for maintaining accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). |
| Cause: | Internal controls over the year-end financial reporting process were not properly designed and were not placed in operation. |
| Effect: | As a result of this condition, capital assets were initially misstated. |
| Recommendation: | The District should enhance its year-end financial close procedures to include the additional steps necessary to ensure proper reconciliation and reporting of all capital asset account balances, in addition to ensuring there are supporting schedules to support those balances. |
| Response: | Partially implemented, see Finding 2021-001 |

**CLOVIS VETERANS MEMORIAL DISTRICT
CLOVIS, CALIFORNIA**

**SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021
(Continued)**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2020-002 – Receivables (Material Weakness)

| | |
|------------------------|--|
| Condition: | As of year-end, the District's Accounts Receivable account had a negative "credit" balance for all individual customers, which was then corrected in total by the District's consultant with an adjusting journal entry to record the unearned revenue correctly. |
| Criteria: | A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process. Management is responsible for maintaining accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). |
| Cause: | The District books events in the accounting software using the invoice date as the event date. Payments made for the event are recorded against the invoice prior to the event date. This causes a negative balance since the event date income has not been recognized until the event occurs. District policy is to have all events paid in full 30 days prior to the event date. |
| Effect: | As a result of this process, a credit balance in receivables exists by customer, when in fact there should be a debit balance for each individual customer. This also has an impact on the District's ability to review financial reports since accounts receivable and revenue/deferred revenue accounts are not accurately posted during the year. |
| Recommendation: | The District should create a process that will allow accounts receivable and revenue/unearned revenue accounts to be correctly posted. Customer accounts should have an accurate detail of activity and an appropriate balance related to accounts receivable and revenue/unearned revenue, as applicable. |
| Response: | Partially implemented – see Finding 2021-001 |



CLOVIS VETERANS MEMORIAL DISTRICT

CORRECTIVE ACTION PLAN YEAR ENDING JUNE 30, 2021

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|-----------------------------------|---|-----------------------------|---|
| 2021-001 | Management implemented year end procedures for reconciling deferred income, interest receivables, and depreciation schedule, however is updating the procedures to ensure they work with the new event booking software and include a review process. | 06/30/2022 | Caitlin Wheeler, District Bookkeeper Alana Gabrielson, Consultant Amy Whitacre, Director of Operations |
| 2020-001 Partially Implemented | Management maintained the capital asset ledger during the fiscal year, including additions, deletions, calculating depreciation, and reconciling construction in progress. | Ongoing refinement | Caitlin Wheeler, District Bookkeeper Alana Gabrielson, Consultant |
| 2020-002 Partially Implemented | In July 2020, Ungerboeck was selected and was set up. All events from July 2020 were entered into Ungerboeck and payments through the system were implemented as of November 1, 2020 to show future income as deferred revenue instead of a negative balance in receivables. Due to COVID, the software was not fully implemented until June of 2021. | 02/01/2022 | Caitlin Wheeler, District Bookkeeper Alana Gabrielson, Consultant Amy Whitacre, Director of Operations |



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