

**CITY OF EXETER
TRANSPORTATION DEVELOPMENT ACT FUNDS AND
MEASURE R TRANSPORTATION FUNDS**

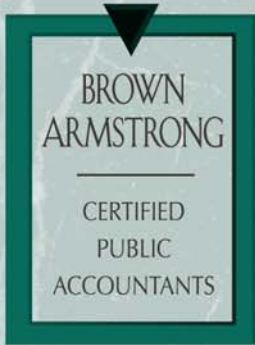
FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

**CITY OF EXETER
TRANSPORTATION DEVELOPMENT ACT FUNDS AND
MEASURE R TRANSPORTATION FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tulare County Association of Governments
Visalia, California

To the City Council
City of Exeter
Exeter, California

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Report on the Financial Statements

We have audited the accompanying financial statements of the Transportation (Transportation Development Act (TDA)) Special Revenue Fund and Measure R Special Revenue Fund of the City of Exeter (the City), as of and for the fiscal year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the City's TDA and Measure R Funds' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the TDA and Measure R Funds of the City, as of June 30, 2020, and the respective changes in financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, these financial statements present only the TDA and Measure R Funds and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2020, or the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis and Budgetary Comparison Schedules 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 basic financial statements is not affected by this missing information.

Report on Summarized Comparative Information

The June 30, 2019 summarized comparative information has been derived from the 2019 financial statements and is included for additional analysis only. We have previously audited the City's financial statements related to the TDA and Measure R Funds, and our reported dated March 3, 2020, expressed an unmodified opinion on those audited basic financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2019, is consistent, in all material respects, with the audited basic financial statements from which it was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, on our consideration of the City's internal control over financial reporting relating to the TDA and Measure R Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance relating to the TDA and Measure R Funds and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance relating to the TDA and Measure R Funds. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance relating to the TDA and Measure R Funds.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 30, 2021

**CITY OF EXETER
TRANSPORTATION SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2020
WITH COMPARATIVE TOTALS**

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,436,711	\$ 1,195,827
Due from other governments	64,568	-
	TOTAL ASSETS	\$ 1,195,827
	\$ 1,501,279	\$ 1,195,827
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Unearned revenue	\$ -	\$ 15,235
	TOTAL LIABILITIES	15,235
	-	15,235
FUND BALANCE		
Restricted by:		
Laws and regulations of other governments	1,501,279	1,180,592
	FUND BALANCE	1,180,592
	1,501,279	1,180,592
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,501,279	\$ 1,195,827

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

**CITY OF EXETER
TRANSPORTATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS**

	<u>2020</u>	<u>2019</u>
REVENUES		
Local transportation funds	\$ 491,437	\$ 281,308
Interest	28,560	19,556
	<u>519,997</u>	<u>300,864</u>
EXPENDITURES		
Streets and roads, maintenance and construction	4,640	1,364
Other expenditures	2,275	1,083
	<u>6,915</u>	<u>2,447</u>
Excess of revenues over expenditures	<u>513,082</u>	<u>298,417</u>
OTHER FINANCING USES		
Transfers out	<u>(192,395)</u>	<u>(110,400)</u>
Total other financing uses	<u>(192,395)</u>	<u>(110,400)</u>
Net change in fund balance	320,687	188,017
Fund balance, beginning	<u>1,180,592</u>	<u>992,575</u>
Fund balance, ending	<u>\$ 1,501,279</u>	<u>\$ 1,180,592</u>

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

**CITY OF EXETER
 MEASURE R SPECIAL REVENUE FUND
 BALANCE SHEET
 JUNE 30, 2020
 WITH COMPARATIVE TOTALS**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 867,378	\$ 185,250
Due from other governments	<u>90,240</u>	<u>926,909</u>
TOTAL ASSETS	<u><u>\$ 957,618</u></u>	<u><u>\$ 1,112,159</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	<u>\$ 27,446</u>	<u>\$ 108,092</u>
TOTAL LIABILITIES	<u>27,446</u>	<u>108,092</u>
FUND BALANCE		
Restricted by:		
Laws and regulations of other governments	<u>930,172</u>	<u>1,004,067</u>
FUND BALANCE	<u>930,172</u>	<u>1,004,067</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 957,618</u></u>	<u><u>\$ 1,112,159</u></u>

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

**CITY OF EXETER
MEASURE R SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS**

	<u>2020</u>	<u>2019</u>
REVENUES		
Measure R local programs	\$ 196,573	\$ 196,059
Measure R special projects	135,508	177,696
Other revenue	231,969	1,195,761
Interest	<u>16,014</u>	<u>8,974</u>
 TOTAL REVENUES	 <u>580,064</u>	 <u>1,578,490</u>
 EXPENDITURES		
Local program expenditures	474,598	1,254,753
Special project expenditures	124,381	160,181
Streets and roads, maintenance and construction	49,985	-
Other expenditures	<u>4,995</u>	<u>1,366</u>
 TOTAL EXPENDITURES	 <u>653,959</u>	 <u>1,416,300</u>
 Excess (Deficiency) of revenues over (under) expenditures	 <u>(73,895)</u>	 <u>162,190</u>
 OTHER FINANCING USES		
Transfers out to other City funds	<u>-</u>	<u>(121,226)</u>
 Total other financing uses	 <u>-</u>	 <u>(121,226)</u>
 Net change in fund balance	 (73,895)	 40,964
 Fund balance, beginning	 <u>1,004,067</u>	 <u>963,103</u>
 Fund balance, ending	 <u>\$ 930,172</u>	 <u>\$ 1,004,067</u>

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

**CITY OF EXETER
TRANSPORTATION DEVELOPMENT ACT FUNDS AND
MEASURE R TRANSPORTATION FUNDS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020
WITH COMPARATIVE TOTALS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Transportation (Transportation Development Act (TDA)) Special Revenue Fund and Measure R Special Revenue Fund of the City of Exeter (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the City are described below.

Measure R

The Tulare County Transportation Authority (the Authority), a component unit of the Tulare County Association of Governments, California, was established on August 7, 2006. The primary purpose of the Authority is to impose within the incorporated and unincorporated territory of Tulare County a retail transaction and use tax for transportation purposes in accordance with the provisions as provided in Division 19 (commencing with Section 180000) of the California Public Utilities Code and Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code.

The tax rate shall be one-half of one percent (0.5%) per dollar for a period of thirty (30) years commencing on the operative date of this ordinance (Measure R). This tax shall be in addition to any other taxes authorized by law, including any existing or future state or local sales tax or transactions and use taxes.

The revenue derived from the tax shall be used for transportation purposes only and may include, but is not limited to, the administration of the Measure R Expenditure Plan. These purposes include expenditures for planning, environmental review, engineering and design costs, related special and expert consulting costs, and related right-of-way acquisition and associated administrative and legal costs.

A. Reporting Entity

The financial statements are intended to reflect the financial position, results of operation, and compliance of the TDA and Measure R Funds allocated for non-transit purposes of the City with the laws, rules, and regulations of the TDA, Measure R, certain bond act requirements, and the Tulare County Association of Governments. They do not present fairly the financial position and results of operations of the City in conformity with accounting principles generally accepted in the United States of America.

B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one generic fund type and one broad fund category as follows:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental Fund Types

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The TDA and Measure R Funds are Special Revenue Funds.

C. Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Cash and Cash Equivalents

The City pools cash from all sources and all funds except Cash with Fiscal Agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Investments are carried at fair value.

E. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 – reflect unadjusted quoted prices in active markets for identical assets.

Level 2 – reflect inputs that are based on a similar observable asset either directly or indirectly.

Level 3 – reflect unobservable inputs.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

F. Use of Management Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balance

The City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Accordingly, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on the use of the resource that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority (the City Council).

Assigned fund balance – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be either expressed by the City Council or by a body or an official designated by the City Council.

Unassigned fund balance – the residual classification for the City's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes. For purposes of these basic financial statements, unassigned fund balance category does not apply as the City reports only special revenue funds.

The City Council establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by the unrestricted committed, assigned, and unassigned resources as they are needed. The City does not have a fund balance policy that would dictate the level of financial resources required to be in the funds at year-end. The City also does not have a formal fiscal stabilization policy.

H. Interfund Transfers

Interfund transfers consist of a \$192,395 transfer from the Local Transportation Special Revenue Fund to the General Fund for applied costs.

I. Implementation of New Accounting Standards

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement provides temporary relief to government stakeholders in light of the COVID-19 pandemic. The requirements of this statement are effective immediately. The effective dates for GASB Statement Nos. 84, 89, 90, 91 92, and 93 were postponed by one year for the City. The effective date for GASB Statement No. 87 was postponed by 18 months for the City.

J. Recently Released Accounting Standards Applicable to Future Years

GASB Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The City has not fully judged the impact of implementation of GASB Statement No. 84 on the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Recently Released Accounting Standards Applicable to Future Years (Continued)

GASB Statement No. 87 – Leases. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The City has not fully judged the impact of implementation of GASB Statement No. 87 on the financial statements.

GASB Statement No. 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period. The requirements of this statement are effective for periods beginning after December 15, 2020. The City has not fully judged the effect of implementation of GASB Statement No. 89 as of the date of the financial statements.

GASB Statement No. 90 – Majority Equity Interests—an Amendment of GASB Statements No. 14 and No. 61. The requirements of this statement are effective for periods beginning after December 15, 2019. The City has not fully judged the effect of implementation of GASB Statement No. 90 as of the date of the financial statements.

GASB Statement No. 91 – Conduit Debt Obligations. The requirement of this statement are effective for periods beginning after December 15, 2021. The City has not fully judged the effect of implementation of GASB Statement No. 91 as of the date of the financial statements.

GASB Statement No. 92 – Omnibus 2020. The requirements of this statement are effective as follows:

- The requirement related to effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfer of assets and those related to applicability of GASB Statements No. 73 and No. 74 are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the application of GASB Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

GASB Statement No. 93 – Replacement of Interbank Offered Rates. The requirements of this statement are effective for periods beginning after June 15, 2021. The City has not fully judged the effect of implementation of GASB Statement No. 93 as of the date of the financial statements.

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The requirements of this standard are effective for reporting periods beginning after June 15, 2022. The City has not fully judged the effect of implementation of GASB Statement No. 94 as of the date of the financial statements.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. The requirements of this standard are effective for reporting periods beginning after June 15, 2022. The City has not fully judged the effect of implementation of GASB Statement No. 96 as of the date of the financial statements.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment to GASB Statements No. 14 and No. 84 and a Supersession of GASB Statement No. 32. The requirements in paragraph 4 as they apply to defined contributions plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans, and paragraph 5 were effective immediately. All other requirements of this standard are effective for reporting periods beginning after June 15, 2020.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Grants

Grant revenues and receivables are recorded when earned (when eligible costs are incurred), which have been approved and funded by the grantor. Grant sources include the Federal Transit Administration (FTA), State Transit Assistance (STA), and Transportation Fund (LTF). The LTF and STA were created by the State Legislature under the TDA.

L. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in financial position and operations of the City's TDA and Measure R Funds.

M. Contingencies

The City receives funding for specific purposes that are subject to review and audit by the granting agencies funding source. Such audits could result in a request for reimbursement for expenditures disallowed under terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

The City is party to claims and lawsuits arising in the ordinary course of business. The City's management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have a material adverse impact on the financial position of the City's TDA and Measure R Funds.

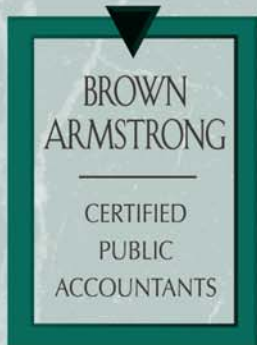
NOTE 2 – CASH AND CASH EQUIVALENTS

Cash balances of the City's TDA and Measure R Funds are pooled with those of other funds and invested by the City to maximize investment opportunities and yields. Investment income resulting from this pooling is allocated among the funds based upon each respective fund's average cash balance in relation to the aggregate investment balance, except that project funds are excluded from this allocation due to the fact that most cash balances in project funds are advanced from the City's General Fund. Further information regarding the City's cash and cash equivalents pool may be found in the City's financial statements.

NOTE 3 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2020, have been evaluated for possible adjustments to the financial statements or disclosures is March 30, 2021, which is the date that the financial statements were available to be issued. There were no events brought to our attention that were deemed to be reportable at that time.

OTHER REPORT



BROWN ARMSTRONG

Certified Public Accountants

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, THE TRANSPORTATION DEVELOPMENT ACT, AND MEASURE R

To the Board of Directors
Tulare County Association of Governments
Visalia, California

To the City Council
City of Exeter
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 of the Transportation (Transportation Development Act (TDA)) Special Revenue Fund and Measure R Special Revenue Fund of the City of Exeter (the City), as of and for the fiscal year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the City's TDA and Measure R Funds' basic financial statements, and have issued our report thereon dated March 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) relating to the TDA and Measure R Funds 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 City's internal control relating to the TDA and Measure R Funds. Accordingly, we do not express an opinion on the effectiveness of the City's internal control relating to the TDA and Measure R Funds.

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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TDA and Measure R Funds' financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our audit was further made to determine that TDA funds allocated to and received by the City were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of Tulare County Association of Governments as required by Sections 6666 and 6667 of Title 21 of the California Code of Regulations. 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the TDA, or Measure R.

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 City's internal control or on compliance relating to the TDA and Measure R Funds. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance relating to the TDA and Measure R Funds. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 30, 2021

**CITY OF EXETER
TRANSPORTATION DEVELOPMENT ACT FUNDS AND
MEASURE R TRANSPORTATION FUNDS
STATUS OF PRIOR YEAR AND CURRENT YEAR
FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Current Year Findings

None noted.

Prior Year Findings

None noted.