

**RESOURCE CONSERVATION DISTRICT
OF GREATER SAN DIEGO COUNTY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2021

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
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INTRODUCTORY SECTION

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Resource Conservation District
of Greater San Diego County
Lakeside, California**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and the general fund of Resource Conservation District of Greater San Diego County (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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*. 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and the general fund of Resource Conservation District of Greater San Diego County 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022 on our consideration of Resource Conservation District of Greater San Diego County'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Resource Conservation District of Greater San Diego County's internal control over financial reporting and compliance.

Wilkinson Halley King & Co., LLP

El Cajon, California
March 31, 2022



Resource Conservation District of Greater San Diego County

11769 Waterhill Road; Lakeside, CA 92040

Phone: 619-562-0096; Fax: 619-562-4799

Website: www.rcdsandiego.org

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

This discussion and analysis of the Resource Conservation District of Greater San Diego County's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also reference notes to the auditor's basic financial statements to enhance their understanding of the District's financial performance.

Note: The District is an independent special purpose non-enterprise district (local government) formed under Division 9 of the California Public Resources Code; as such, complies with all pertinent regulations and requirements thereto. As a local governmental entity, the District is tax-exempt under IRS rules. The District conducts annual financial audits by an independent auditing firm. The audit firm selected by the District to conduct the audit for fiscal year 2020-2021 was Wilkinson Hadley King & Co. LLP. District programs, projects, and services are primarily funded by local, state, and federal grants and donations.

USING THESE FINANCIAL STATEMENTS

This report consists of a series of financial statements and the notes to those statements. These statements are organized so that the reader can understand the District as a complex financial entity. These statements then proceed to provide an increasingly detailed look at specific activities. All figures are supported by the annual audit as completed by the firm Wilkinson Hadley King & Co. LLP.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020-2021 are as follows:

- Total net position is \$2,543,268.
- Net position not invested in buildings, land or equipment (i.e., unrestricted) is \$715,892.
- Total tax assessment dollars deposited to the District were \$384,804.
- Program expenditures of the District totaled \$1,582,044, the majority of which were reimbursed to the District from multiple grant sources in the 2020-2021 fiscal year:
 - CDFA, CARCD
 - Department of Conservation, NRCS
 - San Diego River Conservancy
 - SD River Conservancy, IRWMP
 - Port District, Cal Fire
 - SDG&E, USFS
 - Tijuana River Valley Community Garden
 - Sweetwater Community Garden
 - County of San Diego, NRP
 - Wild Willow Farm
 - USFWS



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The following figures show comparative key financial highlights for FY 2019-20 and 2020-21:

FY 2019-2020		FY 2020-2021	
Total net position	\$2,511,809	Total net position	\$2,543,268
Total assets	\$3,213,376	Total assets	\$3,265,432
Net position not invested in buildings, land or equipment (i.e., unrestricted assets)	\$646,894	Net position not invested in buildings, land or equipment (i.e., unrestricted assets)	\$715,892
Total tax assessment dollars deposited to the District	\$365,571	Total tax assessment dollars deposited to the District	\$384,804
Reimbursements receivable for programs of the District, the majority of which will be reimbursed to the District from multiple grant sources in the 2019-2020 fiscal year (includes payroll and grant direct costs). Significant funding sources are derived from: USFWS, DOC CARCD, CDFA, SDRG, CalFire, Port, Sunrise Powerlink, IRWMP	\$1,079,037	Reimbursements receivable for programs of the District, the majority of which will be reimbursed to the District from multiple grant sources in the 2020-2021 fiscal year (includes payroll and grant direct costs). Significant funding sources are derived from: LAFCO, USFWS, NRCS, DOC, USFS, CDFA, CalFire, Port	\$646,203
Cash in LAIF	\$819,726	Cash in LAIF	\$1,477,535
Cash in Bank and On Hand	\$411,361	Cash in Bank and on Hand	\$236,081
Other Current Assets	\$252	Other Current Assets	\$40,152
Fixed Assets, Less Depreciation	\$903,000	Fixed Assets, Less Depreciation	\$865,461
Liabilities	\$701,567	Liabilities	\$722,164

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual audit report consists of the following:

- Management’s Discussion and Analysis
- Basic Financial Statements
- Required and Other Supplementary Information

The financial statements include notes which explain in detail some of the information included in the basic financial statements.



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REQUIRED FINANCIAL STATEMENTS

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) including Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and are reported using a full accrual basis of accounting. The Statement of Net Position includes information on the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The Statement of Activities identifies the District's revenues and expenses for the fiscal year ended June 30, 2021. These statements provide information on the District's operations over the past fiscal year and can be used to determine whether the District has recovered all of its actual and projected costs through contract (program) reimbursements and other charges.

FINANCIAL ANALYSIS OF THE DISTRICT

The Statement of Net Position, Statement of Activities, Balance Sheet of Governmental Funds, and Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds provide an indication of the District's financial condition and also indicate the financial condition during the last fiscal year. The District's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

FIXED ASSETS

At the end of the 2020-2021 fiscal year, the District's fixed assets were:

- o 2010 Toyota Rav 4 utilized to conduct programmatic business.
- o 2016 Subaru Forester utilized to conduct programmatic business.
- o 2005 Chevy Astro Van
- o Real property located at 11769 Waterhill Road, Lakeside, CA 92040, which was acquired by the District in fiscal year 2007-08 utilizing the District's reserve funds, includes land, buildings, and improvements. In addition, the District owned \$52,426 in furniture assets.

REVENUES

The primary source of revenue for the District is local, state and federal program grants, miscellaneous fees for services, and tax apportionment dollars. All figures are taken from audit reports.

REVENUES 2019-20		REVENUES 2020-21	
o Interest income	\$21,213	o Interest income	\$7,837
o Miscellaneous revenue	\$32,220	o Miscellaneous revenue	\$63,111
o Grant revenue	\$2,586,122	o Grant revenue	\$2,021,021
o Rent income	\$10,000	o Rent Income	\$30,500
o Tax assessments	\$365,571	o Tax assessments	\$384,804
o Paycheck protect	\$155,947	o Paycheck protect	\$111,945



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<ul style="list-style-type: none"> ○ Total revenues on hand, including grant program reimbursements, tax assessment dollars, interest and miscellaneous income 	<p>\$3,171,073</p>	<ul style="list-style-type: none"> ○ Total revenues on hand, including grant program reimbursements, tax assessment dollars, interest and miscellaneous income 	<p>\$2,619,218</p>
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EXPENDITURES 2019-20	\$2,998,670	EXPENDITURES 2020-21	\$2,550,221
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FINANCIAL ASSISTANCE

The District received financial assistance for fiscal year 2020-2021 in conjunction with programs for stormwater education presentations (Port of San Diego and municipalities), fuel reduction programs (USFS), County of San Diego Fuel Reduction, DSAP, USFWS, CDFA, CARCD, DOC, NRCS and The State of CA, IRWMP, SDG&E. These programs are primarily reimbursable contractual programs requiring that the District invoice the funding entities for program expenditures; occasional pre-reimbursement dollars are advanced toward selected programs and are recorded as such. Fees for service were derived from the Tijuana River Valley Community Gardens and Sweetwater Community Garden programs' plot leases and hourly rates billed to partner agencies for support.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District's outlook for future years is tied to growth and the funding of federal, state, and local grants. As with many other governmental entities, the District is facing the challenge of covering increases in employee salaries along with other fixed costs including continued and increasing facilities maintenance and repair needs due to the age of the District buildings and equipment. Additionally, facing the issue of potential funding decreasing due to economic uncertainties, the District continues to closely monitor all grant programs.

CONTACTING THE EXECUTIVE DIRECTOR

The financial report is designed to provide our taxpayers and citizens with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact Ann Baldrige, Executive Director, 11769 Waterhill Road, Lakeside, CA 92040. Email: ann.baldrige@rcdsandiego.org. Website: www.rcdsandiego.org and www.firesafesdcounty.org.

FINANCIAL SECTION

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Governmental Activities	Component Unit
ASSETS		
Cash in Local Agency Investment Fund	\$ 1,477,535	\$ -
Cash In Bank and On Hand	236,081	24,979
Accounts Receivable	646,203	1,000
Prepaid Postage	40,152	-
Capital Assets:		
Land	110,000	-
Buildings	505,000	-
Building Improvements	572,982	-
Vehicles	76,537	-
Furniture and Equipment	52,426	-
Less: Accumulated Depreciation	(451,484)	-
TOTAL ASSETS	\$ 3,265,432	\$ 25,979
LIABILITIES		
Accounts Payable	\$ 118,878	\$ -
Compensated Absences	43,405	-
Refundable Deposits	17,600	-
Unearned Revenues	542,281	-
TOTAL LIABILITIES	722,164	-
NET POSITION		
Invested in Capital Assets	865,461	-
Restricted	961,915	25,979
Unrestricted	715,892	-
TOTAL NET POSITION	\$ 2,543,268	\$ 25,979

The accompanying notes are an integral part of this statement.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
STATEMENT OF ACTIVITIES
JUNE 30, 2021

	Program Revenues				Governmental Activities	Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<u>Functions/Programs</u>						
Primary Government						
Governmental Activities:						
Program Services	\$ 1,582,044	\$ -	\$ 2,021,021	\$ -	\$ 438,977	
General Administration	968,177	-	-	-	(968,177)	
Depreciation - Unallocated	37,538	-	-	-	(37,538)	
Total Governmental Activities	<u>\$ 2,587,759</u>	<u>\$ -</u>	<u>\$ 2,021,021</u>	<u>\$ -</u>	<u>(566,738)</u>	
Component Unit						
Donations to RCDGSDC	\$ -	\$ -	\$ 11,388	\$ -		\$ 11,388
Other Administrative Expenses	-	-	-	-		-
Total Component Unit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,388</u>	<u>\$ -</u>		<u>\$ 11,388</u>

General Revenues:		
Tax Assessments	384,804	-
Donations and Miscellaneous	63,111	-
Rental Income	30,500	-
Payroll Protection Program	111,945	-
Interest and Investment Earnings	7,837	2
Total General Revenues	<u>598,197</u>	<u>2</u>
Change in Net Position	31,459	11,390
Net Position - Beginning	2,511,809	14,589
Net Position - Ending	<u>\$ 2,543,268</u>	<u>\$ 25,979</u>

The accompanying notes are an integral part of this statement.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General
ASSETS	
Cash in Local Agency Investment Fund	\$ 1,477,535
Cash In Bank and On Hand	236,081
Accounts Receivable	646,203
Prepaid Expenses	40,152
TOTAL ASSETS	\$ 2,399,971
LIABILITIES	
Accounts Payable	\$ 118,878
Compensated Absences	43,405
Refundable Deposits	17,600
Unearned Revenues	542,281
TOTAL LIABILITIES	\$ 722,164
FUND BALANCE	
Committed Fund Balances:	
Operations Reserve	\$ 780,000
Fleet Reserve	50,000
Capital Improvements Reserve	71,314
Computer Reserve	10,601
Discretionary Project Reserve	50,000
Unassigned Fund Balance	715,892
TOTAL FUND BALANCE	1,677,807
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,399,971

The accompanying notes are an integral part of this statement.

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS BALANCE SHEET	\$	1,677,807
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Amounts reported for governmental activities in the statement of net position are different because:

Capital Assets. In governmental funds, only current assets are reported. In the statement of net position, all assets are reported including capital assets and accumulated depreciation.

Capital assets relating to governmental activities, at historical cost:	1,316,945		
Accumulated depreciation:		(451,484)	
	Net:		865,461

NET GOVERNMENTAL POSITION - STATEMENT OF NET POSITION	\$	<u><u>2,543,268</u></u>
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The accompanying notes are an integral part of this statement.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General
REVENUES	
Tax Assessments	\$ 384,804
USFS Fuel Reduction and Fire Prevention	64,907
California Department of Food and Agriculture	69,763
USFS Countywide Fuels	255,663
US Fish and Wildlife Service	22,831
Proposition 84 Funds	319,769
Cal Fire Forest Health	266,284
Sunrise Powerlink Mitigation	111,776
SDRC Fuel Reduction	196,607
Department of Conservation	257,673
Wild Willow Farm	115,218
Other Local Grants and Entitlements	277,653
TJRV Garden Plots	62,877
Payroll Protection Program	111,945
Rental Income	30,500
Donations and Miscellaneous	63,111
Investment Income	7,837
	\$ 2,619,218
TOTAL REVENUES	
EXPENDITURES	
Salaries and Benefits	\$ 542,947
Payroll Taxes	13,028
Professional Fees	12,255
Accounting and Legal Fees	24,950
Insurance	42,409
Dues and Subscriptions	8,695
Maintenance and Repairs	14,789
Landscaping	18,584
Utilities and Telephone	32,983
Office Expenses	19,159
Scholarships and Awards	7,552
Miscellaneous Expenses	12,968
Discretionary Project Expenses	33,057
Direct Grant Expenses	1,582,044
Wild Willow Farm	184,801
	2,550,221
TOTAL EXPENDITURES	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	68,997
FUND BALANCE - BEGINNING	1,608,810
FUND BALANCE - ENDING	\$ 1,677,807

The accompanying notes are an integral part of this statement.

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2021**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 68,997

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	-	
Depreciation expense	(37,538)	
Net		(37,538)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	\$ 31,459
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The accompanying notes are an integral part of this statement.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

A. Organization:

The Resource Conservation District of Greater San Diego County (District) was formed on May 8, 1995 by the merging of the Resource Conservation District of Central San Diego and the Greater Mountain Empire Resource Conservation District. The District's purpose is to provide soil, water and related resource conservation information and assistance in San Diego County.

B. Summary of Significant Accounting Policies:

Reporting Entity

The District operates under a locally elected Board form of government and provides conservation services as mandated by the state as a special district. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District.

Component Units

The Resource Conservation Foundation of Greater San Diego County (the Foundation) has a financial and operational relationship which meets the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Foundation as component unit of the District. Therefore, the financial activities of the Foundation have been included in the basic financial statements of the District as a discretely presented component unit.

The Resource Conservation Foundation of Greater San Diego County, a California non-profit public benefit corporation, has created a permanent endowment fund that is used to support and enrich the conservation, preservation, and education programs of the District. There were no distributions from the Foundation to the District during the fiscal year ended June 30, 2021.

The following are those aspects of the relationship between the District and the Foundation which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 criteria:

Nature and Significance of Relationship

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

- a. The economic resources received or held by the Foundation are entirely for the direct benefit of the District.
- b. The District is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.
- c. The economic resources received or held by the Foundation are significant to the District.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

B. Summary of Significant Accounting Policies: (Continued)

Basis of Presentation and Accounting

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The District has no other funds.

Measurement Focus

Government-wide Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

B. Summary of Significant Accounting Policies: (Continued)

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Budget and Budgetary Accounting

The District's budget for the general fund is adopted on a modified accrual basis. The Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Prior to July 1, the budget is legally enacted through Board action, if the expenditures exceed the appropriations the Administrator is authorized to transfer budgeted amounts between line items within any fund; however, any revisions that alter the total expenditures of any division or department must be approved by the Board of Directors. Supplemental appropriations were made during the year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

Property Taxes

General 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 San Diego bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end. Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable.

Income Taxes

The District is a governmental organization exempt from federal and state income taxes.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

B. Summary of Significant Accounting Policies: (Continued)

Funding Sources

Significantly all of the District’s primary funding sources come from grants and contracts entered into with various federal, state and local agencies.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. A capitalization threshold of \$5,000 is used. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Buildings	25-50 years
Building improvements	20-50 years
Vehicles	5 years
Furniture and equipment	5-10 years

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Fund Balance Reserves and Designations

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District’s governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

B. Summary of Significant Accounting Policies: (Continued)

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed are assigned for purposes in accordance with the nature of their fund type or the fund’s primary purpose. The governing board has designated management to be authorized to make such assignments. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Minimum Fund Balance Policy – The District maintains a minimum operational reserve which is sustained during periods of economic uncertainty. Minimal operational reserves shall be accrued to ensure three years of minimal facility and administrative functions at a rate of \$260,000 annually with the maximum amount set at \$780,000. When the annual accumulation would increase the operational reserve beyond \$780,000, only the amount required to reach the maximum will be reserved. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures.

Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65. As of year ended June 30, 2021, the District did not have any deferred inflows of resources or deferred outflows of resources.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

B. Summary of Significant Accounting Policies: (Continued)

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

Compliance and Accountability

Finance-Related Legal and Contractual Provisions: In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violation-None Reported. Action Taken-Not Applicable.

Deficit Fund Balance or Fund Net Position of Individual Funds: Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits.

Fund Name-None Reported. Deficit Amount-Not Applicable. Remarks-Not Applicable.

C. Fair Value Measurements:

The District's investments at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles were as follows:

	Amounts	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs Level (3)
External investment pools measured at fair value				
LAIF - State Treasury	\$ 1,477,535	\$ -	\$ 1,477,535	\$ -
Total investments by fair value level	<u>\$ 1,477,535</u>	<u>\$ -</u>	<u>\$ 1,477,535</u>	<u>\$ -</u>

The fair value of the District's investments in the pool is reported in the accounting financial statements as amounts based upon the District's pro-rata share of the fair value provided by the LAIF State Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the LAIF State Treasurer, which is recorded on the amortized cost basis.

The LAIF - State Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the LAIF - State Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in public finance. In addition, the LAIF - State Treasury is audited annually by an independent auditor.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

D. Cash and Investments:

Cash in LAIF - State Treasury

The District maintains cash in the State Treasury Investment Pool - Local Agency Investment Fund (LAIF) as part of the common investment pool (\$1,477,535 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor was \$1,477,535. In general, this pool is used by most special districts and contains cash deposits and various securities permitted for local public agencies as specified in the Government Code of the State of California and the governing board approved investment policy. Interest earnings in this pool are allocated on a pro-rata basis, based on the fund balances of each district. In accordance with Governmental Accounting Standards Board (GASB) No. 31, investments in the State Treasury Investment Pool - Local Agency Investment Fund should be recorded at fair value. However, the District determined that the fair market value approximates cost; therefore, no adjustment was made to reflect the difference.

Cash on Hand and Banks

Cash balances on hand and in banks (\$236,081 as of June 30, 2021) are insured up to \$250,000 by the Federal Depository Insurance Corporation.

Analyst of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State funds are restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurers repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At June 30, 2021 credit risk for the District's investments of \$1,477,535 was as follows: The LAIF Investment Pool is rated A+ by Standard and Poors with a Moody's rating of Aa3.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

D. Cash and Investments: (Continued)

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

As of June 30, 2021, the District's bank balances (including petty cash) of \$236,081 was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in 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. The District manages its exposure to interest rate risk by investing in the LAIF pool.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-bearing investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

D. Cash and Investments: (Continued)

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 Years	None	None
Registered State Bonds, Notes, Warrants	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Banker's Acceptance	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	None
Medium-Term Corporate 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	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

E. Accounts Receivable:

Accounts receivable represents amounts due to the District as of June 30, 2021 on current grants and contracts. There were no receivables which are not scheduled for collection within one year of year end. At June 30, 2021 accounts receivable consisted of the following:

Federal Government:

USFS Countywide Fuels	\$	91,012
Other Federal Programs		1,387

State Government:

Department of Conservation Block Grant		161,914
California Department of Food and Agriculture		25,345
SDRC Fuel Reduction		196,607
California Fire Forest Health Grant		153,136

Local Sources:

Wild Willow Farm		4,150
Other Local Grants		12,652

Total	\$	646,203
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F. Prepaid Expenses:

As of June 30, 2021 prepaid expenses consisted of:

Prepaid Insurance	\$	40,069
Prepaid Postage		83
Totals	\$	40,152

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

G. Capital Assets:

A summary of changes in capital asset activity as of June 30, 2021 is as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Net Change</u> <u>in Capital</u> <u>Assets</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital Assets Not Being Depreciated:			
Land	\$ 110,000	\$ -	\$ 110,000
Total Capital Assets Not Being Depreciated	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Capital Assets Being Depreciated:			
Buildings	505,000	-	505,000
Building Improvements	572,982	-	572,982
Vehicles	76,537	-	76,537
Furniture and Equipment	52,426	-	52,426
Total Capital Assets Being Depreciated	<u>1,206,945</u>	<u>-</u>	<u>1,206,945</u>
Less Accumulated Depreciation For:			
Buildings	(144,598)	(12,949)	(157,547)
Building Improvements	(161,280)	(14,692)	(175,972)
Vehicles	(62,686)	(7,617)	(70,303)
Furniture and Equipment	(45,382)	(2,280)	(47,662)
Total Accumulated Depreciation	<u>(413,946)</u>	<u>(37,538)</u>	<u>(451,484)</u>
Net Capital Assets	<u>\$ 902,999</u>	<u>\$ (37,538)</u>	<u>\$ 865,461</u>

H. Accounts Payable:

Accounts payable at June 30, 2021 consisted of:

Back Country Land and Trust - Proposition 84	\$ 7,780
Pope Tree Service	47,400
USDA Forest Service	34,485
Tanner Environmental	5,000
San Diego River Park Foundation	17,311
Other Vendor Payables	<u>6,902</u>
Total	<u>\$ 118,878</u>

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

I. Unearned Revenue:

Unearned revenue at June 30, 2021 consisted of:

Other Local Sources:

Proposition 84 Department of Water Resources	82,391
SDG&E Grants	412,106
Payroll Protection Program	37,315
Other Local Grants/Sources	10,469
	<u>10,469</u>
Total	<u>\$ 542,281</u>

J. Rental Lease:

In March 2020 the District, as lessor, entered into a long-term lease agreement with San Diego River Conservancy, as lessee, whereby the District leased office space to San Diego River Conservancy for a period of three years. The lease commenced March 1, 2020 and continues through February 28, 2023. Monthly rental payments shall be \$2,500 for the period March 1, 2020 through February 2021, \$2,625 for the period March 1, 2021 through February 28, 2022, and \$2,756 for the period March 1, 2022 through February 28, 2023. The District received rental income in the amount of \$30,500 for the fiscal year ending June 30, 2021.

K. Rental Agreement:

In August 2019 the District (Assignee) entered into a month-to-month rental agreement with San Diego Roots Sustainable Food Project (Assignor) for a land lease in conjunction with the County of San Diego (Landlord). The lease is being assigned to the District from the assignor through consent of the landlord and is for a parcel of land located in San Diego, California as part of the Willow Farms Project. Lease payments of \$1,597 are paid to the County of San Diego on a month-to-month basis with a total rent expense of \$19,148 recognized for the 2020-21 fiscal year under the Willow Farms Project direct expenses.

L. Deferred Compensation:

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b) on a voluntary basis upon date of hire. The plan is currently under an investment group contract with Lincoln Financial Group. The plan requires a minimum bi-weekly contribution of \$10 to be allocated for each option preference. The maximum amount that can be deferred under this plan is the lesser of 100% of the participant's includible compensation or \$19,500 (\$26,000 if age 50 or older) for the calendar year 2021. The District does not fund or contribute any matching employer contributions to the plan.

The District also provides pension benefits for all its eligible employees in lieu of social security through the plan as of the date of hire. Employees voluntarily select a contribution plan that is qualified under Section 401 (a) and 501 (a) under the Internal Revenue Code whereby the District makes monthly contributions at the social security rate of (10.5%) based on continuous service until termination, retirement, death, or unforeseeable emergency.

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(Continued)

The District also provides pension benefits for all its eligible employees in lieu of medical benefits as of the date of hire per voluntary request. Employees covered under a personal health plan have the option to contribute waived District medical benefits to their deferred compensation plan. For the fiscal year ended June 30, 2021 the total District contribution to the plan for all participating employees was \$47,602.

In June 2021 the District initiated a 401(a) tax deferred retirement savings plan under the Internal Revenue Code for the Executive Director, as her personal contributions were maxing out her 457(b) plan. The 401(a) tax savings plan established by the District states that the employee can contribute 100% of employee income, less mandatory contributions, up to a maximum of \$58,000 annually for calendar year 2021. The plan calls for a monthly employer contribution of 10.5% of her gross salary in-lieu of social security and an employer paid monthly health insurance stipend. Total employer paid benefits for the Executive Director under this plan totaled \$2,441 for the fiscal year ended June 30, 2021.

M. Risk Management:

The District is exposed to risk of losses due to:

- a. Torts,
- b. Theft of, damage to, or destruction of assets,
- c. Business interruption,
- d. Errors or omissions,
- e. Job related illnesses or injuries to employees,
- f. Natural disasters
- g. Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention (self-insurance), risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property and liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above. The District is insured under a plan with the Special Districts Risk Managements Association (self-funded trust pool), for commercial, general liability, and errors and omissions in the amount of \$1,000,000 in addition to workers' compensation insurance in statutory amounts. There have been no significant changes or reductions in coverage from the prior year. No claims have been asserted during the year and there are no unpaid claims. No settlements have exceeded coverage in the past three years.

N. Commitments and Contingencies:

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under term of the grants, it is believed that any required reimbursements will not be material.

REQUIRED SUPPLEMENTARY INFORMATION

RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Tax Assessments	\$ 375,000	\$ 384,804	\$ 9,804
USFS Fuel Reduction and Fire Prevention	215,293	64,907	(150,386)
California Department of Food and Agriculture	137,769	69,763	(68,006)
USFS Countywide Fuels	255,784	255,663	(121)
US Fish and Wildlife Service	21,736	22,831	1,095
Proposition 84 Funds	575,560	319,769	(255,791)
Cal Fire Forest Health	1,323,892	266,284	(1,057,608)
Sunrise Powerlink Mitigation	94,332	111,776	17,444
SDRC Fuel Reduction	583,514	196,607	(386,907)
Department of Conservation	696,790	257,673	(439,117)
Wild Willow Farm	186,700	115,218	(71,482)
Other Local Grants and Entitlements	475,945	277,653	(198,292)
TJRV Garden Plots	53,429	62,877	9,448
Payroll Protection Program	-	111,945	111,945
Rental Income	30,000	30,500	500
Donations and Miscellaneous	85,025	63,111	(21,914)
Investment Income	25,050	7,837	(17,213)
TOTAL REVENUES	\$ 5,135,819	\$ 2,619,218	\$ (2,516,601)
EXPENDITURES			
Salaries and Benefits	\$ 691,250	\$ 542,947	\$ 148,303
Payroll Taxes	19,824	13,028	6,796
Professional Fees	22,000	12,255	9,745
Accounting and Legal Fees	35,200	24,950	10,250
Insurance	48,250	42,409	5,841
Dues and Subscriptions	15,000	8,695	6,305
Maintenance and Repairs	8,500	14,789	(6,289)
Landscaping	19,500	18,584	916
Utilities and Telephone	33,750	32,983	767
Office Expenses	28,000	19,159	8,841
Scholarships and Awards	10,000	7,552	2,448
Miscellaneous Expenses	21,380	12,968	8,412
Discretionary Project Expense	84,500	33,057	51,443
Direct Grant Expenses	3,840,452	1,582,044	2,258,408
Wild Willow Farm	155,583	184,801	(29,218)
TOTAL EXPENDITURES	\$ 5,033,189	\$ 2,550,221	\$ 2,482,968
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	102,630	68,997	(33,633)
FUND BALANCE - BEGINNING	1,608,810	1,608,810	-
FUND BALANCE - ENDING	\$ 1,711,440	\$ 1,677,807	\$ (33,633)

The accompanying notes are an integral part of this statement.

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Note 1: Excess of Expenditures Over Appropriations

As of June 30, 2021, expenditures exceeded appropriations in individual budgeted funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Wild Willow Farm	\$ 29,218
Maintenance and Repairs	6,289

The District underestimated the expenses for maintenance and repairs and for the operations of Wild Willow Farm.

OTHER SUPPLEMENTARY INFORMATION

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
BOARD OF DIRECTORS
JUNE 30, 2021**

The Board of Directors for the fiscal year ended June 30, 2021 was composed of the following members:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Donald Butz	President	November 30, 2024
Marilyn Huntamer	Vice President	November 30, 2024
Neil Meyer	Director	November 30, 2022
Jordan Gascon	Director	November 30, 2022
Maggie Sleeper	Director	Interim Term September 7, 2021
Odette Gonzalez	Director	Interim Term September 7, 2021

Administration

Ann Baldrige
Executive Director

OTHER INDEPENDENT AUDITOR'S REPORTS

**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***

**Board of Directors
Resource Conservation District
of Greater San Diego County
Lakeside, 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 aggregate remaining fund information of Resource Conservation District of Greater San Diego County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Resource Conservation District of Greater San Diego County's basic financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control Over Financing Reporting

In planning and performing our audit of the financial statements, we considered Resource Conservation District of Greater San Diego County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Resource Conservation District of Greater San Diego County's internal control. Accordingly, we do not express an opinion on the effectiveness of Resource Conservation District of Greater San Diego County's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wilkinson Adley King & Co., LLP

El Cajon, California
March 31, 2022

AUDITOR'S RESULTS, FINDINGS AND RECOMMENDATIONS

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
SCHEDULE OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS

Type of auditor's report issued:		<u>Unmodified</u>		
Internal control over financial reporting:				
One or more material weakness(es) identified?	<u> </u> Yes		<u> X </u> No	
One or more significant deficiencies identified that are not considered material weakness(es)?	<u> </u> Yes		<u> X </u> No	
Noncompliance material to financial statements noted?	<u> </u> Yes		<u> X </u> No	

FEDERAL AWARDS

Internal control over major programs:				
One or more material weakness(es) identified?	<u> </u> Yes		<u> X </u> N/A	
One or more significant deficiencies identified that are not considered material weakness(es)?	<u> </u> Yes		<u> X </u> N/A	
Type of auditor's report issued on compliance for major programs:		<u>Not Applicable</u>		
Compliance supplement utilized for single audit:		<u>Not Applicable</u>		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516?	<u> </u> Yes		<u> X </u> N/A	
Identification of major programs:				
<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>			
Not Applicable	Not Applicable			
Dollar threshold used to distinguish between Type A and Type B programs		<u>\$750,000</u>		
Auditee qualified as low-risk auditee?	<u> </u> Yes		<u> X </u> N/A	

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

A. Financial Statement Findings

None

B. Federal Awards

Not Applicable

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no findings or questioned costs reported in the audit for the fiscal year ended June 30, 2020.