

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

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**JUNE 30, 2020**

**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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express 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 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 opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and the general fund of Resource Conservation District of Greater San Diego County as of June 30, 2020, 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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not 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 had 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 May 28, 2021 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 Hadley King & Co., LLP*

El Cajon, California  
May 28, 2021



***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](http://www.rcdsandiego.org)

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

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, 2020. 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 2019-2020 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 2019-2020 are as follows:

- Total net position is \$2,511,809.
- Net position not invested in buildings, land or equipment (i.e., unrestricted) is \$646,894.
- Total tax assessment dollars deposited to the District were \$365,571.
- Program expenditures of the District totaled \$2,156,892, the majority of which were reimbursed to the District from multiple grant sources in the 2019-2020 fiscal year:
  - CDFA
  - CARCD
  - Department of Conservation
  - NRCS
  - CEG
  - San Diego River Conservancy
  - SD River Conservancy
  - IRWMP
  - Port District



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- CalFire
- SDG&E
- USFS
- Tijuana River Valley Community Garden Plots
- Sweetwater Community Garden
- Parker Foundation
- Wild Willow Farm

The following figures show comparative key financial highlights for FY 2018-19 and 2019-20:

<b>FY 2018-2019</b>		<b>FY 2019-2020</b>	
Total net position	\$2,362,078	Total net position	\$2,511,809
Total assets	\$2,595,328	Total assets	\$3,213,376
Net position not invested in buildings, land or equipment (i.e., unrestricted assets)	\$474,492	Net position not invested in buildings, land or equipment (i.e., unrestricted assets)	\$646,894
Total tax assessment dollars deposited to the District	\$345,763	Total tax assessment dollars deposited to the District	\$365,571
Reimbursements receivable for programs of the District, the majority of which will be reimbursed to the District from multiple grant sources in the 2017-2018 fiscal year (includes payroll and grant direct costs). Significant funding sources are derived from:	\$470,566	Reimbursements receivable for programs of the District, the majority of which will be reimbursed to the District from multiple grant sources in the 2018-2019 fiscal year (includes payroll and grant direct costs). Significant funding sources are derived from:	\$1,079,037
Cash in LAIF	1,048,537	Cash in LAIF	819,726
Cash in Bank and On Hand	134,154	Cash in Bank and on Hand	411,361
Other Current Assets	16,399	Other Current Assets	252
Fixed Assets, Less Depreciation	925,672	Fixed Assets, Less Depreciation	903,000
Liabilities	233,250	Liabilities	701,567

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual audit report consists of the following:



**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](http://www.rcdsandiego.org)

- 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.

**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, 2020. 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 2019-2020 fiscal year, the District’s fixed assets were:

- 2010 Toyota Rav 4 utilized to conduct programmatic business.
- 2016 Subaru Forester utilized to conduct programmatic business.
- 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 2018-19		REVENUES 2019-20	
○ Interest income	\$25,627	○ Interest income	\$21,213
○ Miscellaneous revenue	\$3,302	○ Miscellaneous revenue	\$32,220



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o Grant revenue	\$894,686	o Grant revenue	\$2,586,122
o Rent income	\$0	o Rent Income	\$10,000
o Tax assessments	\$345,763	o Tax assessments	\$365,571
o Paycheck Protection	\$0	o Paycheck Protection	\$155,947
o Total revenues on hand, including grant program reimbursements, tax assessment dollars, interest and miscellaneous income	\$1,269,378	o Total revenues on hand, including grant program reimbursements, tax assessment dollars, interest and miscellaneous income	\$3,171,073

<b>EXPENDITURES 2018-19</b>	\$1,390,768	<b>EXPENDITURES 2019-20</b>	\$3,021,342
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**FINANCIAL ASSISTANCE**

The District received financial assistance for fiscal year 2019-2020 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, SPMG, CDFA, CARCD, DOC, NRCS and The State of CA DWR Prop 84. 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 the pandemic and other 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 Sheryl Landrum, Executive Director, 11769 Waterhill Road, Lakeside, CA 92040. Email: [sheryl.landrum@rcdsandiego.org](mailto:sheryl.landrum@rcdsandiego.org). Website: [www.rcdsandiego.org](http://www.rcdsandiego.org) and [www.firesafesdcounty.org](http://www.firesafesdcounty.org).

**FINANCIAL SECTION**

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Primary Government Governmental Activities	Component Unit
<b>ASSETS</b>		
Cash in Local Agency Investment Fund	\$ 819,726	\$ -
Cash In Bank and On Hand	411,361	14,614
Accounts Receivable	1,079,037	-
Prepaid Postage	252	-
Capital Assets:		
Land	110,000	-
Buildings	505,000	-
Building Improvements	572,982	-
Vehicles	76,537	-
Furniture and Equipment	52,426	-
Less: Accumulated Depreciation	(413,945)	-
<b>TOTAL ASSETS</b>	<b>\$ 3,213,376</b>	<b>\$ 14,614</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 72,148	\$ 25
Compensated Absences	49,922	-
Refundable Deposits	6,300	-
Unearned Revenues	573,197	-
<b>TOTAL LIABILITIES</b>	<b>701,567</b>	<b>25</b>
<b>NET POSITION</b>		
Invested in Capital Assets	903,000	-
Restricted	961,915	14,589
Unrestricted	646,894	-
<b>TOTAL NET POSITION</b>	<b>\$ 2,511,809</b>	<b>\$ 14,589</b>

The accompanying notes are an integral part of this statement

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2020**

	Program Revenues				Governmental Activities	Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Functions/Programs</b>						
<b>Primary Government</b>						
Governmental Activities:						
Program Services	\$ 2,156,892	\$ -	\$ 2,586,122	\$ -	\$ 429,230	
General Administration	828,715	-	-	-	(828,715)	
Depreciation - Unallocated	35,735	-	-	-	(35,735)	
<b>Total Governmental Activities</b>	<b>\$ 3,021,342</b>	<b>\$ -</b>	<b>\$ 2,586,122</b>	<b>\$ -</b>	<b>(435,220)</b>	
<b>Component Unit</b>						
Donations to RCDGSDC	\$ 10,880	\$ -	\$ 10,880	\$ -		\$ -
Other Administrative Expenses	-	-	-	-		-
<b>Total Component Unit</b>	<b>\$ 10,880</b>	<b>\$ -</b>	<b>\$ 10,880</b>	<b>\$ -</b>		<b>\$ -</b>

<b>General Revenues:</b>		
Tax Assessments	365,571	-
Donations and Miscellaneous	32,220	-
Rental Income	10,000	-
Payroll Protection Program	155,947	-
Interest and Investment Earnings	21,213	7
<b>Total General Revenues</b>	<b>584,951</b>	<b>7</b>
Change in Net Position	149,731	7
Net Position - Beginning	2,362,078	14,582
<b>Net Position - Ending</b>	<b>\$ 2,511,809</b>	<b>\$ 14,589</b>

The accompanying notes are an integral part of this statement

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

		<u>General</u>
<b>ASSETS</b>		
Cash in Local Agency Investment Fund	\$	819,726
Cash In Bank and On Hand		411,361
Accounts Receivable		1,079,037
Prepaid Expenses		<u>252</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>2,310,376</u></b>
<b>LIABILITIES</b>		
Accounts Payable	\$	72,148
Compensated Absences		49,922
Refundable Deposits		6,300
Unearned Revenues		<u>573,197</u>
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b><u>701,567</u></b>
<b>FUND BALANCE</b>		
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		<u>646,894</u>
<b>TOTAL FUND BALANCE</b>		<b><u>1,608,809</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$</b>	<b><u><u>2,310,376</u></u></b>

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, 2020**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS BALANCE SHEET** **\$ 1,608,809**

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:	(413,945)	
Net:		903,000

**NET GOVERNMENTAL POSITION - STATEMENT OF NET POSITION** **\$ 2,511,809**

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	General
<b>REVENUES</b>	
Tax Assessments	\$ 365,571
USFS Fuel Reduction and Fire Prevention	284,221
California Department of Food and Agriculture	85,167
USFS Countywide Fuels	1,324,986
US Fish and Wildlife Service	7,111
Proposition 84 Funds	261,893
Sunrise Powerlink Mitigation	188,635
State Natural Resources Agency	148,057
Other State Revenues	30,376
Wild Willow Farm	64,162
Other Local Grants and Entitlements	127,598
TJRV Garden Plots	63,916
Payroll Protection Program	155,947
Rental Income	10,000
Donations and Miscellaneous	32,220
Investment Income	21,213
	21,213
<b>TOTAL REVENUES</b>	<b>\$ 3,171,073</b>
<b>EXPENDITURES</b>	
Salaries and Benefits	\$ 444,694
Payroll Taxes	14,942
Professional Fees	13,613
Travel and Conference	10,761
Accounting and Legal Fees	23,717
Insurance	17,691
Capital Outlay	13,063
Maintenence and Repairs	25,433
Landscaping	16,121
Utilities and Telephone	28,486
Office Expenses	21,242
Scholarships and Awards	8,125
Miscellaneous Expenses	7,577
Discretionary Project Expenses	43,911
Direct Grant Expenses	2,156,892
Wild Willow Farm	152,402
	152,402
<b>TOTAL EXPENDITURES</b>	<b>2,998,670</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>172,403</b>
<b>FUND BALANCE - BEGINNING</b>	<b>1,436,406</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 1,608,809</b>

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, 2020**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 172,403**

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	13,063	
Depreciation expense	(35,735)	
Net		(22,672)

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES</b>	<b>\$ 149,731</b>
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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, 2020**

**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 \$10,880 in distributions from the Foundation to the District during the fiscal year ended June 30, 2020.

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, 2020**  
**(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, 2020**  
**(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, 2020**  
**(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, 2020**  
**(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, 2020, 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, 2020**  
**(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, 2020, 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	\$ 819,726	\$ -	\$ 819,726	\$ -
Total investments by fair value level	<u>\$ 819,726</u>	<u>\$ -</u>	<u>\$ 819,726</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, 2020**  
**(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 (\$819,726 as of June 30, 2020). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor was \$819,726. 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 (\$411,361 as of June 30, 2020) 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, 2020 credit risk for the District's investments of \$819,726 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, 2020**  
**(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, 2020, the District's bank balances (including petty cash) of \$411,361 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, 2020**  
**(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, 2020**  
**(Continued)**

**E. Accounts Receivable:**

Accounts receivable represents amounts due to the District as of June 30, 2020 on current grants and contracts. There were no receivables which are not scheduled for collection within one year of year end. At June 30, 2020 accounts receivable consisted of the following:

Federal Government:

USFS Countywide Fuels	\$	50,575
Other Federal Programs		3,470

State Government:

California Department of Food and Agriculture		32,811
California Natural Resources Agency		45,796
California Fire Forest Health Grant		30,080

Local Sources:

Proposition 84 Department of Water Resources		831,220
Sunrise Powerlink Mitigation		74,799
Other Local Grants		10,286

Total	\$	1,079,037
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**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(Continued)**

**F. Capital Assets:**

A summary of changes in capital asset activity as of June 30, 2020 is as follows:

	<u>Balance July 1, 2019</u>	<u>Net Change in Capital Assets</u>	<u>Balance June 30, 2020</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	68,140	8,397	76,537
Furniture and Equipment	47,760	4,666	52,426
Total Capital Assets Being Depreciated	<u>1,193,882</u>	<u>13,063</u>	<u>1,206,945</u>
Less Accumulated Depreciation For:			
Buildings	(131,648)	(12,949)	(144,597)
Building Improvements	(146,588)	(14,692)	(161,280)
Vehicles	(56,894)	(5,792)	(62,686)
Furniture and Equipment	(43,080)	(2,302)	(45,382)
Total Accumulated Depreciation	<u>(378,210)</u>	<u>(35,735)</u>	<u>(413,945)</u>
Net Capital Assets	<u>\$ 925,672</u>	<u>\$ (22,672)</u>	<u>\$ 903,000</u>

**G. Accounts Payable:**

Accounts payable at June 30, 2020 consisted of:

Back Country Land and Trust - Proposition 84	\$ 6,377
Pope Tree Service	19,148
USDA Forest Service	16,080
Tanner Environmental	8,450
San Diego River Park Foundation	16,314
Other Vendor Payables	<u>5,779</u>
Total	<u>\$ 72,148</u>

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(Continued)**

**H. Unearned Revenue:**

Unearned revenue at June 30, 2020 consisted of:

Federal Government:

Bureau of Land Management Fuel Reduction	\$	49,945
U.S. Fish and Wildlife Service Green Schools		6,726

Other Local Sources:

Proposition 84 Department of Water Resources	430,255
SDG&E Grants	53,450
Parker Foundation	14,084
Other Local Grants/Sources	18,737
	<hr/>
Total	\$ 573,197
	<hr/> <hr/>

**I. 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 four months rent in the amount of \$10,000 as of June 30, 2020.

**J. 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 2020. 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.

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, 2020 the total District contribution to the plan for all participating employees was \$39,692.

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(Continued)**

**K. 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.

**L. 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, 2020**

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Tax Assessments	\$ 335,000	\$ 365,571	\$ 30,571
USFS Fuel Reduction and Fire Prevention	399,188	284,221	(114,967)
California Department of Food and Agriculture	141,558	85,167	(56,391)
USFS Countywide Fuels	1,212,500	1,324,986	112,486
US Fish and Wildlife Service	26,560	7,111	(19,449)
Proposition 84 Funds	440,000	261,893	(178,107)
Sunrise Powerlink Mitigation	398,570	188,635	(209,935)
State Natural Resources Agency	356,250	148,057	(208,193)
Other State Revenues	-	30,376	30,376
Wild Willow Farm	186,559	64,162	(122,397)
Other Local Grants and Entitlements	125,115	127,598	2,483
TJRV Garden Plots	64,050	63,916	(134)
Payroll Protection Program	-	155,947	155,947
Rental Income	2,000	10,000	8,000
Donations and Miscellaneous	17,800	32,220	14,420
Investment Income	26,030	21,213	(4,817)
<b>TOTAL REVENUES</b>	<b>\$ 3,731,180</b>	<b>\$ 3,171,073</b>	<b>\$ (560,107)</b>
<b>EXPENDITURES</b>			
Salaries and Benefits	\$ 545,950	\$ 444,694	\$ 101,256
Payroll Taxes	14,430	14,942	(512)
Professional Fees	29,000	13,613	15,387
Travel and Conference	24,000	10,761	13,239
Accounting and Legal Fees	19,000	23,717	(4,717)
Insurance	20,700	17,691	3,009
Capital Outlay	13,500	13,063	437
Maintenance and Repairs	10,550	25,433	(14,883)
Landscaping	18,000	16,121	1,879
Utilities and Telephone	30,850	28,486	2,364
Office Expenses	38,830	21,242	17,588
Scholarships and Awards	8,000	8,125	(125)
Miscellaneous Expenses	13,000	7,577	5,423
Discretionary Project Expense	50,000	43,911	6,089
Direct Grant Expenses	2,612,593	2,156,892	455,701
Wild Willow Farm	182,880	152,402	30,478
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,631,283</b>	<b>\$ 2,998,670</b>	<b>\$ 632,613</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>99,897</b>	<b>172,403</b>	<b>72,506</b>
<b>FUND BALANCE - BEGINNING</b>	<b>1,436,406</b>	<b>1,436,406</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 1,536,303</b>	<b>\$ 1,608,809</b>	<b>\$ 72,506</b>

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, 2020**

**Note 1: Excess of Expenditures Over Appropriations**

As of June 30, 2020, expenditures exceeded appropriations in individual budgeted funds as follows:

Appropriations Category	Excess Expenditures
Payroll Taxes	\$ 512
Accounting and Legal Fees	4,717
Maintenance and Repairs	14,883
Scholarships and Awards	125

The District underestimated the expenses in each category.

**OTHER SUPPLEMENTARY INFORMATION**

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY  
BOARD OF DIRECTORS  
JUNE 30, 2020**

The Board of Directors for the fiscal year ended June 30, 2020 was composed of the following members:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Donald Butz	President	November 30, 2020
Marilyn Huntamer	Vice President	November 30, 2020
James Thompson	Secretary/Treasurer	November 30, 2020
Jordan Gascon	Director	November 30, 2022
Cody Petterson	Director	November 30, 2022

**Administration**

Sheryl Landrum  
Executive Director

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2020**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
<b>FEDERAL PROGRAMS:</b>				
<u>U.S. Department of Agriculture</u>				
Passed through California Fire Safe Council				
Forest Service - Cooperative Forestry Assistance Program	10.664	17-SFA-81064	\$ -	\$ 70,000
Forest Service - Cooperative Forestry Assistance Program	10.664	18-SMG-112410	-	79,166
Total Forest Service - CFA Programs			-	149,166
Forest Service - Partnership Agreement	10.699	16-PA-11050200-003	-	1,324,986
Total U.S. Department of Agriculture			-	1,474,152
<u>U.S. Department of the Interior</u>				
Passed through California Fire Safe Council				
Bureau of Land Management - Fuels Management	15.228	16-BLM-142583	-	135,055
Direct Funded				
Fish and Wildlife Service - Creating Pollinator Habitat	15.631	F18AC00441	-	6,325
Passed through Green Schools National Network				
Fish and Wildlife Service - Schoolyard Habitat	15.631	F14AC00465	-	786
Total U.S. Department of the Interior			-	142,166
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ -</b>	<b>\$ 1,616,318</b>

See accompanying notes to schedule of expenditures of federal awards.

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2020**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 20.00% based on the rate approved by the United States Department of Agriculture for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District.

<u>Program</u>	<u>CFDA #</u>	<u>Indirect Cost Rate</u>
Fish and Wildlife Services - Creating Pollinator Habitat	15.631	10.00%
Fish and Wildlife Services - Schoolyard Habitat	15.631	0.00%

**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, 2020, 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 May 28, 2021.

**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 Hobbly King & Co., LLP*

El Cajon, California  
May 28, 2021

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

We have audited Resource Conservation District of Greater San Diego County's (District) compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Wilkinson Halley King & Co., LLP*

El Cajon, California  
May 28, 2021

**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, 2020**

**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> No	
One or more significant deficiencies identified that are not considered material weakness(es)?	<u>        </u> Yes		<u>    X    </u> No	
Type of auditor's report issued on compliance for major programs:		<u>Unmodified</u>		
Compliance supplement utilized for single audit:		<u>August 2020 and December 2020 Addendum</u>		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516?	<u>        </u> Yes		<u>    X    </u> No	
Identification of major programs:				
CFDA Number(s)	<u>10.699</u>	Name of Federal Program or Cluster	<u>USDA Forest Service - Partnership</u>	
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> No	

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**A. Financial Statement Findings**

None

**B. Federal Awards**

None

**RESOURCE CONSERVATION DISTRICT OF GREATER SAN DIEGO COUNTY  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

There were no findings or questioned costs reported in the audit for the fiscal year ended June 30, 2019.