

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
REPORT OF AUDIT
JUNE 30, 2020 AND JUNE 30, 2021

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
AUDIT REPORT
JUNE 30, 2020 AND JUNE 30, 2021

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INTRODUCTORY SECTION

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
BOARD OF DIRECTORS
JUNE 30, 2020 AND JUNE 30, 2021

Warren Hutchings	President
Scott Powell	Treasurer
Michael Chrisman	Director
Robin Galloway	Director

FINANCIAL SECTION

Sciacca & Company

CERTIFIED PUBLIC ACCOUNTANTS

2200 WEST MAIN STREET
POST OFFICE BOX 110 • VISALIA, CA 93279

FRED SCIACCA, CPA
SAM SCIACCA, CPA - RETIRED

DONALD WILLIAMS, CPA
DOUGLAS SOUZA, CPA

TELEPHONE (559) 733-5338
FAX (559) 733-0929

INDEPENDENT AUDITORS' REPORT

Board of Directors
Tulare County Resource Conservation District
Visalia, California 93277

We have audited the accompanying financial statements of Tulare County Resource Conservation District, which comprise the statements of net assets as of June 30, 2020 and 2021, and the related statements of revenues, expenses, and changes in fund net assets and cash flows for the years then ended, and the related notes to the financial statements.

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 of misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, 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 entity's preparation and the fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Sciacca & Company

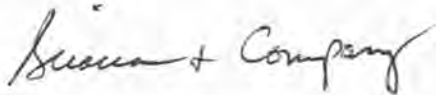
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Tulare County Resource Conservation District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tulare County Resource Conservation District as of June 30, 2020 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Although not a required part of the basic financial statements, the Management's Discussion and Analysis section required by the Governmental Accounting Standards Board as supplementary information has been omitted by management.



June 3, 2022
Visalia, California

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2020 AND 2021

	<u>2020</u>	<u>2021</u>
ASSETS		
Cash in County Treasury	\$ 36,790	\$ 37,861
Cash on Hand and in Banks	423,335	181,703
Accounts Receivable and Advances	8,481	4,359
Grants Receivable	139,233	379,856
Materials Inventory	1,318	1,318
Prepaid Expenses	-	9,512
Total Current Assets	<u>609,157</u>	<u>614,609</u>
Investment in Capital Assets, at Cost	227,783	241,367
Less: Allowance for Depreciation	<u>(119,853)</u>	<u>(132,498)</u>
Total Assets	<u>717,087</u>	<u>723,478</u>
LIABILITIES		
Accounts Payable	83,990	229,572
Payroll Taxes Payable	2,725	2,613
Deferred Grant Revenue	<u>209,798</u>	<u>12,857</u>
Total Current Liabilities	<u>296,513</u>	<u>245,042</u>
LONG-TERM LIABILITIES		
Total Long-Term Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>296,513</u>	<u>245,042</u>
NET ASSETS		
Invested in Capital Assets	107,930	108,869
Restricted:		
Federal, State, and Local Grant Programs	-	-
Unrestricted	<u>312,644</u>	<u>369,567</u>
TOTAL NET ASSETS	<u>\$ 420,574</u>	<u>\$ 478,436</u>

See accompanying notes and independent auditors' report.

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2021

	2020	2021
OPERATING REVENUES		
Federal Source Grant Programs	\$ 124,560	\$ 890,358
State Source Grant Programs	1,203,064	752,528
Local Grants and Programs	-	-
Total Operating Revenues	1,327,624	1,642,886
OPERATING EXPENSES		
Wages and Salaries	86,277	84,848
Tax Administration Fees	10	10
Payroll Taxes	6,983	6,840
Payroll Service Fees	944	261
Contract Labor Services	52,915	189,132
Accounting and Auditing	30,135	21,220
Materials and Supplies	5,369	7,347
Equipment Repairs and Maintenance	14,562	7,333
Travel and Conferences/Training	8,773	2,030
Website Costs	2,378	719
Meals and Entertainment	622	-
Office Expenses	1,367	1,027
Administrative Expenses	23,710	13,705
Liability Insurance	5,775	10,599
Workers Compensation Insurance	460	596
Utilities	2,402	3,917
Dues and Subscriptions	1,000	1,872
Special Programs and Projects	894,500	1,221,073
Postage and Delivery	159	130
Miscellaneous Other Expenses	2,314	876
Depreciation	11,158	12,645
Total Operating Expenses	1,151,813	1,586,180
Net Income/(Loss) from Operations	175,811	56,706
NON-OPERATING REVENUE		
Interest Income	910	563
County Property Taxes	482	484
Other Income	28	109
Total Non-Operating Revenue	1,420	1,156
Net Increase/(Decrease) in Net Assets	177,231	57,862
Net Assets, Beginning of Year	243,343	420,574
NET ASSETS, END OF YEAR	\$ 420,574	\$ 478,436

See accompanying notes and independent auditors' report.

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2021

	2020	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grants and Awards Programs	\$ 1,612,787	\$ 1,287,382
Payments for Salaries and Benefits	(93,367)	(91,598)
Payments for Maintenance and Operations	(1,151,154)	(1,423,917)
Net Cash Provided (Used) by Operating Activities	368,266	(228,133)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets, Equipment and Vehicles	(53,007)	(13,584)
Proceeds on Sale of Capital Assets	-	-
Net Cash Used in Capital and Related Financing Activities	(53,007)	(13,584)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES		
County Tax Revenues	482	484
Other Non-Operating Revenue	28	109
Net Cash Provided in Non-Capital and Related Financing Activities	510	593
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned	910	563
Net Cash Provided by Investing Activities	910	563
Net Increase (Decrease) in Cash and Cash Equivalents	316,679	(240,561)
Cash and Cash Equivalents, Beginning of Year	143,446	460,125
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 460,125	\$ 219,564
SUPPLEMENTAL SCHEDULE OF CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 175,811	\$ 56,706
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	11,158	12,645
(Increase)/Decrease in Accounts Receivable and Advances	9,634	4,122
(Increase)/Decrease in Grants Receivable	559,854	(240,623)
(Increase)/Decrease in Prepaid Expenses	3,959	(9,512)
Increase/(Decrease) in Accounts Payable	(31,774)	145,582
Increase/(Decrease) in Payroll Taxes Payable	659	(112)
Increase/(Decrease) in Deferred Grant Revenue	(361,035)	(196,941)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 368,266	\$ (228,133)

See accompanying notes and independent auditors' report.

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2021

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The Tulare County Resource Conservation District is a local special district that coordinates resource conservation programs for soil and water conservation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The operations of the District are accounted for under a single governmental enterprise fund type described as a proprietary fund. Accounts are maintained in a manner similar to those of a private enterprise in that the costs of providing services on a continuing basis are generally recovered through federal, state, and local grant program awards. The measurement focus is upon the determination of net income, financial position and changes in cash flows. The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements (unless those pronouncements conflict with or contradict GASB pronouncements).

Basis of Accounting – The District maintains its accounts on an accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Accounting Changes – Effective July 1, 2004, the District adopted Statement of Governmental Standard (SGAS) No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, which establishes a fundamentally new financial reporting model for all state and local governments including management's discussion and analysis of an entity's financial position and results of operations. The District implemented SGAS No. 34 in 2004 in accordance with implementation requirements in the accounting standard. The implementation of SGAS No. 34 did not impact its reported financial position or results of operations. As a result of adopting SGAS No. 34, the basic financial statement presentation was significantly changed.

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SGAS No. 34 also requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation reduced by the outstanding debt balances, net of unamortized debt expenses and unspent debt proceeds.
- Restricted – This component consists of net assets with constraints placed on their use, either externally or internally. Constraints include those imposed by Debt Indentures (excluding amounts considered in net capital, above) grants or laws and regulations of other governments, by law through constitutional provisions or enabling legislation or by the Board.
- Unrestricted – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Under SGAS No. 34, the statement of equity was eliminated, the statement of income was renamed the statement of revenues, expenses and changes in net assets, and the statement of cash flows is required to be presented using the direct method (including a reconciliation of operating cash flows to operating income).

Property, Plant and Equipment – The District’s property, plant and equipment is recorded at cost. The cost of additions, renewals and betterments are capitalized; repairs and minor acquisition and replacements are charged to operating expense as incurred. Interest costs incurred that are related to the construction of property is capitalized.

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cost of additions renewals and betterments is capitalized. Minor acquisitions and replacements are charged to operating expense.

Depreciation is computed on the straight line method using the following estimated useful lives:

Equipment and Vehicles 5-20 Years

Income Taxes

The District is a governmental agency and is not subject to federal or state income taxes.

Subsequent Events

Management has evaluated subsequent events through June 3, 2022, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Net Assets, Reserved – Reserves have been established by the Board of Directors for capital outlay, operations and maintenance, and grant program awards.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses as of and for the period presented. Actual results could differ from those estimates.

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2021

NOTE 3: CASH ON HAND AND IN BANKS

As shown on the balance sheet, the cash on hand and in banks and investments in pooled funds at June 30, 2020 and 2021 amounted to \$460,125 and \$219,564, respectively, held as follows:

	2020	2021
Pooled Funds		
Cash in County Treasury	\$ 36,790	\$ 37,861
Petty Cash on Hand	100	100
Cash in Bank, Subject to Withdrawal		
Bank of the Sierra	423,235	181,603
	\$ 460,125	\$ 219,564

NOTE 4: NET ASSETS, RESTRICTED FOR GRANT PROGRAMS

The reserves for Grant Programs consisted of unused grant program revenues received and earmarked for eventual program expenditures pertaining to the specific grant award.

NOTE 5: INVESTMENT IN CAPITAL ASSETS

The District's expenditures for capital outlay amounted to \$53,007 for the year ended June 30, 2020 and \$13,584 for the year ended June 30, 2021.

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2021

NOTE 5: INVESTMENT IN CAPITAL ASSETS (Continued)

The summary of changes in fixed assets for the year ended June 30, 2021 is as follows:

	FIXED ASSETS			BALANCE JUNE 30, 2021
	BALANCE JULY 1, 2020	ADDITIONS	DEDUCTIONS	
Equipment	\$ 227,783	\$ 13,584	\$ -	\$ 241,367

Depreciation for the District amounted to \$12,645 for the year ended June 30, 2021. The summary of changes in depreciation for the year ended June 30, 2021 is as follows:

	BALANCE JULY 1, 2020	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2021
	Equipment	\$ 119,853	\$ 12,645	\$ -

SUPPLEMENTAL INFORMATION

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
 SCHEDULE OF GRANT REVENUES - PROPRIETARY FUND TYPES
 FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2021

SCHEDULE 1

	PROPRIETARY FUNDS	
	2020	2021
GRANT REVENUES		
Federal Sources:		
United States Department of Agriculture		
NRCS Trellis Outreach Program	\$ -	\$ -
NRCS Archaeologist Program	85,227	10,006
NRCS BLM Case Mountain Vegetation & Forest Health	39,333	816,852
NRCS WRP Atwell Island Project	-	-
National Association of Conservation District		
Technical Assistance	-	63,500
Total Federal Grant Programs	124,560	890,358
State Sources:		
California Department of Forestry and Fire Protection		
Doyle Springs Fire Break	-	46,711
Sequoia Crest Fire Break	286,114	-
CHIPP Program Sequoia Crest	41,841	30,575
Ponderosa Community Protection Project	627,885	179,837
Upper Grouse Fire Break	16,194	163,649
Blue Ridge Fire Break	13,279	128,019
Badger Fire Break	94,920	143,380
Green Climber Masticator Grant	100,000	14,889
California Department of Food and Agriculture		
Sweep Inspections Program	247	10,895
California Department of Fish and Wildlife		
Tricolored Blackbird Colony Protection	-	-
California Department of Conservation		
RCD Financial Assistance Program	22,584	19,573
California Fire Foundation Tank Project	-	15,000
Total State Grant Programs	1,203,064	752,528
TOTAL	\$ 1,327,624	\$ 1,642,886

See independent auditors' report.

TULARE COUNTY RESOURCE CONSERVATION DISTRICT
 SCHEDULE OF SPECIAL PROGRAM AND PROJECT EXPENDITURES
 PROPRIETARY FUND TYPES
 FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2021

SCHEDULE 2

	PROPRIETARY FUNDS	
	2020	2021
SPECIAL PROGRAM AND PROJECT EXPENDITURES		
United States Department of Agriculture		
BLM Case Mountain Vegetation & Forest Health	\$ 36,400	\$ 787,725
NRCS Archaeologist Program Costs	21,923	2,558
California Department of Forestry and Fire Protection		
Doyle Springs Fire Break	-	39,226
Upper Grouse Fire Break	3,000	145,668
Blue Ridge Fire Break	3,000	55,125
Badger Fire Break	11,700	-
Sequoia Crest Fire Break Costs	225,220	-
Ponderosa Community Protection Project Costs	546,706	146,757
California Fire Foundation Costs	-	88
California Department of Conservation		
RCD Financial Assistance Program	-	-
RCD Healthy Soils Program	-	-
California Department of Fish and Wildlife		
Tricolored Blackbird Colony Protection	-	-
Local Sources		
Peoples Garden Project	286	-
Chipper Bays Grant/Rental Equipment Costs	46,265	43,926
TOTAL	\$ 894,500	\$ 1,221,073

See independent auditors' report.