

HUMBOLDT COUNTY RESOURCE

CONSERVATION DISTRICT

BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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Mendocino Coast Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2020

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Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020

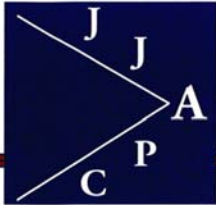
Appointed Officials and Administrative Personnel

BOARD OF DIRECTORS

Dan Cohoon – Chairman
Gary Markegard – Vice Chairman
Mark Moore – Secretary/Treasurer
Lane Russ – Director-at-Large
Gary Belli – Director-at-Large
Ryan Rice – Director-at-Large
Zach Cahill – Director-at-Large

MANAGEMENT

Jill Demers – Executive Director
Curtis Ihle – Program Manager



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Humboldt County Resource Conservation District
Eureka, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Humboldt County Resource Conservation District (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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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 on pages 3–10 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic 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 4, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's internal control over financial reporting and compliance.

May 4, 2022

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

Humboldt County Resource Conservation District

Basic Financial Statements

For the year ended June 30, 2020

Management's Discussion and Analysis

The Management's Discussion and Analysis section represents Humboldt County Resource Conservation District's basic financial statements and provides management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2020. The management's discussion and analysis focus on current activities, resulting change and current known facts; therefore, it should be read in context with the District's basic financial statements (pages 12-14) and footnotes (pages 15-31).

Financial Highlights

- During the fiscal year ended June 30, 2020, the District earned \$2,570,394 under cost-reimbursement contracts for restoration projects.
- The net assets of the District decreased by \$49,328, a 52.8% decrease, primarily due to a decrease in cost recovery of administrative expenses.

Using This Report

In December 1998, the Governmental Accounting Standards Board (GASB) released statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which revised the reporting of property tax revenue. In June 1999, GASB released statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Changes in statement No. 34 require a comprehensive one-line look at the entity as a whole and capitalization of assets and depreciation for agencies not reporting on the accrual basis of accounting. Since the District has historically reported all activities in enterprise funds in a manner similar to business activities and followed the accrual basis of accounting, the District merely has been required to reclassify certain balances to utilize the new statement No. 34 terminology. There were no major reconciling items necessary or elimination of balances due to the implementation of statement No. 34.

The annual financial statements include the Independent Auditors' Report, this management's discussion and analysis, the basic financial statements, and notes to the basic financial statements.

Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis

Financial Analysis of the District as a Whole

	Net Position		Increase (Decrease)	Percent Change
	As of June 30, 2020 and 2019			
	2020	2019		
Assets:				
Current assets	\$ 335,747	\$ 367,042	\$ (31,295)	(8.5)%
Total assets	<u>335,747</u>	<u>367,042</u>	<u>(31,295)</u>	<u>(8.5)%</u>
Liabilities:				
Current liabilities	301,673	283,640	18,033	6.4%
Total liabilities	<u>301,673</u>	<u>283,640</u>	<u>18,033</u>	<u>6.4%</u>
Net position:				
Unrestricted	34,074	83,402	(49,328)	(59.1)%
Total net position	<u>\$ 34,074</u>	<u>\$ 83,402</u>	<u>\$ (49,328)</u>	<u>52.8%</u>

This schedule represents the District's Statement of Net Position (page 12), presented on an accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Operating revenues in the Statement of Activities are revenues generated from the primary operations of the District. All other revenues are reported as non-operating revenues. Operating expenses are those essential expenses related to the primary operations of the District. All other expenses are reported as non-operating expenses.

Net position may serve over time as a useful indicator of the financial position of the District. The assets of the District exceeded the liabilities by \$34,074 at the end of the most recent fiscal year.

The District's assets are comprised of cash and revenue and retention receivables of \$60,296 and \$275,451, respectively. The decrease in assets of 9% is primarily as a result of a decrease in revenue and retention receivable of \$47,793 and an increase in cash of \$16,498.

The District's liabilities are primarily comprised of payables to its contractors as a current accounts payable and are 76% of the total liabilities. The accounts payable of \$228,906 increased by \$183 or by 0%. The unearned revenue decreased by \$12,585, or 61%, for a total unearned at year-end of \$7,949.

Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis

Financial Analysis of the District as a Whole, Continued

Operating results are summarized as follows:

Operating Results
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Revenues			
Program Revenues			
Charges for services	\$ 20,929	\$ 17,686	\$ 3,243
Operating grants and contributions	2,570,394	1,994,796	-
General Revenue			
Other income	23,716	59,574	(35,858)
Total Revenues	<u>2,615,039</u>	<u>2,072,056</u>	<u>542,983</u>
Expenses			
General government	84,124	57,604	26,520
Resource conservation	2,580,243	1,966,748	613,495
Total Expenses	<u>2,664,367</u>	<u>2,024,352</u>	<u>640,015</u>
Increase (Decrease) in Net Position	(49,328)	47,704	(97,032)
Net position:			
Beginning of year	83,402	35,698	47,704
End of year	<u>\$ 34,074</u>	<u>\$ 83,402</u>	<u>\$ (49,328)</u>

The Statement of Net Position shows the change in financial position of net position, with operating results reflected in the Statement of Revenues, Expenses, and Changes in Net Position. This statement provides information pertaining to the change in financial position of net position.

The District's revenues predominately derive from a number of state and federal reimbursement-based contracts. In addition to being reimbursement-based, most contracts also retain a certain percentage of the total funding to guarantee project performance and completion. Some apply this retention to each invoice, others apply the retention by reducing the total funding available. The revenue earned under these contracts increased by \$575,598, or 29%.

The significant expenditures of the district are comprised of consultants and contractors and direct project costs and total \$2,197,337, or 82 % of the total expenditures. Payroll and related expenditures total \$322,682 and is 12% of the total expenditures.

The decrease in net position of \$49,328, is primarily due as a result of intergovernmental revenue exceeding expenditures in the general fund

Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis

Financial Analysis of the District as a Whole, Continued

<u>FY 2019-2020</u>			<u>FY 2018-2019</u>		<u>Increase (Decrease)</u>
\$ 20,929	0.8%	Charges for services	\$ 17,686	1.0%	\$ 3,243
2,570,394	98.3%	Operating grants and contributions	1,994,796	96.3%	575,598
23,716	0.9%	Miscellaneous revenue	59,574	2.9%	(35,858)
<u>\$ 2,615,039</u>	<u>100.0%</u>	Totals	<u>\$ 2,072,056</u>	<u>100.0%</u>	<u>\$ 542,983</u>

Overall, the decrease in total revenues for the year is mostly attributable to reduced revenues generated from grants supporting activities related the Salt River Ecosystem Restoration Project due to less project construction activity compared to the prior year.

Operating expenses increased overall by \$640,015 as detailed below:

	Operating Expenses			
	For the years ended June 30, 2020 and 2019			
	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating expenses:				
General government	\$ 84,124	\$ 57,604	\$ 26,520	46.0%
Resource conservation	2,580,243	1,966,748	613,495	31.2%
Total	<u>\$ 2,664,367</u>	<u>\$ 2,024,352</u>	<u>\$ 640,015</u>	<u>31.6%</u>

Total expenses increased compared to the prior year, primarily due to the larger scope of Salt River Ecosystem Restoration Project construction activities.

Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020

Management's Discussion and Analysis

Economic Factors and Potential Future Results

The District works in voluntary cooperation with landowners, residents, and community groups to implement restoration and conservation projects and has a long-standing and cooperative partnership with the United States Department of Agriculture's Natural Resource Conservation Service (NRCS), most recently updated and memorialized by a Memorandum of Agreement in 2020. The District provides general coordination and technical assistance for project planning, development, and funding; administrative and technical oversight of project implementation; and overall contract management for contracts with a range of partner projects. The District's work is funded by securing state, federal, and local grants and contracts through a competitive application process and through a limited number of fee-for-service contracts. In light of the ongoing global pandemic and anticipated economic and social disruptions, the District anticipates a decrease in program funding in future years.

Several major focus areas identified in the District's Long-Range Plan define the District's priorities and program activities. The District continues to lead the Salt River Ecosystem Restoration Project (SRERP); the SRERP and the unmet restoration needs in several of the Salt River's tributaries will continue to make resource conservation work in the Salt River watershed a priority of the District's. The District's partnership with the Humboldt Bay National Wildlife Refuge provides opportunities for wetland restoration and enhancement such as the recently completed White Slough Wetland Enhancement Project. The District also strives to support landowners and agriculture to ensure viable agricultural operations and protect natural resources by providing technical assistance and conservation planning support for producers interested in implementing practices that promote water conservation, soil health, sequester carbon, and improve production on agricultural lands. The District continues to grow partnerships and advance projects to improve forest health and fire resiliency by hosting a regional forest health watershed coordination position supporting the District and other north coast Resource Conservation Districts, implementing shaded fuel breaks in southern Humboldt under a funding agreement with the California Department of Forestry and Fire Protection (CAL FIRE) Humboldt-Del Norte Unit (HUU), and administering a CAL FIRE Forest Health grant to support forest health and wildfire resiliency treatments with the Yurok Tribe.

Contacting the District

This financial report is designed to provide our customers and creditors a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and to which it is allocated through funding from grants and pass-through fees. If you have questions about this report, contact:

Humboldt County Resource Conservation District
5630 South Broadway
Eureka, CA 95503

Phone (707) 442-6058 x 5
Jill Demers, Executive Director

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BASIC FINANCIAL STATEMENTS

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Humboldt County Resource Conservation District
Statement of Net Position
June 30, 2020

ASSETS	Governmental Activities
Current assets:	
Cash and investments	\$ 60,296
Receivables:	
Revenue receivable	180,752
Retention receivable	94,699
Total assets	<u>335,747</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	228,906
Retention payable	-
Payroll and payroll benefits payable	43,818
Line of credit payable	21,000
Unearned revenue	7,949
Total liabilities	<u>301,673</u>
 NET POSITION	
Unrestricted	<u>34,074</u>
Total net position	<u>34,074</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 335,747</u>

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

Humboldt County Resource Conservation District

Statement of Activities

For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and
		Charges for Services	Operating Grants and Contributions	Changes in Net Position
				Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ 84,124	\$ 20,929	\$ 1,612	\$ (61,583)
Resource conservation programs	2,580,243	-	2,568,782	(11,461)
Total governmental activities	<u>\$ 2,664,367</u>	<u>\$ 20,929</u>	<u>\$ 2,570,394</u>	<u>\$ (73,044)</u>
General revenues:				
Miscellaneous revenues				23,716
Total general revenues				<u>23,716</u>
Change in net position				(49,328)
Net position:				
Beginning of year				83,402
End of year				<u>\$ 34,074</u>

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

Humboldt County Resource Conservation District

Balance Sheet

Governmental Funds

June 30, 2020

	114		116		
	Major Funds			Nonmajor	Totals
	General Fund	Restoring Fish Migration Connectivity	Reconnecting Stream Flows in Lower Eel River Delta	Governmental Funds	
ASSETS					
Cash and investments	60,296	\$ -	\$ -	\$ -	\$ 60,296
Receivables:					
Accounts receivable	180,752	-	-	-	180,752
Retention receivable	94,699	-	-	-	94,699
Due from other funds	-	-	-	-	-
Total assets	\$ 335,747	\$ -	\$ -	\$ -	\$ 335,747
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	228,906	\$ -	\$ -	\$ -	\$ 228,906
Payroll and benefits payable	43,818	-	-	-	43,818
Line of credit payable	21,000	-	-	-	21,000
Unearned revenue	7,949	-	-	-	7,949
Due to other funds	-	-	-	-	-
Total liabilities	301,673	-	-	-	301,673
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	34,074	-	-	-	34,074
Total fund balances	34,074	-	-	-	34,074
Total liabilities and fund balances	\$ 335,747	\$ -	\$ -	\$ -	\$ 335,747

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

Humboldt County Resource Conservation District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances - governmental funds \$ 34,074

Amounts reported for governmental activities in the Statement of Net Position are different because:

Contract and grant receivables not received within sixty days are not available to pay current period expenditures and, therefore, are deferred in the funds.

-

Net position of governmental activities \$ 34,074

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

Humboldt County Resource Conservation District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020

	Major Funds				Totals
	General Fund	114 Restoring Fish Migration Connectivity	116 Reconnecting Stream Flows in Lower Eel River Delta	Nonmajor Governmental Funds	
REVENUES:					
Intergovernmental	\$ 1,612	\$ 34,748	955,987	\$ 1,578,047	\$ 2,570,394
Investment earnings	-	-	-	-	-
Contributions	-	-	-	-	-
Fee for service	20,050	-	-	879	20,929
Miscellaneous revenue	23,716	-	-	-	23,716
Total revenues	45,378	34,748	955,987	1,578,926	2,615,039
EXPENDITURES:					
Current:					
Labor and benefits	54,277	9,777	3,558	255,070	322,682
Administrative expense	915	1,014	2,533	24,151	28,613
Advertising	448	-	-	3,191	3,639
Conferences and workshops	80	-	-	965	1,045
Consultants and contractors	8,691	23,590	896,835	1,268,221	2,197,337
Contributions	-	-	-	-	-
Direct project costs	132	-	54,397	25,613	80,142
Dues and subscriptions	871	-	1	48	920
Field supplies	259	22	-	223	504
Insurance and taxes	3,606	-	770	802	5,178
Miscellaneous expense	-	-	-	-	-
Office expense	3,707	-	20	668	4,395
Permit fees	621	-	-	1,366	1,987
Rent and utilities	9,237	-	160	4,846	14,243
Travel	1,280	345	-	2,057	3,682
Total expenditures	84,124	34,748	958,274	1,587,221	2,664,367
REVENUES OVER (UNDER) EXPENDITURES	(38,746)	-	(2,287)	(8,295)	(49,328)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	2,287	15,872	18,159
Transfers out	(10,582)	-	-	(7,577)	(18,159)
Total other financing sources (uses)	(10,582)	-	2,287	8,295	-
Net change in fund balances	(49,328)	-	-	-	(49,328)
FUND BALANCES:					
Beginning of year	83,402	-	-	-	83,402
End of year	\$ 34,074	\$ -	\$ -	\$ -	\$ 34,074

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

Humboldt County Resource Conservation District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2020

Net change in fund balances - governmental funds \$ (49,328)

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

Revenue is reported in the Statement of Activities at the time the revenue is earned, without regard to the timeliness of the collection. -

Change in net position of governmental activities \$ (49,328)

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

Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Humboldt County Resource Conservation District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental enterprises classified as proprietary fund types. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The District applies all GASB pronouncements to its activities. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The following is a summary of the more significant policies:

A. Description of the Reporting Entity

Humboldt County Resource Conservation District (District) was established in March 1987 and is a political subdivision of the State of California, organized under the provisions of the California Soil Conservation District's Act. The District is governed by a seven-member Board of Directors appointed by the Board of Supervisors of Humboldt County, California. The District provides leadership and conservation assistance to landowners, farmers, and ranchers within Humboldt County.

As defined by GASB Statements No. 14 and 39, *The Financial Reporting Entity*, the District is not financially accountable for any other entity other than itself, nor are there any other entities for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete.

In addition, based upon the above criteria, the District is not aware of any entity which would be financially accountable for the District which would result in the District being considered a component of the entity.

B. Fund Accounting Classification and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus measurement whereby all assets and liabilities are included in the Statement of Net Position. The increases and decreases in those net positions are presented in the government-wide Statement of Activities and Changes in Net Position. These statements are reported on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Fund Accounting Classification and Basis of Accounting, Continued

Governmental fund financial statements are reported using the current financial resources focus, whereby only current assets and current liabilities are included in the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances present increases and decreases in those net current assets. These funds use the modified accrual basis of accounting, whereby revenues are recognized as soon as they are both measurable and available. Measurable means that the amount of the transaction can be determined. Available is defined as being collectible within the current period or soon enough thereafter (60 days) to be used to liquidate liabilities of the current period. Expenditures are recognized when the fund liability is incurred.

When both restricted and unrestricted resources are available for use, it is the policy of Humboldt County Resource Conservation District to use restricted resources first, then unrestricted resources as they are needed.

The District reports the following major governmental funds:

The *General Fund* 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 reports the following major special revenue funds that are used to account for specific revenues that are legally restricted to expenditures for particular purposes:

The *Restoring Fish Migration Connectivity to the Salt River Coastal Watershed* is a special revenue fund created to account for revenue earned under Agreement #P1596013 that is funded by the State of California, Natural Resources Agency, Department of Fish and Wildlife, Watershed Restoration Grant Program. The agreement provides funding to restore fish migration connectivity to the Salt River Coastal Watershed.

The *Reconnecting Stream Flows in the Lower Eel River Delta* is a special revenue fund created to account for revenue earned under Agreement #WC-1558MM that is funded by the State of California, Natural Resources Agency, Department of Fish and Wildlife, Wildlife Conservation Board. The agreement provides funding to reestablish stream flows in the Lower Eel River Delta.

**Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020**

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Fund Accounting Classification and Basis of Accounting, Continued

Additionally, the District reports the following fund types:

Special Revenue Funds

Special revenue funds account for revenue derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities.

C. Budgetary Control

The District does not adopt budgets for the general fund and, therefore, general fund budget information has not been presented in the accompanying financial statements.

Budgetary control for the special revenue funds is maintained on an individual grant or contract basis. Consequently, the District does not adopt annual or biannual budgets for the special revenue funds and such information has not been presented in the accompanying financial statements.

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Investments

For the purposes of the Statement of Net position and Statement of Cash Flows, “cash equivalents and investments” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less.

Cash balance held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation. Cash held in credit union is insured to \$250,000 by the National Credit Union Administration.

For presentation in the financial statements with an original maturity of three months or less at the time they are purchased by the district are considered to be cash equivalents. Investments with an original maturity of more than three months that are not purchased from the pool are reported as investments.

Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2.

**Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020**

Notes to Basic Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Position or Equity, Continued

2. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to/from other funds" on the balance sheet.

3. Net Position

In the Statement of Net Position, net position are classified in the following categories:

Restricted - This amount is restricted by external creditors, granters, contributors, or laws or regulations of other governments.

Unrestricted - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are legally restricted by outside parties for a specific purpose.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements, Continued

2. CASH AND INVESTMENTS

The carrying amounts of the District's cash and investments at June 30, 2020 consisted of the following:

Financial Statement presentation:	
Cash and cash equivalents	\$ 60,296
Total	<u>\$ 60,296</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a failure by a financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that financial institutions secure cash deposits made by state or local governments by pledging securities as collateral. The fair value of the pledged securities must equal at least 110% of the amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District may waive collateral requirements for cash deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The District has waived the collateralization requirement. The District had deposits with bank balances of \$43,798 as of June 30, 2020. The deposits were fully insured.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of government investment pools.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District does not have a specific policy which relates to interest rate risk.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, the external investment pool with the County Treasury is not rated.

Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements, Continued

3. LINE OF CREDIT

The District entered into a loan agreement for \$35,000 dated October 27, 2015 with the Bertha Russ Lytel Foundation. The agreement calls for quarterly interest payments, at a rate of 5%. The agreement also provides that if the line of credit is in good standing, the interest payments will be made by the lender in the form of a grant. As of June 30, 2020, the balance on the line of credit was \$21,000. The agreement had an original maturity date of October 26, 2016 that was modified to December 31, 2018.

4. NET POSITION

Net position at June 30, 2020 consisted of the following:

Description	Balance as of June 30, 2020
Restricted	\$ -
Unrestricted (deficit)	34,074
Total unrestricted net position	<u>\$ 34,074</u>

**Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020**

Notes to Basic Financial Statements, Continued

5. INTERFUND TRANSACTIONS

Interfund balances result from expenditures paid in excess of revenue received under cost reimbursement contracts (due to other funds) and revenue received in excess of expenditures paid (due from other funds).

The composition of the interfund balances as of June 30, 2020 is as follows:

	Transfer In	Transfer Out
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ -	\$ 10,582
Reconnecting Stream Flows in Lower Eel River Delta	2,287	-
Total Major Funds	2,287	10,582
Nonmajor Funds:		
<i>Special Revenue Funds</i>		
Salt River Ecosystem Upper Project Redesign	-	4,464
Connecting Tributary in the Salt River Watershed	2	-
Developing Restoration Strategies Williams Creek	-	1
EQIP Technical Assistance	5,263	-
White Slough Wetlands Enhancement Project Phase II	639	-
Humboldt County RCD Wetland Restoration Assistance	-	1,238
Eel River Estuary Water Level Monitoring Project	-	1,482
Restoring Ecosystem Function in the Upper Salt River Watershed	-	1
DOC Forest Health WC	-	87
CARCD Cannabis Assessment	2,607	-
Humboldt County CIMIS	-	303
WCB Carbon Farm Plans	432	-
CalFire Direct Contract	-	1
CDFW Williams Creek 30%	203	-
Yurok CalFire CCI	6,456	-
WCB Riverside Ranch Alternatives Analysis	270	-
Total Nonmajor Funds	15,872	7,577

6. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District insures against such losses with a commercial insurance policy issued through the Special District Risk Management Authority.

There has been no significant reduction in the District's insurance coverage from the previous year. In addition, there have been no settlements in excess of the District's coverage in any of the prior three fiscal years.

Humboldt County Resource Conservation District
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements, Continued

7. CONTINGENT LIABILITIES

The District participates in federal and state grant programs. These programs are subject to program compliance audits by the granting agency. The audits of these programs have not been completed and, as a result, the amounts, if any, of expenditures that may be disallowed by the granting agencies cannot be determined.

8. SUBSEQUENT EVENTS

Management of Humboldt County Resource Conservation District has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Humboldt County Resource Conservation District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	124	118	120	125	106
	Salt River Ecosystem Upper Project Redesign	Connecting a Tributary in the Salt River Watershed	Developing Restoration Strategies Williams Creek	EQIP Technical Assistance	White Slough Wetlands Enhancement Project Phase II
ASSETS					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Accounts	-	-	-	-	-
Retention	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Retention payable	-	-	-	-	-
Payroll and benefits payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Total liabilities and fund balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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135

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142

Humboldt County RCD Wetland Restoration Assistance	Eel River Estuary Water Level Monitoring Project	Restoring Ecosystem Function in the Upper Salt River Watershed	Restore Ecosystem Function and Community Resiliency in the Salt River Watershed	DOC Forest Health WC	CARCD Cannabis Assessment
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Humboldt County Resource Conservation District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	136	139	140	141	143
	Humboldt County CIMIS	WCB Carbon Farm Plans	CalFire Direct Contract	CDFW Williams Creek 30%	Yurok CalFire CCI
ASSETS					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Accounts	-	-	-	-	-
Retention	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Retention payable	-	-	-	-	-
Payroll and benefits payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ -

<u>WCB Riverside Ranch Alternatives Analysis</u>	<u>Stae Coastal Conservancy White Slough</u>	<u>Total Non-Major Governmental Funds</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Humboldt County Resource Conservation District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2020

	124	118	120	125	106
	Salt River Ecosystem Upper Project Redesign	Connecting a Tributary in the Salt River Watershed	Developing Restoration Strategies Williams Creek	EQIP Technical Assistance	White Slough Wetlands Enhancement Project Phase II
REVENUES:					
Intergovernmental	\$ 333,045	\$ 122,209	\$ 138,618	\$ 31,884	\$ 208,068
Investment earnings	-	-	-	-	-
Contributions	-	-	-	-	-
Fee for service	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-
Total revenues	333,045	122,209	138,618	31,884	208,068
EXPENDITURES:					
Current:					
Labor and benefits	80,862	2,985	11,022	17,185	10,260
Administrative expense	298	80	1,169	256	29
Advertising	-	-	-	-	2,511
Conferences and workshops	-	-	-	-	-
Consultants and contractors	241,388	119,009	126,361	18,364	170,150
Contributions	-	-	-	-	-
Direct project costs	-	-	-	192	24,683
Dues and subscriptions	43	1	-	1	3
Field supplies	-	-	-	-	-
Insurance and taxes	-	-	-	-	550
Office expense	377	11	-	130	52
Permit fees	1,366	-	-	-	-
Rent and utilities	3,165	125	-	1,019	449
Travel	1,082	-	65	-	20
Total expenditures	328,581	122,211	138,617	37,147	208,707
REVENUES OVER (UNDER) EXPENDITURES	4,464	(2)	1	(5,263)	(639)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	2	-	5,263	639
Transfers out	(4,464)	-	(1)	-	-
Total other financing sources (uses)	(4,464)	2	(1)	5,263	639
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES:					
Beginning of year	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -

	129	130	132	135	138	142
Humboldt County RCD Wetland Restoration Assistance		Eel River Estuary Water Level Monitoring Project	Restoring Ecosystem Function in the Upper Salt River Watershed	Restore Ecosystem Function and Community Resiliency in the Salt River Watershed	DOC Forest Health WC	CARCD Cannabis Assessment
\$	58,813	\$ 1,633	\$ 312,390	\$ 287,640	47,596	\$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	58,813	1,633	312,390	287,640	47,596	-
	7,359	151	21,448	35,158	36,746	2,524
	530	-	3,220	5,072	9,798	6
	-	-	-	-	0	-
	-	-	-	-	965	-
	49,662	-	287,700	246,891	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	77
	24	-	21	519	-	-
	57,575	151	312,389	287,640	47,509	2,607
	1,238	1,482	1	-	87	(2,607)
	-	-	-	-	-	2,607
	(1,238)	(1,482)	(1)	-	(87)	-
	(1,238)	(1,482)	(1)	-	(87)	2,607
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -

Humboldt County Resource Conservation District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2020

	136	139	140	141	143
	Humboldt County CIMIS	WCB Carbon Farm Plans	CalFire Direct Contract	CDFW Williams Creek 30%	Yurok CalFire CCI
REVENUES:					
Intergovernmental	\$ 189	\$ 24,853	\$ 5,606	\$ -	\$ -
Investment earnings	-	-	-	-	-
Contributions	-	-	-	-	-
Fee for service	879	-	-	-	-
Miscellaneous revenue	-	-	-	-	-
Total revenues	1,068	24,853	5,606	-	-
EXPENDITURES:					
Current:					
Labor and benefits	649	19,574	3,668	203	4,183
Administrative expense	1	3,242	450	-	-
Advertising	-	-	-	-	-
Conferences and workshops	-	-	-	-	-
Consultants and contractors	-	1,514	1,410	-	2,180
Contributions	-	-	-	-	-
Direct project costs	-	738	-	-	-
Dues and subscriptions	-	-	-	-	-
Field supplies	-	67	-	-	-
Insurance and taxes	-	-	-	-	-
Office expense	-	98	-	-	-
Permit fees	-	-	-	-	-
Rent and utilities	11	-	-	-	-
Travel	104	52	77	-	93
Total expenditures	765	25,285	5,605	203	6,456
REVENUES OVER (UNDER) EXPENDITURES	303	(432)	1	(203)	(6,456)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	432	-	203	6,456
Transfers out	(303)	-	(1)	-	-
Total other financing sources (uses)	(303)	432	(1)	203	6,456
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES:					
Beginning of year	-	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -	\$ -

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WCB Riverside Ranch Alternatives Analysis	Stae Coastal Conservancy White Slough	Total Non-Major Governmental Funds
\$ -	\$ 5,503	\$ 1,578,047
-	-	-
-	-	-
-	-	879
-	-	-
-	5,503	1,578,926
270	823	255,070
-	-	24,151
-	680	3,191
-	-	965
-	3,592	1,268,221
-	-	-
-	-	25,613
-	-	48
-	156	223
-	252	802
-	-	668
-	-	1,366
-	-	4,846
-	-	2,057
270	5,503	1,587,221
(270)	-	(8,295)
270	-	15,872
-	-	(7,577)
270	-	8,295
-	-	-
-	-	-
\$ -	\$ -	\$ -

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JJACPA, Inc.

A Professional Accounting Services Corp.

**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
Humboldt County Resource Conservation District
Eureka, California

We have audited, in accordance with the auditing standard 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 Humboldt County Resource Conservation District (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Humboldt County Resource Conservation District's basic financial statements, and have issued our report thereon dated May 4, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 internal control of the District' internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2020-1 that we consider to be a material weakness.

Board of Directors
Humboldt County Resource Conservation District
Eureka, California

Compliance and Other Matters

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

May 4, 2022

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA