

**YOLO COUNTY RESOURCE CONSERVATION
DISTRICT**

WOODLAND, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2017

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Statement of Net Position and Governmental Funds Balance Sheet	7
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Notes to Basic Financial Statements	9-16
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	17

INDEPENDENT AUDITORS' REPORT

Board of Directors
Yolo County Resource Conservation District
Woodland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Yolo County Resource Conservation District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Yolo County Resource Conservation 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 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 our 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, we consider internal control relevant to Yolo County Resource Conservation 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 Yolo County Resource Conservation 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 and each major fund of Yolo County Resource Conservation District, as of June 30, 2017, 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 on pages 3-6 and the budgetary comparison information on page 17 as listed 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.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
February 24, 2018

Yolo County Resource Conservation District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

The intent of the management's discussion and analysis is to provide highlights of the Yolo County Resource Conservation District's financial activities for the fiscal year ended June 30, 2017.

The Yolo County Resource Conservation District (RCD or District) is an independent, special district that is committed to the protection, improvement and sustainability of the natural resources of Yolo County. The RCD operates under the authority of Division 9 of the Public Resources Code. Major activities include developing, evaluating and implementing conservation practices and projects with cooperative land managers; providing technical guidance and on-site expertise; educating agencies and the public in resource conservation and enhancement; and sponsoring partnerships and networks.

Overview of The RCD's Operations, Fiscal Year July 1, 2016 - June 30, 2017

The Yolo County RCD, like other RCD's in the state, faces many challenges to sustaining operations, given fluctuating funding conditions statewide and nationally. This year, the RCD completed the Department of Conservation's accreditation process making it eligible for funding for capacity building activities through its REV Program. In addition, the Executive Director (ED) and the Board have developed a three year capacity dashboard – a valuable tool to assess current capacity and looking two years into the future at sustaining and building capacity. The RCD Board's engagement continues to be strong in its support and guidance of the District's fiscal health.

The ED continues to oversee all District operations, build partnerships and seek project and program funding. The ED is making decisions on distribution of work as needed to even out the work load and ensure project timelines stay on track. Duties retained for the ED only include staff annual reviews, invoice and claim approval, certain Board interactions, and a host of other daily, weekly and monthly activities. Four of the RCD's eight staff members have been serving the RCD for a range of 9-22 years, providing stability and maturity in our administrative and program development team. Seasonality of field activities makes it a challenge to pace workloads for field staff throughout the 12-month calendar. Current staff activities include contract management, project development, grant writing, partnership coordination, public speaking, technical workshop development, program administration, grazing management for weed control, mechanical weed control, plant ID, farm edge conservation planning and implementation, project management, lease management and field activities including equipment repair.

The RCD continued to manage several multi-year grant-funded projects this fiscal year. Funders included the California Department of Fish and Wildlife, California Strategic Growth Council's Urban Greening Grant Program, Delta Conservancy, Natural Resources Conservation Services and the Yocha Dehe Community Fund. Partners and clients included Yolo County, Cities of Woodland and Davis as well the Putah Creek Council, UC Davis Arboretum, the Center for Land-Based Learning, Pacific Gas and Electric, Point Blue Conservation Science, Yolo Habitat Conservancy, Westside Sacramento Integrated Regional Water Management Plan Coordinating Committee and the Cache Creek Conservancy.

FINANCIAL HIGHLIGHTS

Revenues

Combined revenues for the fiscal year totaled \$627,067 (Page 8)

Expenses

Combined expenses for the fiscal year totaled \$576,097 (Page 8)

Yolo County Resource Conservation District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

BASIS OF ACCOUNTING

The District's financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Governmental Activities

Table 1
Governmental Net Position

	Governmental Activities	
	2017	2016
Current assets	\$ 566,971	\$ 525,570
Capital assets	39,564	9,994
Total assets	606,535	535,564
Current liabilities	71,432	72,178
Long-term liabilities	33,667	12,920
Total liabilities	105,099	85,098
Net position		
Invested in capital assets	20,631	9,994
Unrestricted	480,805	440,472
Total net position	\$ 501,436	\$ 450,466

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Yolo County Resource Conservation District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Table 2
Changes in Governmental Net Position

	Governmental Activities	
	2017	2016
Revenues		
Program revenues:		
Charges for services	\$ 443,822	\$ 467,778
Operating grants	30,945	-
Total program revenues	474,767	467,778
General revenues:		
Taxes and other	152,300	21,454
Total revenues	627,067	489,232
Program Expenses		
Resource conservation	576,097	512,439
Total expenses	576,097	512,439
Change in net position	\$ 50,970	\$ (23,207)

The government-wide financial statements report on the function of the District that is principally supported by intergovernmental revenues.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains governmental funds organized according to their type (general fund & special revenue funds). Information in the fund financial statements is presented separately for the general fund, which is the only major fund data for the remaining cost centers are aggregated in a single non-major fund column.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

The District has capital assets (e.g. land, structures, and equipment). Any investment in capital assets would restrict the use of assets for future spending. The unrestricted net position of the District is available for future use to provide program services.

Capital Assets

Equipment	\$ 101,149
Less accumulated depreciation	(61,585)
Total	\$ 39,564

The net position of the District increased by \$50,970 (Page 8) during the current fiscal year. The District's primary source of revenue is charges for services.

Budgetary Comparison

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance.

Yolo County Resource Conservation District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the 2018 fiscal year:

- Property tax rates
- Actual expenditures for 2017

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all citizens, taxpayers, customers, investors, and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Yolo County Resource Conservation District, 221 West Court Street, Suite 1, Woodland, California 95695.

Yolo County Resource Conservation District
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2017

	General Fund	Adjustments (Note 6)	Statement of Net Position
ASSETS			
Cash and investments	\$ 421,088	\$ -	\$ 421,088
Grant receivable	145,883	-	145,883
Capital assets:			
Depreciable, net of accumulated depreciation	-	39,564	39,564
Total assets	566,971	39,564	606,535
LIABILITIES			
Liabilities:			
Accounts payable	24,242	-	24,242
Refundable advances	47,190	-	47,190
Longterm liabilities:			
Loan payable	-	18,933	18,933
Compensated absences	-	14,734	14,734
Total liabilities	71,432	33,667	105,099
FUND BALANCES / NET ASSETS			
Fund balances:			
Assigned	495,539	(495,539)	-
Total fund balances	495,539	(495,539)	-
Total liabilities and fund balances	\$ 566,971		
Net Position:			
Invested in capital assets net of related debt		20,631	20,631
Unrestricted		501,436	480,805
Total net position		\$ 522,067	\$ 501,436

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

Yolo County Resource Conservation District
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Adjustments (Note 7)</u>	<u>Statement of Activities</u>
Expenditures/expenses:			
Resource conservation	\$ 584,920	\$ (8,823)	\$ 576,097
Total expenditures/expenses	<u>584,920</u>	<u>(8,823)</u>	<u>576,097</u>
Program revenues:			
Charges for services	443,822	-	443,822
Operating grants	<u>30,945</u>	<u>-</u>	<u>30,945</u>
Total program revenues	<u>474,767</u>	<u>-</u>	<u>474,767</u>
Net program expense			<u>101,330</u>
General revenues:			
Property taxes	18,361	-	18,361
Interest	2,455	-	2,455
Other	<u>131,484</u>	<u>-</u>	<u>131,484</u>
Total general revenues	<u>152,300</u>	<u>-</u>	<u>152,300</u>
Excess (deficiency) of revenues over (under) expenditures	42,147	(42,147)	-
Changes in net position	-	50,970	50,970
Fund balance/net position at July 1, 2016	<u>453,392</u>	<u>(2,926)</u>	<u>450,466</u>
Fund balance/net position at June 30, 2017	<u>\$ 495,539</u>	<u>\$ 5,897</u>	<u>\$ 501,436</u>

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

Yolo County Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF GENERAL AND SIGNIFICANT ACCOUNTING POLICIES

A. General

The Yolo County Resource Conservation District (the District) was formed on June 16, 1977 under the California Soil Conservation Act. Yolo County Resource Conservation District is a special district of the County of Yolo, California, providing leadership in improving the condition of the natural resources in Yolo County.

The District is a governed entity administered by a Board of Directors (the Board) that acts as the authoritative and legislative body of the entity.

The Board appoints the Chair (person) of the Board from existing board members. The Chair's responsibilities are to preside at all meetings of the Board; perform all duties commonly incident to the position of presiding officer of a Board.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

B. Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District has chosen to present its basic financial statements using the reporting model for special purpose governments engaged in a single government program.

This model allows the fund financial statements and the government-wide statements to be combined using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule.

C. Government-wide Financial Statements

The District Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-type Activities for the District accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities and deferrals, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.

Yolo County Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-wide Financial Statements (concluded)

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The types of transactions reported as program revenues for the District are reported in two categories:

- 1) Charges for services;
- 2) Grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

D. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities demonstrating the degree to which the direct expenses of a given project are offset by project revenues. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function or segment. Program revenues include (1) charges paid by the recipients of services offered by the program and (2) 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 taxes, are presented instead as general revenues.

Yolo County Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Governmental Fund Financial Statements (concluded)

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental assets and liabilities is reported as fund balance.

The District reports the following major governmental fund:

General Fund - The General Fund is used to account for all financial resources of the District. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California and the bylaws of the District.

Exchange and Non-Exchange Transactions of Revenues — Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the District receives value without directly giving value in return, include taxes and donations. Revenues are recognized when susceptible to accrual, when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. The assessor of the County determines the assessed valuations of such property and the tax collector of the County collects the taxes. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Expenses/Expenditures- On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

E. Budgets and Budgetary Accounting

The District operates under the general laws of the State of California and annually adopts a budget to be effective July 1 for the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for the General Fund. The level of control (level at which expenditures may not exceed budget) is the fund. Unused appropriations for all the above annually budgeted funds lapse at the end of the fiscal year. Budgeted amounts are the final authorized amount as revised during the year. Actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items to the General Fund.

Yolo County Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. To maximize investment opportunities, the District participates in a pooling of cash and investment income with other local agencies. Each fund may liquidate its equity in the pool on demand. Investments are recorded at fair value; fair value is based on quoted market prices.

Cash at June 30, 2017 consisted of the following:

Cash in County Treasury	\$ 420,288
Cash on hand	800
Total	<u>\$ 421,088</u>

Interest rate risk - The District does not currently have a policy regarding interest rate risk.

Credit risk - The District does not have a formal policy regarding credit risk

Custodial credit risk -The District's investment in the State and County Treasurer's investment pools represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk. Cash in the local bank is covered by federal depository insurance.

Concentration of credit risk - The District does not have a policy for concentration of credit risk.

G. Accounts Receivable

On an accrual basis, revenues from charges for services are recognized in the fiscal year in which the services are rendered. Receivables are resources provided to the District on a reimbursement basis.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include property, plant, and equipment, infrastructure assets and intangible are reported in the applicable governmental-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received.

The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets, which range from 15 to 20 years for field equipment, 5 to 10 years for office equipment, and 8 to 10 years for vehicles. Depreciation expense for the year ended June 30, 2017 was \$9,488.

Yolo County Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets (concluded)

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

	Balance as of July 1, 2016	Additions	Deletions	Balance as of June 30, 2017
Capital assets, being depreciated:				
Equipment	\$ 89,211	\$ 11,938	\$ -	\$ 101,149
Less: accumulated depreciation	(79,217)	(9,488)	-	(61,585)
Total capital assets, being depreciated, net	\$ 9,994	\$ 2,450	\$ -	\$ 39,564

J. Accounts Payable/Due to Other Government Agencies

On an accrual basis, expenses/expenditures are recognized in the fiscal year in which the services are received.

K. Accrued Payroll Liabilities

On an accrual basis, expenses/expenditures are recognized in the fiscal year in which the services are received. Liabilities are compensated absences.

L. Unearned Revenue

Unearned revenue is reported in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

M. Net Position and Fund Balances

The District's net position represents the difference between its assets and liabilities in the statement of net position. Net position is reported as restricted when there are legal limitations imposed on their use by their source. Portions of the unreserved net position or fund balance may be designated to indicate tentative plans for financial resources utilization in a future period, such as for general contingencies, purchase of capital assets, or debt service. Such plans or intent are subject to change and may never be legally authorized or result in expenditures.

Government-wide Financial Statements:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is contributed to the acquisition, construction, or improvement of the capital assets.

Restricted Net Position – This amount consists of amounts restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all remaining net position that does not meet the definition of “invested in capital assets, net of related debt” or “restricted net position.”

Yolo County Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - SUMMARY OF GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (concluded)

M. Net Position and Fund Balances (concluded)

Fund Financial Statements:

Unassigned Fund Equity – The residual classification for the government’s general fund that includes all amounts not contained in other classifications.

Assigned Fund Equity – Amounts intended to be used by the government for specific purposes but that do not meet the criteria to be classified as restricted or committed.

N. Property Tax Revenue

The District's property taxes are assessed through the County tax rolls by the County Assessor's Office. Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and payable in two installments on December 10 and April 10, for the secured roll. The unsecured roll is due August 31. All taxes become delinquent if not paid on the due dates. Taxes are remitted for the County throughout the year.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - USE OF RESTRICTED/UNRESTRICTED NET POSITION

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position first.

NOTE 3 - COMPARATIVE DATA AND RECLASSIFICATIONS

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 4 - CONCENTRATION OF REVENUE SOURCES

During the year-ended June 30, 2017, the District had two major revenue sources that accounted for a material amount of the District’s revenues. Loss of these revenue sources could materially affect the District’s operations.

NOTE 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the District contracted with private insurance for liability, property, crime damage, and employee and director insurances.

Yolo County Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 6 - CONTIGENCIES

As of June 30, 2017, the District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 7 - SUBSEQUENT EVENTS

The District's management has evaluated events and transactions subsequent to June 30, 2017 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through the date the financial statements became available to be issued.

NOTE 8 - RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION

Reconciling adjustments are as follows:

Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in governmental funds	\$ 39,564
Non-current portion of compensated absences	(14,734)
Loan payable	(18,933)
Total fund balances – governmental funds	<u>495,539</u>
Net position of governmental activities	<u>\$ 501,436</u>

NOTE 9 - RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES

Reconciling adjustments are as follows:

Net change in fund balance – total governmental funds	\$ 42,147
Depreciation expense is deducted from fund balance	(9,488)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. The capital outlay expenditures are therefore added back to fund balance.	39,058
The amounts below included in the statement of activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):	
Compensated absences	(1,814)
Loan payable	<u>(18,933)</u>
Change in net position of governmental activities	<u>\$ 50,970</u>

Yolo County Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 - LONG-TERM DEBT

A. Summary of Changes in Long-Term Debt

The following represents changes in long-term debt during the fiscal year:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due within</u> <u>1 year</u>
Compensated absences	\$ 12,920	\$ 1,814	\$ -	\$ 14,734	\$ -
Loan Payable	<u>-</u>	<u>18,933</u>	<u>-</u>	<u>18,933</u>	<u>3,983</u>
Total	<u>\$ 12,920</u>	<u>\$ 20,747</u>	<u>\$ -</u>	<u>\$ 33,667</u>	<u>\$ 3,983</u>

B. Compensated Absences

Compensated absences consist of accrued vacation at June 30, 2017. The District's full-time employees accrue between 3.08 and 7.72 vacation hours every two weeks. The District's part-time employees accrual is pro-rated based on the number of hours worked.

C. Loan Payable

In November 2016 the District borrowed \$21,158 at 5.45% to purchase a Ford Truck. Payments of \$410 are due monthly. The loan amortization schedule is as follows:

<u>Fiscal Year End June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,983	\$ 933	\$ 4,916
2019	4,204	711	4,915
2020	4,439	476	4,915
2021	4,687	228	4,915
2022	<u>1,620</u>	<u>18</u>	<u>1,638</u>
Total	<u>\$ 18,933</u>	<u>\$ 2,366</u>	<u>\$ 21,299</u>

Yolo County Resource Conservation District
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Budget and Actual
For the Year Ended June 30, 2017
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		with <u>Final Budget</u>
Revenues:				
Charges for services	\$ 651,333	\$ 651,333	\$ 443,822	\$ (207,511)
Operating grants	30,945	30,945	30,945	-
Property taxes	16,976	16,976	18,361	1,385
Interest	1,346	1,346	2,455	1,109
Miscellaneous income	107,539	107,539	131,484	23,945
Total revenues	<u>808,139</u>	<u>808,139</u>	<u>627,067</u>	<u>(181,072)</u>
Expenditures:				
Resource conservation	<u>808,139</u>	<u>808,139</u>	<u>584,920</u>	<u>223,219</u>
Total expenditures	<u>808,139</u>	<u>808,139</u>	<u>584,920</u>	<u>223,219</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	42,147	<u>\$ 42,147</u>
Fund balance, beginning of period			<u>453,392</u>	
Fund balance, end of period			<u>\$ 495,539</u>	