

**UPPER SALINAS-LAS TABLAS RESOURCE
CONSERVATION DISTRICT**

FINANCIAL STATEMENTS

June 30, 2019

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
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June 30, 2019

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FINANCIAL SECTION



Moss, Levy & Hartzheim LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Upper Salinas-Las Tablas Resource Conservation District
Templeton, California

We have audited the accompanying financial statements of the governmental activities and the major fund of the Upper Salinas-Las Tablas Resource Conservation District, as of and for the fiscal year ended June 30, 2019, 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.

Auditors' 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 governmental activities and the major fund of the Upper Salinas-Las Tablas Resource Conservation District, as of June 30, 2019, and the respective changes in financial position thereof for the fiscal 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 budgetary comparison information on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the Upper Salinas-Las Tablas Resource Conservation 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 the District's internal control over financial reporting and compliance.

Moss, Renz & Haugheim LLP

Santa Maria, California
December 16, 2019

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities
	<u> </u>
ASSETS	
Cash and investments	\$ 154,089
Accounts receivable	105,037
Capital assets:	
Depreciable, net	<u> -</u>
 Total assets	 <u>259,126</u>
 LIABILITIES	
Unearned revenue	187,131
Noncurrent liabilities:	
Compensated absences	<u> 7,779</u>
 Total liabilities	 <u>194,910</u>
 NET POSITION	
Unrestricted	<u> 64,216</u>
 Total net position	 <u><u>\$ 64,216</u></u>

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Operating Contributions and Grants	Capital Contributions and Grants	
Governmental activities:					
Soil and water conservation	\$ 377,922	\$ 99,278	\$ 252,754	\$ -	\$ (25,890)
Total governmental activities	<u>\$ 377,922</u>	<u>\$ 99,278</u>	<u>\$ 252,754</u>	<u>\$ -</u>	<u>(25,890)</u>
General Revenues:					
Use of money and property					<u>160</u>
Total general revenues					<u>160</u>
Change in net position					(25,730)
Net position, beginning of fiscal year					<u>89,946</u>
Net position, end of fiscal year					<u>\$ 64,216</u>

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
 GOVERNMENTAL FUND
 BALANCE SHEET
 June 30, 2019

	General Fund
ASSETS	
Cash and investments	\$ 154,089
Accounts receivable	<u>105,037</u>
Total assets	<u>\$ 259,126</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Unearned revenue	<u>\$ 187,131</u>
Total liabilities	<u>187,131</u>
Fund Balance:	
Unassigned	<u>71,995</u>
Total fund balance	<u>71,995</u>
Total liabilities and fund balance	<u>\$ 259,126</u>

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL
FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total Fund Balance - governmental fund	\$	71,995
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term compensated absences have not been included in the governmental fund activity.		<u>(7,779)</u>
Total net position - governmental activities	\$	<u>64,216</u>

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
For the Fiscal Year Ended June 30, 2019

	General Fund
Revenues:	
Grant revenue	\$ 252,754
Program income	99,278
Interest income	160
	<hr/>
Total revenues	352,192
	<hr/>
Expenditures:	
Salaries and benefits	288,784
Professional fees	75,068
Office expense	819
Insurance	1,984
Miscellaneous	2,831
Computer expenses	1,192
Telephone	1,700
Travel	4,510
	<hr/>
Total expenditures	376,888
	<hr/>
Net change in fund balance	(24,696)
	<hr/>
Fund balance - July 1	89,426
	<hr/>
Prior period adjustment	7,265
	<hr/>
Fund balance - July 1, restated	96,691
	<hr/>
Fund balance - June 30	\$ 71,995
	<hr/> <hr/>

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balance - governmental fund	\$ (24,696)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense was less than additions to capital assets in the period.	(520)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid). This fiscal year, vacation earned exceeded the amounts used by \$514.	<u>(514)</u>
Change in net position - governmental activities	<u><u>\$ (25,730)</u></u>

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Organization**

The Upper Salinas-Las Tablas Resource Conservation District (the District) is made up of three previously separate Districts: The Upper Salinas Resource Conservation District, the Parkfield-Choalame Resource Conservation District, and the Las Tablas Resource Conservation District. The Upper Salinas Resource Conservation District was originally organized in 1951, the Parkfield-Choalame Resource Conservation District was originally organized in 1956, and the Las Tablas Resource Conservation District was originally organized in 1953. All three RCD's were authorized under Division IX of the California Public Resources Code.

The Upper Salinas and Parkfield-Choalame RCDs were consolidated in 1973 into the Upper Salinas RCD. In 1985, the Upper Salinas and Las Tablas RCDs were consolidated into the larger Upper Salinas-Las Tablas RCD. This RCD covers a jurisdiction of over 2,000 square miles within San Luis Obispo and Monterey counties.

B. **Reporting Entity**

The reporting entity is the Upper Salinas-Las Tablas Resource Conservation District. There are no component units included in this report which meet the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, and No. 80.

C. **Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. **Basis of Presentation**

Government-wide financial statements:

The government-wide financial statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds.

The government-wide financial statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation (Continued)

Fund financial statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance for these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and grants. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when 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. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenues:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue. On governmental funds financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basis of Accounting (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first then unrestricted resources as they are needed.

F. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be 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. The District's resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into one major fund, as follows:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

G. Budgets and Budgetary Accounting

The District adopts an annual budget on a basis consistent with generally accepted accounting principles and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures and encumbrances (reserved portions of appropriations for which commitments have been made) are charged against the budgeted appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balance for subsequent year expenditures as they do not constitute expenditures or liabilities.

H. Investments

Investments are stated at fair value.

I. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized by the District.

J. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000 and estimated useful life in excess of two years.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations. The estimated useful lives are as follows:

Equipment	3 to 15 years
Structures	40 years

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Prepaid Items

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

M. Fund Balances

Fund balances of the governmental funds are classified as follows:

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

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

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

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund’s primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

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

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

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 89	"Accounting for Interest Cost Incurred Before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.

NOTE 2 - CASH AND INVESTMENTS

On June 30, 2019, the District had the following cash on hand:

Cash in Banks	<u>\$ 154,089</u>
Total cash and investments	<u>\$ 154,089</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash and investments, statement of net position	<u>\$ 154,089</u>
	<u>\$ 154,089</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Disclosures Relating to Credit Risk

Generally, 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 rating by a nationally recognized statistical rating organization.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository 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 custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) 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. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 100% of the total 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.

As of June 30, 2019, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) 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. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Monterey County Investment Pool).

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2019, is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Depreciable capital assets:				
Equipment	\$ 13,693	\$ -	\$ -	\$ 13,693
Total depreciable capital assets	13,693			13,693
Less accumulated depreciation	(13,173)	(520)		(13,693)
Net depreciable capital assets	<u>\$ 520</u>	<u>\$ (520)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense reported in the statement of activities was \$520.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2019

NOTE 4 – LONG TERM DEBT

A schedule of long-term debt for the fiscal year ended June 30, 2019 is shown below:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Compensated absences	\$ 7,265	\$ 8,701	\$ 8,187	\$ 7,779
	<u>\$ 7,265</u>	<u>\$ 8,701</u>	<u>\$ 8,187</u>	<u>\$ 7,779</u>

NOTE 5 – NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Litigation

According to the District’s staff and attorney, no contingent liabilities or lawsuits are pending of any financial consequence as of June 30, 2019.

State and Federal Allowances, Awards, and Grants

The District receives grant monies as reimbursements for specific costs incurred in certain projects it administers that may be subject to review and audit by the reimbursing agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

NOTE 8 – IN-KIND EXPENSES/LEASE COMMITMENTS

The Natural Resource Conservation Service (NRCS) provides office space to the District without charge. The annual fair value of the donated office space is \$7,500.

NOTE 9 – RELATED PARTY TRANSACTIONS

A board member served on the Board of Central Coast Salmon Enhancement. The District paid out contract work of \$60,144 to the Organization during the 2018/19 fiscal year.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

NOTE 10 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment in the amount of \$7,265 was posted in the general fund to adjust the beginning net position. On the previous year's financial statements, the accrued vacation as of June 30, 2018 was reported as a liability in the general fund. Long term debt, such as accrued vacation, is only reported in the government wide financial statements, and should have been a reconciling item on the previous audit report.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grant revenue	\$ 719,162	\$ 719,162	\$ 190,073	\$ (529,089)
Program income	30,000	30,000	99,278	69,278
Interest income	500	500	160	(340)
Total revenues	<u>749,662</u>	<u>749,662</u>	<u>289,511</u>	<u>(460,151)</u>
Expenditures:				
Salaries and benefits	310,149	310,149	281,519	28,630
Professional fees	362,782	362,782	12,387	350,395
Office expense	7,290	7,290	819	6,471
Insurance	2,000	2,000	1,984	16
Miscellaneous	6,500	6,500	2,831	3,669
Computer expenses	7,000	7,000	1,192	5,808
Telephone	1,080	1,080	1,700	(620)
Travel	9,360	9,360	4,510	4,850
Total expenditures	<u>706,161</u>	<u>706,161</u>	<u>306,942</u>	<u>399,219</u>
Net change in fund balance	43,501	43,501	(17,431)	(60,932)
Fund balance, beginning of fiscal year	<u>89,426</u>	<u>89,426</u>	<u>89,426</u>	
Fund balance, end of fiscal year	<u>\$ 132,927</u>	<u>\$ 132,927</u>	<u>\$ 71,995</u>	<u>\$ (60,932)</u>