

**FEATHER RIVER
RESOURCE CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2020**

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Robert W. Johnson
an accountancy corporation

6234 Birdcage Street, Citrus Heights, California 95610 | robertwjohncpagroup@gmail.com | 916.723.2555
www.bob-johnson-cpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Feather River Resource Conservation District
Quincy, California

Report on the Financial Statements

We have audited the accompanying financial statements of Feather River Resource Conservation District, as of and for the year ended June 30, 2020, and the related notes to the 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 an opinion 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 of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feather River Resource Conservation District as of June 30, 2020, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other Matters

Required Supplementary Information

Management has omitted the 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 the missing information.

Other Information

The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Feather River Resource Conservation District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Robert W. Johnson, An Accountant Certified

Citrus Heights, California
October 23, 2020

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2020

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash and cash equivalents (Note 4):			
Operational	\$ 272,868	\$ -	\$ 272,868
Endowment Fund	415,948	-	415,948
Accounts receivable	-	-	-
Capital assets (Note 5)	-	71,455	71,455
Less, accumulated depreciation	<u>-</u>	<u>(7,723)</u>	<u>(7,723)</u>
Total assets	<u>\$ 688,816</u>	<u>\$ 63,732</u>	<u>\$ 752,548</u>
LIABILITIES			
Accounts payable	\$ 3,362	\$ -	\$ 3,362
Salaries payable	10,094	-	10,094
Compensated absences	5,070	-	5,070
Unearned revenue	<u>243,490</u>	<u>-</u>	<u>243,490</u>
Total liabilities	<u>262,016</u>	<u>-</u>	<u>262,016</u>
FUND BALANCES/NET POSITION			
Fund balances (Note 9):			
Restricted	415,948	(415,948)	-
Committed	-	-	-
Unassigned	<u>10,852</u>	<u>(10,852)</u>	<u>-</u>
Total fund balances	<u>426,800</u>	<u>(426,800)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 688,816</u>		
Net position (Note 9):			
Net investment in capital assets		63,732	63,732
Restricted		415,948	415,948
Unrestricted		<u>10,852</u>	<u>10,852</u>
		<u>\$ 490,532</u>	<u>\$ 490,532</u>

See notes to financial statements

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Project costs	\$ 253,737	\$ -	\$ 253,737
Administrative	48,251	-	48,251
Capital outlay	71,455	(71,455)	-
Depreciation	<u>-</u>	<u>7,723</u>	<u>7,723</u>
Total program expenditures/expenses	<u>373,443</u>	<u>(63,732)</u>	<u>309,711</u>
Program revenues	<u>332,783</u>	<u>-</u>	<u>332,783</u>
General revenues:			
Interest income	5,154	-	5,154
Other income	<u>15,327</u>	<u>-</u>	<u>15,327</u>
Total general revenues	<u>20,481</u>	<u>-</u>	<u>20,481</u>
Excess of revenues (expenditures)/ changes in net position	(20,179)	63,732	43,553
Beginning fund balances/ net position	<u>446,979</u>	<u>-</u>	<u>446,979</u>
Ending fund balances/net position	\$ <u>426,800</u>	\$ <u>63,732</u>	\$ <u>490,532</u>

See notes to financial statements

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
for the year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Revenues:			
Program	\$ 963,666	\$ 332,783	\$(630,883)
Interest income	12,000	5,154	(6,846)
Other	<u>163,000</u>	<u>15,327</u>	<u>(147,673)</u>
Total revenues	<u>1,138,666</u>	<u>353,264</u>	<u>(785,402)</u>
Expenditures:			
Salaries and benefits	232,575	193,203	39,372
Program and projects	789,708	149,425	640,283
Operations	<u>116,383</u>	<u>30,815</u>	<u>85,568</u>
Total expenditures	<u>1,138,666</u>	<u>373,443</u>	<u>765,223</u>
Excess of revenues (expenditures)	\$ <u>-</u>	\$(<u>20,179</u>)	\$(<u>20,179</u>)

See notes to financial statements

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2020

1. Organization:

Feather River Resource Conservation District (the "District") is a special district as established by Division 9 of the California Public Resources Code. Originally established in 1954 as the Indian-American Valleys Resource Conservation District, the District expanded and adopted the name Feather River Resource Conservation District in 1993 and covers the majority of Plumas County and a small portion of Sierra County. The District serves, cooperates with, and assists private landowners, agricultural producers, and other citizens and landowners to help analyze, plan, design, and implement soil, water, forest, and wildlife conservation practices within the District's boundary.

The mission of the District is to advocate resource conservation through education and collaborative efforts with willing landowners and organizations that promote the economic and ecological sustainability of the Upper Feather River Watershed.

Funding Sources: The District acquires funding through grants, agreements and long-term contracts to support the work of partnering organizations, as well as conducting fee for service work.

The District's financial administrative functions are governed by a five member Board of Directors appointed (at the District's request) by the Plumas county Board of Supervisors.

Feather River Resource Conservation District has been co-located with the Plumas and Sierra Counties Natural Resource Conservation Service Quincy Local Partnership Office in USDA office space, which is part of the US Forest Service – Plumas National Forest Supervisor's office compound in downtown Quincy. The Natural Resource Conservation Service has assumed the task of managing the office space arrangement with the owner, US Forest Service, and thus has provided office space for the Feather River Resource Conservation District. The USDA/NRCS is providing the following in-kind materials and services: office space, utilities, office equipment, IT services, and office supplies. As the District is growing, the Feather River Resource Conservation District moved to an office space in East Quincy at the start of April; the District has begun to take on more of the administrative aspects that NRCS was providing the District with.

2. Summary of Significant Accounting Policies:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District's significant accounting policies are described below.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2020

2. Summary of Significant Accounting Policies, continued:

Measurement Focus and Basis of Accounting

The District reports a *General Fund* that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Measurement Focus and Basis of Accounting, continued

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources.

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.

Budgets

In accordance with the provisions of Sections 13901 through 13906 of the California Health & Safety Code and other statutory provisions, commonly known as the Budget Act, the District prepares and legally adopts a final balanced budget for each fiscal year.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

2. Summary of Significant Accounting Policies (continued):

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents. The District's cash consists of a checking account with a local bank.

Revenue Recognition

The District's principal source of revenue is derived from cost reimbursement contracts. Revenue is recognized as expenditures are incurred. Expenditures in excess of cash receipts are recorded as accounts receivable. Cash receipts in excess of expenditures are recorded as refundable advances (agency trust funds).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 during the reporting period. Actual results may differ from those estimates.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Equipment is depreciated using the straight-line method over their estimated useful lives.

Compensated Absences

Vested or accumulated vacation and sick pay that are expected to be liquidated with expendable available financial resources are reported as an expense and as a current liability.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

2. Summary of Significant Accounting Policies (continued):

Net Position

Net position is classified in the following categories:

Net Investment in capital assets – 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 this category.

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

Unrestricted – represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

Fund Balance

Fund balance is classified in the following categories:

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – includes fund balance amount that can only be used for specific purposes pursuant to constraints imposed by the formal actions of the District's Board of Directors.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned – includes fund balance which has not been classified within the above mentioned categories.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

3. Projects:

At June 30, 2020 the District managed the following projects:

- A. Cal Trans – Crescent Mills Wetland Conservation Area – Conservation Easement
In 2005, Cal Trans transferred the Conservation Easement and management of the Crescent Mills Wetland Conservation Area (CWMCA) to the District via the Land Transfer Agreement (LTA). The LTA designated that the District would receive and manage an endowment fund, the interest of which is intended to be used for the long-term management and protection of the CMWCA property. The CWMCA is intended to be used as a mitigation bank for Cal Trans projects, and already had wetland construction occur in 2004 as mitigation.
- B. Cal Trans – Cooperative Agreement – USACE Permit Compliance
In 2009, a Cooperative Agreement was executed with Cal Trans for assisting with US Army Corp of Engineers (USACE) permit compliance, including creation of a native vegetation buffer around wetland basins created in 2004 and groundwater monitoring.
- C. Cal Trans – Cooperative Amendment 1 – Riparian Enhancement
In 2012, an Amendment to the Cooperative Agreement was executed for the purpose of planting and maintaining riparian trees and shrubs around the wetlands that were constructed in 2004.
- D. Cal Trans – Cooperative Agreement – Yellow Creek
In 2019, received funding for riparian mitigation associated with impacts of a construction project. Mitigation area for this project was designated in the Crescent Mills Wetland Mitigation Area.
- E. US Forest Service and Sierra Nevada Conservancy – Moonlight Fire Area Restoration Project
In 2019, received funding from the US Forest Service (Sierra Nevada Conservancy is state pass-through) to assist on forest restoration project in the Moonlight Fire area. In 2019, the majority of assistance was related to contract administration for planting conifers, plant release, and site preparation for later planting. Other aspects of the project include aspen stand restoration and protection.
- F. One Tree Planted – Moonlight Fire Area Restoration Project
In 2019, received funding from private foundation One Tree Planted for Moonlight reforestation activities.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

3. Projects, continued:

- G. Plumas County Fire Safe Council – California Climate Investments funding through CAL FIRE – Moonlight Fire Area Restoration Project Walker Fire Reforestation
In 2019, the Walker Fire re-burned portions of the Moonlight Fire Area Restoration Project which were reforested in early 2020.
- H. Cal Trans – Interagency Agreement – Almanor Spillway Planting
In 2020, received funding to complete mitigation planting for the purpose of construction rehabilitation at the Lake Almanor Spillway bridge replacement site.
- I. In 2019, received funding to coordinate the Plumas Underburn Cooperative, as grass-roots, community driven group of Plumas County Residents organized to assist each other learn and implement prescribed fire.
- J. In 2019, received funding from Sierra Nevada Conservancy to compile local and regional forest health and wildlife resilience projects as well as prioritize work. This work includes project identification, mapping, collaborative engagement, and challenge evaluation.
- K. In 2019 and 2020, received funding through multiple sources for fee-for-service work or contracts. Most of the work completed was directly environmental compliance related, though an educational workshop for environmental compliance was funded as well as a Habitat Management Plan.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

4. Cash and Cash Equivalents:

Cash and investment consist of the following at June 30, 2020:

Operating	\$ 272,868
Restricted	<u>415,948</u>
Total cash and investments	<u>\$ 688,816</u>

Deposits:

At year-end the carrying amount of the District's deposits was \$258,016 and the bank balance was \$261,513. The bank balance was covered by Federal depository insurance and collateral held by bank.

	Balance, June 30, <u>2020</u>
Checking	<u>\$ 258,016</u>

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2020

4. Cash and Cash Equivalents, continued:

Investments:

California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 - Financial Affairs. The Government Code allows investments in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, medium-term corporate notes, mutual funds and the State Treasurer's Local Agency Investment Fund (LAIF). The investment in LAIF is reported at fair value.

	<u>Carrying Amount</u>	<u>Maturity - 12 Months or Less</u>
Balance, June 30, 2020, Local Agency Investment Fund	\$ <u>430,800</u>	\$ <u>430,800</u>

Pursuant to Government Accounting Standards Board Statement 3, the investment in LAIF is not classified in categories of credit risk. The District's funds in LAIF are invested in a diversified portfolio (of underlying investments e.g. U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF can be withdrawn on demand.

5. Changes in Capital Assets:

Changes in capital assets for the year ended June 30, 2020 are as follows:

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, end of Year</u>
Furniture and Equipment	\$ <u>-</u>	\$ <u>71,455</u>	\$ <u>-</u>	\$ <u>71,455</u>

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

6. Contingency:

The District's funds which are for specific purposes are subject to review and audit by the various client agencies. These audits, if they were to occur, could generate expenditure disallowances under terms of the grants, which would require reimbursements by the District. The ultimate results of such audits and potential expenditure disallowances, if any, cannot presently be determined. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements.

7. Risk of Loss

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During 2020, the District purchased certain commercial insurance coverages to provide for these risks.

8. Subsequent Events:

Management has evaluated subsequent events through October 23, 2020, the date these June 30, 2020 financial statements were available to be issued.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2020

9. Equity:

General fund:

Total fund balances consist of:

Restricted – permanent endowment	\$ 415,948
Unassigned	<u>10,852</u>
	<u>\$ 426,800</u>

Statement of net position:

Total net position consist of:

Net investment in capital assets	\$ 63,732
Restricted – permanent endowment	415,948
Unrestricted	<u>10,852</u>
	<u>\$ 490,532</u>

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

10. Grants/Project Status:

At June 30, 2020 the status of contracts in progress are as follows:

	<u>Date of Grant/Project</u>	<u>Expiration Date of Grant/Project</u>	<u>Total Grant/Project Awarded</u>	<u>Total Invoiced Through 6/30/2020</u>	<u>Remaining Grant/Project Funds</u>
CWMCA Endowment Interest – Admin	6/24/2005	NA	\$ 0	\$ 0	\$ 0
CWMCA Endowment Interest – Maintenance	6/24/2005	NA	0	0	0
Cal Trans Co-op Agreement #02-0085	5/7/2009	-	101,932	100,923	1,009
Cal Trans Co-op Amendment 1 – Riparian #02-0085A	6/6/2012	-	130,000	129,937	63
Cal Trans Co-op Agreement #02-173	7/19/2019	7/19/2024	140,000	34,523	105,477
CCI PCFSC – Walker Fire Units #205-01	12/01/2019	12/1/2021	210,410	155,473	54,937
USFS – SNC Moonlight Fire Area Restoration Project FPNFMFSF001	4/9/2019	1/30/2024	6,305,455	316,971	5,988,484
One Tree Planted – Moonlight Fire Area Restoration Project 2019	2/27/2019	6/30/2020	120,846	120,846	0
One Tree Planted – Moonlight Fire Area Restoration Project 2020	1/29/2020	1/29/2022	112,500	3,234	109,266
Plumas Underburn Cooperative – CAL FIRE 5GA18214	6/7/2019	3/12/2021	271,178	36,360	234,818
SNC/DOC FRRCP 941	1/14/2020	1/30/2022	<u>170,225</u>	<u>11,553</u>	<u>158,672</u>
TOTAL Grants/Projects			<u>\$7,562,546</u>	<u>\$909,820</u>	<u>\$6,652,726</u>

SUPPLEMENTAL DATA

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
PRINCIPAL OFFICIALS
for the year ended June 30, 2020

Board of Directors:

Nils Lunder	President
Russel Reid	Vice President
James Wilson	Treasurer
Phil Noia	Director
Bethany Johnson	Director

Operations:

Brad Graevs	District Manager
Kaline Lecoq	Operations Manager

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
SCHEDULE OF CASH FLOWS
for the year ended June 30, 2020

Cash flows from operating activities:

Change in net position (net loss) \$ 43,553

Adjustments to reconcile net loss
to net cash contributed to operating activities

Depreciation	\$ 7,723	
(Increase) decrease in:		
Accounts receivable	18,457	
Unbilled work	24,155	
(Decrease) increase in:		
Accounts payable	(6,004)	
Salaries payable	10,094	
Compensated absences	5,070	
Unearned revenue	<u>166,109</u>	<u>225,604</u>

Net cash contributed by operating
activities 269,157

Cash flows from investing activities:

Purchase of equipment (71,455)

Net cash used by investing
activities (71,455)

Net cash used by financing
activities -

Net increase in cash 197,702

Cash at beginning of year 491,114

Cash at end of year \$ 688,816