

**COLUSA COUNTY RESOURCE  
CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS  
MODIFIED CASH BASIS**

**JUNE 30, 2018**

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**

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# LARRY BAIN, CPA

An Accounting Corporation

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2148 Frascati Drive, El Dorado Hills, CA / 916.601-8894  
[lpbain@sbcglobal.net](mailto:lpbain@sbcglobal.net)

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Colusa County Resource Conservation District  
Colusa, California

We have audited the accompanying modified cash basis financial statements of the governmental activities and fund information which comprise the basic financial statements of Colusa County Resource Conservation District as of and for the fiscal year ended June 30, 2018, and the notes to the modified cash basis financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fund information of the Colusa County Resource Conservation District as of June 30, 2018, and the changes in financial position, of those activities and funds for the fiscal year then ended in conformity with the modified cash basis of accounting described in Note 1C.

## **Other Matters**

### *Required Supplementary Information*

The Colusa County Resource Conservation District has not presented the Management Discussion and Analysis or the Budget to Actual Schedule that the accounting principles generally accepted in the United States has determined are necessary to supplement, although not required to be part of, the basic financial statements.

## **Other Information**

The required supplementary information other than Management Discussion and Analysis, described as the budgetary comparison schedules in the table of contents on pages 16-18 are 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 (GASB), 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 January 2, 2019 on our consideration of the Colusa County 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 Colusa County Resource Conservation District's internal control over financial reporting and compliance.

*Larry Bain, CPA*  
*An Accounting Corporation*

January 2, 2019

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**

**MODIFIED CASH BASIS STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ 68,807
Total current assets	<u>68,807</u>
Capital assets:	
Equipment	29,327
Less: accumulated depreciation	<u>(29,327)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>68,807</u>
 Liabilities	
Due within one year	-
Due in more than one year	<u>7,032</u>
Total Liabilities	<u>7,032</u>
 Net Position	
Net investment in capital assets	-
Unrestricted	<u>61,775</u>
 Total Net Position	<u><u>\$ 61,775</u></u>

The notes to the modified cash basis financial statements are an integral part of this statement

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**

**MODIFIED CASH BASIS STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Natural resource conservation	\$ 96,880	\$ -	\$ 114,376	\$ 17,496
Total Governmental Activities	<u>\$ 96,880</u>	<u>\$ -</u>	<u>\$ 114,376</u>	<u>17,496</u>
 General Revenues:				
Investment income				13
Other				1,093
Total general revenues				<u>1,106</u>
Change in net position				18,603
Net position - beginning				<u>43,172</u>
Net position - ending				<u>\$ 61,775</u>

The notes to the modified cash basis financial statements are an integral part of this statement

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**

**MODIFIED CASH BASIS BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>Major Special Revenue Funds</u>			<u>Non-Major Special Revenue Funds</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Miscellaneous Projects</u>	<u>DOC Block Grant</u>	<u>Upper Littler Stony Fuel Treatment Project</u>	<u>Specialty Crop Block Grant</u>	
<b><u>Assets</u></b>						
Cash	\$ 55,864	\$ 6,214	\$ 6,729	\$ -	\$ -	\$ 68,807
Due from other funds	18,000					18,000
Total Assets	<u>\$ 73,864</u>	<u>\$ 6,214</u>	<u>\$ 6,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,807</u>
<b><u>Liabilities</u></b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds		10,000	8,000		-	18,000
Total Liabilities	<u>-</u>	<u>10,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
<b><u>Fund Balances</u></b>						
Fund Balances						
Assigned to next years budget	9,086					9,086
Unassigned	64,778	(3,786)	(1,271)	-	-	59,721
Total Fund Balances	<u>73,864</u>	<u>(3,786)</u>	<u>(1,271)</u>	<u>-</u>	<u>-</u>	<u>68,807</u>
Total Liabilities and Fund Balances	<u>\$ 73,864</u>	<u>\$ 6,214</u>	<u>\$ 6,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,807</u>

The notes to the modified cash basis financial statements are an integral part of this statement

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS MODIFIED CASH BASIS  
BALANCE SHEET TO THE GOVERNMENT-WIDE MODIFIED CASH BASIS  
STATEMENT OF NET POSITION-GOVERNMENTAL ACTIVITIES  
JUNE 30, 2018**

Fund Balances of Governmental Funds	\$ 68,807
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Compensated absences are not current financial resources and are not included in the governmental funds.	<u>(7,032)</u>
Net position of governmental activities	<u>\$ 61,775</u>

The notes to the modified cash basis financial statements are an integral part of this statement

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**

**MODIFIED CASH BASIS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Major Special Revenue Funds			Non-Major Special Revenue Funds		Total Governmental Funds
	General	Miscellaneous Projects	DOC Block Grant	Upper Little Stony Fuel Treatment Project	Specialty Crop Block Grant	
Revenues						
Intergovernmental	\$ 53,309	\$ 24,631	\$ 20,902	\$ 8,660	\$ 6,874	\$ 114,376
Use of money and property	13					13
Other	1,093					1,093
<b>Total Revenues</b>	<b>54,415</b>	<b>24,631</b>	<b>20,902</b>	<b>8,660</b>	<b>6,874</b>	<b>115,482</b>
Expenditures						
Salaries and benefits	46,798	22,773	11,796		610	81,977
Services and supplies	9,719	945	1,999		3,923	16,586
Capital outlay						-
<b>Total Expenditures</b>	<b>56,517</b>	<b>23,718</b>	<b>13,795</b>	<b>-</b>	<b>4,533</b>	<b>98,563</b>
Excess (Deficit) of Revenues over Expenditures	(2,102)	913	7,107	8,660	2,341	16,920
Other Financing Sources (Uses)						
Operating transfers in	27,601					27,601
Operating transfers out		(3,928)	(8,378)	(8,660)	(6,635)	(27,601)
<b>Total Other Financing Sources (Uses)</b>	<b>27,601</b>	<b>(3,928)</b>	<b>(8,378)</b>	<b>(8,660)</b>	<b>(6,635)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>25,499</b>	<b>(3,015)</b>	<b>(1,271)</b>	<b>-</b>	<b>(4,294)</b>	<b>16,919</b>
Fund Balances, July 1, 2017	48,365	(771)	-	-	4,294	59,005
<b>Fund Balances, June 30, 2018</b>	<b>\$ 73,864</b>	<b>\$ (3,786)</b>	<b>\$ (1,271)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,924</b>

The notes to the modified cash basis financial statements are an integral part of this statement

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUND MODIFIED CASH BASIS STATEMENT  
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE MODIFIED CASH BASIS STATEMENT OF ACTIVITIES  
JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$ 16,919
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities. The costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:	
Depreciation expense	-
Changes in compensated absences do not effect expenditures in the governmental funds but the change is adjusted through salary expense in the Statement of Net Position	<u>1,684</u>
Change in net position of governmental activities	<u><u>\$ 18,603</u></u>

The notes to the modified cash basis financial statements are an integral part of this statement

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**  
**Notes to the Modified Cash Basis Financial Statements**  
**June 30, 2018**

Note 1: Summary of Significant Accounting Policies

The Colusa Resource Conservation District (District) was organized on 1959, under Chapter 3, Division 9 of the Public Resources Code of the State of California. In 1996, the District merged with Stonyford Resource Conservation District under the new name “The Colusa County Resource Conservation District.” The District is governed by a Board of Directors that is selected pursuant to Government Code Section 1780. The basic operations of the District are financed by federal and state grants and local grants administered through Colusa County.

The accounting policies of the Colusa County Resource Conservation District conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with U. S. generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body’s financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit’s governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

No operations of other entities met the aforementioned oversight criteria for inclusion or exclusion from the accompanying financial statements in accordance with GASB Statement No. 61.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by the recipient of goods or services offered by the programs 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 all taxes, are presented instead as general revenues.

When both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**  
**Notes to the Modified Cash Basis Financial Statements**  
**June 30, 2018**

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in separate columns. All remaining governmental funds are separately aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

Miscellaneous Projects Fund – This is a special revenue fund used to account for revenues and expenditures related to miscellaneous projects.

DOC Block Grant Fund – This is a special revenue fund used to account for revenues and expenditures related to the Department of Conservation Grant.

Upper Little Stony Fuel Treatment Project Fund – This is a special revenue fund used to account for revenues and expenditures related to the Upper Little Stony Fuel Treatment Grant.

C. Basis of Accounting

The District records revenues when received and expenditures when the warrant is paid by the County Treasurer. The District capitalizes and depreciates capital assets in accordance with Governmental Accounting Standards Board, GASB 34.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty-days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

The Colusa County Resource Conservation District recognizes revenues when they are received by the District. The modified cash basis of accounting recognizes expenditures when they are paid.

Consequently, the District has not recognized receivables or accounts payable to vendors and their related effects on earnings in the accompanying financial statements. The District does recognize capital assets and long-term debt in the government-wide financial statements in accordance with GASB 34.

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**  
**Notes to the Modified Cash Basis Financial Statements**  
**June 30, 2018**

Note 1: Summary of Significant Accounting Policies (Continued)

D. Grants Receivable

Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

E. Capital Assets

Capital assets have been acquired for general District purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost or estimated cost where no historical records are available. The District defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of three years. Capital assets are depreciated using the straight-line method over their estimated useful lives. The useful lives are as follows:

Equipment	5-20 years
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F. Fund Equity

The unassigned fund balances for governmental fund represents the amount available for budgeting future operations. Unrestricted net position represents the net position available for future operations.

Restrictions of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures.

Restricted net position represents the net position legally identified for specific purposes.

G. Compensated Absences

The District's policy regarding compensated absences is to permit employees to accumulate long-term earned but unused vacation and sick leave. The liability for these compensated absences is recorded as debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences liability payable from expendable available financial resources. The District includes its share of social security and Medicare taxes payable on behalf of employees in the accrual for compensated absences.

H. Budgetary Reporting

The District prepares an annual operating and capital budget, which is approved and adopted by the Board of Directors. The budget serves as an approved plan to facilitate financial control and operational evaluation.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

J. Restricted and Unrestricted Resources:

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, and then unrestricted resources as needed.

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**  
**Notes to the Modified Cash Basis Financial Statements**  
**June 30, 2018**

Note 2: Cash and Investments

Cash and investments at June 30, 2018, consisted of the following:

Cash and investments	\$	68,807	
Total cash	\$	68,807	
General Fund	\$	55,864	
Projects		6,214	
Block Grant		6,729	
Total cash	\$	68,807	

A. Investment in Government Pool

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Colusa County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended June 30, 2018, is as follows:

	Balance 7/1/2017	Additions	Retirements/ Adjustments	Balance 6/30/2018
Equipment	\$ 36,863	\$ -	\$ (7,836)	\$ 29,027
Total capital assets, being depreciated	36,863	-	(7,836)	29,027
Less accumulated depreciation	(36,863)		7,836	(29,027)
Governmental activities capital assets, net	\$ -	\$ -	\$ -	\$ -

Current year depreciation expense of \$0 was charged.

Note 4: Long-Term Liabilities

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2018:

	Balance 7/1/2017	Additions	Retirements/ Adjustments	Balance 6/30/2018	Due Within One Year
Compensated Absences	\$ 8,716	\$ -	\$ (1,684)	\$ 7,032	\$ -
Total	\$ 8,716	\$ -	\$ (1,684)	\$ 7,032	\$ -

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**  
**Notes to the Modified Cash Basis Financial Statements**  
**June 30, 2018**

Note 5: Interfund Transactions

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2018.

Transfers

Transfers are indicative of funding for subsidies of various operations and re-allocations of special revenues. The following are interfund transfers for fiscal year ended June 30, 2018.

	Due to Other Funds	Due from Other Funds	Transfers In	Transfers Out
General Fund	\$ -	\$ 18,000	\$ 27,601	\$ -
Misc Project	(10,000)			(3,928)
DOC Grant				(8,378)
Upper Little Stoney				(8,660)
Specialty Crop Grant	(8,000)			(6,635)
Totals	<u>\$ (18,000)</u>	<u>\$ 18,000</u>	<u>\$ 27,601</u>	<u>\$ (27,601)</u>

Note 6: Net Position/Fund Balances

Net Position – Government-Wide Financial Statements

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

- *Net Investment in Capital Assets* – This category groups all capital assets, into one component of net position. Accumulated depreciation and the outstanding balance of debt that are attributable to capital 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 any other purpose.

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**  
**Notes to the Modified Cash Basis Financial Statements**  
**June 30, 2018**

Note 6: Net Position/Fund Balances (Continued)

Fund Balances – Governmental Funds

The District has adopted a policy for GASB Statement No. 54, Fund Balance Reporting. GASB 54 establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. While the classifications of fund balance in the District's various governmental funds were revised, the implementation of this standard had no effect on total fund balance.

- *Nonspendable* – The fund balance includes those amounts that are not in a spendable form or are required to be maintained intact. The District has recorded prepaid expense as nonspendable fund balance.
- *Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources. The District has imprest cash as restricted fund balance.
- *Committed* – The fund balance includes amounts that can be used only for the specific purpose determined by a formal action of the government's highest level of decision-making authority. The District has no committed fund balance.
- *Assigned* – The fund balance includes amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official, or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. The District has assigned fund balance for next years budget.
- *Unassigned* – The fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

Note 7: Stewardship, Compliance and Accountability

A. Deficit Fund Balances/Net Position

The miscellaneous projects fund had a deficit fund balance of \$3,786 and the DOC grant fund had a deficit fund balance of \$1,271 at June 30, 2018. The deficit fund balances are expected to be eliminated upon receipt of funding from granting agencies or through matching funds/contributions from the general fund of the District.

B. Budgetary Control

During the 2017/18 fiscal year, the general fund salaries and benefits budget was over expended by \$1,590 and the general fund service and supply budget was over expended by \$478. The miscellaneous projects salary was over expended by \$585.

Note 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is exposed to various risks of loss related to general liability and workers' compensation. Insurance for the District is secured through commercial insurance for both general liability and workers' compensation. Settlements have not exceeded insurance coverage in any of the last three years.

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**  
**Notes to the Modified Cash Basis Financial Statements**  
**June 30, 2018**

Note 9: Commitments and Contingencies

Grant Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time.

Contingent Liabilities

In the normal course of business, the District is subject to various lawsuits. Defense of lawsuits is typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance.

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE- MODIFIED CASH  
GENERAL FUND  
JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 25,309	\$ 53,309	\$ 53,309	\$ -
Use of money	600	958	13	(945)
Other	1,000	1,093	1,093	-
Total Revenues	<u>26,909</u>	<u>55,360</u>	<u>54,415</u>	<u>(944)</u>
Expenditures				
Salaries and benefits	42,639	45,208	46,798	(1,590)
Service and supplies	11,481	9,241	9,719	(478)
Total Expenditures	<u>54,120</u>	<u>54,449</u>	<u>56,517</u>	<u>(2,068)</u>
Excess of Revenues over Expenditures	<u>(27,211)</u>	<u>911</u>	<u>(2,102)</u>	<u>(3,012)</u>
Other Financing Sources				
Transfer from other funds	22,679	25,996	27,601	1,605
sTransfer to other fund			-	-
Total Other Financing Sources (Uses)	<u>22,679</u>	<u>25,996</u>	<u>27,601</u>	<u>1,605</u>
Net Change in Fund Balances	<u>\$ (4,532)</u>	<u>\$ 26,907</u>	25,499	<u>\$ (1,408)</u>
Fund Balances, July 1, 2017			<u>48,365</u>	
Fund Balances, June 30, 2018			<u>\$ 73,864</u>	

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE- MODIFIED CASH  
MISCELLANEOUS PROJECTS – MAJOR SPECIAL REVENUES FUND  
JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 39,404	\$ 29,572	\$ 24,631	\$ (4,941)
Total Revenues	<u>39,404</u>	<u>29,572</u>	<u>24,631</u>	<u>(4,941)</u>
Expenditures				
Salaries and benefits	28,470	22,188	22,773	(585)
Service and supplies	5,856	1,480	945	535
Total Expenditures	<u>34,326</u>	<u>23,668</u>	<u>23,718</u>	<u>(50)</u>
Excess of Revenues over Expenditures	<u>5,078</u>	<u>5,904</u>	<u>913</u>	<u>(4,991)</u>
Other Financing Sources				
Transfer to other fund	(5,006)	(5,556)	(3,928)	1,628
Total Other Financing Sources (Uses)	<u>(5,006)</u>	<u>(5,556)</u>	<u>(3,928)</u>	<u>1,628</u>
Net Change in Fund Balances	<u>\$ 72</u>	<u>\$ 348</u>	<u>(3,015)</u>	<u>\$ (3,363)</u>
Fund Balances, July 1, 2017			<u>(771)</u>	
Fund Balances, June 30, 2018			<u>\$ (3,786)</u>	

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE- MODIFIED CASH  
DOC GRANT – MAJOR SPECIAL REVENUE FUND  
JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 33,348	\$ 20,902	\$ 20,902	\$ -
Total Revenues	33,348	20,902	20,902	-
Expenditures				
Salaries and benefits	14,670	12,941	11,796	1,145
Service and supplies	2,077	1,908	1,999	(91)
Total Expenditures	16,747	14,849	13,795	1,054
Excess of Revenues over Expenditures	16,601	6,053	7,107	1,054
Other Financing Sources				
Transfer to other fund	(16,601)	(8,378)	(8,378)	-
Total Other Financing Sources (Uses)	(16,601)	(8,378)	(8,378)	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (2,325)</u>	(1,271)	<u>\$ 1,054</u>
Fund Balances, July 1, 2017			-	
Fund Balances, June 30, 2018			<u>\$ (1,271)</u>	

**COLUSA COUNTY RESOURCE CONSERVATION DISTRICT**  
**Note to Required Supplementary Information**  
**June 30, 2018**

Budgets and Budgetary Accounting

The District is required to prepare a budget each year based on estimates of modified cash basis revenues and expected expenditures. The budget is adopted on a basis consistent with other than U.S. generally accepted accounting principles on the basis of accounting described in Note 1C. All changes to the budget during the year are reflected in these financial statements and require the approval of the governing board. All unencumbered appropriations lapse at the end of each fiscal year.

# LARRY BAIN, CPA

An Accounting Corporation

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2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894

[lpbain@sbcglobal.net](mailto:lpbain@sbcglobal.net)

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Colusa County Resource Conservation District  
Colusa, California

We have audited, 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, the modified cash basis financial statements of the governmental activities of Colusa County Resource Conservation District (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 2, 2019.

### ***Internal Control over Financial Reporting***

In planning and performing our audit, we considered Colusa County Resource Conservation District 's (District) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Colusa County Resource Conservation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors, management, Colusa County Auditor Controllers Office and the Controller's Office of the State of California.

Larry Bain, CPA,  
An Accounting Corporation  
January 2, 2019