

**SONOMA RESOURCE
CONSERVATION DISTRICT**

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds	9
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	12
Statement of Fiduciary Net Position	13
Statement of Changes in Fiduciary Net Position	14
Notes to Financial Statements	15-27
Roster of Board Members	28
Required Supplemental Information:	
Statement of Revenues, Expenditures and Changes in the Fund Balance - Budget and Actual - Governmental Funds	29
Proportionate Share of Net Pension Liability (Asset)	30
Schedule of Contributions	31

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sonoma Resource Conservation District
Santa Rosa, California

We have audited the accompanying financial statements of the governmental activities of Sonoma Resource Conservation District (a special purpose government) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Sonoma Resource Conservation District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Sonoma Resource Conservation District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018 on our consideration of the Sonoma Resource Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Sonoma Resource Conservation District's 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 Sonoma Resource Conservation District's internal control over financial reporting and compliance.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
November 27, 2018

Sonoma Resource Conservation District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

As management of the Sonoma Resource Conservation District (District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the District's financial statements (pages 7-14) and the accompanying notes to the basic financial statements (pages 15-27).

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the 2018 fiscal year by \$1,511,325 (net position). Of this amount, there is a balance of unrestricted net position of \$315,287.
- The District total net position increased by \$295,390 in the 2018 fiscal year. This increase is a result of revenues exceeding expenses in the governmental activities. The decrease is because of the prior period restatement of \$227,080 to include the full net pension liability. This resulted in an overall increase of \$68,280.
- The District's total debt (including short and long-term liabilities) was \$701,045.
- As of the close of the 2018 fiscal year, the District's general fund reported an ending total fund balance of \$488,218, of which \$406,469 was unassigned.

Financial Statements

The District receives a small amount of annual funding generated from property taxes from a Sonoma County General Fund appropriation. In 2018, the District received approximately \$129,370 in ad valorem tax income.

The District leveraged approximately \$2,129,358 of monies from grants and local contributions with their property tax dollars from the 2018 fiscal year. The District was able to respond to requests and needs of local stakeholders with these funds. Some of the services we provide include: liaison with other agencies and resources, on-site consultations and assistance, funding for conservation projects, advocacy for landowners, input to policy discussion at the local, state, and federal levels, and a local office open to the public for technical advice.

The majority of funding comes from competitively sought government grants and fee for service contracts. Occasionally we receive funds from local foundations and other private sources.

- The District's major funds are program revenues which include grants totaling \$1,822,125 for the 2018 fiscal year. Competition for grant funding has significantly increased as more groups compete for limited funds.
- The District currently receives funding support from local sources, including the County of Sonoma, Sonoma County Agricultural Preservation & Open Space District, and others. The District provides services such as technical assistance, educational programs, and watershed coordination with this funding.
- The District expects to continue operating with local funds in addition to state and federal funding. Our partnerships with county groups and agencies allow us to work collaboratively and provide services to meet the mutual goals and objectives of the community.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

Fiduciary Fund - Fiduciary funds are used to account for funds held by the District in trust for other government agencies and private citizens.

Sonoma Resource Conservation District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's audited financial statements, which are comprised of the basic financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments*. The Single Governmental Program for Special Purpose Governments reporting model is used which best represents the activities of the District.

The required financial statements include the Government-wide and Fund Financial Statements; Statement of Net Position and Governmental Funds Balance Sheet; Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances; and the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of the District.

The Basic Financial Statements

The Basic Financial Statements comprise the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the District's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of the District's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the District as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of the District's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of the District's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of the District's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report the District's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of the District's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the District and are presented individually. Major Funds are explained below.

The Government-wide Financial Statements

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the District as a whole.

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities

The District's basic services are considered to be governmental activities. These services are supported by general District revenues such as taxes, and by specific program revenues such as benefit assessments and service charges.

Sonoma Resource Conservation District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the District's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually; the District has no Non-major Funds. Major Funds present the major activities of the District for the year, and may change from year to year as a result of changes in the pattern of the District's activities.

In the District's case, there are two major governmental funds: the General Fund and the Endowment Trust Fund.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. In the case of the District, assets exceeded liabilities by \$1,511,325 at the close of the 2018 fiscal year.

The balance of the unrestricted net position may be used to meet the District's ongoing obligations to citizens and vendors.

Table 1
Governmental Net Position

	Governmental Activities	
	2018	2017
Current assets	\$ 2,158,499	\$ 2,238,596
Capital assets, net of accumulated depreciation	4,296	8,920
Total assets	2,162,795	2,247,516
Deferred outflows – net pension liability	244,939	
Current liabilities	488,139	687,606
Long-term liabilities	212,936	116,865
Total liabilities	701,075	804,471
Deferred inflows – net pension liability	195,334	
Net position:		
Invested in capital assets	4,296	8,920
Restricted	1,191,742	1,174,773
Unrestricted	315,287	259,352
Total net position	\$ 1,511,325	\$ 1,443,045

Sonoma Resource Conservation District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018

At the end of the current fiscal year, the District is able to report positive balances in all categories of net position.

Table 2
Changes in Governmental Net Position

	Governmental Activities	
	2018	2017
Revenues		
Program revenues:		
Operating grants and contracts	\$ 1,829,026	\$ 1,503,855
Charges for services	300,332	332,284
General revenues:		
Taxes and other	184,924	170,010
Total revenues	2,314,282	2,006,149
 Program Expenses		
Resource conservation	2,018,922	1,930,592
Total expenses	2,018,922	1,930,592
Change in net position	\$ 295,360	\$ 75,557

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported ending fund balance of \$1,670,360, a change of \$335,080 at the close of the 2018 fiscal year.

General Fund Budgetary Highlights

Economic Factors and Next Year's Budget: The District expects lower property tax revenues to continue as a result of the economic downturn and as a result of significant property damage during the fires of October 2017. The District will continue to apply for federal, state, and local grants and contracts. These factors were considered in preparing the District's budget for the fiscal year ending June 30, 2019.

Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be made in writing and addressed to the Sonoma Resource Conservation District, 1221 Farmers Lane, Suite F, Santa Rosa, CA 95405, Attn: Valerie Quinto, Executive Director.

Sonoma Resource Conservation District
STATEMENT OF NET POSITION
 June 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 302,730
Due from other government entities	379,173
Accounts receivable	85,468
Retention receivable	69,085
Deposits and prepaid expenses	54,533
Restricted cash and investments	1,267,510
Capital assets, net of accumulated depreciation:	
Equipment	<u>4,296</u>
Total assets	<u>2,162,795</u>
Deferred outflows-net pension liability	<u>244,939</u>
LIABILITIES	
Accounts payable and other accrued expenses	270,275
Deferred revenue	171,747
Compensated absences	46,117
Long-term liabilities:	
Line of credit	66,000
Net pension liability	<u>146,936</u>
Total liabilities	<u>701,075</u>
Deferred inflows-net pension liability	<u>195,334</u>
Net Position:	
Invested in capital assets, net of accumulated depreciation:	4,296
Restricted net position	1,191,742
Unrestricted net position	<u>315,287</u>
Total net position	<u>\$ 1,511,325</u>

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

Sonoma Resource Conservation District
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	<u>Governmental Activities</u>
Program Expenses	
Resource conservation:	
Salaries and employee benefits	\$ 866,799
Services and Supplies	1,141,993
Interest expense	5,504
Depreciation	<u>4,626</u>
Total program expenses	<u>2,018,922</u>
 Program Revenues:	
Operating grants:	
Intergovernmental revenue	1,623,904
Foundation grants and revenue	198,221
Fees for service	300,332
Other revenue	<u>6,901</u>
Total program revenue	<u>2,129,358</u>
Net program expense	<u>110,436</u>
 General revenues:	
Property taxes	129,370
Investment earnings	<u>55,554</u>
Total general revenues	<u>184,924</u>
 Changes in net position	<u>295,360</u>
 Beginning net position	1,443,045
Prior period adjustments	<u>(227,080)</u>
Beginning net position restated	<u>1,215,965</u>
 Ending net position	<u><u>\$ 1,511,325</u></u>

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

Sonoma Resource Conservation District
GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2018

	<u>General Fund</u>	<u>Endowment Trust Fund</u>	<u>Total</u>
Assets			
Cash and cash investments	\$ 302,730	\$ -	\$ 302,730
Due from other government entities	379,173	-	379,173
Accounts receivable	85,468	-	85,468
Retention receivable	69,085	-	69,085
Prepaid expense and deposits	54,533	-	54,533
Restricted cash and investments	<u>85,368</u>	<u>1,182,142</u>	<u>1,267,510</u>
Total assets	<u>\$ 976,357</u>	<u>\$ 1,182,142</u>	<u>\$ 2,158,499</u>
Liabilities and fund balance			
Liabilities:			
Voucher payable	\$ 221,695	\$ -	\$ 221,695
Other current liabilities	48,580	-	48,580
Deferred revenue	171,747	-	171,747
Compensated absences	<u>46,117</u>	<u>-</u>	<u>46,117</u>
Total liabilities	<u>488,139</u>	<u>-</u>	<u>488,139</u>
Fund balance:			
Restricted fund balances	9,600	1,182,142	1,191,742
Assigned fund balances	72,149	-	72,149
Unassigned fund balances	<u>406,469</u>	<u>-</u>	<u>406,469</u>
Total fund balances	<u>488,218</u>	<u>1,182,142</u>	<u>1,670,360</u>
Total liabilities and fund balances	<u>\$ 976,357</u>	<u>\$ 1,182,142</u>	<u>\$ 2,158,499</u>

Sonoma Resource Conservation District
RECONCILIATION OF THE
GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018

Fund balances-total government funds	\$	1,670,360
Amount reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		4,296
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.		
Notes payable		(66,000)
Deferred outflows		244,939
Deferred inflows		(195,334)
Net pension liability		<u>(146,936)</u>
Net position of governmental activities	\$	<u><u>1,511,325</u></u>

Sonoma Resource Conservation District
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
June 30, 2018

Revenues	General Fund	Endowment Trust Fund	Total
Property taxes	\$ 129,370	\$ -	\$ 129,370
Intergovernmental grants and revenue	1,623,904	-	1,623,904
Foundation grants and revenue	198,221	-	198,221
Fees for service	300,332	-	300,332
Other revenue	75,523	55,554	131,077
Total revenues	<u>2,327,350</u>	<u>55,554</u>	<u>2,382,904</u>
Expenditures			
Current:			
Salaries and employees benefits	1,035,751	-	1,035,751
Services and supplies	1,166,993	-	1,166,993
Debt services:			
Interest	5,504	-	5,504
Total expenditures	<u>2,208,248</u>	<u>-</u>	<u>2,208,248</u>
Excess of revenues over (under) expenditures	<u>119,102</u>	<u>55,554</u>	<u>174,656</u>
Fund balances, beginning of the year	1,335,280	-	1,335,280
Prior year adjustments	(966,164)	1,126,588	160,424
Fund balances, beginning of the year restated	<u>369,116</u>	<u>1,126,588</u>	<u>1,495,704</u>
Fund balances, end of the year	<u>\$ 488,218</u>	<u>\$ 1,182,142</u>	<u>\$ 1,670,360</u>

Sonoma Resource Conservation District
RECONCILIATION OF THE
STATEMENTS OF GOVERNMENTAL FUNDS
TO THE
STATEMENT OF ACTIVITIES
June 30, 2018

Net change in fund balance - total governmental funds	\$	174,656
The changes in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		
Current year depreciation		(4,626)
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any affect on net assets.		
		25,000
Net revenues not used for governmental activities		
Change in compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.		(68,622) 35,791
The net change in pension expense either contributed to pension plan in current fiscal year not included on statement of activities; or expenses reported in statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		<u>133,161</u>
Changes in net position of governmental activities	\$	<u><u>295,360</u></u>

Sonoma Resource Conservation District
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	<u>Private Purpose Trust Fund</u>
Assets	
Cash and investments	<u>\$ 260,245</u>
Net Position	
Held in trust for Laguna Valley Mitigation Bank	<u><u>\$ 260,245</u></u>

Sonoma Resource Conservation District
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 June 30, 2018

	Private Purpose Trust Fund	Endowment Trust Fund
Additions:		
Investment earnings	\$ 172,305	\$ -
Changes in fiduciary net position	172,305	-
Fiduciary net position, beginning	87,940	1,174,773
Prior year adjustment	-	(1,174,773)
Fiduciary net position, beginning of the year restated	87,940	-
Fiduciary net position, ending	\$ 260,245	\$ -

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Sonoma Resource Conservation District (the District) is a California special district governed by a seven-member board of directors who serve voluntarily and are appointed by the Sonoma County Board of Supervisors. The District develops soil and water conservation programs in Sonoma County as noted in Division 9 of the Public Resources Code. The accompanying financial statements present the activities for which the District is considered to be financially accountable.

Government-wide Financial Statements

The statement of net position and the statement of activities include the financial activities of the overall District government.

The District's basic financial statements reflect only its own activities; it has no component units (other government units overseen by the District). The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for the governmental funds are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

B. Major Funds

GASB Statement No. 34 defines major funds and requires that the District's major governmental type funds be identified and presented separately in the fund financial statements. Major funds are defined as funds that have assets, liabilities, revenues, or expenditures equal to ten percent of their fund-type total and five percent of the grand total.

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Major Funds (concluded)

The District reported the following major governmental fund in the accompanying financial statements:

General Fund – The General Fund is the main operating fund of the District. This fund is used to account for financial resources not accounted for in other funds.

Endowment Trust Fund – these funds are restricted by donors for funding agricultural education programs. The District can use the investment earnings to fund programs but not the principal. This is a permanent governmental fund type.

C. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when *earned* and expenses are recorded at the times liabilities are *incurred*, regardless of when the related cash flow takes place.

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 all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. The District's policy is to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Formal budgetary integration is employed as a management control device.

E. Estimates

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

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets, which range from 15 to 20 years for field equipment, 5 to 10 years for office equipment, and 8 to 10 years for vehicles. Depreciation expense for the year ended June 30, 2018 was \$4,626.

G. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period.

H. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sonoma Resource Conservation District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Assets, Liabilities, and Net Position

The following is a summary of cash and investments at June 30, 2018:

	<u>Government- wide Statement of Net Position</u>	<u>Fiduciary Funds Statement of Net Position</u>	<u>Total</u>
Cash on deposit with commercial banks	\$ 302,730	\$ -	\$ 302,730
Restricted cash on deposit with commercial banks	101,255	-	101,255
Restricted cash investments with Stifel, Nicolaus & Company	1,166,255	-	1,166,255
Restricted cash investments with Sonoma County Treasurer's Investment Pool	-	260,245	260,245
Total	<u>\$ 1,570,240</u>	<u>\$ 260,245</u>	<u>\$ 1,830,485</u>

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Assets, Liabilities, and Net Position (continued)

Authorized Investments

Under provision of the District's Investment Policy, and in accordance with Section 53601 of the California Government Code, the District may invest in the following types of investments: County of Sonoma cash and investment pool, Municipal Bonds, Negotiable Certificates of Deposit, and Local Agency Investment Fund (State Pool) Deposits.

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs - other than quoted prices included within level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2018:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Exempt</u>	<u>Total</u>
Deposits with financial institutions	\$ -	\$ -	\$ 435,767	\$ 435,767
Sonoma County Treasurer's Investment Pool	-	260,245	-	260,245
Municipal Bonds/Notes	-	874,007	-	874,007
Equities	<u>260,466</u>	<u>-</u>	<u>-</u>	<u>260,466</u>
Total cash and investments	<u>\$ 260,466</u>	<u>\$ 1,134,252</u>	<u>\$ 435,767</u>	<u>\$ 1,830,485</u>

Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

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 California Government Code has provisions for financial institutions that limit custodial credit risk for deposits. Financial institutions are required to 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. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Assets, Liabilities, and Net Position (continued)

California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of at least 150% of the secured public deposits. The District's financial institutions also have insurance through the Federal Deposit Insurance Corporation (FDIC). The District's investment policy has no additional provisions for limiting custodial credit risk for deposits.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit exposure to custodial credit risk for investments; however, it is the practice of the District that all investments are insured, registered or held by the District's custodial agent in the District's name.

<u>Investment Type</u>	<u>S&P</u>	<u>Fair Value</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Remaining Maturity in Years</u>
Municipal bonds/notes	AA	\$ 874,007	6.18-8.85%	9/18-9/21	1-5
Not rated:					
Deposits with financial institutions		435,767	N/A	N/A	N/A
Sonoma County Treasurer's Investment Pool		260,245	N/A	N/A	N/A
Equities		<u>260,466</u>	N/A	N/A	N/A
Total cash and investments		<u>\$ 1,830,485</u>			

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. The District's investment policy limits interest rate risk by requiring compliance with the California Government Code for investments of public funds, as described in detail above. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of short 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 maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the preceding table that shows the distribution of the District's investments by maturity. The remaining maturity of the District's investments included in the table above is based on the stated maturity dates of the individual investments, except in the case of variable rate investments where the maturity date above is the next reset date. Variable rate securities are investments with terms that provide for the adjustment of interest rates on specified dates based on predefined mathematical formulas. The fair value of such investments can reasonably be expected to be affected at each interest rate reset date.

Investment in the Sonoma County Treasurer's Investment Pool (Treasury Pool)

The District's Fiduciary funds cash is pooled with the Sonoma County (the County) Treasurer. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio).

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Assets, Liabilities, and Net Position (continued)

The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

Receivables and Payables

Property Taxes

The County of Sonoma is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County of Sonoma. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10 and April 10, respectively.

Supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction. Since the passage of California's Proposition 13, beginning with the fiscal year 1978/1979, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value, or on one percent of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of two percent per year. On June 30, 1993, the Board of Supervisors adopted the "Teeter" Method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end, the County advances cash to each taxing jurisdiction equal to its current year delinquent property taxes. In exchange, the County receives the penalties and interest on delinquent taxes when collected. The penalties and interest are used to pay the interest cost of borrowing the cash used for the advances.

Due from Other Governments

Grant and contract revenues which have been earned but not received at the end of the fiscal year.

Compensated Absences

Employees accumulate discretionary time. Accrual rates are based on length of service, and discretionary time is accumulated up to a maximum of two times each employee's annual accrual rate, never to exceed two hundred forty hours. Discretionary time is paid in full upon termination or retirement. Discretionary time is accrued when incurred in the government-wide financial statements.

Net Position

Net position is classified into three components - invested in capital assets (net of related debt), restricted and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net position (if any) - 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.

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

I. Assets, Liabilities, and Net Position (concluded)

- Unrestricted - This category of net position consists of fund positions that are not restricted for any project or other purpose.

Fund Financial Statements:

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

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

Restricted Fund Equity – Amounts restricted by parties outside the District (such as creditors, grantors, contributors, laws and regulations of other governments).

Estimates

The preparation of financial statements 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 revenue and expense during the reporting period. Actual results could differ from those estimates; the financial statements include some amounts that are based on management’s best estimates and judgments. The most significant estimates include the collectability of property taxes in determining the allowance for uncollectible taxes, depreciation lives and methods, and compensated absences. These estimates may be adjusted as more current information becomes available and any adjustment could be significant.

NOTE 2 - OTHER INFORMATION

A. Operating Lease

The District leases its facilities under a five-year operating lease that expires January 2019. The District also rents storage space at the same location for \$185 per month on a month to month basis. Rent expense for the fiscal year ending June 30, 2018 is \$59,698. Future minimum rental payments required under the above operating lease are as follows:

2019	\$	32,984
------	----	--------

B. Line of Credit

The District has a line of credit with a local financial institution. The term originated March 2017 and expires March 2025. Interest rate is 7.25 percent. The balance is \$66,000 at June 30, 2018. There is no formal amortization schedule for the line of credit.

C. Risk Management

The District is covered for commercial and general liability and errors and omissions, as well as automobile and excess liability insurance. The District purchases its insurance coverage through the Special Districts Risk Management Association (SDRMA). Workers’ Compensation Insurance is also purchased through the SDRMA.

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - OTHER INFORMATION (concluded)

D. Capital Assets

Capital asset activity for the year ending June 30, 2018 is as follows:

	<u>Balance as of</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of</u> <u>June 30, 2018</u>
Capital assets, being depreciated:				
Vehicles	\$ 33,452	\$ -	\$ -	\$ 33,452
Equipment	<u>65,630</u>	<u>-</u>	<u>34,930</u>	30,700
Total capital assets, being depr.	99,082	<u>\$ -</u>	<u>\$ 34,930</u>	64,152
Less accumulated depreciation	<u>(90,161)</u>			<u>(59,856)</u>
Total capital assets, net	<u>\$ 8,921</u>			<u>\$ 4,296</u>

NOTE 3 - DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (Classic) and age 57 (PEPRA) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to</u> <u>January 1, 2013</u>	<u>On or after</u> <u>January 1, 2013</u>
Hire date	2.7% @ 55	2% @ 62
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50 - 55	57 - 62
Retirement age	2.0% to 2.7%	1.0% to 2.5%
Monthly benefits, as a % of eligible compensation	8%	6.5%
Required employee contribution rates	12.429%	6.93%
Required employer contribution rates		

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 3 - DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension Plan (concluded)

The District's Miscellaneous Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors two miscellaneous rate plans.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>
Contributions – employer	\$271,773

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plans as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 146,936

The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2016 and 2017 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2016	.0112%
Proportion - June 30, 2017	.00037%
Change – Increase (Decrease)	(.0074)%

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 3 - DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2017, the District recognized pension expense of \$119,397. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,884	\$ -
Differences between actual and expected experience	234	3,348
Changes in assumptions	29,006	2,211
Net differences between projected and actual earnings on plan investments	6,560	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	203,295	189,775
Total	\$ 244,939	\$ 195,334

\$203,295 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>			
2019		\$	7,571
2020			20,750
2021			19,334
2022			(3,894)
Thereafter			-

Actuarial Assumptions

For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.375% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 3 - DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

- (1) Net of pension plan investment expenses, including inflation.
- (2) The mortality table used was developed based on CalPERS specific data. The table includes 5 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the CalPERS 2014 experience study report available on the CalPERS website.

Change of Assumptions

GASB Statement No. 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.15 percent used for the June 30, 2016 measurement date was net of administrative expenses. The discount rate of 7.15 percent used for the June 30, 2017 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2016 measurement date were the same as those used for the June 30, 2017 measurement date.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets.

Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculate over the short-term (first 10 years) and the long term (11-60 years) using a building block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 3 - DEFINED BENEFIT PENSION PLAN (concluded)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (concluded)

<u>Asset Class</u>	<u>Allocation as of 6/30/16</u>
Global Equity	51%
Global Fixed Income	20
Real Assets	12
Private Equity	10
Inflation Sensitive	6
Liquidity	<u>1</u>
Total	<u><u>100%</u></u>

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$242,547
Current Discount Rate	7.15%
Net Pension Liability	\$146,936
1% Increase	8.15%
Net Pension Liability	\$67,749

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Defined Contribution Plan

The District has a Simple IRA plan for their employees. The District contributes three percent annually to the plan. The District contributed \$21,369 to the plan for the fiscal year ended June 30, 2018.

Sonoma Resource Conservation District
NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 4 - PRIOR PERIOD ADJUSTMENTS

A. Government Wide Financial Statements

The net position at July 1, 2017 for Governmental Activities and the Endowment Fund were restated as follows:

	Governmental Activities	Endowment Fund
Net position at July 1, 2017, as previously reported	\$ 1,443,045	\$ 1,174,773
Fund type reclassifications:		
Endowment Trust Fund	-	(1,174,773)
Governmental fund balance breakout	160,424	-
Net pension liabilities	(387,504)	-
Net position at July 1, 2017, as restated	\$ 1,215,965	\$ -

The Endowment Fund's principal is restricted but earnings are available to support the District's programs. This meets the requirements of a permanent fund governmental fund in accordance with GASB 34 and 54.

Restatements were made to pension liabilities to comply with GASB 68. The District hired an actuarial consulting firm to calculate the Net pension liability at July 1, 2017.

The District's accounting system does not account for each fund separately. This restatement is to account for the change required to report each fund separately.

B. Fund Financial Statements

The fund balances at July 1, 2017 for Governmental Activities were restated as follows:

	General Fund	Permanent Fund Endowment Trust Fund
Fund balances at July 1, 2017, as previously reported	\$ 1,335,280	\$ -
Fund type reclassifications:		
Endowment Trust Fund	-	1,126,588
Investments	(966,164)	-
Fund balances at July 1, 2017, as restated	\$ 369,116	\$ 1,126,588

The Endowment Fund's principal is restricted but earnings are available to support the District's programs. This meets the requirements of a permanent fund governmental fund in accordance with GASB 34 and 54.

Restatements were made to Endowment Trust investment amounts that were reported in the General Fund in error.

Sonoma Resource Conservation District

ROSTER OF BOARD MEMBERS

June 30, 2018

Regular Meeting

The regular meetings of the Board of Directors are generally held the fourth Thursday of each month starting at 10:00am, at 1221 Farmers Lane, North Wing Conference Room, Suite 400 in Santa Rosa, California. Meetings are open to the public.

<u>Directors:</u>	<u>Office:</u>
John Nagle	Chair
Walt Ryan	Vice Chair
Dennis Murphy	Director
Ron Rolleri	Director
Bruce Abelli-Amen	Director
Vickie Mulas	Director
Jennifer Kuszmar	Director
Earle Cummings	Associate Director

REQUIRED SUPPLEMENTAL INFORMATION

Sonoma Resource Conservation District
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURE AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
June 30, 2018

	Budget Amount			
Revenue:	Original	Final	Actual	Variance
Property tax	\$ 110,000	\$ 107,400	\$ 129,370	\$ 21,970
Intergovernmental grants and revenue	1,989,313	1,786,548	1,623,904	(162,644)
Foundation grants and revenue	197,202	197,202	198,221	1,019
Fee for service	507,510	432,066	300,332	(131,734)
Other revenue	140,551	353,391	75,523	(277,868)
Total Revenues	2,944,576	2,876,607	2,327,350	(549,257)
Expenditures, all current:				
Salaries and employee benefits	1,260,256	1,078,385	1,035,751	42,634
Service and supplies	1,599,521	1,631,862	1,166,993	464,869
Debt services:				
Interest expense	1,500	5,904	5,504	400
Total expenditures	2,861,277	2,716,151	2,208,248	507,903
Excess of revenue over (under) expenditures	\$ 83,299	\$ 160,456	119,102	\$ (41,354)
Fund balance, beginning of the year			1,335,280	
Prior year adjustments			(966,164)	
Fund balance, beginning of the year restated			369,116	
Fund balance, end of the year			\$ 488,218	

Sonoma Resource Conservation District

As of June 30, 2018

Last 1 Year

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

	<u>2018</u>
Proportion of the net pension liability	0.0037%
Proportionate share of the net pension liability	\$ 146,936
Covered - employee payroll	\$ -
Proportionate share of the net pension liability as a percentage of covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	78.86%

NOTES TO SCHEDULE:

Changes in Benefit Terms

None

Changes in Assumptions

None

*Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

**Fiscal year 2018 was the first year of implementation.

Sonoma Resource Conservation District
 As of June 30, 2018
 Last 1 Year
SCHEDULE OF CONTRIBUTIONS

<u>SCHEDULE OF CONTRIBUTIONS</u>	2018
Contractually required contribution (actuarially determined)	\$ 5,844
Contributions in relation to the actuarially determined contributions	(5,844)
Contribution deficiency (excess)	\$ -
Covered-employee payroll during the fiscal year	\$ -
Contributions as a percentage of covered-employee payroll	0.00%

NOTES TO SCHEDULE:

Changes in Benefit Terms

None

Changes in Assumptions

None

*Schedule is intended to show information for 10 years.
 Additional years will be displayed as they become available.

**Fiscal year 2018 was the first year of implementation.