

**SONOMA RESOURCE
CONSERVATION DISTRICT**

SANTA ROSA, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2018

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INDEPENDENT AUDITORS' 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
Sonoma Resource Conservation District
Santa Rosa, California

We have audited, in accordance with the 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 financial statements of the governmental activities and the major fund of Sonoma Resource Conservation District which comprise the statement of net position as of June 30, 2018, and the related statement of activities for the year then ended, and the related notes to the financial statements, which collectively comprise Sonoma Resource Conservation District's basic financial statements, and have issued our report thereon dated November 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sonoma Resource Conservation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sonoma Resource Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sonoma Resource Conservation District's internal control.

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 a 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 a 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Sonoma 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 Sonoma Resource Conservation District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sonoma Resource Conservation District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
November 27, 2018

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

Board of Directors
Sonoma Resource Conservation District
Santa Rosa, California

Report on Compliance for Each Major Federal Program

We have audited Sonoma Resource Conservation District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sonoma Resource Conservation District's major federal programs for the year ended June 30, 2018. Sonoma Resource Conservation District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sonoma Resource Conservation District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sonoma Resource Conservation District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sonoma Resource Conservation District's compliance.

Opinion on Each Major Federal Program

In our opinion, Sonoma Resource Conservation District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Sonoma Resource Conservation District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sonoma Resource Conservation District’s internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Sonoma Resource Conservation District’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of Sonoma Resource Conservation District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise’s basic financial statements. We issued our report thereon dated November 27, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

Sonoma Resource Conservation District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Agency	Pass Through Agency	Federal Program Title	CFDA Number	Pass-Through Entity Identifying Number	Expenditures
DEPARTMENT OF AGRICULTURE:					
	Mendocino County Resource Conservation District	Specialty Crop Block Grant Program - Farm Bill	10.170	SCBG_2017-1	\$ 21,369
<u>Natural Resources Conservation Service</u>					
		Environmental Quality Incentives Program	10.912	69-9104-17-536	13,132
		Environmental Quality Incentives Program	10.912	68-9104-5-285	27,437
	Marin Agricultural Land Trust	Environmental Quality Incentives Program	10.912		85,512
	National Association of Conservation Districts	Environmental Quality Incentives Program	10.912		9,118
	Sonoma County Agricultural and Open Space	Environmental Quality Incentives Program	10.912		80,258
	Subtotal				<u>215,457</u>
	The National Fish and Wildlife Foundation	Soil and Water Conservation/Environmental Quality Incentives Program	10.902	2004.16.054536	67,697
Total Department of Agriculture					<u>304,523</u>
DEPARTMENT OF COMMERCE:					
<u>National Oceanic & Atmospheric Administration</u>					
	California Department of Fish and Wildlife	Pacific Coast Salmon Recovery -Pacific Salmon Treaty Program	11.438	P1730405	414
	Sonoma County Water Agency	Habitat Conservation	11.463	X0176C018	23,947
Total Department of Commerce					<u>24,361</u>
DEPARTMENT OF THE INTERIOR:					
	Trout Unlimited	National Fish and Wildlife Foundation	15.663		42,024
	Trout Unlimited	National Fish and Wildlife Foundation	15.663		74,450
	Subtotal				<u>116,474</u>
<u>U.S. Fish & Wildlife Service</u>					
	The National Fish and Wildlife Foundation	Fish and Wildlife Coordination and Assistance Programs	15.664	0200.16.054792	24,935
	The National Fish and Wildlife Foundation	Fish and Wildlife Coordination and Assistance Programs	15.664	022.16.054793	10,130
	The National Fish and Wildlife Foundation	Fish and Wildlife Coordination and Assistance Programs	15.664	0200.17.056149	6,981
	Subtotal				<u>42,046</u>
Total Department of the Interior					<u>158,520</u>
ENVIRONMENTAL PROTECTION AGENCY:					
		Regional Wetland Program Development Grants	66.461	99T34001	121,229
	California State Water Resources Control Board	Nonpoint Source Implementation	66.460	D1713105	213,873
	California State Water Resources Control Board	Nonpoint Source Implementation	66.460	D1613201	172,209
	Napa Resource Conservation District	Nonpoint Source Implementation	66.460	2017-01	5,245
	Subtotal				<u>391,327</u>
Total Environmental Protection Agency					<u>512,556</u>
Total Expenditures of Federal Awards					<u>\$ 999,960</u>

Sonoma Resource Conservation District
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Sonoma Resource Conservation District under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Sonoma Resource Conservation District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Sonoma Resource Conservation District.

NOTE 2 - BASIS OF PRESENTATION

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the Sonoma Resource Conservation District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 4 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA number included in the accompanying Schedule was determined based on the program name, review of the award contract, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE 5 - INDIRECT COSTS

Sonoma Resource Conservation District elected not to use the 10% de minimis cost rate as covered in the Uniform Guidance Part 200.414 Indirect (F&A) Costs.

NOTE 6 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying Schedule agree or can be reconciled with amounts reported in the related federal financial assistance reports.

NOTE 7 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule agree or can be reconciled with amounts reported in the Sonoma Resource Conservation District's basic financial statements.

Sonoma Resource Conservation District
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018

NOTE 8 - PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, Sonoma Resource Conservation District determined that no identifying number is assigned for the program or Sonoma Resource Conservation District was unable to obtain an identifying number from the pass-through entity.

Sonoma Resource Conservation District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

Section I – Summary of Auditors’ Results

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - A. Material weakness(es) identified? No
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? None reported
 - C. Noncompliance material to financial statements noted? No
3. Internal control over major programs:
 - A. Material weakness(es) identified? No
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? None reported
 - C. Type of auditors’ report issued on compliance for major programs: Unmodified
 - D. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? No
4. Audited as Major Programs:

<u>CFDA Number</u>	<u>Federal Program Name or Cluster</u>	<u>Amount</u>
66.460	Nonpoint Source Implementation	\$391,326
66.461	Regional Wetlands Program Development Grants	\$121,229

5. Dollar threshold used to distinguish between type A and type B programs: \$750,000
6. Auditee qualified as a low-risk auditee? No

Section II – Financial Statement Findings

There were no financial statement findings.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs.

Sonoma Resource Conservation District
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2018

Recommendation

Status/Explanation

There were no prior year findings or recommendations.