

**COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
For the Fiscal Year Ended  
June 30, 2021  
(With Comparative Amounts as of June 30, 2020)**

**NIGRO & NIGRO<sup>PC</sup>**

**COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT**

*For the Year Ended June 30, 2021*

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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Coachella Valley Resource Conservation District  
Indio, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund of Coachella Valley Resource Conservation District (District) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Coachella Valley Resource Conservation District, as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Required Supplementary Information**

Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule – General Fund is to 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

**Prior-Year Comparative Information**

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which such partial information was derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California  
December 15, 2021

**COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT**

*Statement of Net Position*

*June 30, 2021*

*(With comparative information as of June 30, 2020)*

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	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents (Note 2)	\$ 1,160,170	\$ 1,129,463
Accrued interest receivable	819	3,535
Property taxes receivable	6,013	6,529
Grant receivable	3,000	-
Other receivable	6,633	-
Prepaid items	8,479	326
Capital assets – not being depreciated (Note 3)	220,189	220,189
Capital assets – being depreciated, net (Note 3)	415,036	426,894
<b>Total assets</b>	<b>1,820,339</b>	<b>1,786,936</b>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued expenses	13,257	16,434
Customer deposits	8,175	8,175
Compensated absences (Note 4)	8,356	10,258
<b>Total liabilities</b>	<b>29,788</b>	<b>34,867</b>
<b><u>NET POSITION</u></b>		
Investment in capital assets	635,225	647,083
Unrestricted	1,155,326	1,104,986
<b>Total net position</b>	<b>\$ 1,790,551</b>	<b>\$ 1,752,069</b>

**COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT**

*Statement of Activities*

*For the Year Ended June 30, 2021*

*(With comparative information for the year ended June 30, 2020)*

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	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>EXPENSES:</b>		
Resource conservation:		
Operations	\$ 231,376	\$ 309,844
Depreciation expense	25,403	24,500
<b>Total expenses</b>	<b>256,779</b>	<b>334,344</b>
<b>PROGRAM REVENUES:</b>		
Operating and capital grant funding	6,584	103,576
<b>Total program revenues</b>	<b>6,584</b>	<b>103,576</b>
<b>Net program expense</b>	<b>(250,195)</b>	<b>(230,768)</b>
<b>GENERAL REVENUES:</b>		
Property taxes	221,256	208,788
Rental income	66,610	63,853
Investment earnings	811	23,079
<b>Total general revenues</b>	<b>288,677</b>	<b>295,720</b>
<b>Change in net position</b>	<b>38,482</b>	<b>64,952</b>
<b>NET POSITION:</b>		
Beginning of year	1,752,069	1,687,117
End of year	<u>\$ 1,790,551</u>	<u>\$ 1,752,069</u>

**COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT**

*Balance Sheet – Governmental Fund*

*June 30, 2021*

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	<u>General Fund</u>
<b><u>ASSETS</u></b>	
<b>Assets:</b>	
Cash and cash equivalents	\$ 1,160,170
Accrued interest receivable	819
Property taxes receivable	6,013
Grant receivable	3,000
Other receivable	6,633
Prepaid items	8,479
<b>Total assets</b>	<b><u>\$ 1,185,114</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>	
<b>Liabilities:</b>	
Accounts payable and accrued expenses	\$ 13,257
Customer deposits	8,175
<b>Total liabilities</b>	<b><u>21,432</u></b>
<b>Fund balance: (Note 5)</b>	
Nonspendable	8,479
Unassigned	1,155,203
<b>Total fund balance</b>	<b><u>1,163,682</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 1,185,114</u></b>



**COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT**

*Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2021*

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<b>Fund balance of governmental fund</b>	<u>\$ 1,163,682</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capitalized assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet. However, the statement of net position includes those assets as capital assets.	635,225
In the governmental funds, only current liabilities are reported. In the statement of net position, all compensated absences are reported.	<u>(8,356)</u>
<b>Total adjustments</b>	<u>626,869</u>
<b>Net position of governmental activities</b>	<u><u>\$ 1,790,551</u></u>

**COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT**

*Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund  
For the Year Ended June 30, 2021*

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	<b>General Fund</b>
<b>REVENUES:</b>	
Property taxes	\$ 221,256
Operating and capital grant funding	6,584
Rental income	66,610
Investment earnings	811
<b>Total revenues</b>	<u>295,261</u>
<b>EXPENDITURES:</b>	
Current operations:	
Salaries and wages	140,157
Employee benefits	24,709
Materials and services	68,412
Capital outlay	13,545
<b>Total expenditures</b>	<u>246,823</u>
<b>Change in fund balance</b>	48,438
<b>FUND BALANCE:</b>	
Beginning of year	<u>1,115,244</u>
End of year	<u><u>\$ 1,163,682</u></u>

**COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT**

*Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes  
in Fund Balance to the Statement of Activities*

*For the Year Ended June 30, 2021*

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**Net change in fund balance of governmental fund** \$ 48,438

Amount reported for governmental activities in the statement of activities are different because:

Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:

Net change in compensated absences 1,902

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:

Capital outlay 13,545

Depreciation expense (25,403)

**Total adjustments** (9,956)

**Change in net position of governmental activities** \$ 38,482

# COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT

## *Notes to Financial Statements*

*For the Year Ended June 30, 2021*

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### **NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Description of Organization**

The Coachella Valley Resource Conservation District (District) was formed in accordance with the provisions of Division No. 9 of the Public Resource Code, as approved by the Governor of California on July 1, 1955, for the purpose of promoting proper land use and providing technical assistance to local landowners. The District was formed by an election on November 27, 1956. The District is governed by a 5-member Board of Directors. Board members are nominated by local landowners and appointed by the Riverside County Board of Supervisors. The District is an independent local agency and not governed, administered or managed by county government. The District's Board of Directors represent the local community and is responsible to assess local conservation issues and to develop programs to address those issues.

The District is provided office working space in the United States Department of Agriculture (USDA) Natural Resource Conservation Service (NRCS) Indio Service Center building in the City of Indio, California.

#### **B. Basis of Presentation, Basis of Accounting**

##### **1. Basis of Presentation**

###### **Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. The effect of inter-fund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities.

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

###### **Fund Financial Statements**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements, if any.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

# COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT

## Notes to Financial Statements

For the Year Ended June 30, 2021

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. Basis of Presentation, Basis of Accounting (continued)

##### 2. Measurement Focus, Basis of Accounting

###### **Government-Wide Financial Statements**

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

###### **Governmental Fund Financial Statements**

Governmental fund financial statements 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year and other revenues when collected within one year of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The primary revenue sources susceptible to accrual are property taxes, charges for services, and interests associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. The District reports the following major fund:

###### ***Governmental Fund:***

***General Fund*** – is a government’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary.

##### 3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

# COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT

## Notes to Financial Statements

For the Year Ended June 30, 2021

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

##### 1. Cash and Cash Equivalents

The District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount.

##### 2. Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

##### 3. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, building, building improvements, equipment and furniture and fixtures. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	5-20 years
Equipment	5-7 years
Vehicles	5 years

##### 4. Compensated Absences

The District's policy is to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

##### 5. Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising assessments and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

# COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT

## Notes to Financial Statements

For the Year Ended June 30, 2021

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 6. Net Position

Net position is classified into two components: investment in capital assets and unrestricted. These classifications are defined as follows:

**Investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation.

**Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

##### 7. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**Nonspendable:** Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

**Unassigned:** Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

#### D. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

#### E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Riverside Assessor's Office assesses all real and personal property within the County each year.

Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The County of Riverside Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

# COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT

## Notes to Financial Statements

For the Year Ended June 30, 2021

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### F. Budgetary Accounting

An annual unappropriated budget, which establishes the total spending authority for the General Fund, is adopted by the Board of Directors just prior to the beginning of the District's fiscal year. Estimated revenue is the original estimate with modifications for new programs which are anticipated to be received during the fiscal year. Expenditures cannot legally exceed appropriations at the fund level. Appropriations for the General Fund lapse at the end of the fiscal year. The Board of Directors may authorize amendments to the budget during the year as deemed necessary. Budgeted amounts were not amended for the fiscal year ended June 30, 2021.

### NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2021, consisted of the following:

<u>Description</u>	<u>Balance</u>
Demand deposits held with financial institutions	\$ 157,200
Local Agency Investment Fund (LAIF)	<u>1,002,970</u>
Total cash and cash equivalents	<u>\$ 1,160,170</u>

#### Demand Deposits

At June 30, 2021, the carrying amount of the District's demand deposits was \$157,200 and the financial institution balance was \$145,798. The net difference of \$11,402 represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

#### Custodial Credit Risk

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.



# COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT

## Notes to Financial Statements

For the Year Ended June 30, 2021

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### NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

#### Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2021, the District held \$1,002,970 in LAIF.

### NOTE 3 – CAPITAL ASSETS

Capital assets as of the end of the fiscal year consisted of the following:

Description	Balance July 1, 2020	Additions	Deletions / Transfers	Balance June 30, 2021
<b>Non-depreciable assets:</b>				
Land	\$ 208,939	\$ -	\$ -	\$ 208,939
Construction-in-progress	11,250	-	-	11,250
<b>Total non-depreciable assets</b>	<b>220,189</b>	<b>-</b>	<b>-</b>	<b>220,189</b>
<b>Depreciable assets:</b>				
Buildings	487,524	-	-	487,524
Building improvements	17,306	13,545	-	30,851
Vehicles	35,478	-	-	35,478
<b>Total depreciable assets</b>	<b>540,308</b>	<b>13,545</b>	<b>-</b>	<b>553,853</b>
<b>Accumulated depreciation:</b>				
Buildings	(98,860)	(16,251)	-	(115,111)
Building improvements	(2,728)	(2,056)	-	(4,784)
Vehicles	(11,826)	(7,096)	-	(18,922)
<b>Total accumulated depreciation</b>	<b>(113,414)</b>	<b>(25,403)</b>	<b>-</b>	<b>(138,817)</b>
<b>Total depreciable assets, net</b>	<b>426,894</b>	<b>(11,858)</b>	<b>-</b>	<b>415,036</b>
<b>Total capital assets, net</b>	<b>\$ 647,083</b>	<b>\$ (11,858)</b>	<b>\$ -</b>	<b>\$ 635,225</b>

## COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT

### Notes to Financial Statements

For the Year Ended June 30, 2021

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#### NOTE 4 – COMPENSATED ABSENCES

Compensated absences as of the end of the fiscal year consisted of the following:

<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
\$ 10,258	\$ 5,485	\$ (7,387)	\$ 8,356

#### NOTE 5 – FUND BALANCES

Fund balances as of the end of the fiscal year consisted of the following:

<u>Description</u>	<u>Balance</u>
<b>Nonspendable:</b>	
Prepaid items	\$ 8,479
<b>Unassigned</b>	<u>1,155,203</u>
<b>Total fund balances</b>	<u>\$ 1,163,682</u>

#### NOTE 6 – 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 a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2021, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$2,500,000, combined single limit at \$2,500,000 per occurrence. The District purchased additional excess coverage layers: \$10,000,000 for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$400,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$1.0 billion per occurrence, subject to a \$2,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible per occurrence.
- Public officials' personal liability up to \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of \$500 per claim.

## **COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT**

*Notes to Financial Statements*

*For the Year Ended June 30, 2021*

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### **NOTE 6 – RISK MANAGEMENT (continued)**

The District maintains workers' compensation coverage and employer's liability coverage in accordance with the statutory requirements of the State of California.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2021, 2020, and 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2021, 2020, and 2019.

### **NOTE 7 – COMMITMENTS AND CONTINGENCIES**

#### **Grant Awards**

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

#### **Litigation**

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

### **NOTE 8 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through December 15, 2021, the date which the financial statements were available to be issued.

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***Required Supplementary Information***

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**COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT**  
*Budgetary Comparison Schedule – General Fund*  
*For the Year Ended June 30, 2021*

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	<u>Adopted Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes	\$ 128,600	\$ 221,256	\$ 92,656
Operating and capital grant funding	45,000	6,584	(38,416)
Rental income	65,900	66,610	710
Investment earnings	17,800	811	(16,989)
<b>Total revenues</b>	<u>257,300</u>	<u>295,261</u>	<u>37,961</u>
<b>EXPENDITURES:</b>			
Current operations:			
Salaries and wages	138,400	140,157	(1,757)
Employee benefits	24,700	24,709	(9)
Materials and services	109,700	68,412	41,288
Capital outlay	17,000	13,545	3,455
<b>Total expenditures</b>	<u>289,800</u>	<u>246,823</u>	<u>42,977</u>
<b>Change in fund balance</b>	<u>\$ (32,500)</u>	48,438	<u>\$ 80,938</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>1,115,244</u>	
End of year		<u>\$ 1,163,682</u>	

## **COACHELLA VALLEY RESOURCE CONSERVATION DISTRICT**

*Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2021*

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### **NOTE 1 - PURPOSE OF SCHEDULES**

#### **Budgetary Comparison Schedule**

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District prepares and submits an operating budget to the Board of Directors no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Directors must approve all supplemental appropriations to the budget and transfers between major accounts.

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***Other Independent Auditors' Reports***

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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  
Coachella Valley Resource Conservation District  
Indio, 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 General Fund of the Coachella Valley Resource Conservation District (District) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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 the District's financial statements are free of 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 financial statements. 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 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 the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California  
December 15, 2021