

***DIXON RESOURCE CONSERVATION DISTRICT
OF SOLANO COUNTY***

Report on Audits
Years Ended June 30, 2021 and 2020

DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY

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Independent Auditor's Report

To the Board of Directors
Dixon Resource Conservation District
of Solano County
Dixon, California

We have audited the accompanying financial statements of the governmental activities of the Dixon Resource Conservation District of Solano County (the District), as of and for the years ended June 30, 2021 and 2020, 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.

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. 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 error or fraud. 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.

To the Board of Directors
Dixon Resource Conservation District
of Solano County
Dixon, California

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 the District as of June 30, 2021 and 2020, and the respective changes in financial position for the years 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 and budgetary comparison information on pages 3-9 and 24-25 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.

Perry, Bunch & Johnston, Inc.

Woodland, California
December 13, 2021

The Dixon Resource Conservation District of Solano County

Management's Discussion and Analysis

As management of the Dixon Resource Conservation District of Solano County, California (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 years ended June 30, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

Financial Highlights

- The District's net position totaled \$603,820 at June 30, 2021 and \$587,893 at June 30, 2020. Of these amounts, \$556,533 and \$534,196 (unrestricted net position) at June 30, 2021 and 2020, respectively, may be used to meet the District's ongoing obligations to citizens and creditors (Page 10).
- The District's total net position increased by \$15,927 as a result of the current year's operations and decreased by \$19,184 as a result of fiscal year ended June 30, 2020 operations.
- The District's governmental funds reported an ending fund balance of \$577,586 at June 30, 2021 and \$548,657 at June 30, 2020, of which \$82,086 and \$53,157, respectively, are available for spending at the District's discretion (unassigned). At June 30, 2021, the remaining amount of \$25,500 is reserved for the imprest cash fund, and \$420,000 are designated for future capital improvements, and \$50,000 other general purposes, respectively. At June 30, 2020, the remaining amount of \$25,500 is reserved for the imprest cash fund, and \$420,000 are designated for future capital improvements, and \$50,000 other general purposes, respectively (Page 12).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Overview of the Financial Statements (Continued)

Primary government - Most of the District's basic services are reported here. These services include employee services, maintenance services, professional and specialized services and supplies. Property taxes, enrollment fees, charges for services and leases finance most of these activities.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 16-23 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparison schedule for the general fund.

Required supplementary information can be found on pages 24-25 of this report.

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 \$603,820 and \$587,893 at June 30, 2021 and 2020, respectively.

Dixon Resource Conservation District of Solano County
Summary of Statement of Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets:			
Current and other assets	\$ 612,879	\$ 583,237	\$ 640,815
Capital assets, net of accumulated depreciation	<u>47,287</u>	<u>53,697</u>	<u>60,898</u>
Total Assets	<u><u>\$ 660,166</u></u>	<u><u>\$ 636,934</u></u>	<u><u>\$ 701,713</u></u>
Liabilities:			
Current liabilities	\$ 35,293	\$ 34,580	\$ 84,874
Noncurrent liabilities	<u>21,053</u>	<u>14,461</u>	<u>9,762</u>
Total Liabilities	<u>56,346</u>	<u>49,041</u>	<u>94,636</u>
Net Position:			
Net Investment in Capital Assets	47,287	53,697	60,898
Unrestricted	<u>556,533</u>	<u>534,196</u>	<u>546,179</u>
Total Net Position	<u>603,820</u>	<u>587,893</u>	<u>607,077</u>
Total Liabilities and Net Position	<u><u>\$ 660,166</u></u>	<u><u>\$ 636,934</u></u>	<u><u>\$ 701,713</u></u>

The District's net investment in capital assets totaled \$47,287 and \$53,697 or approximately 7.8% and 9.1% of the District's net position for the fiscal years ended June 30, 2021 and 2020, respectively. The net investment in capital assets is composed of infrastructure, and equipment, less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt, if any, must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The key elements for the significant changes in current assets and liabilities are as follows:

Current assets: Current assets increased by \$29,642 from fiscal year 2020 to 2021 and decreased by \$57,578 from fiscal year 2019 to 2020. The primary reason for the decrease from fiscal year 2019 to 2020 and the increase from 2020 to 2021 is attributable to the cyclical nature in expenditures associated with ditch maintenance and biennial audit. The increase in current assets from 2020 to 2021 is also attributed to additional revenues from grants, property taxes and fees.

Current liabilities: Current liabilities increased by \$713 from fiscal year 2020 to 2021 and decreased by \$50,294 from fiscal year 2019 to 2020, respectively. The primary reason for the large decrease from 2019 to 2020 was due to a large liability in 2019 associated with year-end transactions including accounts payable and outstanding warrants.

Government Activities

The District's net position increased by \$15,927 during fiscal year 2021, which represents an increase of 2.7% from fiscal year 2020 to fiscal year 2021. The change in net position for fiscal year 2020 was a decrease of \$69,460, which represents a 12.5% decrease from fiscal year 2019.

The key elements in the significant changes in net position are as follows:

Program/General Revenues:

Revenues increased by \$12,462 between fiscal years 2020 and 2021. Revenues decreased by \$35,509 from fiscal year 2019 to fiscal year 2020. The variability was attributable to a change in professional services provided (primarily to the Water Quality Program) as well as increases in ditch fees and property taxes.

Program Expenditures:

Expenditures decreased by \$22,649 from fiscal year 2020 to fiscal year 2021. Expenditures increased by \$33,951 between fiscal year 2019 and 2020. Variability was attributed to the cyclical nature in expenditures associated with ditch maintenance and biennial audit, as well as staffing changes in 2020.

Dixon Resource Conservation District of Solano County Changes in Net Position for the Fiscal Years Ended June 30,

	2021	2020	2019
Expenses:			
Communication	\$ 1,920	\$ 1,123	\$ 1,444
Depreciation	6,410	7,201	6,964
Employee services	213,290	241,420	249,757
Facility rent	17,085	21,865	16,485
Fees and permits	3,011	2,772	2,268
Insurance	4,761	3,714	3,558
Maintenance	834	742	1,767
Memberships	8,688	8,645	5,643
Non-capitalized equipment	1,330	1,712	1,292
Office expenses and supplies	5,729	9,821	10,281
Professional and specialized services	63,799	63,983	31,455
Property tax refunds	435	297	444
Special district expense	225	1,033	959
Supplies	111,563	95,289	92,518
Transportation and travel	647	2,759	3,590
Total Program Expenses	<u>439,727</u>	<u>462,376</u>	<u>428,425</u>
Program Revenues:			
Charges for services	<u>309,761</u>	<u>290,268</u>	<u>297,462</u>
Total Program Revenues	<u>309,761</u>	<u>290,268</u>	<u>297,462</u>
Net Program Expenses (carried forward)	<u>\$ (129,966)</u>	<u>\$ (172,108)</u>	<u>\$ (130,963)</u>

(Continued from page 6)

**Dixon Resource Conservation District of Solano County
Changes in Net Position for the Fiscal Years Ended June 30,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Program Expenses (brought forward)	<u>\$ (129,966)</u>	<u>\$ (172,108)</u>	<u>\$ (130,963)</u>
General Revenues:			
Property taxes	131,462	128,994	121,959
Grant revenue	9,184	11,243	48,564
Revenues from the use of money and property	4,302	9,991	9,679
Miscellaneous revenues	<u>945</u>	<u>2,696</u>	<u>1,037</u>
Total General Revenues	<u>145,893</u>	<u>152,924</u>	<u>181,239</u>
Change in Net Position	15,927	(19,184)	50,276
Net Position, Beginning of Year	<u>587,893</u>	<u>607,077</u>	<u>556,801</u>
Net Position, End of Year	<u><u>\$ 603,820</u></u>	<u><u>\$ 587,893</u></u>	<u><u>\$ 607,077</u></u>

Financial Analysis of the District's Governmental Funds

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

Governmental funds - The General Fund is a governmental fund type that is used to account for general government functions of the District. The focus of the District's governmental fund 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2021 and 2020, the District's governmental funds reported an ending fund balance of \$577,586 and \$548,657, respectively, resulting in an increase of \$28,929 and \$3,001 for fiscal years ended June 30, 2021 and 2020, respectively. Of the ending fund balances at June 30, 2021 and 2020, \$82,086 and \$53,157, respectively, constitutes unassigned fund balance, which are available for spending at the District's discretion.

Governmental revenues totaled \$455,654 in fiscal year 2021, and \$453,477 in fiscal year 2020. This represents an increase of 0.5% from fiscal year 2020 to 2021 and a decrease of 6.5% from fiscal year 2019 to 2020. The primary factors resulting in the increase in the amount of \$2,177 from fiscal year 2020 to 2021 are due to increases in property taxes and ditch maintenance fees.

The primary factors resulting in the decrease in the amount of \$31,504 from fiscal years 2019 to 2020 are due to decreases in professional services provided to the water quality program.

Financial Analysis of the District's Governmental Funds (Continued)

Conversely, governmental expenditures totaled \$426,725 in fiscal year 2021, and \$450,476 in fiscal year 2020. This represents a decrease of 5.3% from fiscal year 2020 to 2021 and an increase of 6.1% from fiscal year 2019 to 2020. The primary factor resulting in the decrease in governmental expenditures between fiscal years 2020 and 2021 is due to decreases in employee services in the amount of \$30,023.

The primary factors resulting in the increase from fiscal years 2019 to 2020 are due to increases in, professional and specialized services in the amount of \$35,528.

General Fund Budgetary Highlights

The General Fund budgets (Original and Final versions) are reflected in the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, as presented on pages 24-25 in the Required Supplementary Information (RSI) section of this report.

There were a few changes between the original budget and the final amended budget of the General Fund in fiscal year 2021. For fiscal year 2021, revenues recognized were less than budget by \$2,624 and expenditures incurred were less than budget by \$48,489.

There were few changes between the original budget and the final amended budget of the General Fund in fiscal year 2020. For fiscal year 2020, revenues recognized were less than budgeted revenues by \$27,790 and expenditures incurred were less than budget by \$55,729.

Capital Asset and Debt Administration

Capital assets - The District's net investment in capital assets as of June 30, 2021 and 2020, amount to \$47,287 and \$53,697, respectively, (net of accumulated depreciation and related debt). This net investment in capital assets includes equipment, and infrastructure. The total decrease in the District's investment in capital assets from fiscal year 2020 to 2021 was 11.9% and the total increase in the District's investment in capital assets from fiscal year 2019 to 2020 was 11.8%.

The District's capital expenditures during the fiscal year 2021 and 2020 were for infrastructure improvements of \$0 and \$0.

Dixon Resource Conservation District of Solano County Capital Assets (net of accumulated depreciation)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Infrastructure	\$ 47,287	\$ 53,538	\$ 59,791
Equipment	<u>-</u>	<u>159</u>	<u>1,107</u>
Total Capital Assets	<u><u>\$ 47,287</u></u>	<u><u>\$ 53,697</u></u>	<u><u>\$ 60,898</u></u>

Additional information on the District's capital assets can be found in Note 5 on page 21 of this report.

Capital Asset and Debt Administration (Continued)

Long-term debt - At June 30, 2021 and 2020 the District had \$21,053 and \$14,461, respectively, of long-term debt owed for compensated absences. This amount is entirely backed by the full faith and credit of the District. For more information see Note 5 on pages 21-22 of this report.

Economic Factors and Next Year's Operating Activities

The District's management anticipates a moderate increase in various general revenue sources in the upcoming fiscal year, more specifically, property taxes and interest income. The program revenues associated with the charges for ditch fees will increase moderately. However, the program revenues associated with the services provided to other programs will remain relatively constant with services to the JPA management and the Water Quality Coalition. The District anticipated moderate variation in expenditures for capital improvements, ditch maintenance and office lease expenses. The District plans to continue to monitor other operating costs to ensure they remain inline with budgeted amounts.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Board of Directors, 1170 North Lincoln St., Suite 110, Dixon, CA 95620.

DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY

STATEMENTS OF NET POSITION

June 30.	2021	2020
ASSETS		
	Total Governmental Activities	Total Governmental Activities
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 578,230	\$ 546,004
Accounts receivable	-	2,066
Due from other agencies	4,271	14,672
Due from related parties	30,378	20,495
Total Current Assets	612,879	583,237
Non-Current Assets:		
Capital assets, net		
Infrastructure	47,287	53,538
Equipment	-	159
Total Non-Current Assets	47,287	53,697
Total Assets	\$ 660,166	\$ 636,934
LIABILITIES AND NET POSITION		
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 31,247	\$ 30,397
Outstanding warrants	350	72
Due to other agencies	3,696	4,111
Total Current Liabilities	35,293	34,580
Non-Current Liabilities:		
Non-current portion of long term obligations	21,053	14,461
Total Non-Current Liabilities	21,053	14,461
Total Liabilities	56,346	49,041
NET POSITION:		
Net investment in capital assets	47,287	53,697
Unrestricted	556,533	534,196
Total Net Position	603,820	587,893
Total Liabilities and Net Position	\$ 660,166	\$ 636,934

DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY

STATEMENTS OF ACTIVITIES

Years Ended June 30,	2021	2020
	Total Governmental Activities	Total Governmental Activities
PROGRAM EXPENSES:		
Communication	\$ 1,920	\$ 1,123
Depreciation	6,410	7,201
Employee services	213,290	241,420
Facility rent	17,085	21,865
Fees and permits	3,011	2,772
Insurance	4,761	3,714
Maintenance	834	742
Memberships	8,688	8,645
Non-capitalized equipment	1,330	1,712
Office expenses and supplies	5,729	9,821
Professional and specialized services	63,799	63,983
Property tax refunds	435	297
Special district expense	225	1,033
Supplies	111,563	95,289
Transportation and travel	647	2,759
Total Program Expenses	439,727	462,376
PROGRAM REVENUES:		
Charges for services	309,761	290,268
Total Program Revenues	309,761	290,268
Net Program Expense	(129,966)	(172,108)
GENERAL REVENUES:		
Property taxes	131,462	128,994
Grant revenue	9,184	11,243
Revenues from the use of money and property	4,302	9,991
Miscellaneous	945	2,696
Total General Revenues	145,893	152,924
Change in Net Position	15,927	(19,184)
Net Position, Beginning of Year	587,893	607,077
Net Position, End of Year	\$ 603,820	\$ 587,893

DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30,	2021	2020
ASSETS		
	General	General
ASSETS:		
Cash and cash equivalents	\$ 578,230	\$ 546,004
Accounts receivable	-	2,066
Due from other agencies	4,271	14,672
Due from related parties	30,378	20,495
Total Assets	\$ 612,879	\$ 583,237
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 31,247	\$ 30,397
Outstanding warrants	350	72
Due to other agencies	3,696	4,111
Total Liabilities	35,293	34,580
FUND BALANCE:		
Committed:		
Future capital improvements	420,000	420,000
General	50,000	50,000
Imprest cash	25,500	25,500
Unassigned	82,086	53,157
Total Fund Balance	577,586	548,657
Total Liabilities and Fund Balance	\$ 612,879	\$ 583,237

DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY

RECONCILIATION OF THE BALANCE SHEETS OF THE GOVERNMENTAL FUNDS TO THE STATEMENTS OF NET POSITION

Years Ended June 30,	2021	2020
Governmental fund balance	\$ 577,586	\$ 548,657
Amounts reported for governmental activities in the statement of net assets are different because:		
Receivables not received within 60 days of fiscal year end are not financial resources and, therefore, not reported in the funds.		
Due from other agencies	-	-
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.		
Infrastructure and equipment, net of \$119,207 and \$112,797 accumulated depreciation year ending 2021 and 2020, respectively.	47,287	53,697
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	<u>(21,053)</u>	<u>(14,461)</u>
Net Position of Governmental Activities	<u>\$ 603,820</u>	<u>\$ 587,893</u>

DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

Years Ended June 30,	2021	2020
	<u>General</u>	<u>General</u>
REVENUES:		
Charges for services	\$ 309,761	\$ 300,553
Miscellaneous revenues	945	2,696
Property taxes	131,462	128,994
Grant revenue	9,184	11,243
Revenues from the use of money and property	<u>4,302</u>	<u>9,991</u>
Total Revenues	<u>455,654</u>	<u>453,477</u>
EXPENDITURES:		
Communication	1,920	1,123
Employee services	206,698	236,721
Facility rents	17,085	21,865
Fees and permits	<u>3,011</u>	<u>2,772</u>
Insurance	4,761	3,714
Maintenance	834	742
Memberships	8,688	8,645
Non-capitalized equipment	<u>1,330</u>	<u>1,712</u>
Office expense and supplies	5,729	9,821
Professional and specialized services	63,799	63,983
Property tax refunds	435	297
Special district expenses	<u>225</u>	<u>1,033</u>
Supplies	111,563	95,289
Transportation and travel	<u>647</u>	<u>2,759</u>
Total Expenditures	<u>426,725</u>	<u>450,476</u>
Change in Fund Balance	28,929	3,001
Fund Balance, Beginning of Year	<u>548,657</u>	<u>545,656</u>
Fund Balance, End of Year	<u>\$ 577,586</u>	<u>\$ 548,657</u>

DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES

Years Ended June 30,	2021	2020
Net change in fund balance	\$ 28,929	\$ 3,001
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds do not report revenue if it has not been received within 60 days of fiscal year end. However, in the statement of activities, revenue is recorded regardless of collection.		
Charges for services	-	(10,285)
Miscellaneous revenues	-	-
Grant revenue	-	-
This is the amount by which depreciation expense exceeded capital outlay in the current period.		
Depreciation expense	(6,410)	(7,201)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.		
Compensated absences	<u>(6,592)</u>	<u>(4,699)</u>
Change in Net Position of Governmental Activities	<u>\$ 15,927</u>	<u>\$ (19,184)</u>

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

FINANCIAL REPORTING ENTITY AND NATURE OF ACTIVITIES:

The Dixon Resource Conservation District (District) of Solano County was organized on September 2, 1952, and operates under the Public Resources Code. The District was formed to construct, operate, and maintain a seventy-mile-long system of ditches designed to provide winter drainage, reduce duration of flooding, and diminish ponding of winter water on agricultural lands. The District also strives to make available technical, financial and educational resources, whatever their source, and focus or coordinate them so that they meet the needs of the local land manager for conservation of soil, water and related natural resources.

The Board of Directors consisting of five (5) members, serving four-year terms, governs the District. The Board of Supervisors of Solano County approves the appointment of each Director, in-lieu of an election. The District defines its reporting entity in accordance with accounting principles generally accepted in the United States of America (GAAP), which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The accompanying financial statements present information on the activities of the reporting entity, including all fund types of the District (the primary government) and its component unit.

GAAP requires that component units be separated into blended or discretely presented units for reporting purposes. Per GASB 14, discretely presented component units are reported in the notes to the financial statements of the primary government to emphasize that they are legally separate from them.

The Dixon/Solano RCD Water Quality Coalition (Coalition), which is overseen by a separate advisory committee, is a discretely presented component unit in the District's basic financial statements. The Coalition was formed solely to implement and manage the Irrigated Lands Regulatory Program that provides services entirely to the owners of irrigated lands.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all activities of the District.

The statements of activities demonstrate the degree to which the direct expenses of a given function or segment are 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 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. Other items not properly included among program revenues are reported instead as general revenues.

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The government-wide financial statements utilize a net position presentation. Net position is displayed in three components.

- Net Investment in Capital Assets - This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt, attributable to the acquisition, construction or improvement of these assets reduces the balance in this category.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Government-Wide Financial Statements: (Continued)

- Restricted - This category represents net assets of the District that are legally restricted for special projects as defined by various agreements.
- Unrestricted - This category represents net assets of the District, not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. The District had no restricted resources at year-end for all fiscal years presented.

Fund Financial Statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District uses a single general fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The single general fund utilized by the District is a governmental fund. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance.

Under GASB 54, fund balances are required to be reported according to the following classifications:

- Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.
- Restricted fund balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).
- Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.
- Assigned fund balance - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.
- Unassigned fund balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Financial Statements: (Continued)

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

The amounts reported as program revenues in the statement of activities include charges to customers for goods and services, grant funding, lease revenue, and program enrollment fees. General revenues include all taxes (property) and interest income.

In the fund financial statements, reservations of fund balance segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by GAAP and by actions of the Board.

As of June 30, 2021 and 2020, the District reserved \$25,500 for imprest cash, \$420,000 for future capital improvements, and \$50,000 for other general purposes.

BUDGETS:

Budgets are adopted on a basis consistent with generally accepted accounting principles. All budgetary changes during the fiscal year required the approval of the District's Board of Commissioners. The District's budgetary period is from July 1st to June 30th. All unencumbered annual appropriations lapse at the end of each fiscal year.

ACCOUNTS RECEIVABLE:

Property taxes, licenses, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual 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 the government receives cash.

DUE FROM OTHER AGENCIES:

Due from other agencies represents amounts owed from governmental entities outside the District.

CAPITAL ASSETS:

Capital assets are defined by the District as assets with an initial, individual cost of more than \$3,000. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of the donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

<u>Description</u>	<u>Estimated Useful Life</u>
Vehicles and equipment	5 - 20 years
Buildings and improvements	12 - 20 years

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

ASSESSMENTS:

Program revenue consists entirely of property tax assessments. Solano County, through the Auditor-Controller's office and the Treasurer-Tax Collector, is responsible for assessing, collecting and distributing property taxes with enabling legislation. The County apportions property taxes according to the alternative method of distribution known as the Teeter Plan. Under the Teeter Plan, the current year's secured property tax levy is distributed to participating agencies within the County without consideration of delinquency factors. The District recognizes property taxes as revenue when the County distributes the funds. Funds are distributed as follows: 50 percent in December, 45 percent in April and 5 percent in June.

ACCOUNTS PAYABLE:

Accounts payable represents the balance due for goods received and/or services rendered.

OUTSTANDING WARRANTS:

Outstanding warrants represent the amount of treasury warrants issued but not yet presented to the Treasurer for payment. When warrants are mailed, expenditures are recorded and an outstanding warrant liability is created, pending payment of the warrant.

COMPENSATED ABSENCES:

It is the District's policy to permit permanent employees to accumulate earned but unused vacation and sick leave benefits. Accrued vacation and compensated time is paid at the time of the employee's termination based on established District limitations. Compensated absences leave is accrued when incurred in the government-wide financial statements. A liability is reported in the governmental fund only if unused vacation and compensated time after limitations are expected to be liquidated (paid out due to an employee separating from service with the District) with expendable available financial resources.

IMPREST CASH:

The Board of the District reserves a fixed balance by regular replenishments that is used for small routine operating expenses and recurring payroll expenses.

USE OF ESTIMATES:

The preparation of financial statements in conformity with 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.

NOTE 2 - ACCOUNTS AND RECORDS:

The Auditor-Controller of Solano County maintains records of the District's transactions. The Solano County Treasurer collects the District's property tax revenues. The District submits claims for expenditures to the Solano County Auditor-Controller's Office for processing and payment.

NOTE 3 - CASH AND CASH EQUIVALENTS:

The District deposits its cash in the Solano County Treasury. Funds deposited with the County are part of an investment pool that is managed by the County Treasurer. The District's equity in the County's investment pool is determined by the dollar amount of its deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Accrued interest and realized and unrealized gains, net of expenses, are apportioned to the District each quarter. Income from the County's pooled investments is allocated to the District based on the District's average daily cash balance for each quarter in relationship to the total of the pooled cash and investments.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 3 - CASH AND CASH EQUIVALENTS: (Continued)

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6, Section 27131 of the California Government Code. The Board of Supervisors reviews and approves the investment policy annually. The oversight committee reviews investment activity and results quarterly. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs, and fair value.

See Solano County's Comprehensive Annual Financial Report (CAFR) for more details regarding the County's investment pool, including its investment types, investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

PROPERTY TAXES:

The State of California (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100 percent of market value as defined by Article XIII and may be adjusted by no more than two percent per year unless the property is sold or transferred. The State Legislature has determined the method of distributing receipts from a one percent tax levy among the counties, cities, school districts, and other districts.

Secured property taxes are apportioned in advance of collection. All other taxes are apportioned after collection.

GANN APPROPRIATIONS LIMIT:

Article XIII B of the California Constitution provides exceptions for some special districts for establishing an appropriations limit. As per Article XIII B, the District is not subject to the appropriations limit because the District's tax levy for fiscal year 1978 and 1977 was below 12 1/2 cents per \$100 of assessed valuation.

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NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 5 - DETAILED NOTES:

CAPITAL ASSETS:

Capital assets activity for the fiscal year ended June 30, 2021 was as follows:

Governmental Activities:	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Capital assets being depreciated:				
Infrastructure	\$ 125,025	\$ -	\$ -	\$ 125,025
Equipment	41,469	-	-	41,469
Total Capital Assets Being Depreciated	<u>166,494</u>	<u>-</u>	<u>-</u>	<u>166,494</u>
Less accumulated depreciation for:				
Infrastructure	71,485	6,253	-	77,738
Equipment	41,312	157	-	41,469
Total Accumulated Depreciation	<u>112,797</u>	<u>6,410</u>	<u>-</u>	<u>119,207</u>
Total Capital Assets - Net of Depreciation	<u>\$ 53,697</u>			<u>\$ 47,287</u>

Capital assets activity for the fiscal year ended June 30, 2020 was as follows:

Governmental Activities:	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets being depreciated:				
Infrastructure	\$ 125,025	\$ -	\$ -	\$ 125,025
Equipment	41,469	-	-	41,469
Total Capital Assets Being Depreciated	<u>166,494</u>	<u>-</u>	<u>-</u>	<u>166,494</u>
Less accumulated depreciation for:				
Infrastructure	65,234	6,251	-	71,485
Equipment	40,362	950	-	41,312
Total Accumulated Depreciation	<u>105,596</u>	<u>7,201</u>	<u>-</u>	<u>112,797</u>
Total Capital Assets - Net of Depreciation	<u>\$ 60,898</u>			<u>\$ 53,697</u>

LONG-TERM LIABILITIES:

The District's long-term liability consists entirely of compensated absences.

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

Governmental Activities:	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Compensated absences	\$ 14,461	\$ 6,592	\$ -	\$ 21,053
Total Long-Term Liabilities	<u>\$ 14,461</u>	<u>\$ 6,592</u>	<u>\$ -</u>	<u>\$ 21,053</u>

DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

NOTE 5 - DETAILED NOTES: (Continued)

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Governmental Activities:				
Compensated absences	\$ 9,762	\$ 4,699	\$ -	\$ 14,461
Total Long-Term Liabilities	<u>\$ 9,762</u>	<u>\$ 4,699</u>	<u>\$ -</u>	<u>\$ 14,461</u>

NOTE 6 - DIXON/SOLANO RCD WATER QUALITY COALITION:

The following is condensed financial statement information from the Dixon/Solano RCD Water Quality Coalition, a component unit of the District.

Statements of Net Position

	2021	2020
Assets:		
Current and other assets	\$ 295,021	\$ 204,170
Total Assets	<u>\$ 295,021</u>	<u>\$ 204,170</u>
Liabilities:		
Due to Dixon RCD	\$ 30,378	\$ 20,495
Due to Solano RCD	3,314	2,244
Total Liabilities	<u>33,692</u>	<u>22,739</u>
Net Position:		
Unrestricted	<u>261,191</u>	<u>181,431</u>
Total Net Position	<u>261,191</u>	<u>181,431</u>
Total Liabilities and Net Position:	<u>\$ 294,883</u>	<u>\$ 204,170</u>

Changes in Net Position

	2021	2020
Program Expenses:		
Fees and permits	\$ 137,413	\$ 138,512
Other	3,174	6,245
Professional and specialized services	252,981	292,495
Total Program Expenses	<u>393,568</u>	<u>437,252</u>
Program Revenues:		
Enrollment fees	<u>470,749</u>	<u>474,321</u>
Total Program Revenues	<u>470,749</u>	<u>474,321</u>
Net Program Revenues (Expenses)	<u>77,181</u>	<u>37,069</u>

NOTES TO THE FINANCIAL STATEMENTS**Years Ended June 30, 2021 and 2020****NOTE 6 - DIXON/SOLANO RCD WATER QUALITY COALITION: (Continued)****Changes in Net Position**

	<u>2021</u>	<u>2020</u>
General Revenues:		
Revenues from the use of money and property	\$ 2,579	\$ 5,669
Total General Revenues	<u>2,579</u>	<u>5,669</u>
Change in Net Position	79,760	42,738
Net Position, Beginning of Year	<u>181,431</u>	<u>138,693</u>
Net Position, End of Year	<u><u>\$ 261,191</u></u>	<u><u>\$ 181,431</u></u>

NOTE 7 - 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; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created pursuant to California Government Code Sections 6500 et. seq. The District pays an annual premium to SDRMA for its General and Auto Liability, Public Officials' and Employees' Errors and Omissions, Employment Practices Liability, and Workers' Compensation insurance coverage, among others. There have been no known losses during the past 4 years.

NOTE 8 - EMPLOYEE RETIREMENT PLAN:**PLAN DESCRIPTION:**

The District participates in a retirement plan for its employees. Eligible employees may participate in the District's SIMPLE IRA retirement plan. Eligible employee are defined as all employees who received at least \$5,000 in compensation from the District during any two preceeding calendar years (whether consecutive or not consecutive) and who are reasonably expected to receive at least \$5,000 in compensation during the calendar year. The District will match dollar for dollar employee contributions to the District retirement plan up to 3 percent of the employee's gross salary. The employee contribution to the District's retirement plan shall be deducted, pre-tax, from the employee's monthly paycheck.

For fiscal years 2021 and 2020, the total employer contributions were \$5,190 and \$5,571, respectively.

NOTE 9 - RELATED PARTY TRANSACTIONS:

The District is reimbursed by Dixon/Solano RCD Water Quality Coalition for administration services and direct expenses associated with operating the Coalition. Amounts received from the Coalition for the years ended June 30, 2021 and 2020 were \$120,351 and \$120,535, respectively. Amounts due from Dixon/Solano RCD Water Quality Coalition at June 30, 2021 and 2020 were \$30,378 and \$20,495, respectively.

NOTE 10 - SUBSEQUENT EVENTS:

Management has considered all subsequent events for disclosure in the financial statements through December 13, 2021, which represents the date the financial statements were available to be issued.

***DIXON RESOURCE CONSERVATION DISTRICT
OF SOLANO COUNTY***

Required Supplementary Information
Years Ended June 30, 2021 and 2020

DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Years Ended June 30, 2021 and 2020

	2021				2020			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Fund Balance, Beginning of Year	\$ 548,657	\$ 548,657	\$ 548,657	\$ -	\$ 545,656	\$ 545,656	\$ 545,656	\$ -
RESOURCES (INFLOWS):								
Charges for services	348,757	320,727	309,761	(10,966)	330,302	334,914	300,553	(34,361)
Miscellaneous	2,500	2,500	945	(1,555)	2,500	2,500	2,696	196
Property taxes	125,051	125,051	131,462	6,411	123,458	123,458	128,994	5,536
Grant revenue	5,000	5,000	9,184	4,184	80,959	12,895	11,243	(1,652)
Revenues from the use of money and property	5,000	5,000	4,302	(698)	7,500	7,500	9,991	2,491
Amounts Available for Appropriations	1,034,965	1,006,935	1,004,311	(2,624)	1,090,375	1,026,923	999,133	(27,790)
CHARGES TO APPROPRIATIONS (OUTFLOWS):								
Advertising	50	50	-	50	2,000	2,000	-	2,000
Communication	1,920	1,920	1,920	-	1,450	1,450	1,123	327
Employee services	205,977	205,977	206,698	(721)	255,865	255,865	236,721	19,144
Facility rent	18,727	18,727	17,085	1,642	18,250	18,250	21,865	(3,615)
Fees and permits	3,000	3,000	3,011	(11)	2,500	2,500	2,772	(272)
Insurance	5,100	5,100	4,761	339	3,995	3,995	3,714	281
Maintenance	1,000	1,000	834	166	1,000	1,000	742	258
Memberships	8,700	8,700	8,688	12	8,625	8,625	8,645	(20)
Non-capitalized equipment	2,500	2,500	1,330	1,170	2,500	2,500	1,712	788
Office expenses and supplies	12,450	11,450	5,729	5,721	13,150	13,150	9,821	3,329
Professional and specialized services	81,119	81,119	63,799	17,320	112,747	65,670	63,983	1,687
Property tax refunds	250	250	435	(185)	250	250	297	(47)
Special district expense	3,700	1,941	225	1,716	3,700	3,700	1,033	2,667
Supplies	153,000	129,230	111,563	17,667	105,000	122,000	95,289	26,711
Transportation and travel	4,750	3,250	647	2,603	4,750	4,750	2,759	1,991
Publications and legal notices	1,000	1,000	-	1,000	500	500	-	500
Total Charges to Appropriations	503,243	475,214	426,725	48,489	536,282	506,205	450,476	55,729
Budgetary Fund Balances, End of Year	\$ 531,722	\$ 531,721	\$ 577,586	\$ 45,865	\$ 554,093	\$ 520,718	\$ 548,657	\$ 27,939

See accompanying notes.

DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Years Ended June 30, 2021 and 2020

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>2021</u>	<u>2020</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	\$ 1,004,311	\$ 999,133
Differences - Budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(548,657)</u>	<u>(545,656)</u>
Total revenues as reported on the statements of revenues, expenditures and changes in fund balance - governmental funds.	<u>\$ 455,654</u>	<u>\$ 453,477</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	<u>\$ 426,725</u>	<u>\$ 450,476</u>
Total expenditures as reported on the statements of revenues, expenditures and changes in fund balance - governmental funds.	<u>\$ 426,725</u>	<u>\$ 450,476</u>

Budgetary Information:

Although the District is not required to utilize formal budgetary procedures, the District follows the County budget requirement and calendar. An operating budget is prepared on a modified accrual basis each fiscal year for the General Fund. The final budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). The District has established budgetary control at the object code level within the District's financial accounting system. All annual appropriations lapse at fiscal year end.