



March 12, 2021

To the Honorable Members of the Board
Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency
Woodland, California

We have audited the financial statements of the Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency (the Habitat JPA), and each major fund for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 1, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Habitat JPA are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2019-2020. We noted no transactions entered into by the Habitat JPA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.



To the Honorable Board of Directors
Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency
Woodland, California

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 12, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Habitat JPA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Habitat JPA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management discussion and analysis, and budgetary comparison schedules for the general fund, grant revenue fund, other revenue fund and mitigation trust account fund which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on individual non-major fund schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



To the Honorable Board of Directors
Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency
Woodland, California

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2019-2020 audit:

GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* – The following pronouncements have been postponed as a temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic and the new effective date are reflected in the following fiscal years.

GASB Statement No. 88, *Certain Disclosure Related to Debt, including Direct Borrowing and Direct Placements*.

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2021

GASB Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61*.

Fiscal year 2022

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

Fiscal year 2023

GASB Statement No. 91, *Conduit Debt Obligations*.

Restriction on Use

This information is intended solely for the use of the board and management of Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Lance, Solt & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California



YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN
JOINT POWERS AGENCY
WOODLAND, CALIFORNIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

INDEPENDENT AUDITORS' REPORT,
BASIC FINANCIAL STATEMENTS AND
OTHER REPORTS

Focused
on YOU



YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION PLAN
JOINT POWERS AGENCY
WOODLAND, CALIFORNIA

INDEPENDENT AUDITORS' REPORT,
BASIC FINANCIAL STATEMENTS AND OTHER REPORTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY

INDEPENDENT AUDITORS' REPORT,
BASIC FINANCIAL STATEMENTS AND OTHER REPORTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY

INDEPENDENT AUDITORS' REPORT,
BASIC FINANCIAL STATEMENTS AND OTHER REPORTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Directors
Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency
Woodland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency (the Habitat JPA) and each major fund, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Habitat JPA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



To the Honorable Board of Directors
Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency
Woodland, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Habitat JPA, and each major fund as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Economic Dependency

As discussed in Note 10 to the financial statements, the General Fund of the Habitat JPA is economically dependent on revenue derived from mitigation fees and pre-payment of mitigation fees from member agencies consisting of 90 percent of General Fund program revenues for the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2021 on our consideration of the Habitat JPA'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Habitat JPA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Habitat JPA's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
March 12, 2021

Management's Discussion and Analysis

As management of the Yolo Habitat/Natural Community Conservation Joint Powers Agency (Habitat JPA) Habitat JPA (Habitat JPA), we offer readers of the Habitat JPA's financial statements this narrative overview and analysis of the financial activities of the Habitat JPA for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the Habitat JPA's financial statements and the accompanying notes to the basic financial statements.

Financial Highlights

The assets of the Habitat JPA exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,536,121 (net position), of which \$556,272 is reported as unrestricted net position.

The Habitat JPA's total net position decreased by \$114,861. This decrease is due to a prior period adjustment for unearned revenue in the amount of \$164,620 to correct revenue recognized in fiscal year 2018-19.

The Habitat JPA recorded program revenue of \$737,927, comprised of mitigation fees, grants, interest, loans and pre-payments from member agencies, and other income. The Habitat JPA reported \$776,081 in program expense, including salaries and employee benefits, professional services, real estate acquisition, and miscellaneous expenses. The Habitat JPA reported resulting net program expense of \$38,154.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Habitat JPA's basic financial statements. The Habitat JPA's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Habitat JPA's finances in a manner similar to a private-sector business and are composed of the *statement of net position* and the *statement of activities*.

The *statement of net position* presents information about the financial position of the Habitat JPA, reflecting all of the Habitat JPA's (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources on a full accrual basis, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Habitat JPA is improving or deteriorating.

The *statement of activities* presents information about the Habitat JPA's revenues and expenses, also on a full accrual basis, with the emphasis on measuring net revenues and expenses of the Habitat JPA. The *statement of activities* reflects how the government'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 the 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 (e.g., unused vacation leave).

The government-wide financial statements can be found on page 11-12 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 Habitat JPA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Habitat JPA's fund is a governmental fund.

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 government's near-term financing requirements.

Since 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Habitat JPA's governmental fund accounts for its activities, which include completion of the Yolo HCP/NCCP, acquisition of habitat conservation easements, and monitoring of habitat conservation easements. The Habitat JPA adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 -19 of this report.

Notes to the basic 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 basic financial statements can be found on pages 20-29 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Habitat JPA, assets exceeded liabilities by \$3,536,121 at the close of the most recent fiscal year.

By far the largest portion of the Habitat JPA's net position, \$2,174,926, reflects its investment in capital assets (e.g. easements).

STATEMENT OF NET POSITION

Assets:	2020	2019	Increase (Decrease)
Current Assets:			
Cash and investments	\$ 1,335,495	\$ 1,338,751	\$ (3,256)
Receivables:			
Accounts	19,983	-	19,983
Due from other governments	63,662	102,911	(39,249)
Restricted Cash and investments	437,855	416,742	21,113
	<u>1,856,995</u>	<u>1,858,404</u>	<u>(1,409)</u>
Noncurrent Assets:			
Capital assets not being depreciated	2,174,926	2,174,926	-
Total Assets	4,031,921	4,033,330	(1,409)
Liabilities:			
Accounts payable	51,082	109,154	(58,072)
Accrued liabilities	-	1,085	(1,085)
Unearned revenue	217,232	56,356	160,876
Deposits payable	2,230	2,230	-
Due to other governments	11,733	-	11,733
Loans payable	213,523	213,523	-
Total Liabilities	495,800	382,348	113,452
Net Position:			
Net investment in capital assets	2,174,926	2,174,926	-
Restricted for:			
Wildlife Mitigation	371,671	1,137,875	(766,204)
Endowment - nonspendable	433,252	-	433,252
Unrestricted	556,272	338,181	218,091
Total Net Position	\$ 3,536,121	\$ 3,650,982	\$ (114,861)

At the end of the current fiscal year, the Habitat JPA's total net position decreased by \$114,861. This decrease is due to a prior period adjustment for unearned revenue in the amount of \$164,620 to correct revenue recognized in fiscal year 2018-19:

CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Program Expenses:			
Salaries and benefits	\$ 62,685	\$ 66,767	\$ (4,082)
Professional services	691,150	577,616	113,534
Miscellaneous expenses	22,246	30,272	(8,026)
Real estate acquisition	-	452,450	(452,450)
Total program expenses	<u>776,081</u>	<u>1,127,105</u>	<u>(351,024)</u>
Program Revenues:			
Operating grants, contributions and fees	<u>737,927</u>	<u>800,534</u>	<u>(62,607)</u>
Total program revenues	<u>737,927</u>	<u>800,534</u>	<u>(62,607)</u>
Net program revenue (expense)	<u>(38,154)</u>	<u>(326,571)</u>	<u>288,417</u>
General Revenues:			
Interest income	42,535	49,530	(6,995)
Other revenues	<u>45,378</u>	<u>119,182</u>	<u>(73,804)</u>
Total general revenues	<u>87,913</u>	<u>168,712</u>	<u>(80,799)</u>
Change in net position	<u>49,759</u>	<u>(157,859)</u>	<u>207,618</u>
Net Position at Beginning of Year	3,650,982	3,808,841	(157,859)
Restatement of Net Position (Note 12)	<u>(164,620)</u>	-	<u>(164,620)</u>
Net position at Beginning of Year, as restated	<u>3,486,362</u>	<u>3,808,841</u>	<u>(322,479)</u>
Net Position at End of Year	<u>\$ 3,536,121</u>	<u>\$ 3,650,982</u>	<u>\$ (114,861)</u>

Government-wide Financial Analysis

As noted earlier, the Habitat JPA uses fund accounting to ensure and demonstrate compliance with legal and governmental accounting requirements.

Governmental Funds

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

As of the end of the current fiscal year, the Habitat JPA's General Fund reported an ending fund balance of \$336,543, a decrease of \$215,161 from the prior year as a result of the creation of two additional funds, Grant Special Revenue fund and the Other Revenue Fund. As of June 30, 2020, the \$336,543 fund balance includes \$60,087 in permanent reserve. As of June 30, 2020, the Habitat JPA reported \$336,843 in unassigned fund balance.

At the end of the current fiscal year, the Habitat JPA's new Grant Revenue Special Revenue Fund and Other Revenue Special Revenue Fund reported an ending fund balance of \$26,295, and \$42,225. An increase from prior year as first year activities were reported.

At the end of the current fiscal year, the Habitat JPA's Mitigation Trust Account Fund (*previously the Wildlife Mitigation*) Special Revenue Fund reported an ending fund balance of \$736,373, an increase of \$13,572. The entire fund balance is restricted to acquisition of habitat conservation easements consistent with the Interim Swainson's Hawk Mitigation Program and required burrowing owl mitigation. The Habitat JPA expects to expend the remaining funds in this account within the next fiscal year as a result of the acquisition of habitat conservation easements. The Interim Swainson's Hawk Mitigation Program ceased to exist after the wildlife agencies issued the Habitat JPA permits in January 2019. As of June 30, 2020, the Habitat JPA did not report any unassigned fund balance in this fund.

At the end of the current fiscal year, the Habitat JPA's Pre-permit and Post Permit (*previously Stewardship*) Permanent Fund reported an ending fund balance of \$413,427, and \$19,825 respectively, a decrease of \$1,647 from prior year in the Pre-permit Permanent Fund, and an increase of \$19,825 in the Post-permit Fund. The entire amounts are endowments associated with monitoring of habitat conservation easements. As of June 30, 2020, the Habitat JPA did not report any unassigned fund balance in these funds.

General Fund Budgetary Highlights

The material difference between the final budget and the actual amounts can be briefly summarized as follows:

- During the fiscal year ended June 30, 2020, the Habitat JPA received more mitigation fee revenue than budgeted.
- The Habitat JPA spent less on salaries, professional services, and other expenses than originally budgeted, particularly for Executive Director services.

Grant Fund Budgetary Highlights

The material difference between the final budget and the actual amounts can be briefly summarized as follows:

- During the fiscal year ended June 30, 2020, the Habitat JPA engaged in fewer grant billable tasks than anticipated resulting in less grant revenues and expenditures than budgeted.

Other Revenue Fund Budgetary Highlights

The material difference between the final budget and the actual amounts can be briefly summarized as follows:

- During fiscal year ended June 30, 2020 there were fewer Special Participating Entity projects, and cost recovery agreements than anticipated, resulting in revenues less than budgeted.
- During the fiscal year ended June 30, 2020, the Habitat JPA engaged in fewer cost recovery agreement tasks than anticipated resulting in less expenditures than budgeted.

Mitigation Trust Account Fund Budgetary Highlights

The material difference between the final budget and the actual amounts can be briefly summarized as follows:

- During the fiscal year ended June 30, 2020, the Habitat JPA received more interest on funds than anticipated as a result of a higher rate of return on funds held in the County Treasury.
- During the fiscal year ended June 30, 2020, no conservation easement acquisitions were finalized. Professional services associated with easement acquisition were also less than expected.

Capital Assets

The Habitat JPA's net investment in capital assets, as of June 30, 2020 amounts to \$2,174,926. This investment in capital assets includes land, easements and other intangible assets, construction in progress, land improvements, machinery and equipment, and pre-acquisition costs. There was no increase in the Habitat JPA's investment in capital assets for the current fiscal year.

Additional information on the Habitat JPA's capital assets can be found in the notes to the basic financial statements.

Debt Administration

The Habitat JPA owed Yolo County, the City of Winters and the City of Davis \$213,523 as of June 30, 2020. Yolo County, the City of Winters and the City of Davis loaned the Habitat JPA funds in previous fiscal years to assist with implementation.

Economic Factors and Next Year's Budgets and Rates

The Habitat JPA expects to secure additional revenue from mitigation fees in 2020-21, as construction activity increases and the economic effects of the COVID-19 pandemic subside. Beginning in 2020-21, Habitat JPA will contract with Yolo County for administrative services. The Habitat JPA also expects to increase expenditures on permitting and real estate acquisition assistance, as the Habitat JPA proceeds with easement acquisitions. The Habitat JPA will also continue work on two implementation grants.

All of these factors were considered in preparing the Habitat JPA's budget for the fiscal year ending June 30, 2021.

Request for Information

This financial report is designed to provide a general overview of the Habitat JPA'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 Yolo Habitat JPA, 625 Court Street, Room 202, Woodland, CA 95695. The Habitat JPA can also be reached by telephone at (530) 666-8150 or via email at info@yolohabitatconservancy.org. For more information about the Habitat JPA or the Yolo HCP/NCCP, please visit the website at www.yolohabitatconservancy.org.

GOVERNMENT – WIDE FINANCIAL STATEMENTS

YOLO COUNTY HABITAT/NATURAL COMMUNITY
 CONSERVATION PLAN JOINT POWERS AGENCY

STATEMENT OF NET POSITION
JUNE 30, 2020

Assets:

Current Assets:

Cash and investments	\$ 1,335,495
Receivables:	
Accounts	19,983
Due from other governments	63,662
Restricted Cash and investments	437,855
	<u>1,856,995</u>

Noncurrent Assets:

Capital assets not being depreciated	<u>2,174,926</u>
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Total Assets

4,031,921

Liabilities:

Accounts payable	51,082
Unearned revenue	217,232
Deposits payable	2,230
Due to other governments	11,733
Loans payable	213,523
	<u>495,800</u>

Total Liabilities

495,800

Net Position:

Net investment in capital assets	2,174,926
Restricted for:	
Wildlife mitigation	804,923
Endowment - nonspendable	433,252
Unrestricted	123,020
	<u>3,536,121</u>

Total Net Position

\$ 3,536,121

The notes to the basic financial statements are an integral part of this statement

YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Program Expenses:

Salaries and benefits	\$ 62,685
Professional services	691,150
Miscellaneous expenses	<u>22,246</u>

Total program expenses 776,081

Program Revenues:

Operating grants, contributions and fees 737,927

Total program revenues 737,927

Net program revenue (expense) (38,154)

General Revenues:

Interest income	42,535
Other revenues	<u>45,378</u>

Total general revenues 87,913

Change in net position 49,759

Net Position at Beginning of Year 3,650,982

Restatement of Net Position (Note 12) (164,620)

Net position at Beginning of Year, as restated 3,486,362

Net Position at End of Year \$ 3,536,121

The notes to the basic financial statements are an integral part of this statement

FUND FINANCIAL STATEMENTS

YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			
	General	Grant Fund	Other Revenue Fund	Mitigation Trust Account Fund
Assets:				
Pooled cash and investments	\$ 561,502	\$ -	\$ 37,022	\$ 736,971
Receivables:				
Accounts	-	-	19,983	-
Due from other governments	-	63,662	-	-
Due from other funds	24,444	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Total Assets	\$ 585,946	\$ 63,662	\$ 57,005	\$ 736,971
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 44,673	\$ 1,208	\$ -	\$ 598
Unearned revenues	202,482	-	14,750	-
Deposits payable	2,230	-	-	-
Due to other governments	18	11,715	-	-
Due to other funds	-	24,444	-	-
Total Liabilities	249,403	37,367	14,750	598
Fund Balances:				
Nonspendable:				
Endowment	-	-	-	-
Restricted for:				
Wildlife Mitigation	-	26,295	42,255	736,373
Unassigned	336,543	-	-	-
Total Fund Balances	336,543	26,295	42,255	736,373
Total Liabilities and Fund Balances	\$ 585,946	\$ 63,662	\$ 57,005	\$ 736,971

The notes to the basic financial statements are an integral part of this statement

YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Permanent Funds		Total Governmental Funds
	Pre-permit Endowment Fund	Post-Permit Endowment Fund	
Assets:			
Pooled cash and investments	\$ -	\$ -	\$ 1,335,495
Receivables:			
Accounts	-	-	19,983
Due from other governments	-	-	63,662
Due from other funds	-	-	24,444
Restricted assets:			
Cash and investments	418,030	19,825	437,855
Total Assets	\$ 418,030	\$ 19,825	\$ 1,881,439
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 4,603	\$ -	\$ 51,082
Unearned revenues	-	-	217,232
Deposits payable	-	-	2,230
Due to other governments	-	-	11,733
Due to other funds	-	-	24,444
Total Liabilities	4,603	-	306,721
Fund Balances:			
Nonspendable:			
Endowment	413,427	19,825	433,252
Restricted for:			
Wildlife Mitigation	-	-	804,923
Unassigned	-	-	336,543
Total Fund Balances	413,427	19,825	1,574,718
Total Liabilities and Fund Balances	\$ 418,030	\$ 19,825	\$ 1,881,439

The notes to the basic financial statements are an integral part of this statement

YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Fund balances of governmental funds	\$ 1,574,718
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	2,174,926
Long-term liabilities below are not in the current year therefore are have not been included in the governmental fund activity:	
Loans payable	<u>(213,523)</u>
Net Position of governmental activities	<u><u>\$ 3,536,121</u></u>

The notes to the basic financial statements are an integral part of this statement

YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	General	Grant Fund	Other Revenue Fund	Mitigation Trust Account Fund
Revenues:				
Grant revenue	\$ -	\$ 177,368	\$ -	\$ -
Mitigation fees	531,194	-	-	2,574
Interest income	10,086	2,783	3,041	21,360
Special participation entity fees	-	-	19,045	-
Cost recovery fees	-	-	-	-
Use of money and property	45,378	-	-	-
Total Revenues	586,658	180,151	22,086	23,934
Expenditures:				
Current:				
Conservation Activities:				
Salaries and benefits	58,618	4,067	-	-
Professional services	445,383	171,651	58,553	10,362
Other expenditures	22,246	-	-	-
Total Expenditures	526,247	175,718	58,553	10,362
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,411	4,433	(36,467)	13,572
Other Financing Sources (Uses):				
Transfers in	-	21,862	78,722	-
Transfers out	(110,952)	-	-	-
Total Other Financing Sources (Uses)	(110,952)	21,862	78,722	-
Net Change in Fund Balances	(50,541)	26,295	42,255	13,572
Fund Balances, Beginning of Year, as previously reported	551,704	-	-	722,801
Restatements (Note 12)	(164,620)	-	-	-
Fund Balances, Beginning of Year, as restated	387,084	-	-	722,801
Fund Balances, End of Year	\$ 336,543	\$ 26,295	\$ 42,255	\$ 736,373

The notes to the basic financial statements are an integral part of this statement

YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Permanent Funds		Total Governmental Funds
	Pre-permit Endowment Fund	Post-Permit Endowment Fund	
Revenues:			
Grant revenue	\$ -	\$ -	\$ 177,368
Mitigation fees	-	-	533,768
Interest income	3,554	1,711	42,535
Special participation entity fees	-	-	19,045
Cost recovery fees	-	7,746	7,746
Use of money and property	-	-	45,378
Total Revenues	3,554	9,457	825,840
Expenditures:			
Current:			
Conservation Activities:			
Salaries and benefits	-	-	62,685
Professional services	5,201	-	691,150
Other expenditures	-	-	22,246
Total Expenditures	5,201	-	776,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,647)	9,457	49,759
Other Financing Sources (Uses):			
Transfers in	-	10,368	110,952
Transfers out	-	-	(110,952)
Total Other Financing Sources (Uses)	-	10,368	-
Net Change in Fund Balances	(1,647)	19,825	49,759
Fund Balances, Beginning of Year, as previously reported	415,074	-	1,689,579
Restatements (Note 12)	-	-	(164,620)
Fund Balances, Beginning of Year, as restated	415,074	-	1,524,959
Fund Balances, End of Year	\$ 413,427	\$ 19,825	\$ 1,574,718

The notes to the basic financial statements are an integral part of this statement

YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which prepared on the full accrual basis.

Net change in fund balances - total governmental funds	<u>\$ 49,759</u>
Change in net position of governmental activities	<u><u>\$ 49,759</u></u>

The notes to the basic financial statements are an integral part of this statement

**YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

The Yolo County Habitat/Natural Community Conservation Joint Powers Agency (Habitat JPA) was founded in August 2002, under the provision of Section 61600 of the Government Code of the State of California. The Health and Safety Code and the Water Code of the State of California regulate the Habitat JPA's operations.

The Habitat JPA was formed for the purposes of acquiring Swainson's hawk habitat conservation easements and to serve as the lead agency for the preparation and implementation of the Yolo Habitat Conservation Plan/ Natural Community Conservation Plan (HCP/NCCP).

The JPA governing Board is composed of representatives from member agencies, which include two members of the Yolo County Board of Supervisors, one member each from the City Councils of Davis, Woodland, West Sacramento and Winters, and one ex-officio member from University of California, Davis.

b. Basis of Accounting

Government-Wide Statements

The statement of net position and statement of activities display information about the primary government of the Habitat JPA. These statements include the financial activities of the overall Habitat JPA.

The statement of activities presents a comparison between direct expenses and program revenues for the Habitat JPA's governmental activity. Direct expenses are those that are specifically associated with the operations of the Habitat JPA. Program revenues include charges for services, mitigation fees and grants and contributions that are restricted to meeting the operational or capital requirements of the Habitat JPA. Revenues that are not classified as program revenues, including investment income, are presented 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as eligibility requirements have been met.

Fund Financial Statements

The 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 to finance expenditures of the current period. A 365-day availability period is used for revenue recognition for all governmental fund revenues. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Nonexchange transactions, in which the Habitat JPA gives (or receives) value without directly receiving (or giving) value in exchange, include developer mitigation fees, grants, entitlements, and donations. On a modified accrual basis, revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied and resources meet the availability criteria.

The Habitat JPA reports the following major governmental funds:

- The *General Fund* is the general operating fund of the Habitat JPA and is used to account for all financial resources.
- The *Grant Special Revenue Fund* records all grant revenues and expenditures through this fund. .
- The *Other Revenue Special Revenue Fund* records revenue from special participating entities contribution to recovery fees, landowner contributions, and other non-mitigation fee revenue.
- The *Mitigation Trust Account Special Revenue Fund (previously the Wildlife Mitigation Fund)* records Swainson's hawk mitigation fees collected prior to permit issuance on January 9, 2019.
- The *Pre-Permit Endowment Fund (previously Stewardship Permanent Fund)* is used for restricted revenues and resources for conservation easement stewardship to maintain and monitor the easements in accordance with the easement agreements prior to permit issuance on January 9, 2019. The funds are based on individual easement agreements with land owners but the principal amounts are to remain intact and interest earned on the funds will be used to perform monitoring activities in perpetuity.
- The *Post-Permit Endowment Fund* is used for restricted revenues and resources for conservation easement stewardship to maintain and monitor the easements in accordance with the easement agreements after permits have been issued. The funds are based on individual easement agreements with land owners but the principal amounts are to remain intact and interest earned on the funds will be used to perform monitoring activities in perpetuity.

b. Cash

The total of restricted and unrestricted cash comprises cash and investments in the County Treasury. Cash is defined as all cash and investments with maturities of 90 days or less and the Habitat JPA's investment in the County of Yolo's pooled cash and investments.

c. Fair Value Measurement

As of July 1, 2015, Habitat JPA retrospectively applied Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. Habitat JPA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 1: Summary of Significant Accounting Policies (Continued)

The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Habitat JPA is a participant in the Yolo County Treasurer's Pool (County Pool). The County Pool is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The Yolo County Treasury Oversight Committee conducts County Pool oversight. Cash on deposit in the County Pool at June 30, 2020, is stated at fair value. The County Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. For further information regarding the County Pool, refer to the County of Yolo Comprehensive Annual Financial Report.

d. Due From Other Governments

Due from other governments receivables are recorded at their gross value and, where appropriate, are reduced by the portion that is considered uncollectible. Receivables consist primarily of grant claims that have been filed but not received as of year-end. Management believes its receivable balance to be fully collectible and, accordingly, no allowance for doubtful accounts has been recorded.

e. Capital Assets

All capital assets, including easements, are capitalized by the Habitat JPA. The Habitat JPA defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased capital assets are stated at cost. Donated fixed assets are valued at their acquisition value. Depreciation of exhaustible capital assets is charged as an expense against operations. Capital assets of the Habitat JPA are reported in the statement of net position, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the capital assets. Easements and intangible assets have indefinite useful lives and are not depreciated.

The Habitat JPA also capitalizes conservation easements acquired per the initiative of the Habitat JPA's objective. Conservation easements are a form of deed restriction that landowners voluntarily place on their property to protect certain features, including agricultural and wildlife habitat, open space, or cultural resources. A conservation easement is recorded in the chain of title and it vests the easement "holder" with authority to monitor the property and enforce the restrictions set forth in the easement. The landowner retains fee title to the property and, subject to the restrictions in the conservation easement, continues to determine the types of land uses and activities that occur on the property. Often, this includes continuing his or her current use of the encumbered property so long as such use(s) are compatible with the terms of the conservation easement.

YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

f. Deferred Inflows of Resources

The deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unavailable revenues represent amounts associated with the state and federal grants of the Habitat JPA which are not expected to be received within the Habitat JPA's period of availability of 365 days. As such, these amounts are not available for expenditure and are required to be recorded as deferred inflows of resources in the governmental funds balance sheet.

g. Net Position/Fund Balance

Net Position is displayed in three components:

- *Net Investment in capital assets* - Consists of capital assets, net of accumulated depreciation.
- *Restricted net position* - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

The governmental funds utilize a classified fund balance presentation. Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts can be spent as follows:

- *Nonspendable* – to reflect amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – to reflect amounts that can only be used for specific purposes pursuant to constraints either:
 - (a) externally imposed by creditors (such as debt covenants), grants, contributors, or laws or regulations of other governments or
 - (b) imposed by law through constitutional provisions or enabling legislation.

YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

- *Committed* – to reflect amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the Board of the Habitat JPA. The formal action necessary to establish (and modify or rescind) a commitment is done through a majority vote via resolution of the Board of the Habitat JPA.
- *Assigned* – to reflect amounts that are constrained by formal actions of the Board of the Habitat JPA's intent to be used for specific purposes but are neither restricted nor committed. A formal action is not required to re-assign fund balance.
- *Unassigned* – to reflect amounts that have not been restricted, committed, or assigned to specific purposes.

When committed, assigned, and unassigned fund balance amounts are available for use, it is the Habitat JPA's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

h. General Reserve

During October 2013, the Board of Directors of the Habitat JPA adopted a general reserve of \$60,087. The reserve can only be released with action from the Board of Directors and was established in order to reserve funding to ensure fiscal stability of the Habitat JPA. The general reserve is reported in the General Fund's unassigned fund balance.

i. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure of contingent amounts at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

j. New Accounting Pronouncements

GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* – The following pronouncements have been postponed as a temporary relieve to governments and other stakeholders in light of the COVID-19 pandemic and the new effective date are reflected in the following fiscal years.

Note 2: Cash and Investments

Habitat JPA holds restricted and unrestricted cash and investments with the Treasurer of the County of Yolo in a cash and investment pool. On a quarterly basis the Auditor Controller allocates interest to participants based upon their average daily balances. The Treasurer's investments and policies are overseen by the Yolo County Treasury Oversight Committee. Required disclosure information regarding the credit risk, custodial credit risk, concentration risk and interest rate risk of investments can be found in the County of Yolo's basic financial statements. The County of Yolo's financial statements may be obtained by contacting the County of Yolo's Auditor-Controller's Office at

**YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 2: Cash and Investments (Continued)

625 Court Street, Room 103, Woodland, California 95695. The Yolo County Treasury Oversight Committee oversees the Treasurer's investments and policies.

Investments held in the County's investment pool are available on demand and are stated at fair value.

California Government Code authorizes the Treasurer of the County to invest excess funds in the following list of eligible securities:

- a. Obligations of the County or any local agency and instrumentality in or of the State of California.
- b. Obligations of the U.S. Treasury, agencies and instrumentalities.
- c. Bankers' acceptances eligible for purchase by the Federal Reserve System.
- d. Commercial paper with an A-1 rating by Moody's Investors Service or a P-1 rating by Standard & Poor's Corporation.
- e. Repurchase agreements or reverse repurchase agreements.
- f. Medium-term notes with a five-year maximum maturity of corporations operating within the United States and rated in the top three rating categories by Moody's Investors Service and Standard & Poor's Corporation.
- g. Shares of beneficial interest issued by diversified management companies (money market funds) investing in securities and obligations as outlined in a) through f) above. Certain security rankings and/or organizational requirements apply to this type of investment.

Cash and investments are classified in the financial statements as follows:

Cash and Investments:

Cash in County Pooled Treasury	\$ 1,335,495
Restricted Cash in County Pooled Treasury	<u>437,855</u>
Total Cash and Investments	<u>\$ 1,773,350</u>

Investments

The Habitat JPA invests its cash in the County of Yolo Treasury Investment Pool. The Habitat JPA does not have its own investment policy defining criteria for selecting acceptable financial institutions, brokers/dealers, or allowable investment types as defined by Government Code 53601. The investments in the County of Yolo Treasury Investment Pool follow the County's investment policy with oversight by the Yolo County Treasury Oversight Committee.

At June 30, 2020, the Habitat JPA had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Cost Value</u>	<u>Fair Value</u>
Cash in County Pooled Treasury	Variable	On demand	\$ 1,335,495	\$ 1,335,495
Restricted Cash in County Pooled Treasury	Variable	On demand	<u>437,855</u>	<u>437,855</u>
Total Cash and Investments			<u>\$ 1,773,350</u>	<u>\$ 1,773,350</u>

YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 2: Cash and Investments (Continued)

At June 30, 2020 the Habitat JPA had the following restrictions on cash balances:

Restricted for:	
Conservation Easement Endowment	<u>\$437,855</u>

The restricted cash is to provide funds for the monitoring of easements to ensure landowners follow the terms of the conservation easements purchased by the Yolo Habitat JPA. The monitoring is performed by the Habitat JPA, Yolo Land Trust, or California Waterfowl Association depending on the individual easement and reimbursed from the Habitat JPA's restricted cash.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rate.

Credit Risk:

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Habitat JPA has no investment policy that would further limit its investment choices.

Fair Value Measurement

The Habitat JPA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 input are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2020, the Habitat JPA held no individual investments. All funds are invested in the County Pool.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Habitat JPA's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Deposits and withdrawals from the County Pool are made on the basis of \$1 and not fair value.

Accordingly, the Habitat JPA's proportionate share of investments in the County Pool at June 30, 2020 of \$1,773,350 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 3: Capital Assets

The Habitat JPA's capital assets consist of land easement agreements. The agreement limits certain uses on all or a portion of a property for conservation purposes while keeping the property in the landowner's ownership and control. These agreements do not have an expiration date and thus, the easements are considered to have indefinite useful lives.

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital Assets, Not Being Depreciated				
Land Easements	\$ 2,174,926	\$ -	\$ -	\$ 2,174,926
Total Capital Assets, Not being Depreciated	<u>\$ 2,174,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,174,926</u>

Note 4: Loans Payable

During fiscal year 2019, the Habitat JPA's Board of Directors approved requests to member agencies for loans and pre-payments of mitigation fees to support implementation work for the NCCP/HCP. Total funding of \$426,890 was approved, and in fiscal year 2019, \$213,523 in loans were issued. The loans are to be repaid in fiscal year 2021 and shall not accrue interest until July 1, 2020. A summary of the loan balance is as follows:

Member Agency	Balance June 30, 2020
City of Davis	\$ 101,389
City of Winters	10,745
Yolo County	101,389
Total Loans Payable	<u>\$ 213,523</u>

In the event of default, the entire principal balance, together with accrued interest thereon, shall be immediately due and payable without presentment, demand, protest, or other notice of any kind, and the Habitat JPA will pay all reasonable fees and expenses incurred by the member agencies and those of its attorneys.

Note 5: Risk Management

The Habitat JPA is exposed to various risks of loss related to workers' compensation and general liability. The Habitat JPA participates in the Yolo County Public Agency Risk Management Insurance Agency (YCPARMIA), a public entity risk pool of governmental entities within Yolo County, for comprehensive general and auto liability, and worker's compensation insurance. Through the Habitat JPA's membership in the YCPARMIA, the Habitat JPA is provided with excess coverage through the California State Association of Counties – Excess Insurance Agency for catastrophic liability losses. Loss contingency reserves established by YCPARMIA are funded by contributions from member agencies.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 5: Risk Management (Continued)

The Habitat JPA pays an annual premium to YCPARMIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal cost, and administrative and other costs to operate the YCPARMIA. The Habitat JPA's deductibles and maximum coverages are as follows:

<u>2020 Coverage</u>	<u>Deductible</u>	<u>YCPARMIA</u>	<u>Excess</u>
General Liability	\$ 5,000	\$ 500,000	\$ 40,000,000
Workers' Compensation	1,000	500,000	50,000,000
Property Insurance	1,000	25,000	959,357,100

The Habitat JPA has had no settlements exceeding coverage in the fiscal year ended June 30, 2020 or the prior two fiscal years.

Note 6: Related Party Transactions

The County of Yolo provides certain legal, accounting, administrative, and other professional services to the Habitat JPA. Although the Habitat JPA was created in part by the County of Yolo, it is not part of the County's financial reporting entity. Legal, payroll, and accounting services are billed separately and at amounts that will approximately recover the County's full cost of providing such services. The Habitat JPA had expenditures for services provided by the County for the 2020 fiscal year as follows:

	<u>Amount</u>
Legal	\$ 6,507
Accounting	1,699
Total	<u>\$ 8,206</u>

Note 7: Contingencies

The Habitat JPA receives funding for specific purposes through state and federal grants that are subject to review and audit by the funding source. Such audits could result in a request for reimbursement of expenditures to be disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

Note 8: Mitigation Credits

On November 10, 2008, the Habitat JPA Board of Directors adopted Resolution 2008-02 supporting the creation of receiving sites for Swainson's Hawk Foraging Habitat Mitigation and the subsequent sale of mitigation credits. The Habitat JPA has engaged in the subsequent sale and exchange of mitigation credits in order to acquire conservation easements. The Habitat JPA is responsible for the tracking and management of the mitigation credits provided. As of June 30, 2020, a total of 5 mitigation receiving sites have been established for 980.7 acres. A total of 692.63 credits have been issued as of June 30, 2020. Landowners are responsible for reporting the sales of credits to the Habitat JPA in accordance with the Mitigation Credit agreement between the Habitat JPA and the landowner.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 9: Commitments

The Habitat JPA leases office space from a third party under a month-to-month operating lease. The future minimum rental payment due under the lease in fiscal year 2019 is \$1,015.

Note 10: Economic Dependence

The Habitat JPA is economically dependent on revenue derived from mitigation fees and pre-payment of mitigation fees from member agencies consisting of 90 percent of General Fund program revenues for the year ended June 30, 2020. The Habitat JPA is dependent on the continued support member agencies for the organization's objective of the implementation of the Yolo County Habitat/Natural Community Conservation Plan and to continue operations in the future.

Note 11: Inter-fund Transfers

During the course of normal operations, the Habitat JPA entered into numerous transactions between funds, including expenditures and transfers of resources to provide services. The accompanying governmental fund financial statements generally reflect such transactions as operating transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. Inter-fund transactions and inter-fund payables/receivables at year-end are not eliminated in the governmental fund financial statements.

Transfers In	Transfers Out	Amount
Grant Fund	General Fund	\$ 21,862
Other Revenue Fund	General Fund	78,722
Post-permit Endowment Fund	General Fund	10,368
	Total	<u>\$ 110,952</u>

The transfers between the Grant Fund, Other Revenue Fund and Post- Permit Endowment Fund were made to create new funds in the current fiscal year. The new funds will allow the Habitat JPA to track mitigation funds, grant funds, endowment funds, and other revenue without grant or mitigation fee restrictions separately.

Note 12: Prior Period Adjustment

During the year ended June 30, 2020, the beginning net position for governmental activities was restated to include a prior period adjustment for unearned revenue in the amount of \$164,620 to correct revenue recognized in fiscal year 2018-19.

REQUIRED SUPPLEMENTARY INFORMATION

YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Mitigation fees	\$ 250,000	\$ 250,000	\$ 531,194	\$ 281,194
Pre-payment of mitigation fees	50,350	50,350	45,378	(4,972)
Interest income	-	-	10,086	10,086
Transfers in	-	-	-	-
Total Revenues	300,350	300,350	586,658	286,308
Expenditures				
Conservation activities:				
Salaries and benefits	145,842	145,842	58,618	87,224
Services and Supplies				
Professional services	259,500	259,500	445,383	(185,883)
Other expenditures	80,422	74,422	22,246	52,176
Capital outlay	250,000	250,000	-	250,000
Total Expenditures	735,764	729,764	637,199	92,565
Net Change in Fund Balances	(435,414)	(429,414)	(50,541)	378,873
Restatement (Note 12)	-	-	(164,620)	-
Fund Balances, Beginning of Year, as restated	387,084	387,084	387,084	-
Fund Balances (Deficits), End of Year	\$ (48,330)	\$ (42,330)	\$ 336,543	\$ 378,873

YOLO COUNTY HABITAT/NATURAL COMMUNITY
 CONSERVATION PLAN JOINT POWERS AGENCY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GRANT FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Grant revenue	\$ 240,000	\$ 240,000	\$ 177,368	\$ (62,632)
Interest income	-	-	2,783	2,783
Total Revenues	400,000	400,000	180,151	(219,849)
Expenditures				
Conservation Activities				
Salaries and benefits	53,000	53,000	4,067	48,933
Services and Supplies				
Professional services	349,000	349,000	171,651	177,349
Other expenditures	13,000	13,000	-	13,000
Total Expenditures	415,000	415,000	175,718	239,282
Other Financing (Uses)				
Transfers in	-	-	21,862	(21,862)
Total Other Financing (uses)	-	-	21,862	(21,862)
Net Change in Fund Balance	(15,000)	(15,000)	26,295	41,295
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances (Deficits), End of Year	\$ (15,000)	\$ (15,000)	\$ 26,295	\$ 41,295

YOLO COUNTY HABITAT/NATURAL COMMUNITY
 CONSERVATION PLAN JOINT POWERS AGENCY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 OTHER REVENUE FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ -	\$ -	\$ 3,041	\$ 3,041
Special participation entities fees	75,000	75,000	19,045	(55,955)
Cost recovery fees	20,000	20,000	-	(20,000)
Contributions	10,000	10,000	-	(10,000)
Total Revenues	105,000	105,000	22,086	(82,914)
Expenditures				
Conservation Activities				
Salaries and benefits	108,266	108,266	-	108,266
Services and Supplies				
Professional services	41,000	41,000	58,553	(17,553)
Other expenditures	22,424	22,424	-	22,424
Total Expenditures	171,690	171,690	58,553	113,137
Other Financing (Uses)				
Transfers in	-	-	78,722	78,722
Total Other Financing (Uses)	-	-	78,722	78,722
Net Change in Fund Balances	(66,690)	(66,690)	42,255	108,945
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances (Deficits), End of Year	\$ (66,690)	\$ (66,690)	\$ 42,255	\$ 108,945

YOLO COUNTY HABITAT/NATURAL COMMUNITY
 CONSERVATION PLAN JOINT POWERS AGENCY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 MITIGATION TRUST ACCOUNT FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Mitigation fees	\$ -	\$ -	\$ 2,574	\$ 2,574
Interest income	4,000	4,000	21,360	17,360
Total Revenues	4,000	4,000	23,934	19,934
Expenditures				
Conservation Activities				
Salaries and benefits	10,000	10,000	-	10,000
Services and Supplies				
Professional services	85,000	85,000	10,362	74,638
Capital outlay	652,550	652,550	-	652,550
Total Expenditures	747,550	747,550	10,362	737,188
Net Change in Fund Balances	(743,550)	(743,550)	13,572	757,122
Fund Balances, Beginning of Year	722,801	722,801	722,801	-
Fund Balances (Deficits), End of Year	\$ (20,749)	\$ (20,749)	\$ 736,373	\$ 757,122

**YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION
PLAN JOINT POWERS AGENCY**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

Note 1: Budget and Budgetary Accounting

Habitat JPA prepares and is required to legally adopt a final budget for all funds on or before June 30th of each fiscal year. Habitat JPA operation, commencing July 1st, is governed by the proposed budget, which is prepared on the modified accrual basis and normally adopted by the JPA Board of Directors in June of the prior year.

After the budget is approved, the Executive Director is authorized to execute transfers within major budget units as long as the total expenditures for each budget unit remain unchanged. The Habitat JPA measures compliance with the legally adopted budget at the major object level.

An operating budget is adopted each fiscal year on the modified accrual basis.

YOLO COUNTY HABITAT/NATURAL COMMUNITY
 CONSERVATION PLAN JOINT POWERS AGENCY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 PRE-PERMIT ENDOWMENT FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest Income	\$ 2,500	\$ 2,500	\$ 3,554	\$ 1,054
Total Revenues	2,500	2,500	3,554	1,054
Expenditures				
Conservation Activities:				
Services and Supplies				
Professional Services	2,000	2,000	5,201	(3,201)
Total Expenditures	2,000	2,000	5,201	(3,201)
Net Change in Fund Balances	500	500	(1,647)	(2,147)
Fund Balances, Beginning of Year	415,074	415,074	415,074	-
Fund Balances (Deficits), End of Year	\$ 415,574	\$ 415,574	\$ 413,427	\$ (2,147)

YOLO COUNTY HABITAT/NATURAL COMMUNITY
 CONSERVATION PLAN JOINT POWERS AGENCY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 POST-PERMIT ENDOWMENT FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest Income	\$ 100	\$ 100	\$ 1,711	\$ 1,611
Cost Recovery Fees	-	-	7,746	7,746
Total Revenues	100	100	9,457	9,357
Expenditures				
Conservation activities:				
Services and Supplies				
Professional Services	2,000	2,000	-	2,000
Total Expenditures	2,000	2,000	-	2,000
Other Financing (Uses)				
Transfers in	-	-	10,368	10,368
Total Other Financing (Uses)	-	-	10,368	10,368
Net Change in Fund Balances	(1,900)	(1,900)	19,825	21,725
Fund Balances, Beginning of Year	-	-	-	-
Fund Balances (Deficits), End of Year	\$ (1,900)	\$ (1,900)	\$ 19,825	\$ 21,725



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*

To the Honorable Board of Directors
Yolo County Habitat/Natural Community Conservation Plan
Joint Powers Agency
Woodland, 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 each major fund, of the Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency (the Habitat JPA), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Habitat JPA's basic financial statements, and have issued our report thereon dated March 12, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Habitat JPA's internal control over financial reporting (internal control) as a basis for designing 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 Habitat JPA's internal control. Accordingly, we do not express an opinion on the effectiveness of the Habitat JPA's internal control.

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

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





To the Honorable Members of the Board
Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency
Woodland, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Habitat JPA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lance, Solt & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
March 12, 2021