



YOLO COUNTY HABITAT/NATURAL  
COMMUNITY CONSERVATION PLAN  
JOINT POWERS AGENCY  
WOODLAND, CALIFORNIA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

INDEPENDENT AUDITORS' REPORT,  
BASIC FINANCIAL STATEMENTS AND  
OTHER REPORTS

Focused  
on YOU



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

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BASIC FINANCIAL STATEMENTS AND OTHER REPORTS

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BASIC FINANCIAL STATEMENTS AND OTHER REPORTS

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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**

#### ***Opinions***

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, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency (the Habitat JPA) and each major fund, as of June 30, 2021, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Habitat JPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Habitat JPA's ability to continue as a going concern for twelve months beyond the date of the financial statements.



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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Habitat JPA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Habitat JPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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, 2021. Our opinion is not modified with respect to this matter.

### ***Other Reporting Responsibilities***

#### *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 is the responsibility of management and, 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



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

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.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Habitat's basic financial statements. The endowment permanent funds budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the endowment permanent funds budgetary comparison schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022 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, Solt &amp; Loughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California  
March 21, 2022

## Management's Discussion and Analysis

As management of the Yolo Habitat/Natural Community Conservation Plan Joint Powers Agency (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, 2021. 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 at the close of the most recent fiscal year by \$3,826,089 (net position), of which \$389,732 is reported as unrestricted net position.

The Habitat JPA's total net position increased by \$289,968 which was largely driven by mitigation fee revenue.

The Habitat JPA recorded program revenue of \$854,871, comprised of mitigation fees, grants, interest, loans and pre-payments from member agencies, and other income. The Habitat JPA reported \$538,235 in program expense, including professional services, real estate acquisition, and miscellaneous expenses. The Habitat JPA reported resulting net program revenue of \$316,636.

### 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.

The government-wide financial statements can be found on page 12-13 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 15-20 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 21-30 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 \$3,826,089 at the close of the most recent fiscal year.

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**

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
<b>Assets:</b>			
Current Assets:			
Cash and investments	\$ 1,593,436	\$ 1,335,495	\$ 257,941
Receivables:			
Accounts	24,563	19,983	4,580
Due from other governments	109,280	63,662	45,618
Restricted Cash and investments	416,365	437,855	(21,490)
	<u>2,143,644</u>	<u>1,856,995</u>	<u>286,649</u>
Noncurrent Assets:			
Capital assets not being depreciated	2,174,926	2,174,926	-
<b>Total Assets</b>	<b><u>4,318,570</u></b>	<b><u>4,031,921</u></b>	<b><u>286,649</u></b>
<b>Liabilities:</b>			
Accounts payable	59,497	51,082	8,415
Unearned revenue	217,231	217,231	-
Deposits payable	2,230	2,230	-
Due to other governments	-	11,733	(11,733)
Loans payable	213,523	213,523	-
<b>Total Liabilities</b>	<b><u>492,481</u></b>	<b><u>495,799</u></b>	<b><u>(3,318)</u></b>
<b>Net Position:</b>			
Net investment in capital assets	2,174,926	2,174,926	-
Restricted for:			
Restricted	1,261,431	804,923	456,508
Unrestricted	389,732	556,272	(166,540)
<b>Total Net Position</b>	<b><u>\$3,826,089</u></b>	<b><u>\$3,536,121</u></b>	<b><u>\$ 289,968</u></b>

At the end of the current fiscal year, the Habitat JPA's total net position increase by \$289,968 which was largely driven by mitigation fee revenue.

## **CHANGES IN NET POSITION**

	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>Increase (Decrease)</u></b>
<b>Program Expenses:</b>			
Salaries and benefits	\$ -	\$ 62,685	\$ (62,685)
Professional services	537,285	691,150	(153,865)
Miscellaneous expenses	950	22,246	(21,296)
Real estate acquisition	-	-	-
Total program expenses	<u>538,235</u>	<u>776,081</u>	<u>(237,846)</u>
<b>Program Revenues:</b>			
Operating grants, contributions and fees	<u>854,871</u>	<u>737,927</u>	<u>116,944</u>
Total program revenues	<u>854,871</u>	<u>737,927</u>	<u>116,944</u>
Net program revenue (expense)	<u>316,636</u>	<u>(38,154)</u>	<u>354,790</u>
<b>General Revenues:</b>			
Interest income	(26,668)	42,535	(69,203)
Other revenues	-	45,378	(45,378)
Total general revenues	<u>(26,668)</u>	<u>87,913</u>	<u>(114,581)</u>
Change in net position	<u>289,968</u>	<u>49,759</u>	<u>240,209</u>
Net Position at Beginning of Year	3,536,121	3,650,982	(114,861)
Restatement of Net Position	-	(164,620)	164,620
Net position at Beginning of Year	<u>3,536,121</u>	<u>3,486,362</u>	<u>49,759</u>
Net Position at End of Year	<b><u>\$ 3,826,089</u></b>	<b><u>\$ 3,536,121</u></b>	<b><u>\$ 289,968</u></b>

### **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 unassigned fund balance of \$603,255, an increase of \$266,172 from the prior fiscal year as a result of mitigation fee revenues. As of June 30, 2021, the \$603,255 fund balance includes \$60,087 in permanent reserve.

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 \$83,779, and \$23,876, respectively.

At the end of the current fiscal year, the Habitat JPA's Mitigation Trust Account Fund Special Revenue Fund reported an ending assigned fund balance of \$737,411, an increase of \$1,038. 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 in future fiscal years on 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.

At the end of the current fiscal year, the Habitat JPA's Pre-permit and Post Permit Permanent Funds reported an ending fund balance of \$384,161 and \$32,204 respectively, a decrease of \$29,226 from prior year in the Pre-permit Permanent Fund, and an increase of \$12,379 in the Post-permit Permanent Fund. The decrease in the Pre-permit Permanent Fund is due to the transferring of the funds and fund management responsibility of an endowment to an external entity. The entire amounts are endowments associated with monitoring of habitat conservation easements.

### **Mitigation Fee 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, 2021, the Habitat JPA received more mitigation fee revenue than budgeted.
- The Habitat JPA spent less on professional services and other expenses than originally budgeted.

### **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, 2021, the Habitat JPA engaged in fewer grant billable tasks than anticipated resulting in less grant revenues and expenditures than budgeted.
- The budget for the fiscal year ended June 30, 2021 contemplated \$5,000,000 in grant revenue for the purpose of easement acquisitions, however, staff was subsequently made aware that these funds will not pass through the Habitat JPA budget, but rather the Wildlife Conservation Board (a state agency) will directly make payment to the easement seller at the conclusion of the acquisition process for the benefit of the Habitat JPA.

## **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, 2021 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, 2021, the Habitat JPA engaged in fewer cost recovery agreement tasks than anticipated resulting in less expenditures than budgeted.

## **Mitigation Trust 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, 2021, the Habitat JPA received less 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, 2021, no conservation easement acquisitions were finalized and there were no related expenditures.

## **Capital Assets**

The Habitat JPA's investment in capital assets, as of June 30, 2021 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, 2021. 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 2021-22, as construction activity continues to increase. The Habitat JPA will continue to contract with Yolo County for administrative services. The Habitat JPA also expects to increase expenditures on permitting and real estate acquisition assistance and easement monitoring as the Habitat JPA proceeds with easement acquisitions. The Habitat JPA will also continue work on multiple grants.

All of these factors were considered in preparing the Habitat JPA's budget for the fiscal year ending June 30, 2022.

### **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, California 95695. The Habitat JPA can also be reached by telephone at (530) 666- 8150 or via email at [info@yolohabitatconservancy.org](mailto:info@yolohabitatconservancy.org). For more information about the Habitat JPA or the Yolo HCP/NCCP, please visit the website at [www.yolohabitatconservancy.org](http://www.yolohabitatconservancy.org).

**GOVERNMENT – WIDE FINANCIAL STATEMENTS**

YOLO COUNTY HABITAT/NATURAL COMMUNITY  
CONSERVATION PLAN JOINT POWERS AGENCY

STATEMENT OF NET POSITION  
JUNE 30, 2021

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**Assets:**

Current Assets:

Cash and investments	\$ 1,593,436
Receivables:	
Accounts	24,563
Due from other governments	109,280
Restricted Cash and investments	416,365
	<hr/>
	2,143,644
	<hr/>

Noncurrent Assets:

Capital assets not being depreciated	<hr/>
	2,174,926
	<hr/>

**Total Assets**

**4,318,570**

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**Liabilities:**

Accounts payable	59,497
Unearned revenue	217,231
Deposits payable	2,230
Loans payable	213,523
	<hr/>

**Total Liabilities**

**492,481**

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**Net Position:**

Investment in capital assets	2,174,926
Restricted for:	
Wildlife mitigation	845,066
Endowment - nonspendable	416,365
Unrestricted	389,732
	<hr/>

**Total Net Position**

**\$ 3,826,089**

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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, 2021

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**Program Expenses:**

Professional services	\$ 537,285
Miscellaneous expenses	950
	<hr/>
Total program expenses	538,235
	<hr/>

**Program Revenues:**

Operating grants, contributions and fees	854,871
	<hr/>
Total program revenues	854,871
	<hr/>
Net program revenue (expense)	316,636
	<hr/>

**General Revenues:**

Use of money and property	(26,668)
	<hr/>
Total general revenues	(26,668)
	<hr/>

Change in net position	289,968
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Net Position at Beginning of Year	3,536,121
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Net Position at End of Year	<b>\$ 3,826,089</b>
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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, 2021

	Special Revenue Funds			
	General	Grant Fund	Other Revenue Fund	Mitigation Trust Account Fund
<b>Assets:</b>				
Pooled cash and investments	\$ 817,399	\$ -	\$ 38,626	\$ 737,411
Receivables:				
Accounts	-	24,563	-	-
Due from other governments	-	109,280	-	-
Due from other funds	48,819	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 866,218</u></b>	<b><u>\$ 133,843</u></b>	<b><u>\$ 38,626</u></b>	<b><u>\$ 737,411</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 58,252	\$ 1,245	\$ -	\$ -
Unearned revenues	202,481	-	14,750	-
Deposits payable	2,230	-	-	-
Due to other funds	-	48,819	-	-
<b>Total Liabilities</b>	<b><u>262,963</u></b>	<b><u>50,064</u></b>	<b><u>14,750</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Endowment	-	-	-	-
<b>Restricted for:</b>				
Wildlife Mitigation	-	83,779	23,876	737,411
<b>Unassigned</b>	<u>603,255</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balances</b>	<b><u>603,255</u></b>	<b><u>83,779</u></b>	<b><u>23,876</u></b>	<b><u>737,411</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 866,218</u></b>	<b><u>\$ 133,843</u></b>	<b><u>\$ 38,626</u></b>	<b><u>\$ 737,411</u></b>

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, 2021

	Permanent Funds		Total Governmental Funds
	Pre-permit Endowment Fund	Post-Permit Endowment Fund	
<b>Assets:</b>			
Pooled cash and investments	\$ -	\$ -	\$ 1,593,436
Receivables:			
Accounts	-	-	24,563
Due from other governments	-	-	109,280
Due from other funds	-	-	48,819
Restricted assets:			
Cash and investments	384,161	32,204	416,365
<b>Total Assets</b>	<b>\$ 384,161</b>	<b>\$ 32,204</b>	<b>\$ 2,192,463</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 59,497
Unearned revenues	-	-	217,231
Deposits payable	-	-	2,230
Due to other funds	-	-	48,819
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>327,777</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Endowment	384,161	32,204	416,365
<b>Restricted for:</b>			
Wildlife Mitigation	-	-	845,066
<b>Unassigned</b>	-	-	603,255
<b>Total Fund Balances</b>	<b>384,161</b>	<b>32,204</b>	<b>1,864,686</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 384,161</b>	<b>\$ 32,204</b>	<b>\$ 2,192,463</b>

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, 2021

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Fund balances of governmental funds	\$ 1,864,686
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>
<b>Net Position of governmental activities</b>	<b><u><u>\$ 3,826,089</u></u></b>

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, 2021

	Special Revenue Funds			
	General	Grant Fund	Other Revenue Fund	Mitigation Trust Account Fund
<b>Revenues:</b>				
Grant revenue	\$ -	\$ 193,876	\$ -	\$ -
Mitigation fees	645,106	-	770	-
Cost recovery fees	-	-	-	-
Charges for services	1,981	-	-	-
Use of money and property	3,196	(122)	(1,353)	1,038
<b>Total Revenues</b>	<b>650,283</b>	<b>193,754</b>	<b>(583)</b>	<b>1,038</b>
<b>Expenditures:</b>				
Current:				
Conservation Activities:				
Professional services	382,621	136,270	17,796	-
Other expenditures	950	-	-	-
<b>Total Expenditures</b>	<b>383,571</b>	<b>136,270</b>	<b>17,796</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	266,712	57,484	(18,379)	1,038
Net Change in Fund Balances	266,712	57,484	(18,379)	1,038
Fund Balances, Beginning of Year	336,543	26,295	42,255	736,373
<b>Fund Balances, End of Year</b>	<b>\$ 603,255</b>	<b>\$ 83,779</b>	<b>\$ 23,876</b>	<b>\$ 737,411</b>

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, 2021

	Permanent Funds		Total Governmental Funds
	Pre-permit Endowment Fund	Post-Permit Endowment Fund	
<b>Revenues:</b>			
Grant revenue	\$ -	\$ -	\$ 193,876
Mitigation fees	-	-	645,876
Cost recovery fees	-	13,138	13,138
Charges for services	-	-	1,981
Use of money and property	(28,668)	(759)	(26,668)
<b>Total Revenues</b>	<b>(28,668)</b>	<b>12,379</b>	<b>828,203</b>
<b>Expenditures:</b>			
Current:			
Conservation Activities:			
Professional services	598	-	537,285
Other expenditures	-	-	950
<b>Total Expenditures</b>	<b>598</b>	<b>-</b>	<b>538,235</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,266)	12,379	289,968
Net Change in Fund Balances	(29,266)	12,379	289,968
Fund Balances, Beginning of Year	413,427	19,825	1,574,718
<b>Fund Balances, End of Year</b>	<b>\$ 384,161</b>	<b>\$ 32,204</b>	<b>\$ 1,864,686</b>

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, 2021**

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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>\$ 289,968</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 289,968</u></b>

**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  
YEAR ENDED JUNE 30, 2021

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**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)  
YEAR ENDED JUNE 30, 2021

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**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**

The Habitat JPA implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The 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)  
YEAR ENDED JUNE 30, 2021**

---

**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.

The 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, 2021, 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)  
YEAR ENDED JUNE 30, 2021

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**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:

- *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)  
YEAR ENDED JUNE 30, 2021

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**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.

**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 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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

**Note 2: Cash and Investments (Continued)**

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	\$ 1,593,436
Restricted Cash in County Pooled Treasury	<u>416,365</u>
Total Cash and Investments	<u><u>\$ 2,009,801</u></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, 2021, 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	\$ 1,593,436	\$ 1,593,436
Restricted Cash in County Pooled Treasury	Variable	On demand	<u>416,365</u>	<u>416,365</u>
Total Cash and Investments			<u><u>\$ 2,009,801</u></u>	<u><u>\$ 2,009,801</u></u>

YOLO COUNTY HABITAT/NATURAL COMMUNITY CONSERVATION  
PLAN JOINT POWERS AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021

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**Note 2: Cash and Investments (Continued)**

At June 30, 2021 the Habitat JPA had the following restrictions on cash balances:

Restricted for:	
Conservation Easement Endowment	<u>\$416,365</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, 2021, 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, 2021 of \$2,009,801 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)  
YEAR ENDED JUNE 30, 2021**

**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, 2021 is as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
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 2022 and shall not accrue interest until July 1, 2021. A summary of the loan balance is as follows:

Member Agency	Balance June 30, 2021
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)  
YEAR ENDED JUNE 30, 2021**

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**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>2021 Coverage</u>	<u>Deductible</u>	<u>YCPARMIA</u>	<u>Excess</u>
General Liability	\$ 5,000	\$ 500,000	\$ 40,000,000

The Habitat JPA has had no settlements exceeding coverage in the fiscal year ended June 30, 2021 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 2021 fiscal year as follows:

	<u>Amount</u>
Legal	\$ 1,511

**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, 2021, a total of 5 mitigation receiving sites have been established for 980.7 acres. A total of 810.95 credits have been issued as of June 30, 2021. 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)  
YEAR ENDED JUNE 30, 2021**

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**Note 9: Contingencies and Commitments**

Grant Awards

The Habitat participates in certain federal, and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Note 10: Economic Dependence**

The Habitat JPA is economically dependent on revenue derived from mitigation fees from member agencies consisting of 90 percent of General Fund program revenues for the year ended June 30, 2021. 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.

**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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Mitigation fees	\$ 397,600	\$ 397,600	\$ 645,106	\$ 247,506
Use of money and property	-	-	3,196	3,196
Charges for services	-	-	1,981	1,981
<b>Total Revenues</b>	<b>397,600</b>	<b>397,600</b>	<b>650,283</b>	<b>252,683</b>
<b>Expenditures</b>				
Services and Supplies				
Professional services	780,511	780,511	382,621	397,890
Other expenditures	97,786	97,786	950	96,836
<b>Total Expenditures</b>	<b>878,297</b>	<b>878,297</b>	<b>383,571</b>	<b>494,726</b>
Net Change in Fund Balances	(480,697)	(480,697)	266,712	747,409
Fund Balances, Beginning of Year	336,543	336,543	336,543	-
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ (144,154)</b>	<b>\$ (144,154)</b>	<b>\$ 603,255</b>	<b>\$ 747,409</b>

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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Grant revenue	\$ 4,800,000	\$ 4,800,000	\$ 193,876	\$ (4,606,124)
Mitigation fees	169,890	169,890	-	(169,890)
Use of money and property	-	-	(122)	(122)
<b>Total Revenues</b>	<b>4,969,890</b>	<b>4,969,890</b>	<b>193,754</b>	<b>(4,776,136)</b>
<b>Expenditures</b>				
Services and Supplies				
Professional services	4,970,890	4,970,890	136,270	4,834,620
<b>Total Expenditures</b>	<b>4,970,890</b>	<b>4,970,890</b>	<b>136,270</b>	<b>4,834,620</b>
<b>Net Change in Fund Balance</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>57,484</b>	<b>58,484</b>
Fund Balances, Beginning of Year	26,295	26,295	26,295	-
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ 25,295</b>	<b>\$ 25,295</b>	<b>\$ 83,779</b>	<b>\$ 58,484</b>

See Notes to 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  
 OTHER REVENUE FUND  
 YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Mitigation fees	\$ -	\$ -	\$ 770	\$ 770
Use of money and property	-	-	(1,353)	(1,353)
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>(583)</b>	<b>(583)</b>
<b>Expenditures</b>				
Services and Supplies				
Professional services	45,265	45,265	17,796	27,469
<b>Total Expenditures</b>	<b>45,265</b>	<b>45,265</b>	<b>17,796</b>	<b>27,469</b>
Net Change in Fund Balances	(45,265)	(45,265)	(18,379)	26,886
Fund Balances, Beginning of Year	42,255	42,255	42,255	-
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ (3,010)</b>	<b>\$ (3,010)</b>	<b>\$ 23,876</b>	<b>\$ 26,886</b>

See Notes to 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  
 MITIGATION TRUST ACCOUNT FUND  
 YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Mitigation fees	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Use of money and property	-	-	1,038	1,038
<b>Total Revenues</b>	<b>10,000</b>	<b>10,000</b>	<b>1,038</b>	<b>(8,962)</b>
<b>Expenditures</b>				
Services and Supplies				
Professional services	55,000	55,000	-	55,000
Capital outlay	690,000	690,000	-	690,000
<b>Total Expenditures</b>	<b>745,000</b>	<b>745,000</b>	<b>-</b>	<b>745,000</b>
Net Change in Fund Balances	(735,000)	(735,000)	1,038	736,038
Fund Balances, Beginning of Year	736,373	736,373	736,373	-
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ 1,373</b>	<b>\$ 1,373</b>	<b>\$ 737,411</b>	<b>\$ 736,038</b>

See Notes to Required Supplementary Information.

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

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**Note 1: Budget and Budgetary Accounting**

The 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.

**SUPPLEMENTARY INFORMATION**

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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 7,500	\$ 7,500	\$ (28,668)	\$ (36,168)
<b>Total Revenues</b>	<b>7,500</b>	<b>7,500</b>	<b>(28,668)</b>	<b>(36,168)</b>
<b>Expenditures</b>				
Conservation Activities:				
Professional Services	10,000	10,000	598	9,402
Fees	5,000	5,000	-	5,000
<b>Total Expenditures</b>	<b>15,000</b>	<b>15,000</b>	<b>598</b>	<b>14,402</b>
Net Change in Fund Balances	(7,500)	(7,500)	(29,266)	(21,766)
Fund Balances, Beginning of Year	413,427	413,427	413,427	-
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ 405,927</b>	<b>\$ 405,927</b>	<b>\$ 384,161</b>	<b>\$ (21,766)</b>

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, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Cost Recovery Fees	\$ 11,500	\$ 11,500	\$ 13,138	\$ 1,638
Use of money and property	100	100	(759)	(859)
<b>Total Revenues</b>	<b>11,600</b>	<b>11,600</b>	<b>12,379</b>	<b>779</b>
<b>Expenditures</b>				
Conservation activities:				
Professional Services	2,000	2,000	-	2,000
Fees	2,000	2,000	-	2,000
<b>Total Expenditures</b>	<b>4,000</b>	<b>4,000</b>	<b>-</b>	<b>4,000</b>
Net Change in Fund Balances	7,600	7,600	12,379	4,779
Fund Balances, Beginning of Year	19,825	19,825	19,825	-
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ 27,425</b>	<b>\$ 27,425</b>	<b>\$ 32,204</b>	<b>\$ 4,779</b>



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, 2021, 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 21, 2022.

### 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify deficiencies in internal control described in the accompanying schedule of findings and questioned costs as Finding 2021-001 and 2021-002, that we consider to be significant deficiencies.



To the Honorable Board of Directors  
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 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*.

### **Habitat's Response to Findings**

The Habitat's response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 Habitat JPA'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Sacramento, California  
March 21, 2022



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

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

### **Accounts Payable Accrual**

**Reference Number:** 2021-001

**Evaluation of Finding:**  
Significant Deficiency

**Condition:**

During our audit test work, we noted one invoice, relating to expenditures incurred prior to June 30, 2021, that were not accrued to the fiscal year.

**Criteria:**

Generally Accepted Accounting Principles require expenditures to be recorded in the period in which they are incurred.

**Cause of Condition:**

During the review of accounts payable, Agency staff performed a review of the invoices based upon the invoice date, rather than the period of performance of the service.

**Effect or Potential Effect of Condition:**

The result was that payables and expenditures were understated. When brought to the management's attention, an adjustment was made to correct the issue.

**Recommendation:**

We recommend that the Agency perform a thorough review accounts payable invoices at fiscal year-end based on the period of work performed in addition to the invoice date to ensure that accounts payable are properly recorded.

**Management's Response and Corrective Action:**

As described in the finding, management corrected this error, an improper accrual of a single invoice, upon its identification. Management concurs with the recommendation and will work with the County Department of Financial Services to implement. Management would also note that due to the value of its fund balance and revenues the agency was subject to a low materiality threshold in FY20-21.

### **Due from other Governments Accrual**

**Reference Number:** 2021-002

**Condition:**

During our test work of due from other governments, we noted five duplicate postings of due from amounts.

**Criteria:**

Generally Accepted Accounting Principles require revenues and due from other government amounts to be recorded in the period earned.

**Cause of Condition:**

We noted a duplicate entry was posted due to lack of oversight.



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

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**Effect or Potential Effect of Condition:**

The duplicate entry caused an overstatement of revenue and due from other government amounts. When brought to the management's attention, an adjustment was made to correct the issue.

**Recommendation:**

We recommend that the Agency perform a thorough review of due from other government amounts at fiscal year-end based on period earned and total amounts expected to ensure that due from other governments are properly recorded.

**Management's Response and Corrective Action:**

As described in the finding, management corrected this error upon its identification. Management concurs with the recommendation and will work with the County Department of Financial Services to implement. Management would also note that due to the value of its fund balance and revenues the agency was subject to a low materiality threshold in FY20-21.