

**KOOTENAI-SHOSHONE
SOIL & WATER
CONSERVATION DISTRICT**

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Year Ended June 30, 2020

Prepared by

Anderson
BROS. CPAs

Post Falls, ID

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	6
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances Government Funds	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	8
Notes to Financial Statements	9-13
Required Supplemental Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – Government Funds	14
Notes to Budget to Actual Schedule	15
Independent Auditors' Report on Internal Control	
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 <i>Government Auditing Standards</i>	16-17
Schedule of Findings and Responses	18

INDEPENDENT AUDITORS' REPORT



1810 E Schneidmiller Ave. Ste. 310
Post Falls, Idaho 83854
208-777-1099

INDEPENDENT AUDITORS' REPORT

Board of Directors
Kootenai-Shoshone Soil & Water Conservation District
Coeur d'Alene, ID

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Kootenai-Shoshone Soil & Water Conservation District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Kootenai-Shoshone Soil & Water Conservation District as of June 30, 2020, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 14 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2020, on our consideration of Kootenai-Shoshone Soil & Water Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kootenai-Shoshone Soil & Water Conservation District's internal control over financial reporting and compliance.



Anderson Bros. CPAs
Post Falls, ID
December 29, 2020

BASIC FINANCIAL STATEMENTS

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
Statement of Net Position
June 30, 2020

ASSETS

Cash and Cash Equivalents	175,116
Receivables:	
Accounts Receivable (net)	1,486
Grants Receivable	5,000
Prepaid Expenses	5,868
Total Assets	\$ 187,470

LIABILITIES

Accounts Payable	49,175
Payroll, Benefits, and Taxes Payable	33,251
Sales Tax Payable	64
Total Liabilities	82,490

DEFERRED INFLOWS OF RESOURCES

Unearned Revenues	22,630
Total Deferred Inflows of Resources	22,630

NET POSITION

Unrestricted	82,350
Total Net Position	\$ 82,350

See accompanying notes and independent auditors' report.

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
Statement of Activities
Year Ended June 30, 2020

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Administrative	\$ 67,209	31,946	-	-	\$ (35,263)
Tree Sale Activities	26,393	-	-	-	(26,393)
Grant ad Watercraft Inspection Activities	488,581	-	94,311	-	(394,270)
Total Governmental Activities	\$ 582,183	31,946	94,311	-	\$ (455,926)
General Revenues:					
Watercraft Inspection Contract					448,031
State Allocations					10,500
County Allocations					10,253
Interest Earnings					458
Gain from Sale of Assets					-
Other Income					265
Total General Revenues					\$ 469,507
Change in Net Position					13,581
Net Position - Beginning					68,769
Net Position - Ending					\$ 82,350

See accompanying notes and independent auditors' report.

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Special Revenue	Total
ASSETS			
Cash and Cash Equivalents	\$ 175,116	-	\$ 175,116
Accounts Receivable (net)	6,486	-	6,486
Total Assets	<u>\$ 181,602</u>	<u>-</u>	<u>\$ 181,602</u>
LIABILITIES			
Accounts Payable	49,175	-	49,175
Payroll, Benefits, and Taxes Payable	32,149	-	32,149
Sales Tax Payable	64	-	64
Total Liabilities	<u>81,388</u>	<u>-</u>	<u>81,388</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenues	22,630	-	22,630
Total Deferred Inflows of Resources	<u>22,630</u>	<u>-</u>	<u>22,630</u>
FUND BALANCES			
Unassigned	77,584	-	77,584
Total Fund Balances	<u>77,584</u>	<u>-</u>	<u>77,584</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 181,602</u>	<u>-</u>	<u>\$ 181,602</u>

See accompanying notes and independent auditors' report.

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances - governmental funds		\$ 77,584
Prepaid expenses are not current financial resources and therefore, are not reported in the funds:		
Prepaid insurance	5,868	5,868
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:		
Cost of capital assets	-	
Less accumulated depreciation	-	-
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Compensated absences	(1,102)	(1,102)
Net position of governmental activities		\$ 82,350

See accompanying notes and independent auditors' report.

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General Fund	Special Revenue	Total
Revenues			
Grant Revenues	\$ -	\$ 94,311	\$ 94,311
Watercraft Inspection Contract	-	448,031	448,031
State Allocations	10,500	-	10,500
County Allocations	10,253	-	10,253
Tree Sale Income	31,946	-	31,946
Interest Income	458	-	458
Other Income	265	-	265
Total Revenues	53,422	542,342	595,764
Expenditures			
Wages, Payroll Taxes, and Benefits	33,831	382,420	416,251
Tree Expenses	26,393	-	26,393
Grant Expenses	-	88,771	88,771
Watercraft Inspection Expenses	-	17,390	17,390
Administrative Costs	11,571	-	11,571
Audit and Accounting	10,653	-	10,653
Office Supplies/Postage	1,013	-	1,013
Travel	802	-	802
Conferences and Seminars	969	-	969
Dues and Subscriptions	2,823	-	2,823
Workers Compensation	11,415	-	11,415
Total Expenditures	99,470	488,581	588,051
Excess (Deficiency) of Revenues Over Expenditures	(46,048)	53,761	7,713
Other Financing Sources (Uses)			
Transfers	53,761	(53,761)	-
Sale of Assets	-	-	-
Total Other Financing Sources (Uses)	53,761	(53,761)	-
Net Change in Fund Balance	7,713	-	7,713
Fund Balances - Beginning	69,871	-	69,871
Fund Balances - Ending	\$ 77,584	-	\$ 77,584

See accompanying notes and independent auditors' report.

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
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

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

Net Change in Fund Balances - total governmental funds	\$	7,713
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlay		-
Depreciation		-
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Increase/(decrease) in prepaid expenses		5,868
(Increase)/decrease in compensated absence liability		-
The net pension effect related to the pension expense recognized for the year.		-
Change in net position of governmental activities	\$	13,581

See accompanying notes and independent auditors' report.

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Kootenai-Shoshone Soil & Water Conservation District operates under a locally elected Board of Supervisors and develops and carries out programs of soil erosion, sediment control, water quality and conservation, flood prevention and control, and proper land management. This Board of Supervisors has decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

The District's basic financial statements include the accounts of all District operations.

Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. All of the District's activities are considered governmental activities.

The statement of activities presents a comparison between direct and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include:

- (a) Fees, fines, and charges by the recipients of goods or services offered by the programs and
- (b) Grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Fund Financial Statements: The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. The District has no nonmajor funds.

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund. The special revenue fund accounts for the proceeds of specific revenue sources (other than trusts or major capital projects), the expenditures for which are legally restricted for purposes specified in the grant or other agreements.

Measurement Focus, Basis of Accounting

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

**KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Measurement Focus, Basis of Accounting – (continued)

Governmental Fund Financial Statements. Governmental funds 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. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

Assets, Liabilities, and Equity

Cash and Cash Equivalents

The District considers cash and investments with an original maturity date of 90 days or less to be cash equivalents.

Grants Receivables and Revenues

Grants receivable include amounts from various grantors for expenditures that are paid via reimbursable grant arrangements. The District's grants are generally reimbursable arrangements and revenues are recognized when the grant expenditures have been incurred.

Accounts Receivable

All trade and other receivables are shown net of an allowance for uncollectibles, when applicable. At June 30, 2020 there was no allowance for uncollectible accounts. Receivables for County funding and tree sale revenues are recorded as revenue in the general fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated using the straight-line method over the following estimated useful lives:

Asset Type	Useful Life	Capitalization Threshold
Equipment	5 - 10 years	\$ 500
Vehicles	5 - 10 years	500

The District does not possess any infrastructure. In connection with implementation of GASB Statement No. 34, the District established a threshold of \$500 for capitalization of depreciable assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Compensated Absences

The District has a policy for vacation pay. The policy calls for four hours per payroll period, or 12 days per year. All vacation not taken by year-end is not forfeited; up to 96 hours may be carried over. As of June 30, 2020, the District had \$1,102 in unpaid compensated absences.

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

Fund Balance Policies

Fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by Board of Supervisors ordinance or resolution. This includes the budget reserve account.

Assigned – Amounts that are designated by the Board of Supervisors for a specific purpose but are not spendable until a budget ordinance is passed by the Supervisors.

Unassigned – All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 5). Restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the Board of Supervisors or the assignment has been changed by the Supervisors. Decreases to fund balance first reduce Unassigned fund balance; in the event that Unassigned fund balance becomes zero, then Assigned and Committed fund balances are used in that order. The District reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

NOTE 2 – CASH BALANCES AND DEPOSITS

General

State statutes authorize the District's investments. The District is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk as it deposits funds in financial institutions that are members of the U.S. Federal Deposit Insurance Corporation (FDIC) and has never experienced such a loss.

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 2 – CASH BALANCES AND DEPOSITS – (CONTINUED)

Custodial Credit Risk – (continued)

As of June 30, 2020, the District's deposits were exposed to custodial credit risk as follows:

<i>Deposits without exposure to custodial credit risk:</i>	
Amount insured by FDIC or other agencies	\$ 196,943
Amount collateralized with securities held in trust, not in District's name	-
Total deposits without exposure to custodial credit risk	\$ 196,943
<i>Deposits with exposure to custodial credit risk:</i>	
Amounts uninsured-exposed to custodial credit risk	\$ -
Total bank balance (deposits)	\$ 196,943

The carrying amount is displayed as follows in the financial statements:

Statement of net position	
Cash and cash equivalents	\$ 175,116
Restricted cash and investments	-
	\$ 175,116

Cash and cash equivalents at June 30, 2019 consist of the following:

Cash	
Deposits with financial institutions	\$ 175,108
Cash on hand	8
Cash equivalents	
Certificates of deposit	-

Restricted cash and investments at June 30, 2019 consist of the following:

Cash	
Deposits with financial institutions	-
	\$ 175,116

Investments

GASB Statement No. 40 requires the District to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The short-term investment pools are not evidenced by securities that exist in physical or book entry form and accordingly, are not categorized for credit risk.

NOTE 3 – NON-CASH RENTS

The District utilizes office space in a building lease by the Natural Resource Conservation Service in exchange for providing receptionist duties to those agencies. Since the amounts of these transactions are not material to the District's financial statements, they have not been reflected in the financial statements.

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2020

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2020 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
<i>Capital assets being depreciated</i>				
Equipment & Vehicles	\$ 1,411	-	-	1,411
Total capital assets being depreciated	1,411	-	-	1,411
Less accumulated depreciation for:				
Equipment & Vehicles	1,411	-	-	1,411
Total accumulated depreciation	1,411	-	-	1,411
Total capital assets being depreciated, net	-	-	-	-
Governmental Activity Capital Assets, net	\$ -	-	-	-

Depreciation expense was \$0 for the year ended June 30, 2020.

NOTE 5 - RISK MANAGEMENT

The District faces a number of risks of loss including damage to and loss of property and contents, professional liability, i.e. errors and omissions, and health insurance costs of employees. The District does carry professional liability insurance. Management of the District is not aware of any probable or potential liability exposure.

The District's workman's compensation coverage is provided by the Idaho State Insurance Fund. During fiscal year 2019/2020, the District contributed \$11,415 from the general fund for this insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Governmental Funds
Year Ended June 30, 2020

	General Fund			Special Revenue Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Grant Revenues	-	-	-	287,074	287,074	94,311
Watercraft Inspection Contract	-	-	-	490,453	490,453	448,031
State Allocation	9,350	9,350	10,500	-	-	-
County Allocation	18,000	18,000	10,253	-	-	-
Tree Sale Income	31,905	31,905	31,946	-	-	-
Interest Income	-	-	458	-	-	-
Other Income	-	-	265	-	-	-
Total Revenues	<u>\$ 59,255</u>	<u>\$ 59,255</u>	<u>\$ 53,422</u>	<u>\$ 777,527</u>	<u>\$ 777,527</u>	<u>\$ 542,342</u>
Expenditures						
Wages, Payroll Taxes, and Benefits	35,500	35,500	33,831	417,283	417,283	382,420
Tree Expenses	16,250	16,250	26,393	-	-	-
Grant Expenses	-	-	-	257,018	257,018	88,771
Watercraft Inspection Expenses	-	-	-	24,125	24,125	17,390
Administrative Costs	8,100	8,100	11,571	-	-	-
Audit and Accounting	6,000	6,000	10,653	-	-	-
Office Supplies/Postage	925	925	1,013	-	-	-
Travel	-	-	802	-	-	-
Conferences and Seminars	5,300	5,300	969	-	-	-
Dues and Subscriptions	3,000	3,000	2,823	-	-	-
Workers Compensation	625	625	11,415	-	-	-
Total Expenditures	<u>\$ 75,700</u>	<u>\$ 75,700</u>	<u>\$ 99,470</u>	<u>\$ 698,426</u>	<u>\$ 698,426</u>	<u>\$ 488,581</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(16,445)</u>	<u>(16,445)</u>	<u>(46,048)</u>	<u>79,101</u>	<u>79,101</u>	<u>53,761</u>
Other Financing Sources (Uses)						
Transfers	-	-	53,761	-	-	(53,761)
Sale of Assets	-	-	-	-	-	-
Total Other Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (53,761)</u>
Net Change in Fund Balance	(16,445)	(16,445)	7,713	79,101	79,101	-
Fund Balances - Beginning	<u>69,871</u>	<u>69,871</u>	<u>69,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 53,426</u>	<u>\$ 53,426</u>	<u>\$ 77,584</u>	<u>\$ 79,101</u>	<u>\$ 79,101</u>	<u>\$ -</u>

See accompanying notes to the budget and independent auditors' report.

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
Notes to the Budget and Actual Schedule
Year Ended June 30, 2020

An annual budget is adopted for the general and special revenue funds. The annual budget is a plan of financial operation with an estimate of expenditures and means of financing them.

The adopted budget constitutes the appropriations for the District and is the maximum limit of expenditures in each budgeted fund. The adopted budget may be amended for emergencies and other matters as provided by State law.

The budget is prepared on the basis of accounting described for its governmental funds in Note 1 to the financial statement. Transfers of budget authority within a fund are permitted. Appropriations lapse at June 30, except those expenditures made prior to July 30 for appropriations of the preceding fiscal year may be charged to that fiscal year. There were no such expenditures in fiscal years 2020.

Original and final budgeted amounts are displayed in the schedule. The District's general fund overspent their budget by approximately \$23,770 for fiscal year 2020.

REPORT REQUIRED BY GAO



1810 E Schneidmiller Ave. Ste. 310
Post Falls, Idaho 83854
208-777-1099

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Kootenai-Shoshone Soil & Water Conservation District
Post Falls, ID

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 Kootenai-Shoshone Soil & Water Conservation District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Kootenai-Shoshone Soil & Water Conservation District's basic financial statements and have issued our report thereon dated December 29, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, which we consider to be a material weakness. See item 2020-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kootenai-Shoshone Soil & Water Conservation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Kootenai-Shoshone Soil & Water Conservation District's Responses to Findings

Kootenai-Shoshone Soil & Water Conservation District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Kootenai-Shoshone Soil & Water Conservation District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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.



Anderson Bros. CPAs
Post Falls, Idaho
December 29, 2020

KOOTENAI-SHOSHONE SOIL & WATER CONSERVATION DISTRICT
Schedule of Findings and Responses
Year Ended June 30, 2020

2020-1

Basis of Accounting

Criteria

Government accounting standards require the modified accrual basis of accounting and the current financial resources measurement focus to be used for governmental funds, and the accrual basis of accounting and economic resources measurement focus on a government-wide basis.

Condition

The District's general ledger is maintained on a government-wide basis, and transactions were not recorded consistent with the accrual basis of accounting in their accounting software. These issues would also be present had the District's general ledger been maintained on a fund level, using the modified accrual basis of accounting.

Effect

Prior to incorporation of our proposed audit adjustments, the District's financial statements had the following misstatements:

- Overstated unearned revenues and understated revenues of \$6,868.
- Understated accounts payable and understated expenditures of \$46,738.

The total effect of these misstatements was an understatement of liabilities totaling \$39,870, understatement of expenditures totaling \$46,738, and an understatement of revenues totaling \$6,868.

Cause

The District is recording transactions of their governmental funds on primarily the cash basis of accounting. The District had unadjusted unearned revenues, and unrecorded accounts payable and expenditures of material amounts.

Recommendations

We recommend that the District record their transactions on the accrual basis within their accounting software, QuickBooks. Review of the accounting records for unrecorded receivables and payables at year end will aid in identification of necessary adjustments.

Views of Responsible Officials

Based on last years' audit the conversion from cash basis to accrual was our priority item for 2020. Due to the disruption caused by Covid-19 and the closing of the NRCS office those plans were put on hold. With Anderson Brother's assistance this change is still our priority for 2021 as soon as they are available after the current tax season ends.