

SISKIYOU
RESOURCE CONSERVATION DISTRICT

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2018

TABLE OF CONTENTS

Pages	1-2	Independent Auditor's Report
		Financial Statements:
	3	Statement of Net Assets and Governmental Fund Balance Sheet
	4	Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances
	5	Statement of Revenues and Expenditures - Compared to Budget
	6-11	Notes to Financial Statements
		Supplemental Information:
	13	Principal Officials
	14	Schedule of Cash Flows



INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

To the Board of Directors
Siskiyou Resource Conservation District
Etna, California

We have audited the accompanying financial statements of Siskiyou Resource Conservation District, as of and for the year ended June 30, 2018, as listed in the table of contents, and the related notes to the financial statements.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Siskiyou Resource Conservation District as of June 30, 2018, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other-Matters

Required Supplementary Information

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Robert W. Johnson, Sr. Secretary
Citrus Heights, California

December 4, 2018

SISKIYOU RESOURCE CONSERVATION DISTRICT
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2018

	<u>Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash (Note 3)	\$ 11,466	\$ -	\$ 11,466
Accounts receivable	30,867	-	30,867
Capital assets (Note 4)	-	24,847	24,847
Less, accumulated depreciation	-	(20,405)	(20,405)
Total assets	<u>\$ 42,333</u>	<u>\$ 4,442</u>	<u>\$ 46,775</u>
LIABILITIES			
Accounts payable	\$ 18,933	\$ -	\$ 18,932
Wages payable	12,413	-	12,413
Payroll taxes due	5,517	-	5,517
Total liabilities	<u>36,863</u>	<u>-</u>	<u>36,862</u>
FUND BALANCE/NET POSITION			
Fund balance:			
Restricted	-	-	-
Unassigned	<u>5,470</u>	<u>(5,470)</u>	<u>5,442</u>
Total fund balance	<u>5,470</u>	<u>(5,470)</u>	<u>5,470</u>
Total liabilities and fund balance	<u>\$ 42,333</u>		<u>\$ 9,912</u>
Net position:			
Net investment in capital assets	4,442	5,470	4,442
Unrestricted	<u>5,470</u>	<u>5,470</u>	<u>5,470</u>
			<u>\$ 9,912</u>

SISKIYOU RESOURCE CONSERVATION DISTRICT
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 for the year ended June 30, 2018

Statement of Activities	Adjustments	General Fund
\$ 227,894	-	\$ 227,894
45,067	-	45,067
-	-	-
1,401	1,401	-
274,362	1,401	272,961
58,055	-	58,055
158,961	-	158,961
45,762	-	45,762
262,778	-	262,778
General revenues:		
Project costs		
Administrative		
Capital outlay		
Depreciation		
Total program expenditures/expenses		
Program revenues:		
Project income - state		
Federal		
- other		
Total program revenues		
Interest income		
137	-	137
Other income		
1,779	-	1,779
10,000	-	10,000
Donation		
Total general revenues		
11,916	-	11,916
Excess of revenues (expenditures)/	(1,401)	1,733
changes in net position		
Beginning fund balance/ net position	5,843	3,737
Ending fund balance/ net position	\$ 4,442	\$ 5,470
9,580		
\$ 9,912		

See notes to financial statements -4-

SISKIYOU RESOURCE CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2018

	Budget	Actual	Variance	
			(Unfavorable) Favorable/	
Revenues:				
Project income – state	\$ 60,000	\$ 58,055	\$ (1,945)	
– Federal	290,000	158,961	(131,039)	
– other	40,000	45,762	5,762	
Interest income	1,000	137	(863)	
Donation	-	10,000	10,000	
Other income	15,001	1,779	(13,222)	
Total revenues	<u>406,001</u>	<u>274,694</u>	<u>(131,307)</u>	
Expenditures:				
Project costs:				
Wages and related expenditures	117,314	83,647	33,667	
Materials and supplies	204,300	119,399	84,901	
Administrative:				
Wages and related expenditures	31,590	26,993	4,597	
Materials and supplies	15,700	13,883	1,817	
Other benefits	47,097	27,132	19,965	
Workers' compensation	4,000	1,907	2,093	
Contingencies	-	-	-	
Capital outlay	-	-	-	
Total expenditures	<u>420,001</u>	<u>272,961</u>	<u>147,040</u>	
Excess of revenues (expenditures)	\$(14,000)	\$ 1,733	\$ 15,733	

SISKIYOU RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. Organization:

Siskiyou Resource Conservation District ("District") is a special district located in Siskiyou County, California. The District is governed by a board of directors and provides resource conservation, education, research, and project implementation programs within the Scott River, Salmon River, and portions of the Klamath River watersheds in Siskiyou County. The operations of the District are almost entirely funded by federal and state grants.

Board members are appointed by the County of Siskiyou, Board of Supervisors.

2. Summary of Significant Accounting Policies:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District's significant accounting policies are described below.

Measurement Focus and Basis of Accounting

The District reports a *General Fund* that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

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 flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources.

SISKIYOU RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies, continued:

Measurement Focus and Basis of Accounting, continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed (\$2,000 purchase threshold). Amortization of assets acquired under capital lease is included in depreciation. Equipment is depreciated using the straight-line method over their estimated useful lives, which range from five to twenty years.

Budgets

In accordance with the provisions of Sections 13901 through 13906 of the California Health & Safety Code and other statutory provisions, commonly known as the Budget Act, the District prepares and legally adopts a final budget for each fiscal year.

Cash

The District maintains a cash balance with the Treasurer of Siskiyou County in an interest-bearing pooled investment account. The District also maintains a non-interest bearing checking account with a local bank. All cash invested is within the State statutes.

Use of Estimates

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

SISKIYOU RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued

3. Cash:

The District had the following cash balances at June 30, 2018:

	Cash with County	\$ 11,313		
	Checking	129		
	Petty cash	<u>24</u>		
		\$ 11,466		

4. Changes in Capital Assets:

	Balance	7-1-17	Additions	Disposals	Balance
Equipment	\$ 26,056	-	\$ 1,209	-	\$ 24,847

5. Contingency:

The District's funds which are for specific purposes are subject to review and audit by the various client agencies. These audits, if they were to occur, could generate expenditure disallowances under terms of the grants, which would require reimbursements by the District. The ultimate results of such audits and potential expenditure disallowances, if any, cannot presently be determined. Accordingly no provision for any liability that may result has been made in the accompanying financial statements.

SISKIYOU RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

6. Risk of Loss:

Siskiyou Resource Conservation District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During 2018, the District purchased certain commercial insurance coverages to provide for these risks.

7. Subsequent Events:

Management has evaluated subsequent events through December 4, 2018, the date these June 30, 2018 financial statements were available to be issued.

SISKIYOU RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued

8. Open Projects:

Agreement Title	Award Date	Final Budget Amount	Earned to Date	June 30th 2018 Carry Over
French Creek Stockwater Task B	4/10/2015	\$ 52,908	\$ 6,199	\$ 46,709
Fort Goff Creek Diversion Modification & Barrier Removal	9/4/2015	99,250	25,562	73,688
South Fork Scott River Floodplain Connectivity Project	8/17/2015	75,000	71,048	3,952
Lower French Creek Off-Channel Habitat Project	6/15/2016	25,795	20,978	4,817
Mill Creek Streambank Stabilization Project	6/15/2016	50,970	50,970	0
Mid Klamath River Fall Chinook Spawner Survey	10/1/2017	14,067	14,067	0
Scott River Stream Bioengineering Project	9/13/2017	41,550	6,176	35,374
Scott River Off-Channel Habitat Project	9/1/2017	20,000	2,054	17,946
Cooperative Agreement	9/3/2015	50,000	40,799	9,201
Cooperative Agreement	5/5/2017	15,000	7,343	7,657
Standard Agreement	3/28/2017	40,000	17,302	22,698
Scott River Stream Restoration and Sediment Reduction Program	6/1/2017	333,626	38,792	294,834
California Reforestation Manual Project	2/3/2016	123,000	123,000	0
Scott River Project Development	10/1/2016	29,277	26,343	2,934
Lower French Creek Off-Channel Habitat Development	6/1/2016	74,981	61,066	13,915
Prioritizing and Developing of Flow Enhancement Projects on French Creek	1/1/2017	75,757	30,613	45,144
RCD Library Inventory	9/15/2017	6,859	1,715	5,144
Website Maintenance and Assistance	6/1/2016	2,240	1,160	1,080
2017 Fisheries and Flow Monitoring	5/1/2017	13,810	7,337	6,473
SRWT 2018 Compliance Monitoring	5/1/2018	12,000	0	12,000
French Creek Flow Enhancement Accounting	7/15/2017	46,500	5,001	41,499
Scott River Flow Enhancement and Irrigation Efficiency	2/1/2018	40,000	9,290	30,710
Lower Scott Valley Stream Habitat Restoration	2/1/2018	185,348	519	184,829
Lower Mill Creek Habitat Enhancement for Coho Salmon	2/1/2018	63,019	0	63,019
Total		\$ 1,490,957	\$ 567,334	\$ 923,623

The District is operating at capacity. In other words, the amount earned in fiscal year 2017-18 is representative of maximum productivity given current staffing levels.

Agreement terms vary but extend as far out as 2022. Therefore, carry-over represents available funds beyond the next fiscal year.

SISKIYOU RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

9. Retirement:

After one full year of employment and approval by the Board of Directors, eligible employees are offered a 5% contribution to a SEP Retirement Plan. In 2018 District contributions totalled \$3,924.

SUPPLEMENTAL DATA

SISKIYOU RESOURCE CONSERVATION DISTRICT
PRINCIPAL OFFICIALS
6-30-18

Board of Directors:

Caroline Luiz

Jefferson Maddox

Tom Jopson

Jim Harris

Operations:

Lindsay Magraret

Brenda Hurlimann

Chairperson

Director

Director

Director

Acting District Manager

Bookkeeper

SISKIYOU RESOURCE CONSERVATION DISTRICT
 SCHEDULE OF CASH FLOWS
 for the year ended June 30, 2018

Cash flows from operating activities:			
Change in net position (loss)	\$	332	
Adjustments to reconcile change in net position to net cash provided by operating activities			
Depreciation	\$	1,401	
(Increase) decrease in:			
Accounts receivable	(2,478)	
(Decrease) increase in:			
Accounts payable and accrued liabilities	(34,484)	
Net cash provided by operating activities	(35,229)	
Cash flows from investing activities:			
Purchase of equipment	-		
Net cash used by investing activities	-		
Net decrease in cash	(35,229)	
Cash at beginning of year		46,695	
Cash at end of year	\$	11,466	