

**SISKIYOU
RESOURCE CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2017**

ROBERT W. JOHNSON
Certified Public Accountant

CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet	3
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances	4
Statement of Revenues and Expenditures - Compared to Budget	5
Notes to Financial Statements	6-10
Supplemental Information:	
Principal Officials	12
Schedule of Cash Flows	13



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Siskiyou Resource Conservation District, as of and for the year ended June 30, 2017, 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, 2017, 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. Accounting Corporation
Citrus Heights, California
December 22, 2017

SISKIYOU RESOURCE CONSERVATION DISTRICT
 STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
 June 30, 2017

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash (Note 3)	\$ 46,695	\$ -	\$ 46,695
Accounts receivable	28,389	-	28,389
Capital assets (Note 4)	-	26,056	26,056
Less, accumulated depreciation	<u>-</u>	<u>(20,213)</u>	<u>(20,213)</u>
Total assets	<u>\$ 75,084</u>	<u>\$ 5,843</u>	<u>\$ 80,927</u>
LIABILITIES			
Accounts payable	<u>\$ 71,347</u>	<u>\$ -</u>	<u>\$ 71,347</u>
Total liabilities	<u>71,347</u>	<u>-</u>	<u>71,347</u>
FUND BALANCE/NET POSITION			
Fund balance:			
Restricted	-	-	
Unassigned	<u>3,737</u>	<u>(3,737)</u>	
Total fund balance	<u>3,737</u>	<u>(3,737)</u>	
Total liabilities and fund balance	<u>\$ 75,084</u>		
Net position:			
Net investment in capital assets		5,843	5,843
Unrestricted		<u>3,737</u>	<u>3,737</u>
		<u>\$ 9,580</u>	<u>\$ 9,580</u>

See notes to financial statements

SISKIYOU RESOURCE CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2017

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Project costs	\$ 330,447	\$ -	\$ 330,447
Administrative	46,332	-	46,332
Capital outlay	-	-	-
Depreciation	<u>-</u>	<u>1,401</u>	<u>1,401</u>
Total program expenditures/expenses	<u>376,779</u>	<u>1,401</u>	<u>378,180</u>
Program revenues:			
Project income – state	3,325	-	3,325
– Federal	149,247	-	149,247
– other	<u>212,809</u>	<u>-</u>	<u>212,809</u>
Total program revenues	<u>365,381</u>	<u>-</u>	<u>365,381</u>
General revenues:			
Interest income	144	-	144
Other income	<u>819</u>	<u>-</u>	<u>819</u>
Total general revenues	<u>963</u>	<u>-</u>	<u>963</u>
Excess of revenues (expenditures)/ changes in net position	<u>(10,435)</u>	<u>(1,401)</u>	<u>(11,836)</u>
Beginning fund balance/ net position	14,172	2,854	17,026
Prior period entry, to record asset, net of accumulated depreciation	<u>-</u>	<u>4,390</u>	<u>4,390</u>
Beginning fund balance/ net position, as restated	<u>14,172</u>	<u>7,244</u>	<u>21,416</u>
Ending fund balance/ net position	<u>\$ 3,737</u>	<u>\$ 5,843</u>	<u>\$ 9,580</u>

See notes to financial statements

SISKIYOU RESOURCE CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Revenues:			
Project income – state	\$ 77,655	\$ 3,325	\$(74,330)
– Federal	775,402	149,247	(626,155)
– other	201,822	212,809	10,987
Interest income	1,500	144	(1,356)
Other income	<u> -</u>	<u> 819</u>	<u> 819</u>
Total revenues	<u>1,056,379</u>	<u>366,344</u>	<u>(690,035)</u>
Expenditures:			
Project costs:			
Wages and related expenditures	225,135	100,069	125,066
Materials and supplies	745,244	230,378	514,866
Administrative:			
Wages and related expenditures	20,000	32,121	(12,121)
Materials and supplies	5,000	14,211	(9,211)
Other benefits	46,000	-	46,000
Workers' compensation	15,000	-	15,000
Contingencies	10,742	-	10,742
Capital outlay	<u> -</u>	<u> -</u>	<u> -</u>
Total expenditures	<u>1,067,121</u>	<u>376,779</u>	<u>690,342</u>
Excess of revenues (expenditures)	<u>\$(10,742)</u>	<u>\$(10,435)</u>	<u>\$ 307</u>

See notes to financial statements

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. Amortization of assets acquired under capital lease is included in depreciation. Equipment are 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, 2017:

Cash with County	\$ 46,293
Checking	370
Petty cash	<u>32</u>
	<u>\$ 46,695</u>

4. Changes in Capital Assets:

	<u>Balance</u> <u>7-1-16</u>	<u>Additions</u>	<u>Prior</u> <u>Period</u>	<u>Disposals</u>	<u>Balance</u> <u>6-30-17</u>
Equipment	\$ <u>26,489</u>	\$ <u>-</u>	\$ <u>5,853</u>	\$ <u>6,286</u>	\$ <u>26,056</u>

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 2017, the District purchased certain commercial insurance coverages to provide for these risks.

7. Subsequent Events:

Management has evaluated subsequent events through December 22, 2017, the date these June 30, 2017 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 2017 Carry Over
French Creek Stockwater Task B	4/24/2015	\$ 52,908	\$ 4,659	\$ 48,249
Fort Goff Creek Diversion Modification & Barrier Removal	9/11/2015	99,250	13,961	85,289
South Fork Scott River Floodplain Connectivity Project	8/17/2015	75,000	8,575	66,425
Lower French Creek Off-Channel Habitat Project	6/15/2016	25,795	13,871	11,924
Mill Creek Streambank Stabilization Project	6/15/2016	50,970	49,076	1,894
Conduct Fall Chinook Salmon Spawning Escapement Enumeration Projects	8/27/2015	9,702	9,702	-
Mid Klamath River Fall Chinook Spawner Survey	9/1/2016	3,243	3,243	-
Adult Coho Spawning Ground Survey	8/18/2016	8,000	10,415	(2,415)
French Creek Stockwater Task C	4/24/2015	19,000	19,024	(24)
South Fork Riparian Fencing Project	9/12/2015	12,974	13,429	(455)
Cooperative Agreement	9/3/2015	50,000	31,205	18,795
Tier 1 Compliance	5/15/2017	15,000	26	14,974
Standard Agreement	3/28/2017	40,000	3,325	36,675
Scott River Stream Restoration and Sediment Reduction Program	6/1/2017	333,626	7	333,619
California Reforestation Manual Project	2/6/2016	123,000	121,513	1,487
Scott River Project Development	10/1/2016	23,390	11,120	12,270
Lower French Creek Off-Channel Habitat Development	6/1/2016	74,981	55,460	19,521
Prioritizing and Developing of Flow Enhancement Projects on French Creek	1/1/2017	75,757	11,503	64,254
Scott River Riparian Restoration Project	1/14/2015	22,256	10,865	11,391
Juvenile Coho Habitat Enhancement Project	8/19/2014	8,760	8,760	-
Website Maintenance and Assistance	6/1/2016	2,240	1,040	1,200
Fisheries and Flow Monitoring	5/1/2017	13,810	138	13,672
Fisheries and Flow Monitoring	5/1/2016	20,480	20,480	-
Kidder Creek/Barker Ditch Hydrology Study	6/10/2016	12,500	12,500	-
Total		\$ 1,172,642	\$ 433,897	\$ 738,745

SUPPLEMENTAL DATA

SISKIYOU RESOURCE CONSERVATION DISTRICT
PRINCIPAL OFFICIALS
6-30-17

Board of Directors:

Caroline Luiz	Chairperson
Jefferson Maddox	Director
Tom Jopson	Ditrector
Jim Harris	Director

Operations:

Lindsay Magranet	Acting District Manager
Brenda Hurlimann	Bookkeeper

SISKIYOU RESOURCE CONSERVATION DISTRICT
 SCHEDULE OF CASH FLOWS
 for the year ended June 30, 2017

Cash flows from operating activities:

Change in net position (loss)		\$(11,836)
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation	\$ 1,401	
(Increase) decrease in:		
Accounts receivable	(22,278)	
(Decrease) increase in:		
Accounts payable and accrued liabilities	<u>41,572</u>	<u>20,695</u>
Net cash provided by operating activities		8,859
Cash flows from investing activities:		
Purchase of equipment	<u>-</u>	
Net cash used by investing activities		<u>-</u>
Net increase in cash		8,859
Cash at beginning of year		<u>37,836</u>
Cash at end of year		<u>\$ 46,695</u>