

**SISKIYOU
RESOURCE CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2016**

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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, 2016, 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, 2016, 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 J. Johnson, An Accountant Corporation

Citrus Heights, California
December 2, 2016

SISKIYOU RESOURCE CONSERVATION DISTRICT
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2016

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash (Note 3)	\$ 37,836	\$ -	\$ 37,836
Accounts receivable	6,111	-	6,111
Capital assets (Note 4)	-	26,489	26,489
Less, accumulated depreciation	<u>-</u>	<u>(23,635)</u>	<u>(23,635)</u>
Total assets	<u>\$ 43,947</u>	<u>\$ 2,854</u>	<u>\$ 46,801</u>
LIABILITIES			
Accounts payable	<u>\$ 29,775</u>	<u>\$ -</u>	<u>\$ 29,775</u>
Total liabilities	<u>29,775</u>	<u>-</u>	<u>29,775</u>
FUND BALANCE/NET POSITION			
Fund balance:			
Restricted	-	-	
Unassigned	<u>14,172</u>	<u>(14,172)</u>	
Total fund balance	<u>14,172</u>	<u>(14,172)</u>	
Total liabilities and fund balance	<u>\$ 43,947</u>		
Net position:			
Net investment in capital assets		2,854	2,854
Unrestricted		<u>14,172</u>	<u>14,172</u>
		<u>\$ 17,026</u>	<u>\$ 17,026</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, 2016

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Project costs	\$ 206,582	\$ -	\$ 206,582
Administrative	53,399	-	53,399
Capital outlay	-	-	-
Depreciation	<u>-</u>	<u>816</u>	<u>816</u>
Total program expenditures/expenses	<u>259,981</u>	<u>816</u>	<u>260,797</u>
Program revenues:			
Project income – state	28,535	-	28,535
– Federal	126,692	-	126,692
– other	<u>77,075</u>	<u>-</u>	<u>77,075</u>
Total program revenues	<u>232,302</u>	<u>-</u>	<u>232,302</u>
General revenues:			
Interest income	1,081	-	1,081
Other income	<u>695</u>	<u>-</u>	<u>695</u>
Total general revenues	<u>1,776</u>	<u>-</u>	<u>1,776</u>
Excess of revenues (expenditures)/ changes in net position	(25,903)	(816)	(26,719)
Beginning fund balance/ net position	<u>40,075</u>	<u>3,670</u>	<u>43,745</u>
Ending fund balance/ net position	<u>\$ 14,172</u>	<u>\$ 2,854</u>	<u>\$ 17,026</u>

See notes to financial statements

SISKIYOU RESOURCE CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Revenues:			
Project income – state	\$ 191,828	\$ 28,535	\$(163,293)
– Federal	286,657	126,692	(159,965)
– other	22,929	77,075	54,146
Interest income	400	1,081	681
Other income	<u> -</u>	<u> 695</u>	<u> 695</u>
Total revenues	<u>501,814</u>	<u>234,078</u>	<u>(267,736)</u>
Expenditures:			
Project costs:			
Wages and related expenditures	129,778	73,615	56,163
Materials and supplies	276,279	132,967	143,312
Administrative:			
Wages and related expenditures	40,000	36,380	3,620
Materials and supplies	5,000	17,019	(12,019)
Other benefits	35,857	-	35,857
Workers' compensation	15,000	-	15,000
Contingencies	35,439	-	35,439
Capital outlay	<u> -</u>	<u> -</u>	<u> -</u>
Total expenditures	<u>537,353</u>	<u>259,981</u>	<u>277,372</u>
Excess of revenues (expenditures)	<u>\$(35,539)</u>	<u>\$(25,903)</u>	<u>\$ 9,636</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, 2016:

Cash with County	\$ 37,312
Checking	384
Petty cash	<u>140</u>
	<u>\$ 37,836</u>

4. Changes in Capital Assets:

	Balance <u>7-1-15</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6-30-16</u>
Equipment	\$ <u>26,489</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>26,489</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 2016, the District purchased certain commercial insurance coverages to provide for these risks.

7. Subsequent Events:

Management has evaluated subsequent events through December 2, 2016, the date these June 30, 2016 financial statements were available to be issued.

8. Open Projects:

<u>Project</u>	<u>Award Date</u>	<u>Final Budget Amount</u>	<u>Earned To Date</u>	<u>June 30th 2016 Carry Over</u>
Scott River Annual Adult Coho SGS	12/15/2014	\$ 15,000	\$ 15,000	\$ -
Patterson Creek Instream Habitat Enhancement	6/1/2014	32,322	32,322	-
Sugar Creek Off-Channel Enhancement	1/16/2015	63,322	63,322	-
Sugar Creek Off-Channel Habitat for Coho	4/24/2015	19,000	13,724	5,276
French Creek/Free Ranch Piping and Irrigation	4/24/2015	52,918	754	52,164
Fisheries and Flow Monitoring	5/7/2015	14,030	14,030	-
Scott River Mile 21 Road Crossing Repair	6/8/2015	29,335	29,335	-
Scott River Fencing	8/19/2013	71,839	71,839	-
Water Trust	6/1/2015	9,369	9,369	-
Water Trust	5/1/2016	17,940	11,820	6,120
Fort Goff Creek Div.	9/4/2015	99,250	2,011	97,239
Scott River Floodplain	8/17/2015	75,000	848	74,152
Lower French Creek off-ch.	6/15/2016	25,795	-	25,795
Mill Creek Steambank	6/15/2016	50,970	-	50,970
South Fork Riparian	9/15/2015	12,974	3,776	9,198
Calif Dep of Forestry	3/1/2016	120,000	33,600	86,400
Kidder Creek	6/1/2016	12,500	-	12,500
Lower French Creek off-ch.	6/1/2016	<u>74,981</u>	<u>-</u>	<u>74,981</u>
	Totals	<u>\$796,545</u>	<u>\$301,750</u>	<u>\$494,795</u>

SUPPLEMENTAL DATA

SISKIYOU RESOURCE CONSERVATION DISTRICT
PRINCIPAL OFFICIALS
6-30-16

Board of Directors:

John Spencer	President
Caroline Luiz	Director
Jeff Maddox	Director

Operations:

Lindsay Magranet	District Secretary
Brenda Hurlimann	Bookkeeper

SISKIYOU RESOURCE CONSERVATION DISTRICT
SCHEDULE OF CASH FLOWS
for the year ended June 30, 2016

Cash flows from operating activities:		
Change in net position (loss)		\$(26,719)
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation	\$ 816	
(Increase) decrease in:		
Accounts receivable	4,690	
(Decrease) increase in:		
Accounts payable and accrued liabilities	<u>8.872</u>	
		<u>14,378</u>
Net cash provided to operating activities		(12,341)
Cash flows from investing activities:		
Purchase of equipment	<u>-</u>	
Net cash used by investing activities		<u>-</u>
Net decrease in cash		(12,341)
Cash at beginning of year		<u>50.177</u>
Cash at end of year		<u>\$ 37.836</u>