

**COLUSA COUNTY RESOURCE
CONSERVATION DISTRICT,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2015**

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COLUSA COUNTY RESOURCE CONSERVATION DISTRICT

**Annual Financial Report
For the Year Ended June 30, 2015**

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INTRODUCTORY SECTION

- **List of Officials**

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COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Board of Directors
For the Year Ended June 30, 2015

Ben Felt	President
Beth Nall	Vice President
Jay Dee Garr	Director
Tim Hickok	Director
Robert Alvernaz	Director
Kim Gallagher	Director
Gilbert Ramos	Director
Jim LaGrande	Associate Director

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Supplementary Information**

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Colusa County Resource Conservation District
Colusa, California

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Colusa County Resource Conservation District, Colusa, California (District), as of and for the year ended June 30, 2015, 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 the modified cash basis of accounting described in Note 1C; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 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 opinions.

To The Board of Directors
Colusa County Resource Conservation District
Colusa, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the District as of June 30, 2015, and the respective changes in the modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1C.

Basis of Accounting

We draw attention to Note 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As described in Note 1L to the financial statements, in 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement Nos. 68, 69, and 71. Our opinion is not modified with respect to these matters.

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the District's basic financial statements. The introductory section and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

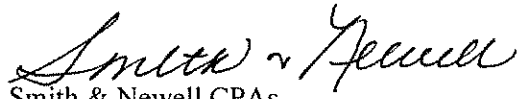
The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial 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 State of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1C.

The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

To The Board of Directors
Colusa County Resource Conservation District
Colusa, California

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2015 on our consideration of the 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 the District's internal control over financial reporting and compliance.



Smith & Newell CPAs
Yuba City, California
September 15, 2015

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Basic Financial Statements

- **Government-Wide Financial Statements**

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COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Modified Cash Basis Statement of Net Position
June 30, 2015

	Total Governmental Activities
ASSETS	
Cash and investments	\$ 54,480
Capital assets:	
Depreciable, net	227
Total capital assets	227
Total Assets	54,707
LIABILITIES	
Long-term liabilities:	
Due within one year	2,845
Due in more than one year	5,072
Total Liabilities	7,917
NET POSITION	
Investment in capital assets	227
Unrestricted	46,563
Total Net Position	\$ 46,790

The notes to the basic financial statements are an integral part of this statement.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Modified Cash Basis Statement of Activities
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
General government	\$ 155,710	\$ -	\$ 129,647	\$ -
Total Governmental Activities	155,710	-	129,647	-
Total	\$ 155,710	\$ -	\$ 129,647	\$ -
General Revenues:				
Interest and investment earnings				354
Miscellaneous				11,664
Total General Revenues				12,018
Change in Net Position				(14,045)
Net Position - Beginning				60,835
Net Position - Ending				\$ 46,790

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Fund Financial Statements**

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COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Modified Cash Basis Balance Sheet
Governmental Funds
June 30, 2015

	<u>General</u>	<u>Miscellaneous Projects</u>	<u>Specialty Crop Block Grant</u>	<u>Upper Little Stony Fuel Treatment Project</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 41,942	\$ 7,973	\$ 4,565	\$ -	\$ 54,480
Due from other funds	15,000	-	-	-	15,000
Total Assets	<u>\$ 56,942</u>	<u>\$ 7,973</u>	<u>\$ 4,565</u>	<u>\$ -</u>	<u>\$ 69,480</u>
LIABILITIES					
Due to other funds	\$ -	\$ 10,000	\$ 5,000	\$ -	\$ 15,000
Total Liabilities	<u>-</u>	<u>10,000</u>	<u>5,000</u>	<u>-</u>	<u>15,000</u>
FUND BALANCES					
Unassigned	56,942	(2,027)	(435)	-	54,480
Total Fund Balances (Deficit)	<u>56,942</u>	<u>(2,027)</u>	<u>(435)</u>	<u>-</u>	<u>54,480</u>
Total Liabilities and Fund Balances	<u>\$ 56,942</u>	<u>\$ 7,973</u>	<u>\$ 4,565</u>	<u>\$ -</u>	<u>\$ 69,480</u>

The notes to the basic financial statements are an integral part of this statement.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Reconciliation of the Governmental Funds Modified Cash Basis
Balance Sheet to the Government-Wide Modified Cash Basis
Statement of Net Position - Governmental Activities
June 30, 2015

Total Fund Balances - Total Governmental Funds	\$ 54,480
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds balance sheets.	227
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Compensated absences	<u>(7,917)</u>
Net Position of Governmental Activities	<u><u>\$ 46,790</u></u>

The notes to the basic financial statements are an integral part of this statement.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Modified Cash Basis Statement of Revenues,
Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General	Miscellaneous Projects	Specialty Crop Block Grant	Upper Little Stony Fuel Treatment Project	Total
REVENUES					
Intergovernmental revenues	\$ 26,278	\$ 18,736	\$ 2,631	\$ 82,002	\$ 129,647
Use of money	354	-	-	-	354
Other revenues	4,968	6,446	250	-	11,664
Total Revenues	31,600	25,182	2,881	82,002	141,665
EXPENDITURES					
Current general government:					
Salaries and benefits	42,775	24,125	916	-	67,816
Memberships	937	-	-	-	937
Office expense	1,368	-	-	-	1,368
Postage	92	-	-	-	92
Program expenditures	-	-	-	77,478	77,478
Insurance	1,461	-	-	-	1,461
Transportation and travel	803	127	59	-	989
Special department expense	152	-	129	-	281
Election expense	290	-	-	-	290
Professional services	3,990	-	-	-	3,990
Education and training	590	-	-	-	590
Meeting expense	62	-	-	-	62
Total Expenditures	52,520	24,252	1,104	77,478	155,354
Excess of Revenues Over (Under) Expenditures	(20,920)	930	1,777	4,524	(13,689)
OTHER FINANCING SOURCES (USES)					
Transfers in	9,348	-	-	-	9,348
Transfers out	-	(2,612)	(2,212)	(4,524)	(9,348)
Total Other Financing Sources (Uses)	9,348	(2,612)	(2,212)	(4,524)	-
Net Change in Fund Balances	(11,572)	(1,682)	(435)	-	(13,689)
Fund Balances - Beginning	68,514	(345)	-	-	68,169
Fund Balances - Ending	\$ 56,942	\$ (2,027)	\$ (435)	\$ -	\$ 54,480

The notes to the basic financial statements are an integral part of this statement.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Reconciliation of the Modified Cash Basis Statement of
Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Government-Wide Modified Cash
Basis Statement of Activities - Governmental Activities
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (13,689)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Less: current year depreciation	(1,153)
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.	
Change in compensated absences payable	<u>797</u>
Change in Net Position of Governmental Activities	<u><u>\$ (14,045)</u></u>

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Notes to Modified Cash Basis Financial Statements**

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COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to Modified Cash Basis Financial Statements
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Colusa County Resource Conservation District (District) have been prepared in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Colusa County Resource Conservation District was formed in 1959 under the provisions of Division 9 of the Public Resource Code of the State of California to assist landowners and managers within Eastern Colusa County in an effort to solve resource problems. In 1996 the Colusa County Resource Conservation District was merged with the Stonyford Resource Conservation District, which covered Western Colusa County, to encompass all of Colusa County.

Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Component Units

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all the activities of the District. Eliminations have been made to minimize the double counting of internal activities. These statements report on the governmental activities of the District, which are normally supported by inter-governmental revenues. The District had no business-type activities at June 30, 2015.

The statement of activities presents a comparison between direct expenses 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 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to Modified Cash Basis Financial Statements
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

Fund financial statements of the District are organized into five funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. The funds of the District are organized into the governmental category. An emphasis is placed on major funds within the governmental category, each displayed in a separate column.

The District reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds. For the District, the General Fund includes such activities as conservation education.
- The Miscellaneous Projects fund is a special revenue fund used to account for revenues and expenditures related to miscellaneous projects. Funding comes primarily from governmental and local sources.
- The Specialty Crop Block Grant fund is a special revenue fund used to account for revenues and expenditures related to the Specialty Crop Block Grant. Funding comes primarily from federal grants.
- The Upper Little Stony Fuel Treatment Project fund is a special revenue fund used to account for revenues and expenditures related to the Upper Little Stony Fuel Treatment Grant. Funding comes primarily from federal grants.

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of presentation differs from accounting principles generally accepted in the United States of America (GAAP) in that certain revenues are recognized when received rather than earned and certain expenses are recognized when paid rather than when the obligation is incurred. Such variances are presumed to be material. However, similar to financial statements prepared in accordance with GAAP, these financial statements reflect the capitalized cost of equipment and related depreciation, and long-term debt.

Governmental funds are reported using the current financial resources measurement focus, within the limitations of the modified cash basis of accounting. In the governmental funds general capital assets acquisitions are reported as expenditures and proceeds of general long-term debt and capital leases are reported as other financing sources.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to Modified Cash Basis Financial Statements
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

E. Cash and Investments

The District pools all cash and investments, other than imprest cash, with the County of Colusa. The Colusa County Treasury is an external investment pool for the District and the District is considered an involuntary participant. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants each quarter based on the participant's average daily cash balance at quarter end in relation to the total pool investments. This method differs from the fair value method used to value investments in these financial statements. In these financial statements, the fair value of the District's investments in the pool was based on unaudited quoted market values as provided by the County Treasurer. The pool has not provided or obtained any legally binding guarantees during the period to support the value of the investments.

The County has established a Treasury Oversight Committee to monitor and review the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Colusa's financial statements may be obtained by contacting the County of Colusa Auditor Controller's office at 546 Jay Street, Suite 202, Colusa, CA 95932.

F. Inventory

Inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to Modified Cash Basis Financial Statements
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets

Capital assets which include property, plant, and equipment, are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value at the date of donation. Capital assets are defined by the District as an asset with a cost greater than \$1,000 and a useful life of more than one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is not included as part of the capitalized cost.

Capital assets used in operations are depreciated or amortized using the straight line method over the estimated useful life. The range of estimated useful lives by the type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	5-20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

H. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures repay the funds that initially paid for them. Such reimbursements are treated as an adjustment to expenditures in the reimbursing fund and reductions to expenditures in the reimbursed fund.

All other interfund transactions are treated as transfers.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to Modified Cash Basis Financial Statements
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences and Postemployment Benefits

The District's policy regarding compensated absences is to permit employees to accumulate long-term earned but unused vacation and sick leave. The liability for these compensated absences is recorded as debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences liability payable from expendable available financial resources. The District includes its share of social security and medicare taxes payable on behalf of employees in the accrual for compensated absences.

The District does not currently provide postemployment benefits.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2015, the District did not have any deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2015, the District did not have any deferred inflows of resources.

K. Estimates

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

L. Implementation of Governmental Accounting Standards Board Statements (GASB)

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable to the Colusa County Resource Conservation District, in the current financial statements.

Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. This statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities.

Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to Modified Cash Basis Financial Statements
For the Year Ended June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Implementation of Governmental Accounting Standards Board Statements (GASB) (Continued)

Statement No. 71, pension Transition for Contributions made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68. This statement addresses an issue regarding application of the transition provisions of Statement No. 68.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balance

The following major governmental fund had a deficit fund balance at June 30, 2015:

The Miscellaneous Projects fund had a fund balance deficit of \$2,027, which is expected to be eliminated through future grant revenues.

The Specialty Crop Block Grant fund had a fund balance deficit of \$435, which is expected to be eliminated through future grant revenues.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2015, the District's cash and investments consisted of the following:

Cash:	
Cash on Hand	\$ 100
Deposits (less outstanding checks)	<u>1,400</u>
Total Cash and Deposits	<u>1,500</u>
Investments:	
Colusa County Treasurer's Pool	<u>52,980</u>
Total Investments	<u>52,980</u>
Total Cash and Investments	<u><u>\$ 54,480</u></u>

B. Cash

At year end, the carrying amount of the District's cash deposits (including amount in checking accounts) was \$1,400, and the bank balance was \$1,400.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The District and County comply with the requirements of the California Government Code. Under this code, interest bearing deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to Modified Cash Basis Financial Statements
For the Year Ended June 30, 2015

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments

The District does not have a formal investment policy. At June 30, 2015, all investments of the District were in the County of Colusa investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following.

- Local Agency Bonds
- United State Treasury notes, bonds, bills or certificates of indebtedness
- California State Registered Warrants, Treasury Notes and Bonds
- Local Agency Obligations
- Securities of the Federal Government or its Agencies
- Banker's Acceptances
- Commercial Paper
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Reverse Repurchase Agreements
- Medium Term Corporate Notes
- Shares of beneficial interest
- Pass-Through Security
- Local Agency Investment Fund

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit the exposure to fair value losses from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations. The County limits its exposure to interest rate risk inherent in its portfolio by limiting individual maturities to 5 years or less.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by the type of investment to be met at the time of purchase. As of June 30, 2015, the District's investments were all pooled with the County of Colusa Treasury which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk for Investments- Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. As of June 30, 2015, all investments of the District were in the County investment pool which contains a diversification of investments.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to Modified Cash Basis Financial Statements
For the Year Ended June 30, 2015

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital Assets, Being Depreciated				
Equipment	\$ 36,863	\$ -	\$ -	\$ 36,863
Total Capital Assets, Being Depreciated	<u>36,863</u>	<u>-</u>	<u>-</u>	<u>36,863</u>
Less: Accumulated Depreciation For:				
Equipment	(35,483)	(1,153)	-	(36,636)
Total Accumulated Depreciation	<u>(35,483)</u>	<u>(1,153)</u>	<u>-</u>	<u>(36,636)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 1,380</u>	<u>(\$ 1,153)</u>	<u>\$ -</u>	<u>\$ 227</u>

Depreciation expense was charged to governmental activities as follows:

General Government	<u>\$ 1,153</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,153</u>

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liabilities for the year ended June 30, 2015:

<u>Type of Indebtedness</u>	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ 8,714	\$ 2,845	(\$ 3,642)	\$ 7,917	\$ 2,845
Total	<u>\$ 8,714</u>	<u>\$ 2,845</u>	<u>(\$ 3,642)</u>	<u>\$ 7,917</u>	<u>\$ 2,845</u>

NOTE 6: INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2015:

	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
General Fund	\$ 15,000	\$ -
Miscellaneous Projects	-	10,000
Specialty Crop Block Grant	<u>-</u>	<u>5,000</u>
Total	<u>\$ 15,000</u>	<u>\$ 15,000</u>

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to Modified Cash Basis Financial Statements
For the Year Ended June 30, 2015

NOTE 6: INTERFUND TRANSACTIONS (CONTINUED)

Transfers

Transfers are indicative of funding for subsidies of various District operations and re-allocations of special revenues. The following are interfund transfers for fiscal year ended June 30, 2015:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 9,348	\$ -
Miscellaneous Projects	-	2,612
Specialty Crop Block Grant	-	2,212
Upper Little Stony Fuel Treatment Project	-	4,524
	\$ 9,348	\$ 9,348

NOTE 7: NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted and unrestricted.

- **Investment in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **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 “investment in capital assets”.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position is available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 8: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2015, fund balance for governmental funds are made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to Modified Cash Basis Financial Statements
For the Year Ended June 30, 2015

NOTE 8: FUND BALANCES (CONTINUED)

- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the District's highest level of decision-making authority. The Board of Directors is the highest level of decision making authority for the District that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the District's General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balances for all major governmental funds as of June 30, 2015, were distributed as follows:

	General Fund	Miscellaneous Projects	Specialty Crop Block Grant	Total
Unassigned	\$ 56,942	(\$ 2,027)	(\$ 435)	\$ 54,480
Total	\$ 56,942	(\$ 2,027)	(\$ 435)	\$ 54,480

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The Board of Directors has adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures.

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Notes to Modified Cash Basis Financial Statements
For the Year Ended June 30, 2015

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases coverage from a commercial carrier. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10: OTHER INFORMATION

A. Commitments and Contingencies

The District is not aware of any potential claims or legal actions pending against the District, therefore, no provision has been made in the financial statements. In the opinion of District management and legal counsel, liabilities arising from any claims and legal actions, if any, either will not be material or cannot be estimated at this time.

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2015, through September 15, 2015, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Supplementary Information
(Unaudited)**

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COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental revenues	\$ 24,711	\$ 25,689	\$ 26,278	\$ 589
Use of money	800	600	354	(246)
Other revenues	1,000	1,820	4,968	3,148
Total Revenues	<u>26,511</u>	<u>28,109</u>	<u>31,600</u>	<u>3,491</u>
EXPENDITURES				
Current general government:				
Salaries and benefits	38,678	40,118	42,775	(2,657)
Memberships	920	940	937	3
Office expense	600	912	1,368	(456)
Postage	150	150	92	58
Insurance	2,050	2,050	1,461	589
Transportation and travel	700	900	803	97
Special department expense	400	328	152	176
Publications and legal notices	-	2,000	-	2,000
Election expense	300	290	290	-
Professional services	4,490	4,490	3,990	500
Education and training	700	700	590	110
Meeting expense	200	320	62	258
Total Expenditures	<u>49,188</u>	<u>53,198</u>	<u>52,520</u>	<u>678</u>
Excess of Revenues Over (Under) Expenditures	<u>(22,677)</u>	<u>(25,089)</u>	<u>(20,920)</u>	<u>4,169</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,265	23,168	9,348	(13,820)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>10,265</u>	<u>23,168</u>	<u>9,348</u>	<u>(13,820)</u>
Net Change in Fund Balance	<u>(12,412)</u>	<u>(1,921)</u>	<u>(11,572)</u>	<u>(9,651)</u>
Fund Balance - Beginning	<u>68,514</u>	<u>68,514</u>	<u>68,514</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 56,102</u>	<u>\$ 66,593</u>	<u>\$ 56,942</u>	<u>\$ (9,651)</u>

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Supplementary Information
Budgetary Comparison Schedule
Miscellaneous Projects - Major Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental revenues	\$ 13,448	\$ 21,535	\$ 18,736	\$ (2,799)
Other revenues	10,209	12,417	6,446	(5,971)
Total Revenues	<u>23,657</u>	<u>33,952</u>	<u>25,182</u>	<u>(8,770)</u>
EXPENDITURES				
Current general government:				
Salaries and benefits	14,359	26,155	24,125	2,030
Office expense	-	-	-	-
Transportation and travel	100	127	127	-
Professional services	4,093	4,093	-	4,093
Total Expenditures	<u>18,552</u>	<u>30,375</u>	<u>24,252</u>	<u>6,123</u>
Excess of Revenues Over (Under) Expenditures	<u>5,105</u>	<u>3,577</u>	<u>930</u>	<u>(2,647)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(5,105)	-	(2,612)	(2,612)
Total Other Financing Sources (Uses)	<u>(5,105)</u>	<u>-</u>	<u>(2,612)</u>	<u>(2,612)</u>
Net Change in Fund Balance	-	3,577	(1,682)	(5,259)
Fund Balance - Beginning	<u>(345)</u>	<u>(345)</u>	<u>(345)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (345)</u>	<u>\$ 3,232</u>	<u>\$ (2,027)</u>	<u>\$ (5,259)</u>

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Supplementary Information
Budgetary Comparison Schedule
Specialty Crop Block Grant - Major Special Revenue Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ 25,035	\$ 2,631	\$ (22,404)
Other revenues	-	-	250	250
Total Revenues	-	25,035	2,881	(22,154)
EXPENDITURES				
Current general government:				
Salaries and benefits	-	3,802	916	2,886
Office expense	-	5,350	-	5,350
Postage	-	25	-	25
Transportation and travel	-	100	59	41
Professional services	-	350	129	221
Total Expenditures	-	9,627	1,104	8,523
Excess of Revenues Over (Under) Expenditures	-	15,408	1,777	(13,631)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(15,408)	(2,212)	13,196
Total Other Financing Sources (Uses)	-	(15,408)	(2,212)	13,196
Net Change in Fund Balance	-	-	(435)	(435)
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ (435)	\$ (435)

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Supplementary Information
Budgetary Comparison Schedule
Upper Little Stony Fuel Treatment Project - Major Special Revenue Fund
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental revenues	\$ 50,160	\$ 54,360	\$ 82,002	\$ 27,642
Total Revenues	<u>50,160</u>	<u>54,360</u>	<u>82,002</u>	<u>27,642</u>
EXPENDITURES				
Current general government: Program expenditures	45,000	49,000	77,478	(28,478)
Total Expenditures	<u>45,000</u>	<u>49,000</u>	<u>77,478</u>	<u>(28,478)</u>
Excess of Revenues Over (Under) Expenditures	<u>5,160</u>	<u>5,360</u>	<u>4,524</u>	<u>(836)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(5,160)	(5,360)	(4,524)	836
Total Other Financing Sources (Uses)	<u>(5,160)</u>	<u>(5,360)</u>	<u>(4,524)</u>	<u>836</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COLUSA COUNTY RESOURCE CONSERVATION DISTRICT
Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2015

BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budgets to actual results for all governmental funds. The amounts reported on the budgetary basis are generally on the basis of accounting described in Note 1C.

The District follows these procedures annually in establishing the budgetary data reflected in the financial statements:

- (1) The fiscal officer submits to the Board of Directors a recommended budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- (2) The Board conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, the amounts stated therein, as proposed expenditures become appropriations to the District. The Board of Directors may amend the budget by motion during the fiscal year.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

EXCESS EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2015, the following fund incurred expenditures in excess of appropriations:

Fund	Final Budget	Actual	Deficit
Upper Little Stony Fuel Treatment Project	\$ 49,000	\$ 77,478	(\$ 28,478)

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OTHER REPORT

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**INDEPENDENT AUDITOR'S 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 Board of Directors
Colusa County Resource Conservation District
Colusa, 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 modified cash basis financial statements of the governmental activities and each major fund of the Colusa County Resource Conservation District, Colusa, California (District) as of and for the year ended June 30, 2015, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. 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.

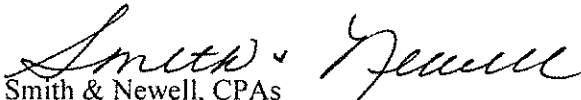
To the Board of Directors
Colusa County Resource Conservation District
Colusa, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

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.


Smith & Newell, CPAs
Yuba City, California
September 15, 2015