

GOLD RIDGE RESOURCE CONSERVATION DISTRICT

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gold Ridge Resource Conservation District
Sebastopol, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, of the Gold Ridge Resource Conservation District as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Gold Ridge Resource Conservation District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.



Goranson and Associates, Inc.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented each major fund and the aggregate remaining fund information of the Gold Ridge Resource Conservation District, as of June 30, 2015 and 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-5 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gold Ridge Resource Conservation District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such 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 States of America.

In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015, on our consideration of the Gold Ridge Resource Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Gold Ridge Resource Conservation District's internal control over financial reporting and compliance.

Goranson and Associates, Inc.

December 17, 2015
Santa Rosa, California

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 and 2014

As management of the Gold Ridge Conservation District (District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2015 and 2014. We encourage readers to consider the information presented here in conjunction with the District's financial statements (pages 6-12) and the accompanying notes to the basic financial statements (pages 13-27).

Financial Highlights

- The liabilities of the District exceeded its assets at the close of the most recent fiscal years 2015 and 2014 by \$77,203 and \$185,999 (net assets). There is a deficit, therefore there is none available to meet the government's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$108,796 and \$44,492. This increase is a result of revenues exceeding expenses in the governmental activities.
- As of the close of the current fiscal year, the District's governmental funds reported a deficit of \$(59,060) and \$(171,301) and there is currently nothing available for spending at the government's discretion (unreserved fund balance).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 and 2014

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but uncompensated absences).

The government-wide financial statements can be found on pages 6-8 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District uses governmental funds to account for its activities. The District adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 13-27 of this report.

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments	\$ 261,234	\$ 281,223
Cash with fiscal agent	52,002	14,002
Due from other governments	524,977	444,201
Capital assets (net of accumulated depreciation):		
Land	2,400	2,400
Building and improvements	163	163
Prepaid expenses	<u>7,370</u>	<u>7,513</u>
Total assets	<u>\$ 848,146</u>	<u>\$ 749,502</u>
LIABILITIES		
Accounts payable	\$ 254,643	\$ 159,485
Note payable	650,000	750,000
Deferred revenue	-	8,755
Non-current liabilities:		
Compensated absences	<u>20,706</u>	<u>17,261</u>
Total liabilities	<u>\$ 925,349</u>	<u>\$ 935,501</u>
Net Position		
Invested in capital assets, net of related debt	\$ 2,563	\$ 2,563
Unrestricted	<u>(79,766)</u>	<u>(188,562)</u>
Total net position	<u>\$ (77,203)</u>	<u>\$ (185,999)</u>

The accompanying notes are an integral part of these financial statements

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Program Expenses		
Resource Conservation		
Salaries and employee benefits	\$ 445,168	\$ 504,403
Services and supplies	1,673,180	1,084,559
Interest expense	3,640	728
Total program expenses	<u>2,121,988</u>	<u>1,589,690</u>
 Program Revenues		
Operating Grants and agreements	<u>2,196,704</u>	<u>1,519,595</u>
Net program revenues (expenses)	<u>74,716</u>	<u>(70,095)</u>
 General revenues		
Property taxes	23,023	24,876
Other Income	11,260	1,454
Investment earnings	(203)	(727)
Total general revenues	<u>34,080</u>	<u>25,603</u>
 Change in net position	108,796	(44,492)
 Net position, beginning of the year	<u>(185,999)</u>	<u>(141,507)</u>
 Net position, end of the year	<u>\$ (77,203)</u>	<u>\$ (185,999)</u>

The accompanying notes are an integral part of these financial statements

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015 and 2014

	Governmental Activities	
	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from assessments, grants, program revenue	\$ 2,141,253	\$ 1,543,382
Cash paid to vendors and employees	<u>(2,023,242)</u>	<u>(1,563,242)</u>
Net cash provided (used) by operations	<u>118,011</u>	<u>(19,860)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in line of credit	<u>(100,000)</u>	<u>150,000</u>
Net cash provided (used) by investments	<u>(100,000)</u>	<u>150,000</u>
NET CHANGE IN CASH	18,011	130,140
CASH, beginning of year	<u>295,225</u>	<u>165,085</u>
CASH, end of year	<u><u>\$ 313,236</u></u>	<u><u>\$ 295,225</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 108,796	\$ (44,492)
Adjustments to reconcile change in net assets to cash from operations		
(Increase) decrease in:		
Receivables	(80,776)	5,697
Prepaid expenses and other assets	143	(7,513)
Increase (decrease) in:		
Accounts payable and accrued expenses	98,603	17,693
Deferred revenue	<u>(8,755)</u>	<u>8,755</u>
Total cash provided by operations	<u><u>\$ 118,011</u></u>	<u><u>\$ (19,860)</u></u>

The accompanying notes are an integral part of these financial statements

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and investments	\$ 313,236	\$ 295,225
Due from other governments	524,977	444,201
Prepaid expenses	7,370	7,513
Total assets	845,583	746,939
 LIABILITIES and FUND BALANCE		
Liabilities		
Accounts payable	254,643	159,485
Deferred revenue	-	8,755
Note payable	650,000	750,000
Total liabilities	904,643	918,240
 FUND BALANCE		
Unreserved	(59,060)	(171,301)
Total liabilities and fund balances	\$ 845,583	\$ 746,939

The accompanying notes are an integral part of these financial statements

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION
JUNE 30, 2015 and 2014

	2015	2014
Fund balances - total government funds	\$ (59,060)	\$ (171,301)
Amount reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,563	2,563
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences	(20,706)	(17,261)
Net position of governmental activities	\$ (77,203)	\$ (185,999)

The accompanying notes are an integral part of these financial statements

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

	2015	2014
REVENUES		
Property taxes	\$ 23,023	\$ 24,876
Investment earnings	(203)	(727)
Intergovernmental revenue	2,196,704	1,519,595
Other Revenue	11,260	1,454
Total revenues	2,230,784	1,545,198
 EXPENDITURES		
Current:		
Salaries and employee benefits	441,723	504,403
Services and supplies	1,673,180	1,082,251
Interest expense	3,640	728
Total expenditures	2,118,543	1,587,382
Net change in fund balances	112,241	(42,184)
Fund balance, beginning of the year	(171,301)	(129,117)
Fund balance, ending	\$ (59,060)	\$ (171,301)

The accompanying notes are an integral part of these financial statements

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
 RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2015 and 2014

	2015	2014
Fund balances - total government funds	\$ 112,241	\$ (42,184)
<p>Amount reported for governmental activities in the statement of net assets is different because:</p>		
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Compensated absences	(3,445)	(2,308)
Net position of governmental activities	\$ 108,796	\$ (44,492)

The accompanying notes are an integral part of these financial statements

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Gold Ridge Resource Conservation District (District) develops soil and water conservation programs in Sonoma County under Division 9 of the Public Resources Code. The purpose of the District is to help all land users in the District, individually and as community groups, conserve and develop soil and protect water and land resources through good agricultural practices, erosion control, improved irrigation, flood control, development and protection of water supplies, soil and crop involvement, range and pasture improvement, and proper use of wasteland.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or section and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Governmental fund financial statements 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. Taxes, interest, and charges for services are accrued when receipt occurs within 365 days of the end of the accounting period so as to be both measurable and available. Licenses, permits, fines, forfeitures, and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are accrued when their receipt occurs within sixty days of the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims judgments are recorded only when payment is due.

Amounts recorded as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Assets, Liabilities, and Net Assets or Equity

Cash and Investments

The District reports certain investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

Receivables and Payables

Property Taxes - The County of Sonoma is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County of Sonoma. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Since the passage of California's Proposition 13, beginning with the fiscal year 1978/1979, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value, or on one percent of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of two percent per year.

On June 30, 1993, the board of Supervisors adopted the "Teeter" Method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end, the county advances cash to each taxing jurisdiction equal to its current year delinquent property taxes based on the total property tax billed. At year-end, the County advances cash to each taxing jurisdiction equal to its current year delinquent property taxes. In exchange, the county receives the penalties and interest on delinquent taxes when collected. The penalties and interest are used to pay the interest cost of borrowing the cash used for the advances.

Due from Other Governments - This amount represents grant revenues which have been earned but not received at the end of the fiscal year.

Due to Other Governments - This amount represents the amount owed to the County of Sonoma for cash advances received by the District. These advances were used to cover operational costs during the period which the State of California suspended grant reimbursements as a result of its ongoing budget crisis.

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Buildings and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Furniture and equipment	3 – 5 years
Buildings and improvements	10 – 30 years

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Net Assets

Net assets are classified into three components - invested in capital assets (net of related debt), restricted and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net assets (if any) - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This category of net assets consists of net assets that are not restricted for any project or other purpose.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide statement of net assets.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustments which were contingent upon new or additional revenue resources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis.

NOTE 3 DETAILED NOTES

Cash and Investments

Investments in Sonoma County Treasurer's Investment Pool

As authorized by Public Resources Code 9521 (a), the District's cash is pooled with the Sonoma County treasurer, who acts as a disbursing agent for the District. The fair value of the District's investments in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Treasury pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 3 DETAILED NOTES (continued)

Investment Guidelines

The District's pooled cash and investments are invested pursuant to investment policy guidelines established by the county Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma county Treasurer at 585 Fiscal Drive, Room 100-F, Santa Rosa, California 95403-2871.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in the market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

At June 30, 2015 and 2014, the weighted average days to maturity are 791 days.

Disclosures Relating to Credit Risk

Generally, 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.

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 3 DETAILED NOTES (continued)

Custodial Credit Risk

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 will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Governments Code and the Treasury Pool's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

- The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by depository regulated under state law. The market value of the pledge securities in the collateral pool must be equal at least 110% of the total amount deposited by the public agencies.
- The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial Credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury pool).

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of the total County investments, refer to the 2014 Sonoma County Consolidated Annual Financial Report (CAFR).

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 3 DETAILED NOTES (continued)

Capital Assets

Capital asset activity for the year ending June 30, 2015 and 2014 is as follows:

	2015				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 2,400				\$ 2,400
Total capital assets, not being depreciated	<u>2,400</u>				<u>2,400</u>
Capital assets, being depreciated:					
Buildings and improvements	<u>8,104</u>				<u>8,104</u>
Total capital assets, being depreciated	<u>8,104</u>				<u>8,104</u>
Less accumulated depreciation for:					
Buildings and improvements	<u>(7,941)</u>				<u>(7,941)</u>
Total accumulated depreciation	<u>(7,941)</u>				<u>(7,941)</u>
Total capital assets, being depreciated, net	<u>163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163</u>
Capital assets, net	<u>\$ 2,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,563</u>

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 3 DETAILED NOTES (continued)

Capital Assets, continued

	2014				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 2,400				\$ 2,400
Total capital assets, not being depreciated	<u>2,400</u>				<u>2,400</u>
Capital assets, being depreciated:					
Buildings and improvements	<u>8,104</u>				<u>8,104</u>
Total capital assets, being depreciated	<u>8,104</u>				<u>8,104</u>
Less accumulated depreciation for:					
Buildings and improvements	<u>(7,941)</u>				<u>(7,941)</u>
Total accumulated depreciation	<u>(7,941)</u>				<u>(7,941)</u>
Total capital assets, being depreciated, net	<u>163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163</u>
Capital assets, net	<u><u>\$ 2,563</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,563</u></u>

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 3 DETAILED NOTES (continued)

Long-term Liabilities

Changes in long-term liabilities

Long term liability activity for the year ended June 30, 2015 and 2014, is as follows:

	2015				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	17,261	(3,445)	-	13,816	-
Total long-term liabilities	<u>\$ 17,261</u>	<u>\$ (3,445)</u>	<u>\$ -</u>	<u>\$ 13,816</u>	<u>-</u>

	2014				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	14,953	2,308	-	17,261	-
Total long-term liabilities	<u>\$ 14,953</u>	<u>\$ 2,308</u>	<u>\$ -</u>	<u>\$ 17,261</u>	<u>-</u>

NOTE 4 OTHER INFORMATION

Risk Management

The District was provided insurance coverage through Special District Risk Management Authority Insurance Corporation for general liability with a combined single limit of \$1,000,000 and excess liability coverage of \$1,800,000 per each occurrence.

Employee Retirement Plan

During fiscal year 2005/2006 the District enrolled in the California Public Employees Retirement System (PERS) cost-sharing multiple-employer Defined Benefit Pension Plan. In cost-sharing multiple-employer plans the benefit obligations are pooled. A single actuarial valuation is performed covering all participants, all employers contribute at the same rate, and all plan assets are available to pay plan benefits pertaining to the employee and retirees of any employer.

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 4 OTHER INFORMATION, continued

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015 and 2014

NOTE 4 OTHER INFORMATION (continued)

Contribution Description, continued

Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 6.891 percent of annual pay, and the average employer's contribution rate is 11.623 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefits Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 4 OTHER INFORMATION (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes.

Actuarial Assumptions and Methods

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 4 OTHER INFORMATION (continued)

Actuarial Assumptions and Methods, continued

contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 101	Real Return Years 11+2
Global Equity	0.47	0.05	0.06
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

NOTE 4 OTHER INFORMATION (continued)

Note Payable

The District has a note payable with the County of Sonoma with an interest rate of 1/4 of 1 percent above the County's "pooled investment account rate" compounded and payable quarterly. The note is secured by Accounts Receivable and future contract billings and matured August 15, 2014. The balance due at June 30, 2015 and 2014 is \$650,000 and \$750,000.

Related Party Transaction

The District pays \$2,200 a month in rent to Dutton Brothers for use of the office on Sullivan Road. Joe Dutton, The District's Board Treasurer is one of the Dutton Brothers. The rent paid is substantially lower than the Dutton Brothers could receive for this space. A recent search of buildings similar in size, quality, and location posted rents between \$2,850 and \$4,000 per month.

It is the District's policy for Directors to abstain from voting on any issues involving grant projects related to properties in which they hold an interest.

NOTE 5 SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 17, 2015, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2015 that would have a material impact on the District's results of operations or financial position.

REQUIRED SUPPLEMENTARY INFORMATION

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
SCHEDULES OF REVENUE, EXPENDITURE AND
CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Property taxes	\$ 21,608	\$ 21,608	\$ 23,023	\$ 1,415
Investment earnings	(727)	(727)	(203)	524
Intergovernmental revenue	2,686,607	2,686,607	2,196,704	(489,903)
Miscellaneous	1,774	1,774	11,260	9,486
Total revenues	<u>2,709,262</u>	<u>2,709,262</u>	<u>2,230,784</u>	<u>(478,478)</u>
Expenditures:				
Current:				
Salaries and employee benefits	524,748	524,748	441,723	83,025
Services and supplies	2,180,014	2,180,014	1,673,180	506,834
Interest expense	4,500	4,500	3,640	860
Capital outlay	-	-	-	-
Total expenditures	<u>2,709,262</u>	<u>2,709,262</u>	<u>2,118,543</u>	<u>590,719</u>
Net change in fund balance	-	-	112,241	112,241
Fund balance, beginning of the year	<u>(129,117)</u>	<u>(129,117)</u>	<u>(129,117)</u>	-
Fund balance, ending	<u>\$ (129,117)</u>	<u>\$ (129,117)</u>	<u>\$ (16,876)</u>	<u>\$ 112,241</u>

See notes to supplemental information

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2015

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

Net pension liability and fiduciary net position are allocated to the pension are allocated to the plan based on its propositions as a percentage of the total plan (PERF C, excluding the 1959 Survivors Risk Pool), which includes both the Miscellaneous or Safety within PERF C. Therefore, to assist employers in meeting the requirements of GASB 68, proportions shown in the table below represent the plan's proportion of PERF C, excluding the 1959 Survivors Risk Pool, and not its proportions of the Miscellaneous Risk Pool.

	<u>06/30/2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.00123%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 76,625
Plan's Covered-Employee Payroll	\$ 367,772
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	20.83%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	65.21%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 3,883

Schedule of Plan Contributions

	<u>Fiscal Year 2013-2014</u>
Actuarially Determined Contribution	\$ 38,618
Contributions in Relation to the Actuarially Determined Contribution	<u>(38,618)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 367,772
Contributions as a Percentage of Covered-Employee Payroll	10.50%

See notes to supplemental information

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
Roster of Board Members

<u>Directors:</u>	<u>Office:</u>
Donald E. Peterson	Treasurer
Joe Dutton	President
Ann Cassidy	Secretary
Jill Butler	Director
Richard Hughes	Vice President
Torrey Olsen	Director/Treasurer
Bob Burke	Associate Director
Al Gerhardt	Associate Director

Regular Meetings:

The regular meeting of the Board of Directors is held at 6:00 P.M. on the third Thursday of each month at the Gold Ridge Resource Conservation District office, 2776 Sullivan Road, Sebastopol, CA 95472.

SUPPLEMENTAL INFORMATION

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Agency</u>	<u>Contract Number</u>	<u>CFDA</u>	<u>Expenditures</u>
DEPARTMENT OF COMMERCE:			
<i>National Oceanic & Atmospheric Administration</i>			
<i>Passed through Department of Fish and Wildlife</i>			
Green Valley Off Channel	*** P1330401	11.438	\$ 122,748
Nolan and Thurston	*** P1230406	11.438	96,615
Willow Creek LW Recruitment Project Phase II	*** P1230401	11.438	(67)
Salmon Creek Roads - Phase II	*** P1030416	11.438	8,669
Willow Creek DPR	*** C1133023	11.438	163
Dutch Bill - Large Wood Debris Project	*** FAF-11028	11.438	233
Dutch Bill - Green Valley Hydro Modeling	*** P1130405	11.438	55,216
Dutch Bill	*** P1130408	11.438	17,963
Coho Monitoring	*** P1130403	11.438	167
Salmon LWD	GMT-GRR-07011	11.463	8,318
NOAA FNA	FNA13NMF	11.463	293,790
Total U.S. Department of Commerce			603,815
DEPARTMENT OF INTERIOR:			
<i>Fish and Wildlife Service passed through</i>			
<i>Center for Ecosystem Management and Restoration</i>			
Russian River Coho Water Resources - year 5	RRNFWF 1	15.663	21,572
Russian River Coho Water Resources - year 4	RRNFWF 1	15.663	125,000
Russian River Coho Water Resources - year 3 & 2	RRNFWF 1	15.663	581
Total U.S. Department of Interior			147,153

See notes to supplemental Information

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Agency</u>	<u>Contract Number</u>	<u>CFDA</u>	<u>Expenditures</u>
DEPARTMENT OF AGRICULTURE:			
<i>Natural Resources Conservation Service</i>			
Laguna Nutrient Trading CIG	WQCT-001	10.912	\$ 30,703
NFWF Conservation Partner I		10.912	34,879
NFWF Conservation Partner II		10.912	33,941
Drought Assistance	68-9104-4-197	10.912	7,589
Total U.S. Department of Agriculture			<u>107,112</u>
ENVIRONMENTAL PROTECTION AGENCY			
<i>Passed through California State Water Control Resources Board:</i>			
Laguna de Santa Rosa Dairy Enhancement Program	12-401-251	66.460	90,206
Estero Americano Sediment Reduction - Phase II	09-667-551	66.460	35,898
Total U.S. Department of Agriculture			<u>126,104</u>
Total Federal expenditures			<u>\$ 984,184</u>

***Denotes major program

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
NOTES TO SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Gold Ridge Resource Conservation District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 CalPERS REQUIRED SUPPLEMENTARY NOTES

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Change in Assumptions: None

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 of
Gold Ridge Resource Conservation District
Sebastopol, 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 financial statements of the governmental activities, of the Gold Ridge Resource Conservation District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Gold Ridge Resource Conservation District's basic financial statements, and have issued our report thereon dated December 17, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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.



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Compliance and Other Matters

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

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.

Goranson and Associates, Inc.

December 17, 2015
Santa Rosa, California

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133

To the Board of Directors of
Gold Ridge Resource Conservation District
Sebastopol, California

Report on Compliance for Each Major Federal Program

We have audited the Gold Ridge Resource Conservation District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Gold Ridge Resource Conservation District's major federal programs for the year ended June 30, 2015. Gold Ridge Resource Conservation District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Gold Ridge Resource Conservation District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Gold Ridge Resource Conservation District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Gold Ridge Resource Conservation District's compliance.



Opinion on Each Major Federal Program

In our opinion, the Gold Ridge Resource Conservation District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Gold Ridge Resource Conservation District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Gold Ridge Resource Conservation District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gold Ridge Resource Conservation District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Goranson and Associates, Inc.

December 17, 2015
Santa Rosa, California

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
 SCHEDULE OF AUDITOR'S RESULTS, FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2015

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued	UNMODIFIED
Internal control over financial reporting:	
Material weaknesses identified?	NO
Significant deficiencies identified that are not considered to be material weaknesses?	NO
Non-compliance material to financial statements noted?	NO

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	NO
Significant deficiencies identified that are not considered to be material weaknesses?	NO
Type of auditor's report issued on compliance for major programs:	UNMODIFIED
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	NO

Identification of major programs:

	<u>CDFA Number</u>
<i>Pacific Salmon Treaty Program</i>	11.438

Dollar Threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Auditee qualified as low-risk auditee? YES

FINDINGS AND QUESTIONED COSTS

Financial Statement Audit findings or questioned costs?	NO
Major Federal Awards Program findings or questioned costs?	NO