

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT**

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**AUDITED BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2017  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016  
IZABAL, BERNACIAK & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS**

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
 AUDITED BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2017  
 WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016**

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# IZABAL, BERNACIAK & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
**Gold Ridge Resource Conservation District**  
Sebastopol, CA

### Report on Financial Statements

We have audited the accompanying basic financial statements of Gold Ridge Resource Conservation District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of Gold Ridge Resource Conservation District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

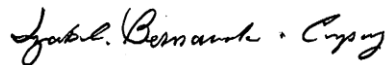
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and pension schedules on pages 3 through 5, 28 and 29 are presented to supplement the basic financial statements. Such information, although not 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 operation, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017, on our consideration of 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 Gold Ridge Resource Conservation District's internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

We have previously audited Gold Ridge Resource Conservation District's 2016 financial statements, and our report dated December 4, 2016, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it was derived.



San Francisco, California  
December 12, 2017

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

# **GOLD RIDGE RESOURCE CONSERVATION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017**

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 year ended June 30, 2017. 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.

## **Background**

Gold Ridge Resource Conservation District's (RCD) history dates back to the late 1940's. After the "Dust Bowl" Federal and State governments began to recognize that soil erosion was a number one priority if the country was to continue to be a leader in agricultural production. Non-regulatory Conservation Districts were authorized to increase leadership and provide assistance at the local level to landowners, ranchers, and farmers. California recognized their importance, and in 1938 authorized their formation. Gold Ridge RCD was formed in 1941.

Resource Conservation Districts provide free, non-discriminatory assistance and educational opportunities to agricultural producers, land users, educators, and anyone with land-based resource conservation needs, on a strictly voluntary basis. Conservation projects may include: conservation education, soil erosion control, water quality enhancement, range management, vineyard development, woodland, forestry and wildlife management, and watershed and stream enhancement.

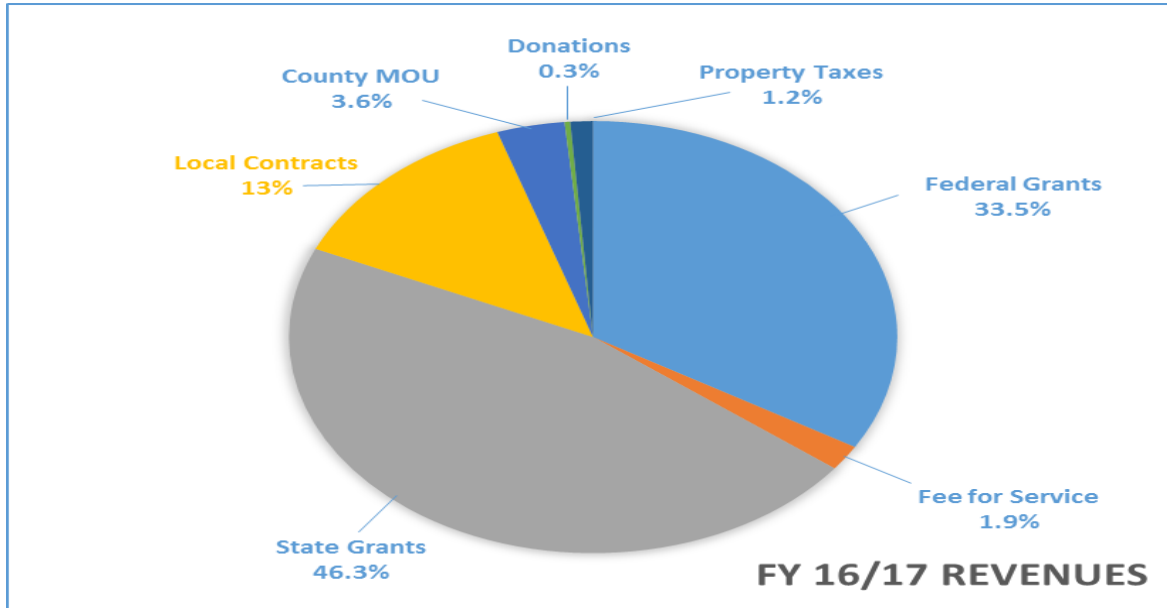
The District receives a small amount of annual funding from County parcel taxes, ranging from 20,000-28,000. The majority of the District's other funding comes from competitively sought government grants or direct contracts from local, state, and federal agencies. Funds from local foundations and other private sources were also received.

## **Financial Highlights**

- The liabilities of the District exceeded its assets at the close of the two most recent fiscal years prior to 2017 by \$65,698 in 2016 and \$77,203 in 2015 (net assets).
- The District's total net assets increased by \$158,111 in FY 2016-17 from a negative \$65,698 in 2015/16 to a positive equity balance of \$92,413 this year.
- At the end of the 2015/16 fiscal year, the first year of the implementation of the GASB 68 and 71 reports of pension liability, the net effect was to record a pension obligation of \$65,837 offset by deferred outflows of \$63,086 and deferred inflows of \$68,537 which was responsible for the negative equity balance at year end.
- This year's reports reflect a positive return on our various project activities as well as auditor's positive adjustments on the mandated GASB68 report, both of which combined resulted in a net income of \$135,423 as well as our positive equity balance.
- This year's capital assets in the balance sheet reflect the acquisition of heavy farm equipment, a no-till drill, worth over \$22,000 and paid for by a grant and a small contribution by a landowner.
- Because revenue from grantors is in the form of reimbursement of costs already incurred by the District and payment delays can in some cases be as long as several months or years, the District has a line of credit through the County of Sonoma that is renewed each year to address cash flow issues as they arise. For FY 2016-17 the line of credit amount was \$650,000.
- The District's 2016/17 revenues equaled 2,290,269.

# GOLD RIDGE RESOURCE CONSERVATION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

The chart below reflects the source of FY16/17's revenues:



### **Budgetary Highlights and Budgetary Comparison**

The difference between final budget and actual revenue, expenditures and changes in fund balance for the year ending June 30, 2017 is summarized as follows: Our revenues were budgeted at \$2,639,416 which exceed our actual revenue by \$350,729. Agency total expenditures, budgeted at \$2,639,416, were less than budgeted by \$445,210 at \$2,154,846. This resulted in \$135,423 net income on the Statement of Activities report for the year.

### **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. 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.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**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.

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

**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.



# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 482,294	\$ 298,268
Cash with Fiscal Agent	56,511	65,568
Due from other governments	471,758	723,116
Prepaid Expenses	<u>8,540</u>	<u>6,515</u>
Total Current Assets	1,019,103	1,093,467
Noncurrent Assets		
Capital Assets, Net	<u>25,088</u>	<u>2,400</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,044,191</u>	<u>\$ 1,095,867</u>
<b>DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS</b>	<u>\$ 115,797</u>	<u>\$ 63,086</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 1,159,988</u></u>	<u><u>\$ 1,158,953</u></u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 531,413	\$ 448,006
Note Payable	400,000	600,000
Accrued Expenses	<u>26,327</u>	<u>22,920</u>
Total Current Liabilities	957,740	1,070,926
Noncurrent Liabilities		
Compensated Absences	23,343	19,351
Net Pension Obligation	<u>73,443</u>	<u>65,837</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 1,054,526</u>	<u>\$ 1,156,114</u>
<b>DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS</b>	<u>\$ 13,049</u>	<u>\$ 68,537</u>
<b>NET POSITION/(DEFICIT)</b>		
Investment in Capital Assets, net of debt	\$ 25,088	\$ 2,400
Unrestricted	<u>67,325</u>	<u>(68,098)</u>
<b>TOTAL NET DEFICIT</b>	<u>\$ 92,413</u>	<u>\$ (65,698)</u>
<b>TOTAL LIABILITIES, NET DEFICIT, AND DEFERRED INFLOWS OF RESOURCES</b>	<u><u>\$ 1,159,988</u></u>	<u><u>\$ 1,158,953</u></u>

See notes to the financial statements

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016**

	<u>2017</u>	<u>2016</u>
<b>Program Expenses</b>		
Resource Conservation		
Salaries and Employee Benefits	\$ 561,469	\$ 581,691
Share of Pension Expense/(Income)	\$ (63,456)	\$ 22,614
Services and Supplies	1,655,894	2,156,596
Interest Expense	939	3,539
Total Program Expenses	<u>2,154,846</u>	<u>2,764,440</u>
<b>Program Revenues</b>		
Operating Grants and Agreements	<u>2,251,756</u>	<u>2,815,212</u>
Net Program Revenues	<u>96,910</u>	<u>50,772</u>
<b>General Revenues</b>		
Property Taxes	27,515	24,951
Other Income	10,998	16,008
Investment Earnings	-	-
Total General Revenues	<u>38,513</u>	<u>40,959</u>
Change in Net Position	<u>135,423</u>	<u>91,731</u>
<b>Net Position, Beginning of the Year</b>	(65,698)	(77,203)
<b>Prior Period Adjustment - Implementation of GASB 68:</b>		
Net Pension Liability (measurement date June 30, 2016)	<u>-</u>	<u>(80,063)</u>
<b>Net Position as Restated, July 1, 2016</b>	(65,698)	(157,266)
Fixed Assets Purchased with Grant Funds	22,688	-
Depreciation of Fixed Assets Purchased with Grant Funds	<u>-</u>	<u>(163)</u>
<b>Net Position, End of the Year</b>	<u>\$ 92,413</u>	<u>\$ (65,698)</u>

See notes to the financial statements

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from assessments, grants, program revenues	\$ 2,541,627	\$ 2,658,032
Cash paid to vendors and employees	(2,166,658)	(2,548,657)
Cummulative effect of change in accounting principle	-	(8,775)
Net cash provided (used) by operations	374,969	100,600
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in line of credit	(200,000)	(50,000)
Net cash provided (used) by investments	(200,000)	(50,000)
<b>NET CHANGE IN CASH</b>	174,969	50,600
CASH, beginning of year	363,836	313,236
CASH, end of year	\$ 538,805	\$ 363,836
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 135,423	\$ 91,731
Change in net pension liability and related deferred inflows (outflows)	(100,593)	(8,775)
Adjustments to reconcile change in net assets to cash from operations		
(Increase) decrease in:		
Receivables	251,358	(198,139)
Prepaid expenses and other assets	(2,025)	855
Increase (decrease) in:		
Accounts payable and accrued expenses	90,806	214,928
Total cash provided by operations	\$ 374,969	\$ 100,600

See notes to financial statements

## **FUND FINANCIAL STATEMENTS**

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
GOVERNMENTAL FUNDS - BALANCE SHEET  
JUNE 30, 2017  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 538,805	\$ 363,836
Due from other governments	471,758	723,116
Prepaid Expenses	8,540	6,515
<b>TOTAL ASSETS</b>	<b>\$ 1,019,103</b>	<b>\$ 1,093,467</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 531,413	\$ 448,006
Note Payable	400,000	600,000
Accrued Expenses	26,327	22,920
Total Liabilities	<b>\$ 957,740</b>	<b>\$ 1,070,926</b>
<b>FUND BALANCE</b>		
Unreserved	\$ 61,363	\$ 22,541
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,019,103</b>	<b>\$ 1,093,467</b>

See notes to the financial statements

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016**

	<u>2017</u>	<u>2016</u>
Fund balances - Total government funds	\$ 61,363	\$ 22,541
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.	25,088	2,400
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Deferred Outflows of Resources	115,797	63,086
Net Pension Obligation	(73,443)	(65,837)
Deferred Inflows of Resources	(13,049)	(68,537)
Compensated absences	<u>(23,343)</u>	<u>(19,351)</u>
Net position of governmental activities	<u>\$ 92,413</u>	<u>\$ (65,698)</u>

See notes to the financial statements

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016**

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Property Taxes	\$ 27,515	\$ 24,951
Intergovernmental Revenue	2,251,756	2,815,212
Other Revenue	10,998	16,008
Total Revenues	<u>2,290,269</u>	<u>2,856,171</u>
<b>EXPENDITURES</b>		
CURRENT:		
Salaries and Employee Benefits	594,614	614,435
Services and Supplies	1,655,894	2,156,596
Interest Expense	939	3,539
Total Expenditures	<u>2,251,447</u>	<u>2,774,570</u>
Net Change in Fund Balances	38,822	81,601
<b>Fund Balance, Beginning of Year</b>	<u>22,541</u>	<u>(59,060)</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 61,363</u></u>	<u><u>\$ 22,541</u></u>

See notes to the financial statements



**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
RECONCILIATION OF STATEMENT OF REVNEUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016**

	<b>2017</b>	<b>2016</b>
Fund balances - Total government funds	\$ 38,822	\$ 81,601
Amount reported for governmental activities in the statement of net assets is different because:		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net Pension obligation	100,593	8,775
Compensated absences	(3,992)	1,355
Net position of governmental activities	\$ 135,423	\$ 91,731

See notes to the financial statements

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1: DESCRIPTION OF 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.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources as of the end of the fiscal year, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued**

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges paid by the recipients of goods or services offered by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**Fund Financial Statements**

The District has one fund, the governmental fund within which there is one major governmental fund – General Fund, which is the District's primary operating fund. It is used to account for all financial resources except for those required to be accounted for in other funds. The District's fund financial statements consist of Governmental Fund Balance Sheet and Statement of Governmental Fund Revenue, Expenditures and Changes in Fund Balance.

**Combined Government-Wide and Fund Financial Statements**

The District's government-wide and fund financial statements are presented in a combined format on pages 9 to 10.

The column labeled Statement of Net Position on page 9 and the column labeled Statement of Activities on page 10 are the government-wide financial statements, which display the information about the District as a whole. These statements are reported on a full accrual, economic resource basis, which recognizes all assets and receivables as well as all debts and obligations. This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

The column labeled Governmental Fund on page 9 and page 10 are the District's fund financial statements, which report the District's financial transactions in general fund. The general fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures.

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.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Combined Government-Wide and Fund Financial Statements - continued**

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**

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.

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.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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.

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 \$5,000 and an estimated useful life in excess of five 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 5 years, building and improvements 10-30 years.

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.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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.

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.

Compensated Paid Time Off (PTO)

It is the District's policy to permit employees to accumulate earned but unused PTO benefits. The amount of PTO carried over may not exceed 110% of the employee's annual accrual rate. All PTO 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 Pension Obligation

For purposes of measuring the net pension obligation and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources

*Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the District's pension plans under GASB 68 as described in Note 6.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONCLUDED**

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

**Note 3: 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).



**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 3: CASH AND INVESTMENTS – CONTINUED**

Investments in Sonoma County Treasurer's Investment Pool - continued

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.

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, 2016, the weighted average days to maturity are 828 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. 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.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 3: CASH AND INVESTMENTS – CONCLUDED**

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 2016 Sonoma County Consolidated Annual Financial Report (CAFR).

**Note 4: CAPITAL ASSETS**

A summary of changes in capital assets for year ended June 30, 2017 are as follows:

	Balance <u>6/30/2016</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/2017</u>
Land	\$ 2,400	\$ -	\$ -	\$ 2,400
Building				
Improvements	8,104	-	-	8,104
Equipment	-	22,688	-	22,688
Less: Accum. Dep.	(8,104)	-	-	(8,104)
Total	<u>\$ 2,400</u>	<u>\$ 22,688</u>	<u>\$ -</u>	<u>\$ 25,088</u>

Depreciation expense charged to governmental functions for the years ended June 30, 2017 and 2016 was \$0, and \$163, respectively.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 5: COMMITMENTS**

The District leases its office building at 2776 Sullivan Road, Sebastopol on a month to month basis. The monthly rent on this building is \$2,400, totaling \$28,800 for rent expense for the year.

The District also entered into a non-cancellable lease for equipment that expires in February 2021. The future annual lease commitments as of June 30 are as follows:

2018	\$	2,313
2019		2,313
2020		2,313
2021		1,349
Total	\$	8,287

**Note 6: PENSION PLAN**

The District participates in a cost sharing multiple-employer defined benefit plan through the California Public Employees' Retirement System (CalPERS) which covers substantially all regular full-time employees of the District. CalPERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to the District in accordance with reporting standards established by the Governmental Accounting Standards Board (GASB).

As of June 30, 2017 the District's proportionate share of the net pension liability, pension expense and deferred inflows of resources and deferred outflows of resources for the above plans is as follows:

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Proportionate Share of Pension Expense/(Income)</u>
CalPERS	\$ 73,443	\$ 115,797	\$ 13,049	\$ (63,456)

Plan Description

Qualified employees are eligible to participate in the Public District Cost-Sharing Multiple-Employer Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public District Cost-Sharing Multiple-Employer Plan is comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 6: PENSION PLAN – Continued**

The District sponsors two Miscellaneous Risk Pool plans, however, the information presented represents the sum of the allocated pension amounts for each of the District’s respective plans (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

The Miscellaneous Plan is closed to new entrants on or after December 31, 2012. The Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous Risk Pool	
	Misc. Risk Plan	PEPRA Misc. Plan
	On or Before December 31, 2012	On or After January 1, 2013
Hire date	On or Before December 31, 2012	On or After January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62

Contributions

Section 20814c of the California Public Employees’ Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. Total District pension contributions were \$42,801.

Pension Liabilities, Pension Expense, and Deferred outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2017 the District reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling \$73,443. The net pension liability was measured as of June 30, 2016.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 6: PENSION PLAN – Continued**

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was 0.000959%.

For the year ended June 30, 2017, the District recognized pension expense/(income) of \$(63,456). At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience	\$ 1,063	\$ -
Changes of Assumptions	-	13,049
Net differences between projected and actual earnings on plan investments	67,914	-
Change in employer's proportion	3,590	-
Differences between contributions and proportionate share of contributions	428	-
Pension contributions subsequent to measurement date	<u>42,801</u>	<u>-</u>
	<u>\$ 115,796</u>	<u>\$ 13,049</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

The net differences between projected and actual earnings on plan investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized as pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between the projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 6: PENSION PLAN – Continued**

All other deferred inflows or resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the miscellaneous Plan for the June 30, 2016 measurement date is 3.7 years.

The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 3.7 years.

The deferred inflows of resources and outflows of resources will be recognized in pension expense as follows:

Year Ended June 30	Amortization
2018	\$ (1,496)
2019	10,594
2020	33,258
2021	17,590
	\$ 59,946

**Actuarial Methods and Assumptions**

Total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial cost method	Entry age normal
Discount rate	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of mortality improvement using Scale BB published by the Society of Actuaries.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 6: PENSION PLAN – Continued**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Plan’s 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 the Plan. 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 target allocation and best estimates of long-term expected real rate of return by asset class are summarized in the following table:

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	47%	5.71%
Global fixed income	19%	2.43%
Inflation sensitive	6%	3.36%
Private equity	12%	6.95%
Real estate	11%	5.13%
Infrastructure and forestland	3%	5.09%
Liquidity	2%	-1.05%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 6: PENSION PLAN – Concluded**

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.65%)	\$ 121,125
Current discount rate (7.65%)	\$ 73,443
1% increase (8.65%)	\$ 34,034

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

**Note 7: NOTES PAYABLE**

The District has a note payable with the County of Sonoma with an interest rate of 3/4 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 31, 2017. The balance due at June 30, 2017 and 2016 amounted to \$400,000 and \$600,000, respectively.

**Note 8: CONTINGENCIES**

The District received substantial support from state and federal funds for the administration and implementation of its projects. A significant reduction in the level of this support, if this were to occur, may have an effect on the District’s program and activities.

This support from state and federal funds is subject to review and audit by grantor agencies, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.



**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**Note 9: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, damage to, and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The District manages these various risks of loss through purchase of insurance covering liability, automobile, property, crime and excess liability with Special District Risk Management Authority. The District also purchased insurance for workers' compensation with The Hartford insurance company.

**Note 10: RELATED PARTY TRANSACTIONS**

The District pays \$2,400 a month in rent to Dutton Brothers for use of the office on Sullivan Road. Joe Dutton, the District's Board President 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.

Before taking Richard Hughes on as a Board Member, the District staff was in the process of developing a grant proposal for the design a water conservation project to increase stream flow for salmon in the Salmon Creek Watershed. This grant was funded and the contract # is DFW P1030409 for \$44,427, DFW P1430410 for \$598,164.62, SCC 13-096 for \$14,970, NCIRWMP II for \$5,574, SCC 14-054 for \$123,450.64 & NRCS EQIP for \$53,825.

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 11: SUBSEQUENT EVENTS**

The District's management has evaluated its subsequent events through December 12, 2017, the date the financial statements were available to be issued.

## **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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes	\$ 23,325	\$ 23,325	\$ 27,515	\$ 4,190
Intergovernmental Revenue	2,609,091	2,609,091	2,251,756	(357,335)
Other Revenue	7,000	7,000	10,998	3,998
Total Revenues	<u>2,639,416</u>	<u>2,639,416</u>	<u>2,290,269</u>	<u>(349,147)</u>
<b>Expenditures</b>				
Current:				
Salaries and Employee Benefits	718,739	718,739	594,614	124,125
Services and Supplies	1,876,317	1,876,317	1,655,894	220,423
Interest Expense	5,000	5,000	939	4,061
Appropriations for contingencies	39,360	39,360	-	39,360
Total Expenditures	<u>2,639,416</u>	<u>2,639,416</u>	<u>2,251,447</u>	<u>387,969</u>
Net Change in Fund Balances	-	-	38,822	(737,116)
<b>Fund Balance, Beginning of Year</b>	<u>22,541</u>	<u>22,541</u>	<u>22,541</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 22,541</u>	<u>\$ 22,541</u>	<u>\$ 61,363</u>	<u>\$ (737,116)</u>

See notes to the financial statements

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017**

**Schedule of the Proportionate Share of the Net Pension Liability**

	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.000849%	0.000959%
Proportionate share of the net pension liability (asset)	\$ 73,442	\$ 65,836
Covered-employee payroll	\$ 491,523	\$ 367,772
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.94%	17.90%
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%

**Schedule of Contributions**

	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 42,801	\$ 38,596
Contributions in relation to the contractually required contribution	<u>(42,801)</u>	<u>(38,596)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 481,925	\$ 491,523
Contributions as a percentage of covered employee payroll	8.88%	7.85%

Note: accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

Amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

**IZABAL, BERNACIAK & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

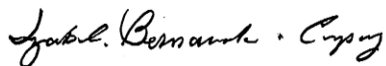
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San Francisco, California 94111

Tel. (415) 896-5551  
Fax (415) 896-0584

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
**Gold Ridge Resource Conservation District**  
Sebastopol, California

We have audited the Basic Financial Statements of Gold Ridge Resource Conservation District for the year ended June 30, 2017 and have issued our report thereon dated December 12, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and their records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



San Francisco, California  
December 12, 2017

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

GRANTOR	Grant Number	Federal CFDA Number	Expenditures
<b>OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Fish &amp; Wildlife Service</i>			
<i>Passed through the State Water Resource Control Board</i>			
Nonpoint Source Implementation Grants	12-401-251	66.460	\$ 186,123
<b>TOTAL OFFICE OF WATER, ENVIRONMENTAL PROTECTION AGENCY</b>			<u>186,123</u>
<b>DEPARTMENT OF INTERIOR</b>			
<i>Passed through the National Fish and Wildlife Foundation</i>			
CEMAR YEAR 6	CEMAR RRNFWF Yr 6	15.663	85,047
CEMAR YEAR 7	CEMAR RRNFWF Yr 7	15.663	66,155
<b>TOTAL DEPARTMENT OF INTERIOR</b>			<u>151,202</u>
<b>DEPARTMENT OF COMMERCE</b>			
<i>National Oceanic &amp; Atmospheric Administration</i>			
<i>Passed through Department of Fish &amp; Wildlife</i>			
Bodega Water Company Large Storage Tank Design	P1430603	11.438	57,761
Green Valley Off Channel	P1330401	11.438	3,058
Dutch Bill LWD 2014	P1430407	11.438	84,121
Upper Green Valley Fish	P1530403	11.438	38,229
<i>Department of Fish &amp; Wildlife</i>			
<i>Passed through North Coast RC&amp;DC</i>			
SC Dairy Implementation	P1430410	11.438	18,481
Westminster Woods Water Conservation and Storage	P1430403	11.438	54,508
<i>National Oceanic &amp; Atmospheric Administration</i>			
<i>Passed through Sonoma County Water Agency</i>			
Westminster Woods Water Conservation and Storage	SCWA TW 14-15-054	11.438	664
		Subtotal CFDA 11.438	<u>256,822</u>
NOAA FNA	FNA13NMF4630131TCR	11.463	58,279
<b>TOTAL DEPARTMENT OF COMMERCE</b>			<u>315,101</u>
<b>DEPARTMENT OF AGRICULTURE</b>			
<i>Natural Resources Conservation Service</i>			
<i>Passed Through Sonoma Resource Conservation District</i>			
NFWF Conservation Partners III	NFWF 2004.13.039588	10.912	639
<i>Passed Through Marin Agriculture Land Trust</i>			
Regional Conservation Partnership Program 1	NRCS RCPP	10.912	86,209
<i>Passed Through So Co Open Space District</i>			
Regional Conservation Partnership Program 1	SCAPOSD RCPP	10.912	29,291
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>116,139</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 768,565</u>

**Note A: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Gold Ridge Resource Conservation District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Gold Ridge Resource Conservation District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Gold Ridge Resource Conservation District

**Note B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Gold Ridge Resource Conservation District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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**

Board of Directors  
**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 basic financial statements of Gold Ridge Resource Conservation District, which comprise the statement of financial position as of June 30, 2017 and the related statement of activities for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2017.

**Internal Control over Financial Reporting**

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

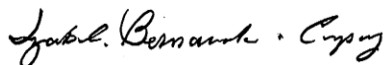
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Gold Ridge Resource Conservation District's financial statements are free of 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.



San Francisco, California  
December 12, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
**Gold Ridge Resource Conservation District**  
Sebastopol, California

**Report on Compliance for Each Major Federal Program**

We have audited Gold Ridge Resource Conservation District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Gold Ridge Resource Conservation District's major federal programs for the year ended June 30, 2017. 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 federal statues, regulations, and the terms and conditions of its federal awrads applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types compliance requirements referred to above that could have a direct and material effect on a major federal programs occurred. An audit includes examining, on a test basis, evidence about 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 with each major program. However, our audit does not provide a legal determination of Gold Ridge Resource Conservation District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion 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, 2017.

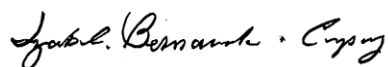
### **Report on Internal Control Over Compliance**

Management of 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 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 the *Uniform Guidance*, 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 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 requirements 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



San Francisco, California  
December 12, 2017

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>A. SUMMARY OF AUDITOR'S RESULTS</b>	
<i>Financial Statements</i>	
1. Type of Financial Statement Report	UNMODIFIED
2. Internal Control over Financial Reporting: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
3. Noncompliance Disclosed by Audit Which Is Material to Financial Statements	NONE
<i>Federal Awards</i>	
1. Internal Control Over Major Programs: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE NONE REPORTED
2. Type of Compliance Report Major Programs	UNMODIFIED
3. Uniform Guidance Audit Finding Disclosed by Audit	NONE REPORTED
4. Major Programs:	66.460 Nonpoint Source Implementation Grants
5. Dollar Threshold for Type A Programs	\$750,000
6. Auditee Qualification	LOW RISK
<b>B. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with GAGAS</b>	<b>NONE REPORTED</b>
<b>C. Findings and Questioned Costs for Federal Awards Including Audit Findings Defined in The Uniform Guidance</b>	<b>NONE REPORTED</b>

**GOLD RIDGE RESOURCE CONSERVATION DISTRICT  
SCHEDULE OF PREVIOUSLY REPORTED AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

There were no prior year audit findings.