

*DIXON/SOLANO RCD WATER QUALITY COALITION
A COMPONENT UNIT OF
THE DIXON RESOURCE CONSERVATION DISTRICT
OF SOLANO COUNTY*

Report on Audits
Years Ended June 30, 2015 and 2014

*DIXON/SOLANO RCD WATER QUALITY COALITION, A COMPONENT UNIT
OF DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY*

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Independent Auditor's Report

To the Board of Directors
Dixon/Solano RCD Water Quality Coalition
A Component Unit of The Dixon Resource
Conservation District of Solano County
Dixon, California

We have audited the accompanying financial statements of the governmental activities of the Dixon/Solano RCD Water Quality Coalition (the Coalition), a component unit of the Dixon Resource Conservation District of Solano County, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Coalition'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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Coalition as of June 30, 2015 and 2014, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Dixon/Solano RCD Water Quality Coalition
A Component Unit of The Dixon Resource
Conservation District of Solano County
Dixon, California

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 13 and 14 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.

Perry, Bunch & Johnston, Inc.

Woodland, California
March 14, 2016

**Dixon/Solano RCD Water Quality Coalition
A Component Unit of
The Dixon Resource Conservation District
of Solano County**

MANAGEMENT'S DISCUSSION AND ANALYSIS:

As management of the Dixon/Solano RCD Water Quality Coalition (Coalition), we offer readers of the Coalition's financial statements this narrative overview and analysis of the financial activities of the Coalition for the fiscal years ended June 30, 2015 and 2014. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

FINANCIAL HIGHLIGHTS:

- The Coalition's net position totaled \$78,575 at June 30, 2015 and \$43,961 at June 30, 2014. Of these amounts, \$78,575 and \$43,961 (unrestricted net position) at June 30, 2015 and 2014, respectively, may be used to meet the Coalition's ongoing obligations to citizens and creditors.
- The Coalition's total net position increased by \$34,614 as a result of the current year's operations and decreased by \$18,747 as a result of fiscal year 2013/2014 operations.
- The Coalition's governmental funds reported an ending fund balance of \$78,575 at June 30, 2015 and \$43,961 at June 30, 2014, of which the entire amount for each fiscal year is available for spending at the Coalition's discretion (unassigned fund balance).
- Like the Coalition's total net position, total fund balance increased by \$34,614 as a result of the current year's operations and decreased by \$18,747 as a result of fiscal year 2013/2014 operations.

OVERVIEW OF THE FINANCIAL STATEMENTS:

Revenue of the Coalition is generated primarily through enrollment fees. Accordingly, the Coalition is considered to be involved only in governmental activities for purposes of GASB Statement No. 34. It is therefore required to present only the government-wide financial statements and the fund financial statements for governmental funds. Additionally, the Coalition is considered to be a special-purpose entity engaged in a single governmental program and maintains a single general fund. Therefore, the Coalition combines the government-wide and fund financial statements using a columnar format that reconciles fund data to government-wide data. The government-wide financial statements, which include the statements of net position and the statements of activities, provide information about the activities of the Coalition as a whole and present a longer-term view of the Coalition's finances. Fund financial statements for governmental activities provide information about short-term financing as well as funds that remain available for future spending.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The statements of net position and statements of activities include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Coalition's net position and changes in net position. The Coalition's net position, the difference between assets and liabilities, present a way to measure the Coalition's financial position. Over time, increases or decreases in net position are one indicator of whether financial health is improving or deteriorating. Condensed financial information from these two statements follows.

Dixon/Solano RCD Water Quality Coalition
A Component Unit of Dixon Resource Conservation District
Net Position
June 30, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:			
Current and other assets	\$ 119,311	\$ 63,598	\$ 81,578
Total Assets	<u>\$ 119,311</u>	<u>\$ 63,598</u>	<u>\$ 81,578</u>
Liabilities:			
Current liabilities	\$ 40,736	\$ 19,637	\$ 18,870
Total Liabilities	<u>40,736</u>	<u>19,637</u>	<u>18,870</u>
Net Position:			
Unrestricted	78,575	43,961	62,708
Total Net Position	<u>78,575</u>	<u>43,961</u>	<u>62,708</u>
Total Liabilities and Net Position:	<u>\$ 119,311</u>	<u>\$ 63,598</u>	<u>\$ 81,578</u>

Changes in Net Position
Fiscal Years Ended June 30, 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Program Expenses:			
Fees and permits	\$ 90,984	\$ 86,017	\$ 63,767
Other	5,129	3,384	2,673
Professional and specialized services	285,144	213,577	177,471
Total Program Expenses	<u>381,257</u>	<u>302,978</u>	<u>243,911</u>
Program Revenues:			
Enrollment fees	414,946	283,622	228,169
Total Program Revenues	<u>414,946</u>	<u>283,622</u>	<u>228,169</u>
Net Program Income (Expense)	<u>33,689</u>	<u>(19,356)</u>	<u>(15,742)</u>
General Revenues:			
Revenues from the use of money and property	925	609	907
Total General Revenues	<u>925</u>	<u>609</u>	<u>907</u>
Change in Net Position	34,614	(18,747)	(14,835)
Net Position, Beginning of Year	<u>43,961</u>	<u>62,708</u>	<u>77,543</u>
Net Position, End of Year	<u>\$ 78,575</u>	<u>\$ 43,961</u>	<u>\$ 62,708</u>

As noted earlier, net position may serve over time as a useful indicator of the coalition's financial position. In the case of the Dixon/Solano RCD Water Quality Coalition, assets exceeded liabilities by \$78,575 and \$43,961 at June 30, 2015 and 2014, respectively.

For the year ended June 30, 2015, current assets increased by \$55,713 while current liabilities increased by \$21,099. Current assets increased due to the additional revenues from new members' enrollment fees. There was also a substantial increase in fees paid to the Sacramento Valley Water Quality Coalition for monitoring site costs, monitoring program costs, and regional plan management cost, as anticipated and outlined in the Sacramento Valley Water Quality Coalition's Budget and Monitoring and Reporting Plan as well as significant increases in costs for local staff time to respond to new requirements in the new order. For the year ended June 30, 2014, current assets decreased \$17,980 while current liabilities increased by \$767. The primary reason for the decreases is attributable to a large amount of warrants accrued at June 30, 2013 but presented for payment during the subsequent year.

Net position increased by \$34,614 or 78.7 percent, for the year ended June 30, 2015. For the year ended June 30, 2014, net position decreased by \$18,747, or 29.9 percent.

Net assets increased at June 30, 2015 due to increased enrollment fees from new members. Net assets decreased at June 30, 2014 because enrollment fees were not sufficient to completely fund expenses. The Board determined that it wanted to draw down its reserves to defer the need to increase enrollment fees. The Board determined in June 2015 that a net asset level in the range of \$50,000 to \$70,000 is sufficient to cover cash flow needs at this time. The adoption of this net asset range allowed the net assets to decrease as opposed to increasing enrollment fees for the audit periods. Moreover, as previously mentioned, fees paid for specialized services increased substantially during the year ended June 30, 2015, however net assets increased due to new member enrollment fees which were a result of Regional Board enforcement action requiring landowners not previously enrolled in a coalition to join one. The increased expenses resulted in a financial position at June 30, 2015 more in line with the current needs of the Coalition.

THE FUND FINANCIAL STATEMENTS:

The fund financial statements for the Coalition's single governmental fund include the governmental fund balance sheets and governmental fund revenues, expenditures and changes in fund balance. These statements focus on the flow of money into and out of the governmental fund and the balance left at year-end that is available for expenditure. They are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The purpose of the statements is to provide a detailed short-term view of the Coalition's governmental program and to help determine the level of financial resources that can be spent in the near future to finance the program.

At June 30, 2015 and 2014, the Coalition reported an ending fund balance of \$78,575 and \$43,961, respectively. This is an increase of \$34,614 and a decrease of \$18,747 for the years ended June 30, 2015 and 2014, respectively. Of the ending fund balance at June 30, 2015 and 2014, all was classified as unassigned and available for spending at the Coalition's discretion.

Governmental revenues totaled \$415,871 for the year ended June 30, 2015, which represents an increase of 46.3 percent from the prior year. Governmental revenues totaled \$284,231 for the year ended June 30, 2014, which is an increase of 24.1 percent from the prior year. The Board approved an Enrollment Fee increase in September 2013. Coalition members' enrollment fees were increased from \$2/irrigated acres to \$2.50/irrigated acres to cover the anticipated increase in monitoring, State fees, and staffing required to meet the program obligations. Additional enrollment fees in 2015 were a result of one-time initiation new member fees in response to the Regional Board enforcement.

Governmental expenditures totaled \$381,257 for the year ended June 30, 2015, which represents an increase of 25.8 percent from the prior year. As previously mentioned, fees paid for specialized services increased substantially, including fees paid for water quality monitoring, new groundwater quality and reporting requirement, and additional staffing. The Irrigated Land Regulatory Program requirements changed significantly with an update to the regulations. Associated costs increased accordingly, including follow-up water quality monitoring, member education and outreach when there are recurring problems and new requirements to protect groundwater quality. The need for more or less specialized services during a given year depends on various factors, including issues encountered by the Coalition. At \$302,978, expenditures for the year ended June 30, 2014 were 24.2 percent more than in the prior year, due to the increased requirements with the March 2014 updated regulation.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The general fund budget is reflected in the budgetary comparison schedule as presented on pages 13 and 14 in the required supplementary information section of this report.

During the fiscal year ended June 30, 2015, there was an increase in expenses between the original and final budgets. Actual revenues exceeded the final budgeted amount by \$27,896. Actual expenditures were \$9,369 less than the final budget.

During the fiscal year ended June 30, 2014, there was an increase in expenses between the original and final budgets. Final budgeted revenues exceeded the actual amount by \$3,344. Actual expenditures were \$21,839 less than the final budget.

The Board's authorization of significant expenditures over revenues required the need to draw upon the existing fund balance for both fiscal years presented was consistent with the coalition current policy and funding needs.

REQUESTS FOR INFORMATION:

This financial report is designed to provide a general overview of the Coalition's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Coalition's Board of Directors, 1170 North Lincoln St., Suite 110, Dixon, CA 95620.

**DIXON/SOLANO RCD WATER QUALITY COALITION, A COMPONENT UNIT
OF DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY**

STATEMENTS OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEETS

June 30, 2015

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS:			
Cash	\$ 117,621	\$ -	\$ 117,621
Accounts receivable	1,690	-	1,690
Total Assets	<u>\$ 119,311</u>	<u>\$ -</u>	<u>\$ 119,311</u>
LIABILITIES:			
Accounts payable	\$ 1,988	\$ -	\$ 1,988
Due to related parties	38,748	-	38,748
Total Liabilities	<u>40,736</u>	<u>-</u>	<u>40,736</u>
FUND BALANCE/NET POSITION:			
Fund balance: Unassigned	<u>78,575</u>	<u>(78,575)</u>	<u>-</u>
Total Fund Balance	<u>78,575</u>	<u>(78,575)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 119,311</u>		
Net position: Unrestricted		<u>78,575</u>	<u>78,575</u>
Total Net Position		<u>78,575</u>	<u>78,575</u>
Total Liabilities and Net Position		<u>\$ -</u>	<u>\$ 119,311</u>

June 30, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS:			
Cash	\$ 63,598	\$ -	\$ 63,598
Total Assets	<u>\$ 63,598</u>	<u>\$ -</u>	<u>\$ 63,598</u>
LIABILITIES:			
Due to related parties	\$ 19,637	\$ -	\$ 19,637
Total Liabilities	<u>19,637</u>	<u>-</u>	<u>19,637</u>
FUND BALANCE/NET POSITION:			
Fund balance: Unassigned	<u>43,961</u>	<u>(43,961)</u>	<u>-</u>
Total Fund Balance	<u>43,961</u>	<u>(43,961)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 63,598</u>		
Net position: Unrestricted		<u>43,961</u>	<u>43,961</u>
Total Net Position		<u>43,961</u>	<u>43,961</u>
Total Liabilities and Net Position		<u>\$ -</u>	<u>\$ 63,598</u>

See accompanying notes.

**DIXON/SOLANO RCD WATER QUALITY COALITION, A COMPONENT UNIT
OF DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY**

**STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

Year Ended June 30, 2015

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
PROGRAM EXPENDITURES/EXPENSES:			
Documents and records	\$ 1,200	\$ -	\$ 1,200
Fees and permits	90,984	-	90,984
Miscellaneous	1,279	-	1,279
Office	612	-	612
Postage	2,038	-	2,038
Professional and specialized services	285,144	-	285,144
Total Program Expenditures/Expenses	<u>381,257</u>	<u>-</u>	<u>381,257</u>
PROGRAM REVENUES:			
Enrollment fees	414,946	-	414,946
Total Program Revenues	<u>414,946</u>	<u>-</u>	<u>414,946</u>
Net Program Expense	<u>33,689</u>	<u>-</u>	<u>33,689</u>
GENERAL REVENUES:			
Miscellaneous income	30	-	30
Interest income	895	-	895
Total General Revenues	<u>925</u>	<u>-</u>	<u>925</u>
Change in Fund Balance/Net Position	34,614	<u>\$ -</u>	34,614
Fund Balance/Net Position, Beginning of Year	<u>43,961</u>		<u>43,961</u>
Fund Balance/Net Position, End of Year	<u>\$ 78,575</u>		<u>\$ 78,575</u>

Year Ended June 30, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
PROGRAM EXPENDITURES/EXPENSES:			
Documents and records	\$ 1,200	\$ -	\$ 1,200
Fees and permits	86,017	-	86,017
Miscellaneous	270	-	270
Office	1,216	-	1,216
Postage	698	-	698
Professional and specialized services	213,577	-	213,577
Total Program Expenditures/Expenses	<u>302,978</u>	<u>-</u>	<u>302,978</u>
PROGRAM REVENUES:			
Enrollment fees	283,622	-	283,622
Total Program Revenues	<u>283,622</u>	<u>-</u>	<u>283,622</u>
Net Program Income	<u>(19,356)</u>	<u>-</u>	<u>(19,356)</u>
GENERAL REVENUES:			
Interest income	609	-	609
Total General Revenues	<u>609</u>	<u>-</u>	<u>609</u>
Change in Fund Balance/Net Position	(18,747)	<u>\$ -</u>	(18,747)
Fund Balance/Net Position, Beginning of Year	<u>62,708</u>		<u>62,708</u>
Fund Balance/Net Position, End of Year	<u>\$ 43,961</u>		<u>\$ 43,961</u>

See accompanying notes.

**DIXON/SOLANO RCD WATER QUALITY COALITION, A COMPONENT UNIT
OF DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

FINANCIAL REPORTING ENTITY AND NATURE OF ACTIVITIES:

The Dixon/Solano RCD Water Quality Coalition (the Coalition) was established for the purpose of planning, mapping, monitoring, and assisting members with implementing best management practices for an effective solution to the Central Valley Regional Water Quality Control Board's Conditional Waiver for Irrigated Lands program throughout Solano County.

The Central Valley Regional Water Quality Control Board adopted a Conditional Waivers of Waste Discharge Requirements for Discharges from Irrigated Lands on July 11, 2003 and subsequently adopted a Waste Discharge Requirement Order in March 2014. The Order specifies requirements for all landowners and operators of irrigated lands within the Central Valley (Region 5) are required to comply with the Irrigated Lands Regulatory Program (ILRP). Compliance with this program may be accomplished by signing on as an individual discharger, applying for a permit, or by joining a watershed coalition group (group permit). The Dixon and Solano Resource Conservation Districts (Dixon RCD and Solano RCD) entered into an agreement to form a local watershed coalition group to assure the most reasonable and economically feasible program is established and implemented.

The Coalition Board of Directors consists of twelve board members, five from the Dixon RCD and seven from the Solano RCD. Each member serves a four-year term. The Board of Supervisors of Solano County approves the appointment of each member.

Based on the Memorandum of Understanding for the Dixon/Solano RCD Water Quality Coalition, an Ad Hoc Advisory Committee was established. The Advisory Committee consists of nine members, including at least one member from the Dixon RCD Board, one from the Solano RCD Board, and at least two enrolled landowners/farmers from each of the following three areas: Dixon RCD, Solano RCD, and the unincorporated area.

The role of the Advisory Committee is to review programs and present recommendations to the Coalition Board, review status of program enrollment and plans to increase enrollment, review the budget, and attend to other issues as needed.

Based on criteria outlined in Governmental Accounting Standards Board Statement No. 14, the Coalition is considered a discretely presented component unit of Dixon RCD. The services provided by the Coalition are for a specific type of resource conservation activity that is not considered an integral part of the Dixon RCD's normal operations. A separate general fund was established to account for the fiscal activities related to the Coalition.

The Coalition's financial accounts are maintained in accordance with generally accepted accounting principles (GAAP) and the uniform accounting system for Special Districts prescribed by the State Controller in compliance with the Government Code of the State of California.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

Fund Financial Statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Coalition considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Coalition uses a single general fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The single general fund utilized by the Coalition is a governmental fund. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all activities of the Coalition. The Coalition is a special purpose entity engaged in a single governmental program. The Coalition has no fiduciary funds or component units that are fiduciary in nature.

The statements of activities demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue of the Coalition consists solely of enrollment fees charged to members of the Coalition. Interest income and other items not properly included among program revenues are reported as general revenues.

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 related cash flows. Enrollment fees are reported as revenue when received or accrued if determinable. Since participation in the program is voluntary, it is often doubtful whether the enrollment fee will be collected. Therefore, enrollments are considered to be earned when collected.

When both restricted and unrestricted resources are available for use, it is the Coalition's policy to use restricted resources first, then unrestricted resources as they are needed. The Coalition had no restricted resources at year-end for all fiscal years presented.

CASH:

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 Coalition maintains cash balances with financial institutions in accordance with California Government Code. The Coalition has not formally adopted its own deposit and investment policies that limit the Coalition's allowable investments or deposits and that address custodial credit risk. The California Government Code does 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: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

The Coalition deposits cash in the Solano County Treasury. The deposits are part of an investment pool managed by the Solano County Treasurer (Treasurer). The Coalition's ability to withdraw large sums of cash may be subject to certain restrictions set by the Treasurer. The Coalition's collateralized deposits with the Treasurer that are not federally insured at June 30, 2015 and 2014 totaled \$117,621 and \$63,598, respectively.

The Treasurer's pooled cash and investments are invested pursuant to investment policy guidelines established by the Treasurer and approved by the Solano County Board of Supervisors. The objectives of the policy are: legality, preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions that maintain Treasurer deposits, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio which may be invested in certain instruments with longer terms of maturity. The County Treasury Oversight Committee annually reviews the investment policy and the portfolio activity. See the County of Solano Comprehensive Annual Financial

**DIXON/SOLANO RCD WATER QUALITY COALITION, A COMPONENT UNIT
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NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Report for more details regarding the County's investment pool, including its investment types, investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

ACCOUNTS RECEIVABLE:

Accounts receivable represents enrollment fees pertaining to the current fiscal year but collected after year end.

ACCOUNTS PAYABLE:

Accounts payable represents the balance due for goods received and/or services rendered.

OUTSTANDING WARRANTS:

Outstanding warrants represent the amount of treasury warrants issued but not yet presented to the Treasurer for payment. When warrants are mailed, expenditures are recorded and an outstanding warrant liability is created, pending presentation of the warrant.

NET POSITION/FUND BALANCE:

The statement of activities utilizes a net position presentation. Net position are categorized as unrestricted, restricted, and invested in capital assets – net of related debt. Unrestricted represents net assets of the Coalition not restricted for any project or purpose. At June 30, 2015 the Coalition had no net assets categorized as restricted or invested in capital assets – net of related debt.

The governmental fund balance sheet utilizes a fund balance presentation. Under GASB 54, fund balance is segregated and classified as follows: Nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. At June 30, 2015 fund balance of the Coalition was entirely classified as unassigned, which represents residual fund balance after it is classified to the other categories.

USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – RISK MANAGEMENT:

The Coalition is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Dixon RCD is a member of the Special Coalition Risk Management Authority (SCRMA), an intergovernmental risk sharing joint powers authority created pursuant to California Government Code Sections 6500 et. seq. The Dixon RCD pays an annual premium to SCRMA for its General and Auto Liability, Public Officials' and Employees' Errors and Omissions, Employment Practices Liability, and Workers' Compensation insurance coverage, among others. As a component unit of the Dixon RCD, the Coalition is included in the Dixon RCD's insurance coverage.

NOTE 3 – RELATED PARTY TRANSACTIONS:

The Coalition reimburses the Dixon and Solano RCDs for administrative services and direct expenses associated with operating the Coalition. Amounts paid to the Dixon RCD for the years ended June 30, 2015 and 2014 were \$110,838 and \$72,112, respectively. Amounts due to the Dixon RCD at June 30, 2015 and 2014 were \$27,545 and \$15,063, respectively. Amounts paid to the Solano RCD for the years ended June 30, 2015 and 2014 were \$49,111 and \$17,679, respectively. Amounts due to the Solano RCD at June 30, 2015 and 2014 were \$11,203 and \$4,574, respectively.

*DIXON/SOLANO RCD WATER QUALITY COALITION, A COMPONENT UNIT
OF DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY*

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2015 and 2014

NOTE 4 – SUBSEQUENT EVENTS:

Management has considered all subsequent events for disclosure in the financial statements through March 14, 2016, which represents the date the financial statements were available to be issued.

*DIXON/SOLANO RCD WATER QUALITY COALITION
A COMPONENT UNIT OF
THE DIXON RESOURCE CONSERVATION DISTRICT
OF SOLANO COUNTY*

Required Supplementary Information
Years Ended June 30, 2015 and 2014

**DIXON/SOLANO RCD WATER QUALITY COALITION, A COMPONENT UNIT
OF DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY**

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balances, Beginning of Year	\$ 69,744	\$ 31,704	\$ 43,961	\$ 12,257
RESOURCES (INFLOWS):				
Enrollment fees	387,125	387,125	414,946	27,821
Miscellaneous income	-	-	30	30
Interest income	850	850	895	45
Amounts Available for Appropriation	<u>457,719</u>	<u>419,679</u>	<u>459,832</u>	<u>40,153</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Documents and records	1,200	1,200	1,200	-
Fees and permits	93,638	93,638	90,984	2,654
Miscellaneous	2,900	2,900	1,279	1,621
Office	1,000	1,000	612	388
Postage	1,500	1,500	2,038	(538)
Professional and specialized services	289,804	290,388	285,144	5,244
Total Charges to Appropriations	<u>390,042</u>	<u>390,626</u>	<u>381,257</u>	<u>9,369</u>
Budgetary Fund Balances, End of Year	<u>\$ 67,677</u>	<u>\$ 29,053</u>	<u>\$ 78,575</u>	<u>\$ 49,522</u>

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule. \$ 459,832

Differences - Budget to GAAP:

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes. (43,961)

Total revenues as reported on the statement of activities and governmental fund revenues, expenditures and changes in fund balance. \$ 415,871

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule. 381,257

Total expenditures as reported on the statement of activities and governmental fund revenues, expenditures and changes in fund balance. \$ 381,257

**DIXON/SOLANO RCD WATER QUALITY COALITION, A COMPONENT UNIT
OF DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY**

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balances, Beginning of Year	\$ 68,946	\$ 68,946	\$ 62,708	\$ (6,238)
RESOURCES (INFLOWS):				
Enrollment fees	286,725	286,725	283,622	(3,103)
Interest income	850	850	609	(241)
Amounts Available for Appropriation	<u>356,521</u>	<u>356,521</u>	<u>346,939</u>	<u>(9,582)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Documents and records	1,200	1,200	1,200	-
Fees and permits	64,227	86,017	86,017	-
Miscellaneous	2,850	2,850	270	2,580
Office	500	1,750	1,216	534
Postage	1,000	1,000	698	302
Professional and specialized services	217,000	232,000	213,577	18,423
Total Charges to Appropriations	<u>286,777</u>	<u>324,817</u>	<u>302,978</u>	<u>21,839</u>
Budgetary Fund Balances, End of Year	<u>\$ 69,744</u>	<u>\$ 31,704</u>	<u>\$ 43,961</u>	<u>\$ 12,257</u>

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule. \$ 346,939

Differences - Budget to GAAP:

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes. (62,708)

Total revenues as reported on the statement of activities and governmental fund revenues, expenditures and changes in fund balance. \$ 284,231

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule. \$ 302,978

Total expenditures as reported on the statement of activities and governmental fund revenues, expenditures and changes in fund balance. \$ 302,978

*DIXON/SOLANO RCD WATER QUALITY COALITION, A COMPONENT UNIT
OF DIXON RESOURCE CONSERVATION DISTRICT OF SOLANO COUNTY*

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Years Ended June 30, 2015 and 2014

BUDGETARY INFORMATION:

The Coalition shall conform to the Accounting Procedures for Special Districts prescribed in Title 2 of the California Administrative Code. Although the Coalition is not required to utilize formal budgetary procedures, the Coalition follows the County budget requirement and calendar. On or before June 30 of each year, the Coalition Board adopts a preliminary budget, and on or before September 30 of each year, after making the changes in the preliminary budget, the Coalition Board adopts a final budget on a basis consistent with generally accepted accounting principles. The final budget establishes its appropriation limit pursuant to Division 9 of Title 1 of the Government Code. The Coalition has established budgetary control at the object code level within the Dixon RCD's financial accounting system. All annual appropriations lapse at fiscal year end.