

*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, 2013 and 2012

*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, 2013 and 2012, 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 error or fraud. 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, 2013 and 2012, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 12 and 13 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 6, 2014

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, 2013 and 2012. 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 \$62,708 at June 30, 2013 and \$77,543 at June 30, 2012. Of these amounts, \$62,708 and \$77,543 (unrestricted net position) at June 30, 2013 and 2012, respectively, may be used to meet the Coalition's ongoing obligations to citizens and creditors.
- The Coalition's total net position decreased by \$14,835 as a result of the current year's operations and increased by \$40,143 as a result of fiscal year 2011/2012 operations.
- The Coalition's governmental funds reported an ending fund balance of \$62,708 at June 30, 2013 and \$77,543 at June 30, 2012, 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 decreased by \$14,835 as a result of the current year's operations and increased by \$40,143 as a result of fiscal year 2011/2012 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, 2013, 2012, and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets:			
Current and other assets	\$ 81,578	\$ 97,225	\$ 57,439
Total Assets	<u>\$ 81,578</u>	<u>\$ 97,225</u>	<u>\$ 57,439</u>
Liabilities:			
Current liabilities	\$ 18,870	\$ 19,682	\$ 20,039
Total Liabilities	<u>18,870</u>	<u>19,682</u>	<u>20,039</u>
Net Position:			
Unrestricted	62,708	77,543	37,400
Total Net Position	<u>62,708</u>	<u>77,543</u>	<u>37,400</u>
Total Liabilities and Net Position:	<u>\$ 81,578</u>	<u>\$ 97,225</u>	<u>\$ 57,439</u>

Changes in Net Position
Fiscal Years Ended June 30, 2013, 2012, and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Program Expenses:			
Fees and permits	\$ 63,767	\$ 64,880	\$ 13,442
Other	2,673	2,169	3,179
Professional and specialized services	177,471	131,548	192,364
Total Program Expenses	<u>243,911</u>	<u>198,597</u>	<u>208,985</u>
Program Revenues:			
Enrollment fees	228,169	237,885	121,766
Total Program Revenues	<u>228,169</u>	<u>237,885</u>	<u>121,766</u>
Net Program Income (Expense)	<u>(15,742)</u>	<u>39,288</u>	<u>(87,219)</u>
General Revenues:			
Revenues from the use of money and property	907	855	1,040
Total General Revenues	<u>907</u>	<u>855</u>	<u>1,040</u>
Change in Net Position	(14,835)	40,143	(86,179)
Net Position, Beginning of Year	<u>77,543</u>	<u>37,400</u>	<u>123,579</u>
Net Position, End of Year	<u>\$ 62,708</u>	<u>\$ 77,543</u>	<u>\$ 37,400</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 \$62,708 and \$77,543 at June 30, 2013 and 2012, respectively.

For the year ended June 30, 2013, current assets decreased by \$15,647 while current liabilities decreased by \$812. Current assets decreased due to 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. For the year ended June 30, 2012, current assets increased \$39,786 while current liabilities decreased by \$357. The primary reason for both decreases is attributable to a large amount of warrants accrued at June 30, 2011 but presented for payment during the subsequent year.

Net position decreased by \$14,835 or 19.1 percent, for the year ended June 30, 2013. For the year ended June 30, 2012, net position increased by \$40,143, or 107.3 percent.

Net assets decreased in both years because enrollment fees were not sufficient to completely fund expenses. The Board determined that it was no longer necessary to maintain a net asset balance of greater than \$100,000 since costs have become more predictable. The Board feels that a net asset level in the range of \$25,000 to \$40,000 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, 2013, which contributed to the large decrease in net assets. The increased expenses resulted in a financial position at June 30, 2013 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, 2013 and 2012, the Coalition reported an ending fund balance of \$62,708 and \$77,543, respectively. This is a decrease of \$14,835 and an increase of \$40,143 for the years ended June 30, 2013 and 2012, respectively. Of the ending fund balance at June 30, 2013 and 2012, all was classified as unassigned and available for spending at the Coalition's discretion.

Governmental revenues totaled \$229,076 for the year ended June 30, 2013, which represents a decrease of 4.0 percent from the prior year. Governmental revenues totaled \$238,740 for the year ended June 30, 2012, which is an increase of 94.4 percent from the prior year. The Board approved an Enrollment Fee increase in September 2011. Coalition members' enrollment fees were increased from \$1/irrigated acres to \$2/irrigated acres to cover the anticipated increase in monitoring, State fees, and staffing required to meet the program obligations.

Governmental expenditures totaled \$243,911 for the year ended June 30, 2013, which represents an increase of 22.8 percent from the prior year. As previously mentioned, fees paid for specialized services increased substantially, including fees paid for water quality monitoring and additional staffing. The Irrigated Land Regulatory Program requires follow-up water quality monitoring, member education and outreach when there are recurring problems. The need for more or less specialized services during a given year depends on various factors, including issues encountered by the Coalition. At \$198,597, expenditures for the year ended June 30, 2012 were 5.0 percent less than in the prior year.

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, 2013, there were no changes between the original and final budgets. Actual revenues exceeded the budgeted amount by \$570. Actual expenditures were \$6,808 more than budget.

During the fiscal year ended June 30, 2012, there were no changes between the original and final budgets. Actual revenues exceeded the budgeted amount by \$15,978. Actual expenditures were \$19,993 less than 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, 2013

	General Fund	Adjustments	Statement of Net Position
ASSETS:			
Cash	\$ 81,197	\$ -	\$ 81,197
Accounts receivable	381	-	381
	<u>81,578</u>	<u>-</u>	<u>81,578</u>
Total Assets	\$ 81,578	\$ -	\$ 81,578
LIABILITIES:			
Accounts payable	\$ 3,495	\$ -	\$ 3,495
Due to related parties	15,375	-	15,375
	<u>18,870</u>	<u>-</u>	<u>18,870</u>
Total Liabilities	18,870	-	18,870
FUND BALANCE/NET POSITION:			
Fund balance:			
Unassigned	62,708	(62,708)	-
	<u>62,708</u>	<u>(62,708)</u>	<u>-</u>
Total Fund Balance	62,708	(62,708)	-
Total Liabilities and Fund Balance	\$ 81,578		
Net assets:			
Unrestricted		62,708	62,708
		<u>62,708</u>	<u>62,708</u>
Total Net Position		62,708	62,708
Total Liabilities and Net Position		\$ -	\$ 81,578

June 30, 2012

	General Fund	Adjustments	Statement of Net Position
ASSETS:			
Cash	\$ 95,725	\$ -	\$ 95,725
Accounts receivable	1,500	-	1,500
	<u>97,225</u>	<u>-</u>	<u>97,225</u>
Total Assets	\$ 97,225	\$ -	\$ 97,225
LIABILITIES:			
Due to related parties	\$ 19,682	\$ -	\$ 19,682
Accounts payable	-	-	-
	<u>19,682</u>	<u>-</u>	<u>19,682</u>
Total Liabilities	19,682	-	19,682
FUND BALANCE/NET POSITION:			
Fund balance:			
Unassigned	77,543	(77,543)	-
	<u>77,543</u>	<u>(77,543)</u>	<u>-</u>
Total Fund Balance	77,543	(77,543)	-
Total Liabilities and Fund Balance	\$ 97,225		
Net Position:			
Unrestricted		77,543	77,543
		<u>77,543</u>	<u>77,543</u>
Total Net Position		77,543	77,543
Total Liabilities and Net Position		\$ -	\$ 97,225

**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, 2013

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
PROGRAM EXPENDITURES/EXPENSES:			
Documents and records	\$ 1,528	\$ -	\$ 1,528
Fees and permits	63,767	-	63,767
Miscellaneous	236	-	236
Office	259	-	259
Postage	650	-	650
Professional and specialized services	177,471	-	177,471
Total Program Expenditures/Expenses	<u>243,911</u>	<u>-</u>	<u>243,911</u>
PROGRAM REVENUES:			
Enrollment fees	228,169	-	228,169
Total Program Revenues	<u>228,169</u>	<u>-</u>	<u>228,169</u>
Net Program Expense	<u>(15,742)</u>	<u>-</u>	<u>(15,742)</u>
GENERAL REVENUES:			
Interest income	907	-	907
Total General Revenues	<u>907</u>	<u>-</u>	<u>907</u>
Change in Fund Balance/Net Position	(14,835)	<u>\$ -</u>	(14,835)
Fund Balance/Net Position, Beginning of Year	<u>77,543</u>		<u>77,543</u>
Fund Balance/Net Position, End of Year	<u>\$ 62,708</u>		<u>\$ 62,708</u>

Year Ended June 30, 2012

	<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	64,880	-	64,880
Miscellaneous	464	-	464
Office	172	-	172
Postage	333	-	333
Professional and specialized services	131,548	-	131,548
Total Program Expenditures/Expenses	<u>198,597</u>	<u>-</u>	<u>198,597</u>
PROGRAM REVENUES:			
Enrollment fees	237,885	-	237,885
Total Program Revenues	<u>237,885</u>	<u>-</u>	<u>237,885</u>
Net Program Income	<u>39,288</u>	<u>-</u>	<u>39,288</u>
GENERAL REVENUES:			
Interest income	855	-	855
Total General Revenues	<u>855</u>	<u>-</u>	<u>855</u>
Change in Fund Balance/Net Position	40,143	<u>\$ -</u>	40,143
Fund Balance/Net Position, Beginning of Year	<u>37,400</u>		<u>37,400</u>
Fund Balance/Net Position, End of Year	<u>\$ 77,543</u>		<u>\$ 77,543</u>

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

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. As a result, all landowners and operators of irrigated lands within the Central Valley (Region 5) are required to comply with the agricultural wastewater requirement program. Compliance with this program may be accomplished by signing on as an individual discharger, or by joining a watershed coalition group. 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 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, 2013 and 2012

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

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statements of net assets 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, 2013 and 2012 totaled \$81,197 and \$95,725, 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, 2013 and 2012

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, 2013 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, 2013 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, 2013 and 2012 were \$58,637 and \$52,981, respectively. Amounts due to the Dixon RCD at June 30, 2013 and 2012 were \$14,572 and \$13,899, respectively. Amounts paid to the Solano RCD for the years ended June 30, 2013 and 2012 were \$21,331 and \$19,368, respectively. Amounts due to the Solano RCD at June 30, 2013 and 2012 were \$4,298 and \$5,783, 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, 2013 and 2012

NOTE 4 – SUBSEQUENT EVENTS:

Management has considered subsequent events for disclosure in the financial statements through March 6, 2014, 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, 2013 and 2012

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

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balances, Beginning of Year	\$ 77,543	\$ 77,543	\$ 77,543	\$ -
RESOURCES (INFLOWS):				
Enrollment fees	227,656	227,656	228,169	513
Interest income	850	850	907	57
	<u>306,049</u>	<u>306,049</u>	<u>306,619</u>	<u>570</u>
Amounts Available for Appropriation				
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Documents and records	1,200	1,200	1,528	(328)
Fees and permits	63,743	63,743	63,767	(24)
Miscellaneous	2,850	2,850	236	2,614
Office	500	500	259	241
Postage	1,000	1,000	650	350
Professional and specialized services	167,810	167,810	177,471	(9,661)
	<u>237,103</u>	<u>237,103</u>	<u>243,911</u>	<u>(6,808)</u>
Total Charges to Appropriations				
	<u>306,049</u>	<u>306,049</u>	<u>306,619</u>	<u>570</u>
Budgetary Fund Balances, End of Year				
	<u>\$ 68,946</u>	<u>\$ 68,946</u>	<u>\$ 62,708</u>	<u>\$ (6,238)</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. \$ 306,619

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. (77,543)

Total revenues as reported on the statement of activities and governmental fund revenues, expenditures and changes in fund balance. \$ 229,076

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule. 243,911

Total expenditures as reported on the statement of activities and governmental fund revenues, expenditures and changes in fund balance. \$ 243,911

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

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balances, Beginning of Year	\$ 34,562	\$ 34,562	\$ 37,400	\$ 2,838
RESOURCES (INFLOWS):				
Enrollment fees	224,000	224,000	237,885	13,885
Interest income	1,600	1,600	855	(745)
	<u>260,162</u>	<u>260,162</u>	<u>276,140</u>	<u>15,978</u>
Amounts Available for Appropriation				
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Documents and records	1,200	1,200	1,200	-
Fees and permits	47,040	47,040	64,880	(17,840)
Miscellaneous	2,850	2,850	464	2,386
Office	250	250	172	78
Postage	2,500	2,500	333	2,167
Professional and specialized services	164,750	164,750	131,548	33,202
	<u>218,590</u>	<u>218,590</u>	<u>198,597</u>	<u>19,993</u>
Total Charges to Appropriations				
	<u>218,590</u>	<u>218,590</u>	<u>198,597</u>	<u>19,993</u>
Budgetary Fund Balances, End of Year				
	<u>\$ 41,572</u>	<u>\$ 41,572</u>	<u>\$ 77,543</u>	<u>\$ 35,971</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. \$ 276,140

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. (37,400)

Total revenues as reported on the statement of activities and governmental fund revenues, expenditures and changes in fund balance. \$ 238,740

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule. \$ 198,597

Total expenditures as reported on the statement of activities and governmental fund revenues, expenditures and changes in fund balance. \$ 198,597

*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, 2013 and 2012

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.