

DRCD YOLO BYPASS WILDLIFE AREA

Report on Audits
Years Ended June 30, 2013 and 2012

DRCD YOLO BYPASS WILDLIFE AREA

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Independent Auditor's Report

To the Board of Directors
Yolo Bypass Wildlife Area
Dixon, California

We have audited the accompanying financial statements of the business-type activities of Yolo Bypass Wildlife Area (the YBWA) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the entity'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 business-type activities of the YBWA 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

The budgetary comparison information is presented on pages 9 and 10 of this report. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the budgetary comparison information. However, we did not audit the information and express no opinion on it.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Perry, Bunch & Johnston, Inc.

Woodland, California
March 6, 2014

DRCD YOLO BYPASS WILDLIFE AREA

STATEMENTS OF NET POSITION

June 30,	2013	2012
ASSETS		
ASSETS:		
Cash	\$ 677,718	\$ 235,916
Accounts receivable	<u>4,155</u>	<u>1,828</u>
Total Assets	<u>\$ 681,873</u>	<u>\$ 237,744</u>
LIABILITIES AND NET POSITION		
LIABILITIES:		
Accounts payable	\$ 6,049	\$ 15,744
Outstanding warrants	-	18,189
Due to related parties	61,664	6,211
Due to other agencies	4,023	-
Deferred revenue	<u>41,406</u>	<u>-</u>
Total Liabilities	<u>113,142</u>	<u>40,144</u>
NET POSITION:		
Unassigned	<u>568,731</u>	<u>197,600</u>
Total Net Position	<u>568,731</u>	<u>197,600</u>
Total Liabilities and Net Position	<u>\$ 681,873</u>	<u>\$ 237,744</u>

DRCD YOLO BYPASS WILDLIFE AREA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended June 30,	2013	2012
REVENUES:		
Leases	\$ 558,648	\$ 586,308
Other income	-	1,828
Revenues from the use of money and property	<u>3,021</u>	<u>1,291</u>
Total Revenues	<u>561,669</u>	<u>589,427</u>
EXPENDITURES:		
Fees and permits	1,912	31
Household expense	13,471	26,023
Maintenance	35,090	201,312
Miscellaneous	1,488	3,505
Non-capitalized equipment	-	985
Professional and specialized services	90,063	92,939
Rents and leases	900	1,262
Supplies	10,213	8,134
Transportation and travel	-	56
Utilities	<u>37,401</u>	<u>71,248</u>
Total Expenditures	<u>190,538</u>	<u>405,495</u>
Change in Net Position	371,131	183,932
Net Position, Beginning of Year	<u>197,600</u>	<u>13,668</u>
Net Position, End of Year	<u>\$ 568,731</u>	<u>\$ 197,600</u>

DRCD YOLO BYPASS WILDLIFE AREA

STATEMENTS OF CASH FLOWS

<u>Years Ended June 30,</u>	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 600,748	\$ 587,599
Payments to suppliers	<u>(158,946)</u>	<u>(462,808)</u>
Net Cash Provided by Operating Activities	<u>441,802</u>	<u>124,791</u>
Increase in cash and cash equivalents	441,802	124,791
Cash and Cash Equivalents at Beginning of Year	<u>235,916</u>	<u>111,125</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 677,718</u></u>	<u><u>\$ 235,916</u></u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net position	\$ 371,131	\$ 183,932
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Decrease (increase) in assets:		
Accounts receivable	(2,327)	(1,828)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	31,592	(57,313)
Deferred revenue	<u>41,406</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>\$ 441,802</u></u>	<u><u>\$ 124,791</u></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 Yolo Bypass Wildlife Area (YBWA) is approximately 16,000 acres of public land under the jurisdiction of the California Department of Fish and Wildlife, and as such is subject to public recreation uses such as hunting, sightseeing, nature study, and other uses as authorized by the rules and regulations of the State of California.

The State encourages Resource Conservation Districts to address resource issues and coordinate resource management. As a result, on April 14, 2004, the Dixon Resource Conservation District (District) leased the YBWA from the State. The lease was renewed on May 26, 2011 for 5 years. The District is responsible for managing and subletting the YBWA for agricultural production which provides wildlife habitat values, maintains native grasslands, rare plants, vernal pools and contributes to the restoration of seasonal and permanent wetlands.

The Dixon Resource Conservation District collects rent from the tenants of the YBWA and pays for the expenses, as reported by the Department of Fish and Wildlife, with that money. The District keeps 15 percent of the monies collected as its fee for essentially managing the property for the Department of Fish and Wildlife. While the money is held by the District through the YBWA, it belongs to the Department of Fish and Wildlife and is callable at any time. On March 7, 2013 the Director of the California Department of Fish and Wildlife (formerly Department of Fish and Game) issued a Department Bulletin stating, "Recently, the California Bureau of State Audits released a report after reviewing an agricultural lease relating to one of the California Department of Fish and Wildlife's (Department) owned and managed wildlife areas. The report, dated December 12, 2012, describes how the Department mishandled the agreement at issue by, among other things, failing to implement the lease according to its terms, improperly holding lease proceeds outside the state treasury, and directing the lessee to pay third party invoices, including for the Department's routine operating and equipment expenses. (See California State Auditor Report 12012-1 December 2012, pages 25-30.) This Bulletin establishes new procedures to ensure that similar mistakes are not made in the future." In anticipation of this Bulletin, the District, in cooperation with CDFW staff, suspended paying YBWA expenses from the Yolo Bypass Wildlife Account effective January 2013. Dixon RCD worked with CDFW staff and legal counsel to establish the protocols for remitting the rents to the Department. As of July 1, 2013, at the direction of the Department, the District remits the rent payments (less the District 15% fee) directly to CDFW once per quarter.

The Dixon Resource Conservation District Board of Directors, consisting of five (5) members serving four-year terms, governs the District. The Board of Supervisors of Solano County approves the appointment of each Director.

The YBWA was established to separately account for the fiscal activities related to the Yolo Bypass Wildlife Area. The financial statements of a single fund are not intended to present the financial status of the reporting entity, Department of Fish and Wildlife, in conformity with GAAP, since GAAP requires presentation of financial statements for the entire reporting entity.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

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

The accounts of the YBWA are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

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

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 YBWA considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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 and judgments, are recorded only when payment is due.

Property taxes, licenses, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the entity receives cash.

CUSTODIAL CREDIT RISK:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) 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 YBWA maintains cash balances with financial institutions in accordance with California Government Code. The YBWA has not formally adopted its own deposit and investment policies that limit the District'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 YBWA deposits cash in the Solano County Treasury. The deposits are part of an investment pool managed by the Solano County Treasurer (Treasurer). The YBWA's ability to withdraw large sums of cash may be subject to certain restrictions set by the Treasurer. The YBWA's collateralized deposits with the Treasurer that are not federally insured at June 30, 2013 and 2012 totaled \$677,718 and \$235,916, respectively.

The County's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the County Board of Supervisors. The objectives of the policy (in order of priority) are: legality, preservation of capital, liquidity, and yield. 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, 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. A detailed breakdown of cash and investments and a categorization of risk factors are presented in the County of Solano Comprehensive Annual Financial Report. A detailed breakdown of cash and investments and a categorization of risk factors per GASB Statement No. 40, Deposits and Investment Risk Disclosures, are presented in the County of Solano Comprehensive Annual Financial Report.

ACCOUNTS RECEIVABLE:

Accounts receivable represents the balance due to the YBWA for services rendered.

ACCOUNTS PAYABLE:

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

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2013 and 2012

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

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 payment of the warrant.

FUND BALANCE:

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 YBWA 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 – OTHER INFORMATION:

RISK MANAGEMENT:

The YBWA 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 YBWA is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created pursuant to California Government Code Sections 6500 et. seq. The YBWA pays an annual premium to SDRMA for its General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability insurance coverage.

In addition, tenants (sub-lessees) are required to maintain a \$1 million dollar policy per occurrence, with an aggregate of at least \$3 million dollars, naming the California Department of Fish & Wildlife and the District as additional insured's, for various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

BUDGETARY INFORMATION:

The YBWA shall conform to the Accounting Procedures for Special Districts prescribed in Title 2 of the California Administrative Code. Although the YBWA is not required to utilize formal budgetary procedures, the Dixon Resource Conservation District follows the County budget requirement and calendar. On or before June 30 of each year, the District Board adopts a preliminary budget for the YBWA, and on or before September 30 of each year, after making the changes in the preliminary budget, the District 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 YBWA has established budgetary control at the object code level within the YBWA's financial accounting system. All annual appropriations lapse at fiscal year end.

NOTE 3 – 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.

DRCD YOLO BYPASS WILDLIFE AREA

Supplementary Information
Years Ended June 30, 2013 and 2012

DRCD YOLO BYPASS WILDLIFE AREA

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Budgetary Net Position, Beginning of Year	\$ 197,600	\$ 197,600	\$ 197,600	\$ -
RESOURCES (INFLOWS):				
Leases	574,044	574,044	558,648	(15,396)
Revenues from the use of money and property	1,500	1,500	3,021	1,521
Amounts Available for Appropriation	773,144	773,144	759,269	(13,875)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Fees and permits	5,000	5,000	1,912	3,088
Household expense	30,250	30,250	13,471	16,779
Maintenance	270,000	270,000	35,090	234,910
Miscellaneous	10,000	10,000	1,488	8,512
Non-capitalized equipment	4,000	4,000	-	4,000
Professional and specialized services	96,607	96,607	90,063	6,544
Rents and leases	2,000	2,000	900	1,100
Supplies	42,500	42,500	10,213	32,287
Utilities	90,000	90,000	37,401	52,599
Total Charges to Appropriations	550,357	550,357	190,538	359,819
Budgetary Net Position, End of Year	\$ 222,787	\$ 222,787	\$ 568,731	\$ 345,944

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. \$ 759,269

Differences - Budget to GAAP:

The net position at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes. (197,600)

Total revenues as reported on the statement of revenues, expenses and changes in net position. \$ 561,669

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule. \$ 190,538

Total expenditures as reported on the statement of revenues, expenses and changes in net position. \$ 190,538

DRCD YOLO BYPASS WILDLIFE AREA

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Budgetary Net Position, Beginning of Year	\$ 77,794	\$ 77,794	\$ 13,668	\$ (64,126)
RESOURCES (INFLOWS):				
Leases	552,360	552,360	586,308	33,948
Other income	-	-	1,828	1,828
Revenues from the use of money and property	1,500	1,500	1,291	(209)
Amounts Available for Appropriation	631,654	631,654	603,095	(28,559)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Fees and permits	5,000	5,000	31	4,969
Household expense	30,250	30,250	26,023	4,227
Maintenance	270,000	270,000	201,312	68,688
Miscellaneous	10,000	10,000	3,505	6,495
Non-capitalized equipment	4,000	4,000	985	3,015
Professional and specialized services	93,354	93,354	92,939	415
Rents and leases	2,000	2,000	1,262	738
Supplies	42,500	42,500	8,134	34,366
Transportation and travel	-	-	56	(56)
Utilities	90,000	90,000	71,248	18,752
Total Charges to Appropriations	547,104	547,104	405,495	141,609
Budgetary Net Position, End of Year	\$ 84,550	\$ 84,550	\$ 197,600	\$ 113,050

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. \$ 603,095

Differences - Budget to GAAP:

The net position at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes. (13,668)

Total revenues as reported on the statement of revenues, expenses and changes in net position. \$ 589,427

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule. \$ 405,495

Total expenditures as reported on the statement of revenues, expenses and changes in net position. \$ 405,495