

**YOLO COUNTY FLOOD CONTROL  
AND WATER CONSERVATION  
DISTRICT,  
CALIFORNIA**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
APRIL 30, 2015**

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**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Annual Financial Report**  
**For the Year Ended April 30, 2015**

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## **INTRODUCTORY SECTION**

- **List of Officials**

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**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Board of Directors**  
**For the Year Ended April 30, 2015**

Ann T. Brice..... Chair  
Bruce Rominger..... Vice Chair  
Mary Kimball..... Director  
James Mayer..... Director  
Erick Vink..... Director

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## **FINANCIAL SECTION**

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Yolo County Flood Control and Water Conservation District  
Woodland, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the proprietary fund of Yolo County Flood Control and Water Conservation District, Woodland, California (District) as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Directors  
Yolo County Flood Control and Water Conservation District  
Woodland, California

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary fund of the District as of April 30, 2015, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 10 to the financial statements, in 2015, the District implemented Governmental Accounting Standards Board (GASB) Statements No. 69 and 70. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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.

### *Report on Summarized Comparative Information*

The financial statements include summarized prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended April 30, 2014, from which such partial information was derived.

We have previously audited the District's April 30, 2014, financial statements and our report, dated July 21, 2014, expressed an unmodified opinion on the financial statements of the proprietary funds. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

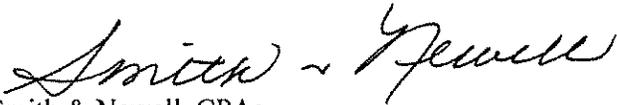
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

To the Board of Directors  
Yolo County Flood Control and Water Conservation District  
Woodland, California

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated July 28, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

  
Smith & Newell, CPAs  
Yuba City, California  
July 28, 2015

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**Management's Discussion and Analysis  
(Unaudited)**

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**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**For The Year Ended April 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of Management's Discussion and Analysis, the Basic Financial Statements, and Notes to the Financial Statements. Management's Discussion and Analysis provides a narrative of the District's financial performance and activities for the fiscal years ended April 30, 2015 and 2014. The basic Financial Statements provide a broader overview of the District's finances. The Notes provide additional information that is essential to a full understanding of the data provided in the Basic Financial Statements.

The basic financial statements consist of three statements:

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

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the District's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.

The *Statement of Cash Flows* presents information showing how the District's cash changed during the two most recent fiscal years. It shows the sources and uses of cash.

STATEMENT OF NET POSITION

The following table summarizes the Statement of Net Position for the fiscal years ending April 30, 2015 and 2014:

	April 30,		<u>\$ Change</u>	<u>% Change</u>
	<u>2015</u>	<u>2014</u>		
Current assets	\$ 4,996,285	\$ 6,119,328	\$ (1,123,043)	-18%
Capital assets	24,642,611	23,960,766	681,845	3%
<b>Total Assets</b>	<b>29,638,896</b>	<b>30,080,094</b>	<b>(441,198)</b>	<b>-1%</b>
Current liabilities	1,004,765	560,008	444,757	79%
Long-term liabilities	3,224,767	3,389,922	(165,155)	-5%
<b>Total Liabilities</b>	<b>4,229,532</b>	<b>3,949,930</b>	<b>279,602</b>	<b>7%</b>
Invested in capital assets, net of related debt	21,284,848	20,436,925	847,923	4%
Unrestricted	4,124,516	5,693,239	(1,568,723)	-28%
<b>Total Net Position</b>	<b>\$ 25,409,364</b>	<b>\$ 26,130,164</b>	<b>\$ (720,800)</b>	<b>-3%</b>

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**For The Year Ended April 30, 2015**

STATEMENT OF NET POSITION (CONTINUED)

Changes to current assets include:	
Cash & Investments	\$ (1,337,061)
Receivables	235,775
Prepaid Taxes & Insurance	(6,361)
Inventory	(15,396)
	\$ (1,123,043)
Changes to capital assets (see Capital Assets section)	\$ 681,845
Changes to current liabilities include:	
Accounts Payable	\$ 53,093
Accrued Payroll	7,947
Customer Deposits	378,331
Current Portion of Accrued Vacation & CTO	902
Current Portion of Loans Payable	4,484
	\$ 444,757
Changes to Long-term Liabilities include:	
Long-term Portion of Accrued Vacation	\$ 5,407
Loans Payable	(170,562)
	\$ (165,155)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table summarizes the changes in net position for the fiscal years ending April 30, 2015 and 2014:

Change in Net Position:	April 30,		\$ Change	% Change
	2015	2014		
Operating Revenues	\$ 357,187	\$ 2,965,751	\$ (2,608,564)	-88%
Operating Expenses	(2,598,705)	(3,620,646)	1,021,941	-28%
Depreciation	(813,414)	(826,797)	13,383	-2%
	(3,054,932)	(1,481,692)	(1,573,240)	106%
Non-Operating Revenue from Property Taxes	973,865	964,222	9,643	1%
Federal and State Grants	1,444,958	310,939	1,134,019	365%
Other Non-Operating Revenues	169,457	65,680	103,777	158%
Non-Operating Expenses	(291,049)	(325,361)	34,312	-11%
Contribution to Capital	36,901	-	36,901	
	2,334,132	1,015,480	1,318,652	130%
Increase (Decrease) in Net Position	(720,800)	(466,212)	(254,588)	55%
Total net position, beginning	26,130,164	26,596,376	(466,212)	-2%
Total net position, ending	\$ 25,409,364	\$ 26,130,164	\$ (720,800)	-3%

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**For The Year Ended April 30, 2015**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

	FYE April 30, 2015			
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues	\$ 357,187	\$ 224,100	\$ 133,087	59%
Operating Expenses	(2,598,705)	(3,145,059)	546,354	-17%
Depreciation	(813,414)	(800,000)	(13,414)	2%
	(3,054,932)	(3,720,959)	666,027	-18%
Non-Operating Revenue from Property Taxes	973,865	919,000	54,865	6%
Federal and State Grants	1,444,958	308,000	1,136,958	369%
Other Non-Operating Revenues	169,457	857,700	(688,243)	-80%
Non-Operating Expenses	(291,049)	(106,944)	(184,105)	172%
Contribution to Capital	36,901	-	36,901	
	2,334,132	1,977,756	356,376	18%
Increase (Decrease) in Net Position	(720,800)	(1,743,203)	1,022,403	-59%
Total net position, beginning	26,130,164	26,130,164	-	0%
Total net position, ending	\$ 25,409,364	\$ 24,386,961	\$ 1,022,403	4%

Revenues:

The main driver of revenues is water sales. Due to the ongoing California drought and no stored water to release for sales, revenues from agricultural water sales were only \$61,720. Non-agricultural water sales above Capay Dam and around Clear Lake were \$248,806 which were 3% less than the previous year. Total operating revenues of \$357,187 are a decrease of approximately 88% from the prior year, but 59% over budget.

\$46,642 of revenue was also generated through water wheeling charges to farmers who utilized District facilities to transport their own pumped well water to other locations for irrigation.

There were no hydroelectric power sales.

Revenues from the District's share of the Yolo County property tax distribution and HOPTR funds was \$982,296.

\$69,820 of revenue was also generated through shared services projects with the Yolo County Resource Conservation District and the City of Woodland.

The District also received \$1,366,707 in grant funds from the Department of Water Resources (DWR) for the Winters Main Canal Modernization Project as a part of the Water Use Efficiency Grants Program under Proposition 50 Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002. The District's cost share on the project was \$460,000 of in-kind services, and the total grant funds to be provided by DWR is \$1,431,600.

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT  
Management's Discussion and Analysis  
For The Year Ended April 30, 2015**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

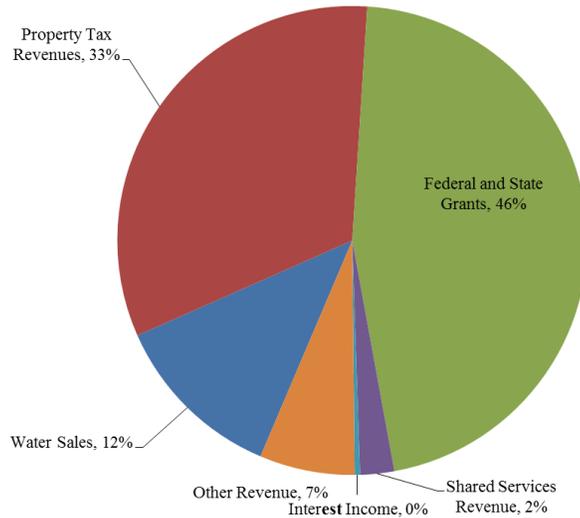
Expenses:

Measures were taken to reduce overall expenses due to the shortfall of revenues. These included staffing reductions, furloughs and elimination of non-essential expenses.

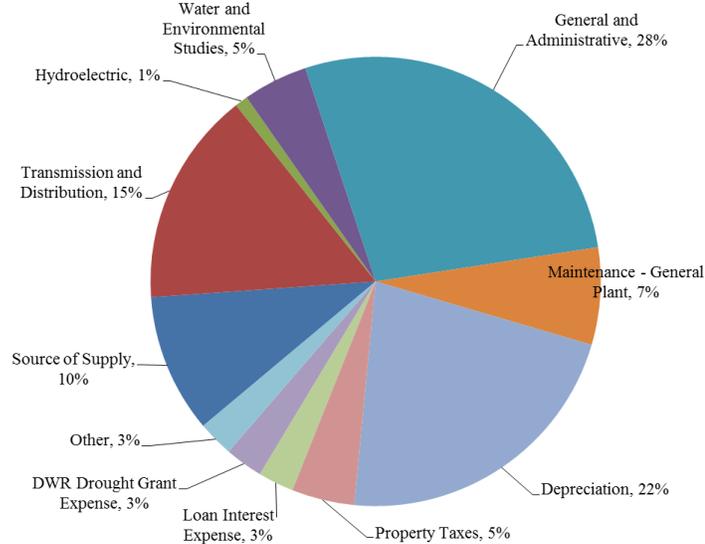
Total operating expenses of \$3,412,119 are approximately 23% less than the prior year and \$532,940 less than budgeted for the fiscal year. This includes \$813,414 in depreciation expense.

Non-operating expenses included the State Water Resources Control Board's loan interest payment of \$95,144 and \$110,829 of expenses applicable to securing a grant through the Department of Water Resources for Proposition 84 Integrated Regional Water Management Drought Grant.

**Revenues**



**Expenses**



**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**For The Year Ended April 30, 2015**

**CAPITAL ASSETS**

The following table summarizes the changes in net capital assets between fiscal year 2015 and 2014:

	April 30,		<u>\$ Change</u>	<u>% Change</u>
	<u>2015</u>	<u>2014</u>		
Capital assets not being depreciated:				
Land and Land Rights	\$ 2,549,389	\$ 3,123,211	\$ (573,822)	-18%
Construction in progress	2,373,149	695,132	1,678,017	241%
	<u>4,922,538</u>	<u>3,818,343</u>	<u>1,104,195</u>	<u>29%</u>
Capital assets being depreciated:				
Source of Supply	19,468,990	19,332,905	136,085	1%
Transmission and Distribution Plant	12,158,369	11,984,207	174,162	1%
General Plant	4,339,655	4,355,015	(15,360)	0%
	<u>35,967,014</u>	<u>35,672,127</u>	<u>294,887</u>	<u>1%</u>
Accumulated Depreciation	(16,246,941)	(15,529,704)	(717,237)	5%
Net Capital Assets	<u>\$ 24,642,611</u>	<u>\$ 23,960,766</u>	<u>\$ 681,845</u>	<u>3%</u>

Major capital asset events during the current fiscal year include the following:

**Non-Depreciable Capital Assets**

Land Sold - Knight Ranch Property		\$ (573,822)
<u>Current Construction in Progress:</u>		
WUE Grant Project - Winters Canal Modernization	C-2000 - C-2300	\$ 1,942,843
Reservoir Investigation & Land Purchase - Forbes Reservoir - WIN0603	C-3312-001	215,749
Winters Canal - Flumes & Siphons Assessment	C-3267	81,733
Cache Creek Dam Hydroelectric Investigation	C-3355-001	74,678
Fairfield Canal Heading Improvement Project - WIL2377H	C-3296	19,143
Indian Valley Turbine & Generator Replacement	C-3231-002,003	16,428
Cottonwood Canal Re-Alignment	C-3386-001	15,843
Turnout & Gate Installation - WIN0686R	C-3380-001	5,148
Moore Siphon Rehabilitation Project (Engineering)	C-3232-002	1,584
Total Construction in Progress		<u>\$ 2,373,149</u>

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**For The Year Ended April 30, 2015**

**CAPITAL ASSETS (CONTINUED)**

**Depreciable Capital Assets:**

Completed Capital Jobs:

	<u>Job #</u>	
Canal Headworks Improvement - WEA1055H	C-3361-001	28,527
Check & Turnout Improvements - GIB0320R	C-3370-001	8,272
Check Structure Improvements - YOC0220	C-3372-001	21,703
Check with Pipe Crossing - CLV0440L	C-3367-001	10,876
Check with Pipe Crossing - CLV0550	C-3360-001	10,160
Continuous Monitoring Wells (2) RD2035 - CONAWAY RANCH	C-3374-001	12,420
Delivery Pipe Replacement - PLP0534L	C-3376-001	2,073
Delivery Pipe Replacement - SOF0542R	C-3383-001	1,522
Delivery Pipe Replacement - WIL1959L	C-3377-001	4,066
Delivery Pipe Replacement - WIN1385L	C-3375-001	10,740
Delivery Pipe Replacement - YOC0787R	C-3382-001	2,278
Delivery Pipe Replacement & Check Repair - COW0590L	C-3373-001	13,751
Gate & Delivery Pipe - WIN1007L	C-3381-001	3,686
Gate & Delivery Pipe - YOC0136B	C-3384-001	6,683
Gate, Pipe & Turnout - CLV0550L	C-3359-001	8,843
I.V. Hydro - CAISO Meter	C-3337-001	61,413
I.V. Turbine Replacement - Unit #3	C-3231-004	71,892
Pipe Crossing - SOF0551	C-3368-001	6,865
Pump Delivery Sump - WEA0351R	C-3385-001	5,496
Pump Delivery Turnout - COW0048L	C-3371-001	8,841
SCADA - I.V. Radio Frequency Migration	C-3205-015	6,341
SCADA - Radio Frequency Migration	C-3205-007	31,275
Turnout & Delivery Pipe - HIN0050R	C-3369-001	4,891
Turnout & Delivery Pipe - WIN1250L	C-3379-001	9,524
Turnout & Gate Installation - WIN0774R	C-3378-001	8,410
		\$ 360,548

Purchases:

Boat, 1994 Sea Nymph Aluminum Jon Boat	300
Cabinet, Bookcase (2) - with Glass Doors	1,185
New Roof for I.V. Water Treatment Plant	2,780
Plotter and Scanner (large format), HP MFP Z5400 & Contex IQ4420	9,975
Radio Base Unit, Motorola APX7500	4,555
Radio, MC1000 Basic Tone Desktop (4)	3,800
Water Flowmeter, Sontek-IQ Plus Doppler Current Meter/Flowmeter	9,190
	\$ 31,785

Assets Sold or Disposed:

Misc Office Furniture	(1,293)
Motorola Radio System (old)	(20,289)
Pickups, #5246, #5250, #5253, #5259	(72,818)
Various gates removed/replaced	(3,046)
	\$ (97,446)

Total Changes in Depreciable Assets	\$ 294,887
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**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**For The Year Ended April 30, 2015**

**GROUNDWATER REPLENISHMENT**

To attach a value to the District's groundwater recharge activities, the District developed a process to account for and value the District's groundwater recharge component each year. The Groundwater Replenishment Value (GRV) is basically the value of the District's water losses in Yolo County over a fiscal year. The water losses are the difference between the water supply and water sales. The water supply figure is considered to be the larger of the District's releases from storage and the diversions at Capay Dam. The sales figure is the total reported sales in Yolo County. Once the acre-feet of water loss is determined, the figure is multiplied by the average cost of water per acre-foot for the fiscal year. The GRV value for the year ended April 30, 2015 was \$1,339,287

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District's Board approved an operating budget at its regular May 2015 meeting. The approved operating expense budget for the fiscal year 2015-2016 is \$ 4,002,343 with an additional \$1,304,484 in non-operating expenses and Drought Grant Expenses. With projected revenues of \$4,845,324 the District is projecting a budget deficit of \$461,503.

Agricultural water sales are normally the major revenue driver in the budget. No agricultural water sales were budgeted for fiscal year 2014-2015 due to insufficient amounts of stored water in both Indian Valley Reservoir and Clear Lake. The current fiscal year 2015-2016 revenue budget includes \$2,015,300 in agricultural water sales. Allocated water will be sold thru July 2015.

The revenue from property taxes included in the budget is \$980,000.

The District has been awarded a Department of Water Resources Grant under the Proposition 84 Integrated Regional Water Management (IRWM) Drought Grant Program. The total two year project cost is estimated at \$11.96 Million with matching funds estimated to be \$3.06 Million. Of the 11.96 million, the District will receive \$2.00 Million in grant funds for infrastructure projects and \$0.35 Million for administering the grant. The District has committed to \$0.74 Million in-kind services for the cost share. The remainder of funds is pass-through to the City of Woodland and Lake County Special Districts as described under the grant contract and a Letter of Agreement. The grant contract period runs for two years, from 6/17/2015 to 6/17/2017. Reimbursable work can be dated starting 1/17/2014 and cost share can start 1/1/2010.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the District's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Financial Supervisor, Yolo County Flood Control & Water Conservation District, 34274 State Highway 16, and Woodland, CA 95695.

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## **Basic Financial Statements**

- **Fund Financial Statements**

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**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

**Statement of Net Position**

**April 30, 2015**

**With Comparative Totals for April 30, 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 4,485,395	\$ 5,822,456
Receivables:		
Accounts receivable, net	190,629	91,525
Retention	136,671	-
Prepaid costs	58,729	65,090
Inventory	<u>124,861</u>	<u>140,257</u>
<b>Total Current Assets</b>	<u>4,996,285</u>	<u>6,119,328</u>
Noncurrent Assets:		
Non-depreciable capital assets	4,922,538	3,818,343
Depreciable capital assets (net)	<u>19,720,073</u>	<u>20,142,423</u>
<b>Total Noncurrent Assets</b>	<u>24,642,611</u>	<u>23,960,766</u>
<b>Total Assets</b>	<u>29,638,896</u>	<u>30,080,094</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	234,515	181,422
Salaries and benefits payable	33,369	25,422
Deposits payable	461,656	83,325
Unearned revenue	28,236	28,236
Compensated absences	76,427	75,525
Loans payable	<u>170,562</u>	<u>166,078</u>
<b>Total Current Liabilities</b>	<u>1,004,765</u>	<u>560,008</u>
Noncurrent Liabilities:		
Compensated absences, net of current portion	37,566	32,159
Loans payable, net of current portion	<u>3,187,201</u>	<u>3,357,763</u>
<b>Total Noncurrent Liabilities</b>	<u>3,224,767</u>	<u>3,389,922</u>
<b>Total Liabilities</b>	<u>4,229,532</u>	<u>3,949,930</u>
<b>NET POSITION</b>		
Net investment in capital assets	21,284,848	20,436,925
Unrestricted	<u>4,124,516</u>	<u>5,693,239</u>
<b>Total Net Position</b>	<u>\$25,409,364</u>	<u>\$26,130,164</u>

The notes to the basic financial statements are an integral part of this statement.

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended April 30, 2015**  
**With Comparative Totals for April 30, 2014**

	<b>2015</b>	<b>2014</b>
<b>OPERATING REVENUES</b>		
Water sales	\$ 357,167	\$ 2,774,470
Hydroelectric power sales	-	183,641
Recreation fees	20	7,640
	<b>357,187</b>	<b>2,965,751</b>
<b>OPERATING EXPENSES</b>		
Source of supply	370,035	338,554
Transmission and distribution	573,007	897,264
Environmental resources	53,503	92,899
Hydroelectric	34,403	68,090
General and administrative	1,022,670	1,467,493
Maintenance - general plant	259,002	412,190
Water studies	119,012	176,911
Depreciation	813,414	826,797
Property taxes	167,073	167,245
	<b>3,412,119</b>	<b>4,447,443</b>
<b>Operating Income (Loss)</b>	<b>(3,054,932)</b>	<b>(1,481,692)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Property taxes	973,865	964,222
Federal and state grants	1,375,138	310,939
Shared service revenue	69,820	-
IRWMP Study	(111,379)	(179,457)
Interest income	11,123	23,696
Interest expense	(95,144)	(99,510)
(Loss) gain on disposal of assets	70,673	(1,658)
Write down of capitalized project costs	(1,292)	(32,253)
Other non-operating revenue	87,661	41,984
Other non-operating expense	(83,234)	(12,483)
	<b>2,297,231</b>	<b>1,015,480</b>
<b>Capital Contributions</b>	<b>36,901</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(720,800)</b>	<b>(466,212)</b>
<b>Total Net Position - Beginning</b>	<b>26,130,164</b>	<b>26,596,376</b>
<b>Total Net Position - Ending</b>	<b>\$25,409,364</b>	<b>\$26,130,164</b>

The notes to the basic financial statements are an integral part of this statement.

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

**Statement of Cash Flows  
For the Year Ended April 30, 2015  
With Comparative Totals for April 30, 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 636,415	\$ 2,973,984
Cash paid to suppliers	(722,415)	(2,302,640)
Cash paid to employees	<u>(1,787,186)</u>	<u>(1,429,502)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(1,873,186)</u>	<u>(758,158)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property Taxes	973,865	964,222
Federal and state grants	1,238,467	310,939
Shared service revenue	69,820	-
IRWMP Study	(111,379)	(179,457)
Other non-operating revenue	87,661	41,984
Other non-operating expenses	<u>(83,234)</u>	<u>(12,483)</u>
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>2,175,200</u>	<u>1,125,205</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(2,073,100)	(468,375)
Proceeds from the sale of capital assets	647,223	8,171
Contributed capital	36,901	-
Principal paid on debt	(166,078)	(161,711)
Interest paid on debt	<u>(95,144)</u>	<u>(99,510)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(1,650,198)</u>	<u>(721,425)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	<u>11,123</u>	<u>23,696</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>11,123</u>	<u>23,696</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,337,061)	(330,682)
<b>Balance - Beginning</b>	<u>5,822,456</u>	<u>6,153,138</u>
<b>Balance - Ending</b>	<u>\$ 4,485,395</u>	<u>\$ 5,822,456</u>

The notes to the basic financial statements are an integral part of this statement.

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

**Statement of Cash Flows**

**For the Year Ended April 30, 2015**

**With Comparative Totals for April 30, 2014**

	<u>2015</u>	<u>2014</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (3,054,932)	\$ (1,481,692)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	813,414	826,797
Decrease (increase) in:		
Accounts receivable	(99,104)	299,492
Prepaid costs	6,361	616
Inventory	15,396	(30,444)
Increase (decrease) in:		
Accounts payable	53,092	(70,348)
Salaries and benefits payable	7,947	8,121
Deposits payable	378,331	(115,883)
Unearned revenue	-	(175,376)
Compensated absences	6,309	(19,441)
	<u>6,309</u>	<u>(19,441)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (1,873,186)</u>	<u>\$ (758,158)</u>

The notes to the basic financial statements are an integral part of this statement.

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## **Basic Financial Statements**

- **Notes to Basic Financial Statements**

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# **YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

## **Notes to Basic Financial Statements**

**For the Year Ended April 30, 2015**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Yolo County Flood Control and Water Conservation District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### **A. Reporting Entity**

The Yolo County Flood Control and Water Conservation District was formed July 1, 1951 under the provisions of the State of California, General Law 9307, Statutes of 1951, Chapter 1647 to provide irrigation water and flood control. The District is governed by a five member Board of Directors who are appointed by the Yolo County Board of Supervisors for alternating four-year terms. The District currently provides irrigation water to approximately 58,000 acres of agricultural land.

The District manages a small hydroelectric plant, two reservoirs, more than 150 miles of canals and laterals, and three dams including the world's longest inflatable rubber dam.

The District's boundaries cover 195,000 acres of Yolo County, including the Cities of Woodland, Davis and Winters, and the towns of Capay, Esparto, Madison, and other small communities within the Capay Valley.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

#### **Component Units**

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

#### **Joint Agencies**

The District is a member of the Association of California Water Agencies - Joint Powers Insurance Authority (JPIA). The JPIA began operations on October 1, 1979, and has continued without interruption since that time. The JPIA is composed of member water agencies and is governed by a board of directors appointed by the member districts. The governing board has authority over budget and financing. The JPIA is empowered to bill for and recover the amount of any deficit at the end of the fiscal year in which it occurs should further contributions on the part of the deficit member be insufficient to cure the deficit. Complete audited financial statements can be obtained at the Agency's office: 2100 Professional Drive, Roseville, California, 95661-3700. The District is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

# YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

## Notes to Basic Financial Statements

For the Year Ended April 30, 2015

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Basis of Presentation

Fund financial statements of the District are organized into one fund, which is considered to be a separate accounting entity. The fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenses. The fund of the District is organized into the proprietary category and is treated as a major fund.

The District reports the following major proprietary fund:

- The Operating Fund is an enterprise fund used to account for activity related to providing customers with water for both irrigation and flood control to the surrounding community.

#### C. Basis of Accounting and Measurement Focus

The proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange include revenues from grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### D. Cash, Cash Equivalents, and Investments

Cash and investments consist of cash on hand, cash held in a bank checking account, cash on deposit in the State of California Local Agency Investment Fund (LAIF), and cash pooled in the Yolo County Treasurer's pool. Investments are stated at fair value. Investments in LAIF and in the Yolo County Treasurer's pool are highly liquid deposits.

Funds deposited in LAIF are invested in accordance with Government Code Sections 16430 and 16480. Oversight of LAIF is provided by the Pooled Money Investment Board whose members are the California State Treasurer, California Director of Finance and the California State Controller.

Funds deposited in the Yolo County Treasurer's pool are invested in accordance with the California State Government Code and the County investment policy. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value.

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

**Notes to Basic Financial Statements**

**For the Year Ended April 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Cash, Cash Equivalents, and Investments (Continued)**

For purposes of the statement of cash flows, the District considers all highly liquid investments with original maturity of three months or less and amounts held in LAIF and in the Yolo County Treasurer's investment pool to be cash and cash equivalents.

**E. Receivables**

Receivables consist mainly of amounts due for water service charges and a retention due from other governments. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. At April 30, 2015, this allowance was estimated at \$6,487.

**F. Other Assets**

**Inventory**

Inventory items are reported at cost using the average cost method. Inventory consists of expendable supplies held for consumption. The costs of inventories are recorded as expenses when consumed rather than when purchased.

**Prepaid Costs**

Payments made for services that will benefit periods beyond April 30, 2015 are recorded as prepaid costs. The cost of prepaid items are recorded as expenses when consumed rather than when purchased.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are valued at historical cost or estimated historical cost if actual is unavailable. Donated capital assets are valued at their estimated fair value at the date of donation. Capital assets are defined by the District as assets with a cost of \$2,500 or more. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is not included as part of the capitalized cost.

Capital assets used in operations are depreciated or amortized using the straight line method over the estimated useful life. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Dams and hydroelectric plants	30-100 years
Buildings and improvements	10-35 years
Bridges	20-50 years
Equipment	5-25 years
Meters and Gauges	15 years

# YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

## Notes to Basic Financial Statements

For the Year Ended April 30, 2015

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### G. Capital Assets (Continued)

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

#### H. Unearned Revenue

Under the accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

#### I. Customer Deposits

The District collects cash deposits from customers equal to \$5 per acre of land to be irrigated. These deposits are applied to customer billings once water delivery occurs.

#### J. Compensated Absences and Postemployment Benefits

It is the District's policy is to permit employees to accumulate a limited amount of earned but unused vacation leave which vests with the employee and will be paid upon separation from District service. The liability for these compensated absences is recorded as a long-term debt in the financial statements. The current portion of this debt is estimated based on historical trends. In the financial statements, the proprietary funds report the liability as it is incurred. The District did not include its share of social security and medicare taxes payable on behalf of the employees in the accrual of compensated absences, however, this amount is not considered material.

The District does not currently provide postemployment benefits.

#### K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. At April 30, 2015, the District did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At April 30, 2015, the District did not have any deferred inflows of resources.

# YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

## Notes to Basic Financial Statements

For the Year Ended April 30, 2015

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Property Tax

Yolo County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Yolo up to 1 percent of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas.

The valuation/lien date for all property taxes is January 1. Secured property tax is due in two installments: the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property taxes are due on March 1, and become delinquent, if unpaid on August 31.

The County uses the alternative method of property tax apportionment known as the “Teeter Plan”. Under this method of property tax apportionment, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

#### M. Grant Revenues

Certain grant revenues are recognized when specified related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue.

#### N. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### O. Implementation of Governmental Accounting Standards Board Statements (GASB)

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable to Yolo County Flood Control and Water Conservation District, in the current financial statements.

**Statement No. 69**, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to combinations and disposals of government operations.

**Statement No. 70**, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This statement improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended April 30, 2015**

**NOTE 2: CASH AND INVESTMENTS**

**A. Financial Statement Presentation**

As of April 30, 2015, the District's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 350
Deposits (less outstanding checks)	<u>110,481</u>
Total Cash	<u>110,831</u>
Investments:	
Yolo County Treasurer's Pool	417,633
Local Agency Investment Fund	<u>3,956,931</u>
Total Investments	<u>4,374,564</u>
Total Cash and Investments	<u>\$ 4,485,395</u>

**B. Cash**

At year end, the carrying amount of the District's cash deposits (including amount in the checking account) was \$110,481 and the bank balance was \$132,567. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition the District had cash on hand of \$350.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The District complies with the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The District does not have a formal investment policy that further limits its deposits.

**C. Investments**

The District's investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on meeting daily cash flow needs, while striving to achieve the highest yield or return on investment. All investments are made in accordance with the Government Code, and, in general, the investment policy is more restrictive than state law. Under the provisions of the District's investment policy the District may invest or deposit in the following:

- Certificates of Deposit
- Banker's Acceptances
- Securities of the U.S. Government, Agencies, and Instrumentalities
- State Local Agency Investment Fund (LAIF)
- Passbooks Savings Accounts
- Mutual Funds

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended April 30, 2015**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses from increases in interest rates, the District's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the District to meet all projected obligations.

As of April 30, 2015, the District had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 years	1-5 years		
Yolo County Treasury	Variable	\$ 417,633	\$ -	\$ 417,633	-
Local Agency Investment Fund (LAIF)	Variable	<u>3,956,931</u>	<u>-</u>	<u>3,956,931</u>	<u>-</u>
Total Investments		<u>\$ 4,374,564</u>	<u>\$ -</u>	<u>\$ 4,374,564</u>	<u>-</u>

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy sets specific parameters by type of investment to be met at the time of purchase. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy and the actual rating as of year end for each investment type.

Investment Type	Minimum Legal Rating	Standard & Poor's Rating	Moody's Rating	% of Portfolio
County of Yolo	N/A	Unrated	Unrated	9.55%
LAIF	N/A	Unrated	Unrated	<u>90.45%</u>
Total				<u>100.00%</u>

Custodial Credit Risk for investments - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the District contain limitations on the amount that can be invested in any one issuer. All investments of the District are in the Local Agency Investment Fund and the Yolo County Treasurer's pool which contain a diversification of investments.

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

**Notes to Basic Financial Statements**

**For the Year Ended April 30, 2015**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**D. Investments in External Investment Pools**

Investment in Local Agency Investment Fund - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code and is managed by the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members as designated by state statute. Investments in LAIF are available on demand and are stated at amortized cost, which approximates fair value. The fair value of the District's position in the pool is the same as the value of the pooled shares. At April 30, 2015, the District's investment position in LAIF was \$3,956,931. The total amount invested by all public agencies in LAIF on that day was \$67,891,418,934. Of that amount, 98.53% was invested in non-derivative financial products, and 1.47% in structured notes and asset-backed securities.

Investment in Yolo County Investment Pool - The District is a participant in the Yolo County Investment Pool which is managed by the Yolo County Treasurer. On a quarterly basis, interest is allocated to participants based on average daily balances. The Yolo County Treasury Oversight Committee oversees the Treasurer's investments and policies. Investments held in the County's investment pool are available on demand and are stated at amortized cost, which approximates fair value. The fair value of the District's position in the pool is the same as the value of the pooled shares. Information regarding categorization of investments and other deposit and investment risk disclosures can be found in Yolo County's financial statements. The County of Yolo's financial statements may be obtained by contacting the County of Yolo Auditor Controller's office at 625 Court Street, Room 102, Woodland, CA 95695.

**NOTE 3: CAPITAL ASSETS**

Capital assets activity for the year ended April 30, 2015, was as follows:

	Balance May 1, 2014	Additions	Retirements	Transfers/ Adjustments	Balance April 30, 2015
Capital Assets, Not Being Depreciated:					
Land and Land Rights	\$ 3,123,211	\$ -	(\$ 573,822)	\$ -	\$ 2,549,389
Construction in Progress	<u>695,132</u>	<u>2,041,315</u>	<u>( 2,750)</u>	<u>( 360,548)</u>	<u>2,373,149</u>
Total Capital Assets, Not Being Depreciated	<u>3,818,343</u>	<u>2,041,315</u>	<u>( 576,572)</u>	<u>( 360,548)</u>	<u>4,922,538</u>
Capital Assets, Being Depreciated:					
Source of Supply	19,332,905	2,780	-	133,305	19,468,990
Transmission and Distribution Plant	11,984,207	-	( 3,046)	177,208	12,158,369
General Plant	<u>4,355,015</u>	<u>29,005</u>	<u>( 94,400)</u>	<u>50,035</u>	<u>4,339,655</u>
Total Capital Assets, Being Depreciated	<u>35,672,127</u>	<u>31,785</u>	<u>( 97,446)</u>	<u>360,548</u>	<u>35,967,014</u>
Less Accumulated Depreciation For:					
Source of Supply	( 8,328,740)	( 315,525)	-	-	( 8,644,265)
Transmission and Distribution Plant	( 4,098,347)	( 252,346)	1,777	-	( 4,348,916)
General Plant	<u>( 3,102,617)</u>	<u>( 245,543)</u>	<u>94,400</u>	<u>-</u>	<u>( 3,253,760)</u>
Total Accumulated Depreciation	<u>( 15,529,704)</u>	<u>( 813,414)</u>	<u>96,177</u>	<u>-</u>	<u>( 16,246,941)</u>
Total Capital Assets, Being Depreciated, Net	<u>20,142,423</u>	<u>( 781,629)</u>	<u>( 1,269)</u>	<u>360,548</u>	<u>19,720,073</u>
Total Capital Assets, Net	<u>\$23,960,766</u>	<u>\$1,259,686</u>	<u>(\$ 577,841)</u>	<u>\$ -</u>	<u>\$ 24,642,611</u>

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended April 30, 2015**

**NOTE 3: CAPITAL ASSETS (CONTINUED)**

**Depreciation**

Depreciation expense of \$813,414 was charged to operations.

**NOTE 4: UNEARNED REVENUE**

At April 30, 2015, the District had unearned revenue reported as follows:

Pilot program payments received in advance	\$ 28,236
Total Unearned Revenue	<u>\$ 28,236</u>

**NOTE 5: LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended April 30, 2015:

	Balance May 1, 2014	Additions	Retirements	Balance April 30, 2015	Amounts Due Within One Year
Compensated Absences	\$ 107,684	\$ 106,204	(\$ 99,895)	\$ 113,993	\$ 76,427
Loans Payable	<u>3,523,841</u>	<u>-</u>	<u>( 166,078)</u>	<u>3,357,763</u>	<u>170,562</u>
Total	<u>\$ 3,631,525</u>	<u>\$ 106,204</u>	<u>(\$ 265,973)</u>	<u>\$ 3,471,756</u>	<u>\$ 246,989</u>

Individual issues of debt payable outstanding at April 30, 2015, are as follows:

Loans Payable:

State Water Resources Control Board Loan issued March 9, 2011, in the amount of \$4,220,712 with an interest rate of 2.7%, due in annual installments of \$152,102 to \$245,698 and maturity on December 15, 2030. The loan was used to finance improvements to transmission and distribution plant.

Total Loans Payable	\$ 3,357,763
Total Long-Term Liabilities	<u>\$ 3,357,763</u>

Following is a schedule of debt payment requirements of business-type activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities.

Year Ending April 30	Loans		
	Principal	Interest	Total
2016	\$ 170,562	\$ 90,660	\$ 261,222
2017	175,167	86,054	261,221
2018	179,896	81,325	261,221
2019	184,754	76,468	261,222
2020	189,742	71,479	261,221
2021-2025	1,028,378	277,728	1,306,106
2026-2030	1,174,911	131,195	1,306,106
2031	<u>254,353</u>	<u>6,868</u>	<u>261,221</u>
Total	<u>\$ 3,357,763</u>	<u>\$ 821,777</u>	<u>\$ 4,179,540</u>

# YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

## Notes to Basic Financial Statements

For the Year Ended April 30, 2015

### NOTE 6: NET POSITION

The proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- **Net investment in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

### Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position is available, it is considered that restricted resources are used first, followed by the unrestricted resources.

### NOTE 7: EMPLOYEE’S RETIREMENT PLAN

#### A. Defined Contribution Retirement Plan

The District administers the Yolo County Flood Control and Water Conservation District Money Purchase Pension Plan, a single-employer money purchase defined contribution plan, which is funded exclusively through the purchase of annuity contracts. The District contributes 7% of wages to the plan. During the fiscal years ended April 30, 2015 and 2014, the District contributed \$93,917 and \$107,964 respectively.

The District has established a deferred compensation plan under Internal Revenue Code Section 457. Employees may authorize voluntary payroll deductions from \$10 to an annual maximum of \$15,000 or 100% of wages, whichever is less. As part of the Money Purchase Pension Plan described above, the District matches 50% of the employees deferred compensation contribution up to a maximum of 6% of the employee’s compensation. Employees individually direct the investment of their funds from an assortment of available investment options within the plan portfolio. For the fiscal years ended April 30, 2015 and 2014, the District contributed to the deferred compensation plan \$29,863 and \$39,298 respectively.

### NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**YOLO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT**

**Notes to Basic Financial Statements**

**For the Year Ended April 30, 2015**

**NOTE 8: RISK MANAGEMENT (CONTINUED)**

Yolo Flood Control and Water Conservation District is a member of the Association of California Water Agencies - Joint Powers Insurance Authority (JPIA). The JPIA's members have pooled funds to be self insured for liability, property, underground storage tank (UST), pollution liability, and workers compensation insurance. The District participates in the liability, property, and workers compensation programs. The District also purchases excess fidelity coverage.

The District's auto and general liability program has a zero deductible and the property program has deductibles of \$500 to \$1,000.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three years.

No additional liability has been accrued at April 30, 2015, based on the requirements of GASB Code Section C50.110, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The JPIA's financial statements were audited by a different accounting firm and received an unqualified opinion. The following is a summary of the financial information of the JPIA as of September 30, 2014 (the most recent available):

Assets	\$ 195,584,000
Liabilities	<u>107,626,833</u>
Total Net Position	<u>\$ 87,957,167</u>

**NOTE 9: OTHER INFORMATION**

**A. Commitments and Contingencies**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**B. Subsequent Events**

The District entered into a Proposition 84 Integrated Regional Water Management Drought grant agreement to assist in financing projects associated with the Westside IRWM Program. The estimated cost of the projects is \$11,960,569, and the expected grant amount is \$7,000,829. The grant agreement terminates June 1, 2018.

Management has evaluated events subsequent to April 30, 2015 through July 28, 2015, the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

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**OTHER REPORT**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Yolo County Flood Control and Water Conservation District  
Woodland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the proprietary fund of Yolo County Flood Control and Water Conservation District, Woodland, California (District), as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 28, 2015.

**Internal Control Over Financial Reporting**

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

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

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

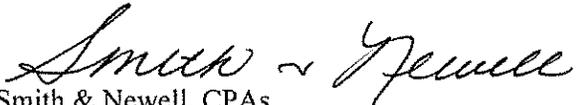
To the Board of Directors  
Yolo County Flood Control and Water Conservation District  
Woodland, California

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Smith & Newell, CPAs  
Yuba City, California  
July 28, 2015