

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY
WOODLAND, CALIFORNIA**

Independent Auditors' Report,
Basic Financial Statements and Other Reports

For the Fiscal Year Ended
June 30, 2015

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency
Woodland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency (Habitat JPA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Habitat JPA'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.

Auditors' 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.

Opinions

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

Emphasis of Matter

As discussed in Note 9 to the financial statements, the General Fund of the Habitat JPA is economically dependent on revenue derived from state and federal grants and contributions from member agencies consisting of 83% and 17% respectively, of General Fund program revenues for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information presented on pages 20 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, 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 presented by the Habitat JPA 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our report on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Habitat JPA's basic financial statements. The budgetary comparison information of the Stewardship Permanent Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015 on our consideration of the Habitat JPA'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 the 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 Habitat JPA's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
November 10, 2015

BASIC FINANCIAL STATEMENTS
Government – Wide Financial Statements

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

**STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments in County Treasury (Note 2)	\$ 1,050,864
Restricted cash and investments (Note 2)	329,389
Due from other governments	<u>289,101</u>
Total Current Assets	<u>1,669,354</u>
Non-current Assets:	
Capital assets (Note 3)	<u>2,174,926</u>
Total Non-Current Assets	<u>2,174,926</u>
Total Assets	<u>3,844,280</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	148,678
Accrued liabilities	2,974
Deposits from others	2,715
Due to other governments	<u>1,767</u>
Total Liabilities	<u>156,134</u>
NET POSITION	
Net investment in capital assets	2,174,926
Restricted:	
Wildlife Mitigation	1,049,553
Nonexpendable	329,189
Unrestricted	<u>134,478</u>
Total Net Position	<u><u>\$ 3,688,146</u></u>

The accompanying notes are in integral part of the financial statements.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Governmental Activities
Expenses:	
Conservation activities:	
Contracted administrative expenses	\$ 65,963
Professional services	883,782
Miscellaneous expenses	22,446
Total Program Expenses	<u>972,191</u>
Program Revenues:	
Operating grants and contributions	<u>978,046</u>
Total Program Revenues	<u>978,046</u>
Net program revenue (expense)	<u>5,855</u>
General Revenue:	
Interest income	4,569
Miscellaneous	486
Total General Revenues	<u>5,055</u>
Change in net position	10,910
Net Position - Beginning of the Year	<u>3,677,236</u>
Net Position - End of the Year	<u><u>\$ 3,688,146</u></u>

The accompanying notes are in integral part of the financial statements.

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

**BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Wildlife Mitigation Special Revenue Fund	Stewardship Permanent Fund	Total Governmental Funds
ASSETS				
Cash and investments in County Treasury	\$ -	\$ 1,050,864	\$ -	\$ 1,050,864
Restricted cash and investments	-	-	329,389	329,389
Due from other governments	289,101	-	-	289,101
Total Assets	<u>\$ 289,101</u>	<u>\$ 1,050,864</u>	<u>\$ 329,389</u>	<u>\$ 1,669,354</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 147,167	\$ 1,311	\$ 200	\$ 148,678
Accrued liabilities	2,974	-	-	2,974
Deposits from others	2,715	-	-	2,715
Due to other governments	1,767	-	-	1,767
Total Liabilities	<u>154,623</u>	<u>1,311</u>	<u>200</u>	<u>156,134</u>
Fund balance:				
Nonspendable:				
Endowment - Conservation Easement	-	-	329,189	329,189
Restricted:				
Wildlife Mitigation	-	1,049,553	-	1,049,553
Unassigned	134,478	-	-	134,478
Total Fund Balance	<u>134,478</u>	<u>1,049,553</u>	<u>329,189</u>	<u>1,513,220</u>
Total Liabilities and Fund Balance	<u>\$ 289,101</u>	<u>\$ 1,050,864</u>	<u>\$ 329,389</u>	<u>\$ 1,669,354</u>

The accompanying notes are in integral part of the financial statements.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balance - Governmental Funds	\$ 1,513,220
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. This amount represents capital assets (Note 3).	<u>2,174,926</u>
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Net Position of Governmental Activities	<u><u>\$ 3,688,146</u></u>
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The accompanying notes are in integral part of the financial statements.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Wildlife Mitigation Special Revenue Fund	Stewardship Permanent Fund	Total Governmental Funds
REVENUES				
Grant revenue	\$ 832,453	\$ -	\$ -	\$ 832,453
Contributions from member agencies	164,900	-	-	164,900
Interest income	310	3,253	1,006	4,569
Other	486	-	-	486
Total Revenues	998,149	3,253	1,006	1,002,408
EXPENDITURES				
Current:				
Conservation activities:				
Contracted administrative expenditures	65,963	-	-	65,963
Professional services	860,634	21,390	1,758	883,782
Other expenditures	22,446	-	-	22,446
Total Expenditures	949,043	21,390	1,758	972,191
Excess (Deficiency) of Revenues Over (Under) Expenditures	49,106	(18,137)	(752)	30,217
Net Change in Fund Balance	49,106	(18,137)	(752)	30,217
Fund Balances - Beginning	85,372	1,067,690	329,941	1,483,003
Fund Balances - Ending	\$ 134,478	\$ 1,049,553	\$ 329,189	\$ 1,513,220

The accompanying notes are in integral part of the financial statements.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Net change to fund balance - Governmental Funds	\$ 30,217
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Amounts reported for governmental activities in the Statement of Activities are different because:

Certain revenues in the governmental funds are unavailable because they are not collected within the period of availability. However, the revenues are included on the accrual basis used in the government-wide statements. This amount represents the current year change in unavailable revenue.

(19,307)

Change in net position - Governmental Activities

\$ 10,910

The accompanying notes are in integral part of the financial statements.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Yolo County Habitat/Natural Community Conservation Joint Powers Agency (Habitat JPA) was founded in August 2002, under the provision of Section 61600 of the Government Code of the State of California. The Health and Safety Code and the Water Code of the State of California regulate the Habitat JPA's operations.

The Habitat JPA was formed for the purposes of acquiring Swainson's hawk habitat conservation easements and to serve as the lead agency for the preparation of a countywide Natural Communities Conservation Plan/Habitat Conservation Plan (NCCP/HCP).

The JPA governing Board is composed of representatives from member agencies, which include two members of the Yolo County Board of Supervisors, one member each from the City Councils of Davis, Woodland, West Sacramento and Winters, and one ex-officio member from University of California, Davis.

B. Basis of Accounting

Government-Wide Statements

The statement of net position and statement of activities display information about the primary government of the Habitat JPA. These statements include the financial activities of the overall Habitat JPA.

The statement of activities presents a comparison between direct expenses and program revenues for the Habitat JPA's governmental activity. Direct expenses are those that are specifically associated with the operations of the Habitat JPA. Program revenues include charges for services, and grants and contributions that are restricted to meeting the operational or capital requirements of the Habitat JPA. Revenues that are not classified as program revenues, including investment income, are presented instead 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as eligibility requirements have been met.

Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. A 365 day availability period is used for revenue recognition for all governmental fund revenues. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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

B. Basis of Accounting, (Continued)

Nonexchange transactions, in which the Habitat JPA gives (or receives) value without directly receiving (or giving) value in exchange, include developer mitigation fees, grants, entitlements, and donations. On a modified accrual basis, revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied and resources meet the availability criteria.

The Habitat JPA reports the following major governmental funds:

- The *General Fund* is the general operating fund of the Habitat JPA and is used to account for all financial resources.
- The *Wildlife Mitigation Special Revenue Fund* records the mitigation fees received from the member agencies and restricted for acquisition and monitoring expenses for conservation easements. The fund for internal budgeting purposes is entitled the Wildlife Mitigation Trust Fund however is reported as a special revenue fund based on the nature of the fund.
- The *Stewardship Permanent Fund* is used for restricted revenues and resources for conservation easement stewardship to maintain and monitor the easements in accordance with the easement agreements. The stewardship funds are based on individual easement agreements with land owners but the principal amounts are to remain intact and interest earned on the funds will be used to perform monitoring activities in perpetuity.

C. Implementation of Governmental Accounting Standards Board Statements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the Habitat JPA's financial reporting process. The Habitat JPA was not subject to the any new GASB Statements for the year ended June 30, 2015.

D. Cash

The total of restricted and unrestricted cash comprises cash and investments in the County Treasury. Cash is defined as all cash and investments with maturities of 90 days or less and the Habitat JPA's investment in the County of Yolo's pooled cash and investments.

E. Investments

The Habitat JPA has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No 31, *Accounting and Financial Reporting for Certain Investments and External Pools*, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the Habitat JPA has adjusted certain investments to fair value.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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

F. Due From Other Governments

Due from other governments receivables are recorded at their gross value and, where appropriate, are reduced by the portion that is considered uncollectible. Receivables consist primarily of grant claims that have been filed but not received as of year-end. Management believes its receivable balance to be fully collectible and, accordingly, no allowance for doubtful accounts has been recorded.

G. Capital Assets

All capital assets, including easements, are capitalized by the Habitat JPA. The Habitat JPA defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased fixed assets are stated at cost. Donated fixed assets are valued at their estimated fair market value. Depreciation of exhaustible fixed assets is charged as an expense against operations. Fixed assets of the Habitat JPA are reported in the balance sheet, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the fixed assets. Easements and intangible assets have indefinite useful lives and are not depreciated.

The Habitat JPA also capitalizes conservation easements acquired per the initiative of the Habitat JPA's objective. Conservation easements are a form of deed restriction that landowners voluntarily place on their property to protect certain features, including agricultural and wildlife habitat, open space, or cultural resources. A conservation easement is recorded in the chain of title and it vests the easement "holder" with authority to monitor the property and enforce the restrictions set forth in the easement. The landowner retains fee title to the property and, subject to the restrictions in the conservation easement, continues to determine the types of land uses and activities that occur on the property. Often, this includes continuing his or her current use of the encumbered property so long as such use(s) are compatible with the terms of the conservation easement.

H. Deferred Inflows of Resources

The deferred inflows of resources – unavailable revenues represent amounts associated with the state and federal grants of the Habitat JPA which are not expected to be received within the Habitat JPA's period of availability of 365 days. As such, these amounts are not available for expenditure and are required to be recorded as deferred inflows of resources in the governmental funds balance sheet.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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

I. Net Position/Fund Balance

Net Position is displayed in three components:

- *Net Investment in capital assets* - Consists of capital assets, net of accumulated depreciation.
- *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."

When both restricted and unrestricted net position is available, restricted resources are used only after the unrestricted resources are depleted.

The governmental funds utilize a classified fund balance presentation. Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts can be spent as follows:

- *Nonspendable* – to reflect amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – to reflect amounts that can only be used for specific purposes pursuant to constraints either (a) externally imposed by creditors (such as debt covenants), grants, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – to reflect amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the Board of the Habitat JPA. The formal action necessary to establish (and modify or rescind) a commitment is done through a majority vote via resolution of the Board of the Habitat JPA.
- *Assigned* – to reflect amounts that are constrained by formal actions of the Board of the Habitat JPA's intent to be used for specific purposes, but are neither restricted nor committed. A formal action is not required to re-assign fund balance.
- *Unassigned* – to reflect amounts that have not been restricted, committed, or assigned to specific purposes.

When committed, assigned, and unassigned fund balance amounts are available for use, it is the Habitat JPA's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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

J. General Reserve

During October, 2013 the Board of Directors of the Habitat JPA adopted a general reserve of \$52,166. The reserve can only be released with action from the Board of Directors and was established in order to reserve funding to ensure fiscal stability of the Habitat JPA. The general reserve is reported in the General Fund's unassigned fund balance.

K. Due to Other Governments

The due to other governments balance represents the negative cash position of the General Fund and the amounts borrowed from the County of Yolo Treasury Investment Pool. This amounted to \$1,767 as of June 30, 2015. The Habitat JPA has a Memorandum of Understanding (MOU) with the County of Yolo that provides for the County Treasury to provide the same services to the Habitat JPA that it provides to other County departments. The Habitat JPA is however responsible for monitoring its cash balances and cash flows and must maintain a positive balance for the total of all its cash funds in the County Treasury. The Habitat JPA does not have a formal borrowing agreement and the borrowing from the County Treasury pool is governed by the MOU.

L. Use of Estimates

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

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2: CASH AND INVESTMENTS

Habitat JPA holds restricted and unrestricted cash and investments with the Treasurer of the County of Yolo in a cash and investment pool. On a quarterly basis the Auditor Controller allocates interest to participants based upon their average daily balances. The Treasurer's investment and policies are overseen by the Yolo County Treasury Oversight Committee. Required disclosure information regarding the credit risk, custodial credit risk, concentration risk and interest rate risk of investments can be found in the County of Yolo's basic financial statements. The balance in the account as of June 30, 2015 was as follows:

Cash

Cash and Investments:

Restricted Cash for Wildlife Mitigation	\$ 1,050,864
Restricted Cash for Conservation Easement Monitoring	<u>329,389</u>
Total Cash and Investments	<u><u>\$ 1,380,253</u></u>

As of June 30, 2015, the General Fund had a negative cash position and in effect has borrowed from the County of Yolo Treasury investment pool in the amounts of \$1,767. This is reflected in the "Due to other governments" line in the Statement of Net Position and Governmental Funds Balance Sheet.

Investments

The Habitat JPA invests its cash into the County of Yolo Treasury investment pool. The Habitat JPA does not have its own investment policy defining criteria for selecting acceptable financial institutions, brokers/dealers, or allowable investment types as defined by Government Code 53635. The investments in the County of Yolo Treasury investment pool follow the County's investment policy with oversight by the Yolo County Treasury Oversight Committee.

At June 30, 2015, Habitat JPA had the following investments:

	Interest Rates	Maturities	Cost	Fair Value	WAM (Years)
Cash and Investments:					
Cash in County Pooled Treasury	Variable	On Demand	\$ 1,045,846	\$ 1,050,864	1.73
Restricted Cash in County Pooled Treasury	Variable	On Demand	<u>327,816</u>	<u>329,389</u>	1.73
Total Cash and Investments			<u><u>\$ 1,373,662</u></u>	<u><u>\$ 1,380,253</u></u>	

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

At June 30, 2015, the Habitat JPA had the following restrictions on cash balances:

Conservation Easement Stewardship	<u>\$ 329,389</u>
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The restricted cash is to provide funds for the monitoring of easements to ensure landowners follow the terms of the conservation easements purchased by the Yolo Habitat JPA. The monitoring is performed by the Habitat JPA, Yolo Land Trust, or California Waterfowl Association depending on the individual easement and reimbursed from the Habitat JPA's restricted cash.

NOTE 3: CAPITAL ASSETS

The Habitat JPA's capital assets consist of land easement agreements. The agreement limits certain uses on all or a portion of a property for conservation purposes while keeping the property in the landowner's ownership and control. These agreements do not have an expiration date and thus, the easements are considered to have indefinite useful lives.

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Capital Assets, Not Being Depreciated:				
Land Easements	\$ 2,174,926	\$ -	\$ -	\$ 2,174,926
Total Capital Assets, Not Being Depreciated	<u>\$ 2,174,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,174,926</u>

NOTE 4: COMMITMENT

The Habitat JPA leases office space from a third party under a short-term operating lease, which expires in September 30, 2015. The future minimum rental payment due under the lease is as follows:

Year Ended June 30, <u>2016</u>	<u>2,625</u>
	<u>\$ 2,625</u>

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 5: RISK MANAGEMENT

The Habitat JPA is exposed to various risks of loss related to workers' compensation and general liability. The Habitat JPA participates in the Yolo County Public Agency Risk Management Insurance Agency (YCPARMIA), a public entity risk pool of governmental entities within Yolo County, for comprehensive general and auto liability, and worker's compensation insurance. Through the Habitat JPA's membership in the YCPARMIA, the Habitat JPA is provided with excess coverage through the California State Association of Counties – Excess Insurance Agency for catastrophic liability losses. Loss contingency reserves established by YCPARMIA are funded by contributions from member agencies.

The Habitat JPA pays an annual premium to YCPARMIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal cost, and administrative and other costs to operate the YCPARMIA. The Habitat JPA's deductibles and maximum coverages are as follows:

2015 Coverage	Deductible	YCPARMIA	Excess
General Liability	\$ 5,000	\$ 500,000	\$ 40,000,000
Worker's Compensation	1,000	500,000	50,000,000

The Habitat JPA has had no settlements exceeding coverage in the fiscal year ended June 30, 2015 or the prior two fiscal years.

NOTE 6 – RELATED PARTY TRANSACTIONS

The County of Yolo provides certain legal, accounting, administrative, and other professional services to the Habitat JPA. Although the Habitat JPA was created in part by the County of Yolo, it is not a part of the County's financial reporting entity. Legal, payroll, and accounting services are billed separately and at amounts that will approximately recover the County's full cost of providing such services. The Habitat JPA has expenditures for services provided by the County for the 2015 fiscal year as follows:

	Amount
Contracted services	\$ 63,463
General Administrative	2,183
Legal	16,751
Human Resources	2,112
Rent	750
Procurement Cards	11,107
Accounting	1,255
Total	<u>\$ 97,621</u>

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 – CONTINGENCIES

The Habitat JPA receives funding for specific purposes through state and federal grants that are subject to review and audit by the funding source. Such audits could result in a request for reimbursement of expenditures to be disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

NOTE 8 – MITIGATION CREDITS

On November 10, 2008, the Habitat JPA Board of Directors adopted Resolution 2008-02 supporting the creation of receiving sites for Swainson's Hawk Mitigation and the subsequent sale of mitigation credits. The Habitat JPA has engaged in the subsequent sale and exchange of mitigation credits in order to acquire conservation easements. The Habitat JPA is responsible for the tracking and management of the mitigation credits provided. As of June 30, 2015, a total of three mitigation receiving sites have been established for 372.3 acres which results in total credits issued of 372.3 credits. Landowners are responsible for reporting the sales of credits to the Habitat JPA in accordance with the Mitigation Credit agreement between the Habitat JPA and the landowner.

NOTE 9 – ECONOMIC DEPENDENCE

The Habitat JPA is economically dependent on revenue derived from state and federal grants with 83% of its General Fund program revenues generated from those grants for the year ended June 30, 2015. The Habitat JPA has also become economically dependent on contributions of the member agencies representing 17% of the General Fund program revenues for the year ended June 30, 2015. The Habitat JPA is dependent on the continued support from state and federal granting agencies and member agency contributions for the organization's objective of the development of the Yolo County Habitat/Natural Community Conservation Plan and to continue operations in the future.

NOTE 10 – NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the Habitat JPA's financial reporting process. Future new standards which may impact the Habitat JPA include the following:

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for periods beginning after June 15, 2015. The Habitat JPA has not determined the effect on the financial statements.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 10 – NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. This statement is effective for periods beginning after June 15, 2016. The Habitat JPA has not determined the effect on the financial statements.

GASB Statement No. 74 – In June 2015, GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement is effective for periods beginning after June 15, 2016. The Habitat JPA has not determined the effect on the financial statements.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement is effective for periods beginning after June 15, 2017. The Habitat JPA has not determined the effect on the financial statements.

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This statement is effective for periods beginning after June 15, 2015. The Habitat JPA has not determined the effect on the financial statements.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. The Habitat JPA has not determined the effect on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Grant revenue	\$ 1,121,747	\$ 975,639	\$ 832,453	\$ (143,186)
Contributions from member agencies	164,900	164,900	164,900	-
Interest income	-	-	310	310
Other	-	-	486	486
Total Revenues	<u>1,286,647</u>	<u>1,140,539</u>	<u>998,149</u>	<u>(142,390)</u>
EXPENDITURES				
Current:				
Conservation activities:				
Contracted services	84,000	84,000	65,963	18,037
Services and supplies:				
Professional services	1,193,147	1,069,540	860,634	208,906
Other expenses	<u>9,500</u>	<u>39,511</u>	<u>22,446</u>	<u>17,065</u>
Total Expenditures	<u>1,286,647</u>	<u>1,193,051</u>	<u>949,043</u>	<u>244,008</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>-</u>	<u>(52,512)</u>	<u>49,106</u>	<u>101,618</u>
Net Change in Fund Balance	-	(52,512)	49,106	101,618
Fund Balance - Beginning	<u>85,372</u>	<u>85,372</u>	<u>85,372</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 85,372</u>	<u>\$ 32,860</u>	<u>\$ 134,478</u>	<u>\$ 101,618</u>

See the accompanying notes to the required supplementary information.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
WILDLIFE MITIGATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Interest income	4,000	4,000	3,253	(747)
Total Revenues	4,000	4,000	3,253	(747)
EXPENDITURES				
Current:				
Conservation activities:				
Professional services	5,000	50,000	21,390	28,610
Capital Outlay	350,000	617,689	-	617,689
Total Expenditures	355,000	667,689	21,390	646,299
Net Change in Fund Balance	(351,000)	(663,689)	(18,137)	645,552
Fund Balance - Beginning	1,067,690	1,067,690	1,067,690	-
Fund Balance - Ending	<u>\$ 716,690</u>	<u>\$ 404,001</u>	<u>\$ 1,049,553</u>	<u>\$ 645,552</u>

See the accompanying notes to the required supplementary information.

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – BUDGET AND BUDGETARY ACCOUNTING

Habitat JPA prepares and is required to legally adopt a final budget for all funds on or before June 30th of each fiscal year. Habitat JPA operation, commencing July 1st, is governed by the proposed budget, which is normally adopted by the JPA Board of Directors in June of the prior year.

After the budget is approved, the Executive Director is authorized to execute transfers within major budget units as long as the total expenditures for each budget unit remain unchanged. The Habitat JPA measures compliance with the legally adopted budget at the Major Object Level.

An operating budget is adopted each fiscal year on the modified accrual basis.

SUPPLEMENTAL INFORMATION

**YOLO COUNTY HABITAT/NATURAL COMMUNITY
CONSERVATION PLAN JOINT POWERS AGENCY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
STEWARDSHIP PERMANENT FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest income	\$ 3,300	\$ 3,300	\$ 1,006	\$ (2,294)
Total Revenues	3,300	3,300	1,006	(2,294)
EXPENDITURES				
Current:				
Conservation activities:				
Professional services	3,300	3,300	1,758	1,542
Total Expenditures	3,300	3,300	1,758	1,542
Net Change in Fund Balance	-	-	(752)	(752)
Fund Balance - Beginning	329,941	329,941	329,941	-
Fund Balance - Ending	\$ 329,941	\$ 329,941	\$ 329,189	\$ (752)

OTHER REPORT



**INDEPENDENT AUDITORS' 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 Habitat/Natural Community Conservation Plan Joint Powers Agency
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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Yolo County Habitat/Natural Community Conservation Plan Joint Powers Agency (Habitat JPA) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Habitat JPA's basic financial statements, and have issued our report thereon dated November 10, 2015. Our report includes an emphasis of matter regarding the Habitat JPA's economic dependence on state and federal grants and contributions from member agencies as described in Note 9 to the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Habitat JPA'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 Habitat JPA's internal control. Accordingly we do not express an opinion on the effectiveness of the Habitat JPA'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
November 10, 2015