

**SIERRA VALLEY GROUND WATER
MANAGEMENT DISTRICT**

**Financial Statements
and
Independent Auditor's Report**

For Fiscal Years Ended June 30, 2015 and June 30, 2014

**SIERRA VALLEY GROUND WATER
MANAGEMENT DISTRICT**

JUNE 30, 2015 and JUNE 30, 2014

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**SIERRA VALLEY GROUND WATER
MANAGEMENT DISTRICT**

Governing Board of Directors

	<u>Term Expires</u>
Einen Grandi, Chariman	2019
Don Wallace, Vice-Chairman	2017
Paul Roen, Director (Sierra County Supervisor)	2017
Terrell Swofford, Director (Plumas County Supervisor)	2017
Jim Roberts, Director	2017
Greg Ramelli, Director	2017
Tom Rowson, Director	2018

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT

Management's Discussion and Analysis

June 30, 2015 and 2014

Our discussion and analysis of the Sierra Valley Ground Water Management District's financial performance provides an overview of the District's financial activities for the years ended June 30, 2015 and 2014. Please read it in conjunction with the District's basic financial statements, which begin on page 6.

Financial Highlights

The District's net position increase by \$2,484 for fiscal year June 30, 2015 and decreased by \$10,398 for fiscal year June 30, 2014 due to expenses exceeding revenues. For fiscal 2014, increases in the maintenance and professional services expenses were the most significant increases contributing to the deficit.

Financial Analysis of the District

Condensed Balance Sheet

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percent Change</u>
Current and Other Assets	\$ 12,449	\$ 16,186	-23.09%
Capital Assets (Net of Depreciation)	<u>10,855</u>	<u>5,006</u>	<u>116.84%</u>
Total Assets	<u>23,304</u>	<u>21,192</u>	<u>9.97%</u>
Liabilities	<u>852</u>	<u>1,224</u>	<u>-30.39%</u>
Total Liabilities	<u>852</u>	<u>1,224</u>	<u>-30.39%</u>
Net Position	<u>22,452</u>	<u>19,968</u>	<u>12.44%</u>
Total Liabilities & Net Position	<u>\$ 23,304</u>	<u>\$ 21,192</u>	<u>9.97%</u>

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percent Change</u>
Current and Other Assets	\$ 16,186	\$ 25,906	-37.52%
Capital Assets (Net of Depreciation)	<u>5,006</u>	<u>5,818</u>	<u>-13.96%</u>
Total Assets	<u>21,192</u>	<u>31,724</u>	<u>-33.20%</u>
Liabilities	<u>1,224</u>	<u>1,358</u>	<u>-9.87%</u>
Total Liabilities	<u>1,224</u>	<u>1,358</u>	<u>-9.87%</u>
Net Position	<u>19,968</u>	<u>30,366</u>	<u>-34.24%</u>
Total Liabilities & Net Position	<u>\$ 21,192</u>	<u>\$ 31,724</u>	<u>-33.20%</u>

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT

Management's Discussion and Analysis

June 30, 2015 and 2014

Capital Assets

	<u>Net of Depreciation</u>		Percent Change
	June 30, 2015	June 30, 2014	
Water Meters	\$ 10,855	\$ 4,870	122.90%
Equipment	-	136	-100.00%
Total Capital Assets	\$ 10,855	\$ 5,006	116.84%

	<u>Net of Depreciation</u>		Percent Change
	June 30, 2014	June 30, 2013	
Water Meters	\$ 4,870	\$ 5,546	-12.19%
Equipment	136	272	-50.00%
Total Capital Assets	\$ 5,006	\$ 5,818	-13.96%

Capital Debt

The Sierra Valley Ground Water Management District has no Capital Debt during the fiscal years ended June 30, 2015 and June 30, 2014.

Economic Factors

Interest Revenues decreased as a result of a decrease in cash account balance.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Sierra Valley Ground Water Management District at P.O. Box 88, Chilcoat, CA 96105.



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sierra Valley Ground Water Management District
P.O. Box 88
Chilcoot, CA 96105.

Report on the Financial Statements

We have audited the accompanying financial statements of Sierra Valley Ground Water Management District as of and for the years ended June 30, 2015 and 2014, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Sierra Valley Ground Water Management District, as of June 30, 2015 and June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 and 3 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sierra Valley Ground Water Management District's basic financial statements. The financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial information listed as supplemental information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed as supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2016, on our consideration of the Sierra Valley Ground Water Management 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 Sierra Valley Ground Water Management District's internal control over financial reporting and compliance.

Blomberg & Griffin A.C.

Blomberg & Griffin A.C.
Stockton, CA
June 20, 2016

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT

Balance Sheet

June 30, 2015 and 2014

ASSETS

	<u>June 30, 2015</u> <u>Business - Type</u> <u>Activity</u>	<u>June 30, 2014</u> <u>Business - Type</u> <u>Activity</u>
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 8,871	\$ 16,186
Accounts Receivable	2,558	-
Prepaid expenses	<u>1,020</u>	<u>-</u>
Total Current Assets	<u>12,449</u>	<u>16,186</u>
PROPERTY AND EQUIPMENT		
Equipment	10,180	10,180
Water Meter	<u>49,424</u>	<u>42,762</u>
Total Property & Equipment	59,604	52,942
Less Accumulated Depreciation	<u>(48,749)</u>	<u>(47,936)</u>
Total Property and Equipment, Net	<u>10,855</u>	<u>5,006</u>
TOTAL ASSETS	<u>\$ 23,304</u>	<u>\$ 21,192</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts Payable	\$ 241	\$ 39
Accrued Wages	<u>611</u>	<u>1,185</u>
Total Current Liabilities	<u>852</u>	<u>1,224</u>
NET POSITION		
Investment in Fixed Assets	10,855	5,006
Unrestricted	<u>11,597</u>	<u>14,962</u>
Total Net Position	<u>22,452</u>	<u>19,968</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 23,304</u>	<u>\$ 21,192</u>

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

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT

Balance Sheet

June 30, 2014 and 2013

ASSETS

	June 30, 2014 Business - Type Activity	June 30, 2013 Business - Type Activity
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 16,186	\$ 25,906
Prepaid Expenses	-	-
Total Current Assets	<u>16,186</u>	<u>25,906</u>
PROPERTY AND EQUIPMENT		
Equipment	10,180	10,180
Water Meter	<u>42,762</u>	<u>42,762</u>
Total Property & Equipment	52,942	52,942
Less Accumulated Depreciation	<u>(47,936)</u>	<u>(47,124)</u>
Total Property and Equipment, Net	<u>5,006</u>	<u>5,818</u>
TOTAL ASSETS	<u><u>\$ 21,192</u></u>	<u><u>\$ 31,724</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts Payable	\$ 39	\$ 320
Accrued Wages	<u>1,185</u>	<u>1,038</u>
Total Current Liabilities	<u>1,224</u>	<u>1,358</u>
NET POSITION		
Investment in Fixed Assets	5,006	5,818
Unrestricted	<u>14,962</u>	<u>24,548</u>
Total Net Position	<u>19,968</u>	<u>30,366</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 21,192</u></u>	<u><u>\$ 31,724</u></u>

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

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2015 and 2014

	June 30, 2015	June 30, 2014
	Business - Type	Business - Type
	Activity	Activity
	<hr/>	<hr/>
OPERATING INCOME		
Service Charges	\$ 30,796	\$ 30,151
	<hr/>	<hr/>
Total Operating Income	30,796	30,151
	<hr/>	<hr/>
OPERATING EXPENSES		
Salaries and Wages	14,747	13,667
Payroll Taxes	1,128	1,046
Group Insurance	1,950	1,800
Communications	1,958	1,650
Insurance	5,402	5,263
Maintenance Equipment	2,283	5,521
Professional Services	-	7,934
Office Rent	3,965	3,585
Office Expense	739	1,037
Travel	1,765	974
Depreciation	812	812
	<hr/>	<hr/>
Total Operating Expenses	34,749	43,289
	<hr/>	<hr/>
Net Income (Loss) from Operations	(3,953)	(13,138)
	<hr/>	<hr/>
NON-OPERATING INCOME (EXPENSES)		
Interest Income	21	31
Other Income/Reimbursements	6,416	2,709
	<hr/>	<hr/>
Total Non-Operating Income	6,437	2,740
	<hr/>	<hr/>
CHANGE IN NET POSITION	2,484	(10,398)
	<hr/>	<hr/>
Net Position - Beginning of Year	19,968	30,366
	<hr/>	<hr/>
NET POSITION - END OF YEAR	\$ 22,452	\$ 19,968
	<hr/> <hr/>	<hr/> <hr/>

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

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2014 and June 30, 2013

	June 30, 2014	June 30, 2013
	Business - Type	Business - Type
	Activity	Activity
	<u> </u>	<u> </u>
OPERATING INCOME		
Service Charges	\$ 30,151	\$ 30,235
	<u> </u>	<u> </u>
Total Operating Income	<u>30,151</u>	<u>30,235</u>
OPERATING EXPENSES		
Salaries and Wages	13,667	13,155
Payroll Taxes	1,046	1,007
Group Insurance	1,800	3,705
Communications	1,650	2,332
Insurance	5,263	5,044
Maintenance Equipment	5,521	3,349
Professional Services	7,934	723
Office Rent	3,585	3,380
Office Expense	1,037	1,060
Travel	974	1,492
Depreciation	812	812
	<u> </u>	<u> </u>
Total Operating Expenses	<u>43,289</u>	<u>36,059</u>
Net Income (Loss) from Operations	<u>(13,138)</u>	<u>(5,824)</u>
NON-OPERATING INCOME (EXPENSES)		
Interest Income	31	79
Other income/Reimbursement	2,709	141
	<u> </u>	<u> </u>
Total Non-Operating Income	<u>2,740</u>	<u>220</u>
CHANGE IN NET POSITION	<u>(10,398)</u>	<u>(5,604)</u>
Net Position - Beginning of Year	<u>30,366</u>	<u>35,970</u>
NET POSITION - END OF YEAR	<u>\$ 19,968</u>	<u>\$ 30,366</u>

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

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2015 and June 30, 2014

	June 30, 2015	June 30, 2014
	Business - Type	Business - Type
	Activity	Activity
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 30,796	\$ 30,151
Cash Payments for Operating Expenses	(35,329)	(42,611)
	<u>(4,533)</u>	<u>(12,460)</u>
Net Cash Provided by (used for) Operating Activities	<u>(4,533)</u>	<u>(12,460)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING		
Purchase of Capital Assets	(6,662)	-
	<u>(6,662)</u>	<u>-</u>
Net Cash Used for Capital and Related Financing Activities	<u>(6,662)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Cash and Investments	21	31
Reimbursements	3,859	2,709
	<u>3,880</u>	<u>2,740</u>
Net Cash Provided by Investing Activities	<u>3,880</u>	<u>2,740</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,315)	(9,720)
Cash and Cash Equivalents at Beginning of Year	<u>16,186</u>	<u>25,906</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,871</u>	<u>\$ 16,186</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (3,953)	\$ (13,138)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	812	812
CHANGE IN ASSETS AND LIABILITIES		
Prepaid Expenses	(1,020)	-
Accounts Payable	202	(281)
Accrued Expenses and Other Liabilities	(574)	147
	<u>(574)</u>	<u>147</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (4,533)</u>	<u>\$ (12,460)</u>

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

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT

Statement of Cash Flows

For the Years Ended June 30, 2015 and June 30, 2014

	<u>June 30, 2014</u> <u>Business - Type</u> <u>Activity</u>	<u>June 30, 2013</u> <u>Business - Type</u> <u>Activity</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 30,151	\$ 30,235
Cash Payments for Operating Expenses	<u>(42,611)</u>	<u>(34,282)</u>
Net Cash Provided by (used for) Operating Activities	<u>(12,460)</u>	<u>(4,047)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	<u>-</u>	<u>-</u>
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>-</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Cash and Investments	31	79
Other income/reimbursements	<u>2,709</u>	<u>141</u>
Net Cash Provided by Investing Activities	<u>2,740</u>	<u>220</u>
Net Increase (decrease) in Cash and Cash Equivalents	(9,720)	(3,827)
Cash and Cash Equivalents at Beginning of Year	<u>25,906</u>	<u>29,733</u>
Cash and Cash Equivalents at End of Year	<u>\$ 16,186</u>	<u>\$ 25,906</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (13,138)	\$ (5,824)
 ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	812	812
 CHANGE IN ASSETS AND LIABILITIES		
Prepaid Expenses	-	-
Accounts Payable	(281)	320
Accrued Expenses and Other Liabilities	<u>147</u>	<u>645</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (12,460)</u>	<u>\$ (4,047)</u>

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

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT
Notes to Financial Statements
June 30, 2015 and June 30, 2014

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization & Description of the District:

The District was organized in 1980 for the purpose of groundwater management within the Sierra Valley Groundwater Basin. The Board of Supervisors of the County of Plumas and County of Sierra by a joint power agreement formed the District for the common benefit of the Sierra Valley water users. This District operates under authority of the State of California as a California Special District.

The Reporting Entity:

The District's government-wide financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of the Government Accounting Standards Boards (GASB) *Codification of Government Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separated (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, the Sierra Valley Ground Water Management District has no component units. The District has one fund which is the general fund, a business-type activity.

The general fund records all activity of the District.

Basis of Accounting:

The financial statements of the District are presented on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred. Service charges are recognized when the special assessments are collected by the counties and added to the District's account.

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT

Notes to Financial Statements
June 30, 2015 and June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget:

The District develops and adopts an annual budget; once approved, the budget is submitted to the County Auditor-Controller for recording in the District's accounts.

Source of Revenue:

The District's other source of revenue is derived from service charge to District's landowners based on a per acre charge. Charges are added to the Counties property tax rolls due in two equal installments on November 1 and February 1 of the following year. Delinquent dates are December 10th and April 10th of the following year. All funds collected are left on deposit with the Treasurer of Plumas County. The District's obligations are paid out of these funds only upon properly verified warrants drawn by the District.

Use of Estimates:

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingencies, assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

Capital Assets:

Capital assets are purchased or acquired with an original cost of \$1,500 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred. Depreciation of capital assets is calculated on the straight-line basis over the estimated useful lives of the assets.

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT
Notes to Financial Statements
June 30, 2015 and June 30, 2014

NOTE 2 **CASH AND INVESTMENTS**

A. Deposits:

GASB 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pool's require that investments be carried at fair value with unrealized changes being recorded in the statements of revenues, expenditures and changes in net position.

The District's cash is held in an agency capacity by the County of Plumas Treasurer. The County operates the pooled cash fund for all of its District's funds. The carrying amount, as of June 30, 2015, of cash held by the County of Plumas is \$8,871 and \$16,186 as of June 30, 2014.

The approved investment in the pool is carried at cost, which approximates market value and may be liquidated as needed. The investment pool has not been assigned a risk category since the District is not issued any securities, but rather owns an undivided beneficial interest in the assets of this pool. The fund is not registered with the SEC. Financial statements for the investment pool can be obtained by writing the County of Plumas, Auditors-Controller's Office, 520 Main St., Room 205, Quincy, CA 95971

B. Custodial Credit Risk:

Financial instruments that potentially subject the District to concentration of credit risk consist of temporary cash investments held in an agency capacity at the County of Plumas Treasurer. The County of Plumas places its temporary cash investments with financial institutions to limit the credit exposure to any one financial institution.

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT
Notes to Financial Statements
June 30, 2015 and June 30, 2014

NOTE 3 CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being Depreciated:				
Equipment	\$ 10,180	\$ -	\$ -	\$ 10,180
Water Meters	42,762	-	-	42,762
Accumulated Depreciation	<u>(47,124)</u>	<u>(812)</u>	<u>-</u>	<u>(47,936)</u>
Net Capital Assets	<u><u>\$ 5,818</u></u>	<u><u>\$ (812)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,006</u></u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being Depreciated:				
Equipment	\$ 10,180	\$ -	\$ -	\$ 10,180
Water Meters	42,762	6,662	-	49,424
Accumulated Depreciation	<u>(47,936)</u>	<u>(813)</u>	<u>-</u>	<u>(48,749)</u>
Net Capital Assets	<u><u>\$ 5,006</u></u>	<u><u>\$ 5,849</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,855</u></u>

NOTE 4 INSURANCE COVERAGES

The District maintained the following major insurance coverages for the fiscal years ended June 30, 2015 and 2014:

General Liability - Each Occurrence/aggregate	\$ 1,000,000
Property Coverage	Repair or Replacement Costs

NOTE 5 SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2016, the date these financial statements were available for release and determined no additional disclosures were necessary.

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT

SUPPLEMENTAL INFORMATION

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT
Statement of Revenues and Expenses Compared to Budget
For The Year Ended June 30, 2015

	<u>2015 Budget</u>	<u>2015 Actual</u>	<u>Variance</u>
REVENUES			
Service Charges	\$ 39,100	\$ 30,796	\$ (8,304)
Interest	1,043	21	(1,022)
Other Income	-	6,416	6,416
	<u> </u>	<u> </u>	<u> </u>
Total Revenue	<u><u>\$ 40,143</u></u>	<u><u>\$ 37,233</u></u>	<u><u>\$ (2,910)</u></u>
 SALARIES AND FRINGE BENEFITS			
Salaries & Wages	\$ 11,471	\$ 14,747	\$ (3,276)
Payroll Taxes	878	1,128	(250)
Compensation Insurance	1,650	1,950	(300)
	<u> </u>	<u> </u>	<u> </u>
Total Salaries & Fringe Benefits	<u>13,999</u>	<u>17,825</u>	<u>(3,826)</u>
 SERVICE AND SUPPLIES			
Communications	1,491	1,958	(467)
Insurance	5,263	5,402	(139)
Maintenance Equipment	5,521	2,283	3,238
Professional Services	4,634	-	4,634
Office Rent	3,335	3,965	(630)
Depreciation Expense	-	812	(812)
Office Expense	788	739	49
Travel	974	1,765	(791)
	<u> </u>	<u> </u>	<u> </u>
Total Service and Supplies	<u>22,006</u>	<u>16,924</u>	<u>5,082</u>
	<u> </u>	<u> </u>	<u> </u>
Total Expense	<u><u>\$ 36,005</u></u>	<u><u>\$ 34,749</u></u>	<u><u>\$ 1,256</u></u>

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

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT

Statement of Revenues and Expenses Compared to Budget

For The Year Ended June 30, 2014

	<u>2014 Budget</u>	<u>2014 Actual</u>	<u>Variance</u>
REVENUES			
Service Charges	\$ 39,100	\$ 30,151	\$ (8,949)
Interest	1,043	21	(1,022)
Other Revenues	<u>141</u>	<u>2,709</u>	<u>2,568</u>
Total Revenue	<u><u>\$ 40,284</u></u>	<u><u>\$ 32,881</u></u>	<u><u>\$ (7,403)</u></u>
SALARIES AND FRINGE BENEFITS			
Salaries & Wages	\$ 15,161	\$ 13,667	\$ 1,494
Payroll Taxes	849	1,046	(197)
Compensation Insurance	<u>3,555</u>	<u>1,800</u>	<u>1,755</u>
Total Salaries & Fringe Benefits	<u>19,565</u>	<u>16,513</u>	<u>3,052</u>
SERVICE AND SUPPLIES			
Communications	2,119	1,650	469
Insurance	5,044	5,263	(219)
Maintenance Equipment (1)	2,506	5,521	(3,015)
Professional Services	723	7,934	(7,211)
Office Rent	3,000	3,585	(585)
Depreciation Expense	-	812	(812)
Office Expense	1,033	1,037	(4)
Travel	<u>1,091</u>	<u>974</u>	<u>117</u>
Total Service and Supplies	<u>15,516</u>	<u>26,776</u>	<u>(11,260)</u>
Total Expense	<u><u>\$ 35,081</u></u>	<u><u>\$ 43,289</u></u>	<u><u>\$ (8,208)</u></u>

(1) 2015 actual-meter purchases capitalized \$6,662 not included.

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



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

**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
Sierra Valley Ground Water Management District
Sierra Valley, CA

We have audited the financial statements of the business-type activities as of and for the years ended June 30, 2015 and 2014, which collectively comprise the Sierra Valley Ground Water Management District basic financial statements and have issued our report thereon dated June 20, 2016. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sierra Valley Ground Water Management District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sierra Valley Ground Water Management District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sierra Valley Ground Water Management District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sierra Valley Ground Water Management District ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sierra Valley Ground Water Management District financial statements that is more than inconsequential will not be prevented or detected by the Sierra Valley Ground Water Management District's internal control.

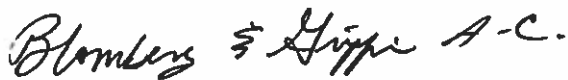
A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sierra Valley Ground Water Management District.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did identify deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described on pages 20-21 of this report and labeled Independent Auditor's Findings.

Compliance and Other Matters

As part of obtaining a reasonable assurance about whether Sierra Valley Ground Water Management District'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described on pages 20-21 of this report and labeled Independent Auditor's Findings.

This report is intended solely for the information and use of management, and the Plumas County Auditor/Controller and is not intended to be and should not be used by anyone other than these specified parties.



Blomberg & Griffin A.C.
Stockton, CA
June 20, 2016

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT
Independent Audit of Financial Statements Year's Ended June 30, 2015 and June 30, 2014
Independent Auditor's Findings and District Reponses

Internal Control Over Financial Reporting

Finding 2015-01: Fixed Assets:

The District should adopt a fixed asset policy to record, track and depreciate (if applicable) all fixed assets in excess of a board designated amount. All fixed assets should be labeled "Property of the Sierra Valley Ground Water Management District". The methods used in recording and tracking fixed assets purchased or otherwise acquired should be described in the District's policies and procedures manual. Fixed assets purchased should be recorded at their cost while fixed assets donated should be recorded at the fair value at date donated.

District Response: Still Pending

Findings 2015-02: District's Policy Manual:

We recommend, as an addition to existing District policies or as a separate document adding procedures to include annual filing requirements of the County Auditors/Controller's Office and filing requirements of the State Controller's Office. Procedures should state enough detail to meet the filing requirements in a timely manner. The fine for late or incomplete filing is as much as \$5,000.

In addition to the above, we recommend including in the procedures manual detailed bookkeeping steps, mail handling, invoice processing, approval and payment procedures.

District Response: Still Pending

Finding 2015-03: District's Revenues:

District revenues/direct charges should cover expenses including adequate reserves. During this audit periods, expenditures have exceeded revenues resulting in a significant reduction of cash balances. The District should review direct charge revenues procedures and/or expenditures to insure amounts billed will cover revenue delinquencies, expenditures and provide for adequate reserves.

District Response: Pending

Finding 2015-04: Minutes of District's board meetings:

Minutes of the District's board meetings should be retained in District's files. At the times of our audit, minutes for the year 2013 could not be located. We recommend minutes be maintained in a permanent file and an electronic copy be maintained for efficient use.

District Response: Pending

SIERRA VALLEY GROUND WATER MANAGEMENT DISTRICT
Independent Audit of Financial Statements Year's Ended June 30, 2015 and June 30, 2014
Independent Auditor's Findings and District Responses

Finding 2015-05: District's disbursements journal:

The disbursements journal should include information to facilitate the comparison of entries to the original source document and to entries on the books prepared by the County Auditor/Controller. District should add columns to the disbursement journal for date paid and reference number. In addition, such totals should be included to disclose the amounts allocated to different accounts.

District's Response: Pending

Finding 2015-06: Revenue/Receipts Journal:

The District should prepare and maintain a revenue/receipts journal to record all revenue invoiced. Direct charges could be entered in a single line item while invoices for reimbursements should be entered separately for each invoice issued. Entries on journal should include customer name, date of invoices, description of charges, account code and dollar amount.

District's Response: Pending