

**NEVADA COUNTY
RESOURCE CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2009**

ROBERT W. JOHNSON
Certified Public Accountant

CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet	3
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances	4-5
Statement of Revenues and Expenditures - Compared to Budget	6-7
Notes to Financial Statements	8-14
Supplemental Information:	
Principal Officials	16

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nevada County Resource Conservation District
Grass Valley, California

We have audited the financial statements of Nevada County Resource Conservation District (the "District") as of June 30, 2009, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Nevada County Resource Conservation District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nevada County Resource Conservation District as of June 30, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Nevada County Resource Conservation District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Robert W. Johnson, An Accountancy Corporation

Citrus Heights, California

November 30, 2009

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2009

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash (Note 3)	\$ 569,848	\$ -	\$ 569,848
Accounts receivable	73,085	-	73,085
Capital assets (Note 4)	-	47,858	47,858
Less, accumulated depreciation	<u>-</u>	<u>(36,362)</u>	<u>(36,362)</u>
Total assets	<u>\$ 642,933</u>	<u>\$ 11,496</u>	<u>\$ 654,429</u>
LIABILITIES			
Accounts payable	\$ 8,565	\$ -	\$ 8,565
Accrued payroll taxes	-	-	-
Accrued vacation	<u>6,813</u>	<u>-</u>	<u>6,813</u>
Total liabilities	<u>15,378</u>	<u>-</u>	<u>15,378</u>
FUND BALANCE/NET ASSETS			
Fund balances:			
Reserved	450,000	(450,000)	-
Unreserved	<u>177,555</u>	<u>(177,555)</u>	<u>-</u>
Total fund balances	<u>627,555</u>	<u>(627,555)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 642,933</u>		
Net assets (Note 7):			
Invested in capital assets, net of related debt		11,496	11,496
Unrestricted		<u>627,555</u>	<u>627,555</u>
		<u>\$ 639,051</u>	<u>\$ 639,051</u>

See notes to financial statements

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2009

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Conservation services	\$ 244,859	\$ -	\$ 244,859
Administrative	9,331	-	9,331
Capital outlay	-	-	-
Depreciation	<u>-</u>	<u>4,244</u>	<u>4,244</u>
Total program expenditures/expenses	<u>254,190</u>	<u>4,244</u>	<u>258,434</u>
Program revenues:			
Operating grants	126,267	-	126,267
Charges for services	<u>7,912</u>	<u>-</u>	<u>7,912</u>
Total program revenues	<u>134,179</u>	<u>-</u>	<u>134,179</u>
General revenues:			
Property taxes	217,147	-	217,147
Contributions	805	-	805
Interest income	<u>9,185</u>	<u>-</u>	<u>9,185</u>
Total general revenues	<u>227,137</u>	<u>-</u>	<u>227,137</u>
Excess of revenues over expenditures/ changes in net assets (carried forward)	107,126	(4,244)	102,882

See notes to financial statements

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES, continued
 for the year ended June 30, 2009

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Excess of revenues over expenditures/changes in net assets (brought forward)	\$ 107,126	\$(4,244)	\$ 102,882
Beginning fund balances/ Net assets	<u>520,429</u>	<u>15,740</u>	<u>536,169</u>
Ending fund balances/net assets	<u>\$ 627,555</u>	<u>\$ 11,496</u>	<u>\$ 639,051</u>

See notes to financial statements

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL
for the year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Revenues:			
Property taxes	\$ 190,000	\$ 217,147	\$ 27,147
Operating grants	243,998	126,267	(117,731)
Interest income	12,000	9,185	(2,815)
Wildlife Project	300	805	505
No-Till Drill rental	500	650	150
Other income	<u>-</u>	<u>7,262</u>	<u>7,262</u>
 Total revenues	 <u>446,798</u>	 <u>361,316</u>	 <u>(85,482)</u>
 Expenditures:			
Salaries	146,500	118,267	28,233
Payroll taxes	11,688	9,434	2,254
Group insurance	25,500	22,518	2,982
WC	2,100	1,684	416
CAL PERS	19,243	15,294	3,949
Miscellaneous	-	-	-
Supplies	2,200	-	2,200
Educational materials	3,900	3,488	412
Communications	1,588	1,140	448
Insurance and bonds	3,000	4,532	(1,532)
Maintenance equipment	500	269	231
Memberships	3,200	2,603	597
Office expenses	5,500	4,872	628
Professional services	193,500	51,021	142,479
Public and legal	500	-	500
Special events	5,500	4,758	742
Travel/training	1,200	-	1,200
Travel/conference	6,250	4,331	1,919
Travel general expense	4,938	4,612	326
Taxes and assessments	4,400	4,459	(59)
Wildlife project	300	260	40
Workshop expenses	300	-	300
Office equipment/maintenance	2,600	-	2,600
No-Till Drill expense	<u>500</u>	<u>648</u>	<u>(148)</u>
 Total expenditures (carried forward)	 <u>444,907</u>	 <u>254,190</u>	 <u>190,717</u>

See notes to financial statements

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
 STATEMENT OF REVENUES AND EXPENDITURES, continued
 BUDGET AND ACTUAL
 for the year ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Total expenditures (carried forward)	\$ <u>444,907</u>	\$ <u>254,190</u>	\$ <u>190,717</u>
Excess of revenues (expenditures)	\$ <u>1,891</u>	\$ <u>107,126</u>	\$ <u>105,235</u>

See notes to financial statements

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. Organization:

Nevada County Resource Conservation District (the "District") was established, pursuant to Division 9 of the California Public Resources Code. Since 1943, the District has worked with willing landowners, government agencies and other organizations to facilitate the conservation and restoration of Nevada County's and Sierra County's natural resources. The District's vision is to assist educated and responsible landowners and land managers to establish a balance between rural environment, a biologically diverse landscape, and a healthy economy for the community. The District's financial and administrative functions are governed by a five member Board of Directors appointed (at District's request) by the Nevada County Board of Supervisors.

2. Summary of Significant Accounting Policies:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District's significant accounting policies are described below.

Measurement Focus and Basis of Accounting

The District reports a *General Fund* that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

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 flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Measurement Focus and Basis of Accounting, continued

Governmental funds 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. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Amortization of assets acquired under capital lease is included in depreciation. Equipment are depreciated using the straight-line method over their estimated useful lives, which range from three to ten years.

Budgets

In accordance with the provisions of Sections 13901 through 13906 of the California Health & Safety Code and other statutory provisions, commonly known as the Budget Act, the District prepares and legally adopts a final balanced budget for each fiscal year.

Compensated Absences

Vested or accumulated vacation that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability. Sick pay is not vested

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Cash

The District maintains a cash balance with the Treasurer of Nevada County in an interest-bearing pooled investment account. All cash invested is within the State statutes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions 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 expenditures during the reporting period. Actual results may differ from those estimates.

3. Cash:

The District had the following cash balances at June 30, 2009:

Petty cash	\$	75
Cash with County		<u>569,773</u>
	\$	<u>569,848</u>

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2009 are as follows:

	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, end of year</u>
Equipment	\$ <u>47,858</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>47,858</u>

5. Retirement Plan:

The District's policy is to fund retirement benefits with the State of California Public Employees' Retirement System (CALPERS). The amount of pension contributions by the District to CALPERS is actuarially determined under a program wherein contributions plus earnings of the retirement system are to provide the necessary funds to pay retirement benefits when due. The District relies on the competency of the State in determining the funding method, the adequacy of funding, and the spreading of actuarial gains and losses which is currently on a four-year basis.

A. Plan Description

The Nevada County Resource Conservation District contributes to the California Public Employees Retirement System (CALPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. CALPERS issues a publicly available financial report that includes financial statements and required supplementary information for the Nevada County Resource Conservation District. The financial report may be obtained by writing to CALPERS Actuarial Office, P.O. Box 942709, Sacramento, CA 94229-2709.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

5. Retirement Plan (continued):

Pooled Report Format

Since the District's plan has less than 100 active members, it is required to participate in a risk pool.

Miscellaneous – 2 ½ % at 55 Risk Pool.

Under GASB 27, an employer should recognize annual pension expenditures/expense equal to its contractually required contributions to the plan. Pension liabilities and assets result from the difference between contributions required and contributions made.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below for the cost-sharing multiple-employer defined benefit plans:

Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	16 years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of Employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

5. Retirement Plan, continued:

**Risk Pool's History of Funded Status and Funding Progress
(Miscellaneous Plan)**

<u>Valuation Date</u>	<u>Accrued Liabilities (AL)</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Unfunded Liabilities (UL)</u>	<u>Funded Ratio (AVA/AL)</u>	<u>Annual Covered Payroll</u>	<u>UL As a % of Payroll</u>
06/30/2005	\$ 579,276,103	\$ 500,388,523	\$ 78,887,580	86.4%	\$129,379,492	61.0%
06/30/2006	\$ 912,988,585	\$ 787,758,909	\$125,229,676	86.3%	\$200,320,145	62.5%
06/30/2007	\$1,315,454,361	\$1,149,247,298	\$166,207,063	87.4%	\$289,090,187	57.5%

Annual employee contributions for active plan members, calculated as a % of covered salary, consist of:

Miscellaneous plan	8%
--------------------	----

The District pays half of the employees' share of contributions. The District is required to contribute additional amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the PERS Actuaries and Actuarial Consultants and adopted by the Board of Administration. For the year ended June 30, 2009 the District paid total contributions of \$15,294.

6. Risk of Loss

Nevada County Resource Conservation District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2009 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

7. Net Assets:

Net assets at June 30, 2009 consist of:

Invested in capital assets, net		\$ 11,496
Restricted		-
Unrestricted		
Board Designated		
Building reserve	\$ 450,000	
Undesignated	<u>177,555</u>	<u>627,555</u>
Total		<u>\$ 639,051</u>

SUPPLEMENTAL DATA

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
PRINCIPAL OFFICIALS

Board of Directors:

Robert Ingram	President
Eric Carr	Vice-President
David Gallino	Secretary/Treasurer
David Vertin	Director
Janey Powers	Director

Operations:

Lesa Osterholm	District Manager
Janet Blake	Administrative Assistant