

**NEVADA COUNTY  
RESOURCE CONSERVATION DISTRICT**

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**for the year ended June 30, 2011**

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**ROBERT  
W.  
JOHNSON**  
An Accountancy Corporation  
Certified Public Accountant

6234 BIRDCAGE STREET • CITRUS HEIGHTS, CA 95610-5949 • (916) 723-2555

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, 2011, 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, 2011, 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 Accounting Corporation*

Citrus Heights, California

November 8, 2011

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT  
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2011

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash (Note 3)	\$ 298,816	\$ -	\$ 298,816
Accounts receivable	26,589	-	26,589
Advances	4,180	-	4,180
Capital assets (Note 4)	-	507,527	507,527
Less, accumulated depreciation	<u>-</u>	<u>( 50,184)</u>	<u>( 50,184)</u>
Total assets	<u>\$ 329,585</u>	<u>\$ 457,343</u>	<u>\$ 786,928</u>
LIABILITIES			
Accounts payable	\$ 13,031	\$ -	\$ 13,031
Accrued payroll taxes	1,048	-	1,048
Accrued vacation	1,414	-	1,414
Deferred revenue	<u>17,171</u>	<u>-</u>	<u>17,171</u>
Total liabilities	<u>32,664</u>	<u>-</u>	<u>32,664</u>
FUND BALANCE/NET ASSETS			
Fund balances (Note 7):			
Restricted	-	-	-
Committed	-	-	-
Unassigned	<u>296,921</u>	<u>( 296,921)</u>	<u>-</u>
Total fund balances	<u>296,921</u>	<u>( 296,921)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 329,585</u>		
Net assets (Note 7):			
Invested in capital assets, net of related debt		457,343	457,343
Unrestricted		<u>296,921</u>	<u>296,921</u>
		<u>\$ 754,264</u>	<u>\$ 754,264</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, 2011

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Conservation services	\$ 306,158	\$ -	\$ 306,158
Administrative	7,393	-	7,393
Capital outlay	459,669	( 459,669)	-
Depreciation	<u>-</u>	<u>9,578</u>	<u>9,578</u>
Total program expenditures/expenses	<u>773,220</u>	<u>( 450,091)</u>	<u>323,129</u>
Program revenues:			
Operating grants	131,419	-	131,419
Charges for services	<u>1,051</u>	<u>-</u>	<u>1,051</u>
Total program revenues	<u>132,470</u>	<u>-</u>	<u>132,470</u>
General revenues:			
Property taxes	200,948	-	200,948
Contributions	1,655	-	1,655
Interest income	<u>1,895</u>	<u>-</u>	<u>1,895</u>
Total general revenues	<u>204,498</u>	<u>-</u>	<u>204,498</u>
Excess of revenues over expenditures/ changes in net assets (carried forward)	( 436,252)	450,091	13,839

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, 2011

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Excess of revenues over expenditures/changes in net assets (brought forward)	\$( 436,252)	\$ 450,091	\$ 13,839
Beginning fund balances/ Net assets	<u>733,173</u>	<u>7,252</u>	<u>740,425</u>
Ending fund balances/net assets	<u>\$ 296,921</u>	<u>\$ 457,343</u>	<u>\$ 754,264</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
<b>Revenues:</b>			
Property taxes	\$ 183,520	\$ 200,948	\$ 17,428
Operating grants	-	131,419	131,419
Interest income	5,000	1,895	( 3,105)
Wildlife Project	500	1,655	1,155
No-Till Drill rental	500	201	( 299)
Other income	-	850	850
	<u>189,520</u>	<u>336,968</u>	<u>147,448</u>
<b>Expenditures:</b>			
Salaries	106,000	62,184	43,816
Payroll taxes	8,800	5,362	3,438
Group insurance	21,450	16,487	4,963
WC	900	990	( 90)
CAL PERS	14,400	7,543	6,857
Miscellaneous	-	-	-
Supplies	300	320	( 20)
Educational materials	300	2,378	( 2,078)
Communications	1,000	773	227
Insurance and bonds	3,800	3,714	86
Maintenance equipment	500	87	413
Memberships	2,000	3,254	( 1,254)
Office expenses	2,000	3,075	( 1,075)
Professional services	15,000	155,663	( 140,663)
Public and legal	10,000	32,990	( 22,990)
Special events	3,500	3,954	( 454)
Travel/training	500	49	451
Travel/conference	2,000	4,346	( 2,346)
Travel general expense	2,000	715	1,285
Taxes and assessments	5,000	4,318	682
Wildlife project	300	773	( 473)
Workshop expenses	1,000	149	851
Office equipment/maintenance	1,500	1,857	( 357)
Utilities/building maintenance	-	2,488	( 2,488)
No-Till Drill expense	300	82	218
Capital outlay	-	459,669	( 459,669)
	<u>202,550</u>	<u>773,220</u>	<u>( 570,670)</u>
Total expenditures (carried forward)	202,550	773,220	( 570,670)

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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Total expenditures (carried forward)	\$ <u>202,550</u>	\$ <u>773,220</u>	\$( <u>570,670</u> )
Excess of revenues (expenditures)	\$( <u>13,030</u> )	\$( <u>436,252</u> )	\$( <u>423,222</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 educate and assist 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 and building are depreciated using the straight-line method over their estimated useful lives, which range from three to forty 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.

Property Taxes

The District receives property taxes from Nevada County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

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.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

3. Cash:

The District had the following cash balances at June 30, 2011:

Petty cash		\$ 200
Cash with County – general	\$ 298,616	
– building reserve	-	
		298,616
		\$ 298,816

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2011 are as follows:

	Balance, beginning of year	Additions	Disposals	Balance, end of year
Building	\$ -	\$ 459,669	\$ -	\$ 459,669
Equipment	47,858	-	-	47,858
	\$ 47,858	\$ 459,669	\$ -	\$ 507,527

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.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued

5. Retirement Plan (continued):

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.

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, 2010
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	19 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>
06/30/2008	\$1,537,909,933	\$1,337,707,835	\$200,202,098	87.0%	\$333,307,600	60.1%
06/30/2009	\$1,834,424,640	\$1,493,430,831	\$340,993,809	81.4%	\$355,150,151	96.0%
06/30/2010	\$1,972,910,641	\$1,603,482,152	\$369,428,489	81.3%	\$352,637,380	104.8%

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

Miscellaneous plan	8%
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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, 2011 the District paid total contributions of \$7,543.

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 2011 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. Equity:

General fund:

Total fund balances consist of:

Restricted for:		\$ -
Committed for:		-
Unassigned:		<u>296,921</u>
		<u>\$ 296,921</u>

Statement of net assets:

Total net assets consist of:

Investment in capital assets, net of related debt:		\$ 457,343
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Restricted:

Unrestricted:

Board designated:	\$ -	
Undesignated:	<u>296,921</u>	<u>296,921</u>
		<u>\$ 754,264</u>

8. Subsequent Events:

Management has evaluated subsequent events through November 8, 2011, the date these June 30, 2011 financial statements were available to be issued.



NEVADA COUNTY RESOURCE CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

9. Grant Audit:

In 2011, the CA Department of Finance performed statewide audits of grants. The District's State grants were audited during this time. The State auditors came up with grant findings of questioned costs. The District may have to reimburse the State for these questioned costs. As of June 30, 2011, the State has not yet determined the final amount of grant questioned costs.

**SUPPLEMENTAL DATA**

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT  
PRINCIPAL OFFICIALS

Board of Directors:

Robert G. Ingram	President
Lynn Lorensen	Vice-President
David Gallino	Secretary/Treasurer
David Vertin	Director
Janey Powers	Director

Operations:

Janet Blake	District Administrator
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