

**NEVADA COUNTY  
RESOURCE CONSERVATION DISTRICT**

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2014**

## CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Net Position 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
Statement of Cash Flows	17

**ROBERT**

**W.**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Nevada County Resource Conservation District, as of and for the year ended June 30, 2014, as listed in the table of contents, and the related notes to the financial statements.

**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 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 and the State Controller's Minimum Audit Requirements for California Special Districts. 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 opinion.

### **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, 2014, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

### **Other-Matters**

#### *Required Supplementary Information*

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.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The 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 basic financial statements taken as a whole.

*Robert V. Johnson, An Account Corporation*

Citrus Heights, California  
October 31, 2014

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2014

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash (Note 3)	\$ 698,904	\$ -	\$ 698,904
Accounts receivable	-	-	-
Advances	-	-	-
Capital assets (Note 4)	-	30,988	30,988
Less, accumulated depreciation	<u>-</u>	<u>( 30,988)</u>	<u>( 30,988)</u>
Total assets	<u>\$ 698,904</u>	<u>\$ -</u>	<u>\$ 698,904</u>
LIABILITIES			
Accounts payable	\$ 6,733	\$ -	\$ 6,733
Accrued payroll taxes	1,765	-	1,765
Accrued vacation	2,142	-	2,142
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>10,640</u>	<u>-</u>	<u>10,640</u>
FUND BALANCE/NET POSITION			
Fund balances (Note 7):			
Restricted	-	-	-
Committed	200,000	( 200,000)	-
Unassigned	<u>488,264</u>	<u>( 488,264)</u>	<u>-</u>
Total fund balances	<u>688,264</u>	<u>( 688,264)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 698,904</u>		
Net position (Note 7):			
Net investment in capital assets		-	-
Unrestricted		<u>688,264</u>	<u>688,264</u>
		<u>\$ 688,264</u>	<u>\$ 688,264</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, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Conservation services	\$ 276,810	\$ -	\$ 276,810
Administrative	6,255	-	6,255
Capital outlay	-	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total program expenditures/expenses	<u>283,065</u>	<u>-</u>	<u>283,065</u>
Program revenues:			
Operating grants	10,306	-	10,306
Charges for services	<u>1,487</u>	<u>-</u>	<u>1,487</u>
Total program revenues	<u>11,793</u>	<u>-</u>	<u>11,793</u>
General revenues:			
Property taxes	197,480	-	197,480
Contributions	1,085	-	1,085
Interest income	<u>3,268</u>	<u>-</u>	<u>3,268</u>
Total general revenues	<u>201,833</u>	<u>-</u>	<u>201,833</u>
Other revenue/(expenses):			
Proceeds from sale of building	318,833	( 318,833)	-
Loss on sale of building	<u>-</u>	<u>( 112,106)</u>	<u>( 112,106)</u>
Total other revenue/expenses	<u>318,833</u>	<u>( 430,939)</u>	<u>( 112,106)</u>
Excess of revenues over expenditures/ changes in net position (carried forward)	249,394	( 430,939)	( 181,545)

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, 2014

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Excess of revenues over expenditures/changes in net position (brought forward)	\$ 249,394	\$( 430,939)	\$( 181,545)
Beginning fund balances/ Net position	<u>438,870</u>	<u>430,939</u>	<u>869,809</u>
Ending fund balances/net position	<u>\$ 688,264</u>	<u>\$ -</u>	<u>\$ 688,264</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, 2014

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable) <u>Variance</u>
<b>Revenues:</b>			
Property taxes	\$ 195,000	\$ 197,480	\$ 2,480
Operating grants	-	10,306	10,306
Interest income	2,500	3,268	768
Wildlife Project	1,500	1,085	( 415)
No-Till Drill rental	-	-	-
Other income	1,200	1,487	287
Proceeds from sale of building	<u>-</u>	<u>318,833</u>	<u>318,833</u>
 Total revenues	 <u>200,200</u>	 <u>532,459</u>	 <u>332,259</u>
 <b>Expenditures:</b>			
Salaries	95,000	95,208	( 208)
Payroll taxes	7,500	8,134	( 634)
Group insurance	25,000	26,965	( 1,965)
WC	600	694	( 94)
CAL PERS	13,000	13,869	( 869)
Miscellaneous	14,000	-	14,000
Supplies	-	-	-
Educational materials	2,000	1,276	724
Communications	1,000	924	76
Insurance and bonds	2,000	2,009	( 9)
Maintenance equipment	-	-	-
Memberships	2,500	2,386	114
Office expenses	2,500	2,178	322
Professional services	15,000	13,147	1,853
Project expenses	25,000	90,050	( 65,050)
Public and legal	200	24	176
Special events	7,500	8,244	( 744)
Travel/training	500	-	500
Travel/conference	2,000	382	1,618
Travel general expense	600	459	141
Taxes and assessments	4,500	4,075	425
Wildlife project	1,500	1,328	172
Workshop expenses	2,000	2,259	( 259)
Office equipment/maintenance	2,000	3,724	( 1,724)
Utilities/building maintenance	-	1,171	( 1,171)

(continued)

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, 2014

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable) <u>Variance</u>
Advertising	3,500	3,384	116
Donation/contribution	1,000	997	3
No-Till Drill expense	-	178	( 178)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ <u>230,400</u>	\$ <u>283,065</u>	\$ <u>( 52,665)</u>
Excess of revenues (expenditures)	\$ <u>( 30,200)</u>	\$ <u>249,394</u>	\$ <u>279,594</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 1944, the District has worked with willing landowners, government agencies and other organizations to facilitate the conservation and restoration of Nevada County's and western 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 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, 2014:

Petty cash		\$ 200
Cash with County – general	\$ 498,704	
– operating reserve	<u>200,000</u>	
		<u>698,704</u>
		<u>\$ 698,904</u>

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2014 are as follows:

	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, end of year</u>
Building	\$ 459,669	\$ -	\$ 459,669	\$ -
Equipment	<u>30,988</u>	<u>-</u>	<u>-</u>	<u>30,988</u>
	<u>\$ 490,657</u>	<u>\$ -</u>	<u>\$ 459,669</u>	<u>\$ 30,988</u>

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

5. Defined Benefit Retirement Plan:

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan. The District participates in the miscellaneous 2.5% at 55 risk pool. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS require agencies with less than 100 active members in the plan to participate in the risk pool. All District permanent employees are eligible to participate in the System. Benefits vest after five years of service. A menu of benefits provision as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, 95814.

Funding Policy

Covered employees are required by statute to contribute 8 percent of their salary to the plan after a formula to coordinate with Social Security. The District is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for 2011/12 was 9.746%, for 2012/13 was 13.914% and for 2013/14 was 14.660%. The contribution requirements of the plan members and the District are established and may be amended by CalPERS. The District's contributions for the years ended June 30, 2014, 2013 and 2012 were \$8,962, \$7,543 and \$13,869 respectively, which were equal to the required contributions each year.

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 2014 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		\$ -
Committed for operating reserve:		200,000
Unassigned:		<u>488,264</u>
		<u>\$ 688,264</u>

Statement of net position:

Total net position consist of:

Net investment in capital assets		\$ -
Restricted		-
Unrestricted:		
Board designated:	\$ 200,000	
Undesignated:	<u>488,264</u>	<u>688,264</u>
		<u>\$ 688,264</u>

8. Subsequent Events:

Management has evaluated subsequent events through October 31, 2014, the date these June 30, 2014 financial statements were available to be issued.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

9. New Pronouncements:

In June 2012, the GASB approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability on the statement of net position and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also requires revised and new note disclosures and required supplementary information (RSI) to be reported by employers. The implementation of this GASB Statement will have a significant impact on the District's financial statements and is effective for the District's June 30, 2015 financial statements.



**SUPPLEMENTAL DATA**

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT  
PRINCIPAL OFFICIALS

Board of Directors:

Lynn Lorensen	President
Janey Powers	Vice-President
David Gallino	Secretary/Treasurer
Robert Ingram	Director
Susan Hoek	Director

Operations:

Janet Blake	District Administrator
Sabrina Nicholson	Administrative Assistant

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT  
STATEMENT OF CASH FLOWS  
for the year ending June 30, 2014

Cash flows from operating activities:		
Change in net position (net loss)		\$(181,545)
Adjustments to reconcile change in net position to net cash provided to operating activities		
Depreciation	\$ -	
(Increase) decrease in:		
Accounts receivable	4,998	
Advances	-	
(Decrease) increase in:		
Accounts payable and accrued liabilities	3,106	
Deferred revenue	<u>-</u>	
		<u>8,104</u>
Net cash provided to operating activities		(173,441)
Cash flows from investing activities:		
Purchase of equipment	-	
Sale of building, net book value	<u>430,939</u>	
Net cash used by investing activities		430,939
Cash flows from financing activities:		
Principal payments of long-term debt	<u>-</u>	
Net cash used by financing activities		<u>-</u>
Net increase in cash		257,498
Cash at beginning of year		<u>441,406</u>
Cash at end of year		<u>\$ 698,904</u>