

**NEVADA COUNTY RESOURCE
CONSERVATION DISTRICT**

**REPORT ON ACCOUNTING CONTROLS
AND PROCEDURES**

June 30, 2022

ROBERT W. JOHNSON
Certified Public Accountant



Robert W. Johnson
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September 28, 2022

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

In planning and performing our audit of the financial statements of Nevada County Resource Conservation District as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Nevada County Resource Conservation District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing opinions on the effectiveness of the District's internal control. Accordingly, we do not express opinions on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We have enclosed other recommendations for your consideration.

This communication is intended solely for the information and use of management and Board of Directors, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Robert W. Johnson, An Accountancy Corporation

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Citrus Heights, California
September 28, 2022

1. Comparison of Operating Results Government-wide:

	June 30,		Favorable (Unfavorable)
	<u>2021</u>	<u>2022</u>	
Revenues	\$ 305,255	\$ 314,583	\$ 9,328
Expenses	<u>256,800</u>	<u>216,226</u>	<u>40,574</u>
Net income (loss)	\$ <u>48,455</u>	\$ <u>98,357</u>	\$ <u>49,902</u>
Cash	\$ <u>552,525</u>	\$ <u>668,521</u>	\$ <u>115,996</u>

Observations:

- District increased cash by \$115,996. This was due to District costs decreasing. The District had limited project costs and an employee left half way through the fiscal year.

2. Prior Year Recommendation:

Approval of Warrants:

Cease the practice of having pre-signed warrant stickers. This practice increases the risk of unapproved warrants to be issued.

The list of warrants with a blank signature sticker should be presented to a Board member along with the supporting documentation. Once approved, the Board member and District Manager can sign the list of warrants. This way, there are tighter internal controls over warrant approval.

Follow-up:

The District stopped the process of having pre-signed warrant stickers. Warrants are reviewed and approved by management and the Board before the warrants are signed.

