

**NEVADA COUNTY
RESOURCE CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2022**

ROBERT W. JOHNSON
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Nevada County Resource Conservation District, which comprise the statement of net position and governmental fund balance sheet as of June 30, 2022, and the related statements of activities and governmental fund revenues, expenditures and changes in fund balances and of revenues and expenditures compared to budget for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Nevada County Resource Conservation District as of June 30, 2022, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America, as well as the California State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nevada County Resource Conservation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada County Resource Conservation District's ability to continue as a going concern for twelve months after the date that financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Nevada County Resource Conservation District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nevada County Resource Conservation District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 other 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Nevada County Resource Conservation District's basic financial statements. The accompanying supplementary information are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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 GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Citrus Heights, California
September 28, 2022

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2022

ASSETS AND DEFERRED OUTFLOWS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash (Note 3)	\$ 668,521	\$ -	\$ 668,521
Accounts receivable	-	-	-
Capital assets (Note 4)	-	17,588	17,588
Less, accumulated depreciation	-	(12,231)	(12,231)
Deferred outflows (Note 5)	<u>-</u>	<u>20,960</u>	<u>20,960</u>
Total assets and deferred outflows	<u>\$ 668,521</u>	<u>\$ 26,317</u>	<u>\$ 694,838</u>
LIABILITIES AND DEFERRED INFLOWS			
Accounts payable	\$ 26,149	\$ -	\$ 26,149
Accrued payroll liabilities	-	-	-
Accrued vacation	2,092	-	2,092
Net pension liability (Note 5)	-	8,111	8,111
Deferred inflows (Note 5)	<u>-</u>	<u>48,483</u>	<u>48,483</u>
Total liabilities and deferred inflows	<u>28,241</u>	<u>56,594</u>	<u>84,835</u>
FUND BALANCE/NET POSITION			
Fund balances (Note 6):			
Restricted	-	-	-
Committed	200,000	(200,000)	-
Unassigned	<u>440,280</u>	<u>(440,280)</u>	<u>-</u>
Total fund balances	<u>640,280</u>	<u>(640,280)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 668,521</u>		
Net position (Note 6):			
Net investment in capital assets		5,357	5,357
Unrestricted		<u>604,646</u>	<u>604,646</u>
		<u>\$ 610,003</u>	<u>\$ 610,003</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, 2022

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Conservation services	\$ 210,788	\$(6,965)	\$ 203,823
Administrative	10,907	-	10,907
Capital outlay	2,495	(2,495)	-
Depreciation	<u>-</u>	<u>1,496</u>	<u>1,496</u>
Total program expenditures/expenses	<u>224,190</u>	<u>(7,964)</u>	<u>216,226</u>
Program revenues:			
Operating grants	-	-	-
Charges for services	<u>125</u>	<u>-</u>	<u>125</u>
Total program revenues	<u>125</u>	<u>-</u>	<u>125</u>
General revenues:			
Property taxes	308,573	-	308,573
Contributions	-	-	-
Interest income	<u>5,885</u>	<u>-</u>	<u>5,885</u>
Total general revenues	<u>314,458</u>	<u>-</u>	<u>314,458</u>
Excess of revenues over (expenditures)/ changes in net position	90,393	7,964	98,357
Beginning fund balances/ Net position	<u>549,887</u>	<u>(38,241)</u>	<u>511,646</u>
Ending fund balances/net position	<u>\$ 640,280</u>	<u>\$(30,277)</u>	<u>\$ 610,003</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Revenues:			
Property taxes	\$ 255,000	\$ 308,573	\$ 53,573
Merchandise sales	-	37	37
Interest income	6,400	5,885	(515)
Seminar income	-	-	-
Other income	<u>-</u>	<u>88</u>	<u>88</u>
 Total revenues	 <u>261,400</u>	 <u>314,583</u>	 <u>53,183</u>
Expenditures:			
Salaries	125,000	100,166	24,834
Payroll taxes	9,361	7,914	1,447
Group insurance	32,619	17,692	14,927
WC	1,100	735	365
CAL PERS	18,922	13,193	5,729
Miscellaneous	-	17	(17)
Supplies	100	-	100
Educational materials	100	15	85
Communications	750	835	(85)
Office rent	-	850	(850)
Donations/contributions	250	-	250
Insurance and bonds	6,510	4,068	2,442
Memberships	1,100	1,089	11
Office expenses	3,000	4,369	(1,369)
Professional services	18,600	13,789	4,811
Project expenses	27,700	30,215	(2,515)
Public and legal	500	-	500
Special events	9,000	6,939	2,061
Travel/training	-	(336)	336
Travel/conference	-	-	-
Travel general expense	250	287	(37)
Taxes and assessments	6,000	6,538	(538)
Wildlife project	600	391	209
Workshop expenses	500	44	456

(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, 2022

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable) <u>Variance</u>
Office equipment/maintenance	\$ 7,000	\$ 8,848	\$(1,848)
Promotional	500	-	500
Special event advertising	2,000	480	1,520
Advertising	1,000	3,524	(2,524)
Maintenance equipment	2,000	33	1,967
Capital outlay	<u>-</u>	<u>2,495</u>	<u>(2,495)</u>
 Total expenditures	 <u>274,462</u>	 <u>224,190</u>	 <u>50,272</u>
 Excess of revenues (expenditures)	 <u><u>\$(13,062)</u></u>	 <u><u>\$ 90,393</u></u>	 <u><u>\$ 103,455</u></u>

See notes to financial statements

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

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.

The following in-kind materials and services are provided by the USDA/NRCS to the RCD:

- Office space
- Utilities
- Office equipment – copier, printers, fax and telephone
- Office supplies

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 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
for the year ended June 30, 2022

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.

The District has combined the statements of net position and the statement of activities, with the balance sheet and the statement of revenues, expenditures, and changes in fund balances, into two statements, the statement of net position and governmental funds balance sheet and the statement of activities and governmental fund revenues, expenditures, and changes in fund balances, for simplicity.

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary activities of the District. These statements include the financial activities of the overall District.

The statement of activities presents direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program, and are clearly identifiable to a particular function. Program revenues include 1) charges for services and 2) grant and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including tax funding, are presented as general revenues.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

2. Summary of Significant Accounting Policies (continued):

Fund Financial Statements

The fund financial statements, governmental funds balance sheet and governmental fund revenues, expenditures, and changes in fund balances, provide information about the District's funds, which include only governmental funds.

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 financial transactions of the District are reported in an individual fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures.

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 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.

Cash and Cash Equivalents

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.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

2. Summary of Significant Accounting Policies, continued:

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.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

2. Summary of Significant Accounting Policies (continued):

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Net Position

Net position is classified in the following categories:

Net Investment in capital assets – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2022

2. Summary of Significant Accounting Policies (continued):

Fund Balance

Fund balance is classified in the following categories:

Nonspendable – amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact.

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – includes fund balance amount that can only be used for specific purposes pursuant to constraints imposed by the formal actions of the District’s Board of Directors.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned – includes fund balance which has not been classified within the above mentioned categories.

3. Cash:

The District had the following cash balances at June 30, 2022:

Petty cash		\$ 101
Cash with County – general	\$ 468,420	
– operating reserve	<u>200,000</u>	
		<u>668,420</u>
		<u>\$ 668,521</u>

The District maintains a cash balance with the Treasurer of Nevada County. The County sponsors an investment pool that is managed by the County Treasurer. The Treasurer invests on behalf of external participants in accordance with California State Government Code and the County’s investment policy. California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2022

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2022 are as follows:

	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, end of year</u>
Vehicles & equipment	\$ <u>15,093</u>	\$ <u>2,495</u>	\$ <u>-</u>	\$ <u>17,588</u>

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 and 2% at 62 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.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2022

5. Defined Benefit Retirement Plan, continued:

Funding Policy

The Plan's provisions in effect at June 30, 2022 are summarized as follows:

	<u>PEPRA</u>	<u>Classic</u>
Benefit formula	2% at 62	2.5% at 55
Benefit vesting schedule	5 years	5 years
Benefit payments	monthly for life	monthly for life
Retirement age	55+	55+
Required employee contribution rates	6.75%	8.0%
Required employer contribution rates	7.59%	12.20%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, the contributions recognized as part of pension expense were as follows:

	<u>Miscellaneous</u>
Contributions – employer	\$ 11,072

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2022

5. Defined Benefit Retirement Plan, continued:

A. *Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:*

As of June 30, 2022, the District reported net pension liability as follows:

Net pension liability	\$ <u>8,111</u>
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As of June 30, 2022 the District's pension expense (income) is as follows:

Pension expense (income)	\$(<u>6,965</u>)
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The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net proportionate share of the net pension liability for the Plan as of June 30, 2021 was as follows:

	<u>Misc. Plan</u>
Proportion – June 30, 2020	.00047%
Proportion – June 30, 2021	<u>.00043%</u>
Change – Increase/(Decrease)	<u>(.00004)%</u>

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

5. Defined Benefit Retirement Plan, continued:

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumption	\$ -	\$ -
Differences between expected and actual experiences	4,961	-
Net differences between projected and actual earnings on pension plan investment	-	38,621
Changes in employer's proportion	8,009	-
Difference between actual and proportionate share	-	9,862
Pension contributions subsequent to measurement date	<u>7,990</u>	<u>-</u>
	<u>\$ 20,960</u>	<u>\$ 48,483</u>

\$7,990 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2023	\$(7,061)
2024	(8,585)
2025	(9,196)
2026	(10,673)
2027	-

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2022

5. Defined Benefit Retirement Plan, continued:

Actuarial Assumptions – The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	3.3%-14.2%
Investment Rate of Return	7.15%

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2022

5. Defined Benefit Retirement Plan, continued:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rate of return by asset class.

<u>Asset Class (a)</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10(b)</u>	<u>Real Return Years 11+(c)</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the System's AFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2022

5. Defined Benefit Retirement Plan, continued:

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 19,370
Current Discount Rate	7.15%
Net Pension Liability	\$ 8,111
1% Increase	8.15%
Net Pension Liability	\$(1,197)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2022

6. Equity:

General fund:

Total fund balances consist of:

Restricted		\$ -
Committed for operating reserve:		200,000
Unassigned:		<u>440,280</u>
		<u>\$ 640,280</u>

Statement of net position:

Total net position consist of:

Net investment in capital assets		\$ 5,357
Restricted		-
Unrestricted:		
Board designated:	\$ 200,000	
Undesignated:	<u>404,646</u>	<u>604,646</u>
		<u>\$ 610,003</u>

7. Related Party:

The District leases the minimum – till drill for \$1 a year to a board member (the “lessee”). The lessee collects and keeps the rental fees for the drill. The lessee is responsible for maintenance, repair and insurance of the drill. The drill is to be used by landowners within the District to help conserve soil, water and rangeland.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2022

8. 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 2022 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

9. Subsequent Events:

Management has evaluated subsequent events through September 28, 2022, the date these June 30, 2022 financial statements were available to be issued.

10. COVID-19 Effects:

In March 2020, the World Health Organization declared a global health pandemic of the Coronavirus disease COVID-19. The District is determined to maintain continuity of operations to facilitate conservation and restoration of Nevada County's and western Sierra County's natural resources. To date there has been very little adverse effect on the District's financial position.

REQUIRED SUPPLEMENTARY INFORMATION

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET
 PENSION LIABILITY

As of June 30, 2022

Last 10 years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	0.00043%	0.00147%	0.00052%	0.00046%
Proportionate share of the net pension liability	\$ 8,111	\$ 62,140	\$ 53,521	\$ 44,412
Covered – employee payroll	\$ 85,740	\$ 106,706	\$ 106,942	\$ 105,482
Proportionate Share of the net pension liability as percentage of covered-employee payroll	9.459%	58.235%	50.047%	42.104%
Plan's fiduciary net position	\$457,065	\$ 361,678	\$ 293,573	\$ 266,386
Plan fiduciary net position as a percentage of the total pension liability	98.26%	85.34%	84.58%	85.71%

Notes to Schedule:

Changes in assumptions: None

(1) Fiscal year 2016 was the 1st year of implementation, therefore only seven years are shown.

<u>2018</u>	<u>2017</u>	<u>2016</u>
0.00122%	0.00109%	0.00113%
\$ 48,239	\$ 37,761	\$ 30,922
\$ 100,524	\$ 112,991	\$ 107,779
47.987%	33.419%	28.690%
\$ 196,814	\$ 159,483	\$ 143,937
80.31%	80.86%	82.32%

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR PENSIONS

As of June 30, 2022

Last 10 years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution (actuarially determined)	\$ 7,990	\$ 11,072	\$ 10,399	\$ 9,216
Contributions in relation to the actuarially determined contributions	<u>7,990</u>	<u>11,072</u>	<u>(10,399)</u>	<u>(9,216)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered – employee payroll	\$ 85,740	\$106,706	\$106,942	\$105,482
Contributions as a percentage of covered employee payroll	9.32%	10.38%	9.72%	8.74%

Notes to Schedule:

Valuation date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017
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Methods and assumptions used to determine contribution rates:

Amortization method	Entry Age Normal Cost Method
Remaining amortization period	15 years
Asset valuation method	Market Value
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Discount rate	7.15%

(1) Fiscal year 2016 was the 1st year of implementation, therefore only seven years are shown.

<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 9,104	\$ 12,563	\$ 37,429
(9,104)	(12,563)	(45,983)
\$ <u>-</u>	\$ <u>-</u>	\$ (8,554)
\$100,524	\$112,991	\$107,779
9.06%	11.12%	42.66%
6/30/2016	6/30/2015	6/30/2014

SUPPLEMENTAL DATA

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
PRINCIPAL OFFICIALS
for the year ended June 30, 2022

Board of Directors:

David Barhydt	President
Jim Drew	Director
Linda Miller	Director
Reed Hamilton	Director

Operations:

Sandy "Jake" Jacobson	Interim Executive Director (hired July 1, 2022)
Anne Solik	Executive Assistant

