

**NEVADA COUNTY
RESOURCE CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2023**

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 the governmental activities and the major fund of Nevada County Resource Conservation District, as of and for the year ended June 30, 2023, 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 respective financial position of the governmental activities and each major fund of Nevada County Resource Conservation District as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and State Regulations governing 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 beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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. Management has omitted the Management's Discussion and Analysis. Our opinion on the basic financial statements is not affected by this missing information. 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.

Robert W. Johnson, An Accountancy Corporation

Citrus Heights, California

October 10, 2023

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2023

ASSETS AND DEFERRED OUTFLOWS	General Fund	Adjustments	Statement of Net Position
Cash (Note 3)	\$ 716,949	\$ -	\$ 716,949
Accounts receivable	-	-	-
Capital assets (Note 4)	-	25,305	25,305
Less, accumulated depreciation	-	(15,263)	(15,263)
Deferred outflows (Note 5)	<u>-</u>	<u>98,993</u>	<u>98,993</u>
Total assets and deferred outflows	\$ <u>716,949</u>	\$ <u>109,035</u>	\$ <u>825,984</u>
LIABILITIES AND DEFERRED INFLOWS			
Accounts payable	\$ 49,605	\$ -	\$ 49,605
Accrued vacation	5,168	-	5,168
Net pension liability (Note 5)	-	83,592	83,592
Deferred inflows (Note 5)	<u>-</u>	<u>13,780</u>	<u>13,780</u>
Total liabilities and deferred inflows	<u>54,773</u>	<u>97,372</u>	<u>152,145</u>
FUND BALANCE/NET POSITION			
Fund balances (Note 6):			
Restricted	-	-	-
Committed	260,500	(260,500)	-
Assigned	200,000	(200,000)	-
Unassigned	<u>201,676</u>	<u>(201,676)</u>	<u>-</u>
Total fund balances	<u>662,176</u>	<u>(662,176)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	\$ <u>716,949</u>		
Net position (Note 6):			
Net investment in capital assets		10,042	10,042
Unrestricted		<u>663,797</u>	<u>663,797</u>
		\$ <u>673,839</u>	\$ <u>673,839</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, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Conservation services	\$ 315,816	\$(37,255)	\$ 278,561
Administrative	12,204	-	12,204
Capital outlay	7,717	(7,717)	-
Depreciation	<u>-</u>	<u>3,032</u>	<u>3,032</u>
Total program expenditures/expenses	<u>335,737</u>	<u>(41,940)</u>	<u>293,797</u>
Program revenues:			
Operating grants	-	-	-
Charges for services	<u>1,065</u>	<u>-</u>	<u>1,065</u>
Total program revenues	<u>1,065</u>	<u>-</u>	<u>1,065</u>
General revenues:			
Property taxes	340,757	-	340,757
Contributions	-	-	-
Rental income	2,275	-	2,275
Interest income	<u>13,536</u>	<u>-</u>	<u>13,536</u>
Total general revenues	<u>356,568</u>	<u>-</u>	<u>356,568</u>
Excess of revenues over (expenditures)/ changes in net position	21,896	41,940	63,836
Beginning fund balances/ Net position	<u>640,280</u>	<u>(30,277)</u>	<u>610,003</u>
Ending fund balances/net position	\$ <u>662,176</u>	\$ <u>11,663</u>	\$ <u>673,839</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, 2023

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable) <u>Variance</u>
Revenues:			
Property taxes	\$ 290,000	\$ 340,757	\$ 50,757
Interest income	8,117	13,536	5,419
Rental income	-	2,275	2,275
Other income	<u>1,000</u>	<u>1,065</u>	<u>65</u>
Total revenues	<u>299,117</u>	<u>357,633</u>	<u>58,516</u>
Expenditures:			
Salaries	120,000	134,997	(14,997)
Payroll taxes	10,000	10,555	(555)
Group insurance	34,000	12,492	21,508
Workers comp.	900	803	97
CAL PERS retirement	20,500	13,012	7,488
Miscellaneous	100	26,420	(26,320)
Supplies	250	-	250
Educational materials	250	9,695	(9,445)
Communications	750	1,486	(736)
Office rent and utilities	9,600	10,821	(1,221)
Donations/contributions	250	-	250
Insurance and bonds	4,500	4,540	(40)
Memberships	1,200	1,277	(77)
Office expenses	2,500	5,896	(3,396)
Professional services	13,000	47,673	(34,673)
Project expenses	105,550	1,011	104,539
Public and legal	500	-	500
Special events	12,750	19,502	(6,752)
Travel/training	200	1,706	(1,506)
Travel/conference	100	-	100
Travel general expense	250	478	(228)
Taxes and assessments	6,600	6,308	292
Wildlife project	600	-	600
Workshop expenses	500	1,169	(669)

(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, 2023

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable) <u>Variance</u>
Office equipment/maintenance	\$ 17,000	\$ 15,546	\$ 1,454
Promotional	500	-	500
Special event advertising	2,500	1,542	958
Advertising	2,000	942	1,058
Maintenance equipment	500	149	351
Capital outlay	<u>-</u>	<u>7,717</u>	<u>(7,717)</u>
Total expenditures	<u>367,350</u>	<u>335,737</u>	<u>31,613</u>
Excess of revenues (expenditures)	\$(<u>68,233</u>)	\$ <u>21,896</u>	\$ <u>90,129</u>

See notes to financial statements

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2023

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
Telephone

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, 2023

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, 2023

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.

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.

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.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2023

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' Financial Office. 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, 2023

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, 2023

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, 2023:

Petty cash		\$	3
Cash with County – general	\$ 256,446		
– assigned funds	200,000		
– committed funds	<u>260,500</u>		
			<u>716,946</u>
		\$	<u>716,949</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, 2023

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2023 are as follows:

	Balance, beginning of year	Additions	Disposals	Balance, end of year
Vehicles & equipment	\$ <u>17,588</u>	\$ <u>7,717</u>	\$ <u>-</u>	\$ <u>25,305</u>

5. Defined Benefit Retirement Plan:

A. General Information About the Pension Plans

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 publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2023

5. Defined Benefit Retirement Plan, continued:

Benefits Provided

The Plan's provisions in effect at June 30, 2023 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	6.7%	8.0%
Required employer contribution rates	7.47%	12.21%

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, 2023, the contributions recognized as part of pension expense were as follows:

	<u>Miscellaneous</u>
Contributions – employer	\$ <u>50,924</u>

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2023

5. Defined Benefit Retirement Plan, continued:

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

As of June 30, 2023, the District reported net pension liability (asset) for its proportionate share of the net pension liability as follows:

Net pension liability	\$ <u>83,592</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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2022 was as follows:

	Miscellaneous <u>Plan</u>
Proportion – June 30, 2021	.00043%
Proportion – June 30, 2022	<u>.00072%</u>
Change – Increase/(Decrease)	<u>.00029%</u>

For the year ended June 30, 2023 the District recognized pension expense of \$23,135.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2023

5. Defined Benefit Retirement Plan, continued:

At June 30, 2023, 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 of assumptions	\$ 11,436	\$ -
Differences between expected and actual experience	778	-
Net difference between projected and actual earnings on pension plan investments	26,839	-
Changes in proportion and differences between the District contributions and proportionate share of contributions	9,016	13,780
Employer contributions subsequent to measurement date	<u>50,924</u>	<u>-</u>
	<u>\$ 98,993</u>	<u>\$ 13,780</u>

\$50,924 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, 2024. 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>
2024	\$ 7,599
2025	7,612
2026	6,575
2027	12,503
2028	-

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2023

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, 2021
Measurement date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	6.90%
Inflation	2.3%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90%

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2023

5. Defined Benefit Retirement Plan, continued:

Long-Term Expected Rate of Return:

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 ^{1,2}
Global equity – cap-weighted	30.00%	4.45%
Global equity – non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

¹An expected inflation of 2.30% used for this period.

²Figures are based on the 2021-22 Asset Liability Management study.

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2023

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	5.90%
Net Pension Liability	\$153,330
Current Discount Rate	6.90%
Net Pension Liability	\$ 83,592
1% Increase	7.90%
Net Pension Liability	\$ 26,215

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2023

6. Equity:

General fund:

Total fund balances consist of:

Restricted for:		\$ -
Committed for:		
Community catastrophe reserve	\$ 75,000	
Equipment replacement reserve	31,500	
Operating reserve	<u>154,000</u>	260,500
Assigned for:		
Special project fund		200,000
Unassigned:		<u>201,676</u>
		<u>\$ 662,176</u>

Statement of Net Position:

Total net position consist of:

Net investment in capital assets		\$ 10,042
Restricted:		-
Unrestricted:		
Board designated:		
Community catastrophe reserve	\$ 75,000	
Equipment replacement reserve	31,500	
Operating reserve	154,000	
Special project fund	<u>200,000</u>	
	460,500	
Undesignated:	<u>203,297</u>	<u>663,797</u>
		<u>\$ 673,839</u>

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2023

7. 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 2023 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

8. Subsequent Events:

Management has evaluated subsequent events through October 10, 2023, the date these June 30, 2023 financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

As of June 30, 2023

Last 10 years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	.00072%	0.00043%	0.00147%	0.00052%
Proportionate share of the net pension liability	\$ 83,592	\$ 8,111	\$ 62,140	\$ 53,521
Covered – employee payroll	\$ 91,432	\$ 85,740	\$ 106,706	\$ 106,942
Proportionate Share of the net pension liability as percentage of covered-employee payroll	91.43%	9.459%	58.235%	50.047%
Plan's fiduciary net position	\$ 427,988	\$ 457,065	\$ 361,678	\$ 293,573
Plan fiduciary net position as a percentage of the total pension liability	83.66%	98.26%	85.34%	84.58%

Notes to Schedule:

Changes in assumptions: None

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
0.00046%	0.00122%	0.00109%	0.00113%
\$ 44,412	\$ 48,239	\$ 37,761	\$ 30,922
\$ 105,482	\$ 100,524	\$ 112,991	\$ 107,779
42.104%	47.987%	33.419%	28.690%
\$ 266,386	\$ 196,814	\$ 159,483	\$ 143,937
85.71%	80.31%	80.86%	82.32%

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR PENSIONS
As of June 30, 2023
Last 10 years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution (actuarially determined)	\$ 6,401	\$ 7,990	\$ 11,072	\$ 10,399
Contributions in relation to the actuarially determined contributions	<u>6,401</u>	<u>7,990</u>	<u>11,072</u>	<u>(10,399)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered – employee payroll	\$ 91,432	\$ 85,740	\$106,706	\$106,942
Contributions as a percentage of covered employee payroll	7.00%	9.32%	10.38%	9.72%
Notes to Schedule:				
Valuation date:	6/30/2021	6/30/2020	6/30/2019	6/30/2018

Methods and assumptions used to determine contribution rates:

Amortization method	Entry Age Normal Cost Method
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report, Section 2
Asset valuation method	Market Value with Direct Rate Smoothing
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Discount rate	6.90% Net of Pension Plan Investment and Admin. Expenses

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 9,216	\$ 9,104	\$ 12,563	\$ 37,429
(9,216)	(9,104)	(12,563)	(45,983)
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ (8,554)
\$105,482	\$100,524	\$112,991	\$107,779
8.74%	9.06%	11.12%	42.66%
6/30/2017	6/30/2016	6/30/2015	6/30/2014

SUPPLEMENTAL DATA

NEVADA COUNTY RESOURCE CONSERVATION DISTRICT
PRINCIPAL OFFICIALS
for the year ended June 30, 2023

Board of Directors:

Vacant	President
Jim Drew	Vice President
Linda Miller	Director
Reed Hamilton	Director
Jo Ann Fites-Kaufman	Director

Operations:

Briana Bacon	Executive Director
Anne Solik	Executive Assistant

