

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT
FINANCIAL STATEMENTS**

With

INDEPENDENT AUDITOR'S REPORT THEREON

June 30, 2021

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

District Principal Officers
June 30, 2021

Board of Directors

Claudia Smith	Chair
Christine Johnson	Vice Chair
Steve Jones	Secretary/Treasurer
Thomas Wehri	
Patricia Beard	
Cathy Johnson – assumed office April 27, 2020	
Kristin Lantz – assumed office April 27, 2020	
Steve Garcia – term ended December 11, 2020	
Mica Heilmann – term expired November 30, 2020	

Operations

Sarah Jones Executive Director

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

FINANCIAL STATEMENTS

TABLE OF CONTENTS

Independent Auditor’s Report.....	1-2
Basic Financial Statements:	
Statement of Net Position and Governmental Fund Balance Sheet	3
Statement of Activities and Government Fund Revenues, Expenditures, and Changes in Fund Balances	4
Notes to Financial Statements	5-20
Required Supplementary Information:	
Statement of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual	21
Footnote to Statement of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual	22
Required Supplementary Information - Pensions.....	23
Required Supplementary Information - OPEB.....	24

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Placer County Resource Conservation District
Auburn, California

Report on the Financial Statements

We have audited the accompanying financial statements of Placer County Resource Conservation District, as of and for the year ended June 30, 2021, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 opinions 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.

To the Board of Directors
Placer County Resource Conservation District
Auburn, California

Opinion

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 the Placer County Resource Conservation District as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider 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 omission.

Fechter & Company
Certified Public Accountants

A handwritten signature in blue ink that reads "Lechter + Company". The signature is written in a cursive, flowing style with a long horizontal flourish extending to the right.

Sacramento, California
May 13, 2022

**PLACER COUNTY RESOURCE CONSERVATION DISTRICT
BALANCE SHEET AND STATEMENT OF NET POSITION
JUNE 30, 2021**

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 719,379	\$ -	\$ 719,379
Receivables	870,443	-	870,443
Prepaid expenses	18,312	-	18,312
Capital assets, net of accumulated depreciation	-	451,825	451,825
Deferred outflows of resources - pension	-	64,673	64,673
Deferred outflows of resources - OPEB	-	30,096	30,096
Total assets and deferred outflows	\$ 1,608,133	\$ 546,594	\$ 2,154,727
LIABILITIES AND DEFERRED INFLOWS			
LIABILITIES			
Accounts payable	\$ 213,983	\$ -	\$ 213,983
Deferred revenues	268,607	-	268,607
Accrued payroll	52,351	-	52,351
OPEB payable	250,461	13,677	264,138
Deferred inflows of resources - pension	-	41,302	41,302
Deferred inflows of resources - OPEB	-	2,264	2,264
Net pension liability	-	345,782	345,782
Total liabilities and deferred inflows	785,402	403,025	1,188,427
FUND BALANCES			
Non-spendable	18,312		
Assigned	-	-	-
Unassigned	804,420	143,569	966,301
Total fund balances	822,732	143,569	966,301
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,608,133	\$ 546,594	\$ 2,154,727

The accompanying footnotes are an integral part of these financial statements

PLACER COUNTY RESOURCE CONSERVATION DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED
JUNE 30, 2021

REVENUES	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Intergovernmental grants and contracts	\$ 2,094,285	\$ -	\$ 2,094,285
Charges for services	46,051	-	46,051
Taxes & assessments	426,416	-	426,416
Interest income	2,135	-	2,135
Rental income	8,822	-	8,822
Other income	130,249	-	130,249
Total general revenue	<u>2,707,958</u>	<u>-</u>	<u>2,707,958</u>
 EXPENDITURES			
Salaries and benefits	760,454	(179,575)	580,879
Services and supplies	1,650,883	45,218	1,696,101
Capital outlay	130,249	(130,249)	-
Total expenditures/expenses	<u>2,541,586</u>	<u>(264,606)</u>	<u>2,276,980</u>
 EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES			
	<u>166,373</u>	<u>264,606</u>	<u>430,979</u>
 FUND BALANCES			
Beginning of year	<u>693,474</u>	<u>(121,037)</u>	<u>572,437</u>
Prior period adjustment	<u>(37,115)</u>	<u>-</u>	<u>(37,115)</u>
End of year	<u>\$ 822,732</u>	<u>\$ 143,569</u>	<u>\$ 966,301</u>

The accompanying footnotes are an integral part of these financial statements

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 1: ORGANIZATION

Placer County Resource Conservation District (the District) was formed in 1947 as a special district under Division 9 of the California Public Resources Code. The District's financial and administrative functions are governed by a seven-member Board of Directors appointed (at District's request) by the Placer County Board of Supervisors.

The District develops and enables programs in partnership with others that assist private land owners and public agencies to accomplish the goal of conserving natural resources.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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.

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 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 is depreciated using the straight-line method over their estimated useful lives.

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.

Property Taxes

The District receives property taxes from Placer 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

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes (continued)

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.

Compensated Absences

Vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability.

Cash and Cash Equivalents

The District maintains a cash balance with the Treasurer of Placer County in an interest-bearing pooled investment account. All cash invested is within the State statutes.

Accounts Receivable

The District believes its accounts receivable to be fully collectible, and accordingly, no allowance for doubtful accounts is necessary.

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.

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting standards for all governments that report governmental funds. Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the District’s highest level of decision-making authority and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- *Restricted fund balance* - This fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- *Assigned fund balance* – amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making or by a body or an official designated for that purpose. This is also the classification for residual funds in the District’s debt service, special revenue, and capital projects funds.
- *Unassigned fund balance* – the residual classification for the District’s General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The District’s Board establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted fund balance resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, the District considers committed amounts to be used first, then assigned amounts, and then unassigned amounts.

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 3: CASH AND CASH EQUIVALENTS

The District cash balance of \$692,972 at June 30, 2021 was held in the County of Placer Treasury. At June 30, 2021 the District was no longer in a dry funding (deficit cash) position with Placer County. The County charges the District a nominal interest rate if the District is ever in a dry funding position throughout the year.

NOTE 4: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Transfers/ Disposals	Balance, June 30, 2021
Equipment	\$ 456,585	\$ 130,249	\$ -	\$ 586,834
Accumulated Depreciation	(89,791)	(45,218)	-	(135,009)
Capital Assets, Net	\$ 366,794	\$ 85,031	\$ -	\$ 451,825

Depreciation expense for the fiscal year ended June 30, 2021 was \$45,218, charged to the natural resource conservation activity.

NOTE 5: DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue code section 457. The contributory plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan only accepts employee contributions, the District is currently not contributing on behalf of the employees.

NOTE 6: 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. Effective on January 1, 2013, in accordance with Public Employees' Pension Reform Act (PEPRA), new employees who meet the definition of new member of CalPERS will have benefit formulas calculated as 2% at age 62. The District participates in the miscellaneous 2% 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 requires agencies with less than 100 active members in the plan to participate in the risk pool.

PLACER COUNTY
RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements
June 30, 2021

NOTE 6: DEFINED BENEFIT RETIREMENT PLAN (continued)

All District permanent employees are eligible to participate in the System. Benefits vest after five years of service. A menu of benefits provided 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

Annual employee contributions for active plan members are calculated at 7% (classic) and 6.25% (PEPRA) of covered salary. The District pays the employees' share of contributions. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for 2020-21 was 10.484% (classic) and 7.73% (PEPRA). Effective on January 1, 2015 all employees pay 50% of the employee- paid member contribution. The contribution requirements of the plan members and the District are established and may be amended by CalPERS. The District's contributions for the year ended June 30, 2021 was \$33,990, which were equal to the required contributions each year.

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 the July 1 following notice of a change in the rate. Funding contributions for the 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, 2021, the contributions recognized as part of pension expense were as follows:

Contributions - employer	\$ 12,119
	<u> </u>
	<u> </u>
	<u> </u>

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 6: DEFINED BENEFIT RETIREMENT PLAN (continued)

Pension Liabilities, Pension Expenses amt Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of \$345,783 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$30,078 in its Government-Wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

At June 30, 2021, the District reported a liability of \$345,783 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

At June 30, 2021, 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 assumptions	\$ -	\$ 2,466
Adjustment due to differences in proportions	2,594	76
Net differences between projected and actual earnings on pension plan investments	10,272	
Differences between expected and actual experience	17,819	-
Differences between the employer's contributions and the proportionate share of contributions	-	38,759
Pension contributions subsequent to measurement date	33,990	-
	<u>\$ 64,675</u>	<u>\$ 41,301</u>

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 6: DEFINED BENEFIT RETIREMENT PLAN (continued)

Pension Liabilities, Pension Expenses amt Deferred Outflows/Inflows of Resources Related to Pensions (continued)

\$33,990 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2021	\$ (14,889)
2022	(2,754)
2023	2,100
2024	<u>4,927</u>
Total	<u>\$ (10,616)</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	3.3% - 14.2%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2019.

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 6: DEFINED BENEFIT RETIREMENT PLAN (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The long-term expected rate of return on pension plan investments (7.15%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocations	Real Return Years 1-10	Real Return Years 11+
Global Equity	50.00	4.80%	5.98%
Global Fixed Income	28.00	1.00%	2.62%
Inflation Sensitive	0	.77%	1.81%
Private Equity	8.00	6.30%	7.23%
Real Estate	13.00	3.75%	4.93%
Liquidity	1.0%	0	(.92)%

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

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:

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 6: DEFINED BENEFIT RETIREMENT PLAN (continued)

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
District's proportionate share of the net pension liability	\$ 507,428	\$ 345,783	\$ 212,220

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 7: OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Administration and Benefits Provided

The District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The District provides lifetime medical benefits to three retirees. The District's contribution toward medical insurance coverage is capped at \$950 per month and is not intended to increase. The District's contribution can be used towards the medical benefits of the retirees, their spouses, and can continue to the surviving spouse upon death of the retiree.

District OPEB investment policy

The District participates in the Public Agency Retirement System (PARS) Public Agencies Post-Retirement Health Care Plan Trust Program (PARS Trust), a single employer irrevocable trust established to fund other postemployment benefits. The PARS Trust is approved by the Internal Revenue Code Section 115 and invests funds in equity, bond, and money market mutual funds. The Fire Chief or designee is the District's Plan Administrator. Copies of PARS Trust annual financial report may be obtained from PARS at 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

The contributions to the OPEB plan are based on pay-as-you-go financing requirements, with an additional amount contributed to the PARS Trust to prefund benefits from time to time at the sole discretion of the Board. Retiree health benefits may be paid out of the PARS Trust, set up for this purpose, to the extent funded. The purpose of this funding policy is to manage the District's OPEB obligations while at the same time maintaining as much flexibility as possible to adjust for changing budgetary considerations.

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 7: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Employees Covered by Benefit Terms

At the OPEB liability measurement date of June 30, 2020, the following employees were covered by the benefit terms:

- Retired employees – 3
- Active employees – 0

Total OPEB liability

The District's total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Medical cost trend	5-6% increases
Discount rate	4%

		<u>2020</u>
Total OPEB liability - 6/30/2019	\$	278,644
Benefit payments		(27,482)
Interest		17,312
Administrative expenses		990
Investment income		(5,326)
Total OPEB liability - 6/30/2020	\$	<u>264,138</u>

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 7: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Sensitivity of the District's Net OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB 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 discount rate:

	1% Decrease 3.00	Discount Rate 4.00	1% Increase 5.00
District's net OPEB plan liability	\$ 308,866	\$ 264,138	\$ 225,867

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB 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 discount rate:

	1% Decrease	Current Trend Rate	1% Increase
District's net OPEB plan liability	\$ 222,258	\$ 264,138	\$ 312,544

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021 the District recognized OPEB expense of \$(175,664). OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss and actuarial assumptions. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 7: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net differences between project and actual earnings	1,900	2,264
Contributions subsequent to measurement date	28,196	-
	\$ 30,096	\$ 2,264

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2022	\$ (280)
2023	(280)
2024	(280)
2025	475
Total	\$ (365)

NOTE 8: RISK OF LOSS

Placer 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 2021 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

NOTE 9: CONTINGENCIES

The District's federal and state funds which are for specific purposes are subject to review and audit by the various grantor agencies. These audits, if they were to occur, could generate expenditure disallowances under terms of the grants, which would require reimbursements by the District. The ultimate results of such audits and potential expenditure disallowances, if any, cannot presently be determined. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements.

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 10: OPERATING LEASES

Effective July 1, 2019, the District entered into a three-year property lease for chipper operations. The lease term extends through June 30, 2022 payable in monthly installments of \$1,500. The District shall pay all charges for gas, electricity, telephone and utilities on the leased premises. The District signed a new commercial office lease for a three-year term, effective March 1, 2020 for its administrative operations. The District expended a total of \$36,507 in the fiscal year ended June 30, 2021 for its existing operating leases. Future minimum lease obligations are as follows:

Year Ended June 30	
2022	37,764
2023	12,129
2024	<u>480</u>
Total	<u>\$ 50,373</u>

NOTE 11: CHANGE OF ACCOUNTING METHOD

The District adopted an accounting policy to reflect a 120-day period of availability for its revenues. That means if revenues are not received within 120 days after year-end, they are not considered available and are thus recorded as deferred at year-end.

NOTE 12: PRIOR PERIOD ADJUSTMENT

An adjustment reducing the June 30, 2020 fund balance by \$37,115 was recorded to reflect the adoption of a 120-day period of availability.

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT**

Notes to Financial Statements
June 30, 2021

NOTE 13: COVID CONSIDERATIONS

In January 2020, the virus SARS-CoV-2 was transmitted to the United States from overseas sources. This virus, responsible for the Coronavirus disease COVID-19, has proven to be extremely virulent with high transmission rates.

The District has responded to the pandemic by limiting in-person contact at the District's office, requiring interactions with the general public be limited, where possible, to online and working with staff to maintain physical distancing while maintaining adequate staff to maintain operational capacity. The State of California paused access to inmate labor used by the Chipper Program in April 2020, the program was resumed in October 2020 with in-house crews.

The long-term economic impact in the State of California has not been determined and therefore any potential long-term impact on the District is not yet known.

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 13, 2022, the date these June 30, 2021 financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**PLACER COUNTY RESOURCE CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED
JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental grants and contracts	\$ 2,706,702	\$ 2,706,702	\$ 2,094,285	\$ (612,417)
Charges for services	52,047	52,047	46,051	(5,996)
Taxes & assessments	403,609	403,609	426,416	22,807
Interest income	600	600	2,135	1,535
Rental income	-	-	8,822	8,822
Other income	-	-	130,249	130,249
Total general revenue	<u>3,162,958</u>	<u>3,162,958</u>	<u>2,707,958</u>	<u>(585,249)</u>
EXPENDITURES				
Salaries and benefits	811,919	811,919	760,454	51,465
Services and supplies	2,132,996	2,132,996	1,650,883	482,113
Capital outlay	-	-	130,249	(130,249)
Total expenditures/expenses	<u>2,944,915</u>	<u>2,944,915</u>	<u>2,541,586</u>	<u>403,329</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>\$ 218,043</u>	<u>\$ 218,043</u>	<u>\$ 166,373</u>	<u>\$ (988,578)</u>

See Independent Auditors Report and the accompanying Footnote To Statement Of Revenues And Expenditures
and Changes In Fund Balances - Budget And Actual

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT
FOOTNOTE TO STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
June 30, 2021**

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The District is required to prepare a budget each year based on estimates of revenues and expected expenditures. The budget is adopted on a basis consistent with generally accepted accounting principles. The legal level of budgetary control is exercised at the budget unit (departmental) level. All changes to the budget during the year are reflected in these financial statements and require the approval of the Board of Directors. All unencumbered appropriations lapse at the end of each fiscal year. The budgetary data presented in the accompanying financial statements includes all revisions approved by the Board of Directors.

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – PENSIONS
June 30, 2021**

Last 10 Fiscal Years*:

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2020</u>	<u>FY 2020</u>
District's proportion of the net pension liability	0.003420%	0.007810%	0.003129%	0.007790%	0.003150%	0.003180%
District's proportionate share of the net pension liability	\$ 212,689	\$ 214,303	\$ 270,766	\$ 311,251	\$ 326,848	\$ 345,780
District's covered employee payroll	305,142	201,344	201,344	170,258	165,203	159,338
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	69.70%	106.44%	134.48%	182.81%	197.85%	217.01%
Plan Fiduciary net position as a percentage of the total pension liability	83.04%	80.25%	75.58%	74.50%	74.07%	71.53%

* Amounts presented above were determined as of 6/30.
Additional years will be presented as they become available.

CALPERS - Schedule of District Contributions

Last 10 Fiscal Years*:

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Actuarially determined contribution	\$ 31,580	\$ 41,681	\$ 18,791	\$ 9,588	\$ 9,712	\$ 12,119
Total action contribution	<u>(31,580)</u>	<u>(41,681)</u>	<u>(18,791)</u>	<u>(9,588)</u>	<u>(9,712)</u>	<u>(12,119)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 305,142	\$ 201,344	\$ 201,344	\$ 170,258	\$ 165,203	\$ 159,338
Contributions as a percentage of covered employee payroll	10.35%	20.70%	9.33%	5.63%	5.88%	7.61%

**PLACER COUNTY
RESOURCE CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – OPEB
June 30, 2021**

	<u>2019</u>	<u>2020</u>
Total OPEB liability - 6/30/2019	\$ 447,515	\$ 278,644
Benefit payments	(22,240)	(27,482)
Interest	23,769	17,312
Expected return on plan assets	(3,774)	-
Experience differences	(26,354)	-
Changes in assumptions	(133,965)	-
Administrative expenses	-	990
Investment income	(6,307)	(5,326)
Total OPEB liability - 6/30/2020	<u>\$ 278,644</u>	<u>\$ 264,138</u>
Covered Payroll	\$ -	\$ -
Total OPEB liability as a percentage of covered payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	37.58%	39.45%
Measurement date	6/30/2019	6/30/2020