

**FEATHER RIVER RESOURCE
CONSERVATION DISTRICT,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2025**

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FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Annual Financial Report
For the Year Ended June 30, 2025

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INTRODUCTORY SECTION

- **List of Officials**

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FEATHER RIVER RESOURCE CONSERVATION DISTRICT

List of Officials

For the Year Ended June 30, 2025

Board of Directors

James Wilson	President
Jon Dvorak	Secretary
Russell Reid	Director
Gary Parque	Director
Selena Jayo	Director

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Feather River Resource Conservation District
Quincy, California

Report on the Audit of the Financial Statements**Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of Feather River Resource Conservation District, California (District), as of and for the year ended June 30, 2025, 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 the major fund of the District as of June 30, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 the 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 the 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.

To the Board of Directors
Feather River Resource Conservation District
Quincy, California

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 generally accepted auditing standards and Government Auditing Standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment 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 the 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

To the Board of Directors
Feather River Resource Conservation District
Quincy, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison 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 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 obtain 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

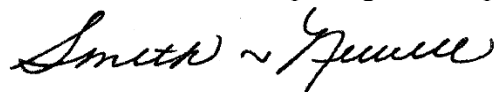
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Smith & Newell CPAs
Yuba City, California
March 16, 2026

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Basic Financial Statements

- **Government-Wide Financial Statements**

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FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Statement of Net Position
June 30, 2025

	<u>Total Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,907,983
Receivables:	
Intergovernmental	1,858,184
Prepaid costs	2,098
Security deposits	1,140
Capital assets:	
Depreciable, net	34,720
Total capital assets	<u>34,720</u>
Total Assets	<u>3,804,125</u>
LIABILITIES	
Accounts payable	888,042
Unearned revenue	82,893
Long-term liabilities:	
Due within one year	20,448
Due in more than one year	<u>8,486</u>
Total Liabilities	<u>999,869</u>
NET POSITION	
Net investment in capital assets	29,446
Restricted for:	
General government	470,045
Unrestricted	<u>2,304,765</u>
Total Net Position	<u><u>\$ 2,804,256</u></u>

The notes to the basic financial statements are an integral part of this statement.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT

**Statement of Activities
For the Year Ended June 30, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
General government	\$ 7,449,476	\$ 29,510	\$ 7,798,246	\$ -
Total Governmental Activities	<u>7,449,476</u>	<u>29,510</u>	<u>7,798,246</u>	<u>-</u>
Total	<u>\$ 7,449,476</u>	<u>\$ 29,510</u>	<u>\$ 7,798,246</u>	<u>\$ -</u>
General Revenues:				
Interest and investment earnings				50,857
Miscellaneous				41,709
Total General Revenues				<u>92,566</u>
Change in Net Position				<u>470,846</u>
Net Position - Beginning				2,343,132
Change in accounting principle				<u>(9,722)</u>
Net Position - Beginning, Restated				<u>2,333,410</u>
Net Position - Ending				<u>\$ 2,804,256</u>

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Fund Financial Statements**

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FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Balance Sheet
Governmental Fund
June 30, 2025

	General
ASSETS	
Cash and investments	\$ 1,907,983
Receivables:	
Intergovernmental	1,858,184
Prepaid costs	2,098
Security deposits	1,140
Total Assets	\$ 3,769,405
LIABILITIES	
Accounts payable	\$ 888,042
Unearned revenue	82,893
Total Liabilities	970,935
FUND BALANCE	
Nonspendable	3,238
Restricted	470,045
Unassigned	2,325,187
Total Fund Balance	2,798,470
Total Liabilities and Fund Balance	\$ 3,769,405

The notes to the basic financial statements are an integral part of this statement.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Reconciliation of the Governmental Fund Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
For the Year Ended June 30, 2025

Total Fund Balance - Total Governmental Fund	\$ 2,798,470
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund Balance Sheet.	34,720
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.	
Leases on right-to-use assets	(5,274)
Compensated absences	(23,660)
	(28,934)
Net Position of Governmental Activities	\$ 2,804,256

The notes to the basic financial statements are an integral part of this statement.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2025

	General
REVENUES	
Intergovernmental revenue	\$ 7,798,246
Use of money	50,857
Charges for services	29,510
Other revenues	41,709
Total Revenues	7,920,322
EXPENDITURES	
Current general government:	
Salaries and benefits	845,060
Services and supplies	6,560,230
Debt service:	
Principal	16,792
Interest	547
Capital outlay	13,739
Total Expenditures	7,436,368
Net Change in Fund Balance	483,954
Fund Balance - Beginning	2,314,516
Fund Balance - Ending	\$ 2,798,470

The notes to the basic financial statements are an integral part of this statement.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of the Governmental Fund to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2025

Net Change in Fund Balance - Total Governmental Fund	\$ 483,954
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay related to modification related to right-to-use lease	13,739
Less current year depreciation/amortization	(38,147)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Principal retirements on right-to-use assets	16,792
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in compensated absences payable	(5,492)
Change in Net Position of Governmental Activities	\$ 470,846

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Notes to Basic Financial Statements**

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FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Feather River Resource Conservation District is a special district within the County of Plumas governed by a five-member Board of Directors appointed by the Plumas County Board of Supervisors.

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the activities of the District. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. These statements report on the governmental activities of the District, which are normally supported by intergovernmental revenues. The District had no business-type activities at June 30, 2025.

The Statement of Activities presents a comparison between 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 or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

Fund financial statements of the District are organized into one fund, which is considered to be a separate accounting entity. The fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. The fund of the District is organized into the governmental category and is treated as a major fund.

The District reports the following major governmental fund:

- The General fund is used to account for all revenue and expenditures necessary to carry out basic governmental activities of the District.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus

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 flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Under the accrual basis, revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Operating grants and use of money and property are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

E. Cash and Investments

Cash consists of cash held in checking and savings accounts, the State of California Local Agency Investment Fund (LAIF), and cash on hand. State statutes authorize the District to invest its cash surplus in obligations of the U.S. Treasury agencies and instrumentalities, corporate bonds, medium-term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements and LAIF.

F. Receivables

Receivables for governmental activities consists mainly of amounts due from other agencies. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

G. Inventory

Inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

H. Capital Assets

Capital assets are defined by the District as assets with a cost of \$5,000 or more. Capital assets are recorded at historical or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their acquisition value at the date of donation.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Capital assets used in operations are depreciated or amortized using the straight-line method over the estimated useful life of the asset in the government-wide financial statements. The range of estimated useful lives by type of assets is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3 to 7 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the result of operations.

I. Unearned Revenue

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings processes complete, those assets are offset by a corresponding and liability for unearned revenue.

J. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave. Sick leave benefits do not vest with the employee. In accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. In the government-wide financial statements the accrued compensated absences are recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. At June 30, 2025, the District did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2025, the District did not have any deferred inflows of resources.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, Certain Risk Disclosures. The objective of this statement is to provide users of government financial statements with essential information about its risks related to a government’s vulnerabilities due to certain concentrations or constraints.

N. Future Accounting Pronouncements

Statement No. 103 “Financial Reporting Model Improvements” The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

Statement No. 104 “Disclosure of Certain Capital Assets” The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Restatement of Net Position

Change in Accounting Principle – As the result of implementing GASB Statement No. 101, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2024, by \$9,722. The decrease results from increasing compensated absences at the beginning of the fiscal year. The District has restated its long-term liabilities as of June 30, 2024.

	Governmental Activities
Beginning Net Position, July 1, 2024	\$ 2,343,132
Change in Accounting Principle:	
Implementation of GASB Statement No. 101	(9,722)
Adjusted Beginning Net Position, July 1, 2024	\$ 2,333,410

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2025, the District's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 157
Deposits (less outstanding checks)	<u>1,420,996</u>
Total Cash	<u>1,421,153</u>
Investments:	
Local Agency Investment Fund (LAIF)	<u>486,830</u>
Total Investments	<u>486,830</u>
Total Cash and Investments	<u>\$ 1,907,983</u>

B. Cash

At year end, the carrying amount of the District's cash deposits (including amounts in checking and savings accounts) was \$1,420,996 and the bank balance was \$1,852,961. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition, the District had cash on hand of \$157.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The District complies with the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). The amount in excess of \$250,000 insured is uncollateralized.

C. Investments

Investments are selected based on safety, liquidity, and yield. The District's investment policy is more restrictive than the California Government Code. Under the provisions of the District's investment policy and the California Government Code, the District may invest or deposit in the following:

- Bonds issued by the Feather River Resource Conservation District
- United States Treasury bills, notes, and bonds
- California State Registered Warrants, Treasury Notes and Bonds
- Local Agency bonds
- Local Agency Investment Fund (LAIF)
- Local Agency obligations
- Bankers' Acceptance
- Commercial paper
- Negotiable Certificates of Deposits
- Repurchase/Reverse Agreements
- Medium-Term Notes
- Money Market Mutual Funds
- Trust Indentures
- Collateralized bank deposits
- Pass-through Securities

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Fair Value of Investments - The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The District's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the District's investments in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2025, the District had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pool				
LAIF	<u>486,830</u>			
Total Investments	<u>\$ 486,830</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the District's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the District to meet all projected obligations.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a national recognized statistical rating organization. The District's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2025, the District's investments were all held in LAIF, which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investments in External Pool

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The District's investment policy contains limitations on the amount that can be invested in any one issuer. As of June 30, 2025, all investments of the District are in LAIF, which contains a diversification of investments.

The District maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. At June 30, 2025, the District's investment in LAIF valued at amortized cost was \$486,829 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$178 billion. Of that amount, 97.98 percent is invested in non-derivative financial products and 2.02 percent in structured notes and asset-backed securities.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Adjustments/ Retirements	Balance June 30, 2025
Capital Assets, Being Depreciated/Amortized				
Equipment	\$ 135,236	\$ 13,739	\$ -	\$ 148,975
Right-to-use building	59,824	-	-	59,824
Right-to-use equipment	6,779	-	-	6,779
Total Capital Assets, Being Depreciated/Amortized	<u>201,839</u>	<u>13,739</u>	<u>-</u>	<u>215,578</u>
Less Accumulated				
Depreciation/Amortization For:				
Equipment	(96,724)	(22,140)	-	(118,864)
Right-to-use building	(43,953)	(14,651)	-	(58,604)
Right-to-use equipment	(2,034)	(1,356)	-	(3,390)
Total Accumulated Depreciation/Amortization	<u>(142,711)</u>	<u>(38,147)</u>	<u>-</u>	<u>(180,858)</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>\$ 59,128</u>	<u>(\$ 24,408)</u>	<u>\$ -</u>	<u>\$ 34,720</u>

Depreciation/Amortization

Depreciation/amortization expense was charged to governmental activities as follows:

Health and Sanitation	<u>\$ 38,147</u>
Total Depreciation/Amortization Expense	<u>\$ 38,147</u>

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 5: UNEARNED REVENUE

At June 30, 2025, the components of unearned revenue were as follows:

	Unearned
Sierra Nevada Conservancy	
State grants received in advance	\$ 61,678
704 North Quincy	
State grants received in advance	19,759
Other grants received in advance	1,456
Total	\$ 82,893

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

Type of Indebtedness	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Amounts Due Within One Year
Leases on right-to-use assets	\$ 22,066	\$ -	(\$ 16,792)	\$ 5,274	\$ 2,703
Compensated absences*	8,446	15,214	-	23,660	17,745
Total	\$ 30,512	\$ 15,214	(\$ 16,792)	\$ 28,934	\$ 20,448

*The compensated absence activity shown in the table above is presented on a net increase basis as permitted by GASB Statement No. 101.

The District has obtained a line of credit for short-term cash flow shortfalls. The interest rates on the line of credit are variable rates. As of June 30, 2025, the loan is unused. The unused amount is \$250,000.

NOTE 6: LEASES

In January 2023, the District entered into a five-year lease for a printer. An initial lease liability was recorded as \$6,348. As of June 30, 2025, the value of the lease liability is \$3,974. The District pays monthly payments of \$148. The lease has an Annual Percentage Rate of 11.31%. The agreement includes a purchase option allowing the District to purchase the printer for \$1 when the lease expires.

The District entered into a five-year lease agreement effective August 1, 2020, with Plumas Corporation. The lease is for the use of a building. As of June 30, 2025, the value of the lease liability is \$1,300. The building is used for daily operations. The lease expires August 2025. Per the agreement, the lease payments will be adjusted every August based on the Consumer Price Index (CPI) for San Francisco. Rent expense for this lease was \$15,538 for the year end June 30, 2025, including \$121 for the CPI adjustments that was not included in initial measurement. At the time of the initial measurement there was no interest rates specified in the original lease agreement. The agreement stated that the annual adjustment would be 2% on the CPI, whichever is more.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6: LEASES (CONTINUED)

The annual requirements to amortize this lease liability and related interest are as follows:

Year Ended June 30	Payments		
	Principal	Interest	Total
2026	\$ 2,703	\$ 378	\$ 3,081
2027	1,570	211	1,781
2028	1,001	38	1,039
Total	\$ 5,274	\$ 627	\$ 5,901

NOTE 7: NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 8: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can be made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

NOTE 8: FUND BALANCES (CONTINUED)

- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the District’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **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.
- **Unassigned fund balance** - the residual classification for the District’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The fund balance for the governmental fund as of June 30, 2025, was distributed as follows:

	<u>General Fund</u>
Nonspendable	
Prepaid costs	\$ 2,098
Security deposits	<u>1,140</u>
Subtotal	3,238
Restricted for:	
CALTRANS Crescent Mills Wetland Conservation Area	470,045
Unassigned	<u>2,325,187</u>
Total	<u>\$ 2,798,470</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The Board of Directors has adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures.

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 9: DEFERRED COMPENSATION

The District provides permanent full-time employees with the ability to contribute to a 457 deferred compensation account. The District will contribute matching funds at a 100% match rate up to 4% of the employee's gross earning. At June 30, 2025, the District's expense for the benefits was \$17,956.

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases coverage from a commercial carrier. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 11: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2025, through March 16, 2026, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information
(Unaudited)**

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FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental revenue	\$ 11,428,663	\$ 11,428,663	\$ 7,798,246	\$ (3,630,417)
Use of money	-	-	50,857	50,857
Charges for services	-	-	29,510	29,510
Other revenues	-	-	41,709	41,709
Total Revenues	<u>11,428,663</u>	<u>11,428,663</u>	<u>7,920,322</u>	<u>(3,508,341)</u>
EXPENDITURES				
Current general government:				
Salaries and benefits	1,062,636	1,062,636	845,060	217,576
Services and supplies	10,078,575	10,078,575	6,560,230	3,518,345
Debt service:				
Principal	13,680	13,680	16,792	(3,112)
Interest	-	-	547	(547)
Capital outlay	-	-	13,739	(13,739)
Total Expenditures	<u>11,154,891</u>	<u>11,154,891</u>	<u>7,436,368</u>	<u>3,718,523</u>
Net Change in Fund Balance	273,772	273,772	483,954	210,182
Fund Balances - Beginning	<u>2,314,516</u>	<u>2,314,516</u>	<u>2,314,516</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,588,288</u>	<u>\$ 2,588,288</u>	<u>\$ 2,798,470</u>	<u>\$ 210,182</u>

FEATHER RIVER RESOURCE CONSERVATION DISTRICT
Required Supplementary Information
Note to Budgetary Comparison Schedule
For the Year Ended June 30, 2025

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budget to actual results for the General fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

- (1) The Board of Directors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (2) Prior to July 1, the budget is adopted through the passage of a resolution.
- (3) From the effective date of the budget, the amounts stated therein, as recommended expenditures become appropriations. The Board of Directors may amend the budget by motion during the fiscal year.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

OTHER REPORT

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Feather River Resource Conservation District
Quincy, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Feather River Resource Conservation District, California (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

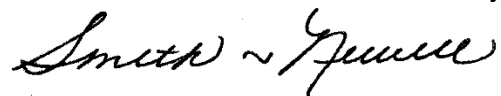
To the Board of Directors
Feather River Resource Conservation District
Quincy, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Smith & Newell CPAs
Yuba City, California
March 16, 2026