

Gold Ridge Resource Conservation District

**Annual Audit Report
For the Years Ending
June 30, 2009 and 2008**



RODNEY A. DOLE
SONOMA COUNTY
AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

Gold Ridge Resource Conservation District

**Annual Report
For the Fiscal Years Ended
June 30, 2009 and 2008**

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RODNEY A. DOLE
AUDITOR-CONTROLLER
TREASURER-TAX COLLECTOR

**Auditor-Controller
Treasurer-Tax Collector
County of Sonoma**

585 FISCAL DRIVE
SUITE 101F
SANTA ROSA, CALIFORNIA
95403-2819
(707) 565-2631
FAX (707) 565-3489

DONNA M. DUNK
ASSISTANT
AUDITOR-CONTROLLER

ROBERT BOITANO
ASSISTANT
TREASURER

PAM JOHNSTON
ASSISTANT
TAX COLLECTOR/AUDITOR

Board of Directors
Gold Ridge Resource Conservation District
Occidental, CA

Auditor-Controller's Report

We have audited the accompanying financial statements of the Gold Ridge Resource Conservation District (the District), as of and for the years ended June 30, 2009 and 2008 which collectively comprise the basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2009 and 2008, and the respective changes in its financial position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV.C of the Notes to the Basic Financial Statements, the Auditor-Controller is mandated by various statutes within the California Government Code to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. However, we believe adequate safeguards and divisions of responsibility exist. We also believe that subject to this qualification, the information in the audit report can be relied upon.

Sonoma County Auditor-Controller

June 3, 2010

Management's Discussion and Analysis

As management of the Gold Ridge Resource Conservation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2009 and 2008. We encourage readers to consider the information presented here in conjunction with the District's financial statements and the accompanying notes to the basic financial statements.

Financial Highlights

- The assets of the District exceeded their liabilities at the close of the most recent fiscal year by \$58,299 (net assets). Of this amount, \$54,602 (unrestricted net assets) may be used to meet the District's ongoing operations.
- The District's total net assets in the most recent year decreased by \$260,945. This decrease is the result of expenses exceeding revenues in the governmental activities.
- As of the close of the current fiscal year, the district reported an ending fund balance of \$64,127, a decrease of \$257,606, in comparison with the prior year. All of this amount is available for spending at the District's discretion (unreserved fund balance).
- At the end of the year, unreserved fund balance was \$64,127 or 4.7% of the total general fund expenditures of \$1,352,577.
- The District's long-term liabilities in the most recent year increased by \$3,177.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected rental revenue and earned but unused vacation leave).

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District uses governmental funds to account for its activities, which include resource conservation services in the district boundaries. The District adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The District applied Governmental Accounting Standards Board (GASB) Statement No. 34 in this report.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$58,299 at the close of the most recent fiscal year.

A portion of the District's net assets (6.3%) reflects its investment in capital assets (e.g. buildings and improvements). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Net Assets						
June 30, 2009						
					Increase (Decrease)	Percentage Change
			2009	2008		
Current and other assets		\$	630,084	\$ 466,477	\$ 163,607	35.1%
Capital assets			3,697	3,859	(162)	-4.2%
Total assets			633,781	470,336	163,445	34.8%
Long-term liabilities outstanding			9,525	6,348	3,177	50.0%
Other liabilities			565,957	144,744	421,213	291.0%
Total liabilities			575,482	151,092	424,390	280.9%
Net assets:						
Invested in capital assets, net of depreciation			3,697	3,859	(162)	-4.2%
Unrestricted			54,602	315,385	(260,783)	-82.7%
Total net assets		\$	58,299	\$ 319,244	\$ (260,945)	-81.7%

The balance of unrestricted net assets (\$54,602) may be used to meet the District's ongoing obligations to citizens and vendors.

At the end of the current fiscal year, the District is able to report positive balances in both categories of net assets. The same held true for the prior fiscal year.

Governmental Activities: Governmental activities decreased the District's net assets by \$260,945. This decrease is the result of expenses exceeding revenues in the governmental activities.

Changes in Net Assets						
For the Fiscal Year Ended June 30, 2009						
					Increase	Percentage
			2009	2008	(Decrease)	Change
Revenues:						
Program Revenues:						
Operating Grants and Contributions						
	Intergovernmental revenue	\$	1,074,437	\$	1,703,251	\$ (628,814) -36.9%
General Revenues:						
	Property taxes		20,534		21,115	(581) -2.8%
	Total revenues		<u>1,094,971</u>		<u>1,724,366</u>	<u>(629,395)</u> -36.5%
Expenses:						
Program Expenses:						
	Resource conservation		1,355,916		1,917,760	(561,844) -29.3%
	Total expenses		<u>1,355,916</u>		<u>1,917,760</u>	<u>(561,844)</u> -29.3%
Change in Net Assets			(260,945)	(193,394)	(67,551)	34.9%
Net assets-beginning of the year, as restated			319,244	512,638	(193,394)	-37.7%
Net assets - end of the year			<u>\$ 58,299</u>	<u>\$ 319,244</u>	<u>\$ (260,945)</u>	<u>-81.7%</u>

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with legal and governmental accounting requirements.

Governmental funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported ending fund balance of \$64,127, a decrease of \$257,606 in comparison with the prior year. Approximately 100% of the total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4.7% of total general fund expenditures.

General Fund Budgetary Highlights

There were no changes to the original adopted budget.

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets, as of June 30, 2009, amounts to \$3,697 (net of accumulated depreciation). This investment in capital assets includes land and buildings and improvements. The District's did not purchase capital assets during fiscal year 2008-2009.

Major capital asset events during the current fiscal year included the following:

- Depreciation of the capital assets (\$ 162)

Additional information on the District's capital assets can be found in note III.B

Debt administration: At the end of the fiscal year the District had total long-term obligations of \$9,525. This amount represents compensated absences. During the current fiscal year, the District's long-term debt increased by \$3,177.

Request for Additional Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District, 14775 B Third Street, Occidental, California 95465.

Gold Ridge Resource Conservation District									
Statement of Activities									
For the Fiscal Year Ended June 30, 2009									
Program Expenses									
	Resource Conservation:								
	Salaries and employee benefits							\$	335,778
	Services and supplies								1,017,150
	Interest expense								2,826
	Depreciation								162
	Total program expenses								<u>1,355,916</u>
Program Revenues									
	Operating Grants and Contributions								
	Intergovernmental revenue								<u>1,074,437</u>
	Net program revenues (expenses)								<u>(281,479)</u>
General Revenues									
	Property taxes								20,534
	Change in net assets								(260,945)
	Net assets, beginning of year								<u>319,244</u>
	Net assets, end of year							\$	<u><u>58,299</u></u>
The notes to the basic financial statements are an integral part of this statement.									

Gold Ridge Resource Conservation District											
Statement of Activities											
For the Fiscal Year Ended June 30, 2008											
Program Expenses											
	Resource Conservation										
	Salaries and employee benefits								\$	335,819	
	Services and supplies									1,572,132	
	Interest expense									9,647	
	Depreciation									162	
	Total program expenses									<u>1,917,760</u>	
Program Revenues											
	Operating Grants and Contributions										
	Intergovernmental revenue									1,703,251	
	Net program revenues (expenses)									<u>(214,509)</u>	
General Revenues											
	Property taxes										21,115
	Change in net assets									(193,394)	
	Net assets, beginning of year, as restated									512,638	
	Net assets, end of year								\$	<u>319,244</u>	
The notes to the basic financial statements are an integral part of this statement.											

Gold Ridge Resource Conservation District					
Statement of Revenues, Expenditures and					
Changes in Fund Balance					
Governmental Fund					
For the Fiscal Year Ended June 30, 2009					
Revenues					
	Property taxes			\$	20,534
	Intergovernmental revenue				1,074,437
	Total revenues				<u>1,094,971</u>
Expenditures					
	Current:				
	Salaries and employee benefits				332,601
	Services and supplies				1,017,150
	Interest expense				2,826
	Total expenditures				<u>1,352,577</u>
	Net change in fund balance				(257,606)
	Fund balance, beginning of year				321,733
	Fund balance, end of year			\$	<u>64,127</u>
The notes to the basic financial statements are an integral part of this statement.					

Gold Ridge Resource Conservation District						
Statement of Revenues, Expenditures and						
Changes in Fund Balance						
Governmental Fund						
For the Fiscal Year Ended June 30, 2008						
Revenues						
		Property taxes				\$ 21,115
		Intergovernmental revenue				1,703,251
		Total revenues				<u>1,724,366</u>
Expenditures						
		Current:				
		Salaries and employee benefits				334,091
		Services and supplies				1,572,132
		Interest expense				9,647
		Total expenditures				<u>1,915,870</u>
		Net change in fund balance				(191,504)
		Fund balance, beginning of year, as restated				513,237
		Fund balance, end of year				<u>\$ 321,733</u>
The notes to the basic financial statements are an integral part of this statement.						

Gold Ridge Resource Conservation District										
Schedule of Revenues, Expenditures and Changes in Fund Balance -										
Budgets and Actual										
General Fund										
For the Fiscal Year Ended June 30, 2009										
									Variance with	
									Final Budget -	
									Positive	
				Budgeted Amounts			Actual		(Negative)	
				Original	Final		Amounts			
Revenues										
	Property taxes		\$	15,000	\$	15,000	\$	20,534	\$	5,534
	Investment earnings			1,100		1,100				(1,100)
	Intergovernmental revenue			2,190,015		2,190,015		1,074,437		(1,115,578)
	Miscellaneous			200		200		0		(200)
	Total revenues			2,206,315		2,206,315		1,094,971		(1,111,344)
Expenditures										
	Current:									
	Salaries and employee benefits			308,120		308,120		332,601		(24,481)
	Services and supplies			1,879,250		1,879,250		1,017,150		862,100
	Interest expense							2,826		(2,826)
	Capital outlay			8,000		8,000		0		8,000
	Appropriations for contingency			5,000		5,000		0		5,000
	Total expenditures			2,200,370		2,200,370		1,352,577		847,793
	Net change in fund balance		\$	5,945	\$	5,945	\$	(257,606)	\$	(263,551)
The notes to the basic financial statements are an integral part of this statement.										

Gold Ridge Resource Conservation District
Notes to the Basic Financial Statements
June 30, 2009 and 2008

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Gold Ridge Resource Conservation District develops soil and water conservation programs in Sonoma County under Division 9 of the Public Resources Code. The purpose of the District is to help all land users in the District, individually and as community groups, conserve and develop soil and protect water and land resources through good agricultural practices, erosion control, improved irrigation, flood control, development and protection of water supplies, soil and crop involvement, range and pasture improvement, and proper use of wasteland.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or section and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Gold Ridge Resource Conservation District
Notes to the Basic Financial Statements
June 30, 2009 and 2008

Governmental fund financial statements 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. Taxes, interest, and charges for services are accrued when receipt occurs within 365 days of the end of the accounting period so as to be both measurable and available. Licenses, permits, fines, forfeitures, and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are accrued when their receipt occurs within sixty days of the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The District reports certain investments at fair value in the balance sheet and recognizes the corresponding change in the fair market value of investments in the year in which the change occurred.

2. Receivables and Payables

a. Property Taxes

The County of Sonoma is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County of Sonoma. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

Since the passage of California's Proposition 13, beginning with fiscal year 1978/1979, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value, or on 1% of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of 2% per year.

**Gold Ridge Resource Conservation District
Notes to the Basic Financial Statements
June 30, 2009 and 2008**

On June 30, 1993, the Board of Supervisors adopted the “Teeter” Method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end the County advances cash to each taxing jurisdiction equal to its current year delinquent property taxes. In exchange, the County receives the penalties and interest on delinquent taxes when collected. The penalties and interest are used to pay the interest cost of borrowing the cash used for the advances.

b. Due from Other Governments

This amount represents grant revenues which have been earned but not received at the end of the fiscal year.

c. Due to Other Governments

This amount represents the amount owed to the County of Sonoma for cash advances received by the District. These advances were used to cover operational costs during the period which the State of California suspended grant reimbursements as a result of its ongoing budget crisis.

3. Capital Assets

Capital assets, which include land and buildings and improvements, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Buildings and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	50

4. Compensated Absences

It is the District’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the

Gold Ridge Resource Conservation District
Notes to the Basic Financial Statements
June 30, 2009 and 2008

government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Net Assets

Net assets are classified into three components – invested in capital assets (net of related debt), restricted and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net assets (if any) – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This category of net assets consists of net assets that are not restricted for any project or other purpose.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the government-wide statement of net assets.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized

Gold Ridge Resource Conservation District
Notes to the Basic Financial Statements
June 30, 2009 and 2008

adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis.

III. Detailed Notes

A. Cash and Investments

Investment in the Sonoma County Treasurer's Investment Pool

As authorized by Public Resources Code 9521 (a) the District's cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the District. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

Investment Guidelines

The District's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Room 100-F, Santa Rosa, California, 95403-2871.

Gold Ridge Resource Conservation District
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Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2009, approximately 74 percent of the securities in the Treasury Pool had maturities of one year or less. Of the remainder, only 4 percent had a maturity of more than five years.

Disclosures Relating to Credit Risk

Generally, 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 nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Treasury Pool's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under stated law. The market

Gold Ridge Resource Conservation District
Notes to the Basic Financial Statements
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value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

➤ The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

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 investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2009 Sonoma County CAFR.

Gold Ridge Resource Conservation District
Notes to the Basic Financial Statements
June 30, 2009 and 2008

B. Capital Assets

Capital asset activity for the years ending June 30, 2009 and 2008 were as follows:

	Balance				
	Beginning			Transfers &	Ending
	of Year	Additions	Retirements	Adjustments	Balance
Capital assets, not being depreciated:					
Land					
For the fiscal year ended:					
June 30, 2008	2,400				2,400
June 30, 2009	2,400				2,400
Capital assets, being depreciated:					
Buildings and Improvements					
For the fiscal year ended:					
June 30, 2008	8,104				8,104
June 30, 2009	8,104				8,104
Less accumulated depreciation for all depreciable capital assets:					
For the fiscal year ended:					
June 30, 2008	(6,483)	(162)			(6,645)
June 30, 2009	(6,645)	(162)			(6,807)
Total capital assets, being depreciated, net:					
June 30, 2006	1,621	(162)			1,459
June 30, 2007	1,459	(162)			1,297
Total capital assets, net					
June 30, 2006	4,021	(162)			3,859
June 30, 2007	\$ 3,859	\$ (162)	\$	\$	\$ 3,697

Gold Ridge Resource Conservation District
Notes to the Basic Financial Statements
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C. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Long-term liabilities:					
Compensated absences	\$ 6,348	\$ 3,177	\$ 0	\$ 9,525	\$ 0

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Long-term liabilities:					
Compensated absences	\$ 4,620	\$ 1,728	\$ 0	\$ 6,348	\$ 0

D. Restatement of Equity

Governmental fund balance and government-wide net assets at July 1, 2007 have been restated to reflect accounts receivable earned in fiscal year 2006/2007 but not recorded until fiscal year 2007/2008.

Fund balance					
June 30, 2007 as previously reported				\$	378,766
Restatements:					
Prior period adjustment					134,471
Total fund balance at July 1, 2007, as restated					513,237
Net Assets					
June 30, 2007 as previously reported					378,167
Restatements:					
Prior period adjustment					134,471
Total Net Assets at July 1, 2007, as restated				\$	512,638

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
Notes to the Basic Financial Statements
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IV. Other Information

A. Risk Management

Gold Ridge Resource Conservation District was provided insurance coverage through American Alternative Insurance Corporation for general liability and auto liability with a combined single limit of \$1,000,000 and excess liability coverage of \$1,000,000 per each occurrence.

B. Employee Retirement Plan

During fiscal year 2005/2006 Gold Ridge Resource enrolled in the California Public Employee's Retirement System (PERS) cost-sharing multiple-employer Defined Benefit Pension Plan. In cost-sharing multiple-employer plans the benefit obligations are pooled. A single actuarial valuation is performed covering all participants, all employers contribute at the same rate, and all plan assets are available to pay plan benefits pertaining to the employees and retirees of any employer.

Plan Description

All full-time employees are eligible to participate in the Public Employees' Retirement Fund (the "Fund") of the State of California's Public Employees' Retirement System ("CalPERS") under the Miscellaneous Plan 2% at 55 of the Gold Ridge Resource Conservation District. The Fund is a cost-sharing multiple-employer Defined Benefit Pension Plan (DBPP) administered by CalPERS. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by state statute and Resolution of the Board.

Copies of CalPERS' annual financial report may be obtained from their Executive Office by writing or calling the Plan: California PERS, P.O. Box 942709, Sacramento, CA 94229-2709, (916) 326-3420.

Funding Policy

The Plan's funding policy provides for periodic District contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due as specified by contractual agreements. The individual entry age normal cost method is used to determine the normal cost. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percentage of pay in each year from the

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
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age of hire (entry age) to the assumed retirement age.

Participants are required to contribute 7.0% of their annual covered salary. The District is required to contribute at an actuarially determined rate. The current rate is 10.994% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by PERS.

The three year trend information for the Fund of the actuarially required employer contribution is as follows:

Schedule of Employer Contributions					
Fiscal Year	Annual Pension	Percentage of	Net Pension		
Ending	Cost (APC)	APC Contributed	Obligation		
06/30/07	21,247	100%	0		
06/30/08	24,313	100%	0		
06/30/09	20,862	100%	0		

Funded Status and Funding Progress of the Plan

Miscellaneous Plan – 2% at 55

As of June 30, 2008, based on CalPERS most recent actuarial report, the Miscellaneous Plan – 2% at 55 is 91.6% funded. The actuarial accrued liability for benefits was \$2,780,280,768, and the actuarial value of the asset was \$2,547,323,278, resulting in a unfunded liability of \$232,957,490. The covered payroll (annual payroll of active safety employees covered by the plan) was \$688,606,681, and the ratio of the unfunded liability to the covered payroll was 33.8%. The Schedule of Funding Progress, presented as Required Supplementary Information (RSI), following the Notes to Financial Statements, presents three-year trend information about whether the actuarial value of the plan assets of the Miscellaneous Plan are increasing or decreasing over time relative to the actuarial liability for benefits.

Actuarial Assumptions and Methods

CalPERS uses the rate stabilization methodologies in its actuarial valuations which have been shown to be very effective in mitigating rate volatility. A summary of principal assumptions and methods used by CalPERS to determine the District’s annual required contributions to the Miscellaneous Plan is shown below:

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Valuation date	June 30, 2008	June 30, 2007	June 30, 2006
Actuarial cost method	Entry age actuarial cost method	Entry age actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Average remaining period	16 years as of the valuation date.	16 years as of the valuation date.	16 years as of the valuation date.
Asset valuation method	15 year smoothed market	15 year smoothed market	15 year smoothed market
Investment rate of return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected salary increases	3.25% to 14.45% depending on age, service and type of employment	3.25% to 14.45% depending on age, service and type of employment	3.25% to 14.45% depending on age, service and type of employment
Inflation	3.00%	3.00%	3.00%
Payroll growth	3.25%	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

C. Auditor Independence

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. Specifically, "Auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant or material to the subject matter of the audit." Although the office of the Auditor-Controller is statutorily obligated to maintain accounts of departments, districts or funds that are contained within the County Treasury, we believe that adequate safeguards and divisions of responsibility exist. Therefore, we believe that subject to this qualification and disclosure, the reader can rely on the auditor's opinion contained in this report.

D. Cash Advance

During fiscal year 2008/2009 the District received a \$400,000 cash advance from the County of Sonoma to offset the suspension of grant revenues from the State of California. The District repaid the cash advance in full before June 30, 2009.

GOLD RIDGE RESOURCE CONSERVATION DISTRICT
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E. Related Party Transaction

The District entered into a grant agreement with the State Water Resources Control Board for \$110,898.00 for the restoration of an unnamed tributary to the Estero Americano at the property known as Albin Ranch. This property is owned by one of the District's Board of Directors. This grant was awarded to the District by the State Water Resources Control Board on the basis of the need for erosion control, riparian restoration, and creek enhancement on this property. It is the District's policy for Directors to abstain from voting on any issues involving grant projects related to properties in which they hold an interest.

**Gold Ridge Resource Conservation District
Required Supplementary Information
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Schedule of Funding Progress-						
CalPERS Miscellaneous 2% at 55 Risk Pool						
			Actuarial			
			Accrued			UAAL
	Actuarial		Liability	Unfunded		As a
Actuarial	Value of		(AAL)	AAL	Funded	Covered
Valuation	Assets		Entry Age	(UAAL)	Ratio	Payroll
Date	(A)		(B)	(B-A)	(A/B)	(C)
06/30/06	\$ 2,492,226,176	\$	2,754,396,608	\$ 262,170,432	90.5%	\$ 699,897,835
06/30/07	\$ 2,391,434,447	\$	2,611,746,790	\$ 220,312,343	91.6%	\$ 665,522,859
06/30/08	\$ 2,547,323,278	\$	2,780,280,768	\$ 232,957,490	91.6%	\$ 688,606,681

**Gold Ridge Resource Conservation District
Roster of Board Members**

As of June 3, 2010, the District Board consisted of the following members:

<u>Directors</u>	<u>Office</u>	<u>Term Expires</u>
Donald E. Petersen	President	November, 2011
Martin Albini.....		November, 2012
Ann Cassidy		November, 2012
Joe Dutton		November, 2011
Byron E. Fisher		November, 2011

Regular Meetings:

The regular meeting of the Board of Directors is held at 7:00 P.M. on the third Thursday of each month at the Gold Ridge Resource Conservation District office, 14775 Third Street, Occidental, CA. (707) 874-2907.