OFFICERS
JOHN H. HYBARGER
Chairman
SANDRA ARONBERG, M.D., M.P.H
Vice-Chair

MEMBERS
GREG BOMBARD
JAMES W. ETTER
LEE WAX

COUNTY OF LOS ANGELES
FISH AND GAME COMMISSION
http://fishandgame.lacountycommissions.info/
Kenneth Hahn Hall of Administration
500 West Temple Street, B-50, Los Angeles, CA 90012
(213) 974-1431 Fax (213) 633-5102
*To enrich lives through effective and caring service*

March 05, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**FISH AND GAME PROPAGATION FUND GRANT AWARD**
**(THIRD SUPERVISIORIAL DISTRICT)**
**(3-VOTES)**

## SUBJECT

Recommending approval to award grant funds from the Fish and Game Commission to the Resource Conservation District of the Santa Monica Mountains (RCDSMM) for a Dual Frequency Identification Sonar (DIDSON) Camera mounting system and lens accessories.

## IT IS RECOMMENDED THAT THE BOARD:

Approve the Fish and Game Propagation Fund Grant request in the amount of $2,000 to the RCDSMM for a DIDSON Camera mounting system and lens accessories to enhance the suite of research tools being implemented in Topanga Creek to directly assist in documenting the migration patterns of the Southern California Steelhead Trout.

## PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Commission has determined that the grant request will promote education, conservation and the propagation of fish and game thus benefiting the County of Los Angeles and the State of California.

At its meeting held on January 10, 2013, the Commission approved a grant request in the amount of $2,000 to the RCDSMM, for a DIDSON Camera mounting system and lens accessories in order to add the use of a DIDSON Camera to the suite of research tools being implemented in Topanga Creek to directly assist in documenting the migrating patterns of the Southern California Steelhead Trout.

The research staff and Topanga Creek Stream Team Volunteers have been coordinating studies of the Southern California Steelhead Trout in the Topanga Creek Watershed since 2001. They conduct monthly snorkel surveys, deploy temperature loggers, monitor fish passage conditions, set traps during fish migration events, and since 2008, have captured, tagged and released over 650 trout. Funded by grants from the California Department of Fish and Wildlife (DFW), RCDSMM has deployed the only in-stream antenna south of Santa Cruz to detect the ypassage of tagged fish. Adding the DIDSON Camera mounting system and lens accessories to the suite of research tools will directly assist in documenting the migration patterns of fish migration in a representative small coastal creek. When RCDSMM tested the camera last April, they documented 18 fish outmigrating, of which only one (1) was tagged. This information was critical not only to be able to augment the antenna detections, but also to allow a better estimate of fish abundance and migrating patterns.

Since 1952, the Commission continues to support activities and projects that promote the best methods for the propagation and protection of fish and game in the State of California and Los Angeles County.

**Implementation of Strategic Plan Goals**

Providing funds for this improvement is consistent with the County's Strategic Plan Goal No. 1 & 3 (Operational Effectiveness & Integrated Services Delivery). In addition to enhancing the community's knowledge and understanding of conservation and the propagation of fish and game, adding the DIDSON camera to this suite of tools will further enhance the understanding of the lifecycle of trout in Southern California.

**Strategic Asset Management Principles Compliance**

N/A

**FISCAL IMPACT/FINANCING**

There is no impact to the General Fund. The approved expenditure will be charged to the Fish and Game Propagation Fund, which has sufficient funds to cover the cost.

The Los Angeles County Fish and Game Propagation Fund is financed from a percentage of penalty assessments collected relating to fish and game code violations in Los Angeles County.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Section 13100 et seq. of the Fish and Game Code establishes guidelines for the expenditure of fines levied for fish and game code violations. It includes enhancing fish and game activities including protection, conservation, propagation, and preservation of fish and wildlife.

**ENVIRONMENTAL DOCUMENTATION**

N/A

**CONTRACTING PROCESS**

N/A

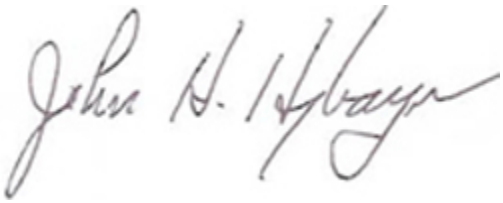
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

This Board action enhances the education, conservation and the propagation of fish and game thus benefiting County of Los Angeles and the State of California.

**CONCLUSION**

N/A

Respectfully submitted,



JOHN H. HYBARGER
Chairman

JHH:bf

Enclosures

c: Chief Executive Officer
Executive Officer, Board of Supervisors

# LOS ANGELES COUNTY FISH AND GAME COMMISSION

## GRANT APPLICATION TITLE PAGE

TITLE OF PROJECT/PROGRAM Underwater ultrasound DIDSON cam

NAME OF ORGANIZATION RCD of the Santa Monica Mountains
[As it appears on (501) (c) (3) IRS Letter]

ADDRESS PO Box 638

CITY Agoura Hills STATE CA ZIP CODE 91376

TELEPHONE NUMBER 818-597-8627 FAX NUMBER 818-597-8370

AMOUNT REQUESTED $2,000

BOARD CHAIRPERSON Dennis Washburn

EXECUTIVE DIRECTOR Clark Stevens

CONTACT PERSON Rosi Dagit

TITLE Senior Conservation Biologist

TELEPHONE NUMBER(S) 310-455-7528, 310-488-6381

AUDITED TOTAL INCOME 636,7 AUDITED TOTAL EXPENSES 608,959

FOR FISCAL YEAR BEGINNING 2011 AND ENDING 2012

Dennis S. Washburn 1/7/2013

SIGNATURE OF BOARD CHAIRPERSON DATE

Note to Applicant: Please complete this title page and attach all grant application materials prior to submission.

One Page Project Summary

The RCDSMM conducts a variety of research projects in the Santa Monica Mountains. These include water quality and biological monitoring that focus on the abundance and distribution of native fishes, amphibians, and reptiles. The RCDSMM is adding a new monitoring component partnering with the California Department of Fish and Wildlife (DFW) to estimate the number of Southern California Steelhead migrating in and out of Topanga Creek utilizing a Dual Frequency Identification Sonar (DIDSON) unit. Topanga Creek is going to be a life cycle monitoring station (LCS) as part of the California Coastal Salmonid Monitoring Program coordinated by DFW. DFW has provided RCDSMM with one DIDSON unit which will be placed in lower Topanga Creek. In the time since DFW acquired the DIDSON unit and supporting equipment, a better mounting system and additional lens accessories have shown to improve the DIDSON operation.

Background on Applicant's Organization

Purpose and goals:

Adding the DIDSON camera to the suite of research tools being implemented in Topanga Creek will directly assist us in documenting the patterns of fish migration in a representative small coastal creek. When we tested the camera last April, we documented 18 fish outmigrating, of which only 1 was tagged. This information was critical to not only being able to augment the antenna detections, but also to allow a better estimate of fish abundance and migrating patterns.

Brief summary of current activities:

The research staff and Topanga Creek Stream Team Volunteers have been coordinating studies of southern steelhead trout in the Topanga Creek Watershed since 2001. We conduct monthly snorkel surveys, deploy temperature loggers, monitor fish passage conditions, set traps during fish migration events, and since 2008, have captured, tagged and released over 650 trout. Funded by grants from DFW, we have deployed the only in-stream antenna south of Santa Cruz to detect passage of tagged fish. Adding the DIDSON camera to this suite of tools will further enhance our understanding of the lifecycle of trout in southern California.

Geographic area served:

The RCDSMM boundaries extend from Encino to Thousand Oaks, from the Chatsworth Reservoir to the ocean, and Catalina Island. The equipment will beused in Topanga Creek.

Major sources and dollar amounts of corporate, foundation and government support during current and past fiscal year:

The Lifecycle monitoring in Topanga Creek has been funded by grants from the CDFG Fisheries Restoration Grant Program. Funding provided between 2010-2014 totaled approximately $650,230. Unfortunately, the grants do not cover any of the proposed DIDSON work, so any costs associated with that effort have to be found elsewhere.

History of all grants received from the Los Angeles County Fish and Game Commission:

January 2012 Malibu Water Quality Probe Maintenance $3,977
March 2012 Laptop for Wildlife Research $2,500
March 2012 Microscopes for Marine Science Program $2,730

Project Information

Statement of justification of need:

The DFW is providing RCDSMM with over $100,000 in monitoring equipment and support. Recently discovered improvements for obtaining better images with relatively small costs have been identified, but are not within DFW's budget.

Statement of purpose and goals:

Adding the DIDSON camera to the suite of research tools being implemented in Topanga Creek will directly assist us in documenting the patterns of fish migration in a representative small coastal creek. When we tested the camera last April, we documented 18 fish outmigrating, of which only 1 was tagged. This information was critical to not only being able to augment the antenna detections, but also to allow a better estimate of fish abundance and migrating patterns.

Action plan to meet objectives:

By obtaining the mount and goals requested by this grant proposal, we will be able to deploy the DIDSON camera in Topanga Creek during rain events. Last April we found that the lens was a bit distorted for the actual channel size, so the new lenses should provide better images.

Statement of how the objectives advance the propagation and protection of fish and wildlife:

Topanga Creek has been identified as a focal stream for the southern California Distinct Population Unit for endangered southern steelhead trout by NMFS and CDFG. The information gathered in Topanga is being used to assist development of recovery plan actions and to document how actions implemented are working. With an estimated population of only 500 anadramous adults, any information we can obtain to assist the fish in accessing suitable spawning and rearing habitat is invaluable.

Project budget and timetable:

Adding the DIDSON camera to the suite of research tools being implemented in Topanga Creek will directly assist us in documenting the patterns of fish migration in a representative small coastal creek. When we tested the camera last April, we documented 18 fish outmigrating, of which only 1 was tagged. This information was critical to not only being able to augment the antenna detections, but also to allow a better estimate of fish abundance and migrating patterns.

Sources of other support for project:

DFW is providing the DIDSON unit and data cables and providing training and field support RCDSMM. The RCDSMM submitted a grant proposal to the Fisheries Restoration Grant Program that if funded would support deployment of the DIDSON for 2 years. We will find out in March 2013 if that funding is awarded.

Current status of project:

The instream antenna was deployed in November 2012, and snorkel surveys and spawner surveys occur monthly. We await the rains in order to deploy both the traps and DIDSON camera.

Cash flow analysis of the expenditure of project funds:

We intend a one time expenditure to obtain the mount and lens.

Proposed method of evaluating results:

Evaluation of the DIDSON camera results will be ongoing as this is a very new tool, and we are just getting the information needed to deploy it most effectively.

Plans for funding on-going project (if applicable):

Hopefully our pending grant will be funded. If not, then DFW intends to deploy the camera using their staff whenever possible.

Progress reports (bi-yearly or upon completion, whichever occurs first):

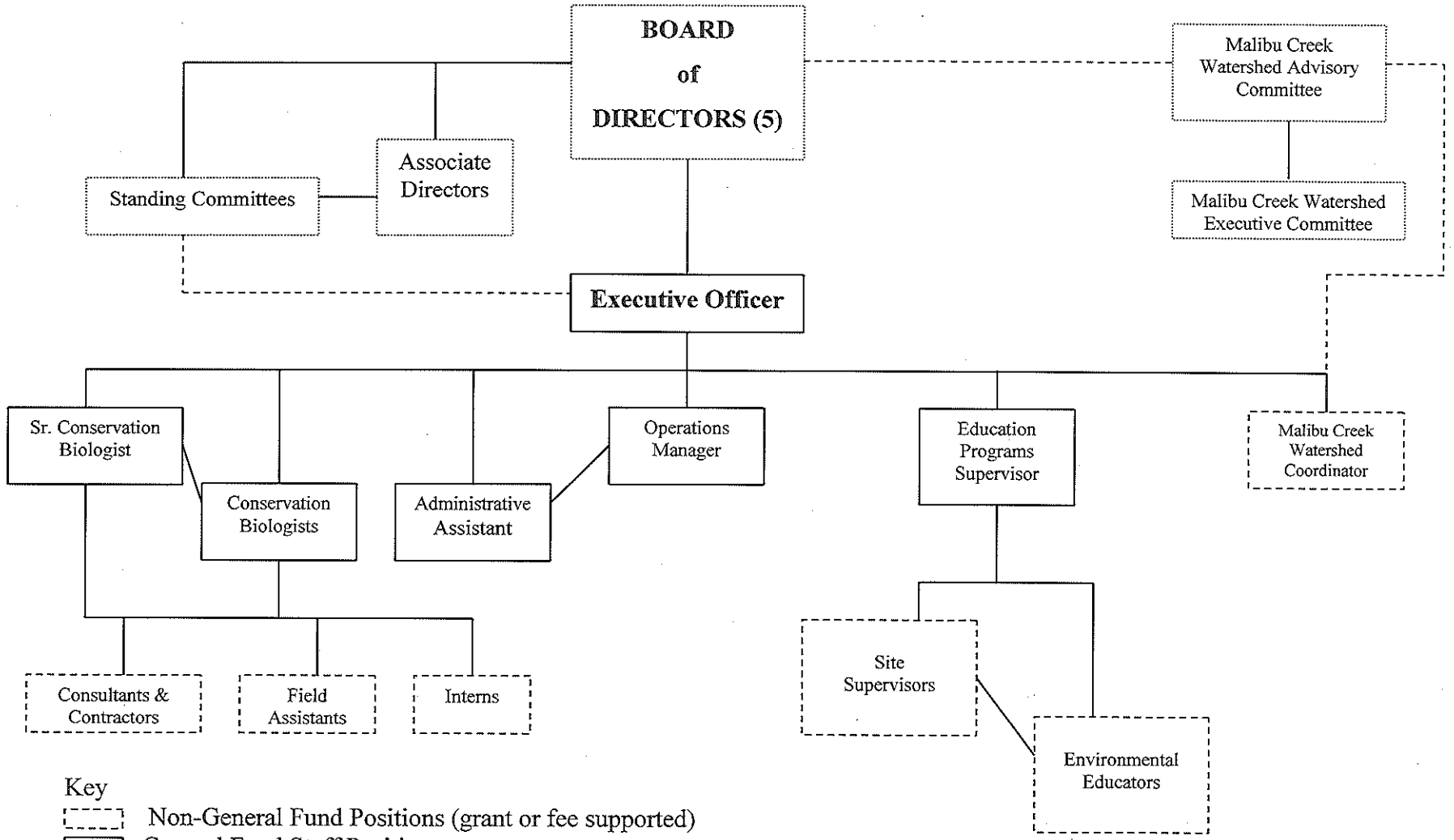
Reports will be provided upon completion of the expenditure of funds.

Please Attach the Following Supporting Documents:

- Description of Organizational Structure or Organizational Chart
- Copy of the Latest IRS Determination Letter of Tax Exempt Status under Section 501(c) (3)
- Most Recent Audited Financial Statement
- Most Recent IRS Form 990

# RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS

## ORGANIZATION CHART



RESOURCE
CONSERVATION DISTRICT
OF THE
SANTA MONICA MOUNTAINS

818.597.8627 phone
818.597.8630 fax
info@rcdsmm.org

30000 Mulholland Highway, Agoura Hills, CA 91301
Mail: PO Box 638, Agoura Hills, CA 91376-0638

BOARD OF DIRECTORS

Dennis Washburn
President

David Gottlieb
Vice President

Steve Rosentsweig
Treasurer

Nancy Helsley
Director

R.C. Brody
Director

EXECUTIVE OFFICER
Clark Stevens, AIA

January 7, 2013

County of Los Angeles
Fish and Game Commission

Dear Commissioners,

In compliance with the request for supporting documents relevant to the fiscal status of the Resource Conservation District of the Santa Monica (RCDSMM), we provide the following information.

The RCDSMM, a subdivision of the State of California, is a local special district organized under division 9 of the CA Public Resources Code.

Internal Revenue Code (IRC) Section 115 states that the gross income of a subdivision of a state is not taxable by the Federal government.

IRC Section 170(c)(1) states that contributions to subdivisions of a state are tax deductible as long as they are used for public purposes.

Therefore, the RCDSMM does not submit forms or pay federal income tax and contributions to the RCDSMM are tax deductible.

We appreciate the support of Supervisor Yaroslavsky for our efforts to provide important resource management information that will help protect and preserve the Santa Monica Mountains.

Sincerely,

John Hendra
Operations Manager

# RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS

## COUNTY OF LOS ANGELES
## AGOURA HILLS, CALIFORNIA

## AUDITED FINANCIAL STATEMENTS
## JUNE 30, 2011

**BURKEY COX EVANS & BRADFORD**
**Accountancy Corporation**
**1058 West Avenue M-14, Suite B**
**Palmdale, CA 93551**

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
JUNE 30, 2011

## TABLE OF CONTENTS


| | Page No. |
|---|---|
| **FINANCIAL INFORMATION** | |
| Independent Auditor's Report on Financial Statements | 1 – 2 |
| **Management Discussion and Analysis** | 3 – 6 |
| **BASIC FINANCIAL STATEMENTS** | |
| **Government-Wide Financial Statements** | |
| Statement of Net Assets | 7 |
| Statement of Activities | 8 |
| **Fund Financial Statements** | |
| Balance Sheet – Governmental Funds | 9 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets | 10 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 11 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities | 12 |
| **Notes to the Basic Financial Statements** | 13 – 27 |
| **REQUIRED SUPPLEMENTARY INFORMATION** | |
| Budgetary Comparison Schedule – General Fund | 28 |
| **SUPPLEMENTARY INFORMATION** | |
| Board of Directors and District History | 29 |
| Detailed Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds – Budget and Actual | 30 |
| **OTHER INDEPENDENT AUDITOR'S REPORT** | |
| 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* | 31 – 32 |

# FINANCIAL INFORMATION

BURKEY COX
EVANS & BRADFORD
ACCOUNTANCY CORPORATION

1058 WEST AVENUE M-14, SUITE B
PALMDALE, CALIFORNIA 93551
TEL: (661) 267-2005
FAX: (661) 267-2471

425 WEST DRUMMOND AVENUE, SUITE A
RIDGECREST, CALIFORNIA 93555-3120
TEL: (760) 375-1508
FAX: (760) 375-8865

GERALD D. BURKEY, CPA (retired)
GARY W. COX, CPA (retired)
SCOTT EVANS, CPA, CFP, CVA
LAURA A. BRADFORD, CPA
HAROLD W. MANNING, CPA
JANETTE HENRIQUEZ, CPA
JAMES MANNIE, CPA
MARTHA J. WILLEY, CPA

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors
Resource Conservation District of the Santa Monica Mountains
Agoura Hills, California

We have audited the accompanying financial statements of the governmental activities, general fund, and the aggregate remaining fund information of Resource Conservation District of the Santa Monica Mountains, as of and for the year ended June 30, 2011, which collectively comprise the Resource Conservation District of the Santa Monica Mountains basic financial statements as listed in the table of contents. These financial statements are the responsibility of Resource Conservation District of the Santa Monica Mountains' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, general fund, and the aggregate remaining fund information of Resource Conservation District of the Santa Monica Mountains, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated February 27, 2012, on our consideration of the Resource Conservation District of the Santa Monica Mountains' internal control over financial reporting and our tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


MEMBER: AMERICAN INSTITUTE AND CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and page 28, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Resource Conservation District of the Santa Monica Mountains' financial statements as a whole. The introductory section and required supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and required supplementary information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Burkey & Cox CPAs

BURKEY COX EVANS & BRADFORD
Certified Public Accountants

Palmdale, California
February 27, 2012

# MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis of the Resource Conservation District of the Santa Monica Mountains' financial performance provides an overall review of the district's financial activities for the fiscal year ending June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole.

The Resource Conservation District of the Santa Monica Mountains (RCDSMM) was formed in 1961 to conserve the natural resources of the Santa Monica Mountains, educate landowners about environmental issues, and preserve and restore habitat. For 50 years the RCDSMM has worked with district stakeholders to conserve soil and water, monitor native species, promote environmentally sensitive vegetation management, restore wetlands, remove invasive species and provide environmental education. The RCD is a unique agency in Los Angeles County and the state that has the power and authority to perform integrated resource management and implementation for clients both public and private.

The RCDSMM covers 168,800 acres and is governed by a five (5) member Board of Directors appointed, in lieu of election, by the Los Angeles County Board of Supervisors with input from the Ventura County Board of Supervisors. The Board meets on the fourth Monday of each month at 6:00 p.m.

**Financial Highlights**

57% of revenues in fiscal year 2011 came from grants, contracts, donations and program fees, with the remaining 43% of revenue from property taxes. Thus, the RCD more than doubled the property tax funds received from district residents by leveraging that funding to bring in additional funds to expand the projects and education the District offers to residents.

Key financial data for fiscal year 2010-11 are as follows:

- Total net assets decreased for the fiscal year, from $521,721 to $418,454, a decrease of $103,267. Of this amount, approximately $70,000 was used to support General Fund expenses, $19,000 was contract/grant expenses paid in this fiscal year from lump sum revenues received in a prior or following fiscal year, and $9,500 was used to support the Watershed Coordinator position while grant funding was acquired. The remaining $4,500 is attributable to small grant overages and other sources.

- Total revenues fell to $590,000 from $708,000 in the previous fiscal year, a decrease of $118,000. While property tax revenue was consistent (+ $4,000), revenue from contracts/grants decreased by $113,000, which means the RCD had less grant-funded project work. Additionally, interest income went down by $7,500, program fees increased by over $5,000 and direct public support fell by $5,500 for a net decrease of approximately $8,000.

- Total expenditures were $697,000, down from $761,000 in fiscal year 2010, a decrease of $64,000. The source of the reduction was a decrease in contract/grant expenses of $114,000, similar to the decrease in contract/grant revenue of $113,000 above. RCD General Fund payroll expenses were the same as the previous year while contract/grant funded payroll increased by $32,000. In addition, costs for accounting services increased by $25,000 as the RCD was completing audits from previous years.

The RCD is in a period of transition. Because of the state and local fiscal crises, fewer grants are available for significant habitat restoration projects, which was a source of large grants for the RCD in the past. Contract and grant revenue has declined in each of the last four fiscal years. In an effort to diversify our funding base and our services to District residents, the RCD has added staff who bring different skills and knowledge to the RCD's toolbox. The RCD is also developing the infrastructure to solicit charitable contributions to support our environmental work and education. 2010-11 was a building year for the RCD and we expect to reap the rewards of that investment in the years to come.

**District Programs & Projects**

Following are some of the significant RCD programs and projects for fiscal year 2010-11:

- **Malibu Lagoon Restoration/Interpretive Design (Wildlife Conservation Board Grant)** – a multi-agency effort to address siltation and pollution impacting the lagoon's and Santa Monica Bay's water quality and wildlife. The RCD completed pre-restoration plans and permitting for both the lagoon and the interpretive design elements in this fiscal year. Construction, which was to begin in the summer of 2011, was delayed by a legal challenge but is on track for summer 2012.
- **Malibu Creek Watershed Coordinator/Santa Monica Mountains Watershed Coordinator** – the RCD supported the Malibu Creek Watershed Coordinator program after the end of the CA Department of Conservation (DOC) grant in early 2008, with assistance from local cities and foundations. In this fiscal year, the RCD wrote a grant and received funding through the DOC for an expanded Santa Monica Mountains Watershed Coordinator to educate the public on conservation issues, promote and seek funding for projects, and facilitate the exchange of information between stakeholders across the mountains. The grant runs through April 2014.
- **Native Species Monitoring** – RCDSMM biologists monitored water quality and southern steelhead trout populations in Topanga, Malibu and Arroyo Sequit Creeks through various grants from the **CA Department of Fish and Game**. In addition, the biologists also monitored local populations of red-legged frogs, southwestern pond turtles, bats and other species through donated and RCDSMM funds.
- **Malibu Fish Die-off (Los Angeles County Supervisor Zev Yaroslavsky and Santa Monica Bay Restoration Foundation grants)** – in July 2006 and again in August of 2009, all fish and most other aquatic life mysteriously died in Malibu Creek. In fiscal year 2010, RCDSMM biologists mobilized to sample all facets of the creek environment as soon as the die-off was noticed in an effort to determine the cause. The funding was exhausted in fiscal year 2011, but the connections have been made to respond to future emergencies.

- **Go Wild! Nativescaping in Schools (State Water Resources Control Board Grant)** –All gardens were constructed in previous years, but the garden at Malibu High School had unforeseen problems due to excess runoff and was redesigned in this year. Construction of the new garden will take place in fiscal year 2012.
- **K-12 Education Programs** – the RCDSMM Education Department provides outdoor, standards-based environmental education to over 5,000 students a year in more than 100 programs in three locations within the district. The Education and Biology Departments have also developed hands-on programs to teach water quality to elementary school students and research techniques to high school environmental science students.
- **Demonstration House (Los Angeles County Supervisor Zev Zaroslavsky grant)**—the RCD was contracted to design and permit a small structure and surrounding garden that demonstrates environmentally friendly and fire safe materials and techniques to homeowners in the mountains. Construction of the building and garden will take place in 2012.
- **Bell Canyon Conservation Plan (Bell Canyon Homeowners Foundation and the USDA Natural Resources Conservation Service)**—residents of Bell Canyon contracted with the RCD to develop a conservation plan for the habitat of their canyon, which is part of the headwaters of the Los Angeles River. The completed plan will be used to identify and seek funding for restoration projects. The RCD used NRCS funds to match Bell Canyon's contributions dollar-for-dollar.

**Capital Outlay**

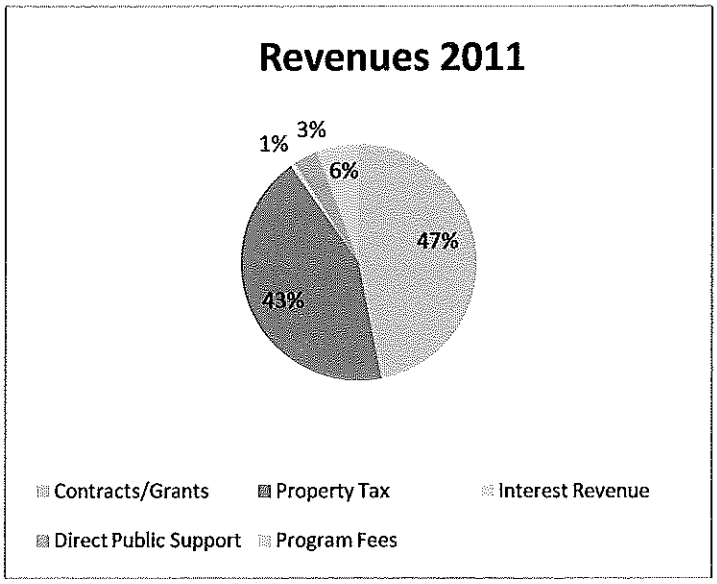
The District has not entered into any capital lease agreements.
There were no other significant capital outlays.

**Requests For Information**

This financial report is designed to provide a general overview of the district's finances. For questions about this report or more information about the district and its finances, please contact the RCDSMM Executive Officer at 818/597-8627 or by email at info@rcdsmm.org.

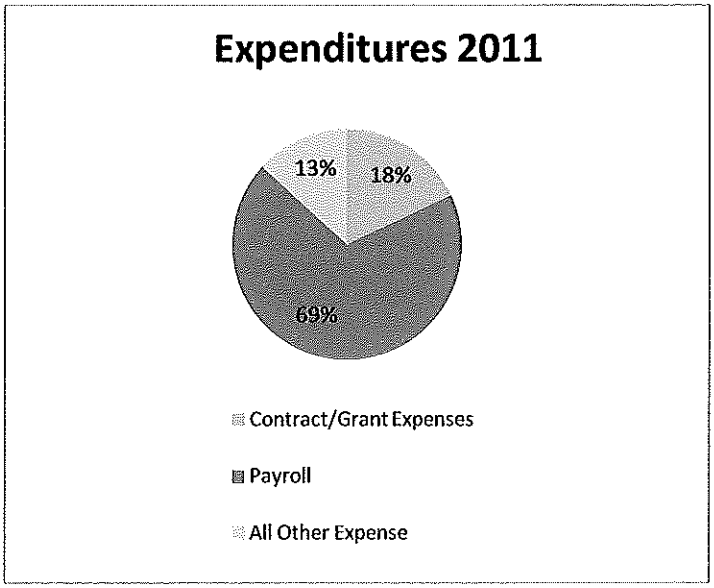
**Revenues:**

| | | |
|---|---|---|
| Contracts/Grants | $ | 276,843 |
| Property Tax | $ | 255,336 |
| Interest Revenue | $ | 4,507 |
| Direct Public Support | $ | 18,895 |
| Program Fees | $ | 34,663 |
| | $ | 590,244 |




**Expenditures:**

| | | |
|---|---|---|
| Contract/Grant Expenses | $ | 125,684 |
| Payroll | $ | 479,426 |
| All Other Expense | $ | 92,077 |
| | $ | 697,187 |



# BASIC FINANCIAL STATEMENTS

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
STATEMENT OF NET ASSETS
JUNE 30, 2011

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and Investments | $ 377,294 |
| Accounts Receivable | 72,307 |
| Prepaid Expenses | 3,244 |
| Capital Assets, Net of Accumulated Depreciation | 6,015 |
| Total Assets | 458,860 |
| **LIABILITIES** | |
| Accounts Payable | 451 |
| Accrued Expenses | 38,873 |
| Due to MCEA | 1,082 |
| Total Current Liabilities | 40,406 |
| **NET ASSETS** | |
| Invested In Capital Assets | 6,015 |
| Restricted for Grant Programs | 20,457 |
| Unrestricted | 391,982 |
| Total Net Assets | $ 418,454 |

The accompanying notes are an integral part of these statements.

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

| Functions / Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants | Net (Expense) Revenue and Changes in Net Assets |
|---|---|---|---|---|
| **PRIMARY GOVERNMENT** | | | | |
| Governmental Activities: | | | | |
| Natural Resource Conservation: | | | | |
| General Government | $ 693,511 | $ 53,558 | $ 276,843 | $ (363,110) |
| Total Governmental Activities | 693,511 | 53,558 | 276,843 | (363,110) |
| Total Primary Government | $ 693,511 | $ 53,558 | $ 276,843 | (363,110) |
| General Revenues: | | | | |
| Property Taxes | | | | 255,336 |
| Interest Revenue | | | | 4,507 |
| Total General Revenues | | | | 259,843 |
| Change in Net Assets | | | | (103,267) |
| Net Assets - Beginning | | | | 521,721 |
| Net Assets - Ending | | | | $ 418,454 |

The accompanying notes are an integral part of these statements.

# FUND FINANCIAL STATEMENTS

RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

| | GENERAL FUND |
|---|---|
| **ASSETS** | |
| Current Assets: | |
| Cash and Investments | $ 377,294 |
| Accounts Receivable | 72,307 |
| Prepaid Expenses | 3,244 |
| Total Current Assets | 452,845 |
| Total Assets | $ 452,845 |
| **LIABILITIES AND FUND EQUITY** | |
| **LIABILITIES** | |
| Current Liabilities: | |
| Accounts Payable | $ 451 |
| Accrued Expenses | 38,873 |
| Due to MCEA | 1,082 |
| Total Current Liabilities | 40,406 |
| **FUND EQUITY** | |
| Fund Balance: | |
| Nonspendable | 0 |
| Restricted | 20,457 |
| Committed | 0 |
| Assigned | 0 |
| Unassigned | 391,982 |
| Total Fund Equity | 412,439 |
| Total Liabilities and Fund Equity | $ 452,845 |

The accompanying notes are an integral part of these statements.

## RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
## TO THE STATEMENT OF NET ASSETS
## FOR THE YEAR ENDED JUNE 30, 2011

| | | |
|---|---|---|
| Total Fund Balances of Governmental Funds | $ | 412,439 |
| Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in Governmental Funds. The cost of the assets is $61,291 and the accumulated depreciation is $55,276. | | 6,015 |
| Total Net Assets of Governmental Activities | $ | 418,454 |

The accompanying notes are an integral part of these statements.

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
**GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2011**

| | GENERAL FUND |
|---|---|
| **REVENUES** | |
| Contract/Grant | $ 276,843 |
| Property Taxes | 255,336 |
| Interest Revenue | 4,507 |
| Direct Public Support | 18,895 |
| Program Fees | 34,663 |
| Total Revenues | 590,244 |
| **EXPENDITURES** | |
| Natural Resource Conservation: | |
| General Government | 697,187 |
| Total Expenditures | 697,187 |
| Net Change in Fund Balance | (106,943) |
| Fund Balance - Beginning of Year | 519,382 |
| Fund Balance - End of Year | $ 412,439 |

The accompanying notes are an integral part of these statements.

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**
**TO THE STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2011**

| | | |
|---|---|---|
| Net Change in Fund Balances Total Governmental Funds | | $ (106,943) |
| Governmental funds report capital outlays 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. This is the amount by which depreciation exceeded capital outlay in the current period. | | |
| Current Year Fixed Asset Additions | $ 4,190 | |
| Current Year Depreciation | (514) | |
| Total | | 3,676 |
| Total Change in Net Assets of Governmental Activities | | $ (103,267) |

The accompanying notes are an integral part of these statements.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Resource Conservation District of the Santa Monica Mountains accounts for its financial position and results of operations in accordance with generally accepted accounting principles applicable to governmental units.

A. Reporting Entity

All significant activities and organizations on which the District exercises oversight responsibility have been included in the District's financial statements, for the year ended June 30, 2011. The following criteria regarding manifestation of oversight were considered by the District in its evaluation of District organizations and activities:

- Financial Interdependency – The District is responsible for its debts and is entitled to surpluses. No separate District receives a financial benefit nor imposes a financial burden on the District.

- Appointment of the Government Authority – The locally appointed Board of Directors (appointed by the Los Angeles and Ventura County Board of Supervisors) are exclusively responsible for all public decisions and accountable for the decisions it makes.

- Designation of Management – The Board of Directors appoints the Executive Officer. The Executive Officer hires other members of District management. The activities under the purview of management are within the scope of the reporting entity and management is accountable to the Board of Directors for the activities being managed.

- Ability to Significantly Influence Operations – The Board of Directors has the statutory authority to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, control over all assets, including facilities and properties, short-term borrowing, signing contracts, and developing the programs to be provided.

- Accountability of Fiscal Matters – The responsibility and accountability over all funds is vested in the District management.

B. New Accounting Pronouncements

GASB Statement No. 61 The Financial Reporting Entity; Omnibus – amendment of GASB No. 14 and No. 34 – statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as components units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Furthermore, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Pronouncements (Continued)

Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in pre-November 30, 1989 FASB and AICPA Pronouncements - is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations.
2. Accounting Principles Board Opinions.
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements."

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statement and Interpretations that do not conflict with or contradict GASB pronouncements. However, entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

C. Basis of Presentation

Government-wide Financial Statements: The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the intent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements: Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

"Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Deferred Revenue: Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met, are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/Expenditures: On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major and non-major funds as follows:

### MAJOR GOVERNMENTAL FUNDS

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

### NON-MAJOR GOVERNMENTAL FUNDS

The District had no non-major governmental fund types.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Executive Officer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted.
4. The Executive Officer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budgeted amounts are as originally adopted, or as amended. Individual amendments were not material in relation to the original appropriations which were amended.

G. Assets, Liabilities, and Equity

1. Deposits and Investments

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value.

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

The District maintains a portion its cash in the County Treasury. The County pools these funds with those of other agencies and districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited monthly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

The amount of dollars invested in derivatives with the County Treasury was not significant as of June 30, 2011.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, and Equity (Continued)

2. Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of plants held for resale. Reported inventories are equally offset by a fund balance reserve which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

3. Capital Assets

In the Government-Wide Financial Statements, fixed Assets are accounted for as Capital Assets. All assets are reported at cost or estimated historical cost, except for donated fixed assets are recorded at their estimated fair value at the date of the donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred, a capitalization threshold of $500 is used. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| Description | Estimated Useful Lives |
|---|---|
| Building and Improvements | 15 - 40 years |
| Furniture and Equipment | 5 - 7 years |

4. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

Accounts receivable are deemed by management to be fully collectible at June 30, 2011, and therefore no allowance for doubtful accounts has been established.

5. Accrued Liabilities and Long-Term Debt Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portions of capital leases and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a current liability in the fund financial statements when due but rather recognized as an expense when paid. The District did not have any long-term debt obligations outstanding as of June 30, 2011.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, and Equity (Continued)

6. Compensated Absences

All vacation pay plus related payroll taxes are accrued when incurred in the 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. The amount reported for compensated absences represent $33,370 of the Accrued Expense Liability.

Accumulated sick leave benefits are recognized as liabilities of the District. The District's policy is to record sick leave as they are incurred.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line basis. The District did not have any outstanding long-term debt obligations outstanding as of June 30, 2011.

8. Fund Equity

Government-wide Statements

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt – 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.

b. Restricted net assets – Consists of net assets with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation; or as (3) designated by the Board of Directors.

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

Non-spendable Fund Balance The portion of fund balance reflecting assets not in spendable form, either because they will never convert to cash (such as prepaid Items) or must remain intact pursuant to legal or contractual requirements (such as the principal of a permanent endowment).

Non-spendable Revolving Cash The portion of fund balance reflecting the value of the revolving cash account.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, and Equity (Continued)

Non-spendable Stores The portion of fund balance reflecting the value of stores.

Non-spendable Prepaid Items The portion of fund balance reflecting the value of prepaid items.

All Other Non-spendable Assets The portion of fund balance reflecting the value of non-spendable assets not specified above. For example, this object issued for the legal reserve required for Certificates of Participation, the long-term portion of notes receivable, or the principle of a permanent endowment.

Reserve for Encumbrances (Budgetary account) An account set aside to provide for encumbrances. Generally, encumbrances are closed at the end of the fiscal year, and new purchase orders or contracts are opened for the subsequent year. However, the District should disclose in a footnote to the financial statements significant encumbrances that are included in the subsequent year's budget.

Restricted Fund Balance

Restricted Balance The portion of fund balance representing resources subject to externally imposed and legally enforceable constraints imposed either by external resource providers, e.g., grantors or creditors, or by law through constitutional provisions or enabling legislation. Examples include unspent balances or restricted state and federal grants, and unspent proceeds of general obligation bonds

Committed Fund Balance The portion of fund balance representing resources whose use is constrained by limitations self-imposed by the District through formal action of its highest level of decision-making authority. The constraints can be modified or removed only through the same process by which they were imposed. The action imposing the constraint must be made by the end of the reporting period. The actual amounts may be determined at a later date, prior to the issuance of the financial statements.

Stabilization Arrangements The portion of fund balance set aside pursuant to a stabilization arrangement more formal than the reserve for economic uncertainties recommended by the Criteria and Standards for fiscal solvency or other minimum fund balance policy. The level of constraint must meet the criteria to be reported as committed, and the circumstances in which the resources are used must be specific and non-routine. The formal action imposing the constraint should identify and describe in sufficient detail the circumstances in which the amounts may be used. Minimum fund balance policies and other stabilizing arrangements that do not match the criteria to be reported as committed are reported as unassigned.

Other Commitments The portion of fund balance representing commitments other than stabilization arrangements.

Assigned Fund Balance The portion of fund balance representing resources that are intended to be used for specific purposes but for which the constraints do not meet the criteria to be reported as restricted or committed. Intent may be established either by the District's highest level of decision-making or by a designated body or official. Constraints giving rise to assigned fund balance may be imposed at any time before the financial statements are issued, and may be modified or removed by a process less formal than is required for committed fund balance. In governmental fund types other than the general fund, this is the residual fund balance classification.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, and Equity (Continued)

Other Assignments The position of fund balances representing assignment.

Unassigned Fund Balance The portion of fund balance not classified as non-spendable, restated, committed, or assigned.

Reserve for Economic Uncertainties The position of unassigned fund balance set aside pursuant to a minimum fund balance policy. This amount includes the reserve recommended by the Criteria and Standards for fiscal solvency, as well as additional reserve established pursuant to local policy.

Unassigned/Unappropriated In the general fund, residual fund balance in excess of amount reported in the non-spendable, restricted, committed or assigned fund balance classifications and net of Reserve for Economic Uncertainties.

In all governmental funds including the general fund, the excess of non-spendable, restricted, and committed fund balance over total fund balance (deficits). Assigned amounts must be reduced or estimated if a deficit exists.

For budgetary purposes, this account represents the excess of estimated revenue and estimated other financial sources over appropriations and estimated other financing uses.

H. Property Tax

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. Property taxes are billed and collected for the District by Los Angeles County and by Ventura County. The District does not receive any property tax revenues directly; however delinquent special assessments are turned over to the County for collection with regular delinquent property tax assessment.

I. Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses, as appropriate, during the reporting period. Actual results could differ from those estimates.

J. Implementation of New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of Statement 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe the constraints imposed upon the use of the resources reported in the governmental funds. The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type and permanent fund type are clarified by the provisions in this Statement. The requirements of this Statement are effective for financial statements periods beginning after June 15, 2010, and have been implemented on this financial statement.

## NOTE 2 – CASH AND INVESTMENTS

### General

The District has adopted Governmental Accounting Standards Board Statement 31 (GASB 31) which requires investments of governmental agencies to be reported at fair value. However, investment pools, such as a state or county treasury, may report the value of short-term investments with remaining maturities of less than 90 days at amortized costs. The majority of the County Treasury investments have a remaining maturity of less than 90 days. In addition, GASB 31 does not apply to immaterial cost/value differences.

The District has also adopted GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of July 1, 2004. GASB 40 requires governmental entities to assess categories of risk associated with their deposits and investments and disclose these risks.

### Unrestricted

Cash and investments consisted of the following at June 30, 2011:

| | | |
|---|---|---|
| Cash on Hand and in Banks | $ | 121,724 |
| Pooled Investments | | 255,570 |
| Total | $ | 377,294 |

All cash and time deposits are entirely insured or collateralized. The California Government Code requires state banks to secure District deposits by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the District's deposits. The District may waive collateral requirements for deposits that are fully insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC).

The surplus funds of the District may be invested in any of the approved investments contained in the California Government code Sections 53600 et seq., limited further by the investment policy adopted by the District.

### Restricted

There was no restricted cash or investments at June 30, 2011.

### Investments Authorized by the Entity's Investment Policy

The District's investment policy authorizes investment in the local government investment pool administered by Los Angeles County. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the Entity's Investment Policy (Continued)

Additionally, the District may invest idle or surplus funds in accordance with California Government Code Section 53601. The following represents permissible investments per this code section.

- Local agency bonds, notes or warrants within the state
- United States Treasury instruments
- Registered state warrants or treasury notes
- Securities of the U.S. Government, or its agencies
- Bankers acceptances
- Commercial paper
- Certificates of deposit (or time deposits) placed with commercial banks and/or savings and loan companies
- Repurchase or reverse repurchase agreements
- Medium term corporate notes
- Shares of beneficial interest issued by diversified management companies
- Certificate of participation
- Obligations with first priority security
- Collateralized mortgage obligations

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The District had no debt proceeds investments as of June 30, 2011.

Disclosures Relating to 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 to changes in market interest rates. The District had no investments as of June 30, 2011.

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. Los Angeles County Investment Pool does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Investments in any one issuer that represent 5% or more of total investments by reporting unit are as follows:

As of June 30, 2011, $255,570 of the cash and investments are held in the form of a nonnegotiable unrated investment in the Los Angeles County Investment Pool.

As of June 30, 2011, $121,724 of the cash and investments are held in the form of cash in the Bank of America.

## NOTE 2 – CASH AND INVESTMENTS (Continued)

### 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 California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: 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 a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the District's deposits with financial institutions were in excess of federal depository insurance limits.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) 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 District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. 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 Los Angeles County Investment Pool.

### Investment in Los Angeles County Investment Pool

The Entity is a voluntary participant in the Los Angeles County Investment Pool that is regulated by the California Government Code under the oversight of the Treasurer of the County of Los Angeles. 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 Los Angeles County for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by Los Angeles County, which are recorded on an amortized cost basis.

### Derivative Investments

The District did not directly enter into any derivative investments.

## NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2011, consist of the following:

| | General Fund |
|---|---|
| Local Receivables: | |
| Accounts Receivable | $ 37,830 |
| Retention Receivable | 1,661 |
| Interest Receivable | 2,129 |
| Taxes Receivable: | |
| Los Angeles County | 25,574 |
| Ventura County | 5,113 |
| Total | $ 72,307 |

## NOTE 4 – FIXED ASSETS AND DEPRECIATION

The changes in fixed assets for the year ended June 30, 2011 are shown below:

| Cost: | Balance June 30, 2010 | Additions | Deletions | Balance June 30, 2011 |
|---|---|---|---|---|
| Improvements | $ 31,370 | $ 0 | $ 0 | $ 31,370 |
| Equipment | 25,731 | 4,190 | 0 | 29,921 |
| Totals | 57,101 | 4,190 | 0 | 61,291 |
| Less: Accumulated Depreciation | | | | |
| Improvements | 29,031 | 296 | 0 | 29,327 |
| Equipment | 25,731 | 218 | 0 | 25,949 |
| Totals | 54,762 | 514 | 0 | 55,276 |
| | $ 2,339 | $ 3,676 | $ 0 | $ 6,015 |

Depreciation Expense was charged to Governmental Activities as follows:

| | |
|---|---|
| Resource Conservation | $ 514 |
| Total Depreciation Expense | $ 514 |

## NOTE 5 – CHANGES IN DEBT

The District had no long-term or short-term debt obligations as of June 30, 2011.

## NOTE 6 – RETIREMENT PLANS

A. Federal Insurance Contribution Act

The District contributes to the Federal Insurance Contribution Act (Social Security) for its employees' retirement plan.

B. California Public Employees' Retirement System

Plan Description

The District contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by the state statute and local ordinance. PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of PERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, California 95814.

All full-time employees are eligible to participate in PERS. Benefits vest after five years of service.

## NOTE 6 – RETIREMENT PLANS (Continued)

Funding Policy

Participants are required to contribute 7.00% of their salary (7% of monthly salary over $133.33 if the member participates in Social Security). The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate of 8.128% for the fiscal year ended June 30, 2011. The contribution requirements of plan members and the District are established and may be amended by PERS.

Funding Status

As of the date of the audit the latest funding information available from PERS was effective for the June 30, 2006 fiscal year. The District's contributions to PERS for the fiscal year ended June 30, 2011 was $23,036 and equal 100% of the required contributions for each year. As of June 30, 2011 the pension benefit obligation was fully funded.

## NOTE 7 – LEASE OBLIGATIONS

A. Operating Leases

The District has entered into an operating lease for equipment as of June 30, 2011 with commitments that extend beyond one year. Future payments as of June 30, 2011 are as follows:

| Year Ending June 30, | | Amount |
|---|---|---|
| 2012 | | $ 5,028 |
| 2013 | | 4,400 |
| 2014 | | 0 |
| 2015 | | 0 |
| 2016 | | 0 |
| | Total | $ 9,428 |

B. Capital Leases

As of June 30, 2011, the District has not entered into any lease agreements where title will pass upon the expiration of the lease.

## NOTE 8 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2011, the following expenditures exceeded the District appropriations (budget):

| General Government | | |
|---|---|---|
| Contract/Grant Administration | $ | 125,684 |
| Dues and Subscriptions | $ | 839 |
| Lease | $ | 60 |
| Legal | $ | 186 |
| Office Supplies and Expenses | $ | 4,492 |
| Payroll | $ | 169,426 |
| Printing and Copying | $ | 2,144 |
| Publications | $ | 56 |
| Repairs and Maintenance | $ | 915 |
| Telephone/Internet | $ | 1,177 |
| Travel and Conventions | $ | 7,343 |

These overages include Contract/Grant revenues and expenses not included in the General Fund budget. Each grant program maintains its own budget and Contract/Grant revenues and expenses are monitored on a grant by grant basis.

## NOTE 9 – COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

| Violation | Action Taken |
|---|---|
| None reported | Not applicable |

B. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year-end, if any, along with remarks which address such deficits:

| Fund Name | Deficit Amount | Remarks |
|---|---|---|
| None reported | Not applicable | Not applicable |

## NOTE 10– SUBSEQUENT EVENTS

The District had no reportable subsequent events as of the date of the auditor's report, which is the date the financial statements were available to be issued.

# REQUIRED SUPPLEMENTARY INFORMATION

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS**
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**
**FOR THE YEAR ENDED JUNE 30, 2011**

| | GENERAL FUND | | | |
|---|---|---|---|---|
| | ORIGINAL BUDGET * | FINAL BUDGET * | ACTUAL | OVER (UNDER) BUDGET |
| **REVENUES** | | | | |
| Contract/Grant | $ 27,500 | $ 27,500 | $ 276,843 | $ 249,343 |
| Property Taxes | 250,000 | 250,000 | 255,336 | 5,336 |
| Interest Revenue | 5,600 | 5,600 | 4,507 | (1,093) |
| Direct Public Support | 0 | 0 | 18,895 | 18,895 |
| Fundraising | 3,000 | 3,000 | 0 | (3,000) |
| Program Fees | 33,300 | 33,300 | 34,663 | 1,363 |
| Total Revenues | 319,400 | 319,400 | 590,244 | 270,844 |
| **EXPENDITURES** | | | | |
| Resource Conservation: | | | | |
| General Government | 395,470 | 395,470 | 697,187 | 301,717 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | 395,470 | 395,470 | 697,187 | 301,717 |
| Excess of Revenues Over (Under) Expenditures | (76,070) | (76,070) | (106,943) | (30,873) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Reserve for Contingencies | 0 | 0 | 0 | 0 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | $ (76,070) | $ (76,070) | (106,943) | $ (30,873) |
| Fund Balance - Beginning of Year | | | 519,382 | |
| Fund Balance - End of Year | | | $ 412,439 | |

* The District does not include Contract/Grant revenues and expenses in their General Fund budget while the revenues and expenses presented in the Actual column include these amounts. Each grant program maintains its own budget and Contract/Grant revenues and expenses are monitored on a grant by grant basis.

# SUPPLEMENTARY INFORMATION

## RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS
## BOARD OF DIRECTORS AND DISTRICT HISTORY
## JUNE 30, 2011

| MEMBER | OFFICE | TERM EXPIRES |
|---|---|---|
| Dennis Washburn | President | November 2012 |
| David Gottlieb | Vice President | November 2014 |
| Steven Rosentsweig | Treasurer | November 2014 |
| Nancy Helsley | Director | November 2012 |
| R.C. Brody | Director | November 2014 |

Clark Stevens
Executive Officer

### DISTRICT HISTORY

The Resource Conservation District of the Santa Monica Mountains (the District) is a local government body established to assist landowners in conserving natural resources and to educate the public about conservation issues. The District was originally organized as the Topanga Soil Conservation District in accordance with Division 9 of the California Public Resources Code. The formation election was held on January 10, 1961; the vote was certified and the District was declared to be formally organized by resolution of the Los Angeles County Board of Supervisors on January 24, 1961; and on February 8, 1961 the Board of Directors of the new district met for the first time. In 1971, the State of California officially changed the name "Soil Conservation District" to "Resource Conservation District" to reflect the expanded mission of all the state districts to include wildlife and habitat conservation. The Topanga-Las Virgenes Resource Conservation District officially changed its name to the Resource Conservation District of the Santa Monica Mountains by resolution of the Board of Directors on January 9, 1995.

**RESOURCE CONSERVATION DISTRICT OF THE SANTA MONICA MOUNTAINS**
**DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
**OF GOVERNMENTAL FUNDS - BUDGET AND ACTUAL**
**FOR THE YEAR ENDED JUNE 30, 2011**

| | GENERAL FUND | | |
|---|---|---|---|
| | FINAL BUDGET * | ACTUAL | OVER (UNDER) BUDGET |
| **REVENUES** | | | |
| Contract/Grant | $ 27,500 | $ 276,843 | $ 249,343 |
| Property Taxes | 250,000 | 255,336 | 5,336 |
| Interest Revenue | 5,600 | 4,507 | (1,093) |
| Direct Public Support | 0 | 18,895 | 18,895 |
| Fundraising | 3,000 | 0 | (3,000) |
| Program Fees | 33,300 | 34,663 | 1,363 |
| Total Revenues | 319,400 | 590,244 | 270,844 |
| **EXPENDITURES** | | | |
| General Government: | | | |
| Contract/Grant Administration | 0 | 125,684 | 125,684 |
| Accounting | 28,000 | 26,388 | (1,612) |
| Advertising | 2,000 | 1,792 | (208) |
| Dues and Subscriptions | 4,400 | 5,239 | 839 |
| Information and Education | 700 | 0 | (700) |
| Insurance | 3,000 | 2,627 | (373) |
| Janitorial | 3,120 | 3,120 | 0 |
| Lease | 5,400 | 5,460 | 60 |
| Legal | 1,000 | 1,186 | 186 |
| Office Supplies and Expenses | 4,000 | 8,492 | 4,492 |
| Payroll | 310,000 | 479,426 | 169,426 |
| Postage and Delivery | 1,000 | 891 | (109) |
| Printing and Copying | 1,000 | 3,144 | 2,144 |
| Publications | 100 | 156 | 56 |
| Repairs and Maintenance | 10,000 | 10,915 | 915 |
| Telephone/Internet | 4,300 | 5,477 | 1,177 |
| Travel and Conventions | 6,000 | 13,343 | 7,343 |
| Utilities | 4,950 | 3,847 | (1,103) |
| Miscellaneous | 6,500 | 0 | (6,500) |
| Total General Government | 395,470 | 697,187 | 301,717 |
| Total Expenditures | 395,470 | 697,187 | 301,717 |
| Excess of Revenues Over (Under) Expenditures | (76,070) | (106,943) | (30,873) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Reserve for Contingencies | 0 | 0 | 0 |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | $ (76,070) | (106,943) | $ (30,873) |
| Fund Balance - Beginning of Year | | 519,382 | |
| Fund Balance - End of Year | | $ 412,439 | |

* The District does not include Contract/Grant revenues and expenses in their General Fund budget while the revenues and expenses presented in the Actual column include these amounts. Each grant program maintains its own budget and Contract/Grant revenues and expenses are monitored on a grant by grant basis.