RESOURCE
CONSERVATION DISTRICT
BUTTE COUNTY

Request for Proposal

Professional Consulting Services for a Negotiated Indirect Cost Rate Agreement and Compliance Services

Proposals Due::
Friday, August 14, 2026

Introduction

The Butte County Resource Conservation District (BCRCD) is a Special District headquartered in Chico, California. BCRCD hereby gives notice of the solicitation of qualifications for services from a qualified accounting, financial consulting, or grant management firm to assist the District pertaining to activities described herein. BCRCD completed a single audit for the fiscal year ending 2025 (audit report attached)

Project Description

The purpose of this Request for Proposals is to solicit potential firms interest in providing Professional Consulting Services for assisting the District in preparing, submitting, and successfully negotiating a Negotiated Indirect Cost Rate Agreement (NICRA) with the U.S. Department of Agriculture (USDA) Forest Service. The selected consultant will guide the District staff and Directors through the federal indirect cost allocation process to maximize cost recovery on the current and future federal awards. Additionally, the firm will also provide ongoing, as-needed support for compliance with 2 CFR Part 200 requirements.

BCRCD may opt to make multiple awards based on the availability of qualified contractors and needs.

Scope of Work

The work consists of the following tasks

Task 1: Initial Assessment and Data Collection
Review the District's current financial statements, organizational structure, payroll, and grant agreements to identify allowable indirect costs and fringe rate.

Task 2: NICRA Proposal Development (see attached checklist)

Prepare a comprehensive NICRA proposal and indirect cost rate proposal in full compliance with Forest Service and federal guidelines. All RFP must meet the process outlined in U.S. Forest Service Indirect Cost Proposal Checklist for State and Local Governments.

Task 3: Agency Negotiation
Represent and/ or support District staff during negotiations with the USDA Forest Service's Resources Audit Branch (RAB), responding to agency questions and audit requests until the final rate is approved.

Task 4: Staff Training and Transition
Provide the District with a finalized template and methodology to independently update and apply the rate for future fiscal years.

Schedule

No later than:
Issue Request for Qualifications: Friday, July 17, 2026
Proposals Due: Friday, August 14, 2026 at 5 PM
Award of Contract(s): Thursday, August 20, 2026
Submission of Proposal to Forest Service: Please state your timeline in your proposal but we would like to submit the proposal ASAP
* Agency negotiation will be based on Forest Service timeline (estimated 150 days)

Request for Qualifications

Please submit the following information with your proposal:

- Cover letter describing specific strengths of your firm as they relate to your firm's experience with federal indirect cost rates and federal agencies
- Detailed information of the firm's background, specifically related to California Special Districts and 2 CFR, Part 200 compliance
- Description of key personnel who will work directly with the District, and identification of any subcontractors
- Description of recent projects similar in nature to the proposed project
- At least three client references
- Schedule of hourly rates and expenses
- Estimated cost to complete NIRCRA process (Tasks 1-4)

Selection Criteria

Consultant selection will be based upon:

(1) Experience with federal NICRA negotiations and 2 CFR Part 200 compliance
(2) Qualifications and expertise of assigned personnel
(3) The consultant's qualifications and experience;
(4) The consultant's availability and ability to meet the project timeline
(5) Reasonableness of the fee proposal

Acceptance or Rejection of Proposals

A contract will be awarded to the firm(s) whose qualifications and experience most closely satisfy the needs of Butte County Resource Conservation District. Costs will not be a sole determining factor in acceptance or rejection of proposal. BCRCD reserves the right to reject any and all proposals or portion thereof, to waive any information and/ or errors in the proposal considered to be in the best interest. BCRCD reserves the right to negotiate the scope of work and final cost of the project after selection of the consultant(s)

Proposal Submittal

Proposals may be emailed or mailed to:

Butte County Resource Conservation District
ATTN: Thad Walker
641 Entler Ave, Suite 47
Chico, CA 95928

If you have questions, please contact:
Thad Walker, District Manager, BCRCD
thad@bcrcd.org, (530) 693-3173

U.S. Forest Service
Albuquerque Service Center
Resource Audit Branch

Indirect Cost Proposal Checklist For State and Local Government

Note: In completing an indirect cost proposal, please submit documentation where required. Proposals may be based on prior year actual data, actual data with forward-adjustments or any combination of information.

Please E-mail the cover letter (explaining the proposal and what you are proposing) the proposal, adjoining schedules, other documentation and General Ledger (GL) down-load or other high-level source document to sm.fs.rab@usda.gov. Since we review proposals electronically, Micro Soft Excel is the preferred format for submitting the proposal (calculation of the proposed rate, expense pool and allocation base) and adjoining schedules.

If the GL file or other high-level source document is too large to submit electronically via e-mail, you may submit hardcopy via fax to (866) 436-5939. Otherwise, you may mail it to us at:

U.S. Forest Service
Albuquerque Service Center
Resource Audit Branch
ATTN: Indirect Rates
4000 Masthead Street NE
Albuquerque, NM 87109

1. The proposed indirect cost **pool** and **base** must reconcile to the general ledger or other high-level source document *and* financial statements.

- The proposal must contain a schedule of indirect costs (the pool) that reconciles to the G/L (or other high-level source document) and financial statements.
- The proposal must contain a schedule of the components comprising the allocation base that is reconciled to the G/L (or other high-level source document) and financial statements.
- The allocation base must be complete and include all activities that benefit from the indirect cost pool.
- Unallowable costs must be eliminated from the indirect cost pool. The proposal must have **sufficient detail** to make an independent determination.
- The allocation base must be fully explained (e.g., direct labor with or without direct fringe benefits, total direct cost, or other base, etc.)

- Provide a "crosswalk" if necessary (intermediary schedule or schedules to facilitate verification) that ties the G/L (or other high-level source document) to the financial statements and the proposed pool and base.

- Provide a calculation of the fixed carry-forward amount, if applicable.

2. Are previous agreements with the Forest Service or other federal agency incorporated into the proposal (see item 7 below)? If this is the first proposal submitted to the U.S. Forest Service, or if more than 3 years have elapsed since a proposal was submitted to the U.S. Forest Service, please submits a copy of the **last** negotiation agreement.

3. Are central services cost, central fringe benefit, etc, claimed as components of the indirect cost pool? If so, provide a copy of all agreements between U.S. Dept Health and Human Services and the governmental unit and identify the amount of claimed costs. For local governmental units, central services costs are often "built in" to the proposal. Please provide sufficient detail to review how costs are allocated between departments and allocated ultimately to the indirect cost pool.

4. Is there a calculation of the proposed rate? An ***example*** of this calculation is below.

Calculation *example* using Total Direct Cost as the base. The allocation base could also be total direct salaries and wages.

CALCULATION OF INDIRECT RATE

Pool	**(a)**	$	750,000
Base	**(b)**	$	3,225,000
Rate	**(a)/(b)**		23.26%

Note: Base is total direct cost, excluding capital expenditures. Unallowable cost are excluded from the calculation. A schedule of unallowable cost is provided.

5. If applicable, is there a calculation of the amount of indirect costs *carried forward*?

6. What is the federal amount of the allocation base? A schedule of direct federal awards should be included with the submission that identifies the total cost incurred under each award. Note: This

can be omitted if you have an OMB A-133 audit as the report will include a SEFA (Schedule of Expenditures on Federal Awards).

7. Are any significant changes to the accounting system contemplated? Are there any significant changes to the definition or accounting treatment of any expense category (e.g., a change in building/equipment costing methodology, a change in charging an expense from direct to indirect or vice versa)?

8. Are copies of the signed Indirect Cost Certificate and Lobbying Certificate submitted? Note: Copies of the certificates are attached.

9. Provide a copy of the OMB A-133 audit report (Single Audit) or audit report on of the financial statements or the web site where they can be down loaded.

10. Please provide the following information:

- Official Name: Email:
- Contact Name: Email:
- Title
- Phone Number:
- Fax Number:
- Organization (if different from the governmental agency submitting the proposal)
- Name and title of official who is authorized to sign the rate agreement

Note:

All final negotiation agreements are e-mailed using Resource Audit Branch security procedures. Please provide the name and e-mail address of the individual who is to receive the agreement.

U.S. Forest Service
Albuquerque Service Center
Resource Audit Branch

Indirect Cost Proposal Checklist
For State and Local Government

LOBBYING COST CERTIFICATE

I hereby certify that the __________has complied with the requirements and standards on lobbying cost in 2 CFR Part 200 for the period __________20XX through, ____________20XX.

Organization: ____

Signature: ____

Name of Official: (Printed): ____

Title: ____

Date of Execution: ____

U.S. Forest Service
Albuquerque Service Center
Resource Audit Branch

Indirect Cost Proposal Checklist
For State and Local Government

CERTIFICATE OF INDIRECT COST

This is to certify that I have reviewed the indirect cost proposal submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal based on actual cost incurred as of_____________________, and dated ________________________, to establish final or billing indirect costs rates for fiscal year ended _______________________ are allowable in accordance with the requirements of the Federal award(s) to which they apply and 2 CFR Part 200. Unallowable costs have been adjusted for in allocating costs as indicated in the indirect cost proposal.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

State or Local Governmental Unit: ______________________________

Signature: ______________________________

Name of Authorized Official: ______________________________

Title: ______________________________

Date of Execution: ______________________________

BUTTE COUNTY RESOURCE CONSERVATION DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
June 30, 2025
(With Comparative Information as of June 30, 2024)

NIGRO & NIGRO PC

BUTTE COUNTY RESOURCE CONSERVATION DISTRICT
For the Fiscal Year Ended June 30, 2025
Table of Contents

FINANCIAL SECTION

Financial Section

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
Butte County Resource Conservation District
Oroville, California

Opinion

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Butte County Resource Conservation District (District) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District as of June 30, 2025, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Notes 1 and 4, to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Jeff Nigro, CPA, CFE | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
WALNUT CREEK OFFICE 2121 N. California Blvd. Suite 290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444
www.nncpas.com • Licensed by the California Board of Accountancy

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of pension contributions 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated June 18, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Walnut Creek, California
June 18, 2026

Management's Discussion and Analysis (MD&A) offers readers of Butte County Resource Conservation District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased $298,084 or 19.11% as a result of this year's operations.
- Total revenues from all sources increased by 35.14%, or $1,084,577 from $3,086,270 to $4,170,847, from the prior year, primarily due to an increase in federal grant revenue.
- Total expenses for the District's operations increased by 38.90% or $1,084,675 from $2,788,088 to $3,872,763, from the prior year, primarily due to an increase in materials and services.
- The District purchased new capital assets during the year in the amount of $50,374. Depreciation expense was $42,635.

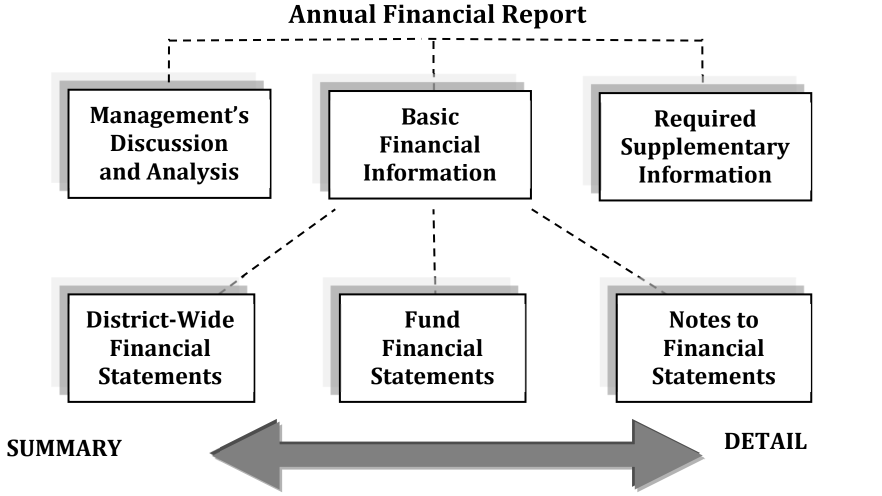
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Butte County Resource Conservation District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements
The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.

- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as resource conservation and grant compliance. Federal, state and local programs finance most of these activities.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by granter requirements.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	June 30, 2025	June 30, 2024	Change
Assets:			
Current assets	$ 2,629,947	$ 1,994,825	$ 635,122
Capital assets, net	119,774	112,035	7,739
Total assets	2,749,721	2,106,860	642,861
Liabilities:			
Current liabilities	878,475	516,597	361,878
Non-current liabilities	13,688	30,789	(17,101)
Total liabilities	892,163	547,386	344,777
Net position:			
Net investment in capital assets	100,376	72,075	28,301
Unrestricted	1,757,182	1,487,399	269,783
Total net position	$ 1,857,558	$ 1,559,474	$ 298,084

At the end of fiscal year 2025, the District shows a positive balance in its unrestricted net position of $1,757,182. The increase of the investment in capital assets represents the amount of capital asset additions over depreciation expense. Unrestricted net position increased because the District's revenues exceeded its expenses for the fiscal year 2025.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	June 30, 2025	June 30, 2024	Change
Program revenues	$ 4,012,735	$ 2,970,690	$ 1,042,045
Expenses	(3,872,763)	(2,788,088)	(1,084,675)
Net program expense	139,972	182,602	(42,630)
General revenues	158,112	115,580	42,532
Change in net position	298,084	298,182	(98)
Net position:			
Beginning of year	1,559,474	1,261,292	298,182
End of year	$ 1,857,558	$ 1,559,474	$ 298,084

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District increased by $298,084.

Table A-3: Total Revenues

	June 30, 2025	June 30, 2024	Increase (Decrease)
Program revenues:			
Operating grants and contributions:			
Federal grants	$ 1,789,916	$ 578,647	$ 1,211,269
State grants	1,786,143	2,165,612	(379,469)
Other grants	405,056	226,431	178,625
Other revenues	31,620	-	31,620
Total program revenues	4,012,735	2,970,690	1,042,045
General revenues:			
Investment earnings	158,112	115,580	42,532
Total general revenues	158,112	115,580	42,532
Total revenues	$ 4,170,847	$ 3,086,270	$ 1,084,577

Total revenues from all sources increased by 35.14%, or $1,084,577 from $3,086,270 to $4,170,847, from the prior year, primarily due to an increase in federal grant revenue.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

Table A-4: Total Expenses

	June 30, 2025	June 30, 2024	Increase (Decrease)
Expenses:			
Salaries and wages	$ 542,958	$ 504,579	$ 38,379
Employee benefits	80,561	35,764	44,797
Materials and services	3,205,691	2,218,164	987,527
Depreciation expense	42,635	28,056	14,579
Interest expense	918	1,525	(607)
Total expenses	$ 3,872,763	$ 2,788,088	$ 1,084,675

Total expenses for the District's operations increased by 38.90% or $1,084,675 from $2,788,088 to $3,872,763, from the prior year, primarily due to an increase in materials and services.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a fund balance of $1,628,891, which is more than last year's ending fund balance of $1,300,699. The primary cause of the increased fund balance is due to an increase in revenues.

General Fund Budgetary Highlights
The final budgeted expenditures for the District at year-end were $1,547,164 less than actual. The variance is principally due to a reduction in materials and services expenditures as compared to budget. Actual revenues were less than the anticipated budget by $1,488,054, primarily because of less operating grants and contributions compared to budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
By the end of the 2024-25 fiscal year the District had invested $50,674 in new capital assets, related to vehicle purchases. (More detailed information about capital assets can be found in Note 3 to the financial statements). Total depreciation expense for the year was $42,635.

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-5: Capital Assets at Year End, Net of Depreciation

	Balance June 30, 2025	Balance June 30, 2024
Capital assets:		
Non-depreciable assets	$ 8,104,853	$ 8,104,853
Depreciable assets	408,338	193,063
Accumulated depreciation	(147,628)	(131,038)
Total capital assets, net	$ 8,365,563	$ 8,166,878

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the District's current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's Manager at the Butte County Resource Conservation District at 150 Chuck Yeager Way, Ste. A, Oroville, CA 95965 or (530) 693-3173.

BUTTE COUNTY RESOURCE CONSERVATION DISTRICT

Statement of Net Position

June 30, 2025 (With Comparative Information as of June 30, 2024)

	Governmental Activities	
ASSETS	**2025**	**2024**
Current assets:		
Cash and investments (note 2)	$ 1,794,305	$ 1,616,185
Grants and retentions receivable	823,555	366,553
Endowment receivable	10,297	10,297
Prepaid items	1,790	1,790
Total current assets	2,629,947	1,994,825
Non-current assets:		
Capital assets, net – being depreciated (note 3)	119,774	112,035
Total non-current assets	119,774	112,035
Total assets	2,749,721	2,106,860
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	769,918	154,951
Unearned revenue – advances	75,471	329,693
Compensated absences (note 4)	13,688	11,391
Lease payable (note 5)	19,398	20,562
Total current liabilities	878,475	516,597
Noncurrent liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	13,688	11,391
Lease payable (note 5)	-	19,398
Total noncurrent liabilities	13,688	30,789
Total liabilities	892,163	547,386
NET POSITION		
Net investment in capital assets (note 6)	100,376	72,075
Unrestricted	1,757,182	1,487,399
Total net position	$ 1,857,558	$ 1,559,474

BUTTE COUNTY RESOURCE CONSERVATION DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2025

(With Comparative Information for the Year Ended June 30, 2024)

	Governmental Activities	
	2025	**2024**
Expenses:		
Resource conservation:		
Salaries and wages	$ 542,958	$ 504,579
Employee benefits	80,561	35,764
Materials and services	3,205,691	2,218,164
Depreciation expense	42,635	28,056
Interest expense	918	1,525
Total expenses	3,872,763	2,788,088
Program revenues:		
Operating grants and contributions:		
Federal grants	1,789,916	578,647
State grants	1,786,143	2,165,612
Other grants	405,056	226,431
Total grant revenue	3,981,115	2,970,690
Other revenue	31,620	-
Total program revenues	4,012,735	2,970,690
Net program expense	139,972	182,602
General revenues:		
Investment earnings	158,112	115,580
Total general revenues	158,112	115,580
Change in net position	298,084	298,182
Net position:		
Beginning of year, as restated (note 8)	1,559,474	1,261,292
End of year	$ 1,857,558	$ 1,559,474

BUTTE COUNTY RESOURCE CONSERVATION DISTRICT

Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	Endowment Fund	Total Governmental Funds
ASSETS			
Assets:			
Cash and investments	$ 595,979	$ 1,198,326	$ 1,794,305
Grants and retentions receivable	823,555	-	823,555
Other receivables	10,297	-	10,297
Prepaid items	1,790	-	1,790
Total assets	$ 1,431,621	$ 1,198,326	$ 2,629,947
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and accrued expenses	$ 769,918	$ -	$ 769,918
Unearned revenue – advances	75,471	-	75,471
Total liabilities	845,389	-	845,389
Deferred inflows of resources:			
Unearned revenue – unavailable	155,667	-	155,667
Total deferred inflows of resources	155,667	-	155,667
Fund balance: (note 7)			
Nonspendable	1,790	497,661	499,451
Committed	27,376	-	27,376
Assigned	-	700,665	700,665
Unassigned	401,399	-	401,399
Total fund balance	430,565	1,198,326	1,628,891
Total liabilities, deferred inflows of resources and fund balance	$ 1,431,621	$ 1,198,326	$ 2,629,947

BUTTE COUNTY RESOURCE CONSERVATION DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

	2025
Fund Balance of Governmental Funds	$ 1,628,891
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	119,774
Certain revenues received after 60 days from the end of the fiscal year are recorded as unearned revenue in the fund financial statements and as revenues in the government-wide statements as follows:	
Unearned revenue – unavailable	155,667
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	(27,376)
Lease payable	(19,398)
Total adjustments	228,667
Net Position of Governmental Activities	$ 1,857,558

BUTTE COUNTY RESOURCE CONSERVATION DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended June 30, 2025

	General Fund	Endowment Fund	Total Governmental Funds
Revenues:			
Operating grants and contributions:			
Federal grants	$ 1,772,495	$ -	$ 1,772,495
State grants	1,788,087	-	1,788,087
Other grants	474,348	-	474,348
Investment earnings	587	157,525	158,112
Other revenue	31,620	-	31,620
Total revenues	4,067,137	157,525	4,224,662
Expenditures:			
Current operations:			
Salaries and wages	538,364	-	538,364
Employee benefits	80,561	-	80,561
Materials and services	3,205,691	-	3,205,691
Capital outlay	50,374	-	50,374
Debt service:			-
Principal	20,562	-	20,562
Interest	918	-	918
Total expenditures	3,896,470	-	3,896,470
Change in fund balance	170,667	157,525	328,192
Fund Balance:			
Beginning of year, as restated (note 8)	259,898	1,040,801	1,300,699
End of year	$ 430,565	$ 1,198,326	$ 1,628,891

BUTTE COUNTY RESOURCE CONSERVATION DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2025

	2025
Net Change in Fund Balance – Governmental Funds	$ 328,192
Amount reported for governmental activities in the statement of activities are different because:	
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:	
Capital outlay	50,374
Depreciation expense	(42,635)
Principal repayment of long-term debt obligations are reported as expenditures in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.	20,562
Certain revenues received after 60 days from the end of the fiscal year are recorded as unearned revenue in the fund financial statements and as revenues in the government-wide statements	
Unearned revenue – unavailable	(53,815)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:	
Net change in compensated absences	(4,594)
Total adjustments	(30,108)
Change in Net Position of Governmental Activities	$ 298,084

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Butte County Resource Conservation District is an autonomous Special District of the State of California, organized pursuant of California Government Code § 57007 and Public Resources Code § 9181 through § 9189. The governing board consists of five (5) directors appointed by the Butte County Board of Supervisors - one appointee from each supervisorial district.

The District's financial statements include all transactions for which the District is financially accountable. Financial accountability is defined as appointment of a majority of a component unit's board; and either the ability to impose the will of the District on the component unit, or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. Based on these criteria, the District has determined that there are no component units that meet the criteria for inclusion. In addition, under the same criteria the District is not a considered component unit of any other government entity.

The District was formed by Resolution 02-062 of the Butte County Board of Supervisors on April 23, 2002 as approved by the voters of Butte County, California, on March 5, 2002. The District's boundaries include the unincorporated areas of Butte County excluding the territory included in the Vina Resource Conservation District. The District's purpose is to address soil and water conservation issues by obtaining grants and other funding from public and private sources for prevention of soil erosion and erosion stabilization in open areas, agricultural areas, wildlife areas, watershed areas and other non-urban lands; to develop collaborative agreements with affected local agencies to manage identified needs; and to control water run-off and sedimentation of natural waterways.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements
The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Major Governmental Funds
The District maintains the following major governmental fund:

General Fund: The General Fund is the District's primary operating fund. This fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

Endowment Fund: The Endowment Fund is a permanent fund that is used to report resources that are legally restricted to the extent that only the earnings, not principal, may be used for the purposes that support the reporting of the government's programs. The Caltrans Conservation Easement Endowment Fund is used to account for the principal trust amounts received and related investment income. Only the investment earnings may be used for the perpetual monitoring of the Caltrans' property.

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange , grants, entitlements, and donations.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting (continued)

Governmental Fund Financial Statements
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include certain grants, entitlements, and donations. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents
For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

2. Investments
Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

2. Investments (continued)

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Capital Assets

Capital assets, which include equipment, are reported in the government-wide financial statements. Capital assets are defined by the District's capitalization policy as assets with an initial cost of more than $5,000. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are valued at their fair value on the date of donation.

4. Leased Asset and Lease Payable

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. The District has established a single model for lease accounting based on the principle that leases are financings of an underlying lease asset. As a lessee, the District is required to recognize a lease liability(payable) and an intangible leased asset. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leased asset and lease payable if certain changes occur that are expected to significantly affect the amount of the lease payable.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

In accordance with GASB No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences and the District's portion of Social Security and Medicare taxes.

7. Net Position

Net position is classified into two components: investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net Investment in capital assets -** This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt, attributable to the acquisition, construction or improvement of these assets reduces the balance in this category.
- **Restricted -** This category represents net position of the District that are legally restricted for special projects as defined by various agreements.
- **Unrestricted net position -** This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

8. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Fund Balances (continued)
Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

9. Use of Estimates
The preparation of financial statements in conformity with 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 during the reported period. Actual results could differ from those estimates.

10. New Pronouncements – Governmental Accounting Standards Board (GASB)
During the fiscal year ended June 30, 2025, the District has implemented new GASB pronouncements as follows:

GASB Statement No. 101 – Compensated Absences
This GASB Statement amends the definition of a compensated absence to encompass the various types of benefits offered by governmental employees and establishes a unified model for accounting and reporting. The statement also revises the related financial statement disclosure requirements, including eliminating certain disclosures previously required that GASB research found did not provide essential information to financial statement users. The GASB statement applies to all units of state and local governments. The District adopted the Statement as of July 1, 2024. See Note 4 for the effect of this Statement.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2025, were categorized on the statement of net position as follows:

Description	June 30, 2025
Cash and investments	$ 1,794,305
Total cash and investments	$ 1,794,305

Cash and investments at June 30, 2025, consisted of the following:

Description	June 30, 2025
Demand deposits with financial institutions	$ 554,961
California CLASS	51,499
Investments	1,187,845
Total cash and investments	$ 1,794,305

Demand Deposits
At June 30, 2025, the carrying amount of the District's demand deposits was $554,961 and the financial institutions balances totaled $586,963. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

California Cooperative Liquid Assets Securities System (California CLASS)
The California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of power entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenient method for investing in high-quality, short- to medium-term securities carefully selected to optimize interest earnings while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen an diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that governs the investment of public funds.

NOTE 2 – CASH AND INVESTMENTS(continued)

California Cooperative Liquid Assets Securities System (California CLASS)(continued)
The management of California CLASS is under the direction of a Board of Trustees comprised of eligible Participants of the program. The Board of Trustees has appointed Public Trust Advisors, LLC to serve as the Investment Advisor and Administrator of the program and has appointed U.S. Bank as the Custodian.

The District is a voluntary participant in California CLASS. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by California CLASS for the entire California CLASS portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by California CLASS. California CLASS is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. The California Class Prime and Enhanced Cash funds receive a credit rating of AAAm (S&P Global Ratings) and AAAf/S1 (FitchRatings), respectively. For financial reporting purposes, the District considers California CLASS a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, the District held $51,499 in California CLASS.

Investments
Investments as of June 30, 2025 consisted of the following:

			Maturity
Type of Investments	**Measurement Focus**	**Total Fair Value**	**12 Months or Less**
Mutual funds	Level 2	$ 1,104,957	$ 1,104,957
Exchange-traded funds	Level 2	82,888	82,888
		$ 1,187,845	$ 1,187,845

Fair Value Measurement Input
The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the table above.

Credit Risk
Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

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 fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

NOTE 3 – CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2025, were as follows:

	Balance July 1, 2024	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2025
Depreciable capital assets:				
Equipment	$ 94,599	$ 50,374	$ -	$ 144,973
Lease asset	61,552	-	-	61,552
Total depreciable capital assets	156,151	50,374	-	206,525
Accumulated depreciation:				
Equipment	(21,889)	(22,118)	-	(44,007)
Lease asset	(22,227)	(20,517)	-	(42,744)
Total accumulated depreciation	(44,116)	(42,635)	-	(86,751)
Total depreciable capital assets, net	112,035	7,739	-	119,774
Total capital assets, net	$ 112,035	$ 7,739	$ -	$ 119,774

NOTE 4 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2025, were as follows:

Balance July 1, 2024	Net Change	Balance June 30, 2025	Current Portion	Long-term Portion
$ 22,782	$ 4,594	$ 27,376	$ 13,688	$ 13,688

As of June 30, 2025, the total liability for compensated absences was $27,376, of which $13,688 is expected to be paid within one year and is reported as a current liability. The beginning balance of compensated absences as of July 1, 2024, reflected an material difference upon implementation of GASB Statement No. 101; therefore, a restatement was required.

NOTE 5 – LEASE PAYABLE

Changes in lease payable for fiscal year ending June 30, 2025 was as follows:

Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Current Portion
$ 39,960	$ -	$ (20,562)	$ 19,398	$ 19,398

Annual debt service requirements for the lease payable are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 19,398	$ 292	$ 19,690

The District is reporting a leased asset, net of $18,808 and a lease payable of $19,398 for the year ending June 30, 2025. Also, the District is reporting depreciation expense of $20,517, principal payments of $20,562 and interest expense of $918 related to the above noted lease. The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 3.00% to discount the lease payments to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease.

The District's lease is summarized as follows:

Building Space
On June 18, 2023, the District entered into a 36-month lease for building space. An initial lease payable was recorded in the amount of $61,552. The District makes monthly fixed lease payments of $1,790 per month with a 3.0% annual increase. The lease has an implied interest rate of 3.0%. The District is depreciating the leased asset of $61,552 at $1,790 per month.

NOTE 6 – NET INVESTMENT IN CAPITAL ASSETS

At June 30, 2025, the net investment in capital assets was calculated as follows:

Description	June 30, 2025
Capital assets, net – being depreciated	$ 119,774
Lease payable – current portion	(19,398)
Total net investment in capital assets	$ 100,376

NOTE 7 – FUND BALANCES

At June 30, 2025, fund balances of the District's governmental funds were classified as follows:

Description	General Fund	Endowment Fund	Total
Nonspendable:			
Prepaid items	$ 1,790	$ -	$ 1,790
Endowment principal	-	497,661	497,661
Total nonspendable	1,790	497,661	499,451
Committed:			
Compensated absences	27,376	-	27,376
Assigned:			
Conservation easement operations and maintenance	-	700,665	700,665
Unassigned	401,399	-	401,399
Total fund balances	$ 430,565	$ 1,198,326	$ 1,628,891

NOTE 8 – ACCOUNTING CHANGES AND ERROR CORRECTIONS

Beginning net position as of July 1, 2024 was restated by $10,750.

Description	Amount
Beginning of year, as previously stated	$ 1,570,224
Compensated absences	(22,782)
Right-to-use leased asset, net	39,325
Right-to-use lease payable	(39,960)
Accounts payable	12,667
Net adjustment	(10,750)
Beginning of year, as restated	$ 1,559,474

Beginning fund balance as of July 1, 2024 was restated by $14,457.

Description	Amount
Beginning of year, as previously stated	$ 245,441
Prepaid items	1,790
Accounts payable	12,667
Net adjustment	14,457
Beginning of year, as restated	$ 259,898

NOTE 9 – RISK MANAGEMENT

The district was a member of the Special District Risk Management Authority, an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. seq., effective July 1, 2024 through June 30, 2025. During its membership, the following policies were in effect:

- General and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability: Total risk financing limits of $2.5 Million Policy No. LCA-SDRMA-2024-25 combined single limit at $2.5 Million per occurrence, subject to the following deductibles:
    - $500 per occurrence for third party general liability property damage
    - $1,000 per occurrence for third party auto liability property damage
    - 50% co-insurance of cost expended by SDRMA, in excess of $10,000 up to $100,000, per occurrence, for employment related claims. However, 100% of the obligation will be waived if certain criteria are met, as provided in the Memorandum of Coverage’s.
- Employee Dishonesty Coverage: total of $1 Million per loss includes Public Employee Dishonesty, Forgery or Alteration and Theft, Disappearance and Destruction coverage’s effective July 1, 2024.
- Property Loss: Replacement cost, for property on file, if replaced, and if not replaced within three years after the loss, paid on an actual cash value basis, to a combined total of $1 Billion per occurrence, subject to a $1,000 deductible per occurrence, effective July 1, 2024.
- Boiler and Machinery: Replacement cost up to $100 Million per occurrence, subject to a $1,000 deductible, effective July 1, 2024.
- Public Officials Personal Liability: $500,000 each occurrence, with an annual aggregate of $500,000 per each elected/appointed official to which this coverage applies, subject to the terms, conditions and exclusions as provided in the Memorandum of Coverage’s, deductible of $500 per claim, effective July 1, 2024.
- Comprehensive and Collision: on selected vehicles, with deductibles of $250/$500 or $500/$1,000, as elected; ACV limits; fully self-funded by SDRMA; Policy No. LCA-SDRMA-2024-25, effective July 1, 2024.

NOTE 9 – RISK MANAGEMENT (continued)

The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. Further information about the SDRMA is as follows:

A.	**Entity**	SDRMA	
B.	**Purpose**	To pool member contributions and realize the advantages of self-insurance	
C.	**Participants**	As of June 30, 2025 – 512 member agencies	
D.	**Governing board**	Seven representatives employed by members	
E.	**District payments for FY 2025:**		
	Property/Liability policy	$14,093	
F.	**Condensed financial information**	June 30, 2025	
	Statement of net position:		**June 30, 2025**
	Total assets		$ 185,602,180
	Deferred outflows		1,361,901
	Total liabilities		78,502,352
	Deferred inflows		332,457
	Net position		$ 108,129,272
	Statement of revenues, expenses and changes in net position:		
	Total revenues		$ 136,035,247
	Total expenses		(113,092,341)
	Change in net position		22,942,906
	Beginning – net position		85,186,366
	Ending – net position		$ 108,129,272
G.	**Member agencies share of year-end financial position**		Not Calculated

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2025, 2024 and 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024 and 2023.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases
The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, d*e minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards
Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation
In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 11 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through June 18, 2026, the date which the financial statements were available to be issued.

Required Supplementary Information

BUTTE COUNTY RESOURCE CONSERVATION DISTRICT

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating grants and contributions	$ 5,555,191	$ 4,034,930	$ (1,520,261)
Investment earnings	-	587	587
Other revenue	-	31,620	31,620
Total revenues	5,555,191	4,067,137	(1,488,054)
Expenditures:			
Current:			
Salaries and wages	568,762	538,364	30,398
Employee benefits	90,000	80,561	9,439
Materials and services	4,709,892	3,205,691	1,504,201
Capital outlay	53,500	50,374	3,126
Debt Service	21,480	21,480	-
Total expenditures	5,443,634	3,896,470	1,547,164
Excess of revenues over (under) expenditures	$ 111,557	170,667	$ 59,110
Fund balance:			
Beginning of year		259,898	
End of year		$ 430,565	

Supplementary Information

BUTTE COUNTY RESOURCE CONSERVATION DISTRICT

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor Agency/ Pass-through Grantor Agency/ Program Name and/or Title	Federal Financial Assistance	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
USDA Forest Service:				
Stewardship Agreements program	10.701	22-SA-11051100-001	$ 112,328	
Stewardship Agreements program	10.701	24-SA-11051100-007	481,644	
Stewardship Agreements program	10.701	24-SA-11051100-018	235,812	
Subtotal 10.701				$ 829,784
Pass-through California Association of Resource Conservation Districts:				
Cooperative Forestry Assistance	10.664	22-DG-11052021-206		71,506
USDA Forest Service:				
Partnership Agreements	10.699	Y - 23-CS-11050600-012	10,958	
Partnership Agreements	10.699	21-CS-11272138-031	4,029	
Subtotal 10.699				14,987
Pass-through California Association of Resource Conservation Districts:				
Soil and Water Conservation	10.902	NR239104XXXXC031	2,741	
Natural Resources Conservation Service:				
Soil and Water Conservation	10.902	NR249104XXXXC025	12,450	
Subtotal 10.902				15,191
Pass-through California Association of Resource Conservation Districts:				
Regional Conservation Partnership Program	10.932	NR189104XXXXC012	1,376	
Regional Conservation Partnership Program	10.932	18-CA-11052021-208	715	
Subtotal 10.932				2,091
Total U.S. Department of Agriculture:				933,559
Enviromental Protection Agency:				
Passed through State Water Resources Control Board:				
Nonpoint Source Implementation Grants	66.460	Y - D2113514		64,634
Total Enviromental Protection Agency:				64,634
U.S. Department of Interior:				
Bureau of Land Management:				
BLM Fuels Management and Community Fire Assistance Program	15.228	Y - L22AC00296-00		91,293
Total U.S. Department of Interior:				91,293
U.S. Department of Treasury:				
Passed through Butte County:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	Y - X24722		700,430
Total U.S. Department of Treasury:				700,430
Total Expenditures of Federal Awards				$ 1,789,916

NOTE 1 – REPORTING ENTITY

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the District. The District's reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards (Uniform Guidance) Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying schedule of expenditures of federal awards agree, in all material respects, to amounts reported within the District's financial statements with the following exception:

Reconciliation to the District's Financial Statements:	
Statement of Activities:	
Operating grants and contributions:	
Federal grants	$ 1,789,916
Less:	
Schedule of Expenditures of Federal Awards	(1,789,916)
Difference	$ -

Federal award revenues are reported principally in the District's financial statements as federal grant revenues in the District’s statement of activities.

NOTE 4 – LOANS OUTSTANDING WITH A CONTINUING COMPLIANCE REQUIREMENT

No program had federally-funded loans with a continuing compliance requirement outstanding at June 30, 2025.

NOTE 5 – INDIRECT COST RATE

The District elected not to use the 10-percent de-minimus indirect cost rate allowed under the Uniform Guidance.

Other Independent Auditors' Report

INDEPENDENT AUDITORS' 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*

Board of Directors
Butte County Resource Conservation District
Oroville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of Butte County Resource Conservation District (District) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated June 18, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Jeff Nigro, CPA, CFE | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA

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

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

Nigro & Nigro, PC

Walnut Creek, California
June 18, 2026

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Butte County Resource Conservation District
Oroville, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the Butte County Resource Conservation District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal program.

Jeff Nigro, CPA, CFE | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the accompanying financial statements of the governmental activities and the General Fund of the Butte County Resource Conservation District (District) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We issued our report thereon dated June 18, 2026, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Nigro & Nigro, PC

Walnut Creek, California
June 18, 2026

Findings and Questioned Costs

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516a?	No
Identification of major programs:	

Federal Financial Assistance	Name of Federal Program or Cluster
10.701	Stewardship Agreements program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.*

There were no audit findings in 2024-25.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516a (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no audit findings in fiscal year 2024-25.

SECTION IV - PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings in 2023-24.