

**THE NATOMAS BASIN  
CONSERVANCY**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S  
REPORT**

**YEAR ENDED DECEMBER 31, 2005**

**THE NATOMAS BASIN CONSERVANCY**  
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**FOR THE YEAR ENDED DECEMBER 31, 2005**

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## **FINANCIAL SECTION**



**Gilbert Associates, Inc.**  
CPAs and Advisors

## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
The Natomas Basin Conservancy  
Sacramento, California**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Natomas Basin Conservancy (the Conservancy), as of and for the year ended December 31, 2005, which collectively comprise the Conservancy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Conservancy's 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Natomas Basin Conservancy as of December 31, 2005, and the respective changes in financial position 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 March 15, 2006, on our consideration of the Conservancy'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 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.

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**To the Board of Directors  
The Natomas Basin Conservancy  
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The Management's Discussion and Analysis on pages 3 through 6 and the budgetary comparison information on pages 20 and 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Conservancy's basic financial statements. The accompanying additional financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

*Gilbert Associates, Inc.*

**GILBERT ASSOCIATES, INC.**

**March 15, 2006**

**THE NATOMAS BASIN CONSERVANCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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As management of the Natomas Basin Conservancy (the Conservancy), we offer readers of the Conservancy's financial statements this narrative overview and analysis of the financial activities of the Conservancy for the year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with the Conservancy's financial statements, which begin on page 7.

**FINANCIAL HIGHLIGHTS**

- The net assets of the Conservancy at the close of the most recent fiscal year were \$52,914,034. Of that amount, \$35,970,958 is invested in capital assets and an additional \$6,560,296 is permanently restricted and \$1,588,285 temporarily restricted to provide income for the future operation of the Conservancy. Unrestricted net assets total \$8,794,495, which includes the Supplemental Endowment net assets of \$1,347,635. The Supplemental Endowment Fund does have conditions on its use.
- The Conservancy's cash balance cash and investments at December 31, 2005 was \$17,168,490, representing an increase of \$6,223,268 from December 31, 2004.
- The Conservancy had general revenues of \$2,464,386 and program revenues of \$13,385,810. Program expenses were \$2,289,210 and capital outlays were \$181,392 for the year ended December 31, 2005.
- All financial assets of the Conservancy continue to be devoted to the acquisition, restoration and management of mitigation land for habitat conservation.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Conservancy's basic financial statements which have the following components, in addition to management's discussion and analysis: 1) Conservancy-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Conservancy-wide and fund financial statements are presented in a combined format on pages 7 and 8. Items in the adjustment column are discussed in notes 4 and 5 to the financial statements.

The Conservancy adopted Governmental Accounting Standards Board (GASB) Statement No. 34 for the year ended December 31, 2001. The intent of GASB Statement No. 34 is to reflect all assets and liabilities of the Conservancy. It also redefines the way various funds are classified into fund types and focuses attention on major funds. The Conservancy has only governmental-type funds and all are major.

**CONSERVANCY-WIDE FINANCIAL STATEMENTS**

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

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

The *statement of activities* presents information showing how the Conservancy's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

**THE NATOMAS BASIN CONSERVANCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Conservancy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Conservancy has five funds, all of which are governmental-type funds.

Governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Conservancy's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Conservancy-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a column detailing the difference (adjustments) between the governmental funds and governmental activities. These adjustments are discussed in further detail in notes 4 and 5 to the basic financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the Conservancy-wide and fund financial statements. The notes to the financial statements can be found on pages 9 through 19 of this report.

**CONSERVANCY-WIDE FINANCIAL ANALYSIS**

The Natomas Basin Conservancy  
 Summary of Net Assets  
 Conservancy-wide Activities  
 As of December 31, 2005 and 2004

	December 31, 2005	December 31, 2004	Increase/Decrease
Current and other assets	\$ 17,252,474	\$ 10,958,168	\$ 6,294,306
Capital assets	35,970,958	28,798,877	7,172,081
Total assets	<u>53,223,432</u>	<u>39,757,045</u>	<u>13,466,387</u>
Long-term liabilities	16,686	12,934	3,752
Other liabilities	292,712	391,063	(98,351)
Total liabilities	<u>309,398</u>	<u>403,997</u>	<u>(94,599)</u>
Net assets:			
Invested in capital assets	35,970,958	28,798,877	7,172,081
Restricted for endowment - permanently	6,560,296	4,595,834	1,964,462
Restricted for endowment - temporarily	1,588,285	1,207,231	381,054
Unrestricted	8,794,495	4,751,106	4,043,389
Total net assets	<u>\$ 52,914,034</u>	<u>\$ 39,353,048</u>	<u>\$ 13,560,986</u>

Net assets represent the difference between the Conservancy's resources and its obligations. At December 31, 2005, approximately 68% of the Conservancy's net assets are invested in land and land improvements. These lands are acquired and enhanced to provide habitat for protected plant and animal species.

**THE NATOMAS BASIN CONSERVANCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

The Natomas Basin Conservancy  
Changes in Net Assets  
Conservancy-wide Activities  
As of December 31, 2005 and 2004

	December 31, 2005	December 31, 2004	Increase/Decrease
<b>Revenues</b>			
Program revenues:			
Mitigation fees	\$ 12,688,362	\$ 5,564,209	\$ 7,124,153
Rent revenue	223,860	335,319	(111,459)
Investment income	473,588	517,906	(44,318)
General revenues:			
Investment income	228,053	107,862	120,191
Other	271,871	259,491	12,380
Mitigation fees contributed to endowment fund	<u>1,964,462</u>	<u>860,660</u>	<u>1,103,802</u>
Total revenues	<u>15,850,196</u>	<u>7,645,447</u>	<u>8,678,337</u>
<b>Expenses</b>			
Land management	2,289,210	1,929,748	359,462
Increase in net assets	<u>\$ 13,560,986</u>	<u>\$ 5,715,699</u>	<u>\$ 7,845,287</u>

The Conservancy received \$14,652,824 in mitigation fees during 2005. Of that amount, \$1,964,462 was contributed to the Endowment Fund and \$7,195,449 was received in the form of dedicated land. During 2005, mitigation fees were collected for 678.39 acres, although land dedications were accepted in lieu of fees for most of the acreage. In comparison, mitigation fees were collected for 340 acres in 2004. The per acre fee rate was also increased during 2005 to \$24,897 (\$12,397 with land dedication) from \$16,124 (\$8,624 with land dedication) in 2004.

Investment revenue increased as compared to 2004 due to an increase in mitigation fees collected and gains on investments at year-end. Rent revenues decreased due to certain properties being fallowed and the decline in farm economics. Certain Conservancy farm tenants have opted to discontinue farming. Other revenue includes reimbursement for water costs from tenant farmers, a property tax refund and reimbursement for legal fees on the Huffman West acquisition.

Land management expenses increase as the acreage under Conservancy management increases. Acreage under Conservancy management increased approximately 10% in 2005, from 3,569 acres to 3,965. Of the 395 acre increase, 311 acres were fee paid acres and 85 acres were a net gain on the Rosa/Sills tracts exchange.

**CONSERVANCY BUDGET ANALYSIS**

The Conservancy presented one budget to the Board of Directors for approval. There were no subsequent changes made to the budget during the course of the year. The budget-to-actual schedule is shown on page 20. This table reflects the Administration Fund only. The increase in mitigation revenue is due to an increase in the number of acres mitigated. The Conservancy budgeted for 500 mitigated acres and 678.39 acres were mitigated in 2005. The decrease in farm rent revenue was due to the decline in farming

**THE NATOMAS BASIN CONSERVANCY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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economics in the Natomas Basin. The decrease in investment income was due to reporting variances. This income is reflected in the Endowment and Supplemental Endowment Funds, although the income was budgeted in the Administration Fund. The increase in expenditures was due to the Conservancy paying a larger share of the water costs as tariffs charged by the Natomas Central Mutual Water Company increased approximately 16 percent. Typically, the Conservancy is reimbursed by their tenant farmers for a portion of its water usage. Also, there was an increase in fees for the Endowment and Supplemental Endowment Funds managed portfolio accounts.

**FINANCIAL ANALYSIS OF THE CONSERVANCY'S FUNDS**

The focus of the Conservancy's funds, all of which are governmental-type funds, is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Conservancy's financing requirements. In particular, fund balance may serve as a useful measure of the Conservancy's net resources available for spending for program purposes at the end of the fiscal year.

As of the end of the current fiscal year, the Conservancy's funds have a total balance of \$16,959,762. The Conservancy's major source of revenues is mitigation fees established by City of Sacramento ordinance. The Conservancy's major expenditures are capital outlay for the acquisition and restoration of habitat land. Capital assets are not shown on the fund statements since they are not available for near-term financing of the Conservancy's operations.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***CAPITAL ASSETS***

As of December 31, 2005 the Conservancy's investment in capital assets was \$35,970,958. Capital assets are stated at cost, net of accumulated depreciation. This investment in capital assets includes land and land improvements.

Major capital asset purchases during the current fiscal year include the following:

- Capital expenditures of \$170,214 were made to acquire Conservancy land;
- Land with a value of \$7,195,449 was dedicated to the Conservancy;
- Capital expenditures of \$100,414, were made for land improvements to the Conservancy's land;
- Capital expenditures of \$8,206 to improve buildings standing on Conservancy land; and
- Capital expenditures of \$2,972 for office equipment

Additional information on the Conservancy's capital assets can be found in note 6 on page 17 of this report.

**CONTACTING THE CONSERVANCY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the Conservancy's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, The Natomas Basin Conservancy, 2150 River Plaza Drive, Suite 460, Sacramento, CA 95833 or call (916) 649-3331.

**THE NATOMAS BASIN CONSERVANCY**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2005**

	<u>Administration</u>	<u>Restoration &amp; Enhancement</u>	<u>Supplemental Land</u>	<u>Land Acquisition</u>	<u>Endowment</u>	<u>Total</u>	<u>Adjustments Note(4)</u>	<u>Statement of Net Assets</u>
<b>ASSETS:</b>								
Current Assets:								
Cash and investments held by City of Sacramento	\$ 4,068,169	\$ 523,668		\$ 1,014,155		\$ 5,605,992		\$ 5,605,992
Cash and investments held by fiscal agent	1,778,647		\$ 1,347,635	287,635		3,413,917		3,413,917
Receivables								
Account	50,152					50,152		50,152
Interest - City of Sacramento	12,028	1,548		2,998		16,574		16,574
Prepaid items	17,258					17,258		17,258
Due from other funds	38,342			7,842		46,184	\$ (46,184)	
Non-Current Assets:								
Restricted cash and investments held by fiscal agent					\$ 8,148,581	8,148,581		8,148,581
Advances to other funds	1,429,520					1,429,520	(1,429,520)	
Land							33,392,546	33,392,546
Capital assets, net							2,578,412	2,578,412
Total Assets	<u>\$ 7,394,116</u>	<u>\$ 525,216</u>	<u>\$ 1,347,635</u>	<u>\$ 1,312,630</u>	<u>\$ 8,148,581</u>	<u>\$ 18,728,178</u>	<u>34,495,254</u>	<u>53,223,432</u>
<b>LIABILITIES:</b>								
Current Liabilities:								
Accounts payable	275,445	5,263		12,004		292,712		292,712
Due to other funds	7,842	38,342				46,184	(46,184)	
Non-Current Liabilities:								
Advances to other funds				1,429,520		1,429,520	(1,429,520)	
Compensated absences							16,686	16,686
Total Liabilities	<u>283,287</u>	<u>43,605</u>		<u>1,441,524</u>		<u>1,768,416</u>	<u>(1,459,018)</u>	<u>309,398</u>
<b>FUND BALANCE AND NET ASSETS:</b>								
Fund Balances:								
Reserved								
Reserved for encumbrances	573,617					573,617	(573,617)	
Reserved for prepaid items	17,258					17,258	(17,258)	
Reserved for endowment - permanently					6,560,296	6,560,296	(6,560,296)	
Reserved for endowment - temporarily					1,588,285	1,588,285	(1,588,285)	
Unreserved	6,519,954	481,611	1,347,635	(128,894)		8,220,306	(8,220,306)	
Total Fund Balances	<u>7,110,829</u>	<u>481,611</u>	<u>1,347,635</u>	<u>(128,894)</u>	<u>8,148,581</u>	<u>16,959,762</u>	<u>(16,959,762)</u>	
Total Liabilities and Fund Balances	<u>\$ 7,394,116</u>	<u>\$ 525,216</u>	<u>\$ 1,347,635</u>	<u>\$ 1,312,630</u>	<u>\$ 8,148,581</u>	<u>\$ 18,728,178</u>		
Net Assets:								
Investment in capital assets							35,970,958	35,970,958
Restricted for endowment - permanently							6,560,296	6,560,296
Restricted for endowment - temporarily							1,588,285	1,588,285
Unrestricted							8,794,495	8,794,495
Total net assets							<u>\$ 52,914,034</u>	<u>\$ 52,914,034</u>

The accompanying notes are an integral part of these financial statements.

**THE NATOMAS BASIN CONSERVANCY**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Administration</u>	<u>Restoration &amp; Enhancement</u>	<u>Supplemental Land</u>	<u>Land Acquisition</u>	<u>Endowment</u>	<u>Total</u>	<u>Adjustments Note(5)</u>	<u>Statement of Activities</u>
<b>REVENUES:</b>								
Program revenues:								
Charges for services:								
Mitigation fees	\$ 3,531,482	\$ 643,751	\$ 361,478	\$ 956,202		\$ 5,492,913		\$ 5,492,913
Rent revenue	223,860					223,860		223,860
Operating grants and contributions:								
Investment income					\$ 473,588	473,588		473,588
Land contributions							\$ 7,195,449	7,195,449
Total program revenues	<u>3,755,342</u>	<u>643,751</u>	<u>361,478</u>	<u>956,202</u>	<u>473,588</u>	<u>6,190,361</u>	<u>7,195,449</u>	<u>13,385,810</u>
General revenues:								
Endowment contributions - mitigation fees					1,964,462	1,964,462		1,964,462
Investment income	112,700	9,944	81,658	23,751		228,053		228,053
Other income	249,814			22,057		271,871		271,871
Total general revenues	<u>362,514</u>	<u>9,944</u>	<u>81,658</u>	<u>45,808</u>	<u>1,964,462</u>	<u>2,464,386</u>		<u>2,464,386</u>
Total revenues	<u>4,117,856</u>	<u>653,695</u>	<u>443,136</u>	<u>1,002,010</u>	<u>2,438,050</u>	<u>8,654,747</u>	<u>7,195,449</u>	<u>15,850,196</u>
<b>EXPENDITURES:</b>								
Land mitigation:								
Personnel services	326,143					326,143	6,352	332,495
Materials and services	1,553,524	40,344	14,981	50,572	92,534	1,751,955		1,751,955
Depreciation							204,760	204,760
Capital outlay	11,178			170,214		181,392	(181,392)	
Total expenditures	<u>1,890,845</u>	<u>40,344</u>	<u>14,981</u>	<u>220,786</u>	<u>92,534</u>	<u>2,259,490</u>	<u>29,720</u>	<u>2,289,210</u>
Excess of revenues over expenditures	2,227,011	613,351	428,155	781,224	2,345,516	6,395,257	7,165,729	13,560,986
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers (out) in	<u>10,485</u>	<u>(110,899)</u>		<u>100,414</u>				
Changes in fund balances/net assets	2,237,496	502,452	428,155	881,638	2,345,516	6,395,257	7,165,729	13,560,986
Fund balances/net assets, beginning of period	<u>4,873,333</u>	<u>(20,841)</u>	<u>919,480</u>	<u>(1,010,532)</u>	<u>5,803,065</u>	<u>10,564,505</u>	<u>28,788,543</u>	<u>39,353,048</u>
Fund balances/net assets, end of period	<u>\$ 7,110,829</u>	<u>\$ 481,611</u>	<u>\$ 1,347,635</u>	<u>\$ (128,894)</u>	<u>\$ 8,148,581</u>	<u>\$ 16,959,762</u>	<u>\$ 35,954,272</u>	<u>\$ 52,914,034</u>

The accompanying notes are an integral part of these financial statements.

**THE NATOMAS BASIN CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**1. ORGANIZATION**

The Natomas Basin Conservancy (the Conservancy) is a California non-profit 501(c)(3) public benefit corporation formed in 1994. The Conservancy is responsible for collecting and managing mitigation fees required by the Natomas Basin Habitat Conservation Plan (the NBHCP), using the fees to establish mitigation lands, and managing the mitigation lands for the benefit of the protected plant and animal species in the Natomas Basin.

The NBHCP applies to the 53,341-acre interior of the Natomas Basin, located in the northern portion of Sacramento County and the southern portion of Sutter County. The Natomas Basin contains incorporated and unincorporated areas within the jurisdictions of the City of Sacramento, Sacramento County and Sutter County. The NBHCP is designed to promote biological conservation while allowing urban development to proceed according to local land-use plans. The United States Fish and Wildlife Service and the California Department of Fish and Game provide oversight and insure compliance with the terms of the NBHCP.

The Conservancy's Board of Directors is comprised of representatives of each of the two land-use agencies ultimately expected to obtain development permits under the NBHCP: the City of Sacramento and Sutter County. Each participating local government has appointed five members to the Conservancy's Board of Directors.

**Funding**

The Conservancy is primarily funded from mitigation fees established by the Conservancy and approved by City of Sacramento and County of Sutter ordinance. The mitigation fees include components for land acquisition, restoration and enhancement, endowment, supplemental endowment, and administration. The fees are to be adjusted as necessary to maintain the requirements of the NBHCP. As the Conservancy acquires land, other funding sources may include agricultural leasing, grants and other sources of revenue. The supplemental endowment component does not meet the definition of a permanent fund type under generally accepted accounting principles; therefore it is reported in the Supplemental Land Fund in the financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Conservancy have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Conservancy are described below.

**Conservancy-wide and fund financial statements**

The Conservancy-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Conservancy.

**THE NATOMAS BASIN CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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The accounts of the Conservancy are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Major individual funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The Conservancy-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Conservancy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized on governmental fund financial statements.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the Conservancy receives cash.

The Conservancy reports the following major governmental funds:

General Fund – This fund is established to account for resources devoted to the administration of the activities of the Conservancy and excludes those resources required to be accounted for in another fund. The Conservancy presents this fund as the Administration Fund.

Special Revenue Fund – This fund is established to account for resources devoted to the restoration, enhancement and monitoring of mitigation land owned by the Conservancy. The Conservancy presents this fund as the Restoration and Enhancement Fund.

Capital Projects Funds – These funds are established to account for major capital expenditures of the Conservancy, primarily the acquisition of mitigation land. The Conservancy presents these funds as the Supplemental Land Fund and Land Acquisition Fund.

The Permanent Fund – accounts for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the Conservancy’s programs. The Conservancy presents this fund as the Endowment Fund.

**THE NATOMAS BASIN CONSERVANCY**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

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Amounts reported as program revenues include 1) charges to developers for goods, services, or privileges provided (e.g. mitigation fees), and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenue. The Conservancy has no policy regarding the timing related to the use of restricted and unrestricted resources.

**Capital Assets**

The Conservancy capitalizes all land, land improvements, furniture and fixtures, and equipment purchases with cost in excess of \$2,500 and a useful life of one year or more.

Capital asset acquisitions are recorded at cost. Contributions are recorded at the estimated fair value on the date of contribution.

Capital assets are depreciated using the straight-line method, half-year convention, over the following estimated useful lives:

Land improvements	15 years
Furniture and equipment	5 years

**Permanent Fund**

In accordance with the Implementation Agreement for the Natomas Basin Habitat Conservation Plan, the Conservancy is required to segregate all endowment fees. The Endowment Fund is accounted for in a permanent fund. Interest earnings will be used to meet long-term operations and maintenance needs of the Conservancy at such time as mitigation fee income and farm rent income are no longer available.

**Interfund Transactions**

Interfund transactions are reflected as either loans, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation, and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

These interfund balances result from the time lag between the dates that (1) interfund reimbursable expenditures occur, and (2) payments between funds are made.

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**THE NATOMAS BASIN CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**Use of Estimates**

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

**3. CASH AND INVESTMENTS**

Cash and investments as of December 31, 2005, are classified in the accompanying financial statements as follows:

Cash and investments held by City of Sacramento	\$ 5,605,992
Cash and investments held by fiscal agent	3,413,917
Restricted cash and investments held by fiscal agent	<u>8,148,581</u>
Total cash and investments	<u>\$ 17,168,490</u>

Cash and investments as of December 31, 2005, consist of the following:

Deposit with financial institutions	\$ 226,862
Cash and investments in external investment pool	5,605,992
Investments	<u>11,335,636</u>
Total cash and investments	<u>\$ 17,168,490</u>

**Investments Authorized by the Conservancy's Investment Policies**

The Conservancy investment policy for the investments held by fiscal agent in the Endowment and Supplemental Endowment Funds contains the following provisions relating to credit risk, interest rate risk, concentration of credit risk, and foreign currency risk:

No more than 5% shall be invested in any one common stock or debt instrument, and 10% in any diversified mutual fund and 20% in any broad-based index mutual fund. No more than 15% shall be invested in a hedge fund. Obligations of the U.S. government agencies are exempted from this allocation. Equity holdings shall be readily marketable securities traded on the major stock exchanges, including NASDAQ. International equity investments of similar quality and marketability will be permitted. Fixed income investments shall be readily marketable securities, including debt instruments of the U.S. Government and its agencies, corporations, and foreign denominated securities, so that the average portfolio quality is not less than AA.

**THE NATOMAS BASIN CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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The Conservancy investment policy for the investments held by fiscal agent in the Administration, Restoration and Enhancement, and Land Acquisition Funds contains the following provisions relating to credit risk, interest rate risk, concentration of credit risk, and foreign currency risk:

Allowable Securities from approved issuers include money market, mutual funds, commercial paper, master notes, funding agreements, certificates of deposit, repurchase agreements, bankers acceptances, obligations issued or guaranteed by United States Government agencies, U.S. treasury obligations, auction rate securities, federal agency securities, corporate notes and bonds, and mortgage backed securities.

An acceptable approved issuer is the United States Government or its agencies, a financial institution or corporation with outstanding debt obligations rated at least AA or Aa or better by either Standard & Poors or Moody's, respectively, or short term securities rated A1 and P1 or better by either Standard & Poors or Moody's, respectively, at the time of purchase.

An investment with an approved issuer shall not exceed 2% of the total assets of the approved issuer measured at the most recent quarterly reporting period prior to making the investment. No more than 20% of the total investments made by the Conservancy should be invested in securities of any one approved issuer. An exception to the 20% limitation is permissible when the total amount invested in an approved issuer does not exceed \$1 million. No limit will be applied to securities issued or guaranteed by the United States Government or any of its agencies.

No more than 30% of the Conservancy's total investments will be managed by one independent investment manager (Manager). An independent investment manager can be a bank, investment brokerage firm, mutual fund, or independent money manager. There are no such restrictions on independent investment consultants. The total investments placed with one Manager may not exceed 5% of the total funds managed by that Manager as measured at the most recent quarterly reporting period prior to making the investment.

Average maturity of investments may range from one (1) day to six (6) months, depending on the individual portfolio by each manager, with final maturity not to exceed eighteen (18) months. No portion of Conservancy funds will be invested in instruments issued outside of the United States.

The Conservancy has adopted the City of Sacramento's investment policy for all fund investments held by the City of Sacramento. The required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the City of Sacramento's comprehensive annual financial report and may be obtained by contacting the City of Sacramento Department of Finance, Accounting Division, 915 I Street, Sacramento, CA 95814.

**THE NATOMAS BASIN CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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Cash in City of Sacramento Pool

The Conservancy records investments at fair value, which is based on quoted market prices. The Conservancy participates in the City of Sacramento investment pool over which the City Treasurer has regulatory oversight. The City Treasurer pools cash with other City funds and investments to maximize income consistent with safe and prudent investment practices within the guidelines of the City's investment pool and reviews its investment policy on a quarterly basis. The fair value of the Conservancy's position on the pool is the same as the value of the pool shares.

Derivative Investments

The Conservancy did not directly enter into any derivative investments. Information regarding the amount of dollars invested in derivatives by the City of Sacramento investment pool was not available.

Investment Summary

Investments with fiscal agent are managed by Wells Fargo Bank. At December 31, 2005, the Conservancy's investments consist of the following:

Money market mutual funds	\$ 453,453
Fixed income securities	
Government obligations	2,220,791
Corporate bonds	623,720
Other fixed income securities	417,450
Equity securities	7,620,222
Total	<u>\$ 11,335,636</u>

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 values to changes in market interest rates. One of the ways to manage exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The interest rate risk inherent in a portfolio can be measured using the weighted average maturity of the portfolio.

	<u>Weighted Average Maturity (in years)</u>
City of Sacramento investment pool	3.63%
Money market mutual funds	.008%
Government obligations	2.008%
Corporate bonds	.17%
Other fixed income securities	.008%
Equity securities	N/A

**THE NATOMAS BASIN CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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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. Presented below is the actual rating as of year end for each investment type.

	Rating as of End of Year	
City of Sacramento investment pool	Not rated	\$ 5,605,992
Money market mutual funds	Not rated	453,453
Government obligations	AAA/A1	2,220,791
Corporate bonds	AAA/A1	200,279
Corporate bonds	AA/A2	423,441
Other fixed income securities	Not rated	417,450
Equity securities	Not rated	7,620,222
Total		<u>\$ 16,941,628</u>

Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total Conservancy investments are government obligations issued by the Federal National Mortgage Association and represents approximately 7.0% of the total portfolio.

Investments in any one issuer that represent 5% or more of total investments by reporting unit (primary government, governmental activities, major fund, nonmajor funds in the aggregate, etc.) are government obligations issued by the Federal National Mortgage Association and represents approximately 43.7% of the administration fund's portfolio.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, an organization will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, an organization will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Conservancy's investment policies do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

The Conservancy's deposits with financial institutions in excess of federal depository insurance limits held in uncollateralized accounts were \$129,601. The investments in the City of Sacramento investment pool are supported by the value of the underlying investments. All remaining investments are uncollateralized.

**THE NATOMAS BASIN CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**4. EXPLANATION OF DIFFERENCES BETWEEN THE BALANCE SHEET AND THE STATEMENT OF NET ASSETS**

**Fund balances** \$ 16,959,762

Capital assets used in Conservancy activities are not financial resources and therefore are not reported in the governmental funds.

Capital assets	\$ 36,566,450	
Less: accumulated depreciation	<u>(595,492)</u>	
		35,970,958

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued compensated absences		<u>(16,686)</u>
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**Net assets** \$ 52,914,034

**5. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES**

**Net change in fund balances** \$ 6,395,257

Governmental funds report capital outlays as expenditures. In the statement of activities however, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay		181,392
Depreciation expense		<u>(204,760)</u>

Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Land contributions in lieu of mitigation fees		7,195,449
Compensated absences		<u>(6,352)</u>

**Change in net assets** \$ 13,560,986

**THE NATOMAS BASIN CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**6. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended December 31, 2005, is as follows:

	<u>December 31, 2004</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>December 31, 2005</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 26,127,297	\$ 8,315,341	\$ (1,050,092)	\$ 33,392,546
Land improvements in progress	<u>101,028</u>		<u>(101,028)</u>	<u>-</u>
	<u>26,228,325</u>	<u>8,315,341</u>	<u>(1,151,120)</u>	<u>33,392,546</u>
<b>Capital assets being depreciated:</b>				
Land improvements	2,813,799	201,442	-	3,015,241
Buildings	142,021	8,206	-	150,227
Office equipment	<u>5,464</u>	<u>2,972</u>	<u>-</u>	<u>8,436</u>
	<u>2,961,284</u>	<u>212,620</u>	<u>-</u>	<u>3,173,904</u>
<b>Accumulated depreciation:</b>				
Accum. depreciation, land improvements	(378,471)	(193,441)	-	(571,912)
Accum. depreciation, buildings	(11,715)	(9,879)	-	(21,594)
Accum. depreciation, equipment	<u>(546)</u>	<u>(1,440)</u>	<u>-</u>	<u>(1,986)</u>
	<u>(390,732)</u>	<u>(204,760)</u>	<u>-</u>	<u>(595,492)</u>
Total capital assets, net	<u>\$ 28,798,877</u>	<u>\$ 8,323,201</u>	<u>\$ (1,151,120)</u>	<u>\$ 35,970,958</u>

During March of 2005, the Conservancy entered into a land trade where the Conservancy surrendered 139 of the 575 acres of land from its Sills Tract to obtain 208 acres of the Rosa Tract. In addition to the Rosa Tract acreage that was obtained, 12 acres of Sills Tract were retained in the form of a conservation easement. This exchange was a land for land exchange. No money was exchanged for excess land received on the Conservancy's behalf as a part of this exchange and no gain or loss was recognized.

**7. INTERFUND LOANS**

The mitigation fee program of the NBHCP is structured to allow transfers of funds between the Land Acquisition, Restoration and Enhancement, and Administration Funds based on any surpluses or deficits that might exist in those funds. The Land Acquisition Fund purchased land aggressively during 2002 to take advantage of existing opportunities. The land purchases were financed in part by loans from the Administration and Restoration and Enhancement Funds and in part by drawing on a line of credit the Conservancy has with the City of Sacramento, such loans which have subsequently been retired. \$1,429,520 in non-interest-bearing loans remain outstanding at December 31, 2005, between the Conservancy's Land Acquisition and Administration Funds. It is anticipated that the interfund loans will be paid back through future mitigation fee revenue.

**THE NATOMAS BASIN CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**8. RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2005, the Conservancy paid \$6,577 to the City of Sacramento for investment services.

**9. OPERATING LEASE**

The Conservancy leases office space in Sacramento under a lease expiring January 31, 2010. Total future minimum operating lease payments are presented as follows:

<u>Year Ending December 31,</u>	
2006	\$ 59,483
2007	61,440
2008	63,575
2009	65,711
2010	<u>5,491</u>
	<u>\$ 255,700</u>

Rent expense for the year ended December 31, 2005, was \$43,663.

**10. LINE OF CREDIT**

The Conservancy has a revolving non-interest-bearing line of credit with the City of Sacramento. The maximum amount the Conservancy is permitted to borrow is \$4,000,000. There was no outstanding principal balance at December 31, 2005.

**11. RISK MANAGEMENT**

The Conservancy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Conservancy purchases insurance coverage for commercial property, commercial general liability, fiduciary liability, directors and officer's liability, employment practices liability, umbrella coverage, workers' compensation, and employee dishonesty. There have been no significant reductions in insurance coverage from the prior year by major categories of risk and there have been no settlements for each of the past three fiscal years.

**12. DEFICIT FUND BALANCE**

The Land Acquisition capital projects fund had a deficit fund balance at December 31, 2002, of \$4,059,745. The deficit arose from an aggressive land acquisition program that required the fund to borrow money to purchase mitigation acreage during 2002. As of December 31, 2005, the deficit was reduced to \$128,894. It is expected the deficit will be recovered upon receipt of future mitigation fee revenue.

**THE NATOMAS BASIN CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

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**13. RETIREMENT PLAN**

The Conservancy offers retirement benefits in the form of a Simplified Employee Pension-Individual Retirement Account defined contribution plan (the Plan) under Internal Revenue Code Section 408(k). The Plan covers all eligible employees who have completed at least one year of service and are at least 21 years of age. Employer contributions to the Plan are discretionary. Plan provisions are established and may be amended by the Internal Revenue Service. Pension expense incurred for the year ended December 31, 2005, was \$22,721.

**14. NATOMAS CENTRAL MUTUAL WATER COMPANY STOCK**

The Conservancy holds 3,074 shares of Natomas Central Mutual Water Company (NCMWC) stock. The shares are attached to each land parcel owned by the Conservancy within the NCMWC's territory. When land is traded or sold, the stock associated with that land is automatically transferred. Ownership in this stock has costs associated with rights for delivery of water service in which the Conservancy pays NCMWC upon receipt of invoice. In the event the Conservancy wishes to cancel its shares and thereby cancel obligation for future assessments, water tolls, and services, the Conservancy must apply for cancellation, obtain NCMWC's board approval, and pay a cancellation fee of \$1,750 per share. At December 31, 2005, the value of the NCMWC stock held was \$16.89 per share or \$51,920. The estimated value and potential liability have not been recorded in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**THE NATOMAS BASIN CONSERVANCY**

**BUDGETARY COMPARISON SCHEDULE - ADMINISTRATION FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Mitigation fees	\$ 1,632,975	\$ 1,632,975	\$ 3,531,482	\$ 1,898,507
Rent revenue	324,880	324,880	223,860	(101,020)
Investment income	225,000	225,000	112,700	(112,300)
Other income	27,500	27,500	249,814	222,314
<b>Total Revenues</b>	<b>2,210,355</b>	<b>2,210,355</b>	<b>4,117,856</b>	<b>1,907,501</b>
<b>EXPENDITURES</b>				
Land mitigation:				
Personnel services	341,696	341,696	326,143	15,553
Materials and services	1,515,196	1,515,196	1,553,524	(38,328)
Capital outlay			11,178	(11,178)
<b>Total Expenditures</b>	<b>1,856,892</b>	<b>1,856,892</b>	<b>1,890,845</b>	<b>(33,953)</b>
<b>OTHER SOURCES</b>				
Transfers in			10,485	10,485
<b>Total Other Sources</b>			<b>10,485</b>	<b>10,485</b>
Excess of Revenues Over Expenditures	\$ <u>353,463</u>	\$ <u>353,463</u>	\$ <u>2,237,496</u>	\$ <u>(1,884,033)</u>

**THE NATOMAS BASIN CONSERVANCY**

**BUDGETARY COMPARISON SCHEDULE - RESTORATION AND ENHANCEMENT FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Mitigation fees	\$ 762,055	\$ 762,055	\$ 643,751	\$ (118,304)
Investment income			9,944	9,944
Other income	7,000	7,000		(7,000)
Total Revenues	<u>769,055</u>	<u>769,055</u>	<u>653,695</u>	<u>(115,360)</u>
<b>EXPENDITURES</b>				
Land mitigation:				
Personnel services	341,696	341,696		341,696
Materials and services	<u>1,515,196</u>	<u>1,515,196</u>	<u>40,344</u>	<u>1,474,852</u>
Total Expenditures	<u>1,856,892</u>	<u>1,856,892</u>	<u>40,344</u>	<u>1,816,548</u>
<b>OTHER USES</b>				
Transfers out			<u>(110,899)</u>	<u>(110,899)</u>
Total Other Uses			<u>(110,899)</u>	<u>(110,899)</u>
Excess of Revenues				
Over (Under) Expenditures	\$ <u>(1,087,837)</u>	\$ <u>(1,087,837)</u>	\$ <u>502,452</u>	\$ <u>(1,590,289)</u>

## **ADDITIONAL FINANCIAL INFORMATION**



**Gilbert Associates, Inc.**  
CPAs and Advisors

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

**To the Board of Directors  
The Natomas Basin Conservancy  
Sacramento, California**

We have audited the financial statements of the governmental activities and each major fund of the Natomas Basin Conservancy (the Conservancy) as of and for the year ended December 31, 2005, which collectively comprise the Conservancy's basic financial statements, and have issued our report thereon dated March 15, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Conservancy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Conservancy'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 determination of financial statement amounts. 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*.

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**To the Board of Directors  
The Natomas Basin Conservancy  
Page Two**

This report is intended solely for the information and use of the Board of Directors, Audit Committee, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Gilbert Associates, Inc.*

**GILBERT ASSOCIATES, INC.**

**March 15, 2006**

**NATOMAS BASIN CONSERVANCY  
SCHEDULE OF LAND ADDITIONS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Rosa</u>	<u>Bolen</u>	<u>Vestal</u>	<u>Ayala</u>	<u>Brennan</u>	<u>Souza</u>	<u>Total</u>
Purchase Price	\$ 1,050,096	\$ 3,240,000	\$ 3,798,040				\$ 8,088,136
Title Insurance	5,800		1,688				7,488
Escrow Fees	875		875				1,750
Document, recording and other fees	1,004		7,646				8,650
Taxes (Property and Doc. Transfer Tax)	14,827						14,827
Commission			147,200				147,200
Professional Services (e.g. legal, acctg, etc)	10,614	3,094	8,154	\$ 7,317	\$ 2,500	\$ 15,611	47,290
Total Costs	<u>\$ 1,083,216</u>	<u>\$ 3,243,094</u>	<u>\$ 3,963,603</u>	<u>\$ 7,317</u>	<u>\$ 2,500</u>	<u>\$ 15,611</u>	<u>\$ 8,315,341</u>

**NATOMAS BASIN CONSERVANCY  
SCHEDULE OF MITIGATION FEES COLLECTED  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>Type of Mitigation Fee</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Project</u>		<u>Permanent</u>	<u>Total</u>
	<u>Administration</u>	<u>Restoration &amp; Enhancement</u>	<u>Supplemental Land Endowment</u>	<u>Land Acquisition</u>	<u>Endowment</u>	
Habitat Acquisition Fee				\$ 8,151,651	*	\$ 8,151,651
Endowment Fee			\$ 361,478		\$ 1,964,462	2,325,940
Habitat Management Fee	\$ 3,460,851	\$ 643,751				4,104,602
Administrative Fee	70,631					70,631
Total Fees Collected	\$ <u>3,531,482</u>	\$ <u>643,751</u>	\$ <u>361,478</u>	\$ <u>8,151,651</u>	\$ <u>1,964,462</u>	\$ <u>14,652,824</u>

(\*) Includes land contributions received in lieu of mitigation fees of \$7,195,449.