

**THE NATOMAS BASIN
CONSERVANCY**

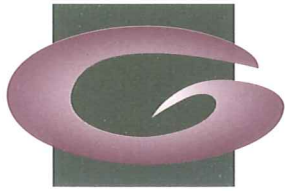
**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S
REPORT**

YEAR ENDED DECEMBER 31, 2008

THE NATOMAS BASIN CONSERVANCY
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

FINANCIAL SECTION	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets and Governmental Funds Balance Sheet	9
Statements of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances	10
Notes to Financial Statements	11
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Administration Fund	22
Budgetary Comparison Schedule – Restoration and Enhancement Fund	23
ADDITIONAL INFORMATION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24
Schedule of Mitigation Fees Collected	27

FINANCIAL SECTION



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, 2008, 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 opinions.

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, 2008, 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 20, 2009, 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.

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

The Management's Discussion and Analysis on pages 3 through 8 and the budgetary comparison information on pages 22 and 23 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.
Sacramento, California**

March 20, 2009

THE NATOMAS BASIN CONSERVANCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2008. We encourage readers to consider the information presented here in conjunction with the Conservancy's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The net assets of the Conservancy at the close of the most recent fiscal year were \$57,778,972. Of that amount, \$35,508,920 is invested in capital assets (net of related debt) and an additional \$7,575,335 is permanently restricted to provide income for the future operation of the Conservancy. Unrestricted net assets total \$14,480,367, which includes the Supplemental Land Fund assets of \$1,300,750. The Supplemental Land Fund is not a permanent fund but does have conditions on its use.
- The Conservancy's cash and investments at December 31, 2008 were \$22,181,508, representing a decrease of \$4,874,551 from December 31, 2007, mostly due to unrealized investment loss.
- The Conservancy received \$734,179 from mitigation fees, \$922,317 in realized investment income and \$4,379,343 in unrealized investment loss. The net investment loss was \$3,457,026. Program expenses were \$3,790,544 and capital outlays were \$131,188 for the year ended December 31, 2008.
- 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, 3) notes to the financial statements, and 4) supplementary schedules. The Conservancy-wide and fund financial statements are presented in a combined format on pages 9 and 10. Items in the adjustment column are discussed in notes 4 and 5 to the financial statements.

As the Conservancy's Board of Directors is appointed by governmental agencies the Conservancy adopted Governmental Accounting Standards Board (GASB). 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 NATOMAS BASIN CONSERVANCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

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).

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 11 through 21 of this report.

THE NATOMAS BASIN CONSERVANCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

CONSERVANCY-WIDE FINANCIAL ANALYSIS

The Natomas Basin Conservancy
Summary of Net Assets
Conservancy-wide Activities
As of December 31, 2008 and 2007

	December 31, 2008	December 31, 2007	Increase/Decrease
Current and other assets	\$ 22,553,971	\$ 27,481,793	\$ (4,927,822)
Capital assets	<u>35,508,920</u>	<u>36,445,455</u>	<u>(936,535)</u>
Total assets	<u>58,062,891</u>	<u>63,927,248</u>	<u>(5,864,357)</u>
Long-term liabilities	251,739	191,889	59,850
Other liabilities	<u>32,180</u>	<u>21,828</u>	<u>10,352</u>
Total liabilities	<u>283,919</u>	<u>213,717</u>	<u>70,202</u>
Net assets:			
Invested in capital assets	35,508,920	36,445,455	(936,535)
Restricted for giant garter snakes	214,350	214,649	(299)
Restricted for endowment – permanently	7,575,335	7,908,734	(333,399)
Restricted for endowment – temporarily	-	3,050,798	(3,050,798)
Unrestricted	<u>14,480,367</u>	<u>16,093,895</u>	<u>(1,613,528)</u>
Total net assets	<u>\$ 57,778,972</u>	<u>\$ 63,713,531</u>	<u>\$ (5,934,559)</u>

Net assets represent the difference between the Conservancy's resources and its obligations. At December 31, 2008, approximately 62% of the Conservancy's net assets were 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, 2008

The Natomas Basin Conservancy
Changes in Net Assets
Conservancy-wide Activities
As of December 31, 2008 and 2007

	December 31, 2008	December 31, 2007	Increase/Decrease
Revenues			
Program revenues:			
Mitigation fees	\$ 626,957	\$ 3,486,801	\$ (2,859,844)
Rent revenue	314,154	312,085	2,069
Investment income (loss)	(3,438,653)	501,993	(3,940,646)
General revenues:			
Mitigation fees contributed to Endowment Fund	107,222	584,703	(477,481)
Investment income (loss)	(18,373)	646,890	(665,263)
Land Exchange Proceeds	-	3,152,768	(3,152,768)
Other	264,678	291,467	(26,789)
Total revenues	<u>(2,144,015)</u>	<u>8,976,707</u>	<u>(11,120,722)</u>
Expenses			
Land management	3,790,544	3,561,379	229,165
Increase in net assets	<u>\$ (5,934,559)</u>	<u>\$ 5,415,328</u>	<u>\$ (11,349,887)</u>

The Conservancy received \$734,179 in mitigation fees during 2008. Of that amount, \$107,222 was contributed to the Endowment Fund. Mitigation fees were collected for 19.11 acres and 103.15 acres during the years ended December 31, 2008 and 2007, respectively. The per acre fee rate decreased during 2008 to \$38,133 (\$20,633 with land dedication) from \$38,445 (\$18,445 with land dedication) in 2007.

There were no land acquisitions in 2008.

The Conservancy's Endowment Fund was impacted by the recent downturn in the financial markets. The Endowment Fund had an approximate 30% market loss (or unrealized loss) on its investments for the year. Rent revenues increased slightly due to nearly all-available Conservancy farmland being farmed in 2008.

Acreage under Conservancy management is nearly 4,200 acres. At present, land purchases and land dedications are booked at their historical purchase price. Land assets currently booked are \$32,613,556. However, if the Conservancy's total land assets were booked at the value estimated in the Natomas Basin Habitat Conservation Plan (NBHCP) Finance Model, they would be \$146,020,000. The NBHCP Finance Model is an economic analysis of the Conservancy's operations and a projection of revenue and expense through the 50-year life of the NBHCP.

THE NATOMAS BASIN CONSERVANCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

CONSERVANCY BUDGET ANALYSIS

The Conservancy presented an annual 2008 budget to its Board of Directors in December 2007, and also proposed a mid-year budget revision in September 2008, both of which received approval from the Board. The budget-to-actual schedules for the Administration Fund and the Restoration and Enhancement Fund are shown on pages 22 and 23. The decrease in revenue from mitigation activities is due to a decrease in the number of acres mitigated, which is correlated to the general real estate market in the region. In 2008, the Conservancy anticipated 50 acres of development mitigation while only 19.11 acres were actually mitigated. The increase in expenditures at mid-year was due to channel clearing projects on two managed marsh complexes, the Cummings tract and the Natomas Farms tract. These expenses were not capitalized, as this was routine maintenance. The Conservancy estimates these channels will need to be cleared again in approximately 10 years. The Conservancy plans to perform channel clearing on its Betts-Kismat-Silva (south course) in the summer of 2009.

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 fund balances total \$22,302,232, of which \$7,575,335 is the Endowment Fund. The Conservancy's major source of revenue is from mitigation fees established by City of Sacramento ordinance. The Conservancy's typical major expenditures are for the acquisition and management of habitat land, including for property taxes, water and biological monitoring. 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, 2008 the Conservancy's investment in capital assets was \$35,508,920. Capital assets are stated at cost, net of accumulated depreciation. This investment in capital assets includes land and land improvements.

Capital asset purchases during the current fiscal year include \$124,444 for land improvements to the Conservancy's land. Additional information on the Conservancy's capital assets can be found in note 6 on page 19 of this report.

THE NATOMAS BASIN CONSERVANCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The combined impact of the soft real estate economy and the need for the Natomas Basin's levees to be certified for 100-year flood protection has significantly impacted the Conservancy's budget. Without flood protection designation by the federal government, there is a building moratorium in the Natomas Basin. With this moratorium, the need to mitigate for NBCHP-covered species impacts has slowed to a virtual halt.

While the approved budget for 2009 did not take into account potential sources of revenue, the Conservancy believes that revenue will be derived from one or more public works projects anticipated in the Natomas Basin in the near-term future. Such projects are not impacted by the above-mentioned moratorium. For example, the Sacramento Area Flood Control Agency (SAFCA) has embarked on a construction project intended to provide 100-year flood protection in the Natomas Basin. Mitigation for impacts on species covered in the NBHCP will likely be required for this work. The Conservancy expects it will be asked to provide mitigation and related work for the SAFCA project, and these efforts can be expected to generate revenue for the Conservancy.

Various other public works projects are also possible in the Natomas Basin. These include installation of a large natural gas pipeline, a sewer treatment plant and an overhead electricity transmission line. These may afford opportunities for mitigation activity for the Conservancy. If so, revenue would be forthcoming for these as well.

At present, the Conservancy is projecting that NBHCP and Metro Air Park Habitat Conservation Plan (MAPHCP) mitigation fee activity will resume in 2011 or 2012.

CONTACTING THE CONSERVANCY'S MANAGEMENT

This 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, 2008

	<u>Administration</u>	<u>Restoration & Enhancement</u>	<u>Supplemental Land and Contingency</u>	<u>Land Acquisition</u>	<u>Endowment</u>	<u>Total</u>	<u>Adjustments Note(4)</u>	<u>Statement of Net Assets</u>
ASSETS:								
Current Assets:								
Cash and investments held by City of Sacramento	\$ 1,677,646	\$ 200,329	\$ 1,236	\$ 3,697,939	\$ 10,502	\$ 5,587,652		\$ 5,587,652
Cash and investments held by fiscal agent	5,427,936	133,243	1,299,498	2,168,479		9,029,156		9,029,156
Receivables:								
Account	170,862					170,862		170,862
Interest	89,425	5,255	16	91,152	133	185,981		185,981
Prepaid items	15,620					15,620		15,620
Non-Current Assets:								
Restricted cash and investments held by fiscal agent					7,564,700	7,564,700		7,564,700
Land							\$ 32,613,556	32,613,556
Capital assets, net							2,895,364	2,895,364
Total Assets	\$ 7,381,489	\$ 338,827	\$ 1,300,750	\$ 5,957,570	\$ 7,575,335	\$ 22,553,971	35,508,920	58,062,891
LIABILITIES:								
Current Liabilities:								
Accounts payable	\$ 249,739					\$ 249,739		249,739
Conditional deposits	2,000					2,000		2,000
Non-Current Liabilities:								
Compensated absences							32,180	32,180
Total Liabilities	251,739					251,739	32,180	283,919
FUND BALANCE AND NET ASSETS:								
Fund Balances:								
Reserved								
Reserved for encumbrances	750,218					750,218	(750,218)	
Reserved for prepaid items	15,620					15,620	(15,620)	
Reserved for giant garter snakes	214,350					214,350	(214,350)	
Reserved for endowment - permanently					\$ 7,575,335	7,575,335	(7,575,335)	
Unreserved	6,149,562	\$ 338,827	\$ 1,300,750	\$ 5,957,570		13,746,709	(13,746,709)	
Total Fund Balances	7,129,750	338,827	1,300,750	5,957,570	7,575,335	22,302,232	(22,302,232)	
Total Liabilities and Fund Balances	\$ 7,381,489	\$ 338,827	\$ 1,300,750	\$ 5,957,570	\$ 7,575,335	\$ 22,553,971		
Net Assets:								
Invested in capital assets							35,508,920	35,508,920
Restricted for giant garter snakes							214,350	214,350
Restricted for endowment - permanently							7,575,335	7,575,335
Unrestricted							14,480,367	14,480,367
Total net assets							\$ 57,778,972	\$ 57,778,972

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, 2008

	<u>Administration</u>	<u>Restoration & Enhancement</u>	<u>Supplemental Land and Contingency</u>	<u>Land Acquisition</u>	<u>Endowment</u>	<u>Total</u>	<u>Adjustments Note(5)</u>	<u>Statement of Activities</u>
REVENUES:								
Program revenues:								
Charges for services:								
Mitigation fees	\$ 193,118	\$ 24,153	\$ 17,116	\$ 392,570		\$ 626,957		\$ 626,957
Rent revenue	314,154					314,154		314,154
Operating grants and contributions:								
Investment income (loss)					\$ (3,438,653)	(3,438,653)		(3,438,653)
Total program revenues	<u>507,272</u>	<u>24,153</u>	<u>17,116</u>	<u>392,570</u>	<u>(3,438,653)</u>	<u>(2,497,542)</u>		<u>(2,497,542)</u>
General revenues:								
Endowment contributions - mitigation fees					107,222	107,222		107,222
Investment income (loss)	290,179	13,072	(544,080)	222,456		(18,373)		(18,373)
Other income	264,578			100		264,678		264,678
Total general revenues	<u>554,757</u>	<u>13,072</u>	<u>(544,080)</u>	<u>222,556</u>	<u>107,222</u>	<u>353,527</u>		<u>353,527</u>
Total revenues	<u>1,062,029</u>	<u>37,225</u>	<u>(526,964)</u>	<u>615,126</u>	<u>(3,331,431)</u>	<u>(2,144,015)</u>		<u>(2,144,015)</u>
EXPENDITURES:								
Land mitigation:								
Personnel services	385,222					385,222	\$ 10,352	395,574
Materials and services	2,243,861		8,788	21,832	52,766	2,327,247		2,327,247
Depreciation							282,397	282,397
Loss on land disposal							785,326	785,326
Capital outlay	81,554	49,634				131,188	(131,188)	
Total expenditures	<u>2,710,637</u>	<u>49,634</u>	<u>8,788</u>	<u>21,832</u>	<u>52,766</u>	<u>2,843,657</u>	<u>946,887</u>	<u>3,790,544</u>
Changes in fund balances/net assets	(1,648,608)	(12,409)	(535,752)	593,294	(3,384,197)	(4,987,672)	(946,887)	(5,934,559)
Fund balances/net assets, beginning of period	<u>8,778,358</u>	<u>351,236</u>	<u>1,836,502</u>	<u>5,364,276</u>	<u>10,959,532</u>	<u>27,289,904</u>	<u>36,423,627</u>	<u>63,713,531</u>
Fund balances/net assets, end of period	<u>\$ 7,129,750</u>	<u>\$ 338,827</u>	<u>\$ 1,300,750</u>	<u>\$ 5,957,570</u>	<u>\$ 7,575,335</u>	<u>\$ 22,302,232</u>	<u>\$ 35,476,740</u>	<u>\$ 57,778,972</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, 2008

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, County of Sacramento and County of Sutter. 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 ensure 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 expected to obtain development permits under the NBHCP, the City of Sacramento and County of Sutter. 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 local government ordinance. The mitigation fees include components for land acquisition, restoration and enhancement, endowment, supplemental endowment, and administration. The fees are to be adjusted each year as necessary to implement the NBHCP. As the Conservancy acquires land, other funding sources include agricultural leasing 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.

THE NATOMAS BASIN CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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 fund types of the Conservancy.

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.

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 and enhancement 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 and Contingency Fund and Land Acquisition Fund.

The Permanent Fund – This 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, 2008

Amounts reported as program revenues include; 1) mitigation fees and farm rent, 2) operating grants and contributions and 3) interest income in the endowment fund. Internally dedicated resources are reported as general revenues rather than as program revenue. The NBHCP addresses the timing related to the use of restricted and certain unrestricted resources.

Permanent Fund

In accordance with the Implementation Agreement for the NBHCP, 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 adequate.

Capital Assets

The Conservancy capitalizes all land, land improvements, furniture and fixtures, and equipment purchases with costs 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. Non-monetary land trades are valued at the historical cost of the land relinquished.

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

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.

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.

THE NATOMAS BASIN CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

3. CASH AND INVESTMENTS

Cash and investments as of December 31, 2008, are classified in the accompanying financial statements as follows:

Cash and investments held by City of Sacramento	\$ 5,587,652
Cash and investments held by fiscal agent	9,029,156
Restricted cash and investments held by fiscal agent	<u>7,564,700</u>
Total cash and investments	\$ <u>22,181,508</u>

Cash and investments as of December 31, 2008, consist of the following:

Deposits with financial institutions	\$ 116,394
Cash and investments in external investment pool	5,587,652
Cash held by fiscal agent	256,969
Investments held by fiscal agent	<u>16,220,493</u>
Total cash and investments	\$ <u>22,181,508</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 Land and Contingency 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 20% in any diversified mutual fund and 25% 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 target average portfolio quality is investment grade. High-yield bond mutual funds may also be used when deemed appropriate provided the average portfolio quality remains investment grade or higher. Hedge fund managers will use investment techniques to minimize market risk and create a more stable stream of investment returns.

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.

THE NATOMAS BASIN CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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.

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 in the pool is the same as the value of the pool shares.

Derivative Investments

The Conservancy did not directly enter into any derivative investments. The City of Sacramento investment pool A had no derivatives at December 31, 2008.

THE NATOMAS BASIN CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Investment Summary

At December 31, 2008, the Conservancy's investments consist of the following:

Equity mutual funds	\$ 8,763,124
External investment pool	5,587,652
Certificate of deposit	253,438
Fixed income securities	
Government obligations	1,317,337
Corporate bonds	3,191,534
Municipal bonds	2,445,000
Other fixed income securities	<u>250,060</u>
Total	<u>\$ 21,808,145</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.

Information about the sensitivity of the fair values of the Conservancy's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Conservancy's investments by maturity:

	<u>Maturity</u>					Total
	Under 1 Year	5-10 Years	10-15 Years	15-20 Years	Over 20 Years	
Equity mutual funds	\$ 8,763,124					\$ 8,763,124
External investment pool	5,587,652					5,587,652
Certificate of deposit	253,438					253,438
Government obligations	1,317,337					1,317,337
Corporate bonds	3,191,534					3,191,534
Municipal bonds		\$ 250,000	\$ 640,000	\$ 250,000	\$ 1,305,000	2,445,000
Other fixed income securities	250,060					250,060
Total investments	<u>\$ 19,363,145</u>	<u>\$ 250,000</u>	<u>\$ 640,000</u>	<u>\$ 250,000</u>	<u>\$ 1,305,000</u>	<u>\$ 21,808,145</u>

THE NATOMAS BASIN CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Market Volatility

Subsequent to the December 31, 2008 year end, the financial markets continued to experience high volatility. As of February 28, 2009, the Endowment Fund's and the Supplemental Land and Contingency Fund's investments held by fiscal agent had declined by an estimated \$795,200 and \$138,400, respectively.

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 Standard & Poor's rating as of year end for each investment type.

	Rating as of End of Year	
City of Sacramento investment pool	Not rated	\$ 5,587,652
Equity mutual funds	Not rated	8,763,124
Certificate of deposit	Not rated	253,438
Government obligations	AAA	1,317,337
Corporate bonds	AAA	960,584
Corporate bonds	AA	867,878
Corporate bonds	AA-	664,096
Corporate bonds	A+	449,078
Corporate bonds	A	249,898
Municipal bonds	A-1+	1,705,000
Municipal bonds	A-1	240,000
Municipal bonds	Not rated	500,000
Other fixed income securities	AAA	250,060
Total		<u>\$ 21,808,145</u>

Concentration of Credit Risk

There were no 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.

The Conservancy has no 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.) at December 31, 2008.

THE NATOMAS BASIN CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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.

Of the Conservancy's deposits with financial institutions the entire balance was covered by the federal depository insurance. The Conservancy's investments of \$5,587,652 in the City of Sacramento investment pool are supported by the value of the pool's underlying investments. The Conservancy's equity mutual funds of \$8,763,124 are registered in the Conservancy's name, and the remaining \$7,714,338 of cash and investments held by fiscal agents are uninsured and not registered in the name of the Conservancy.

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

Fund balances		\$ 22,302,232
Capital assets used in Conservancy activities are not financial resources and therefore are not reported in the governmental funds.		
Capital assets	\$ 36,826,481	
Less: accumulated depreciation	<u>(1,317,561)</u>	
		35,508,920
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>(32,180)</u>
Net assets		<u>\$ 57,778,972</u>

THE NATOMAS BASIN CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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 \$ (4,987,672)

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	131,188
Depreciation expense	(282,397)

Loss on disposal of land	(785,326)
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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.

Compensated absences	<u>(10,352)</u>
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Change in net assets \$ (5,934,559)

6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2008, is as follows:

	1/1/08	Additions	(Deletions)	12/31/08
Capital assets not being depreciated:				
Land	\$ 33,398,882	\$ _____	\$ (785,326)	\$ 32,613,556
Capital assets being depreciated:				
Land improvements	4,044,228	124,444		4,168,672
Office and other equipment	<u>37,509</u>	<u>6,744</u>		<u>44,253</u>
	4,081,737	131,188		4,212,925
Accumulated depreciation:				
Accum. depreciation, land improvements	(1,026,982)	(274,799)		(1,301,781)
Accum. depreciation, office equipment	<u>(8,182)</u>	<u>(7,598)</u>		<u>(15,780)</u>
	(1,035,164)	(282,397)		(1,317,561)
Total capital assets, net	<u>\$ 36,445,455</u>	<u>\$ (151,209)</u>	<u>\$ (785,326)</u>	<u>\$ 35,508,920</u>

THE NATOMAS BASIN CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

7. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2008, the Conservancy paid \$11,070 to the City of Sacramento for investment services.

8. OPERATING LEASE

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

Year Ending December 31,	
2009	\$ 65,355
2010	<u>16,472</u>
	<u>\$ 81,827</u>

Rent expense for the year ended December 31, 2008, was \$63,220.

9. 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, 2008.

10. 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, boiler and machinery, fiduciary liability, directors' and officers' 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 years.

11. 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. Retirement expense incurred for the year ended December 31, 2008, was \$35,420.

THE NATOMAS BASIN CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

12. NATOMAS CENTRAL MUTUAL WATER COMPANY STOCK

The Conservancy holds 3,407 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 for 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 \$2,650 per share. At December 31, 2007, the most recent information available, the value of the NCMWC stock held was \$16.91 per share or \$57,606. 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, 2008

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Mitigation fees	\$ 495,729	\$ 297,437	\$ 193,118	\$ (104,319)
Rent revenue	322,460	322,460	314,154	(8,306)
Investment income (loss)	173,006	99,482	290,179	190,697
Other income	12,000	100,000	264,578	164,578
Total Revenues	1,003,195	819,379	1,062,029	242,650
EXPENDITURES				
Land mitigation:				
Personnel services	416,195	416,195	385,222	30,973
Materials and services	2,788,563	2,859,478	2,243,861	615,617
Capital outlay			81,554	(81,554)
Total Expenditures	3,204,758	3,275,673	2,710,637	565,036
Excess of Expenditures Over Revenues	\$ <u>(2,201,563)</u>	\$ <u>(2,456,294)</u>	\$ <u>(1,648,608)</u>	\$ <u>807,686</u>

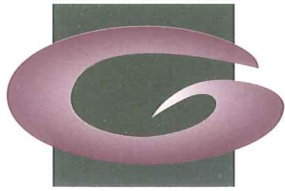
THE NATOMAS BASIN CONSERVANCY

BUDGETARY COMPARISON SCHEDULE - RESTORATION AND ENHANCEMENT FUND

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Mitigation fees	\$ 57,200	\$ 34,320	\$ 24,153	\$ (10,167)
Investment income (loss)	<u>10,379</u>	<u>20,583</u>	<u>13,072</u>	<u>(7,511)</u>
Total Revenues	<u>67,579</u>	<u>54,903</u>	<u>37,225</u>	<u>(17,678)</u>
EXPENDITURES				
Land mitigation:				
Materials and services		50,000		50,000
Capital outlay			<u>49,634</u>	<u>(49,634)</u>
Total Expenditures		<u>50,000</u>	<u>49,634</u>	<u>366</u>
Excess of Revenues				
Over (Under) Expenditures	<u>\$ 67,579</u>	<u>\$ 4,903</u>	<u>\$ (12,409)</u>	<u>\$ (17,312)</u>

ADDITIONAL INFORMATION



**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, 2008, which collectively comprise the Conservancy's basic financial statements, and have issued our report thereon dated March 20, 2009. 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 as a basis for designing our auditing procedures 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 Conservancy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Conservancy's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Conservancy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Conservancy's financial statements that is more than inconsequential will not be prevented or detected by the Conservancy's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting.

Audit Adjustment

Condition:

During our audit, we identified one adjusting entry, the accrual of the Wells Fargo interest receivable, required to present the Conservancy's financial statements in accordance with generally accepted accounting principles. Accruals for receivables are considered and accrued for during the Conservancy's year-end closing process; however, this interest receivable was not identified and accrued at December 31, 2008. The impact of this adjustment increased interest receivable and interest income by \$84,908. The occurrence of adjustments subsequent to management's close of the financial records indicates the existence of a control deficiency in the closing process.

Recommendation:

In order for the Conservancy's management to present financial statements in accordance with generally accepted accounting principles, it is important to record all receivables at fiscal year-end. We recommend that the management of the Conservancy review the existing closing and reconciliation process for receivables to determine its effectiveness and add procedures deemed appropriate to help ensure that this type of adjustment is captured in the year-end closing process.

Conservancy's Response:

Since this was an accrual, and since it came with the year-end statement, the matter did not impact management's ability to effectively operate the business of the Conservancy. Management has no doubt that in the normal course of business and in employing its financial controls, the accrued interest amount from Wells Fargo Investments would have ultimately been discovered.

Management currently uses an outside CPA firm to assist in converting our annual financial statements to governmental standards. We will expand the scope of their services to include an analysis of interest receivable, and other estimates made by management.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected the Conservancy's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

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

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*.

The Conservancy's response to the finding identified in our audit is described above. We did not audit the Conservancy's response and, accordingly, we express no opinion on it.

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.

A handwritten signature in cursive script that reads "Gilbert Associates, Inc.".

**GILBERT ASSOCIATES, INC.
Sacramento, California**

March 20, 2009

**NATOMAS BASIN CONSERVANCY
SCHEDULE OF MITIGATION FEES COLLECTED
FOR THE YEAR ENDED DECEMBER 31, 2008**

<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 & Enhancement</u>	<u>Supplemental Land</u>	<u>Land Acquisition</u>	<u>Endowment</u>	
Habitat Acquisition Fee				\$ 392,570		\$ 392,570
Endowment Fee			\$ 17,116		\$ 107,222	124,338
Habitat Management Fee	\$ 189,256	\$ 24,153				213,409
Administrative Fee	3,862					3,862
Total Fees Collected	<u>\$ 193,118</u>	<u>\$ 24,153</u>	<u>\$ 17,116</u>	<u>\$ 392,570</u>	<u>\$ 107,222</u>	<u>\$ 734,179</u>