

**UPPER SALINAS-LAS TABLAS RESOURCE
CONSERVATION DISTRICT**

FINANCIAL STATEMENTS
June 30, 2022

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Upper Salinas-Las Tablas Resource Conservation District
Atascadero, California

Disclaimer of Opinion

We have audited the accompanying financial statements of the governmental activities and the major fund of the Upper Salinas-Las Tablas Resource Conservation District, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Upper Salinas-Las Tablas Resource Conservation District's basic financial statements as listed in the table of contents.

Basis for Disclaimer of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Upper Salinas-Las Tablas Resource Conservation District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Matters Giving Rise to Disclaimer of Opinion

We were unable to obtain sufficient appropriate evidence in order to provide an opinion. The District lacked proper record keeping during the fiscal year, and was unable to provide documentation for many items we chose to sample. The District's lack of recordkeeping left us unable to verify many transactions. For transactions we were able to review backup for, we found many instances in which the backup did not match what was paid.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024, on our consideration of the Upper Salinas-Las Tablas Resource Conservation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Moss, Remy & Haugheim LLP

Santa Maria, California
February 8, 2024

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 135,521
Accounts receivable	240,686
Right of use asset, net	31,005
Capital assets:	
Depreciable, net	<u>17,916</u>
 Total assets	 <u>425,128</u>
LIABILITIES	
Accrued expenses	\$ 15,854
Accrued payroll	2,346
Unearned revenue	224,808
Current portion of lease payable	23,415
Noncurrent liabilities:	
Compensated absences	12,493
Lease payable	<u>7,953</u>
 Total liabilities	 <u>286,869</u>
NET POSITION	
Net investment in capital assets	48,921
Unrestricted	<u>89,338</u>
 Total net position	 <u>\$ 138,259</u>

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Contributions and Grants		Capital Contributions and Grants
Governmental activities:					
Soil and water conservation	\$ 844,617	\$ 76,903	\$ 721,360	\$ -	\$ (46,354)
Total governmental activities	<u>\$ 844,617</u>	<u>\$ 76,903</u>	<u>\$ 721,360</u>	<u>\$ -</u>	<u>(46,354)</u>
General Revenues:					
Use of money and property					<u>19</u>
Total general revenues					<u>19</u>
Change in net position					(46,335)
Net position, beginning of fiscal year					<u>184,594</u>
Net position, end of fiscal year					<u>\$ 138,259</u>

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
 GOVERNMENTAL FUND
 BALANCE SHEET
 June 30, 2022

	General Fund
ASSETS	
Cash and investments	\$ 135,521
Accounts receivable	<u>240,686</u>
Total assets	<u>\$ 376,207</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accrued expenses	\$ 15,854
Accrued payroll	2,346
Unearned revenue	<u>224,808</u>
Total liabilities	<u>243,008</u>
Fund Balance:	
Unassigned	<u>133,199</u>
Total fund balance	<u>133,199</u>
Total liabilities and fund balance	<u>\$ 376,207</u>

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 June 30, 2022

Total Fund Balance - governmental fund \$ 133,199

Amounts reported for governmental activities in the statement of net position
 are different because:

In governmental funds, only current assets are reported. In the statement
 of net position, all assets are reported, including capital and right to use
 assets, accumulated depreciation and amortization.

Capital assets at historical cost	35,193
Accumulated depreciation	(17,277)
Right to use assets	54,259
Accumulated amortization	<u>(23,254)</u>

Net 48,921

In governmental funds, only current liabilities are reported. In the statement
 of net position, all liabilities, including long-term liabilities, are reported.
 Long-term liabilities relating to governmental activities consist of:

Compensated absences	12,493
Lease payable	<u>31,368</u>

Total (43,861)

Total net position - governmental activities \$ 138,259

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
For the Fiscal Year Ended June 30, 2022

	General Fund
	<u> </u>
Revenues:	
Grant revenue	\$ 715,422
Program income	76,903
Interest income	19
Donation of office space	<u>5,938</u>
Total revenues	<u>798,282</u>
Expenditures:	
Current:	
Salaries and benefits	450,064
Professional fees	307,758
Office expense	20,775
Insurance	845
Miscellaneous	11,336
Computer expenses	8,004
Taxes and licenses	2,587
Telephone	3,827
Travel	5,708
Office rent expense	7,583
Capital outlay	21,500
Debt Service:	
Principal on lease	22,891
Interest on lease	<u>1,109</u>
Total expenditures	<u>863,987</u>
Net change in fund balance	<u>(65,705)</u>
Fund balance - July 1	<u>184,594</u>
Prior period adjustment	14,310
Fund balance - July 1, restated	<u>198,904</u>
Fund balance - June 30	<u><u>\$ 133,199</u></u>

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 TO THE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balance - governmental fund \$ (65,705)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental fund as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$3,584 was less than additions to capital assets of \$21,500 in the period.

17,916

Right to use assets are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over the length of the lease. This is the amount by which additions to right to use assets of \$0 is less than amortization expense of \$23,254.

(23,254)

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid). This fiscal year, vacation used exceeded the amounts earned by \$1,817.

1,817

The issuance of lease payable provides current financial resources to governmental funds, while the repayment of the principal of lease payable consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. The amount is the net effect of these differences in the treatment of lease payable and related items.

Principal payments

\$ 22,891

22,891

Change in net position - governmental activities

\$ (46,335)

The notes to basic financial statements are an integral part of this statement.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Upper Salinas-Las Tablas Resource Conservation District (the District) is made up of three previously separate Districts: The Upper Salinas Resource Conservation District, the Parkfield-Cholame Resource Conservation District, and the Las Tablas Resource Conservation District. The Upper Salinas Resource Conservation District was originally organized in 1951, the Parkfield-Cholame Resource Conservation District was originally organized in 1956, and the Las Tablas Resource Conservation District was originally organized in 1953. All three RCDs were authorized under Division IX of the California Public Resources Code.

The Upper Salinas and Parkfield-Cholame RCDs were consolidated in 1973 into the Upper Salinas RCD. In 1985, the Upper Salinas and Las Tablas RCDs were consolidated into the larger Upper Salinas-Las Tablas RCD. This RCD covers a jurisdiction of over 2,000 square miles within San Luis Obispo and Monterey counties.

B. Reporting Entity

The reporting entity is the Upper Salinas-Las Tablas Resource Conservation District. There are no component units included in this report which meet the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, and No. 80.

C. Government-wide and fund financial statements

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

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

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

D. Basis of Presentation

Government-wide financial statements:

The government-wide financial statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds.

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

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. **Basis of Presentation (Continued)**

Fund financial statements:

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

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

E. **Basis of Accounting**

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

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after fiscal year-end.

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

Unearned revenues:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue. On governmental funds financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of revenues.

Expenses/expenditures:

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

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

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Accounting

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

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

G. Budgets and Budgetary Accounting

The District adopts an annual budget on a basis consistent with U.S. Generally Accepted Accounting Principles and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current fiscal year expenditures and encumbrances (reserved portions of appropriations for which commitments have been made) are charged against the budgeted appropriation. Encumbrances outstanding at fiscal year-end are reported as reservations of fund balance for subsequent fiscal year expenditures as they do not constitute expenditures or liabilities.

H. Investments

Investments are stated at fair value.

I. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized by the District.

J. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000 and estimated useful life in excess of two years.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations. The estimated useful lives are as follows:

Equipment	3 to 15 years
Structures	40 years

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

L. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/expenditures in both government-wide and fund financial statements.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Right of use assets

The District has recorded a right of use lease asset as a result of implementing GASB Statement No. 87. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

N. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 87

For the fiscal year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases." This statement is effective for the period beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Implementation of the GASB Statement No. 87 did have an impact on the District's financial statements for the fiscal year ended June 30, 2022, see Note 11 – Right To Use Asset and Note 12 – Lease Payable.

O. Fund Balances

Fund balances of the governmental funds are classified as follows:

Non-spendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid expenditures) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically made through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2022

P. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provision of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 99	"Omnibus 2022"	The provisions of this statement are effective in April 2022 except for the provisions related to leases, PPPs, SBITAs, financial guarantees and derivative instruments. The provisions related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

NOTE 2 – CASH AND INVESTMENTS

On June 30, 2022, the District had the following cash on hand:

Cash in banks	\$ 135,521
Total cash and investments	<u>\$ 135,521</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash and investments, statement of net position	\$ 135,521
	<u>\$ 135,521</u>

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had no investments.

Disclosures Relating to Interest Rate Risk

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

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool trust equals at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Depreciable capital assets:				
Equipment	\$ 13,693	\$ -	\$ -	\$ 13,693
Vehicles		21,500		21,500
Total depreciable capital assets	13,693	21,500		35,193
Less accumulated depreciation	(13,693)	(3,584)		(17,277)
Net depreciable capital assets	\$ -	\$ 17,916	\$ -	\$ 17,916

Depreciation expense reported in the statement of activities for the fiscal year ended June 30, 2022 was \$3,584.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2022

NOTE 4 – LONG TERM LIABILITY

A schedule of long-term debt for the fiscal year ended June 30, 2022 is shown below:

	Balance July 1, 2021	Additions	Reductions	Restatement	Balance June 30, 2022	Due within One Year
Compensated absences	\$ 14,310	\$ 16,933	\$ 18,750	\$ -	\$ 12,493	\$ -
Lease payable			22,891	54,259	31,368	23,415
	<u>\$ 14,310</u>	<u>\$ 16,933</u>	<u>\$ 41,641</u>	<u>\$ 54,259</u>	<u>\$ 43,861</u>	<u>\$ 23,415</u>

NOTE 5 – NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the District, not restricted for any project or other purpose.

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Litigation

According to the District’s management and attorney, no contingent liabilities or lawsuits are pending of any financial consequence as of June 30, 2022.

State and Federal Allowances, Awards, and Grants

The District receives grant monies as reimbursements for specific costs incurred in certain projects it administers that may be subject to review and audit by the reimbursing agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

NOTE 8 – DONATED EXPENSES/LEASE COMMITMENTS

The Natural Resource Conservation Service (NRCS) provided office space to the District without charge from July 1, 2021 to April 20, 2023. The fair value of the donated office space for the fiscal year ended June 30, 2022 was \$5,938.

NOTE 9 – RELATED PARTY TRANSACTIONS

There were no related party transactions reported for the fiscal year ended June 30, 2022.

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2022

NOTE 10 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Major Fund:	
Professional fees	\$ 165,558
Office expense	17,075
Miscellaneous	1,076
Computer expenses	6,004
Taxes and licenses	2,587
Telephone	2,027
Capital outlay	21,500
Debt service	24,000

NOTE 11 – RIGHT OF USE ASSET

Right of use asset activity for the District for the fiscal year ended June 30, 2022 was as follows:

	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Restatement</u>	<u>June 30, 2022</u>
Right to use assets					
Leased office	\$ -	\$ -	\$ -	\$ 54,259	\$ 54,259
Total right to use assets	<u> </u>	<u> </u>	<u> </u>	<u>54,259</u>	<u>54,259</u>
Less accumulated amortization for:					
Leased office	<u> </u>	<u>23,254</u>	<u> </u>	<u> </u>	<u>23,254</u>
Total accumulated amortization	<u> </u>	<u>23,254</u>	<u> </u>	<u> </u>	<u>23,254</u>
Right to use assets, net	<u>\$ -</u>	<u>\$ (23,254)</u>	<u>\$ -</u>	<u>\$ 54,259</u>	<u>\$ 31,005</u>

NOTE 12 – LEASE PAYABLE

On November 9, 2020, the District entered into the office space lease agreement beginning November 15, 2020 and terminating on November 14, 2023. Rent is \$2,000 per month. The lease liability is measured at a discount rate of 3%, which is the U. S Treasury Bill rate. As a result of the lease, the District has recorded a right of use asset of \$54,259 and carried a liability of the same amount.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Fiscal	Principal	Interest	Total
<u>Year Ending</u>	<u>Payments</u>	<u>Payments</u>	<u> </u>
<u>June 30</u>			
2023	\$ 23,415	\$ 585	\$ 24,000
2024	7,953	47	8,000
	<u>\$ 31,368</u>	<u>\$ 632</u>	<u>\$ 32,000</u>

NOTE 13 – PRIOR PERIOD ADJUSTMENT AND RESTATEMENTS

A prior period adjustment was needed to lower the fund balance in the General Fund by \$14,310 due to the improper recording of the compensated absences liability in the fiscal year ending June 30, 2021.

A restatement was needed to add a right of use asset of \$54,259 and a lease liability of \$54,259 due to the implementation of GASB Statement No. 87.

REQUIRED SUPPLEMENTARY INFORMATION

UPPER SALINAS-LAS TABLAS RESOURCE CONSERVATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grant revenue	\$ 745,443	\$ 745,443	\$ 715,422	\$ (30,021)
Program income	55,000	55,000	76,903	21,903
Interest income			19	19
Donation of office space			5,938	5,938
Total revenues	<u>800,443</u>	<u>800,443</u>	<u>798,282</u>	<u>(2,161)</u>
Expenditures:				
Current:				
Salaries and benefits	526,533	526,533	450,064	76,469
Professional fees	142,200	142,200	307,758	(165,558)
Office expense	3,700	3,700	20,775	(17,075)
Insurance	4,600	4,600	845	3,755
Miscellaneous	10,260	10,260	11,336	(1,076)
Computer expenses	2,000	2,000	8,004	(6,004)
Taxes and licenses			2,587	(2,587)
Telephone	1,800	1,800	3,827	(2,027)
Travel	6,500	6,500	5,708	792
Office rent expense	38,005	38,005	7,583	30,422
Capital outlay			21,500	(21,500)
Debt Service:				
Principal on lease			22,891	(22,891)
Interest on lease			1,109	(1,109)
Total expenditures	<u>735,598</u>	<u>735,598</u>	<u>863,987</u>	<u>(128,389)</u>
Net change in fund balance	64,845	64,845	(65,705)	(130,550)
Excess of revenues and other sources over (under) expenditures and other uses	<u>64,845</u>	<u>64,845</u>	<u>(65,705)</u>	<u>(130,550)</u>
Fund balance - July 1	184,594	184,594	184,594	
Prior period adjustment			14,310	
Fund balance - July 1, restated	<u>184,594</u>	<u>184,594</u>	<u>198,904</u>	
Fund balance - June 30	<u>\$ 249,439</u>	<u>\$ 249,439</u>	<u>\$ 133,199</u>	<u>\$ (116,240)</u>