

**SONOMA RESOURCE
CONSERVATION DISTRICT
SANTA ROSA, CALIFORNIA**

SINGLE AUDIT REPORT

JUNE 30, 2022

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards	7-8
Schedule of Findings and Questioned Costs	9
Status of Prior Year Findings and Recommendations	10

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

Board of Directors
Sonoma Resource Conservation District
Santa Rosa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sonoma Resource Conservation District which comprise the statement of net position as of June 30, 2022, and the related statement of activities for the year then ended, and the related notes to the financial statements, which collectively comprise Sonoma Resource Conservation District's basic financial statements, and have issued our report thereon dated December 2, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sonoma Resource Conservation District's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
December 2, 2022

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

Board of Directors
Sonoma Resource Conservation District
Santa Rosa, California

Report on Compliance for Each Major Federal Program

We have audited Sonoma Resource Conservation District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sonoma Resource Conservation District's major federal programs for the year ended June 30, 2022. Sonoma Resource Conservation District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

In our opinion, Sonoma Resource Conservation District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sonoma Resource Conservation District's compliance based on our audit.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sonoma Resource Conservation District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sonoma Resource Conservation District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sonoma Resource Conservation District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of Sonoma Resource Conservation District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Sonoma Resource Conservation District's basic financial statements. We issued our report thereon dated December 2, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
December 2, 2022

Sonoma Resource Conservation District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Agency	Pass Through Agency	Federal Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Expenditures
DEPARTMENT OF AGRICULTURE:						
<u>Natural Resources Conservation Service</u>						
	National Association of Conservation Districts	Soil and Water Conservation	10.902		\$ -	\$ 91,944
	The National Fish and Wildlife Foundation	Soil and Water Conservation	10.902	2004.18.062494	1,011	10,481
	The National Fish and Wildlife Foundation	Soil and Water Conservation	10.902	2004.19.066585	-	2,896
	CA Association of Resource Conservation Districts	Soil and Water Conservation	10.902		-	4,977
	Gold Ridge Resource Conservation District	Soil and Water Conservation	10.902	SRCD_ConParV-001	-	7,832
	Subtotal				<u>1,011</u>	<u>118,130</u>
		Environmental Quality Incentives Program	10.912		-	7,576
	Gold Ridge Resource Conservation District	Environmental Quality Incentives Program	10.912		-	19,013
	CA Association of Resource Conservation Districts	Environmental Quality Incentives Program	10.912		-	3,059
	Napa Resource Conservation District	Environmental Quality Incentives Program	10.912	2019-09	-	15,308
	Sonoma County Agricultural and Open Space District	Environmental Quality Incentives Program	10.912		-	279,250
	The National Fish and Wildlife Foundation	Environmental Quality Incentives Program	10.912	2004.18.062494	1,078	11,175
	Subtotal				<u>1,078</u>	<u>335,381</u>
	CA Assoc. of Resource Conservation Districts	Conservation Stewardship Program	10.924			3,570
	The National Fish and Wildlife Foundation	Conservation Stewardship Program	10.924	2004.18.062494	1,258	13,038
	Subtotal				<u>1,258</u>	<u>16,608</u>
						Total Department of Agriculture
					<u>3,347</u>	<u>470,119</u>
DEPARTMENT OF THE INTERIOR:						
	<u>Bureau of Reclamation</u>					
		Cooperative Watershed Management	15.554		-	68,015
	Subtotal				<u>-</u>	<u>68,015</u>
	<u>U.S. Fish & Wildlife Service</u>					
	Trout Unlimited	NFWF-USFWS Conservation Partnership	15.663		-	76,737
	Subtotal				<u>-</u>	<u>76,737</u>
						Total Department of the Interior
					<u>-</u>	<u>144,752</u>
DEPARTMENT OF TRANSPORTATION:						
	<u>Federal Highway Administration</u>					
	CA Department of Transportation	Highway Planning and Construction Cluster	20.205	04-2514	-	70,185
		Total Department of Transportation (Highway and Planning Construction Cluster)			<u>-</u>	<u>70,185</u>
ENVIRONMENTAL PROTECTION AGENCY:						
	California State Water Resources Control Board	Nonpoint Source Implementation	66.460	D181310800	-	138,643
	California State Water Resources Control Board	Nonpoint Source Implementation	66.460	D1813204	-	103,179
	California State Water Resources Control Board	Nonpoint Source Implementation	66.460	D2013116	-	6,265
	California State Water Resources Control Board	Nonpoint Source Implementation	66.460	D2113209	-	32,961
	Marin Resource Conservation District	Nonpoint Source Implementation	66.460		-	4,500
	Marin Resource Conservation District	Nonpoint Source Implementation	66.460		-	9,694
						Total Environmental Protection Agency
					<u>-</u>	<u>295,241</u>
					Total Expenditures of Federal Awards	\$ 3,347 \$ 980,297

See accompanying Notes to Schedule of Expenditures of Federal Awards.

Sonoma Resource Conservation District
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Sonoma Resource Conservation District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Sonoma Resource Conservation District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Sonoma Resource Conservation District.

NOTE 2 - BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the Sonoma Resource Conservation District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 4 - FEDERAL ASSISTANCE LISTING NUMBERS (FALN)

The FALN number included in the accompanying Schedule was determined based on the program name, review of the award contract, and the Office of Management and Budget's Catalog of Federal Assistance Listings.

NOTE 5 - INDIRECT COSTS

Sonoma Resource Conservation District elected not to use the 10% de minimis cost rate as covered in the Uniform Guidance Part 200.414 Indirect (F&A) Costs.

NOTE 6 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying Schedule agree or can be reconciled with amounts reported in the related federal financial assistance reports.

NOTE 7 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule agree or can be reconciled with amounts reported in the Sonoma Resource Conservation District's basic financial statements.

Sonoma Resource Conservation District
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2022

NOTE 8 - PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, Sonoma Resource Conservation District determined that no identifying number is assigned for the program or Sonoma Resource Conservation District was unable to obtain an identifying number from the pass-through entity.

Sonoma Resource Conservation District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section I – Summary of Auditors’ Results

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - A. Material weakness(es) identified? No
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? None reported
 - C. Noncompliance material to financial statements noted. No
3. Internal control over major programs:
 - A. Material weakness(es) identified? No
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? None reported
 - C. Type of auditors’ report issued on compliance for major programs: Unmodified
 - D. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? No
4. Audited as Major Programs:

<u>FALN</u>	<u>Federal Program Name or Cluster</u>	<u>Amount</u>
10.912	Environmental Quality Incentives Program	\$335,381

5. Dollar threshold used to distinguish between type A and type B programs: \$750,000
6. Auditee qualified as a low risk auditee? Yes

Section II – Financial Statement Findings

There were no financial statement findings.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs.

Sonoma Resource Conservation District
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2022

Recommendation

Status/Explanation

There were no prior year findings or recommendations.