

SONOMA RESOURCE CONSERVATION DISTRICT

**Single-Audit Report
For the Fiscal Year Ended
June 30, 2023**

NIGRO & NIGRO^{PC}

SONOMA RESOURCE CONSERVATION DISTRICT

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**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 Sonoma Resource Conservation District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Walnut Creek, California
December 15, 2023



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

Board of Directors

Sonoma Resource Conservation District
Santa Rosa, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Sonoma Resource Conservation District' (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 Sonoma Resource Conservation District (District), which comprise the statement of net position as of June 30, 2023, and related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, which collectively comprise the District’s basic financial statements. We issued our report thereon dated December 15, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Walnut Creek, California
December 15, 2023

SONOMA RESOURCE CONSERVATION DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

<u>Federal Grantor Agency/ Pass-through Grantor Agency/ Program Name and/or Title</u>	<u>Federal Financial Assistance</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Cluster Expenditures</u>	<u>Federal Expenditures</u>
Federal Programs:				
U.S. Department of Agriculture:				
Passed through Natural Resources Conservation District:				
Soil and Water Conservation	10.902	N/A	\$ 1,575	
Soil and Water Conservation	10.902	N/A	96,010	
Passed through The National Fish and Wildlife Foundation:				
Soil and Water Conservation	10.902	2004.19.066585	12,606	
Passed through CA Association of Resource Conservation Districts:				
Soil and Water Conservation	10.902	N/A	5,944	
Soil and Water Conservation	10.902	N/A	2,879	
Passed through Gold Ridge Resource Conservation District:				
Soil and Water Conservation			42,809	
Subtotal 10.902				<u>\$ 161,823</u>
Environmental Quality Incentives Program	10.912	NR219104XXXXC019	34,798	
Environmental Quality Incentives Program	10.912	NR219104XXXXC014	6,829	
Passed through Gold Ridge Resource Conservation District:				
Environmental Quality Incentives Program	10.912	N/A	2,302	
Passed through Napa Resource Conservation District:				
Environmental Quality Incentives Program	10.912	N/A	3,679	
Passed through Sonoma County Agricultural and Open Space District:				
Environmental Quality Incentives Program	10.912	N/A	99,449	
Subtotal 10.912				<u>147,057</u>
Total U.S. Department of Agriculture:				<u>308,880</u>
U.S. Department of the Interior:				
Cooperative Watershed Management	15.554	R22AP00357	10,249	
Subtotal 15.554				<u>10,249</u>
Total U.S. Department of the Interior:				<u>10,249</u>
U.S. Department of Transportation:				
Passed through CA Department of Transportation:				
Highway Planning and Construction	20.205	04-2514	71,465	
Subtotal 20.205				<u>71,465</u>
Total U.S. Department of Transportation:				<u>71,465</u>
Environmental Protection Agency:				
Passed through California State Water Resources Control Board:				
Nonpoint Source Implementation	66.460	D181310800	210,240	
Nonpoint Source Implementation	66.460	D1813204	61,216	
Nonpoint Source Implementation	66.460	D2013116	27,795	
Nonpoint Source Implementation	66.460	D2113118	52,531	
Nonpoint Source Implementation	66.460	D2113209	178,482	
Subtotal 66.460				<u>530,264</u>
Total Environmental Protection Agency:				<u>530,264</u>
Total Expenditures of Federal Awards				<u>\$ 920,858</u>

Of the Federal expenditures presented in the Schedule of Expenditures of Federal Awards, the District provided no Federal awards to subrecipients.

SONOMA RESOURCE CONSERVATION DISTRICT
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE 1 – REPORTING ENTITY

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

NOTE 2 – BASIS OF ACCOUNTING

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

NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS

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

Statement of Activities:	Federal Program Expenditures
Funding included within the following balance:	
Operating grants and contributions:	
Federal grants	\$ 920,858
Total Expenditures of Federal Awards	\$ 920,858

NOTE 4 – INDIRECT COST RATE

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

Findings and Questioned Costs

SONOMA RESOURCE CONSERVATION DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

<u>Federal Financial Assistance</u>	<u>Name of Federal Program or Cluster</u>
66.46	Nonpoint Source Implementation

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

SECTION II - FINANCIAL STATEMENT FINDINGS

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

There were no audit findings in fiscal year 2022-23.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

There were no audit findings in fiscal year 2022-23.

SONOMA RESOURCE CONSERVATION DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION IV - PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year audit findings or questioned costs in fiscal year 2021-22.