

**SONOMA RESOURCE CONSERVATION DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2023
(With Comparative Information as of June 30, 2022)**

NIGRO & NIGRO^{PC}

SONOMA RESOURCE CONSERVATION DISTRICT

For the Fiscal Year Ended June 30, 2023

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Sonoma Resource Conservation District
Santa Rosa, California

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sonoma Resource Conservation District as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Sonoma Resource Conservation District, as of June 30, 2023, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Sonoma Resource Conservation District and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

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 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 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 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 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 management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability and schedule of pension contributions be presented to supplement the basic financial statements. Such 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. 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 18, 2024, on our consideration of the 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 the effectiveness of the District's 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.



Walnut Creek, California
January 18, 2024

SONOMA RESOURCE CONSERVATION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

Management's Discussion and Analysis (MD&A) offers readers of Sonoma Resource Conservation District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2023. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position decreased \$124,449 or 6.78% as a result of this year's operations.
- Total revenues from all sources increased by 25.70%, or \$741,983 from \$2,887,012 to \$3,628,995, from the prior year, primarily due to a \$650,707 increase in intergovernmental revenue.
- Total expenses for the District's operations increased by 33.17% or \$934,898 from \$2,818,546 to \$3,753,444, from the prior year, primarily due to an increase in grant related expenses.

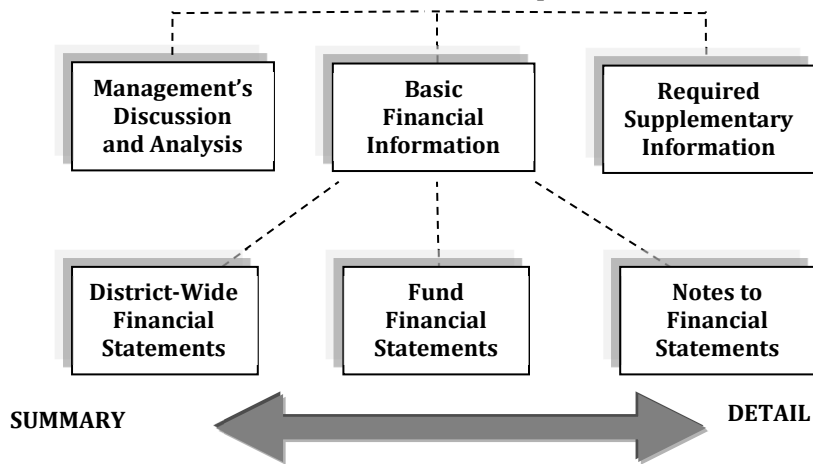
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Sonoma Resource Conservation District's Annual Financial Report



SONOMA RESOURCE CONSERVATION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

SONOMA RESOURCE CONSERVATION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as resource conservation and grant compliance. Federal, state and local programs finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

The District has three funds: General Fund, an Endowment Fund, and a Fiduciary Fund.

SONOMA RESOURCE CONSERVATION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Assets:			
Current assets	\$ 1,455,471	\$ 1,570,898	\$ (115,427)
Non-current assets	2,077,633	2,044,061	33,572
Capital assets, net	<u>5,653</u>	<u>7,869</u>	<u>(2,216)</u>
Total assets	<u>3,538,757</u>	<u>3,622,828</u>	<u>(84,071)</u>
Deferred outflows of resources	<u>110,587</u>	<u>30,787</u>	<u>79,800</u>
Liabilities:			
Current liabilities	1,740,708	1,649,185	91,523
Non-current liabilities	<u>163,181</u>	<u>72,116</u>	<u>91,065</u>
Total liabilities	<u>1,903,889</u>	<u>1,721,301</u>	<u>182,588</u>
Deferred inflows of resources	<u>33,139</u>	<u>95,549</u>	<u>(62,410)</u>
Net position:			
Net investment in capital assets	4,706	41,955	(37,249)
Restricted for endowment	1,075,302	1,093,348	(18,046)
Unrestricted	<u>632,308</u>	<u>701,462</u>	<u>(69,154)</u>
Total net position	<u>\$ 1,712,316</u>	<u>\$ 1,836,765</u>	<u>\$ (124,449)</u>

At the end of fiscal year 2023, the District shows a positive balance in its unrestricted net position of \$632,308. Unrestricted net position decreased because the District's General Fund expenses exceeded its revenues for the fiscal year 2023.

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Program revenues	\$ 3,436,693	\$ 2,754,486	\$ 682,207
Expenses	<u>(3,753,444)</u>	<u>(2,818,546)</u>	<u>(934,898)</u>
Net program expense	(316,751)	(64,060)	(252,691)
General revenues	<u>192,302</u>	<u>132,526</u>	<u>59,776</u>
Change in net position	<u>(124,449)</u>	<u>68,466</u>	<u>(192,915)</u>
Net position:			
Beginning of year, as restated	<u>1,836,765</u>	<u>1,768,299</u>	<u>68,466</u>
End of year	<u>\$ 1,712,316</u>	<u>\$ 1,836,765</u>	<u>\$ (124,449)</u>

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District decreased by \$124,449.

SONOMA RESOURCE CONSERVATION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (Continued)

Analysis of Revenues and Expenses

Table A-3: Total Revenues

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Program revenues:			
Operating grants and contributions:			
Federal grants	\$ 920,858	\$ 980,297	\$ (59,439)
State grants	1,264,318	825,832	438,486
Other grants	1,159,958	804,027	355,931
Charges for services	76,499	52,350	24,149
Other revenue	<u>15,060</u>	<u>91,980</u>	<u>(76,920)</u>
Total program revenues	<u>3,436,693</u>	<u>2,754,486</u>	<u>682,207</u>
General revenues:			
Property taxes	173,940	161,049	12,891
Investment earnings	<u>18,362</u>	<u>(28,523)</u>	<u>46,885</u>
Total general revenues	<u>192,302</u>	<u>132,526</u>	<u>59,776</u>
Total revenues	<u>\$ 3,628,995</u>	<u>\$ 2,887,012</u>	<u>\$ 741,983</u>

Total revenues from all sources increased by 25.70%, or \$741,983 from \$2,887,012 to \$3,628,995, from the prior year, primarily due to a \$650,707 increase in state and other grant revenue.

Table A-4: Total Expenses

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Expenses:			
Salaries and wages	\$ 1,295,084	\$ 1,173,778	\$ 121,306
Employee benefits	152,390	135,221	17,169
Materials and services	2,241,747	1,443,291	798,456
Amortization expense	58,792	58,792	-
Depreciation expense	2,216	2,216	-
Interest expense	<u>3,215</u>	<u>5,248</u>	<u>(2,033)</u>
Total expenses	<u>\$ 3,753,444</u>	<u>\$ 2,818,546</u>	<u>\$ 934,898</u>

Total expenses for the District's operations increased by 33.17% or \$934,898 from \$2,818,546 to \$3,753,44 from the prior year, primarily due to an increase in grant related expenses.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a fund balance of \$1,868,893, which is less than last year's ending fund balance of \$2,042,855.

SONOMA RESOURCE CONSERVATION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

General Fund Budgetary Highlights

The final budgeted expenditures for the District at year-end were \$596,776 more than actual. The variance is principally due to a reduction in materials and services need for grant expenditures as compared to budget. Actual revenues were less than the anticipated budget by \$714,889, primarily due to less actual operating grants and contributions revenue than what was budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Table A-5: Capital Assets at Year End, Net of Depreciation

	<u>Balance</u> <u>June 30, 2023</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital assets:		
Depreciable assets	\$ 69,864	\$ 69,864
Accumulated depreciation	<u>(64,211)</u>	<u>(61,995)</u>
Total capital assets, net	<u>\$ 5,653</u>	<u>\$ 7,869</u>

At the end of fiscal year 2023, the District's investment in capital assets amounted to \$5,653 (net of accumulated depreciation). This investment in capital assets includes equipment and vehicles. There were no capital asset additions during the year. See Note 5 for further information on the District's capital assets.

Table A-6: Long-Term Debt

	<u>Balance</u> <u>June 30, 2023</u>	<u>Balance</u> <u>June 30, 2022</u>
Long-term debt:		
Note payable	\$ 12,375	\$ 22,923
Lease payable	<u>35,241</u>	<u>94,241</u>
Total long-term debt	<u>\$ 47,616</u>	<u>\$ 117,164</u>

At the end of fiscal year 2023, the District's long-term debt amounted to \$47,616. See Note 4 and Note 7 for further information on the District's long-term debt.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's Executive Director at the Sonoma Resource Conservation District at 1221 Farmers Ln suite f, Santa Rosa, CA 95405 or (707) 569-1448.

SONOMA RESOURCE CONSERVATION DISTRICT

Statement of Net Position

June 30, 2023 (With Comparative Information as of June 30, 2022)

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>Restated 2022</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents (note 2)	\$ 680,711	\$ 605,900
Grants and retentions receivable	751,043	917,602
Prepaid items	23,717	47,396
Total current assets	1,455,471	1,570,898
Non-current assets:		
Restricted – cash and investments (note 2 and 3)	2,043,339	1,950,975
Right to use leased asset – being amortized, net (note 4)	34,294	93,086
Capital assets – being depreciated, net (note 5)	5,653	7,869
Total non-current assets	2,083,286	2,051,930
Total assets	3,538,757	3,622,828
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred amounts related to net pension liability (note 8)	110,587	30,787
Total deferred outflows of resources	110,587	30,787
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	661,880	130,917
Unearned revenue – advances (note 3)	968,037	1,348,101
Long-term liabilities – due within one year:		
Compensated absences (note 6)	63,175	100,619
Lease payable (note 4)	35,241	59,000
Note payable (note 7)	12,375	10,548
Total current liabilities	1,740,708	1,649,185
Noncurrent liabilities:		
Long-term liabilities – due in more than one year:		
Lease payable (note 4)	-	35,241
Note payable (note 7)	-	12,375
Net pension liability (note 8)	163,181	24,500
Total noncurrent liabilities	163,181	72,116
Total liabilities	1,903,889	1,721,301
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred amounts related to net pension liability (note 8)	33,139	95,549
Total deferred inflows of resources	33,139	95,549
<u>NET POSITION</u>		
Net investment in capital assets (note 9)	4,706	41,955
Restricted for endowment (note 3)	1,075,302	1,093,348
Unrestricted	632,308	701,462
Total net position	\$ 1,712,316	\$ 1,836,765

SONOMA RESOURCE CONSERVATION DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2023

(With Comparative Information for the Year Ended June 30, 2022)

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Expenses:		
Resource conservation:		
Salaries and wages	\$ 1,295,084	\$ 1,173,778
Employee benefits	152,390	135,221
Materials and services	2,241,747	1,443,291
Amortization expense	58,792	58,792
Depreciation expense	2,216	2,216
Interest expense	3,215	5,248
Total expenses	<u>3,753,444</u>	<u>2,818,546</u>
Program revenues:		
Operating grants and contributions:		
Federal grants	920,858	980,297
State grants	1,264,318	825,832
Other grants	1,159,958	804,027
Charges for services	76,499	52,350
Other revenue	15,060	91,980
Total program revenues	<u>3,436,693</u>	<u>2,754,486</u>
Net program expense	<u>(316,751)</u>	<u>(64,060)</u>
General revenues:		
Property taxes	173,940	161,049
Investment earnings	18,362	(28,523)
Total general revenues	<u>192,302</u>	<u>132,526</u>
Change in net position	(124,449)	68,466
Net position:		
Beginning of year, as restated (note 13)	<u>1,836,765</u>	<u>1,768,299</u>
End of year	<u>\$ 1,712,316</u>	<u>\$ 1,836,765</u>

SONOMA RESOURCE CONSERVATION DISTRICT*Balance Sheet – Governmental Funds**June 30, 2023*

<u>ASSETS</u>	<u>General Fund</u>	<u>Endowment Trust Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 1,631,289	\$ 1,092,761	\$ 2,724,050
Grants and retentions receivable	751,043	-	751,043
Prepaid items	23,717	-	23,717
Due from other fund (note 11)	17,459	-	17,459
Total assets	<u>\$ 2,423,508</u>	<u>\$ 1,092,761</u>	<u>\$ 3,516,269</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 661,880	\$ -	\$ 661,880
Unearned revenue – advances	968,037	-	968,037
Due to other fund (note 11)	-	17,459	17,459
Total liabilities	<u>1,629,917</u>	<u>17,459</u>	<u>1,647,376</u>
Fund balance: (note 10)			
Nonspendable	23,717	-	23,717
Restricted	-	1,075,302	1,075,302
Committed	63,175	-	63,175
Assigned	15,366	-	15,366
Unassigned	691,333	-	691,333
Total fund balance	<u>793,591</u>	<u>1,075,302</u>	<u>1,868,893</u>
Total liabilities and fund balance	<u>\$ 2,423,508</u>	<u>\$ 1,092,761</u>	<u>\$ 3,516,269</u>

SONOMA RESOURCE CONSERVATION DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

	<u>2023</u>
Fund Balance of Governmental Funds	<u>\$ 1,868,893</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and right to use assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	39,947
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	110,587
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	(63,175)
Lease payable	(35,241)
Note payable	(12,375)
Net pension asset (liability)	(163,181)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(33,139)</u>
Total adjustments	<u>(156,577)</u>
Net Position of Governmental Activities	<u><u>\$ 1,712,316</u></u>

SONOMA RESOURCE CONSERVATION DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023*

	General Fund	Endowment Trust Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 173,940	\$ -	\$ 173,940
Operating grants and contributions:			
Federal grants	920,858	-	920,858
State grants	1,264,318	-	1,264,318
Other grants	1,159,958	-	1,159,958
Charges for services	76,499	-	76,499
Investment earnings	948	17,414	18,362
Other revenue	15,060	-	15,060
Total revenues	3,611,581	17,414	3,628,995
Expenditures:			
Current operations:			
Salaries and wages	1,332,528	-	1,332,528
Employee benefits	155,919	-	155,919
Materials and services	2,235,498	6,249	2,241,747
Debt service:	-	-	-
Principal payments	69,548	-	69,548
Interest payments	3,215	-	3,215
Total expenditures	3,796,708	6,249	3,802,957
Excess (deficiency) of revenue over expenditures	(185,127)	11,165	(173,962)
Other financing sources(uses):			
Transfers in/(out) (note 12)	29,211	(29,211)	-
Change in fund balance	(155,916)	(18,046)	(173,962)
Fund Balance:			
Beginning of year, as restated (note 13)	949,507	1,093,348	2,042,855
End of year	<u>\$ 793,591</u>	<u>\$ 1,075,302</u>	<u>\$ 1,868,893</u>

SONOMA RESOURCE CONSERVATION DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2023

	<u>2023</u>
Net Change in Fund Balance – Governmental Funds	<u>\$ (173,962)</u>
Amount reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Depreciation expense	(2,216)
Amortization expense	(58,792)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:	
Net change in compensated absences	37,444
Net change in net pension liability and related deferred resources	3,529
Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.	<u>69,548</u>
Total adjustments	<u>49,513</u>
Change in Net Position of Governmental Activities	<u><u>\$ (124,449)</u></u>

SONOMA RESOURCE CONSERVATION DISTRICT

Statement of Net Position – Fiduciary Fund

June 30, 2023 (With Comparative Information as of June 30, 2022)

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 257,637	\$ 253,162
Total current assets	<u>257,637</u>	<u>253,162</u>
Total assets	<u>257,637</u>	<u>253,162</u>
<u>NET POSITION</u>		
Held in trust for Laguna Valley Mitigation Bank	<u>257,637</u>	<u>253,162</u>
Total net position	<u>\$ 257,637</u>	<u>\$ 253,162</u>

SONOMA RESOURCE CONSERVATION DISTRICT*Statement of Changes in Net Position – Fiduciary Fund**June 30, 2023 (With Comparative Information as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
Additions:		
Sale of mitigation credits	\$ 225,000	\$ 300,000
Investment earnings	<u>4,475</u>	<u>(7,409)</u>
Total Additions	<u>229,475</u>	<u>292,591</u>
Deductions:		
Services and supplies	<u>225,000</u>	<u>340,700</u>
Total Deductions	225,000	340,700
Change in net position	<u>4,475</u>	<u>(48,109)</u>
Net position:		
Beginning of year	<u>253,162</u>	<u>301,271</u>
End of year	<u>\$ 257,637</u>	<u>\$ 253,162</u>

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Sonoma Resource Conservation District (District) is a California special district governed by a seven-member board of directors who serve voluntarily and are appointed by the Sonoma County Board of Supervisors. The District develops soil and water conservation programs in Sonoma County as noted in Division 9 of the Public Resource Code. The accompanying financial statements present the activities for which the District is considered to be financially accountable.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Major Governmental Fund

The District maintains the following major governmental fund:

General Fund: This fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

Endowment (Permanent) Fund: This fund is used to account for funds that were restricted by donors for funding agricultural education programs. The District can use the investment earnings earned from the endowment principal to fund agricultural education programs.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

The government-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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

Fiduciary Fund Financial Statements

Fiduciary statements include financial information for the fiduciary fund. District's fiduciary funds include one Private-Purpose Trust Funds. The Private Purpose Trust Fund holds assets on behalf of the Laguna Valley Mitigation Bank (LVMB). All assets in the Fiduciary Fund are held in trust for the benefit of the LVMB and cannot be used to support the District's operations.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolios in accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Right-To-Use Leased Asset and Right-To-Use Lease Payable

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. The District has established a single model for lease accounting based on the principle that leases are financings of a right-to-use underlying asset. As a lessee, the District is required to recognize a lease liability (payable) and an intangible right-to-use leased asset. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leased asset and lease payable if certain changes occur that are expected to significantly affect the amount of the lease payable.

4. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets which ranges from 15 to 20 years for field equipment, 5 to 10 years for office equipment, and 8 to 10 years for vehicles.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments and employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan and addition to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2021

Measurement Date June 30, 2022

Measurement Period July 1, 2021 to June 30, 2022

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Net Position

Net position is classified into two components: investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and any unpaid debt upon those assets.
- **Restricted net position** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditor (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

9. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 during the reported period. Actual results could differ from those estimates.

F. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The Sonoma County Assessor's Office assesses all real and personal property within the County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The Sonoma County Auditor-Controller's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>Balance</u>
Cash and investments	\$ 680,711
Restricted – cash and investments	<u>2,043,339</u>
Total cash and investments	<u>\$ 2,724,050</u>

Cash and investments consist of the following:

<u>Description</u>	<u>Balance</u>
Cash on hand	\$ 1,862
Demand deposits with financial institutions	1,634,887
Sonoma County Pooled Investment Fund	356,016
Investments	<u>731,285</u>
Total cash and investments	<u>\$ 2,724,050</u>

Demand Deposits

At June 30, 2023, the carrying amount of the District's demand deposits was \$1,634,887 and the financial institutions balances totaled \$1,594,921. The net difference of \$39,965 represents outstanding checks, deposits-in-transit and/or other reconciling items.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Sonoma County Treasury Investment Pool (SCTIP)

As authorized by Public Resources Code 9521 (a), the District cash is pooled with the Sonoma County treasurer. The fair value of the District’s investments in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the Treasury pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury’s Pool.

The District’s pooled cash and investments are invested pursuant to investment policy guidelines established by the county Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Room 100-F, Santa Rosa, California 95403-2871. The District held \$356,016 in the SCTIP as of June 30, 2023.

Investments

The District’s investments as of June 30, 2023 are presented in the following Investment Table:

Description	Measurement Input	Credit Rating	Total Fair Value	Maturity		
				12 Months of Less	13 to 24 Months	25 to 120 Months
Mutual Funds	N/A	N/A	\$ 116,806	\$ 116,806	\$ -	\$ -
Certificates-of-deposit	Level 1	N/A	411,940	296,258	-	115,682
U.S. treasury obligations	Level 1	N/A	92,250	44,114	48,136	-
Municipal bonds	Level 1	AA-	110,289	-	-	110,289
Total investments			\$ 731,285	\$ 457,178	\$ 48,136	\$ 225,971

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Office to deposit funds in financial institutions to purchase financial investments in accordance with California Government Code 53600-53610.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 3 – RESTRICTED CASH AND INVESTMENTS AND RESTRICTED NET POSITION

Restricted assets and restricted net position as of June 30, 2023 were categorized as follows:

<u>Description</u>	<u>Input</u>
Restricted – cash and investments	\$ 2,043,339
Less: Unearned revenue – advances	<u>(968,037)</u>
Total restricted for endowment	<u><u>\$ 1,075,302</u></u>

The restricted net position of \$1,075,302 consists of funds restricted by donors for funding agricultural education programs.

NOTE 4 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE

Changes in right-to-use leased asset for fiscal year ending June 30, 2023 was as follows:

<u>Description</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Right-to-use leased asset:				
Building space	\$ 151,878	\$ -	\$ -	\$ 151,878
Accumulated amortization:				
Building space	<u>(58,792)</u>	<u>(58,792)</u>	-	<u>(117,584)</u>
Total right-to-use leased asset, net	<u><u>\$ 93,086</u></u>	<u><u>\$ (58,792)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 34,294</u></u>

Changes in right-to-use leased payable for fiscal year ending June 30, 2023 was as follows:

<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
<u>\$ 94,241</u>	<u>\$ -</u>	<u>\$ (59,000)</u>	<u>\$ 35,241</u>

Annual debt service requirement for the right-to-use lease payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 35,241</u>	<u>\$ 354</u>	<u>\$ 35,595</u>

The District is reporting a total right-to-use leased asset, net of \$151,878 and a right-to-use lease payable of \$35,241 for the year ending June 30, 2023. Also, the District is reporting total amortization expense of \$58,792, principal payments of \$59,000 and interest expense of \$2,020 related to the above noted lease. The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 3.00% to discount the lease payments to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 4 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE (continued)

The District's lease is summarized as follows:

Building Space

On July 1, 2021, the District renewed a 31-month lease for building space to serve as office space for the District. An initial right-to-use lease liability was recorded in the amount of \$151,878. The District makes monthly fixed lease payments of \$5,085 per month with a 3.0% annual increase. The lease has an implied interest rate of 3.0%. The District is amortizing the right-to-use leased asset of \$160,347 at \$4,899 per month.

NOTE 5 – CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2023, were as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Depreciable capital assets:				
Equipment	\$ 36,412	\$ -	\$ -	\$ 36,412
Vehicles	<u>33,452</u>	<u>-</u>	<u>-</u>	<u>33,452</u>
Total depreciable capital assets	<u>69,864</u>	<u>-</u>	<u>-</u>	<u>69,864</u>
Accumulated depreciation:				
Equipment	(28,543)	(2,216)	-	(30,759)
Vehicles	<u>(33,452)</u>	<u>-</u>	<u>-</u>	<u>(33,452)</u>
Total accumulated depreciation	<u>(61,995)</u>	<u>(2,216)</u>	<u>-</u>	<u>(64,211)</u>
Total depreciable capital assets, net	<u>7,869</u>	<u>(2,216)</u>	<u>-</u>	<u>5,653</u>
Total capital assets, net	<u>\$ 7,869</u>	<u>\$ (2,216)</u>	<u>\$ -</u>	<u>\$ 5,653</u>

NOTE 6 – COMPENSATED ABSENCES

Changes to compensated absences balance for the year ended June 30, 2023, was as follows:

<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
<u>\$ 100,619</u>	<u>\$ 103,679</u>	<u>\$ (141,123)</u>	<u>\$ 63,175</u>

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 –NOTE PAYABLE

Changes in note payable amounts for the year ended June 30, 2023, was as follows:

<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
\$ 22,923	\$ -	\$ (10,548)	\$ 12,375

The District has an operating note with a local financial instruction. The note originated in March 2019 in the amount of \$50,000 and expires March 2024. The interest rate is 6.49%. The balance is \$12,375 at June 30, 2023. Future remaining payments are as follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 12,375	\$ 480	\$ 12,855

NOTE 8 – NET PENSION LIABILITY AND PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2023</u>
Pension related deferred outflows	\$ 110,587
Net pension liability	163,181
Pension related deferred inflows	33,139

Qualified former employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees’ Retirement System (CalPERS), or "The Plan".

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its former employees (members):

	<u>Miscellaneous Plan</u> <u>Classic</u> <u>Tier 1</u>
Hire date	Prior to <u>January 1, 2013</u>
Benefit formula	2.0% @ 55
Benefit vesting schedule	5-years of service
Benefits payments	monthly for life
Retirement age	50 - 67 & up
Monthly benefits, as a % of eligible compensation	1.8% to 2.0%
Required member contribution rates	0.000%
Required employer contribution rates – FY 2022	0.000%

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – NET PENSION LIABILITY (ASSET) AND PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Plan Description (continued)

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan for former employees. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2022 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2023, the following members were covered by the benefit terms:

<u>Plan Members</u>	<u>Miscellaneous Plan</u>
	<u>Classic Tier 1</u>
Retired members and beneficiaries	4
Total plan members	4

The District does not offer this benefit to current employees. The CalPERS pension plan was inherited when the District Consolidated with the Southern Sonoma County Resource Conservation District. All qualified former employees permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans were established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District only makes contributions for the unfunded accrued liability since the District does not have active participants in the plan.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – NET PENSION LIABILITY AND PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Contributions for the fiscal year ended June 30, 2023, were as follows:

<u>Contribution Type</u>	<u>Miscellaneous Plans</u>	
	<u>Classic Tier 1</u>	
Contributions – employer	\$	17,737
Total contributions	\$	17,737

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2023:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2021 (Measurement Date)	\$ 884,432	\$ 859,832	\$ 24,600
Balance as of June 30, 2022 (Measurement Date)	\$ 909,476	\$ 746,295	\$ 163,181
Change in Plan Net Pension Liability	\$ 25,044	\$ (113,537)	\$ 138,581

The District’s proportionate share percentage of the net pension liability for the June 30, 2022, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2023</u>	<u>Fiscal Year Ending June 30, 2022</u>	
Measurement Date	June 30, 2022	June 30, 2021	
Percentage of Risk Pool Net Pension Liability	0.003487%	0.001290%	0.002197%
Percentage of Plan (PERF C) Net Pension Liability	0.001413%	0.000453%	0.000960%

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – NET PENSION LIABILITY AND PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$14,208. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 17,737	\$ -
Difference between actual and proportionate share of employer contributions	-	(30,944)
Adjustment due to differences in proportions	42,961	-
Differences between expected and actual experience	3,277	(2,195)
Differences between projected and actual earnings on pension plan investments	29,890	-
Changes in assumptions	16,722	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 110,587</u>	<u>\$ (33,139)</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$17,737 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – NET PENSION LIABILITY AND PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	\$ 14,230
2025	16,180
2026	11,018
2027	18,283
Total	\$ 59,711

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2022, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 8 – NET PENSION LIABILITY AND PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return (continued)

The table below reflects long-term expected real rate of return by asset class.

<u>Investment Type¹</u>	<u>New Strategic Allocation</u>	<u>Real Return^{1,2}</u>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	<u>100.0%</u>	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1%</u> <u>5.90%</u>	<u>Current Discount</u> <u>Rate 6.90%</u>	<u>Discount Rate + 1%</u> <u>7.90%</u>
CalPERS – Miscellaneous Plan	<u>\$ 287,159</u>	<u>\$ 163,181</u>	<u>\$ 61,178</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2023, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2023.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 9 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30, 2023:

<u>Description</u>	<u>June 30, 2023</u>
Net investment in capital assets	
Right to use leased asset – being amortized, net	\$ 34,294
Capital assets – being depreciated, net	5,653
Lease payable	<u>(35,241)</u>
Total net investment in capital assets	<u>\$ 4,706</u>

NOTE 10 – FUND BALANCES

At June 30, 2023, fund balances of the District’s governmental fund was classified as follows:

<u>Description</u>	<u>General Fund</u>	<u>Endowment Trust Fund</u>
Nonspendable:		
Prepaid items	\$ 23,717	\$ -
Restricted:		
Nonexpendable - endowment principal	-	1,001,260
Expendable - endowment earnings	-	74,042
Committed:		
Compensated absences	63,175	-
Assigned:		
Encumbrances	15,366	-
Unassigned	<u>691,333</u>	<u>-</u>
Total fund balances	<u>\$ 793,591</u>	<u>\$ 1,075,302</u>

NOTE 11 – DUE TO/FROM

Amounts due from /(to) other funds are as follows:

<u>Due to</u>	<u>Due from</u>	<u>Balance</u>	<u>Purpose</u>
General	Endowment	<u>\$ 17,459</u>	Unpaid agricultural education expenses

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 12 – INTERFUND TRANSFERS

At June 30, 2023, interfund transfers of the District’s governmental funds were made as follows:

<u>Description</u>	<u>Endowment Fund</u>	<u>General Fund</u>
For agricultural education program	<u>\$ (29,211)</u>	<u>\$ 29,211</u>

NOTE 13 – PRIOR PERIOD RESTATEMENT

<u>Description</u>	<u>Amount</u>
Net position:	
Beginning of year, as previously stated	\$ 1,906,828
Grants and retentions receivable	<u>(70,063)</u>
Beginning of year, as restated	<u>\$ 1,836,765</u>

On June 30, 2022 the statement of net position grants and retentions receivables were overstated.

<u>Description</u>	<u>Amount</u>
General fund balance:	
Beginning of year, as previously stated	\$ 918,951
Grants and retentions receivable	(70,063)
Compensated absences	<u>100,619</u>
Net adjustment	<u>30,556</u>
Beginning of year, as restated	<u>\$ 949,507</u>

On June 30, 2022 general fund balance grants and retentions receivables were overstated and compensated absences were overstated. Compensated absences are only recorded on the statement of net position.

NOTE 14– RISK MANAGEMENT

The District 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 District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. Further information about the SDRMA is as follows:

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 14 – RISK MANAGEMENT (continued)

A. Entity	SDRMA	
B. Purpose	To pool member contributions and realize the advantages of self-insurance	
C. Participants	As of June 30, 2023 – 499 member agencies	
D. Governing board	Seven representatives employed by members	
E. District payments for FY 2023:		
Property/Liability policy	\$21,120	
Workers' compensation policy	\$4,940	
F. Condensed financial information	June 30, 2023	
Statement of net position:		June 30, 2023
Total assets		<u>\$ 146,574,993</u>
Deferred outflows		<u>1,664,198</u>
Total liabilities		<u>76,343,471</u>
Deferred inflows		<u>374,517</u>
Net position		<u>\$ 71,521,203</u>
Statement of revenues, expenses and changes in net position:		
Total revenues		\$ 100,884,445
Total expenses		<u>(96,706,371)</u>
Change in net position		4,178,074
Beginning – net position		<u>67,343,129</u>
Ending – net position		<u>\$ 71,521,203</u>
G. Member agencies share of year-end financial position		Not Calculated

At June 30, 2023, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$2,500,000, combined single limit at \$2,500,000 per occurrence. The District purchased additional excess coverage layers: \$10,000,000 for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty, forgery, or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$1.0 billion per occurrence, subject to a \$1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible per occurrence.
- Public officials' personal liability up to \$5,000,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of \$500 per claim.

SONOMA RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 13 – RISK MANAGEMENT (continued)

- Workers' compensation insurance per statutory requirements and Employer's Liability Coverage up to \$5.0 million.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2023, 2022 and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2023, 2022 and 2021.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 15 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 18, 2024, the date which the financial statements were available to be issued.

Required Supplementary Information

SONOMA RESOURCE CONSERVATION DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Property taxes	\$ 146,699	\$ 173,940	\$ 27,241
Operating grants and contributions	4,051,583	3,345,134	(706,449)
Fee for service	74,258	76,499	2,241
Investment earnings	120	948	828
Other revenue	53,810	15,060	(38,750)
Total revenues	<u>4,326,470</u>	<u>3,611,581</u>	<u>(714,889)</u>
Expenditures:			
Current:			
Salaries and wages	1,247,467	1,332,528	(85,061)
Employee benefits	284,087	155,919	128,168
Materials and services	2,759,856	2,235,498	524,358
Capital outlay	29,311	-	29,311
Debt service:			
Principal payments	69,548	69,548	-
Interest payments	3,215	3,215	-
Total expenditures	<u>4,393,484</u>	<u>3,796,708</u>	<u>596,776</u>
Excess of revenues over (under) expenditures	(67,014)	(185,127)	(118,113)
Other financing sources(uses):			
Transfers	16,536	29,211	(12,675)
Change in fund balance	<u>\$ (50,478)</u>	(155,916)	<u>\$ (130,788)</u>
Fund balance:			
Beginning of year		949,507	
End of year		<u>\$ 793,591</u>	

SONOMA RESOURCE CONSERVATION DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2023

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2017	0.0037%	\$ 146,936	N/A	0.00%	78.86%
June 30, 2018	0.0027%	102,413	N/A	0.00%	88.16%
June 30, 2019	0.0029%	117,330	N/A	0.00%	86.55%
June 30, 2020	0.0032%	133,969	N/A	0.00%	84.74%
June 30, 2021	0.0013%	24,500	N/A	0.00%	97.23%
June 30, 2022	0.0014%	163,181	N/A	0.00%	82.06%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%.

*Fiscal year 2015 was the first implementation year. The district was merged with another district in 2017 and inherited a CalPERS liability; therefore only six years are shown.

SONOMA RESOURCE CONSERVATION DISTRICT

Schedule of Pension Contributions

For the Fiscal Year Ended June 30, 2023

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2018	5,844	(5,844)	-	N/A	0.00%
June 30, 2019	7,582	(7,582)	-	N/A	0.00%
June 30, 2020	11,287	(11,287)	-	N/A	0.00%
June 30, 2021	14,134	(14,134)	-	N/A	0.00%
June 30, 2022	15,035	(15,035)	-	N/A	0.00%
June 30, 2023	17,737	(17,737)	-	N/A	0.00%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation	Inflation	Investment Rate of Return
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Market Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Market Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment exp
Retirement Age	Miscellaneous – 2.0%@55 and 2.0%@62
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first implementation year. The district was merged with another district in 2017 and inherited a CalPERS liability; therefore only six years are shown.

Other Independent Auditors' Report



**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 and general fund of Sonoma Resource Conservation District as of and for the fiscal year ended June 30, 2023, 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 January 18, 2024.

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 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 Sonoma Resource Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 Sonoma Resource Conservation 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 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 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
January 18, 2024