

SAN BENITO RESOURCE CONSERVATION DISTRICT  
AUDITED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
JUNE 30, 2023



**SAN BENITO RESOURCE CONSERVATION DISTRICT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2023**

	<u>Page(s)</u>
<b>Introductory Section</b>	
Official Roster.....	1
<b>Independent Auditor's Report.....</b>	<b>2</b>
<b>Basic Financial Statements</b>	
Statements of Net Position.....	5
Statements of Revenues, Expenses, and Changes in Net Position.....	6
Statements of Cash Flows.....	7
Notes to Basic Financial Statements.....	8
<b>Compliance Section</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	10
Schedule of Findings and Responses.....	12

## INTRODUCTORY SECTION

**SAN BENITO RESOURCE CONSERVATION DISTRICT  
OFFICIAL ROSTER  
JUNE 30, 2023**

<b>Name</b>	<b>Designation</b>	<b>Tenure</b>
Cameron Wright	President	2026
Elizabeth Reikowski	Secretary	2026
Paul Hain	Director	2028
Veronica Stork	Director	2028
Martha Skelley	Director	2026

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
San Benito Resource Conservation District  
Hollister, CA 95023

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of the business-type activities of San Benito Resource Conservation District (the "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 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 business-type activities of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the 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 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 opinions. 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**

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

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 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 solely 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.

*Harshmal & Company LLP*

San Diego, California  
November 22, 2024

## **BASIC FINANCIAL STATEMENTS**



**SAN BENITO RESOURCE CONSERVATION DISTRICT**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2023**

	2023
<b>ASSETS</b>	
Cash and cash equivalents	\$ 54,322
Accounts receivable	260
Prepaid expenses	668
Total assets	55,250
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable	9,769
Total liabilities	9,769
<b>NET POSITION</b>	
Unrestricted	45,481
Total net position	45,481
Total liabilities and net position	\$ 55,250

The accompanying notes are an integral part of these financial statements.

**SAN BENITO RESOURCE CONSERVATION DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,505
Other income	26,626
Use of money & property	1,382
Total operating revenues	29,513
<b>OPERATING EXPENSES</b>	
Salaries and benefits	44,535
Services and supplies	1,877
Total operating expenses	46,412
Net operating revenues/(expenses)	(16,899)
Change in net position	(16,899)
Net position, beginning of year	62,380
Net position, end of year	\$ 45,481

The accompanying notes are an integral part of these financial statements.

**SAN BENITO RESOURCE CONSERVATION DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

	2023
<b>Cash flows from operating activities:</b>	
Change in Net Asset	\$ (16,899)
Adjustment to reconcile net income to net cash provided by operation:	
Increase in accounts receivable	(155)
Increase in prepaid expenses	(668)
Increase in accounts payable	8,959
Net cash used in operating activities	(8,763)
Net change in cash and cash equivalents	(8,763)
Cash and cash equivalents, beginning of the year	63,085
Cash and cash equivalents, end of the year	\$ 54,322

The accompanying notes are an integral part of these financial statements.

**SAN BENITO RESOURCE CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - GENERAL INFORMATION**

The San Benito Resource Conservation District (the "District") was started in 1941. It provides free, nonregulatory, confidential assistance to landowners and land managers to address soil and water quality, climate resilience, and ecosystem health on private and public lands.

The District facilitates stewardship and restoration projects on agricultural lands and community spaces through outreach, education, technical assistance, and project implementation. The mission of the District is to develop and facilitate community-led conservation programs that conserve, protect, and enhance the natural resources of San Benito County.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Basis of Presentation***

The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund. A fund is a self-balancing set of accounts. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

***B. Basis of Accounting***

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

***C. Cash and Cash Equivalents***

Cash and cash equivalents consist of cash on hand and cash held in a bank account. The District's cash is held by San Benito County and are reimbursed or paid when invoices are remitted.

***D. Receivables***

Receivables consist mainly of amounts of interest receivable. Management believes its receivables are fully collectible and accordingly, no allowance for doubtful accounts is required.

***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 certain reported amounts disclosures. Accordingly, actual results could differ from those estimates.

**SAN BENITO RESOURCE CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

***F. Revenue Recognition***

A major source of funding for the district is provided through grants and contracts for which revenue is recognized when received.

**NOTE 3 - CASH AND INVESTMENTS**

Cash and cash equivalents consisted of the following at June 30, 2023:

	2023
Cash with County Treasurer Common Pool at fair market value	\$ 54,322
Total	\$ 54,322

The District participates in the common investment pool of the County for the purpose of increasing earnings through investments activities, which is subject to state legal restrictions and additional restrictions prescribed by the County. The County's common pool is insured or collateralized with securities held by the County or by its agent in the County's name. In March 1997, the Government Accounting Standards Board (GASB) issued Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". This statement established accounting and financial reporting standards for investments and related investment income. Investments made by the County's Controller-Treasurer Department for the District is specifically covered by these guidelines.

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following on June 30, 2023:

	2023
Interest receivable	\$ 260
Total	\$ 260

**NOTE 5 - ACCOUNTS PAYABLE**

Accounts payable consist of the following on June 30, 2023:

	2023
Accounts payable	\$ 9,769
Total	\$ 9,769

**NOTE 6 - SUBSEQUENT EVENTS**

The management has evaluated all subsequent events through November 22, 2024, the date through which the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any subsequent events occurred, the nature of which would require disclosure.

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

To the Board of Directors  
San Benito Resource Conservation District  
Hollister, CA 95023

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 business-type activities of San Benito Resource Conservation District (the "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 November 22, 2024.

**Report on 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) as a basis for designing 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 were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

*Harshmal & Company LLP*

San Diego, California  
November 22, 2024

**SAN BENITO RESOURCE CONSERVATION DISTRICT  
STATUS OF FINDINGS AND RESPONSES  
JUNE 30, 2023**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
• Noncompliance material to financial statements noted?	No