Reports of Independent Auditors and Financial Statements with
Required Supplementary Information

Upper Salinas-Las Tablas
Resource Conservation District

June 30, 2024

Table of Contents

Report of Independent Auditors 1

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 4

Statement of Activities 5

Fund Financial Statements

Balance Sheet – Governmental Funds 6

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 7

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 8

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 9

Notes to Basic Financial Statements 10

Required Supplementary Information

General Fund – Budgetary Comparison Schedule 19

Report of Independent Auditors 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 20

Basic Financial Statements

Moss, Levy & Hartzheim LLP
Certified Public Accountants

Report of Independent Auditors

The Board of Directors
Upper Salinas-Las Tablas Resource Conservation District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Upper Salinas-Las Tablas Resource Conservation District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Upper Salinas-Las Tablas Resource Conservation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Upper Salinas-Las Tablas Resource Conservation District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 27, 2026, on our consideration of the Upper Salinas-Las Tablas Resource Conservation District's internal control over financial

reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Santa Maria, California
May 27, 2026

Upper Salinas-Las Tablas Resource Conservation District

Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Cash and investments	$ 92,795
Accounts receivable	649,603
Prepaid and other assets	2,759
Pledge receivable	1,320,000
Right to use asset, net	111,858
Capital assets, net	667,197
Total assets	2,844,212
LIABILITIES	
Accounts payable	530,907
Accrued payroll	30,032
Unearned revenue	146,840
Compensated absences, current portion	14,745
Current portion, lease payable	23,401
Noncurrent liabilities	
Compensated absences	4,915
Lease payable	92,001
Total liabilities	842,841
NET POSITION	
Net investment in capital assets	667,197
Restricted	1,425,460
Unrestricted	(91,286)
Total net position	$ 2,001,371

See accompanying notes to basic financial statements.

Upper Salinas-Las Tablas Resource Conservation District

Statement of Activities

For the Year Ended June 30, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position
Governmental activities					
Soil and water conservation	$ 1,541,655	$ 201,033	$ 2,758,949	$ 570,000	$ 1,988,327
Total governmental activities	$ 1,541,655	$ 201,033	$ 2,758,949	$ 570,000	1,988,327
General revenues					
Investment income					3
Miscellaneous income					3,186
Total general revenues					3,189
Change in net position					1,991,516
Net position, beginning of year					9,855
Net position, end of year					$ 2,001,371

See accompanying notes to basic financial statements.

Upper Salinas-Las Tablas Resource Conservation District
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund
ASSETS	
ASSETS	
Cash and investments	$ 92,795
Accounts receivable	649,603
Pledge receivable	1,320,000
Prepaid and other assets	2,759
Total assets	$ 2,065,157
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
LIABILITIES	
Accounts payable	$ 530,907
Accrued payroll liabilities	30,032
Unearned revenue	146,840
Total liabilities	707,779
DEFERRED INFLOWS OF RESOURCES	
Pledge receivable	1,320,000
Total deferred inflows of resources	1,320,000
FUND BALANCES	
Nonspendable	
Prepaid expenditures	2,759
Restricted	
Willow conservation	105,460
Unassigned	(70,841)
Total fund balances	37,378
Total liabilities and fund balances	$ 2,065,157

See accompanying notes to basic financial statements.

Upper Salinas-Las Tablas Resource Conservation District

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024

Total fund balance		$ 37,378
Amounts reported for governmental activities in the statement of net position are different because:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital, right to use assets, accumulated depreciation and accumulated amortization		
Capital assets at historical cost	$ 129,574	
Accumulated depreciation	(32,377)	
Right to use asset	129,067	
Accumulated amortization	(17,209)	
Net		209,055
In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as increasess to capital assets, at their fair market value on the date of donation. The fair market value of capital assets donated was:		570,000
In governmental funds, the pledge receivable is reported as a deferred inflow of resources because the amount was not considered available under the modified accrual basis of accounting. In the statement of net position, the pledge is recognized as revenue when the pledge become unconditional.		1,320,000
Long-Term Liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Compensated absences	$ (19,660)	
Capital lease	(115,402)	
Total		(135,062)
Total net position		$ 2,001,371

See accompanying notes to basic financial statements.

Upper Salinas-Las Tablas Resource Conservation District

Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Year Ended June 30, 2024

	General Fund
REVENUES	
Grant revenue	$ 1,108,949
Program income	201,033
Contributions	330,000
Interest income	3
Miscellaneous revenue	3,186
Total revenues	1,643,171
EXPENDITURES	
Current:	
Salaries and employee benefits	486,685
Services and supplies	1,131,488
Capital outlay	85,110
Debt service	
Principal	20,670
Interest	4,205
Total expenditures	1,728,158
Excess of revenue over/(under) expenditures	(84,987)
OTHER FINANCING SOURCES (USES)	
Proceeds from capital lease	129,067
Total other financing sources (uses)	129,067
Net change in fund balance	44,080
FUND BALANCE, beginning of year	(6,702)
FUND BALANCE, end of year	$ 37,378

See accompanying notes to basic financial statements.

Upper Salinas-Las Tablas Resource Conservation District

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in the Fund Balances to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balance	$	44,080
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which additions to capital assets of $85,110 and right to use assets of $129,067 is more than depreciation expnse of ($19,253) and amortization expense ($24,214) in the period.		740,710
In the statement of activities, compensated absences are measured by the amounts earned during each year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). This year, vacation earned was more than the amounts used by $4,877		(4,877)
In governmental funds, proceeds from debt are recognized as other financing sources. Int the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were:		(129,067)
In governmental funds,repayments of long-term debt are reported as expenditures. In the government-wide statements,repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		20,670
In governmental funds, the pledge receivable is reported as a deferred inflow of resources because the amount was not considered available under the modified accrual basis of accounting. In the statement of net position, the pledge is recognized as revenue when the pledge become unconditional.		1,320,000
Change in net position	$	1,991,516

See accompanying notes to basic financial statements.

Note 1 – Organization

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

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

Note 2 – Summary of Significant Accounting Policies

A. Reporting Entity

The reporting entity is the Upper Salinas-Las Tablas Resource Conservation District. There are no component units included in this report which meets the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, No. 61, No. 80, and No. 90.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

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

C. Basis of Presentation

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities.

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

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

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

D. **Basis of Accounting**

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

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

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

Unearned revenue – Unearned revenues arise when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally

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

When both restricted and unrestricted resources are available for use except for endowment interest, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. In the case of endowment interest, unrestricted funds are used first.

E. Fund Accounting

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

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

F. Budgets and Budgetary Accounting

The District adopts an annual budget on or before August 30. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations.

The Board of Trustees may amend the budget by motion during each fiscal year. The original and revised budgets are presented for the General Fund.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the District are subject to annual review by the Board of Trustees; hence, they legally are one year contracts with an option for renewal for another fiscal year.

G. Investments

Investments are stated at fair value.

H. Prepaid Expenditures

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the period benefitted.

I. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

J. **Capital Assets**

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

Capital assets include public domain (infrastructure) capital assets placed in service after June 30, 1980, consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net position. The estimated useful lives are as follows:

Equipment	7 to 10 years
Structures	10 to 50 years

K. **Estimates**

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

L. **Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

M. **Compensated Absences**

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund from which it will be paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements.

N. **Fund Balances**

Fund balance of the governmental fund is classified as follows:

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

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

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

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

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

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

O. Future Accounting Pronouncements

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

Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.
Statement No. 102	"Certain Risk Disclosures"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.
Statement No. 103	"Financial Reporting Model Improvements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.
Statement No. 104	"Disclosure of Certain Capital Assets"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.

Note 3 – Cash and Investments

On June 30, 2024, the District had the following cash on hand:

Cash in banks	$ 92,795
Total cash and investments	$ 92,795

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

Cash and investments, statement of net position	$ 92,795
	$ 92,795

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

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

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

Concentration of credit risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments that was invested beyond that stipulated by the California Government Code.

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

As of June 30, 2024, none of the District's deposits with financial institutions in excess of depository insurance limits were held in uncollateralized accounts.

Note 4 – Pledge Agreement

On March 23, 2023, the Upper Salinas–Las Tablas Resource Conservation District (the "District") entered into a Charitable Pledge Agreement (the "Agreement") with a private donor whereby the donor agreed to make charitable contributions to the District to fund and support a Restoration and Regenerative Agriculture Workspace project (the "Restorative Project") on certain real property located at 1380 Willow Creek Road, Paso Robles, California (the "Property").

Property Donation – On August 23, 2023, the donor transferred the Property, consisting of approximately 375 acres in the County of San Luis Obispo, to the District. The Property was recorded at its appraised fair market value of $570,000 and is included in land on the District's statement of net position. Pursuant to the Agreement, the Property is subject to a conservation easement recorded in the official records of San Luis Obispo County restricting its use exclusively for conservation purposes. Accordingly, the Property is reported as restricted net position in the accompanying financial statements.

Cash Pledge – In connection with the property donation, the donor pledged to contribute $1,650,000, payable in five equal annual installments of $330,000. All pledge proceeds are donor-restricted for use in connection with the Restorative Project as described in Exhibit A of the Agreement. Under the terms of the Agreement, the cash pledge was conditional until the Property was transferred to the District. The Property was transferred on August 23, 2023, at which time all conditions associated with the pledge were satisfied. Accordingly, the remaining installments of the pledge became unconditional during the fiscal year ended June 30, 2024, and the District recognized a pledge receivable in that year in accordance with GASB Statement No. 33.

The first installment of $330,000 was invoiced and recognized during the fiscal year ended June 30, 2024. The pledge receivable as of June 30, 2024, consists of the following:

Fiscal Year Ending June 30,	Amount
2025	$ 330,000
2026	330,000
2027	330,000
2028	330,000
	$ 1,320,000

The pledge receivable is classified as restricted net position as the proceeds are donor-restricted for use in connection with the Restorative Project.

Matching Pledge – Under the Agreement, the donor also pledged to match outside contributions received by the District for the Restorative Project on a dollar-for-dollar basis, up to a maximum of $500,000 (the "Matching Pledge"). The Matching Pledge is payable in annual installments on or around December 31 over a ten-year period beginning December 31, 2024, based on outside funds received by the District during the preceding twelve-month period. The District is required to provide the donor with an Annual Match Report on or around December 1 of each year documenting all outside funds received for the Restorative Project during the preceding twelve-month period.

As of June 30, 2024, the Matching Pledge has not been recognized in the financial statements because the amount is contingent upon future outside fundraising activities. The District will recognize Matching Pledge revenue as qualifying outside funds are received and reported to the donor in accordance with the Agreement. If fully realized, the Matching Pledge could provide up to an additional $500,000 in restricted resources for the Restorative Project.

Note 5 – Capital Assets

Capital assets activity for the year ended June 30, 2024 was as follows:

	Beginning July 1, 2023	Additions	Deletions	Ending June 30, 2024
Capital assets not subject to depreciation				
Land	$ –	$ 570,000	$ –	$ 570,000
Total capital assets not subject to depreciation	$ –	$ 570,000	$ –	$ 570,000
Capital assets subject to depreciation				
Machinery and equipment	$ 66,533	$ 85,110	$ (22,069)	$ 129,574
Total capital assets subject to depreciation	66,533	85,110	(22,069)	129,574
Less accumulated depreciation for				
Machinery and equipment	35,193	19,253	(22,069)	32,377
Total accumulated depreciation	35,193	19,253	(22,069)	32,377
Total capital assets subject to depreciation, net	$ 31,340	$ 65,857	$ –	$ 97,197
Total capital assets, net	$ 31,340	$ 635,857	$ –	$ 667,197

Note 6 – Right of Use Asset

	Beginning July 1, 2023	Additions	Reductions	Ending June 30, 2024
Right to use assets				
Leased office	$ 54,259	$ 129,067	$ 54,259	$ 129,067
Total right to use assets	54,259	129,067	54,259	129,067
Less: accumulated amortization	47,254	24,214	54,259	17,209
Right to use assets, net	$ 7,005	$ 104,853	$ –	$ 111,858

Note 7 – Lease Payable

On November 9, 2020, the District entered into an office space lease agreement beginning November 15, 2020, and terminating on November 14, 2023. Monthly rent under the agreement was $2,000. At lease commencement, the District recognized a right-of-use asset and corresponding lease liability of $54,259, measured using a 3 percent discount rate based on the U.S. Treasury Bill rate.

The lease reached its contractual end on November 14, 2023, and was not renewed. During the fiscal year ended June 30, 2024, the remaining lease liability was fully extinguished, and the related right-of-use asset was fully amortized. No amounts remained outstanding at fiscal year-end related to this lease. On November 1, 2023, the District entered into a noncancelable lease agreement for office space. The agreement is structured as a five-year lease with base rent of $2,040 per month, subject to a 3 percent annual increase on base rent only, plus reimbursement of HOA/common area fees of $210 per month.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	$ 23,401	$ 4,089	$ 27,490
2026	25,093	3,146	28,239
2027	26,874	2,136	29,010
2028	28,750	1,055	29,805
2029	11,284	98	11,382
	$ 115,402	$ 10,524	$ 125,926

Note 8 – Long-term Liabilities

The following is a summary of long-term liability activity for the year ended June 30, 2024:

	Beginning July 1, 2023	Additions	Deletions	Ending June 30, 2024	Due Within One Year
Governmental Activities					
Compensated absences	$ 14,783	$ 4,877	$ –	$ 19,660	$ 14,745
Capital lease	7,005	129,067	20,670	115,402	23,401
	$ 21,788	$ 133,944	$ 20,670	$ 135,062	$ 38,146

Note 9 – Commitments and Contingencies

State and Federal Allowances, Awards, and Grants – The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

Litigation – According to the District's staff and attorney, no contingent liabilities are outstanding, and no lawsuits are pending of any real financial consequence.

Required Supplementary Information

Upper Salinas-Las Tablas Resource Conservation District

General Fund – Budgetary Comparison Schedule

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Grant revenue	$ 2,592,249	$ 2,592,249	$ 1,108,949	$ (1,483,300)
Program income	61,766	61,766	201,033	139,267
Contributions	330,000	330,000	330,000	–
Interest income	–	–	3	3
Miscellaneous revenue	–	–	3,186	3,186
Total revenues	2,984,015	2,984,015	1,643,171	(1,340,844)
EXPENDITURES				
Current:				
Salaries and benefits	797,895	797,895	486,685	311,210
Services and supplies	1,748,864	1,748,864	1,131,488	617,376
Capital outlay	–	–	85,110	(85,110)
Debt service				
Principal	30,900	30,900	20,670	10,230
Interest	–	–	4,205	(4,205)
Total expenditures	2,577,659	2,577,659	1,728,158	849,501
Net change in fund balance	406,356	406,356	(84,987)	(491,343)
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	–	–	129,067	129,067
Total other financing sources (uses)	–	–	129,067	129,067
Net change in fund balances	406,356	406,356	44,080	(362,276)
FUND BALANCE, beginning of year	(6,702)	(6,702)	(6,702)	
FUND BALANCE, end of year	$ 399,654	$ 399,654	$ 37,378	$ (362,276)

Moss, Levy & Hartzheim LLP
Certified Public Accountants

Report of Independent Auditors 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
Upper Salinas–Las Tablas Resource Conservation District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Upper Salinas–Las Tablas Resource Conservation District (the "District"), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 27, 2026.

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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-003, 2024-004, 2024-005, and 2024-006 to be significant deficiencies.

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 an instance

of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2024-006.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Levy & Hartzheim LLP

Santa Maria, California
May 27, 2026

Finding 2024-001 — Untimely Billing, Unrecorded Accounts Receivable, and Duplicate Invoices (Material Weakness)

Criteria: Internal controls over revenue recognition, billing, and accounts receivable should provide reasonable assurance that receivables and revenue are recorded completely, accurately, and in the proper period, and that the accounts receivable ledger is reconciled and reviewed as part of the year-end close process.

Condition: The District had not billed or recorded a significant amount of revenue earned prior to year-end. We proposed an audit adjustment to record $558,100 of unrecorded accounts receivable related to grant and program billings that had not been issued or recorded as of June 30, 2024. In addition, duplicate invoices created during the transition to the Harvest system were recorded in the accounts receivable ledger, overstating receivables at year-end, and were not removed prior to audit.

Cause: Delays in billing grant and program reimbursements, the transition to the Harvest system, and insufficient review of accounts receivable during the year-end close process.

Effect: Accounts receivable and revenue were materially misstated prior to audit adjustment. The need for a material audit adjustment indicates that internal controls over revenue recognition, billing, and accounts receivable reconciliation were not operating effectively.

Recommendation: We recommend the District implement a monthly billing schedule for grant and program reimbursements, perform a year-end review to identify earned-but-unbilled amounts, and reconcile the accounts receivable subsidiary ledger to the general ledger, including a review of the aging for duplicate invoices, as part of the monthly and year-end close process.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding. The District has implemented a monthly billing schedule for grant and program reimbursements and has added a year-end close procedure to identify and accrue earned-but-unbilled revenue. The accounts receivable subsidiary ledger is now reconciled to the general ledger monthly, and the aging is reviewed for duplicate or invalid invoices; the duplicate invoices arising from the Harvest conversion have been removed. These procedures will be fully in place for the fiscal year 2026 close.

Responsible official: District Manager.

Finding 2024-002 — Failure to Properly Identify and Record Transactions Related to the Charitable Pledge Agreement (Material Weakness)

Criteria: GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, requires revenue from a voluntary nonexchange transaction to be recognized once all eligibility requirements have been met. Internal controls over financial reporting should provide reasonable assurance that complex and unusual transactions are identified, evaluated under the applicable accounting framework, and properly recorded during the year-end close process.

Condition: We proposed material audit adjustments related to the charitable pledge agreement between the District and a private donor to: (1) record donated land received during the year as a capital asset in the government-wide financial statements; (2) record the pledge receivable representing future cash installments due under the agreement; and (3) recognize the cash installment received during the year as revenue rather than as a deferred inflow of resources. Because the primary eligibility condition of the agreement (the transfer of the donated land) was completed during the year, the cash installment received subsequent to that transfer no longer met the criteria for deferral. The remaining purpose restriction is appropriately reflected as a restriction of fund balance.

Cause: The District's year-end close procedures did not include an evaluation of significant agreements and complex nonexchange transactions under the applicable GASB standards.

Effect: Capital assets, pledge receivable, deferred inflows of resources, and contribution revenue were materially misstated prior to audit adjustments.

Recommendation: We recommend the District incorporate into its year-end close process a review of significant agreements and unusual transactions, evaluate nonexchange transactions under GASB Statement No. 33, and consult with its auditors or other advisors when complex transactions arise.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding. The proposed adjustments have been recorded. The District will incorporate into its year-end close process a review of significant agreements, donations, and other unusual or complex transactions, will evaluate nonexchange transactions under GASB Statement No. 33, and will consult with its auditors or other advisors before year-end close when complex transactions arise.

Responsible official: District Manager.

Finding 2024-003 — Segregation of Duties Limitations (Significant Deficiency)

Criteria: A properly designed system of internal control provides for segregation of incompatible duties, including the preparation and posting of journal entries, payroll processing and approval, and vendor setup and payment processing.

Condition: Due to the District's small staff size, certain key accounting functions lack segregation, including the preparation and posting of journal entries, payroll processing and approval, and vendor setup and payment processing.

Cause: Limited staff size inherent to a small special district.

Effect: While compensating controls exist, the inherent limitations increase the risk of errors or irregularities not being prevented or detected in a timely manner.

Recommendation: We recommend the District continue to strengthen compensating controls, including independent review and approval of journal entries, payroll registers and payroll master data changes, and vendor master file additions and changes by a Board member or other individual independent of the processing function.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding. Given the District's limited staff size, full segregation of duties is not practicable; however, the District will continue to strengthen compensating controls, including independent review and approval of journal entries, payroll registers and payroll master data changes, and vendor master file additions and changes by a Board member or other individual independent of the processing function.

Responsible official: District Manager.

Finding 2024-004 — Inconsistent Documentation of Disbursement Approvals During Transition to Digital Workflow (Significant Deficiency)

Criteria: Internal controls over the disbursement cycle should provide for documented evidence of review and approval of disbursements prior to payment.

Condition: During fiscal year 2024, the District transitioned from paper-based approval processes to digital workflows in Harvest. For a portion of the year, evidence of approval for disbursements was not consistently documented in the supporting records.

Cause: The transition to a digital approval workflow without formalized procedures to ensure approval evidence was captured and retained.

Effect: Inconsistent approval documentation increases the risk of unauthorized or improper disbursements.

Recommendation: We recommend the District formalize its digital approval workflow in Harvest so that documented evidence of approval is captured and retained for all disbursements, and periodically review a sample of disbursements to confirm approval documentation is complete.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding. The transition to the Harvest digital approval workflow has been completed, and approval of all disbursements is now documented and retained within the system. Management will periodically review a sample of disbursements to confirm that approval documentation is complete.

Responsible official: District Manager.

Finding 2024-005 — Lack of Detailed Compensated Absence Activity at Time of Audit Preparation (Significant Deficiency)

Criteria: Year-end close procedures should provide for detailed supporting schedules for accrued liabilities, including compensated absence activity by employee, available on a timely basis.

Condition: At the time audit workpapers were initially prepared, the District was unable to produce detailed compensated absence activity by employee due to system limitations in QuickBooks Online. The District later obtained the required detail.

Cause: System limitations in QuickBooks Online and the absence of an independently maintained leave accrual schedule.

Effect: The absence of timely supporting documentation represents a deficiency in year-end close procedures and increases the risk of misstatement of the compensated absences liability.

Recommendation: We recommend the District maintain a detailed schedule of compensated absence activity by employee (accruals, usage, and balances) throughout the year, reconciled to payroll records, so that supporting documentation is available at the time of audit preparation.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding. The District now maintains a detailed schedule of compensated absence activity by employee, including accruals, usage, and ending balances, reconciled to payroll records, so that supporting documentation is available at the time of audit preparation.

Responsible official: District Manager.

Finding 2024-006 — Untimely Remittance of 457(b) Plan Contributions (Significant Deficiency and Instance of Noncompliance/Other Matter)

Criteria: Employee deferrals withheld from payroll should be remitted to the plan administrator on a timely basis in accordance with the plan document and applicable requirements governing Internal Revenue Code Section 457(b) plans.

Condition: Employee deferrals to the District's 457(b) Plan were withheld from payroll but not remitted to the plan administrator within a timely matter.

Cause: A breakdown in payroll controls, including the absence of monthly reconciliation and monitoring of payroll withholding liability accounts.

Effect: The District is exposed to compliance and fiduciary risk, including potential lost earnings to participants, and payroll withholding liabilities were not relieved on a timely basis.

Recommendation: We recommend the District remit employee 457(b) deferrals to the plan administrator each pay period (or as soon as administratively feasible) and reconcile payroll withholding liability accounts

monthly, with review by someone independent of payroll processing. The District should also evaluate whether participant accounts should be made whole for any lost earnings.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding. All previously withheld employee deferrals have been remitted to the plan administrator, and remittances are now made each pay period. Payroll withholding liability accounts are reconciled monthly with review by an individual independent of payroll processing. The District will work with the plan administrator to evaluate whether participant accounts should be made whole for any lost earnings.

Responsible official: District Manager.