

**SAN MATEO  
RESOURCE CONSERVATION DISTRICT  
HALF MOON BAY, CALIFORNIA  
BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**SAN MATEO RESOURCE CONSERVATION DISTRICT  
BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
San Mateo Resource Conservation District,  
Half Moon Bay, California

### *Opinions*

We have audited the accompanying financial statements of the San Mateo County Resource Conservation District (District), California, 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 District as of June 30, 2023, and the respective changes in financial position and, where applicable, 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. 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 requirement 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 these 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 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, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 and other required supplementary information as listed in the Table of Contents 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maze + Associates*

Pleasant Hill, California  
May 10, 2024

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San Mateo Resource Conservation District  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2023

San Mateo Resource Conservation District's (the "District") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's basic financial statements. The MD&A is presented for the year ended June 30, 2023.

**Introduction to the Basic Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District's audited financial statements, which are comprised of the basic financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for States and Local Governments. The Single Governmental Program for Special Purpose Governments reporting model is used which best represents the activities of the District.

The required financial statements include the Government-wide and Fund Financial Statements; Statement of Net Position and Governmental Funds Balance Sheet; Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances; and the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of the District.

**The Basic Financial Statements**

The Basic Financial Statements comprise the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the District's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of the District's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the District as a whole, including all its capital assets and long-term liabilities on the full accrual basis, like that used by corporations. The Statement of Activities provides information about all the District's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of the District's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All the District's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report the District's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of the District's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts.

Major Funds account for the major financial activities of the District and are presented individually. Major Funds are explained below.

San Mateo Resource Conservation District  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2023

**The Government-wide Financial Statements**

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the District as a whole.

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities -The District's basic services are governmental activities. These services are supported by general District revenues such as taxes, and by specific program revenues such as government grants and service charges.

**Fund Financial Statements**

The Fund Financial Statements provide detailed information about each of the District's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually; the District has no Non-major Funds. Major Funds present the major activities of the District for the year and may change from year to year because of changes in the pattern of the District's activities.

In the District's case, the General Fund is the only Major Governmental Fund.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

**Governmental Activities**

**Assets**

Cash & Investments	\$ 4,121,716	\$ 2,224,069
Other Assets	4,364,988	2,847,779
Total Assets	8,486,704	5,071,848

**Liabilities**

Accounts payable	1,728,799	1,220,229
Other Liabilities	3,686,690	2,647,703
Total Liabilities	5,415,489	3,867,933

**Net Position**

Unrestricted	3,071,215	1,203,915
Total Net Position	\$ 3,071,215	\$ 1,203,915

The District's net position was \$3,071,215 for the fiscal year ended June 30, 2023.

San Mateo Resource Conservation District  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2023

The following table summarizes the District's change in net position at June 30:

	July 1, 2021 through June 30, 2023	July 1, 2020 through June 30, 2022
<b>Revenues</b>		
Program revenues		
Operating grants and contracts	\$ 10,629,704	\$ 9,003,718
General Revenue		
Taxes and other	159,345	328,090
Total Revenues	10,789,049	9,331,809
Program Expenses		
Resource conservation	10,921,749	9,476,140
Total Expenses	10,921,749	9,476,140
Change in Net Position	\$ (132,700)	\$ (67,555)

**Government Activities**

For the period from July 1, 2022 through June 30, 2023, the total District revenues were \$10,789,049. The total District expenses were \$10,921,749. The difference of <132,700> is the increase in net position bringing the total net position on June 30, 2023 to \$1,071,215. The main source of revenue for the District is grant revenue and contracts. The amount our taxpayers ultimately financed for these activities through local taxes and assessments was \$91,561.

**Capital Assets**

The District does not maintain any capital assets.

**Debt Administration**

The District does not utilize long term debt to fund operations or growth.

**General Fund Budgetary Highlights**

The District's General Fund operating budget for the period of July 1, 2022 to June 30, 2023 was adopted by the Governing Board. As adopted, projected expenditures totaled \$15,112,342. Budgeted revenues totaled \$14,955,971 with revenues projected to be under expenditures by approximately \$156,371.

**Economic Outlook and Major Initiatives**

Financial planning is based on specific assumptions from recent trends, State of California economic forecasts and historical growth patterns in the various communities served by the District.

The economic condition of the District as it appears on the balance sheet reflects financial stability and the potential for organizational growth. The District will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices.

San Mateo Resource Conservation District  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2023

**Contacting the District's Financial Management**

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact the Finance Director at San Mateo County Resource Conservation District, 80 Stone Pine Road, Suite 100, Half Moon Bay, California 94019.

SAN MATEO RESOURCE CONSERVATION DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2023

ASSETS	General Fund	Adjustments (Note 3 and 11)	Statement of Net Position
	<u>          </u>	<u>          </u>	<u>          </u>
Current Assets:			
Cash and investments (Note 2)	\$ 4,121,716	\$ -	\$ 4,121,716
Grants receivable (Note 5)	4,364,988	-	4,364,988
Total Current Assets	<u>8,486,704</u>	<u>-</u>	<u>8,486,704</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	1,728,799	-	1,728,799
Accrued payroll	220,719	-	220,719
Accrued expenses	7,918	-	7,918
Compensated absences	79,533	-	79,533
Refundable advances	3,378,520	-	3,378,520
Total Current Liabilities	<u>5,415,489</u>	<u>-</u>	<u>5,415,489</u>
Long Term Liabilities			
Moore foundation	<u>-</u>	2,000,000	<u>2,000,000</u>
Total Long Term Liabilities	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>
FUND BALANCES / NET POSITION			
Fund balances:			
Assigned	<u>3,071,215</u>	<u>(3,071,215)</u>	<u>-</u>
Total Fund Balance	<u>3,071,215</u>	<u>(3,071,215)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 8,486,704</u>		
Net Position:			
Unrestricted		<u>3,071,215</u>	<u>1,071,215</u>
Net Position		<u>\$ 3,071,215</u>	<u>\$ 1,071,215</u>

See accompanying notes to basic financial statements

SAN MATEO RESOURCE CONSERVATION DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT  
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Adjustments (Note 4 and 11)</u>	<u>Statement of Activities</u>
Expenditure/expenses:			
Resource conservation	\$ 10,921,749	\$ -	\$ 10,921,749
Total expenditures/expenses	<u>10,921,749</u>	<u>-</u>	<u>10,921,749</u>
Program revenues:			
Operating grants and contracts	<u>10,629,704</u>	<u>-</u>	<u>10,629,704</u>
Net program expense	<u>292,045</u>	<u>-</u>	<u>292,045</u>
General revenues:			
Property taxes	91,561	-	91,561
Local government contributions	-	-	-
Other contributions	64,307	-	64,307
Miscellaneous	857	-	857
Interest	<u>2,620</u>	<u>-</u>	<u>2,620</u>
Total general revenues	<u>159,345</u>	<u>-</u>	<u>159,345</u>
Other Financing Sources:			
Proceeds from sale of debt	<u>2,000,000</u>	<u>(2,000,000)</u>	<u>-</u>
Total other financing sources	<u>2,000,000</u>	<u>(2,000,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,867,300</u>	<u>(2,000,000)</u>	<u>(132,700)</u>
Changes in net position	-	2,000,000	(132,700)
Fund balance / net position at July 1, 2022	<u>1,203,915</u>	<u>-</u>	<u>1,203,915</u>
Fund balance / net position at June 30, 2023	<u>\$ 3,071,215</u>	<u>\$ 2,000,000</u>	<u>\$ 1,071,215</u>

See accompanying notes to basic financial statements

**SAN MATEO RESOURCE CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Organization and Description***

The San Mateo Resource Conservation District (the District) was formed under Division 9 of the California Public Resources Code popular election and approved by the San Mateo County Board of Supervisors on October 10, 1939. The function of the District is to provide a soil and water and natural resource conservation program within its geographical boundaries.

**B. *Accounts and Records***

Custodianship of the District's accounts and records are vested with the District. Assessment of property and collection of tax receipts for the District is provided by the County of San Mateo. The Board further authorized check signatory to a designated board member and the executive director.

**C. *Accounting Policies***

The District accounts for its financial transactions in accordance with the policies and procedures recommended by the State of California. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

(1) Government-wide and Fund Financial Statements:

The government-wide financial statements (the statement of net position and the statement of activities) report on the District as a whole. The statement of activities demonstrates the degree to which the direct expenses of the District's function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with the District's function. *Program revenues* include grant revenue and charges paid by the recipients of goods or services offered by the program. Other items not properly included among program revenues are reported instead as *general revenues*. Separate financial statements are provided for the governmental fund of the District (balance sheet and the statement of revenues, expenditures and changes in fund balances).

(2) Measurement Focus, Basis of Accounting and Financial Statement Presentation:

Government-wide Financial Statements

The statement of net position and the statement of activities are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**SAN MATEO RESOURCE CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Accounting Policies (Continued)**

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as invested capital assets (net of related debt), restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

Fund Balances

The District's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, which requires the District to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Nonspendables, Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint.

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Board of Directors serves as the District's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the District for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.



**SAN MATEO RESOURCE CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. *Accounting Policies (Continued)***

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the District specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District only has one major fund, the General Fund, which is used to account for all financial resources.

(3) Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures/ expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**D. *Budget and Budgetary Accounting***

The District normally adopts an annual budget on or before June 30 for the ensuing fiscal year. The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- (1) Legally adopted annual budgets and formal budgetary integration is employed as a management control device during the year for the General Fund only.
- (2) The budgets for the General Fund are adopted on a basis consistent with GAAP.

**SAN MATEO RESOURCE CONSERVATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- (3) Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year, which were contingent upon new or additional revenue sources and re-appropriated amounts for prior year encumbrances.
- (4) Budget appropriations for the various governmental fund become effective each July 1. The Board of Directors may amend the budget during the fiscal year.

**NOTE 2 – CASH AND INVESTMENTS**

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

	Carrying Value	Investment Rating
Cash in Tri Counties Bank	\$4,121,716	N/A

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of 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. However, the California Government code requires that a financial institution secure deposits made by State or local government 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.

Fair Value Reporting – Investments

The District categorizes the fair value measurements of its investments within the fair value hierarchy established by GAAP. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. These levels are determined by the District's investment manager based on a review of the investment class, structure and what kind of securities are held in the portfolio. The District's holdings are classified in Level 1 of the fair value hierarchy.

**NOTE 3 – RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION**

Since the District's funds statements mirror the government-wide statements (i.e., no reconciling items for capital assets, long term debts, etc.), reconciliation statements have not been presented as a part of the basic financial statements.

**SAN MATEO RESOURCE CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 4 – RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE STATEMENT  
OF ACTIVITIES**

Since the District's funds statements mirror the government-wide statements (i.e., no reconciling items for capital assets, long term debts, etc.), reconciliation statements have not been presented as a part of the basic financial statements.

**NOTE 5 – GRANTS RECEIVABLE**

Grants receivable consisted of the following as of June 30, 2023:

Water Quality	\$	169,737
Water Resources		1,532,102
Habitat Enhancement		916,265
Conservation Technical Assistance		201,485
Climate Mitigation and Adaption		185,467
Agricultural Ombudsman		21,991
Fire and Forestry		1,014,872
Erosion and Sediment		13,089
Santa Cruz Mountain Stewardship Network		302,216
Streamgage		10,000
Other		(2,236)
Total grants receivable	\$	<u><u>4,364,988</u></u>

**NOTE 6 – COMPENSATED ABSENCES**

Compensated absences comprise of unused vacation leave, which is accrued as earned. Compensated absences are recognized as a liability of the District. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be paid out of current financial resources are recorded as fund liabilities; the long-term portion is recorded in the statement of net position. The District does not anticipate paying out any portion of the compensated absences within a year. Therefore, compensated absences are classified as long-term liabilities.

The net change of compensated absences is as follows:

Beginning Balance	\$	115,335
Additions		71,368
Deletions		(107,170)
Ending Balance	\$	<u><u>79,533</u></u>

**SAN MATEO RESOURCE CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 7 – REFUNDABLE ADVANCES**

The District has been awarded grants and contracts from multiple funding sources to provide comprehensive, integrated services for all aspects of natural resource management. These grants and contracts are considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. At June 30, 2023, the balance in the refundable advances for grants and contracts was \$3,378,520.

**NOTE 8 – PROPERTY TAX LEVY, COLLECTION AND MAXIMUM RATES**

The State of California (the "State") Constitution Article XIII A provides that the combined Maximum property tax rate on any given property may not exceed 1 % of its assessed value unless voters have approved an additional amount. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1 % tax levy among counties, cities, school districts and other districts. Counties, cities, school districts and other districts may levy such additional tax as is necessary to provide for voter approved debt service.

The County of San Mateo assesses properties, and bills and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	January 1	January 1
Lien/levy dates	July 1	July 1
Due Dates	50% on November 1 50% on February 1	Upon receipt of billing
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term "unsecured" refers to taxes on property not secured by liens on real property. Property taxes levied are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the "alternative method" of property tax distribution, known as the Teeter Plan, by the District and the County of San Mateo. The Teeter Plan authorizes the auditor/ controller of the County of San Mateo to allocate 100% of the secured property taxes billed, but not yet paid. The County of San Mateo remits tax monies to the District in installations as follows:

- 5% remitted in July
- 75% remitted in September; includes advance
- 15% remitted in May
- 5% remitted in June

**SAN MATEO RESOURCE CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 9 – RISK MANAGEMENT**

The District manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related joint powers agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member government entities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the District's responsibility.

The District maintained insurance coverage for liability up to \$2,500,000, property up to \$1,000,000,000 per occurrence, automobile physical damage up to \$2,500,000 per occurrence, Public Officials and Employees Errors and Omissions up to \$2,500,000 per occurrence and Workers' Compensation up to \$5,000,000 per occurrence through the Special District Risk Management Authority (a public entity risk pool) and underwritten by various insurance companies.

Financial statements for the risk pool may be obtained from SDRMA, 1112 I Street, Suite 300, Sacramento, CA 95814-2865.

**NOTE 10 – LEASE**

The District entered into a non-cancellable operating lease for offices at 80 Stone Pine Rd, Suite 100, Half Moon Bay, California, expiring August 31, 2028 which does not meet the definition under GASB 87. Minimum future payments under this non-cancellable operating lease as of June 30, are as follows:

<u>Lease</u>	<u>Total</u>	<u>Annual Change</u>
2024	\$ 88,602	
2025	93,336	5.34%
2026	97,450	4.41%
2027	92,296	-5.29%
2028	91,128	-1.27%
2029	<u>15,188</u>	
Total	<u>\$ 478,000</u>	

Rental expense for the year ending June 30, 2023 totaled \$81,034.

**SAN MATEO RESOURCE CONSERVATION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**NOTE 11 – LONG-TERM DEBT**

On August 26, 2022, the District entered into a loan agreement with the Gordon and Betty Moore Foundation in the amount of \$2,000,000 to fund, implement and support various conservation projects, including Little Butano Creek Flow Enhancement, Green Oaks Habitat Enhancement, Midego Creek Fish Passage, etc.

The District shall pay to Foundation all principal payment amounts due by August 26, 2024. The loan shall bear no interest for a period of eighteen months following August 26, 2022. The District shall pay interest on the unpaid principal amount of the loan commencing on February 26, 2024 and through the date that the entire principal amount of the loan has been repaid in full, at an interest rate equal to one-and-a-half percent (1.5%) per annum, simple interest. Interest payments are due on March 1 and November 1 of each calendar year, commencing on March 1, 2024.

SAN MATEO RESOURCE CONSERVATION DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUE AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
Revenues:				
Operating grants and contracts	\$ 14,649,671	\$ 14,649,671	\$ 10,629,704	\$ (4,019,967)
Property taxes	85,000	85,000	91,561	6,561
Government contributions	200,000	200,000	-	-
Individual contributions	20,000	20,000	-	-
Other contributions	-	-	64,307	64,307
Miscellaneous	-	-	857	857
Interest	1,300	1,300	2,620	1,320
<b>Total Revenues</b>	<b>14,955,971</b>	<b>14,955,971</b>	<b>10,789,049</b>	<b>(4,166,922)</b>
Expenditures:				
Resource conservation	15,112,342	15,112,342	10,921,749	4,190,593
<b>Total expenditures</b>	<b>15,112,342</b>	<b>15,112,342</b>	<b>10,921,749</b>	<b>4,190,593</b>
Excess of revenues over (under) expenditures	<u>\$ (156,371)</u>	<u>\$ (156,371)</u>	(132,700)	<u>\$ 23,671</u>
Fund balance, beginning of period			<u>1,203,915</u>	
Fund balance, ending of period			<u>\$ 1,071,215</u>	

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