

**HONEY LAKE VALLEY RESOURCE
CONSERVATION DISTRICT**

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Honey Lake Valley Resource Conservation District
Susanville, California

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Honey Lake Valley Resource Conservation District as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively make up the 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 financial position of Honey Lake Valley Resource Conservation District as of June 30, 2023, and the changes in financial position of those activities and funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Honey Lake Valley Resource Conservation District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Honey Lake Valley Resource Conservation District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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, 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 Honey Lake Valley 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 Honey Lake Valley 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.

Other Information

Required Supplementary Information

The Honey Lake Valley Resource Conservation District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined are necessary to supplement, although not required to be part of, the basic financial statements. The Governmental Accounting Standards Board (GASB), considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The required supplementary information other than Management Discussion and Analysis, described as the budgetary comparison schedules in the table of contents on pages 15 and 16 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

Larry Bain, CPA

Larry Bain, CPA
An Accounting Corporation

February 5, 2024

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ 577,562
Restricted cash and investments	992,500
Due from others	12,857
Grant receivable	213,724
Total current assets	<u>1,796,643</u>
Capital assets:	
Equipment	66,410
Less: accumulated depreciation	<u>(39,411)</u>
Total capital assets	<u>26,999</u>
Total assets	<u>1,823,642</u>
Liabilities	
Accounts payable	311,250
Accrued payroll	6,386
Deferred revenue-uneared	998,520
Total liabilities	<u>1,316,156</u>
Net Position	
Net investment in capital assets	26,999
Unrestricted	480,487
Total net position	<u>\$ 507,486</u>

The notes to the financial statements are an integral part of this statement

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Natural resource conservation	<u>\$ 1,293,082</u>	<u>\$ 275,451</u>	<u>\$ 1,193,488</u>	<u>\$ 175,857</u>
Total governmental activities	<u>\$ 1,293,082</u>	<u>\$ 275,451</u>	<u>\$ 1,193,488</u>	<u>175,857</u>
General Revenues:				
Sale of assets				7,600
Investment income				<u>1,562</u>
Total general revenues				<u>9,162</u>
Change in net position				<u>185,019</u>
Net position - beginning				<u>322,467</u>
Net position - ending				<u>\$ 507,486</u>

The notes to the financial statements are an integral part of this statement

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Watermaster Fund	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 184,207	\$ 393,355	\$ 577,562
Restricted cash	992,500		992,500
Due from others	2,221	10,636	12,857
Grants receivable	213,724		213,724
Due from other funds		19,790	19,790
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$1,392,652</u>	<u>\$ 423,781</u>	<u>\$ 1,816,433</u>
<u>Liabilities</u>			
Accounts payable	\$ 287,893	\$ 23,357	\$ 311,250
Accrued payroll	4,418	1,968	6,386
Unearned revenue	1,005,524		1,005,524
Due to other funds	19,790		19,790
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,317,625</u>	<u>25,325</u>	<u>1,342,950</u>
<u>Fund Balances</u>			
Fund Balances			
Unassigned	<u>75,027</u>	<u>398,456</u>	<u>473,483</u>
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>75,027</u>	<u>398,456</u>	<u>473,483</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$1,392,652</u>	<u>\$ 423,781</u>	<u>\$ 1,816,433</u>

The notes to the financial statements are an integral part of this statement

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET
POSITION-GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Fund balances of governmental funds	\$	473,483
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.		26,999
Revenue received after 120 days is deferred revenue in the fund financial statements, however is recognized as full accrual in the government-wide financial statements		<u>7,004</u>
Net position of governmental activities	\$	<u><u>507,486</u></u>

The notes to the financial statements are an integral part of this statement

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General	Watermaster Fund	Total Governmental Funds
	<u>General</u>	<u>Fund</u>	<u>Funds</u>
Revenues			
Intergovernmental	\$1,191,823	\$ -	\$ 1,191,823
Use of money and property	2	1,560	1,562
Charges for services	1,290	274,161	275,451
Total revenues	<u>1,193,115</u>	<u>275,721</u>	<u>1,468,836</u>
Expenditures			
Salaries and benefits	155,847	57,770	213,617
Services and supplies	1,014,840	59,207	1,074,047
Capital outlay	5,329	-	5,329
Total expenditures	<u>1,176,016</u>	<u>116,977</u>	<u>1,292,993</u>
Total revenues over (under) expenditures before other financing sources (uses)	<u>17,099</u>	<u>158,744</u>	<u>175,843</u>
Other Financing Sources (Uses)			
Sale of fixed assets	7,600		7,600
Net change in fund balances	<u>24,699</u>	<u>158,744</u>	<u>183,443</u>
Fund balances, beginning of fiscal year	<u>50,328</u>	<u>239,712</u>	<u>290,040</u>
Fund balances, end of fiscal year	<u>\$ 75,027</u>	<u>\$ 398,456</u>	<u>\$ 473,483</u>

The notes to the financial statements are an integral part of this statement

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023

Net change in fund balances - total governmental funds	\$	183,443
<p>Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenues, expenditures and changes in fund balances because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:</p>		
Capital expense		5,329
Depreciation expense		(5,418)
Revenue received after 120 days is deferred revenue in the fund financial statements, however is recognized as full accrual in the government-wide financial statements		1,665
Change in net position of governmental activities	\$	185,019

The notes to the financial statements are an integral part of this statement

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies

The Honey Lake Valley Resource Conservation District (District) was organized on 1954, under Chapter 3, Division 9 of the Public Resources Code of the State of California. The District is responsible for soil conservation, water conservation, water distribution, flood control, erosion control, erosion prevention, or erosion stabilization projects, within or adjacent to the District's boundaries. The District was appointed as Watermaster effective January 1, 2007. Substantial funding for the District is from State and Federal Grants, and from Watermaster Assessments levied on landowners within the District's Boundaries. Lassen County bills and collects a portion of the Watermaster assessments and subsequently remits the monies to the District.

The accounting policies of the Honey Lake Valley Resource Conservation District conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with U. S. generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

No operations of other entities met the aforementioned oversight criteria for inclusion or exclusion from the accompanying financial statements in accordance with GASB Statement No. 61.

B. Basis of Accounting

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (District). These statements include the financial activities of the overall District.

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activity. Direct expenses are those that are specifically associated with the District. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the District. Revenues that are not classified as program revenues, including all taxes and investment income, are presented instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

When both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting (Continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. At June 30, 2023, the District's fund is of the governmental fund type.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. A 90 day availability period is used for revenue recognition for governmental fund revenues. Revenues considered susceptible to accrual include intergovernmental revenues (grants), charges for services and interest revenues. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) value in exchange, include grants, entitlements and donations. On a modified accrual basis, revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied and the availability criteria has been met.

A fund reports deferred revenue on its balance sheet. Deferred revenues arise when potential revenue does not meet the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the fund before it has a legal claim to them, as when grant funding is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the fund has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The District reports the following major governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

Watermaster Fund – This is the program fund of the District. It represents resources restricted for the administration and management of the Watermaster Service, which was transferred from the Department of Water Resources.

C. Basis of Accounting

The District records revenues when received and expenditures when paid. The District capitalizes and depreciates capital assets in accordance with Governmental Accounting Standards Board, GASB 34.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers Watermaster assessments available if they are collected within sixty-days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

D. Grants Receivable

Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

E. Capital Assets

Capital assets have been acquired for general District purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost or estimated cost where no historical records are available. The District defines capital assets as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are depreciated using the straight-line method over their estimated useful lives. The useful lives are as follows:

General Plant/Structure	50 years
Vehicles	10 years
Office Equipment	5-7 years
Field Equipment	5-7 years

F. Compensated Absences

The District's policy regarding compensated absences is to permit employees to accumulate long-term earned but unused vacation and sick leave. The liability for these compensated absences is recorded as debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences liability payable from expendable available financial resources. The District includes its share of social security and Medicare taxes payable on behalf of employees in the accrual for compensated absences.

G. Budgetary Reporting

The District prepares an annual operating and capital budget, which is approved and adopted by the Board of Directors. The budget serves as an approved plan to facilitate financial control and operational evaluation.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2023

Note 2: Cash and Investments

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

Cash and investments	\$ 577,562
Restricted cash and investments	992,500
Total cash and investments	<u>\$ 1,570,062</u>
Checking accounts	\$ 1,529,700
Savings accounts	40,362
Total cash and investments	<u>\$ 1,570,062</u>

A. Investments Authorized by the California Government Code

The District invests their funds in accordance with California Government Code sections 53600.6 and 53630.1.

B. 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. The District investments are not subject to interest rate risk.

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. 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 deposit 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 of 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 secured 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 government 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 deed mortgage notes having a value of 150% of the secured public deposits.

The District maintains checking and money market accounts with U.S. Bank for the purpose of depositing grant and assessment revenue from the county and for operations of the district. At June 30, 2023 the District's bank balance was \$1,570,062 and the carrying amount was \$1,570,062. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance \$250,000 was covered by the Federal Depository Insurance and \$1,320,062 by collateral held in the bank's trust department in the District's name.

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2023

Note 3: Capital Assets

A summary of changes in capital assets for the year ended June 30, 2023, is as follows:

	Balance 7/1/2022	Additions	Retirements/ Adjustments	Balance 6/30/2023
Equipment and vehicle	\$ 72,516	\$ 5,329	\$ (11,435)	\$ 66,410
Total capital assets, being depreciated	72,516	5,329	(11,435)	66,410
Less accumulated depreciation	(45,428)	(5,418)	11,435	(39,411)
Governmental activities capital assets, net	<u>\$ 27,088</u>	<u>\$ (89)</u>	<u>\$ -</u>	<u>\$ 26,999</u>

Note 4: Interfund Transactions

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2023.

	Due to Other Funds	Due from Other Funds
General Fund	\$ 19,790	\$ -
Watermaster fund		19,790
Totals	<u>\$ 19,790</u>	<u>\$ 19,790</u>

Note 5: Net Position/Fund Balances

Net Position – Government-Wide Financial Statements

The government-wide financial statements utilize a net position presentation. Net position are categorized as net investment in capital assets, 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 balance of debt that are attributable to capital assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, 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 any other purpose.

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2023

Note 5: Net Position/Fund Balances (Continued)

Fund Balances – Governmental Funds

The District is required to comply with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting. GASB 54 establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. While the classifications of fund balance in the District's various governmental funds were revised, the implementation of this standard had no effect on total fund balance.

- *Nonspendable* – The fund balance includes those amounts that are not in a spendable form or are required to be maintained intact. The District has recorded prepaid expense as nonspendable fund balance.
- *Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.
- *Committed* – The fund balance includes amounts that can be used only for the specific purpose determined by a formal action of the government's highest level of decision-making authority. The District has no committed fund balance.
- *Assigned* – The fund balance includes amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official, or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. The District has assigned fund balance for next years budget.
- *Unassigned* – The fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

Note 6: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is exposed to various risks of loss related to general liability and workers' compensation. Insurance for the District is secured through commercial insurance for both general liability and workers' compensation. Settlements have not exceeded insurance coverage in any of the last three years.

Note 7: Commitments and Contingencies

Grant Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time.

Contingent Liabilities

In the normal course of business, the District is subject to various lawsuits. Defense of lawsuits is typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance.

**HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 1,282,354	\$ 1,282,354	\$ 1,191,823	\$ (90,531)
Use of money and property			2	2
Charges for services			1,290	1,290
Total revenues	<u>1,282,354</u>	<u>1,282,354</u>	<u>1,193,115</u>	<u>(89,239)</u>
Expenditures				
Salaries and benefits	172,601	172,601	155,847	16,754
Service and supplies	1,017,022	1,017,022	1,014,840	2,182
Capital outlay			5,329	(5,329)
Contingency	6,656	6,656		6,656
Total expenditures	<u>1,196,279</u>	<u>1,196,279</u>	<u>1,176,016</u>	<u>20,263</u>
Total revenues over (under) expenditures before other financing sources (uses)	<u>86,075</u>	<u>86,075</u>	<u>17,099</u>	<u>(68,976)</u>
Other Financing Sources (Uses)				
Sale of fixed assets			7,600	7,600
Net change in fund balance	<u>\$ 86,075</u>	<u>\$ 86,075</u>	24,699	<u>\$ (61,376)</u>
Fund balance, beginning of fiscal year			<u>50,328</u>	
Fund balance, end of fiscal year			<u>\$ 75,027</u>	

**HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
WATERMASTER-
MAJOR SPECIAL REVENUE FUND
JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Use of money and property	\$ -	\$ -	\$ 1,560	\$ 1,560
Charges for services	274,162	274,162	274,161	(1)
Total revenues	<u>274,162</u>	<u>274,162</u>	<u>275,721</u>	<u>1,559</u>
Expenditures				
Salaries and benefits	83,200	83,200	57,770	25,430
Service and supplies	168,519	168,519	59,207	109,312
Capital outlay				-
Contingency	22,443	22,443		22,443
Total expenditures	<u>274,162</u>	<u>274,162</u>	<u>116,977</u>	<u>157,185</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	158,744	<u>\$ 158,744</u>
Fund balance, beginning of fiscal year			<u>239,712</u>	
Fund balance, end of fiscal year			<u>\$ 398,456</u>	

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

Note to Required Supplementary Information June 30, 2023

Budgets and Budgetary Accounting

As required by State law the District prepares and legally adopts a final operating budget. Public hearings were conducted on the proposed and final budget to review all appropriations and the source of financing.

The budgets for the general fund and Watermaster fund are adopted on the modified accrual basis of accounting. The budget for the general fund and Watermaster fund are the only legally adopted budgets. Appropriations lapse at fiscal year-end.

The budgetary data presented in the final budgeted amount in the accompanying financial statements includes all revisions approved by the Board of Directors.