



MISSION RESOURCE CONSERVATION DISTRICT
138 S. Brandon Street, Fallbrook, CA 92028

District Regular Board Meeting, June 17, 2024
3:00 p.m.

AGENDA

I. CALL TO ORDER

II. Welcome Guests

III. Roll Call, Determination of Quorum

IV. Additions to the Agenda (Gov. Code 54954.2(b))

In accordance with Government Code Section 54954.2 (the Brown Act), additions/changes to the agenda generally require a determination by a two-thirds majority vote of the members of the Board present at the meeting, or, if less than two-thirds of the members present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the District subsequent to the agenda being posted.

V. Oral Communications to the Board of Directors (Gov. Code 54954.3 (a))

This portion of the agenda may be used by any person to address the Board of Directors on any matter within the jurisdiction of Mission Resource Conservation District. However, depending on the subject matter, the Board of Directors may be unable to respond to at this time until the specific item is placed on the addenda at a future meeting in accordance with the Brown Act. Speakers are limited to three minutes.

SECTION 1 – CONSENT ITEMS

Consent Calendar items are routine and non-controversial, to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it shall be removed so that it may be acted upon separately.

1-A: Treasurer's Reports – May 2024

1-B: Monthly Expenses – May 2024

1-C: Minutes – May 20, 2024

SECTION 2 – STAFF, OTHER AGENCY, DIRECTOR, COMMITTEE REPORTS

2-A: NRCS Report

2-B: District Manager Report

2-C: Directors' Reports

2-D: Legislative Update

2-E: Board Committee Reports



SECTION 3 – CORRESPONDENCE

None

SECTION 4 – BOARD ACTION / DISCUSSION ITEMS

- 4-1: Discuss whether regular board meetings will have a hard closure at 5:30 pm. *(Possible Action)*
- 4-2: Consider authorizing the District Manager to transfer funds between the County Tax Revenue Account to the Five Star Money Market Account on an on-going basis. Tabled from May Board Meeting. *(Action)*
- 4-3: Discuss current reserves status and policy. *(Discussion)*
- 4-4: Consider joining the San Diego chapter of the California Special District Association. *(Possible Action)*
- 4-5: Update on the Fallbrook Median Project. *(Possible Action)*
- 4-6: Final Audit Report. *(Action)*
- 4-7: Community Garden Lease renewal. *(Action)*

SECTION 5 – LEGAL MATTERS

SECTION 6 – AGENDA SUGGESTIONS - NEXT MEETING (7/15/2024) & ADJOURNMENT



MISSION RESOURCE CONSERVATION DISTRICT
138 S. Brandon Street, Fallbrook, CA 92028

District Regular Board Meeting, May 20, 2024
3:00 p.m.

MINUTES

I. CALL TO ORDER – The meeting was called to order at 3:06 pm.

II. Welcome Guests:

Jack Bebee, General Manager, Fallbrook Public Utility District (FPUD)
Rashawn Medina

III. Roll Call, Determination of Quorum

Roll call was as follows:

Directors

Scott Murray, President - present
Julia Escamilla, Vice President - present
Bob Lin, Treasurer - present
Victor Santos, Director – absent
Peggy Brown, Director - present

Associate Directors

Ross Pike - Present
Mark Mervich - Present
Cheryl Lindberg - Present

Staff

Ani Vartanians, District Manager

IV. Additions to the Agenda (Gov. Code 54954.2(b))

In a motion made by Director Brown and seconded by President Murray, a discussion and/or possible action regarding the Fallbrook Median Project was added to the agenda. The motion was pass unanimously as follows:

Murray – Aye	Santos - Absent
Escamilla – Aye	Brown - Aye
Lin - Aye	

Jack Bebee, FPUD General Manager presented a more comprehensive overview about the Fallbrook Median Project opportunity, which was previously declined by the District. He clarified that FPUD would maintain responsibility for risk and liability concerns and would be able to provide funding for costs incurred such as landscape services, materials, and an administration fee through its annual grant program, the Community Benefit Program. After clarification, he asked the Board to reconsider its previous position.

A motion was made Vice President Escamilla and seconded by Director Brown to direct the District Manager to work with FPUD staff to compose an appropriate contract for further consideration by the Board at the District’s June board meeting. The motion was carried as follows:



Murray – Aye
Escamilla – Aye
Lin - Aye

Santos - Absent
Brown - Aye

V. Oral Communications to the Board of Directors (Gov. Code 54954.3 (a))

Guest, Rashawn Medina, introduced himself to the Board. He mentioned that he was interested in serving as a district volunteer and was particularly interested in providing District outreach to at-risk youth within the community.

SECTION 1 – CONSENT ITEMS

Consent Calendar items are routine and non-controversial, to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it shall be removed so that it may be acted upon separately.

1-A: Treasurer’s Reports – April 2024

1-B: Monthly Expenses – April 2024

1-C: Minutes – April 17, 2024

A motion was made by Director Brown and seconded by Director Lin to accept the consent items as presented effective upon the correction of the 04/17/2024 minutes. The correction would amend “A motion was made by Director and seconded by Director Santos to the consent items as presented” to “A motion was made by Vice President Escamilla and seconded by Director Santos to approve the consent items as presented.”

The motion was carried as follows:

Murray – Aye Santos - Absent
Escamilla – Aye Brown - Aye
Lin - Aye

SECTION 2 – STAFF, OTHER AGENCY, DIRECTOR, COMMITTEE REPORTS

2-A: NRCS Report - A representative from NRCS was not present but instead, a handout was distribution.

2-B: District Manager Report – District Manager Vartanians reported that after research she found that the District would need to change/increase its boundaries in order to increase its tax base.

2-C: Directors’ Reports

President Murray: Nothing to report.

Vice President Escamilla: Nothing to report.

Treasurer Lin: Nothing to report.

Director Santos: Absent

Director Brown: She reported that she networked with Berry Willis but wasn’t able to discuss too much regarding the District as this opportunity took place at a social event.



Associate Director Ross: He reported that he attended a FireSafe meeting. He learned that they applied for a grant for large street markers which also included a partnering with the US Marines for a marker installation phase.

Associate Director Mervich: He reported that a lot of progress has been made at the community garden including the installation of a greenhouse.

Associate Director Lindberg: Nothing to report.

2-D: Legislative Update - There was none.

2-E: Board Committee Reports

Programs Committee - Vice President Escamilla reported that she has not heard anything regarding any of the recently submitted grant applications. She has been monitoring the County of San Diego Council meetings in the event that the Community Incentive Grant application goes before the County Board for approval.

SECTION 3 – CORRESPONDENCE – There was none.

SECTION 4 – BOARD ACTION / DISCUSSION ITEMS

4-1: Consider officially removing “acting” from the current title of the Acting General Manager and invoke a six-month new employee probationary period effective immediately. (Action)

A motion was made by Vice President Escamilla and seconded by Director Brown to move Item 4-1 to closed session as item 5-1.

The motion was carried as follows:

Murray – Aye	Santos - Absent
Escamilla – Aye	Brown - Aye
Lin - Aye	

4-2: Discuss upcoming 2024 Fire Safe Council Volunteer Awards event on May 30, 2024 from 11:00 am to 2:30. (Discussion) – District Manager Vartanians introduced an email from Ann Baldwin from the RCD of Greater San Diego which included an invitation to the Fire Safe Council of San Diego County’s 17th annual Volunteer Awards Ceremony scheduled for May 30, 2024 in El Cajon. Vice President Escamilla pointed out that this event shows that the RCD is working outside of their own jurisdiction as the program participants are located county-wide.

4-3: Consider authorizing the Acting District Manager to transfer funds between the County Tax Revenue Account to the Five Star Money Market Account on an on-going basis. (Action) - District Manager Vartanians reported that currently, tax roll funds are located in the County account and requested that the Board give her authority to transfer these funds to the Five Star account which earns interest at a higher rate of 4.25%. Due to time constraints and other issues of priority, this item was tabled until the June 2024 Board meeting.



SECTION 5 – LEGAL MATTERS – CLOSED SESSION

A motion was made by Vice President Escamilla and seconded by Director Brown to move to closed session. The motion was carried as follows:

Murray – Aye	Santos - Absent
Escamilla – Aye	Brown - Aye
Lin - Aye	

Closed Session opened at 4:00 pm.

5.1 Public Employee Performance Evaluation (Gov. Code section 54957(b)(1).) Title: Ani Vartanians

Open Session was reconvened at 4:30 pm with the following report: Ani Vartanians title was changed to “District Manager”.

SECTION 6 – AGENDA SUGGESTIONS - NEXT MEETING (6/17/2024) & ADJOURNMENT

The following items were requested to be added to the June Board meeting agenda:

- Continuation of the discussion of the Fallbrook Median Project and possible presentation by current landscaper,
- Consider a hard closure of 5:30 om for regular board meetings.
- Tabled item 4-3.
- Consider joining SD chapter of CSDA,
- Consider authorization for DM to transfer funds.
- Details on current reserve policy and funds.

**MISSION RESOURCE CONSERVATION
DISTRICT**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

**For the Fiscal Year Ended
June 30, 2023**

(With Comparative Amounts as of June 30, 2022)

NIGRO & NIGRO^{PC}

MISSION RESOURCE CONSERVATION DISTRICT

For the Fiscal Year Ended June 30, 2023

Table of Contents

FINANCIAL SECTION

Page

Independent Auditors' Report 1
Management's Discussion and Analysis.....4
Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Position.....11
 Statement of Activities.....12
 Governmental Funds Financial Statements:
 Governmental Funds Balance Sheet.....13
 Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position14
 Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund
 Fund Balances15
 Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes
 in Fund Balances to the Statement of Activities.....16
Notes to Financial Statements17

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund30
Notes to the Required Supplementary Information31

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards.....32

Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Mission Resource Conservation District
Fallbrook, California

Opinion

We have audited the accompanying financial statements of the governmental activities and the general fund of the Mission Resource Conservation District (District) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Management's Responsibility 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; this includes 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Prior-Year Comparative Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated March 19, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
March 19, 2024

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

This discussion and analysis of Mission Resource Conservation District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The net position of the District decreased by \$123,814, or 33.77% during the fiscal year.
- Governmental expenses were \$505,141 and revenues were \$381,327.
- Depreciation expense was \$24,892.

OVERVIEW OF THE FINANCIAL STATEMENTS

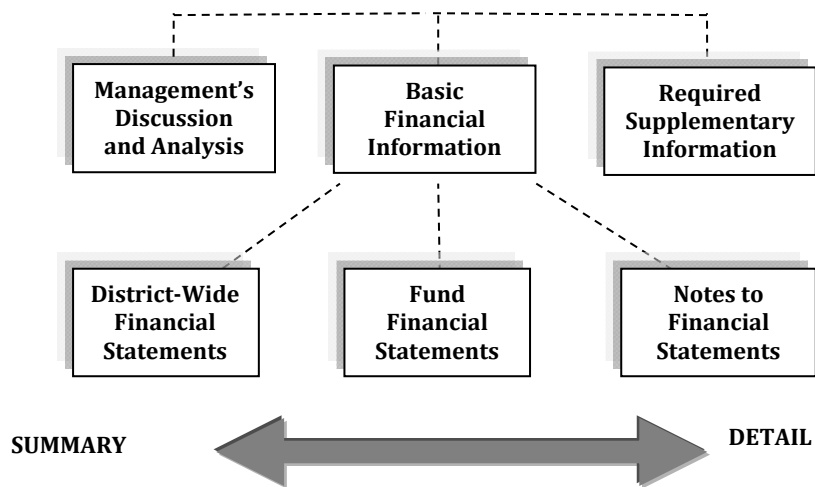
This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

(The District has elected to report these financial statements in a combined format.)

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

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



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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

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

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

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

Fund Financial Statements

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

The District has one fund, the General Fund.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Analysis of Net Position

Net position. The net position of the District decreased by \$123,814, or 33.77% during the fiscal year. (See Tables A-1 and A-2).

Table A-1 Condensed Statement of Net Position

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Assets:			
Current assets	\$ 218,742	\$ 595,061	\$ (376,319)
Capital assets, net	410,989	435,881	(24,892)
Total assets	<u>629,731</u>	<u>1,030,942</u>	<u>(401,211)</u>
Liabilities:			
Current liabilities	214,669	477,266	(262,597)
Non-current liabilities	172,196	186,996	(14,800)
Total liabilities	<u>386,865</u>	<u>664,262</u>	<u>(277,397)</u>
Net position:			
Net investment in capital assets	222,793	234,485	(11,692)
Restricted	35,846	33,194	2,652
Unrestricted (Deficit)	(15,773)	99,001	(114,774)
Total net position	<u>\$ 242,866</u>	<u>\$ 366,680</u>	<u>\$ (123,814)</u>

Changes in net position, governmental activities.

At the end of fiscal year 2023, the District shows a negative balance in its unrestricted net position of \$15,773. The decrease of the investment in capital assets represents the amount of depreciation expense for the fiscal year. The restricted assets increased because of the increase in investment earnings of the restricted assets.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Analysis of Revenues and Expenses

Table A-2 Condensed Statement of Activities

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Program revenues	\$ 335,483	\$ 817,347	\$ (481,864)
Expenses	<u>(505,141)</u>	<u>(829,389)</u>	<u>324,248</u>
Net program expense	(169,658)	(12,042)	(157,616)
General revenues	<u>45,844</u>	<u>35,976</u>	<u>9,868</u>
Change in net position	(123,814)	23,934	(147,748)
Net position – beginning of period	<u>366,680</u>	<u>342,746</u>	<u>23,934</u>
Net position – end of period	<u><u>\$ 242,866</u></u>	<u><u>\$ 366,680</u></u>	<u><u>\$ (123,814)</u></u>

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District decreased net position by \$123,814.

Table A-3: Total Revenues

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Program revenues:			
Program service revenue	\$ 329,606	\$ 805,088	\$ (475,482)
Other revenues	<u>5,877</u>	<u>12,259</u>	<u>(6,382)</u>
Total program revenues	<u>335,483</u>	<u>817,347</u>	<u>(481,864)</u>
General revenues:			
Property taxes	42,567	38,941	3,626
Investment earnings	<u>3,277</u>	<u>(2,965)</u>	<u>6,242</u>
Total general revenues	<u>45,844</u>	<u>35,976</u>	<u>9,868</u>
Total revenues	<u><u>\$ 381,327</u></u>	<u><u>\$ 853,323</u></u>	<u><u>\$ (471,996)</u></u>

The District's total revenues decreased by 55.31% or \$471,996. The decrease is due primarily to the decreased activity in program service revenue during fiscal year 2023.

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

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

Table A-4: Total Expenses

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Expenses:			
Program service costs	\$ 81,664	\$ 395,235	\$ (313,571)
Salaries and wages	267,022	312,494	(45,472)
Employee benefits	9,554	9,273	281
Materials and services	111,740	74,534	37,206
Depreciation expense	24,892	26,342	(1,450)
Interest expense	10,269	11,511	(1,242)
Total expenses	<u>\$ 505,141</u>	<u>\$ 829,389</u>	<u>\$ (324,248)</u>

Total expenses for the District's operations decreased by 39.09% or \$324,248 from the prior year, primarily due to a decrease in program service costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a fund balance of \$23,629, which is below last year's ending fund balance of \$139,257.

General Fund Budgetary Highlights

While the District's final budget anticipated that revenues would exceed expenditures by \$506,877, the actual results for the year show that expenses exceeded revenues by \$115,628. Actual revenues were \$638,775 less than anticipated, and expenditures were \$16,270 less than budgeted.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2022-23 the District had invested \$410,989 in capital assets net of accumulated depreciation. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$24,892.

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

	<u>Balance</u> <u>June 30, 2023</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital assets:		
Non-depreciable assets	\$ 40,876	\$ 40,876
Depreciable assets	510,420	510,420
Accumulated depreciation	<u>(140,307)</u>	<u>(115,415)</u>
Total capital assets, net	<u>\$ 410,989</u>	<u>\$ 435,881</u>

Debt Administration

At the end of fiscal year 2023, the District paid-down its loan payable by \$13,200. See Note 6 for further information on the District's outstanding debt.

Table A-6: Capital Assets at Year End, Net of Depreciation

	<u>Balance</u> <u>June 30, 2023</u>	<u>Balance</u> <u>June 30, 2022</u>
Long-term debt:		
Loan payable	<u>\$ 188,196</u>	<u>\$ 201,396</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Darcy Cook at 130 East Alvarado Street, Fallbrook, California 92028, or call 760-728-1332.

MISSION RESOURCE CONSERVATION DISTRICT

Statement of Net Position

June 30, 2023

(With Comparative Information as of June 30, 2022)

	Governmental Activities	
	2023	2022
ASSETS		
Current assets:		
Cash and investments (Note 2)	\$ 5,086	\$ 171,137
Restricted – cash and investments (Note 2 and 3)	159,217	146,168
Accrued interest receivable	218	23
Restricted – accrued interest receivable (Note 3)	845	117
Accounts receivable	53,118	24,317
Contracts receivable	-	230,512
Property taxes receivable	258	192
Prepaid expenses	-	22,595
Total current assets	218,742	595,061
Non-current assets:		
Capital assets – not being depreciated (Note 4)	40,876	40,876
Capital assets – being depreciated, net (Note 4)	370,113	395,005
Total non-current assets	410,989	435,881
Total assets	629,731	1,030,942
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	50,897	47,912
Contracts and retainage payable	-	254,801
Unearned revenue	144,216	153,091
Long-term liabilities – due in one year:		
Compensated absences (Note 5)	3,556	7,062
Loan payable (Note 6)	16,000	14,400
Total current liabilities	214,669	477,266
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Loan payable (Note 6)	172,196	186,996
Total non-current liabilities	172,196	186,996
Total liabilities	386,865	664,262
NET POSITION		
Net investment in capital assets (Note 7)	222,793	234,485
Restricted for contracted services (Note 3)	35,846	33,194
Unrestricted (Deficit Note 12)	(15,773)	99,001
Total net position	\$ 242,866	\$ 366,680

MISSION RESOURCE CONSERVATION DISTRICT*Statement of Activities**For the Fiscal Year Ended June 30, 2023**(With Comparative Information for the Fiscal Year Ended June 30, 2022)*

	Governmental Activities	
	2023	2022
Expenses:		
Resource conservation:		
Program service costs:		
Agriculture	\$ 54,652	\$ 67,202
Weed management	27,012	328,033
Total program service costs	81,664	395,235
Salaries and wages	267,022	312,494
Employee benefits	9,554	9,273
Materials and services	111,740	74,534
Depreciation expense	24,892	26,342
Interest expense	10,269	11,511
Total expenses	505,141	829,389
Program revenues:		
Charges for services:		
Program service revenues:		
Agriculture	173,194	230,753
Landscape	150,570	187,638
Watershed	-	1,115
Weed management	5,842	385,582
Total program service revenues	329,606	805,088
Other revenue	5,877	12,259
Total program revenues	335,483	817,347
Net program expense	(169,658)	(12,042)
General revenues:		
Property taxes	42,567	38,941
Investment earnings	3,277	(2,965)
Total general revenues	45,844	35,976
Change in net position	(123,814)	23,934
Net position:		
Beginning of year	366,680	342,746
End of year	\$ 242,866	\$ 366,680

MISSION RESOURCE CONSERVATION DISTRICT*Balance Sheet – Governmental Funds**June 30, 2023 (With Comparative Information as of June 30, 2022)*

	<u>General Fund</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Assets:		
Cash and investments	\$ 5,086	\$ 171,137
Restricted cash and investments	159,217	146,168
Accrued interest receivable	218	23
Restricted – accrued interest receivable	845	117
Accounts receivable	53,118	24,317
Contracts receivable	-	230,512
Property taxes receivable	258	192
Prepaid expenses	-	22,595
Total assets	\$ 218,742	\$ 595,061
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 50,897	\$ 47,912
Contracts and retainage payable	-	254,801
Unearned revenue	144,216	153,091
Total liabilities	195,113	455,804
Fund balance: (Note 8)		
Nonspendable	-	22,595
Restricted	35,846	33,194
Assigned	3,556	7,062
Unassigned (Deficit) (Note 12)	(15,773)	76,406
Total fund balance	23,629	139,257
Total liabilities and fund balance	\$ 218,742	\$ 595,061

MISSION RESOURCE CONSERVATION DISTRICT

*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023 (With Comparative Information as of June 30, 2022)*

	<u>2023</u>	<u>2022</u>
Fund Balance - Governmental Funds	<u>\$ 23,629</u>	<u>\$ 139,257</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	410,989	435,881
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:		
Compensated absences	(3,556)	(7,062)
Loan payable	<u>(188,196)</u>	<u>(201,396)</u>
Total adjustments	<u>219,237</u>	<u>227,423</u>
Net Position - Governmental Activities	<u><u>\$ 242,866</u></u>	<u><u>\$ 366,680</u></u>

MISSION RESOURCE CONSERVATION DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023**(With Comparative Information for the Fiscal Year Ended June 30, 2022)*

	<u>2023</u>	<u>2022</u>
Revenues:		
Charges for services:		
Program service revenues:		
Agriculture	\$ 173,194	\$ 230,753
Landscape	150,570	187,638
Watershed	-	1,115
Weed management	5,842	385,582
Total program service revenues	<u>329,606</u>	<u>805,088</u>
Property taxes	42,567	38,941
Investment earnings	3,277	(2,965)
Other revenues	5,877	12,259
Total revenues	<u>381,327</u>	<u>853,323</u>
Expenditures:		
Current:		
Program service costs:		
Agriculture	54,652	67,202
Weed management	27,012	328,033
Total program service costs	<u>81,664</u>	<u>395,235</u>
Salaries and wages	270,528	308,867
Employee benefits	9,554	9,273
Materials and services	111,740	74,534
Debt service:		
Principal	13,200	11,300
Interest	10,269	11,511
Total expenditures	<u>496,955</u>	<u>810,720</u>
Net change in fund balance	<u>(115,628)</u>	<u>42,603</u>
Fund balance:		
Beginning of year	<u>139,257</u>	<u>96,654</u>
End of year	<u>\$ 23,629</u>	<u>\$ 139,257</u>

MISSION RESOURCE CONSERVATION DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2023
(With Comparative Information for the Fiscal Year Ended June 30, 2022)*

	<u>2023</u>	<u>2022</u>
Net Change in Fund Balance – Governmental Funds	\$ (115,628)	\$ 42,603
Amounts reported for governmental activities in the statement of activities is different because:		
Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:		
Net change in compensated absences	3,506	(3,627)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.		
Depreciation expense	(24,892)	(26,342)
Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.		
	<u>13,200</u>	<u>11,300</u>
Total adjustments	<u>(8,186)</u>	<u>(18,669)</u>
Change in Net Position – Governmental Activities	<u>\$ (123,814)</u>	<u>\$ 23,934</u>

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Mission Resource Conservation District (the “District”) was formed in 1944 under Public Resource Code Section 9074-9801 of the State of California. The District’s mission is to promote the conservation of soil, water, and other natural resources in the San Luis Rey and Santa Margarita watersheds in San Diego County through effective planning that ensures a healthy ecosystem and provides economic benefits and quality of life for landowners and the general public. The District, which was chiefly dry-land agriculture in the 1940s, has become a unique mixture of farming and urbanized living. The District’s boundaries extend from the San Diego County-Riverside County border south through Bonsall and onto the middle portion of the San Luis Rey River and west on the Santa Margarita River. The weed management area provides information, expertise, organization and support necessary for the control of invasive non-native plants, assistance with water management and erosion control, as well as education outreach to increase awareness of the negative impacts of non-native invasive species. The District generates most of its revenues through cost-reimbursement federal and state grants.

B. Reporting Entity

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

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

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

C. Basis of Presentation

1. Basis of Presentation

Government-Wide Financial Statements

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

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

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

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

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

1. Basis of Presentation (continued)

Major Governmental Funds:

The District maintains only the following governmental fund:

General Fund: This fund is used to account for and report all financial resources of the District.

2. Measurement Focus, Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund 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. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

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

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

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

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

1. Cash and Cash Equivalents

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

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

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

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

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

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

3. Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

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

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

4. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$3,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

<u>Asset Class</u>	<u>Useful Lives</u>
Structures and improvements	15-50 years
Equipment and Vehicles	3-10 years

5. Compensated Absences

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

6. Net Position

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

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

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

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

7. Fund Balances

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

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

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

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

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

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

E. Use of Estimates

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

F. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of San Diego County Assessor's Office assesses all real and personal property within the County each year.

Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The San Diego County Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

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

G. Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy, as recommended by GASB Statement No. 54. The policy requires an operating reserve, comprised of at least 25% of the current fiscal year's operational expenditures in order to achieve and maintain between three and six months of program funding and operating costs. This board designated reserve will be calculated at the end of each fiscal year based upon audited financial records.

When an expenditure is incurred for purposes 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, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

H. Budgetary Accounting

An annual unappropriated budget, which establishes the total spending authority for the General Fund, is adopted by the Board of Directors just prior to the beginning of the District's fiscal year. Estimated revenue is the original estimate with modifications for new programs which are anticipated to be received during the fiscal year. Expenditures cannot legally exceed appropriations at the fund level. Appropriations for the General Fund lapse at the end of the fiscal year. The Board of Directors may authorize amendments to the budget during the year as deemed necessary. Budgeted amounts were not amended for the fiscal year ended June 30, 2023.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2023 on the statement of net position consisted of the following:

<u>Description</u>	<u>Balance</u>
Cash and investments	\$ 5,086
Restricted – cash and investments	159,217
Total cash and investments	\$ 164,303

Cash and investments at June 30, 2023, are reported at fair value and consisted of the following:

<u>Description</u>	<u>Balance</u>
Cash on hand	\$ 51
Demand deposits with financial institutions	63,184
San Diego County Pooled Investment Fund	101,068
Total cash and investments	\$ 164,303

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits

At June 30, 2023, the carrying amount of the District's demand deposits was \$63,184 and the financial institutions balances totaled \$64,478. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items.

Custodial Credit Risk – Deposits

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

San Diego County Treasury Investment Pool (SDCTIP)

The District is a voluntary participant in the San Diego County Treasury Investment Pool (SDCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the San Diego County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or deposits the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the Treasurer-Tax Collector – San Diego Administration Center – 1600 Pacific Hwy, Room 162 – San Diego, CA 92101 or the Treasurer and Tax Collector's office website at www.sdttc.com. As of June 30, 2023, the District had \$101,068 in the SDCTIP.

NOTE 3 – RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted assets as of June 30, 2023, were categorized as follows:

Description	Balance
Restricted – cash and investments	\$ 159,217
Restricted – accrued interest receivable	845
Less – unearned revenue	<u>(124,216)</u>
Total restricted net position	<u>\$ 35,846</u>

MISSION RESOURCE CONSERVATION DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance July 1, 2022</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2023</u>
Non-depreciable capital assets:				
Land	\$ 40,876	\$ -	\$ -	\$ 40,876
Total non-depreciable capital assets	<u>40,876</u>	<u>-</u>	<u>-</u>	<u>40,876</u>
Depreciable capital assets:				
Buildings	84,124	-	-	84,124
Improvements	232,187	-	-	232,187
Demonstration garden	111,780	-	-	111,780
Equipment	<u>82,329</u>	<u>-</u>	<u>-</u>	<u>82,329</u>
Total depreciable capital assets	<u>510,420</u>	<u>-</u>	<u>-</u>	<u>510,420</u>
Accumulated depreciation:				
Buildings	(8,495)	(2,103)	-	(10,598)
Improvements	(23,234)	(5,805)	-	(29,039)
Demonstration garden	(69,110)	(5,806)	-	(74,916)
Equipment	<u>(14,576)</u>	<u>(11,178)</u>	<u>-</u>	<u>(25,754)</u>
Total accumulated depreciation	<u>(115,415)</u>	<u>(24,892)</u>	<u>-</u>	<u>(140,307)</u>
Total depreciable capital assets, net	<u>395,005</u>	<u>(24,892)</u>	<u>-</u>	<u>370,113</u>
Total capital assets, net	<u>\$ 435,881</u>	<u>\$ (24,892)</u>	<u>\$ -</u>	<u>\$ 410,989</u>

NOTE 5 – COMPENSATED ABSENCES

Changes to compensated absences balances for the year ended June 30, 2023, were as follows:

<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
<u>\$ 7,062</u>	<u>\$ 13,533</u>	<u>\$ (17,039)</u>	<u>\$ 3,556</u>

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 6 – LEASE-PURCHASE LONG-TERM FINANCING

On November 1, 2017, the District entered into a lease-purchase financing agreement with the California Special Districts Association Finance Corporation (CSDAFC) to finance certain construction improvement costs associated with relocation to a permanent office building and preparing it for future use for \$242,500. CSDAFC, per the terms of the agreement, assigned full title, rights and interest in the improvements to Sun Crest Bank (Bank), to which the District is now responsible for making recurring lease payments.

During the construction phase, the District leased the property to the CSDAFC for a nominal dollar amount; however, when the project completed in June 2018, the District began leasing the completed project back from the CSDAFC, through its assignment to the Bank.

The term of the lease-purchase agreement (site lease) commenced on November 1, 2017 and matures on November 1, 2032 (180 installment payments). Per the agreement's schedule of lease payments, the District will make monthly loan payments ranging from approximately \$1,847, which includes principal and interest components at the fixed interest rate of 4.5% per year. There is no collateral for this obligation.

The balance the District owed to the lessor at June 30, 2023, was \$201,396.

<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 201,396	\$ -	\$ (13,200)	\$ 188,196	\$ 16,000	\$ 172,196

The schedule of future loan payments that the District is required to make is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 16,000	\$ 8,821	\$ 24,821
2025	15,600	7,427	23,027
2026	16,500	6,712	23,212
2027	16,900	5,958	22,858
2028	18,000	5,173	23,173
2029-2033	100,300	12,980	113,280
2034	4,896	36	4,932
Total	188,196	\$ 47,107	\$ 235,303
Current	(16,000)		
Long-term	\$ 172,196		

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 7 – NET INVESTMENT IN CAPITAL ASSETS

At June 30, 2023, the net investment in capital assets was calculated as follows:

<u>Description</u>	<u>Balance</u>
Capital assets – not being depreciated	\$ 40,876
Capital assets – being depreciated, net	370,113
Loan payable – current portion	(16,000)
Loan payable – non-current portion	<u>(172,196)</u>
Total net investment in capital assets	<u>\$ 222,793</u>

NOTE 8 – FUND BALANCES

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

<u>Description</u>	<u>Balance</u>
Restricted	
Contract services	\$ 35,846
Assigned	
Compensated absences	3,556
Unassigned	
Unassigned	<u>(15,773)</u>
Total fund balances	<u>\$ 23,629</u>

NOTE 9 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District’s general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

A. Entity	SDRMA	
B. Purpose	To pool member contributions and realize the advantages of self-insurance	
C. Participants	As of June 30, 2023 – 499 member agencies	
D. Governing board	Seven representatives employed by members	
E. District payments for FY 2023:		
Property/Liability policy	\$21,801	
Workers' compensation policy	\$2,545	
F. Condensed financial information	June 30, 2023	
Statement of net position:		June 30, 2023
Total assets		\$ 146,574,993
Deferred outflows		1,664,198
Total liabilities		76,343,471
Deferred inflows		374,517
Net position		\$ 71,521,203
Statement of revenues, expenses and changes in net position:		
Total revenues		\$ 100,884,445
Total expenses		(96,706,371)
Change in net position		4,178,074
Beginning - net position		67,343,129
Ending - net position		\$ 71,521,203
G. Member agencies share of year-end financial position		Not Calculated

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

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

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 10 – RISK MANAGEMENT (continued)

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

- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$1.0 billion per occurrence, subject to a \$1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible per occurrence.
- Public officials' personal liability up to \$500,000 each occurrence, with an annual aggregate of \$1,000,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of \$500 per claim.
- Workers' compensation insurance per statutory requirements and Employer's Liability Coverage up to \$5.0 million.

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

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

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

Grant Awards

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

Litigation

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

MISSION RESOURCE CONSERVATION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 12 – NET POSITION AND FUND BALNCE DEFICIT BALANCE

The District's net position and fund balance deficit balances are due to a reduction in program revenues as well as a usage of cash reserves to meet ongoing operational expenses. The District is evaluating its future program revenues and expenses for the fiscal year ending June 30, 2024 to determine its operational needs as well as the sale of the District's headquarters building to derive cash for ongoing operations.

NOTE 13 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 19, 2024, the date which the financial statements were available to be issued.

Sale of District's Headquarters Building

On February 13, 2024, the District sold its headquarters building for \$591,000 and paid off the remaining balance of its building loan payable for \$179,586.

Required Supplementary Information

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services:			
Program service revenues:			
Agriculture	\$ 233,170	\$ 173,194	\$ (59,976)
Landscape	170,000	150,570	(19,430)
Weed management	160,000	5,842	(154,158)
Total program service revenues	563,170	329,606	(233,564)
Property taxes	38,000	42,567	4,567
Investment earnings	1,000	3,277	2,277
Other revenues	417,932	5,877	(412,055)
Total revenues	<u>1,020,102</u>	<u>381,327</u>	<u>(638,775)</u>
Expenditures:			
Current:			
Program service costs:			
Agriculture	21,500	54,652	(33,152)
Weed management	21,500	27,012	(5,512)
Total program service costs	43,000	81,664	(38,664)
Salaries and wages	342,700	270,528	72,172
Employee benefits	15,250	9,554	5,696
Materials and services	99,775	111,740	(11,965)
Debt service:			
Principal	12,000	13,200	(1,200)
Interest	500	10,269	(9,769)
Total expenditures	<u>513,225</u>	<u>496,955</u>	<u>16,270</u>
Net change in fund balance	<u>\$ 506,877</u>	<u>(115,628)</u>	<u>\$ (622,505)</u>
Fund balance:			
Beginning of year		<u>139,257</u>	
End of year		<u>\$ 23,629</u>	

MISSION RESOURCE CONSERVATION DISTRICT

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023*

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Other Independent Auditors' Report



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

Board of Directors
Mission Resource Conservation District
Fallbrook, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Mission Resource Conservation District (District) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 19, 2024.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
March 19, 2024

GROUND LEASE

Preamble-Parties and Leasing

FALLBROOK PUBLIC UTILITY DISTRICT, a Public Agency, 990 East Mission Road Fallbrook, California, (hereafter referred to as "Lessor"), hereby leases to Mission Resource Conservation District (hereafter referred to as "Lessee)," the land and premises located along South Alturas Road, west of Ali Way, Fallbrook, California, consisting of approximately .58 acres (hereafter called the "premises"), in the County of San Diego, State of California, depicted on the plat (Exhibit "B" attached hereto and made a part hereof) described as follows:

See legal description (attached hereto and marked Exhibit "A" and made a part hereof) on the following terms and conditions.

ARTICLE 1. TERM OF LEASE

Fixed Term

Section 1.01. The term of this lease shall be a period of five (5) years commencing June 17, 2024, unless sooner terminated in accordance with this lease. Lessee may request renewals of this lease, which may be granted in the sole discretion of Lessor.

ARTICLE 2. RENT

Basic Rent

Section 2.01. Lessee agrees to pay to Lessor monthly the basic guaranteed rental for the use and occupancy of the premises in the following amounts:

(1) In the amount of \$1.00 (one dollar) per year commencing June 17, 2024.

Place for Payment of Rent

Section 2.02. All rent that becomes due and payable under this lease shall be paid to Lessor at the office of Lessor at 990 E. Mission Road, Fallbrook, California, or any other place or places that Lessor may designate by written notice to Lessee.

ARTICLE 3. USE OF PREMISES

Principal Use

Section 3.01. It is expressly understood and agreed that Lessee is leasing said premises as vacant and unimproved land with the express intention of developing said premises, either alone or in conjunction with adjoining lands that may now or hereafter be acquired by Lessee either in fee or in leasehold estate, by constructing, maintaining, and operating thereon Community Garden. Any other lawful activities shall require the written consent of Lessor. Unlawful activities are not permitted. No on-site sales are permitted.

Only Lawful Uses Permitted

Section 3.02. Lessee shall not use or permit said premises or any portion of said premises to be improved, developed, used, or occupied in any manner or for any purpose that is in any way in violation of any valid law, ordinance, or regulation of any federal, state, county, or local governmental agency, body, or entity. Furthermore, Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance as now or hereafter defined by any statutory or decisional law applicable to said premises on said premises or any part of said premises. Lessee warrants that he is licensed to conduct these activities.

ARTICLE 4. TAXES AND UTILITIES

Tax Hold-Harmless Clause

Section 4.01. Lessee shall indemnify and hold Lessor and the property of Lessor, including said premises and any improvements now or hereafter on said premises, free and harmless from any liability, loss, or damage resulting from any taxes, assessments, or other charges required by this Article to be paid by Lessee and from all interests, penalties, and other sums imposed thereon and from any sales or other proceedings to enforce collection of any such taxes, assessments, or other charges.

Utilities

Section 4.02. Lessee shall pay or cause to be paid, and hold Lessor and the property of Lessor including said premises free and harmless from, all charges for the furnishing of electricity, sanitation, refuse removal, and other appropriate utilities, if any, to said premises during the term of this lease. Additionally, as this lease accomplishes a public purpose by achieving water conservation goals and providing other benefits to the community, FPUD shall provide potable water service to the site without cost to lessee, and the costs of such potable water services will be paid by FPUD from FPUD's unrestricted or otherwise legally available funds. As a Community Service Water User, lessee is not required to pay the monthly Water Fixed Service Charge, Capital Improvement Charge, and Backflow Device Charge, and is granted a water allotment of two-acre feet per year. Water use will be accounted for at the end of each fiscal year, and any water used in excess will be billed at the normal "Irrigation" rate. The Lessee will be responsible for complying with cross-connection/backflow policies of the District where fertilizers are used on the property. This lease shall not give Lessor any greater rights to a public water supply than the public generally.

Payment by Lessor

Section 4.03. Should Lessee fail to pay within the time specified in this Article any taxes, assessments, or other charges required by this Article to be paid by Lessee, Lessor may, without notice to or demand on Lessee, pay, discharge, or adjust such tax, assessment, or other charge for the benefit of Lessee. In such event, Lessee shall promptly on written demand of Lessor reimburse Lessor for the full amount paid by Lessor in paying, discharging, or adjusting such tax, assessment, or other charge together with interest thereon at the rate of 10 percent (10%) per annum from the date of payment by Lessor until the date of repayment by Lessee. Where no time within which any charges required by this Article to be paid by Lessee is specified in this Article, such charge must be paid by Lessee before it becomes delinquent.

ARTICLE 5. CONSTRUCTION BY LESSEE

Section 5.01. Lessee shall, at Lessee's sole cost and expense, construct or cause to be constructed on said premises the necessary land preparations, irrigation systems, plants, fencing and all other necessary supplies and equipment required for growing fruits and vegetables. Fencing of Lessee's facilities is required subject to approval by Lessor.

Cultivation/Environmental Practices

Section 5.02. A) Irrigation. Irrigation will be applied by low water-use application technology, including but not limited to, high efficiency irrigation emitters and drip lines. The Lessee will prepare an irrigation plan for Lessor's approval prior to installation. Runoff from the site due to irrigation practice will not be permitted.

B) Nutrient Application. All fertilizer and growth aids to be applied will be applied

using injection application technology. Nitrogen application shall be limited to no deeper than the root zone and migration off-site will not be permitted. Nutrient management procedure shall comply with the Natural Resource Conservation Service (NRCS) Conservation Practices Standard, current edition, available locally from the Lessor or the Mission Resource Conservation District. (MRCD).

C) Pesticide and Herbicide Use. The Lessee will prepare for the Lessor's approval a list of proposed pesticides and herbicides to be used, including specific materials, schedules of application, and application rates. Pre-emergent herbicides will not be permitted. Pest management practices shall comply with the NRCS Conservation Practices Standard for Pest Management, current edition, available from the Lessor or the MRCD.

Pesticides used must have a surface loss potential of medium or less and a leaching potential of small as determined from the Escondido Field Office of the Soil Conservation Service's Technical Guide of January 1989, available from the Lessor.

D) Cultivation practices shall minimally impact the environment. As such, the number of Lessee's employees on the property at any one time shall not exceed five (5). Lessee's trucks shall not exceed ten (10) wheels and delivery trucks; tractors shall be wheeled.

Mechanic's Liens

Section 5.03. At all times during the term of this lease, Lessee shall keep said premises and all building and improvements now or hereafter located on said premises free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to said premises.

Ownership of Improvements

Section 5.04. Any and all improvements placed or erected on said premises as part of said improvements made or placed in or on said premises by Lessee or any other person, except temporary fencing shall be considered part of the real property of said premises and on expiration or sooner termination of this lease shall remain on said premises and become the property of Lessor.

ARTICLE 6. REPAIRS AND RESTORATION

Maintenance by Lessee

Section 6.01. At all times during the term of this lease Lessee shall, at Lessee's own cost and expense, keep and maintain said premises and all improvements now or hereafter on said premises as well as all facilities now or hereafter appurtenant to said premises in good order and repair and in a safe and clean condition. Furthermore, Lessee shall, at Lessee's own cost and expense, maintain at all times during the term of this lease the whole of said premises as well as any improvements, landscaping, or facilities thereon in a clean, sanitary, and orderly condition.

ARTICLE 7. INDEMNITY AND INSURANCE

Indemnity Agreement

Section 7.01. Lessee shall indemnify and hold harmless and defend Lessor, its directors, employees, agents, or volunteers, and each of them, from and against any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind and nature whatsoever for, but not limited to, injury to or death of any person including Lessor and/or Lessee, or any directors, officers, employees, agents, invitees or volunteers of Lessor or Lessee, and damages to

or destruction of property of any person, including but not limited to, Lessor and/or Lessee and their directors, officers, employees, agents, invitees or volunteers, arising out of or in any manner directly or indirectly connected with the work to be performed under this agreement, however caused, regardless of any negligence of Lessor or its directors, officers, employees, agents or volunteers, except the sole negligence or willful misconduct or active negligence of Lessor or its directors, officers, employees, agents or volunteers.

Any and all actions, proceeds, damages, costs, expenses, penalties or liabilities, in law or equity, of every kind or nature whatsoever, arising out of, resulting from, or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of Lessee.

Lessee shall defend, at Lessee's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against Lessor or Lessor's directors, officers, employees, agents or volunteers.

Lessee shall pay and satisfy any judgment, award or decree that may be rendered against Lessor or its directors, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding.

Lessee shall reimburse Lessor and its directors, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided.

Liability Insurance

Section 7.02. Limits. The Lessee shall maintain limits no less than the following:

A) General Liability - Two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2501 or insurer's equivalent endorsement provided to the Lessor) or the general aggregate limit shall be twice the required occurrence limit.

B) Automobile Liability - One million dollars (\$1,000,000) per accident for bodily injury and property damage combined Single limit.

Section 7.03. Required Provisions - The general liability and automobile liability policy shall contain, or be endorsed to contain, the following provisions:

A) The Lessor, its directors, officers, employees, agents and volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of the Lessee, products and completed operations of the Lessee; premises owned, occupied or used by the Lessee; or automobiles owned, leased, hired or borrowed by Lessee. The coverage shall contain no special limitations on the scope of protection afforded to the Lessor, its directors, officers, employees, agents and volunteers.

B) For any claims related to this project, the Lessee's insurance shall be primary insurance as respects the Lessor, its directors, officers, employees, agents and volunteers. Any insurance or self-insurance maintained by the Lessor, its directors, officers, employees, agents and volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

C) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Lessor, its directors, officers, employees, agents and volunteers.

D) The Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

E) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, cancelled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Lessor. Such liability insurance shall indemnify the Lessee and his sub-lessees against loss from liability imposed by law upon, or assumed under contract by, the Lessee or his sub-lessees for damages on account of such bodily injury (including death), property damage, personal injury and completed operations and products liability. Such insurance shall be provided on a policy form written by underwriters through an agency satisfactory to the Lessor, which includes a cross-liability clause and covers bodily injury and property damage liability, owned and non-owned vehicles and equipment, blanket contractual liability and completed operations liability. Such liability insurance shall include explosion, collapse, underground excavation and removal of lateral support. The Lessor, its directors, officers, employees, agents and volunteers shall be named as additional primary insured on any such policies. An additional insured endorsement (ISO CG 2010 or equivalent) (modified to include provisions 1-5 above) and a certificate of insurance (Accord Form 25-S or equivalent), shall be provided to the Lessor.

Section 7.04. Deductible and Self-Insured Retentions - Any deductible or self-

insured retention must be declared to and approved by the Lessor. At the option of the Lessor, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Lessor, its directors, officers, employees, agents and volunteers; or the Lessee shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Section 7.05. Acceptability of Insurers - Insurance is to be placed with insurers having a current A.M. Best's rating of no less than A:VII or equivalent.

Section 7.06. Workers' Compensation and Employer's Liability Insurance - The Lessee and all sub-lessees shall cover or insure under the applicable laws relating to workers' compensation insurance, all of their employees working on or about the site, regardless of whether such coverage or insurance is mandatory or merely elective under the law, and the Lessee shall defend, protect and save harmless the Lessor, its directors, officers, employees, agents and volunteers from and against all claims, suits, and actions arising from any failure of the Lessee or any sub-lessee to maintain such insurance. Before beginning work, Lessee shall furnish to the Lessor satisfactory proof that he has taken out for the period covered by the work under this lease, full compensation insurance for all persons employed directly by him or through sub-lessees in carrying out the work contemplated under this lease, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any Acts amendatory thereof.

The Lessee shall provide employer's liability insurance in the amount of at least one million dollars (\$1,000,000) per accident for bodily injury and disease.

The Lessee shall provide the Lessor with a certificate of Workers' Compensation

and Employer's liability insurance coverage.

Section 7.07. Evidence and Cancellation of Insurance - Prior to taking possession under this Lease, Lessee shall file with the Lessor evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 2010 (or insurer's equivalent) signed by the insurer's representative and certificate of insurance (Accord Form 25-S or equivalent). All evidence of insurance shall be certified by a properly authorized officer, agent or qualified representative of the insurer and shall certify the name of the insured, any additional primary insurers, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, the expiration date, and that the insurer will give by certified mail, written notice to the Lessor, at least thirty (30) days prior to the effective date of any cancellation, lapse or material change in the policy.

The Lessee shall, upon demand of the Lessor, deliver to the Lessor all such policy or policies of insurance and the receipts for payment of premiums hereon; and should the Lessee neglect to obtain and maintain in force any such insurance or deliver such policy or policies and receipts to the Lessor, then it shall be lawful for the Lessor to obtain and maintain such insurance, and the Lessee hereby appoints the Lessor his true and lawful attorney-in-fact to do all things necessary for this purpose. All money paid by the Lessor for insurance premiums under the provisions of this Article shall be charged to the Lessee.

ARTICLE 8. ASSIGNMENT AND SUBLEASING

No Assignment or Sublease Without Lessor's Consent

Section 8.01. Lessee shall not assign or otherwise transfer this lease, any right or interest in this lease, or any right or interest in said premises or any of the improvements that may now or hereafter be constructed or installed on said premises without the express written consent of Lessor first had and obtained. Any assignment or transfer by Lessee without the prior written consent of Lessor, whether it is voluntary or involuntary, by operation of law or otherwise, is void and shall, at the option of Lessor, terminate this lease. A consent by Lessor to one assignment shall not be deemed to be a consent to any subsequent assignment of this lease by Lessee. The consent of Lessor to any assignment of Lessee's interest in this lease, however, shall not be unreasonably withheld.

ARTICLE 9. DEFAULT AND TERMINATION

Abandonment by Lessee

Section 9.01 . Should Lessee breach this lease and abandon said premises prior to the natural expiration of the term of this lease, Lessor may continue this lease in effect by not terminating Lessee's right to possession of said premises, in which event Lessor shall be entitled to enforce all Lessor's rights and remedies under this lease including the right to recover the rent specified in this lease as it becomes due under this lease.

Termination for Breach by Lessee

Section 9.02. All covenants and agreements contained in this lease are declared to be conditions to this lease and to the term hereby demised to Lessee. Should Lessee default in the performance of any covenant, condition, or agreement contained

in this lease and the default not be cured within sixty (60) days after written notice of the default is served on Lessee by Lessor, then Lessor may terminate this lease and:

(A) Bring an action to recover from Lessee:

- (1) The worth at the time of award of the unpaid rent, which had been earned at the time of termination of the lease;
- (2) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination of the lease until the time of award exceeds the amount of rental loss that Lessee proves could have been reasonably avoided;
- (3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that Lessee proves could be reasonably avoided; and
- (4) Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform his obligations under this lease; and

(B) Bring an action, in addition to or in lieu of the action described in subparagraph (1) of this section, to reenter and regain possession of said premises in the manner provided by the laws of unlawful detainer of the State of California then in effect.

Insolvency of Lessee

Section 9.03. Should Lessee become insolvent as defined in this section, Lessor may, by giving thirty (30) days' written notice to Lessor or to the person appointed to manage Lessee's affairs at the address for such person appearing in the official records

of the court that appointed him, terminate this lease and forfeit Lessee's interest in said premises and in any improvements or facilities in, on, or appertaining to said premises. For purposes of this section, Lessee shall be conclusively presumed to have become insolvent if Lessee:

- (A) Has a receiver appointed to take possession of all or substantially all of Lessee's property because of insolvency;
- (B) Makes a general assignment for the benefit of creditors; or
- (C) Allows any judgment against Lessee to remain unsatisfied and unbonded for a period of thirty (30) days or longer.

Cumulative Remedies

Section 9.04. The remedies given to Lessor in this Article shall not be exclusive but shall be cumulative with and in addition to all remedies now or hereafter allowed by law and elsewhere provided in this lease.

Waiver of Breach

Section 9.05. The waiver by Lessor of any breach by Lessee of any of the provisions of this lease shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee either of the same or a different provision of this lease.

Surrender of Premises

Section 9.06. On expiration or sooner termination of this lease, Lessee shall surrender said premises, all improvements in or on said premises, all facilities in any way appertaining to said premises, to Lessor in as good, safe, and clean condition as practicable, reasonable wear and tear excepted.

Section 9.07. Termination Due to Change of Use - Lessor may terminate this

lease upon ninety (90) days written notice to Lessee should the land be required for waste treatment, environmental protection or other requirements related to Lessor's waste treatment and disposal activities on the property.

ARTICLE 10. MISCELLANEOUS

Attorney's Fees

Section 10.01. Should any litigation be commenced between the parties to this lease concerning said premises, this lease, or the rights and duties of either in relation thereto, to party, Lessor or Lessee, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted in the litigation, to a reasonable sum as and for his attorney's fees in such litigation which shall be determined by the court in such litigation or in a separate action brought for that purpose.

Notices to Lessor

Section 10.02. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this lease or by law to be served on or given to Lessor by Lessee or any Lender described in Article 6 of this lease shall be in writing and shall be deemed duly served and given when personally delivered to Lessor, to any managing employee of Lessor, or, in lieu of such personal service, when deposited in the United States mail, first-class postage prepaid, addressed to Lessor at 990 East Mission Road, Fallbrook, California 92028. Lessor may change Lessor's address for the purpose of this section by giving written notice of such change to Lessee in the manner provided in Section 10.03 whereupon Lessee shall transmit a copy of such notice to any Lender described in Article 6 of this lease.

Notices to Lessee

Section 10.03. Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this lease or by law to be served on or given to Lessee by Lessor shall be in writing and shall be deemed duly served and given when personally delivered to Lessee, any managing employee of Lessee, or, in lieu of such personal service, when deposited in the United States mail, first-class postage prepaid, addressed to Lessee at 130 East Alvarado Street, Fallbrook, California 92028. Lessee may change his address for the purpose of this section by giving written notice of such change to Lessor in the manner provided in Section 10.02 of this lease.

Governing Law

Section 10.04. This lease, and all matters relating to this lease, shall be governed by the laws of the State of California in force at the time any need for interpretation of this lease or any decision or holiday concerning this lease arises.

Binding on Heirs and Successors

Section 10.05. This lease shall be binding on and shall inure to the benefits of the heirs, executors, administrators, successors, and assigns of the parties hereto, Lessor and Lessee, but nothing in this section shall be construed as a consent by Lessor to any assignment of this lease or any interest therein by Lessee except as provided in Article 8 of this lease.

Sole and Only Agreement

Section 10.06. This instrument constitutes the sole and only agreement between Lessor and Lessee respecting said premises, the leasing of said premises to Lessee,

the construction of the said project described in this lease on said premises, or the lease terms herein specified, and correctly sets forth the obligations of Lessor and Lessee to each other as of its date. Any agreements or representations respecting said premises, their leasing to Lessee by Lessor, or any other matter discussed in this lease not expressly set forth in this instrument are null and void.

Memorandum of Lease for Recording

Section 10.07. Neither party, Lessor or Lessee, shall record this lease without the written consent of the other. However, Lessor and Lessee shall, at the request of either at any time during the term of this lease, execute a memorandum or "short form" of this lease for purposes of, and in a form suitable for, being recorded. The memorandum or "short form" of this lease shall describe the parties, Lessor and Lessee, set forth a description of the leased premises, specify the term of this lease, and shall incorporate this lease by reference.

EXECUTED on _____, 2024, at Fallbrook, San Diego County, California.

LESSOR:

Mission Resource Conservation District

By: _____

LESSEE:

Fallbrook Public Utility District

By:  _____

EXHIBIT 'A'

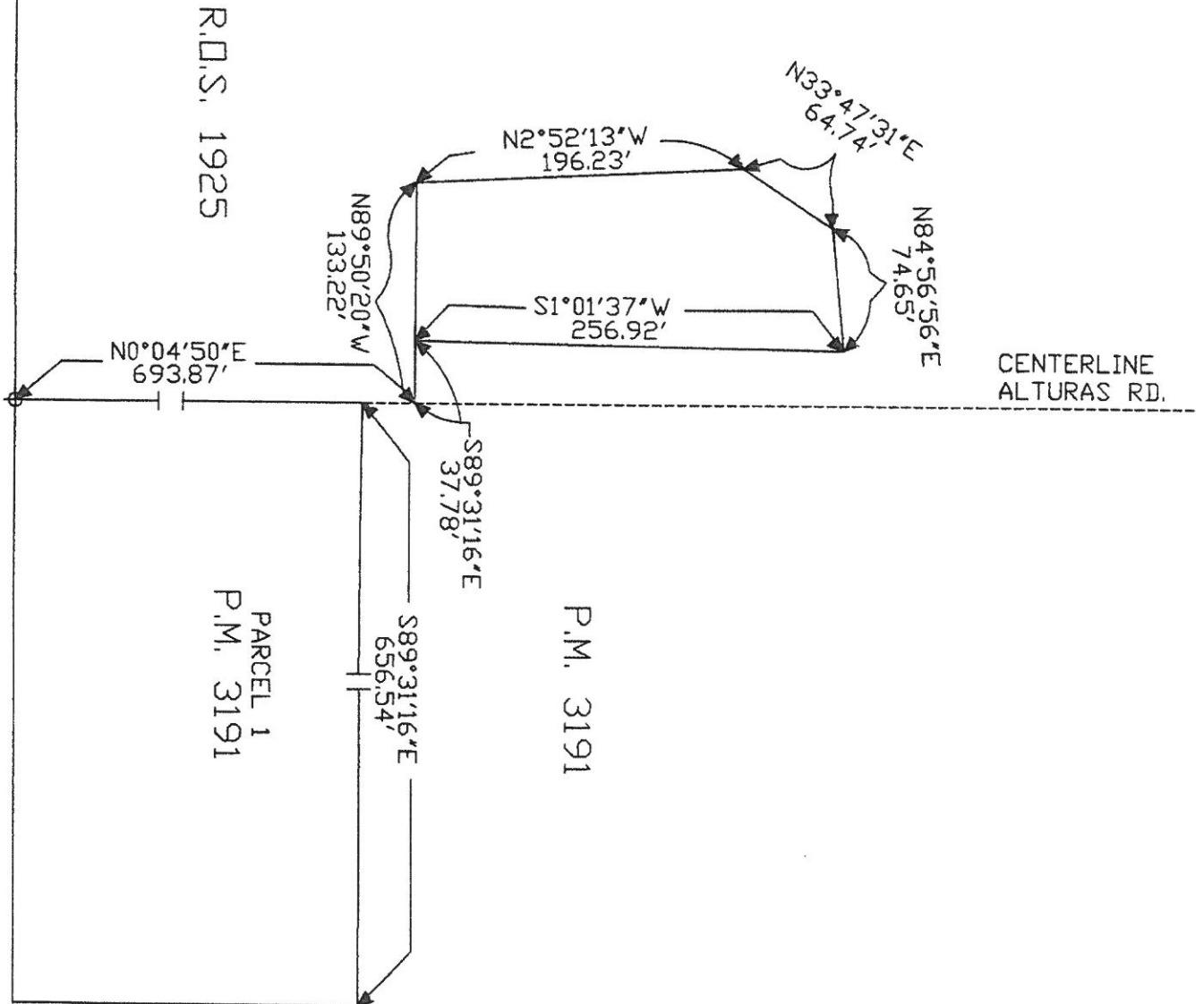
THAT PORTION OF LOT 4 OF FRACTIONAL SECTION 25, TOWNSHIP 9 SOUTH, RANGE 4 WEST, SAN BERNARDINO MERIDIAN IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO RECORD OF SURVEY MAP NUMBER 1925 RECORDED AUGUST 10TH, 1948 AT THE COUNTY RECORDERS OFFICE, SAN DIEGO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID LOT 4 OF FRACTIONAL SECTION 25, THENCE ALONG THE CENTERLINE OF ALTURAS ROAD NORTH 0°04'50" EAST 693.87 FEET, THENCE NORTH 89°59'39" WEST 37.40 FEET TO A SET POINT ON FALLBROOK PUBLIC UTILITY DISTRICT LAND RECORDED IN 1971 ON PAGE NUMBER 73942 IN THE OFFICE OF RECORDERS, SAN DIEGO COUNTY, STATE OF CALIFORNIA, SAID POINT BEING THE **TRUE POINT OF BEGINNING**, THENCE NORTH 89°42'17" WEST 95.94 FEET, THENCE NORTH 2°52'13" WEST 196.23 FEET, THENCE NORTH 33°47'31" EAST 64.74 FEET, THENCE NORTH 84°56'56" EAST 74.65 FEET, THENCE SOUTH 1°01'37" WEST 256.92 FEET TO THE **TRUE POINT OF BEGINNING**.

PARCEL CONTAINS +/- 25,317.35 SQUARE FEET OR .58 ACRES

EXHIBIT "B"

SCALE: 1" = 100'



Mission Resource Conservation District
Statement of Revenues Expenses
June 2023 - May 2024

	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024
Consultant	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legal Fees	50.00	0.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00
SD County Collection Costs	424.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Professional Fees	\$ 1,003.71	\$ 583.33	\$ 583.33	\$ 583.33	\$ 1,383.33	\$ 583.33	\$ 583.33	\$ 583.33	\$ 35,511.88
Travel, Training & Meeting	0.00	0.00	0.00	0.00	150.00	0.00	0.00	0.00	0.00
Website Maintenance & IT Support	73.97	73.97	90.97	290.97	90.97	90.97	90.97	90.97	852.26
Total Office & Admin	\$ 2,905.12	\$ 1,953.77	\$ 2,727.67	\$ 2,538.35	\$ 4,728.32	\$ 1,245.85	\$ 3,518.99	\$ 1,422.85	\$ 40,780.66
Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenses	\$ 16,916.77	\$ 21,165.70	\$ 27,613.48	\$ 24,766.93	\$ 24,504.50	\$ 21,123.63	\$ 24,613.91	\$ 18,938.21	\$ 80,704.83
Net Operating Income	\$ 36,863.72	\$ (11,048.54)	\$ (11,003.02)	\$ (10,378.46)	\$ (6,092.35)	\$ (8,988.74)	\$ 15,834.71	\$ 13,255.21	\$ (63,573.05)
Other Income									
Gain/Loss Asset Sale	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	630,784.00
Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
Total Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 631,784.00
Other Expenses									
Cost of Asset Sale	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	24,892.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	347,431.00
Total Depreciation	\$ 24,892.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347,431.00
Total Other Expenses	\$ 24,892.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347,431.00
Net Other Income	\$ (24,892.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,353.00
Net Income	\$ 11,971.72	\$ (11,048.54)	\$ (11,003.02)	\$ (10,378.46)	\$ (6,092.35)	\$ (8,988.74)	\$ 15,834.71	\$ 13,255.21	\$ 220,779.95

Description	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024
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Mission Resource Conservation District
Statement of Revenues Expenses
June 2023 - May 2024

	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024
Total Income	\$ 58,780.49	\$ 10,143.93	\$ 16,610.46	\$ 14,388.47	\$ 18,412.15	\$ 14,138.74	\$ 40,748.17	\$ 33,551.67	\$ 21,958.09
Total Expenses	\$ 16,916.77	\$ 21,165.70	\$ 27,613.48	\$ 24,766.93	\$ 24,504.50	\$ 21,123.63	\$ 24,613.91	\$ 18,938.21	\$ 80,704.83
Net Income	\$ 11,971.72	\$ (11,048.54)	\$ (11,003.02)	\$ (10,378.46)	\$ (6,092.35)	\$ (8,988.74)	\$ 15,834.71	\$ 13,255.21	\$ 220,779.95

Description	June-Aug 2023	Sept-Nov2023	Dec23-Feb24	Mar-May2024
Total Income	\$ 85,534.88	\$ 46,939.36	\$ 96,257.93	\$ 62,191.03
Total Expenses	\$ 65,695.95	\$ 70,395.06	\$ 124,256.95	\$ 43,875.35
Net Income	\$ (10,079.84)	\$ (25,459.55)	\$ 249,869.87	\$ (14,224.65)

	Mar 2024	Apr 2024	May 2024	Total
Income				
Agricultural Program	272.18	752.58	450.00	31,197.91
AG Efficiency	0.00	1,984.18	0.00	18,456.90
AG Evaluation	1,200.00	1,570.00	0.00	38,196.31
Ag Soil Moisture Sensor	0.00	0.00	0.00	1,780.40
CDFA	665.00	0.00	0.00	2,152.35
NACD	0.00	0.00	(2.90)	(2.90)
TEAM	0.00	0.00	0.00	425.00
Crop Swap	0.00	0.00	0.00	425.00
TEAM - Other	10,492.67	4,267.39	6,613.02	27,341.50
Total TEAM	\$ 10,492.67	\$ 4,267.39	\$ 6,613.02	\$ 28,191.50
Total Agricultural Program	\$ 12,629.85	\$ 8,574.15	\$ 7,060.12	\$ 119,972.47
CARCD SWEEP	0.00	1,200.00	0.00	1,200.00
Discounts given	0.00	0.00	(2,109.39)	(2,109.39)
General Revenues	0.00	0.00	0.00	0.00
Interest Income	220.68	127.13	0.00	3,155.15
Property Taxes	1,247.86	15,025.45	1,350.90	45,021.08
SD County FMV	0.00	0.00	0.00	(172.03)
Total General Revenues	\$ 1,468.54	\$ 15,152.58	\$ 1,350.90	\$ 48,004.20
Landscape	0.00	0.00	0.00	0.00
OC Landscape	5,202.00	5,467.04	4,912.74	119,393.97
SD Landscape	0.00	0.00	0.00	443.76
Total Landscape	\$ 5,202.00	\$ 5,467.04	\$ 4,912.74	\$ 119,837.73
SDCWA - AIEP	0.00	0.00	0.00	1,321.80
Services	0.00	0.00	0.00	455.76
Weed Management Grants	0.00	0.00	0.00	0.00
Wildlife Conservation Board	1,282.50	0.00	0.00	1,282.50

	Mar 2024	Apr 2024	May 2024	Total
Total Weed Management Grants	\$ 1,282.50	\$ -	\$ -	\$ 1,282.50
Wildfire Program	0.00	0.00	0.00	360.28
IERCD	0.00	0.00	0.00	597.85
Total Wildfire Program	\$ -	\$ -	\$ -	\$ 958.13
Total Income	\$ 20,582.89	\$ 30,393.77	\$ 11,214.37	\$ 290,923.20
Cost of Goods Sold				
Cost of Goods Sold	1,000.00	0.00	0.00	1,000.00
Program Passthrough	0.00	(442.00)	0.00	17.97
Agricultural Rebate	1,578.78	0.00	0.00	15,993.09
Weed Management	0.00	0.00	0.00	(1,359.55)
WETA	1,000.00	1,000.00	0.00	2,000.00
Total Program Passthrough	\$ 2,578.78	\$ 558.00	\$ -	\$ 16,651.51
Total Cost of Goods Sold	\$ 3,578.78	\$ 558.00	\$ -	\$ 17,651.51
Gross Profit	\$ 17,004.11	\$ 29,835.77	\$ 11,214.37	\$ 273,271.69
Expenses				
Facilities Overhead	0.00	0.00	0.00	0.00
Automobile Expense	127.30	0.00	0.00	127.30
Fastrak	210.00	0.00	0.00	630.00
Fleet Management	57.00	57.00	0.00	570.00
Fuel	349.72	531.64	453.88	4,956.34
Vehicle Repairs	0.00	79.16	0.00	957.64
Total Automobile Expense	\$ 744.02	\$ 667.80	\$ 453.88	\$ 7,241.28
Building Maintenance	0.00	0.00	0.00	1,005.29
Community Garden Expense	0.00	0.00	20.93	502.66
Equipment Replacement	0.00	0.00	0.00	15.02
Insurance	1,608.93	1,608.93	1,608.93	14,247.03
Rent	805.00	805.00	805.00	3,598.00

	Mar 2024	Apr 2024	May 2024	Total
Telephone	400.11	320.30	398.91	5,149.60
Utilities	0.00	0.00	0.00	2,540.35
Total Facilities Overhead	\$ 3,558.06	\$ 3,402.03	\$ 3,287.65	\$ 34,299.23
Labor	0.00	0.00	0.00	0.00
Bonus Wages	0.00	0.00	0.00	7,500.00
Dental Insurance	0.00	0.00	0.00	417.24
Health Insurance	0.00	0.00	0.00	4,522.94
Payroll Tax Expenses	1,402.73	1,696.89	1,446.43	18,760.96
Wages	14,101.86	16,844.00	16,856.00	194,563.30
Work Comp	145.98	145.98	145.98	1,496.30
Total Labor	\$ 15,650.57	\$ 18,686.87	\$ 18,448.41	\$ 227,260.74
Office & Admin	0.00	0.00	0.00	0.00
Dues and Subscriptions	189.87	16.15	16.15	2,212.17
Equipment Lease	0.00	0.00	0.00	2,342.76
Field Supplies	0.00	1,024.78	0.00	1,024.78
Interest Expense	(1,200.00)	(2,436.62)		2,469.93
Late Fees		35.00		159.26
Moving Expenses	0.00	0.00	0.00	1,101.48
Office Expense	851.37	49.77	929.26	5,951.71
Payroll Service Fees	380.00	388.00	388.00	3,893.00
Postage and Delivery	0.00	0.00	137.60	140.90
Professional Development	0.00	0.00	0.00	0.00
Promotional Expense	0.00	90.00	0.00	90.00
Total Professional Development	\$ -	\$ 90.00	\$ -	\$ 90.00
Professional Fees	(32,928.55)	0.00	4,080.00	4,080.00
Auditor	0.00	0.00	0.00	7,145.81
Certificate Requests	0.00	0.00	0.00	50.00

	Mar 2024	Apr 2024	May 2024	Total
Consultant	0.00	4,440.00	0.00	4,440.00
Legal Fees	0.00	0.00	0.00	850.00
SD County Collection Costs	0.00	0.00	0.00	424.54
Total Professional Fees	\$ (32,928.55)	\$ 4,440.00	\$ 4,080.00	\$ 16,990.35
Travel, Training & Meeting	25.00	0.00	2,459.27	2,634.27
Website Maintenance & IT Support	935.46	290.98	580.70	3,553.16
Total Office & Admin	\$ (31,746.85)	\$ 3,898.06	\$ 8,590.98	\$ 42,563.77
Purchases	99.57	0.00	0.00	99.57
Total Expenses	\$ (12,438.65)	\$ 25,986.96	\$ 30,327.04	\$ 304,223.31
Net Operating Income	\$ 29,442.76	\$ 3,848.81	\$ (19,112.67)	\$ (30,951.62)
Other Income				
Gain/Loss Asset Sale	0.00	0.00	0.00	630,784.00
Other Income	0.00	4,525.00	0.00	5,525.00
Total Other Income	\$ -	\$ 4,525.00	\$ -	\$ 636,309.00
Other Expenses				
Cost of Asset Sale	32,928.55	0.00	0.00	32,928.55
Depreciation	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	372,323.00
Total Depreciation	\$ -	\$ -	\$ -	\$ 372,323.00
Total Other Expenses	\$ 32,928.55	\$ -	\$ -	\$ 405,251.55
Net Other Income	\$ (32,928.55)	\$ 4,525.00	\$ -	\$ 231,057.45
Net Income	\$ (3,485.79)	\$ 8,373.81	\$ (19,112.67)	\$ 200,105.83

Description

Mar 2024

Apr 2024

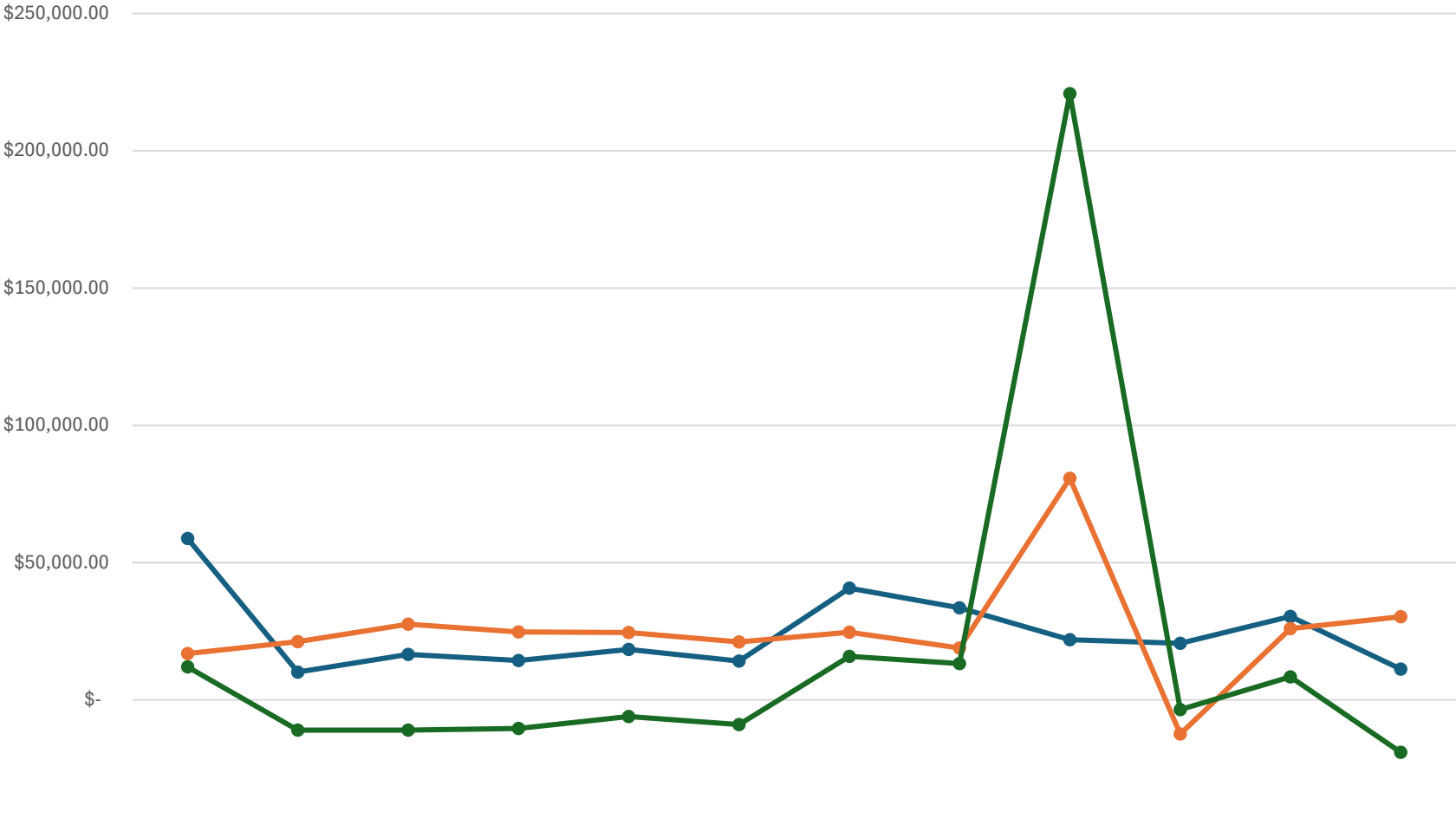
May 2024

	Mar 2024	Apr 2024	May 2024	Total
Total Income	\$ 20,582.89	\$ 30,393.77	\$ 11,214.37	
Total Expenses	\$ (12,438.65)	\$ 25,986.96	\$ 30,327.04	
Net Income	\$ (3,485.79)	\$ 8,373.81	\$ (19,112.67)	

Description

Total Income
Total Expenses
Net Income

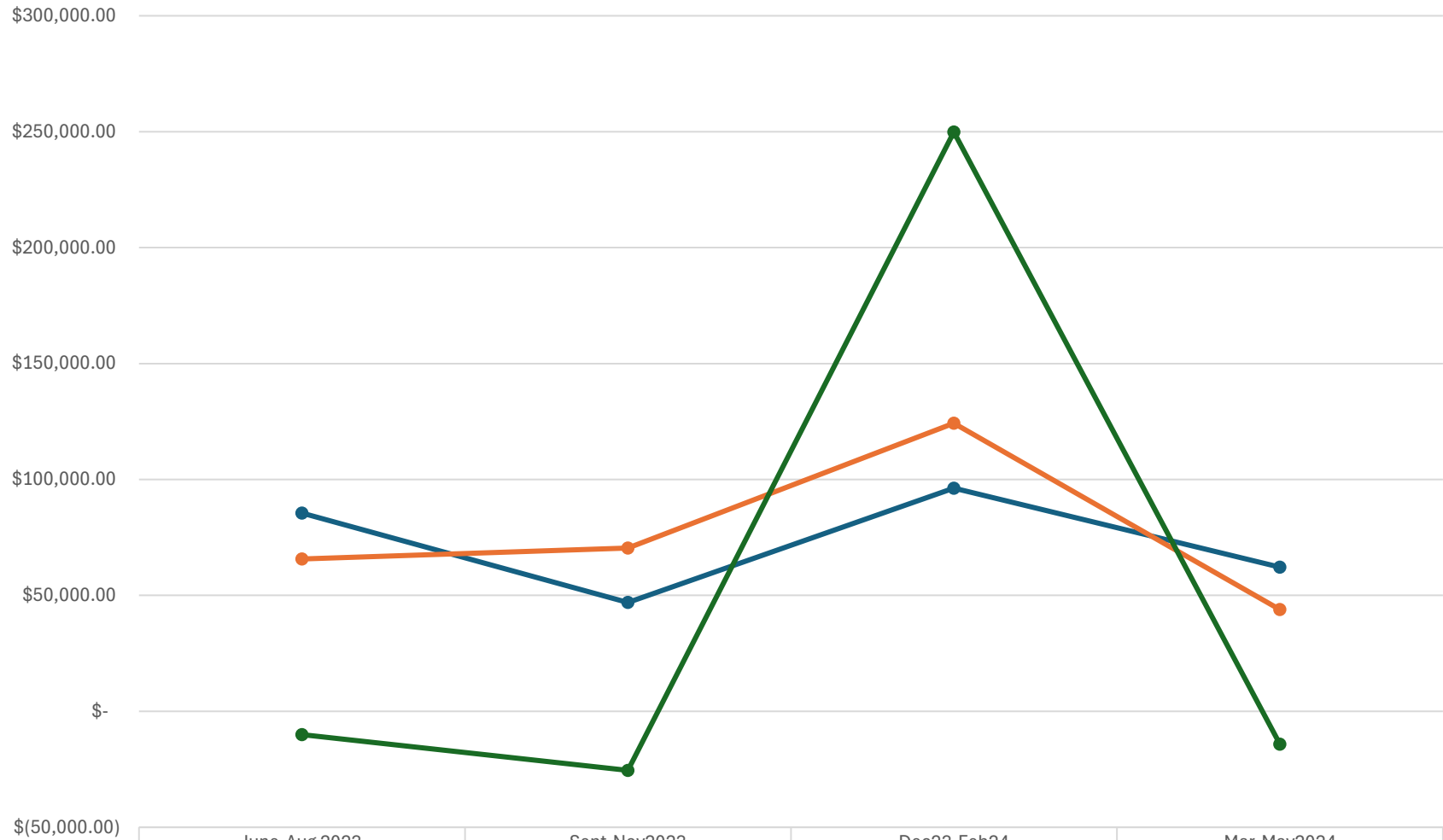
Income Statement Trend Report for 12 month period



	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024
Total Income	\$58,780.49	\$10,143.93	\$16,610.46	\$14,388.47	\$18,412.15	\$14,138.74	\$40,748.17	\$33,551.67	\$21,958.09	\$20,582.89	\$30,393.77	\$11,214.37
Total Expenses	\$16,916.77	\$21,165.70	\$27,613.48	\$24,766.93	\$24,504.50	\$21,123.63	\$24,613.91	\$18,938.21	\$80,704.83	\$(12,438.6)	\$25,986.96	\$30,327.04
Net Income	\$11,971.72	\$(11,048.5)	\$(11,003.0)	\$(10,378.4)	\$(6,092.35)	\$(8,988.74)	\$15,834.71	\$13,255.21	\$220,779.9	\$(3,485.79)	\$8,373.81	\$(19,112.6)

● Total Income
 ● Total Expenses
 ● Net Income

Income Statement in Four 3 month periods



	June-Aug 2023	Sept-Nov2023	Dec23-Feb24	Mar-May2024
Total Income	\$85,534.88	\$46,939.36	\$96,257.93	\$62,191.03
Total Expenses	\$65,695.95	\$70,395.06	\$124,256.95	\$43,875.35
Net Income	\$(10,079.84)	\$(25,459.55)	\$249,869.87	\$(14,224.65)

● Total Income
 ● Total Expenses
 ● Net Income

MISSION RESOURCE CONSERVATION DIST

Balance Sheet

As of May 31, 2024

	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024
Dental Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deposits From Other Agencies	63,091.20	63,091.20	63,091.20	63,091.20	63,091.20	63,091.20	63,091.20	63,091.20	63,091.20
Direct Deposit Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Health Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less Accumulated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payroll Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Wage Garnish	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Payroll Liabilities	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
State Board of Equalization Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Current Liabilities	\$ 153,387.24	\$ 153,387.24	\$ 153,387.24	\$ 153,387.24	\$ 153,387.24	\$ 153,387.24	\$ 153,387.24	\$ 153,697.24	\$ 133,697.24
Total Current Liabilities	\$ 197,470.14	\$ 194,932.95	\$ 204,681.72	\$ 205,278.93	\$ 199,749.85	\$ 204,887.40	\$ 208,021.44	\$ 213,487.00	\$ 165,722.43
Long-Term Liabilities									
Accrued Interest	1,199.71	1,199.71	1,199.71	1,199.71	1,199.71	1,199.71	1,199.71	1,199.71	0.00
Loan Payment - Comm. Bus. Bank	188,195.97	186,995.97	184,595.97	183,395.97	182,195.97	182,195.97	179,795.97	179,795.97	1,200.00
Total Long-Term Liabilities	\$ 189,395.68	\$ 188,195.68	\$ 185,795.68	\$ 184,595.68	\$ 183,395.68	\$ 183,395.68	\$ 180,995.68	\$ 180,995.68	\$ 1,200.00
Total Liabilities	\$ 386,865.82	\$ 383,128.63	\$ 390,477.40	\$ 389,874.61	\$ 383,145.53	\$ 388,283.08	\$ 389,017.12	\$ 394,482.68	\$ 166,922.43
Equity									
Fund Ba. Changes-Prior YR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fund Balance	366,679.91	242,866.07	242,866.07	242,866.07	242,866.07	242,866.07	242,866.07	242,866.07	242,866.07
Opening Bal Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income	-123,813.84	-11,048.54	-22,051.56	-32,430.02	-38,522.37	-47,511.11	-31,676.40	-18,421.19	202,358.76
Total Equity	\$ 242,866.07	\$ 231,817.53	\$ 220,814.51	\$ 210,436.05	\$ 204,343.70	\$ 195,354.96	\$ 211,189.67	\$ 224,444.88	\$ 445,224.83
TOTAL LIABILITIES AND EQUITY	\$ 629,731.89	\$ 614,946.16	\$ 611,291.91	\$ 600,310.66	\$ 587,489.23	\$ 583,638.04	\$ 600,206.79	\$ 618,927.56	\$ 612,147.26

	<u>Mar 2024</u>	<u>Apr 2024</u>	<u>May 2024</u>
ASSETS			
Current Assets			
Bank Accounts			
County Account	27,292.98	42,343.92	43,694.82
Five Star Bank - Money Mkt	0.00	0.00	175,000.00
Five Star Bank -Checking	396,844.45	387,768.59	197,960.76
In-Lieu	7,382.43	7,405.77	7,405.77
SD County FMV	-3,266.35	-3,266.35	-3,266.35
Vista School Endowment	24,927.62	25,005.52	25,005.52
Warm Springs Creek	227.40	227.80	227.80
Wells Fargo Checking	1,000.30	0.00	0.00
Total Bank Accounts	\$ 454,408.83	\$ 459,485.25	\$ 446,028.32
Accounts Receivable			
Accounts Receivable	24,352.32	28,581.47	22,257.20
Total Accounts Receivable	\$ 24,352.32	\$ 28,581.47	\$ 22,257.20
Other Current Assets			
Interest Receivable	0.00	0.00	0.00
Interest Receivable - Restrictd	0.00	0.00	0.00
Petty Cash Fund	51.36	51.36	51.36
Prepaid Audit	2,333.36	2,333.36	2,333.36
Prepaid Insurance	3,512.94	1,758.03	3.12
Property Tax Receivable	0.00	0.00	0.00
Undeposited Funds	0.00	0.00	0.00
Total Other Current Assets	\$ 5,897.66	\$ 4,142.75	\$ 2,387.84
Total Current Assets	\$ 484,658.81	\$ 492,209.47	\$ 470,673.36
Fixed Assets			
Capital Assets	0.00	0.00	0.00

	Mar 2024	Apr 2024	May 2024
Accumulated Depreciation	21,013.00	21,013.00	21,013.00
Building	0.00	0.00	0.00
Building Improvements	0.00	0.00	0.00
Demonstration Garden	0.00	0.00	0.00
Furniture & Equipment	22,737.00	22,737.00	22,737.00
Land	0.00	0.00	0.00
Other Capital Assets	0.00	0.00	0.00
Vehicles	59,592.00	59,592.00	59,592.00
Total Capital Assets	\$ 103,342.00	\$ 103,342.00	\$ 103,342.00
Total Fixed Assets	\$ 103,342.00	\$ 103,342.00	\$ 103,342.00
TOTAL ASSETS	\$ 588,000.81	\$ 595,551.47	\$ 574,015.36
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	13,084.90	6,809.49	4,452.29
Total Accounts Payable	\$ 13,084.90	\$ 6,809.49	\$ 4,452.29
Credit Cards			
Visa Umpqua Bank	47.74	0.00	0.00
Total Credit Cards	\$ 47.74	\$ 0.00	\$ 0.00
Other Current Liabilities			
Accrued Cost of Goods Sold	0.00	0.00	-66.24
Accrued Payroll/Liabilites	5,614.57	5,614.57	5,614.57
Accrued Vacation	3,556.47	3,556.47	3,556.47
CARCD	0.00	0.00	0.00
Customer Deposit	60,866.89	66,366.89	66,366.89
Deferred NACD Grant Funding	0.00	0.00	0.00

	Mar 2024	Apr 2024	May 2024
Dental Insurance	0.00	0.00	0.00
Deposits From Other Agencies	63,091.20	63,091.20	63,091.20
Direct Deposit Liabilities	0.00	0.00	0.00
Health Insurance	0.00	0.00	0.00
Less Accumulated Depreciation	0.00	0.00	0.00
Payroll Liabilities	0.00	0.00	0.00
Wage Garnish	0.00	0.00	0.00
Total Payroll Liabilities	\$ 0.00	\$ 0.00	\$ 0.00
State Board of Equalization Payable	0.00	0.00	0.00
Total Other Current Liabilities	\$ 133,129.13	\$ 138,629.13	\$ 138,562.89
Total Current Liabilities	\$ 146,261.77	\$ 145,438.62	\$ 143,015.18
Long-Term Liabilities			
Accrued Interest	0.00	0.00	0.00
Loan Payment - Comm. Bus. Bank	0.00	0.00	0.00
Total Long-Term Liabilities	\$ 0.00	\$ 0.00	\$ 0.00
Total Liabilities	\$ 146,261.77	\$ 145,438.62	\$ 143,015.18
Equity			
Fund Ba. Changes-Prior YR	0.00	0.00	0.00
Fund Balance	242,866.07	242,866.07	242,866.07
Opening Bal Equity	0.00	0.00	0.00
Net Income	198,872.97	207,246.78	188,134.11
Total Equity	\$ 441,739.04	\$ 450,112.85	\$ 431,000.18
TOTAL LIABILITIES AND EQUITY	\$ 588,000.81	\$ 595,551.47	\$ 574,015.36