



PUBLIC NOTICE
Special Board Meeting of the:
Honey Lake Valley Resource Conservation District
170 Russell Ave. Suite C
Susanville, CA 96130
5302574127 ext. 100

Attachments available 6/07/22 at www.honeylakevalleyrcd.us

Date: Wednesday, June 8th, 2022

Location: 170 Russell Avenue, Suite C, Susanville, CA 96130 – Conference Room and via Zoom

Join Zoom Meeting

<https://us02web.zoom.us/j/89903175714?pwd=K1dBR2dsRWZwajZDb1ZhWVlNzWJLQT09>

Meeting ID: 899 0317 5714

Passcode: 723129

One tap mobile

+16699006833,,89903175714#,,,,*723129# US (San Jose)

+12532158782,,89903175714#,,,,*723129# US (Tacoma)

Time: 2:00 PM

AGENDA

NOTE: THE HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT MAY ADVISE ACTION ON ANY OF THE AGENDA ITEMS SHOWN BELOW.

NOTE: IF YOU NEED A DISABILITY-RELATED MODIFICATION OR ACCOMMODATION, INCLUDING AUXILIARY AIDS OR SERVICES, TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE DISTRICT OFFICE AT THE TELEPHONE NUMBER AND ADDRESS LISTED ABOVE AT LEAST A DAY BEFORE THE MEETING.

I. CALL TO ORDER, ROLL CALL

II. APPROVAL OF AGENDA

Tie to the Strategic Plan: Strategic Issue 1 – Build HLVRCD leadership & organizational capacity.

III. PUBLIC COMMENT

Per RCD Board Policy No. 5030.4.1, during this portion of the meeting, any member of the public is permitted to make a brief statement, express his/her viewpoint, or ask a question regarding matters related to the District. Five (5) minutes may be allotted to each speaker and a maximum of twenty (20) minutes to each subject matter.

IV. ITEMS FOR BOARD ACTION AND/OR DISCUSSION – RCD

- A. Consideration and approval of the Point Blue Conservation Science Agreement for Services Subcontract for Susanville Ranch Park Mountain Meadow Restoration Project. (attachment)

Tie to the Strategic Plan: Strategic Issue 1 – Build HLVRCD leadership & organizational capacity

- B. Consideration and approval of Management Representation Letter and Management Report responses from auditor Larry Bain CPA in regards to the FY20/21 audit. (attachments)

Tie to the Strategic Plan: Strategic Issue 1 – Build HLVRCD leadership & organizational capacity

- C. Second reading of the FY 22/23 RCD/WM budget. (attachment)

Tie to the Strategic Plan: Strategic Issue 1 – Build HLVRCD leadership & organizational capacity

VIII. ADJOURNMENT

The next Honey Lake Valley RCD meeting will be **June. 23rd, 2022, at 5:30 PM.** The location is the USDA Service Center, 170 Russell Avenue, Suite C, Susanville, CA.

I certify that on Tuesday, June 07, 2022 agendas were posted as required by Government Code Section 54956 and any other applicable law.



Andrea Stuemky
District Manager

AGREEMENT FOR SERVICES #22-01-4622

This Agreement (22-01-4622) is made and entered into by and between the Honey Lake Valley Resource Conservation District (HLVRCD) and **Point Blue Conservation Science**, hereinafter referred to as the "CONTRACTOR." By accepting this Agreement, CONTRACTOR agrees to the terms and conditions specified herein.

1. **STATEMENT OF WORK:** The CONTRACTOR shall furnish the necessary personnel, materials, services, and facilities, to perform the work described in Exhibit A ("Scope of Work"), and shall perform such work to the satisfaction of HLVRCD.
2. **PERIOD OF PERFORMANCE:** The Period of Performance for this Agreement shall be from **the date the official grant agreement is signed by the CA Department of Conservation (May 15, 2022– May 01, 2024)**. All work shall be completed within this Period of Performance, unless extended by both parties.
3. **COMPENSATION:** The CONTRACTOR shall complete all work in accordance with Exhibit "A". HLVRCD will pay CONTRACTOR at the rates and for the applicable direct costs described in Exhibit B and the total amount shall not exceed \$25,655.89. Contractor will submit invoices no more frequently than once monthly that are consistent with budget amounts listed in Exhibit B and will itemize all costs incurred per approved line items. A brief progress narrative is due with each invoice as described in Exhibit A. HLVRCD will remit invoiced payments within two weeks of receipt of grant funds.
4. **APPLICABLE LAW AND COMPLIANCE:** This Agreement shall be governed by and construed in accordance with the laws of the State of California.
5. **AMENDMENTS:** This Agreement may not be modified, nor may any provisions be waived, unless and until a written modification is issued to the Agreement which is executed by both parties.
6. **RECORDS RETENTION:**
 - A. The CONTRACTOR shall establish an official file containing adequate documentation of all actions taken with respect to the Project, including copies of the Grant Agreement,

changes, amendments, letters, email correspondence, financial records, and required reports for a minimum of four (4) years following the final payment of funds or until completion of any action and resolution of all issues which may arise as a result of an audit, whichever is later.

- B. The CONTRACTOR shall adequately protect all records, physical and electronic, from loss, damage, or destruction during the four (4) year retention period.

7. **AUDIT:**

- A. Grant funded projects are subject to audit by the State of California during the grant term and for up to three years following the termination of the grant agreement. CONTRACTOR agrees that the HLVRCD, Department, Department of Finance, Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Grant Agreement. The audit may consist of examining and auditing pertinent books, documents, papers, and records including financial transactions and supporting documents, general accounting systems, internal controls, management practices, policies, and procedures pertaining to the performance of this Grant Agreement.
- B. At any time, the Department, Department of Finance, Bureau of State Audits, or their designated representative may request to review CONTRACTOR's records to ensure proper grant management. CONTRACTOR shall be given advance notice when the grant-funded Project is selected for an audit or review by the Department, Department of Finance, Bureau of State Audits, or their designated representative. CONTRACTOR agrees to allow the auditor(s) access to such records during normal business hours, excluding State of California holidays, and to allow interviews of any employees who might reasonably have information related to such records. Further, CONTRACTOR agrees to include a similar right of the Department to audit records and interview staff in any subcontract related to performance of this Grant Agreement in accordance with Government Code section 8546.7. CONTRACTOR shall comply with the above and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in Public Contract Code section 10115.10.

- 8. **INDEMNIFICATION:** The CONTRACTOR agrees to indemnify, defend, and hold harmless the State of California, its officers, agents, and employees from any and all claims and losses accruing or resulting to any and all Contractors, partners, subcontractors, suppliers, laborers, and any other person, firm, or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm, or corporation who may be injured or damaged by CONTRACTOR in the performance of this Agreement.

9. **NONDISCRIMINATION CLAUSE:** During the performance of this Agreement, the CONTRACTOR and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of race, color, ancestry, national origin, religion, creed, age (over 40), mental disability, physical disability, sex, gender (including pregnancy, childbirth, breastfeeding, or related medical conditions), sexual orientation, gender identity, gender expression, medical condition, genetic information, marital status, and military and veteran status. The CONTRACTOR and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The CONTRACTOR and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Grant Agreement by reference and made a part hereof as if set forth in full. The CONTRACTOR and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Grant Agreement.

The CONTRACTOR shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Grant Agreement.

10. **ENTIRE AGREEMENT:** Upon acceptance of this Agreement, CONTRACTOR agrees that the provisions under this Agreement, including all documents incorporated herein by reference, shall constitute the entire agreement between the parties and supersedes all prior agreements, written or verbal, relating to the subject matter thereof.
11. **REPRESENTATIONS AND WARRANTIES:** The CONTRACTOR will make no representations, warranties, or commitments binding HLVRCD without HLVRCD's prior written consent.
12. **LEGAL RIGHT:** CONTRACTOR covenants and warrants that it has the legal right to enter into this Agreement and to perform in accordance with its terms without violating the rights of others or any applicable law and that it has not and shall not become a party to any other agreement of any kind which conflicts with this Agreement. CONTRACTOR shall indemnify and hold harmless HLVRCD from any and all damages, claims and expenses arising out of or resulting from any claim that this Agreement violates any such agreements. Breach of this warranty shall operate to terminate this Agreement automatically without notice as specified in Paragraph 15 and to terminate all obligations of Point Blue to pay any amounts, which remain unpaid under this Agreement.
13. **THE WAIVER:** Failure to invoke any right, condition, or covenant in this Agreement by either party shall not be deemed to imply or constitute a waiver of any rights, condition, or covenant and neither party may rely on such failure

14. INSURANCE REQUIREMENTS:

- A. CONTRACTOR that is a governmental organization may provide evidence of self-insurance to satisfy this requirement.
- B. If CONTRACTOR is not a governmental organization or is unable to provide evidence of self-insurance, then it shall obtain and keep in force for the term of this Agreement the following insurance policies that cover any acts or omissions of CONTRACTOR, its subcontractors, or its employees engaged in the provision of service specified in this Agreement:
 - i. Workers' Compensation Insurance in an amount of not less than \$1,000,000 in accordance with the statutory requirement of the State of California (California Labor Code § 3700 et seq.).
 - ii. Commercial general liability insurance in an amount of not less than \$1,000,000 per occurrence for bodily injury and property damage combined.
 - iii. Motor vehicle liability insurance in an amount not less than \$1,000,000 per accident for bodily injury and property damage combined. Such insurance shall cover liability arising out of any motor vehicle including owned or hired, and non-owned motor vehicles.
- C. CONTRACTOR shall submit proof of insurance documents referencing this Agreement number (22-01-4622) to the HLVRCD electronically within thirty (30) days of signing this Grant Agreement.
- D. CONTRACTOR shall notify HLVRCD in writing within five (5) working days of any cancellation, non-renewal, or material change that affects required insurance coverage.
- E. CONTRACTOR shall submit proof of new or updated policy based on insurance requirements within thirty (30) days of policy cancellation or substantial policy change. Failure to provide proof of insurance may result in termination of this Grant Agreement.

15. **STOP WORK:** If it is determined, at the sole discretion of the HLVRCD, that the CONTRACTOR is not meeting the terms and conditions of this Agreement, immediately upon receiving a written notice through certified mail from the HLVRCD to stop work, the CONTRACTOR shall cease all work under this Agreement. The HLVRCD has the sole discretion to determine that the CONTRACTOR meets the terms and conditions after a stop work order, and to send through certified mail a written notice to CONTRACTOR to resume work under this Agreement.

16. **PUBLICITY:** CONTRACTOR agrees that it will acknowledge the Department of Conservation's and HLVRCD's support whenever activities or projects funded, in whole or in part, by this Agreement are publicized in any news media, brochures, articles, seminars, websites, or other type of promotional material.

CONTRACTOR shall also include in any publication resulting from work performed under this agreement an acknowledgment substantially as follows:

"The work upon which this publication is based was funded in whole or in part through a grant awarded by the California Department of Conservation with funds from the California Drought, Water, Parks, Climate Coastal Protection and Outdoor Access for All Act of 2018."

Media: CONTRACTOR is required to identify a point of contact for all press inquiries and communications needs related to the Project and provide the name, phone number, and email address of this individual to the HLVRCD. All press releases must be approved by the Department and HLVRCD prior to distribution, and the Department must be alerted and invited to participate in all press conferences related to the grant.

Social Media: CONTRACTOR is encouraged to use social media to inform and share with the public activities under this Agreement. Furthermore, the Department and HLVRCD should be tagged on all posts related to activities under this Agreement.

17. **AMERICANS WITH DISABILITIES ACT:** CONTRACTOR assures the HLVRCD that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA (42 U.S.C. 12101 et seq.).
18. **NOTICE:** Any notice or communication permitted or required by this Agreement shall be deemed effective when personally delivered by electronic mail or deposited, postage prepaid, in the first class mail of the United States properly addressed to the appropriate party at the addresses set forth below:

- a. Notices to CONTRACTOR:

Laurel Schuyler
Assistant Controller
Point Blue Conservation Science
3820 Cypress Drive, Suite 11
Petaluma, CA 94954
lschuyler@pointblue.org cell: 925-676-7723

Honey Lake Valley Resource Conservation District

170 Russell Ave., Suite C.
Susanville, CA 96130
(530)252-7271

www.honeylakevalleyrcd.org



b. Notices to HLVRCD:

Andrea Stuemky
District Manager
Honey Lake Valley Resource Conservation District
170 Russell Avenue, Suite C
Susanville, CA 96130
Tel: 530-260-0067
astuemky@honeylakevalleyrcd.us

19. **CONFIDENTIALITY OF DATA:** The CONTRACTOR shall not disclose data, reports, or other information collected or developed pursuant to this Agreement without the express written permission of HLVRCD.
20. **LICENSES, PERMITS, AND COMPLIANCE WITH FEDERAL AND LOCAL LAWS:** CONTRACTOR agrees to comply with all applicable provisions of Federal and State statutes, municipal ordinances, regulations, and requirements issued or imposed by any governmental authority.
21. **TERMINATION:** HLVRCD shall have the right to terminate CONTRACTOR for convenience or default according to circumstances.
22. **FINANCIAL MANAGEMENT:** CONTRACTOR shall maintain accounting procedures which are sufficient to track funds to a level of expenditures adequate to establish that such funds have been used in accordance with the requirements of this Agreement.
23. **CORRECTION OF DEFECTS:** CONTRACTOR will correct any defects reported by HLVRCD up to one year following the termination or expiration of this Agreement.

Honey Lake Valley Resource Conservation District

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In witness hereof, the parties have agreed to the terms set forth herein, on the day and year below.

Honey Lake Valley RCD:

CONTRACTOR:

Signature: _____

Signature: Padmini Srinivasan

Name: Jesse Claypool

Name: Padmini Srinivasan

Title: Board Chair

Title: CFO

Org: Point Blue Conservation Science

Date: _____

Date: 06/02/2022

Exhibit A – Scope of Work

Point Blue Conservation Science

Point Blue Conservation Science (Point Blue) is the Project’s lead in conducting ecological monitoring. Point Blue brings a wealth of wildlife, meadow ecology, and ecological monitoring expertise. They have been conducting ecological monitoring in the Sierra Nevada and Lassen County region for over 9 years. Point Blue’s scientists guide restoration design, implementation, and ongoing management, as well as assess results to optimize restoration outcomes. Point Blue will bring their expertise in conservation science, monitoring, and climate-smart restoration to inform management and monitoring for the property.

FRAMEWORK

Term of Monitoring

The timeframe of monitoring described in this plan is 3 years. The proposed grant term (May 2022– May 1st, 2024) has been defined to allow for additional baseline monitoring plus monitoring over 2 full grazing seasons.

Metrics to be Monitored

Point Blue will monitor the Project’s ecological metrics, which includes focal bird richness and abundance, organic soil carbon, soil compaction, and greenhouse gas fluctuation. Point Blue will also assemble and distribute monitoring reports. The Honey Lake Valley RCD will monitor vegetation changes due to grazing management, meadow restoration, native plant restoration, and noxious weed removal through photo monitoring.

Monitoring to be Performed During Grant Term

Ecological Data. Ecological monitoring during each year of the grant’s anticipated three-year term will include avian sampling (2 visits/year between May 15-July 1), greenhouse gas flux monitoring (Spring, Summer and Fall), and photo monitoring (Spring 2022, after grazing 2022, Spring 2023, after grazing 2023, and Spring 2024). Soil carbon and compaction will be measured in year one and year three.

Monitoring and Management Beyond the Term of the Grant

Point Blue expects to be able to continue some of the monitoring as part of the Rangeland Monitoring Network. Their goal is to monitor key metrics at intervals over the next decade to assess long-term trends, as many of the measures require longer time periods to manifest (e.g. bird habitat, soil carbon). A final monitoring report and analyzation of data will occur after the end of the grant term in June 2024.

Project Reporting

The existing monitoring as well as first year monitoring will help inform the Project’s Baseline Conditions Report produced before the restoration activities take place. Following and during project implementation, project monitoring will support the Project’s Annual Monitoring Reports, which Point Blue will generate and share with HLVRCD, DOC and partners.

The Annual Monitoring Reports will evaluate project progress towards longer-term outcomes and provide recommendations to inform revision of future management actions. This evaluation will employ a before and after framework to evaluate changes in the ecological metrics monitored. Where possible, data will be collected at control locations in the watershed, allowing for a more powerful Before-After-Control-Impact approach.

Point Blue anticipates evaluating changes in project metrics over time and allow the team to control for variation in sampling locations beyond the main effect. For each metric the sampling unit will be the point count station.

Table 1. Ecological Monitoring and Reporting Schedule – Point Blue Conservation Science and Honey Lake RCD			
	Year 1 of Grant	Year 2 of Grant	Year 3 of Grant
Monitoring	Avian sampling (2 visits/year between May 20-July 1), soil compaction and carbon sampling, greenhouse gas flux monitoring (3x), photo monitoring (2x)	Avian sampling (2 visits/year between May 15-July 1), greenhouse gas flux monitoring (3x), photo monitoring (2x)	Avian sampling (2 visits/year between May 15-July 1), soil compaction and carbon sampling, greenhouse gas monitoring (1x), photo monitoring (1x)
Reporting	Ecological Monitoring Annual Report for baseline	Abbreviated Annual Report	Ecological Monitoring Annual Report for evaluation of effectiveness of Restoration Plan

Honey Lake Valley Resource Conservation District

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Exhibit B – Budget

MULTIYEAR BUDGET WORKSHEET (INTERNAL)					
	FY22	FY23	FY24	FY25	
Staff Name/Title	Thru 3/31/22	4/1/22-3/31/23	4/1/23-3/31/24	4/1/24-3/31/25	TOTAL
COLA for budgeting purposes		5%	5%	5%	
Hourly Rates					
Russell	33.63	35.31	37.08	38.93	
Tech (Noda level)	24.00	25.20	26.46	27.78	
		-	-	-	
		-	-	-	
Hours					
Russell	8	109	73	73	263
Tech (Noda level)		33		28	61
Salary					
Russell	\$ 269.04	\$ 3,848.95	\$ 2,706.63	\$ 2,841.96	\$ 9,666.58
Tech (Noda level)	\$ -	\$ 831.60	\$ -	\$ 777.92	\$ 1,609.52
	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits					
Russell	\$ 136.67	\$ 1,955.27	\$ 1,374.97	\$ 1,443.71	\$ 4,910.62
Tech (Noda level)	\$ -	\$ 422.45	\$ -	\$ 395.19	\$ 817.64
	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Salaries	\$ 269.04	\$ 4,680.55	\$ 2,706.63	\$ 3,619.88	\$ 11,276.10
Subtotal Benefits	\$ 136.67	\$ 2,377.72	\$ 1,374.97	\$ 1,838.90	\$ 5,728.26
Total Personnel Expense	\$ 405.71	\$ 7,058.27	\$ 4,081.59	\$ 5,458.78	\$ 17,004.36
Other Direct Costs:					

Honey Lake Valley Resource Conservation District

Management Representation Letter

June 30, 2021

Larry Bain, CPA,
An Accounting Corporation,

This representation letter is provided in connection with your audit(s) of the financial statements of Honey Lake Valley Resource Conservation District, which comprise the respective financial position of the governmental activities and fund information as of June 30, 2021, and the respective changes in financial position for the period then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date this letter is signed, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 8, 2021, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP modified cash basis of accounting and include all properly classified funds and other financial information of the primary government and all component units required by U.S. generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Honey Lake Valley Resource Conservation District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. We have not consulted with an attorney regarding unasserted possible claims or assessments that are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification 450, *Contingencies*. (excerpts of which can be found in the ABA's Auditor's Letter Handbook).
- 18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) We have made available to you all financial records and related data [and all audit or relevant monitoring reports, if any, received from funding sources].
- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have taken timely and appropriate steps to remedy fraud, violations of laws, regulations, contracts, or grant agreements, or abuse that you have reported to us.
- 22) We have a process to track the status of audit findings and recommendations.

- 23) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 25) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 28) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 29) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 30) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 31) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements properly classify all funds and activities.
- 34) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 37) Provisions for uncollectible receivables have not been identified and recorded because the financial statements are presented under the modified cash basis of accounting.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 43) We have appropriately disclosed the District’s policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 45) With respect to the Budget to Actual Schedule-General Fund
 - a) We acknowledge our responsibility for presenting the Budget to Actual Schedule-General Fund in accordance with accounting principles generally accepted in the United States of America, and we believe the Budget to Actual Schedule-General Fund, and Watermaster Fund, including the form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) We acknowledge the management discussion and analysis is required supplementary information and have chosen to omit that as RSI in these financial statements. We acknowledge your responsibility to present an explanatory paragraph in your auditor’s report.

Signature: _____

Title: _____

Date: _____

Honey Lake Valley Resource Conservation District

Management Report

June 30, 2021

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894

lpbain@sbcglobal.net

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Board of Directors
Honey Lake Valley Resource Conservation District
Susanville, California 96130

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, and each major fund of Honey Lake Valley Resource Conservation District as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated April 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Honey Lake Resource Conservation District's internal control over financial reporting (internal control) 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 Honey Lake Valley Resource Conservation District internal control. Accordingly, we do not express an opinion on the effectiveness of Honey Lake Valley Resource Conservation 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 entity'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 the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We consider findings FS 2021-001, FS 2021-002 and FS 2021-003 in the following schedule of findings to be deficiencies in internal control that we considered a material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding FS 2021-004, FS 2021-005, and FS 2021-006 in the following schedule of findings to be significant deficiencies in the District's internal control:

Purpose of this Report

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

The Honey Lake Resource Conservation District's written response to the significant deficiencies identified in our audit and any follow up for subsequent year corrections has not been subjected to the audit procedures applied in the audit of the financial statements and accordingly, we do not express an opinion on the responses.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, the Lassen County Auditor Controller's Office, the California State Controller's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Larry Bain, CPA,
An Accounting Corporation*

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR EDED JUNE 30, 2021**

SIGNIFICANT DEFICIENCIES CONSIDERED MATERIAL WEAKNESSES

FS 2021-001: During our testing of cash we noted that check #1794 for \$90,571.09 was written out of the tri counties bank account ending 4218 on June 21, 2021, and cleared the bank on July 1, 2021. The check was not listed as an outstanding check in account ending 4218. Furthermore the check was transferring funds to another District bank account ending 7947 and was not listed as a deposit in transit in that account. The activity should have been dated when the check was written.

We also noted that bank reconciliations were not being performed in a timely manner after month end. As an example the June 30, 2021 bank reconciliation was not prepared until February 2022.

Recommendations: We recommend the District record checks in the period that the check was written. We also recommend timely preparation of bank reconciliations after month end.

Management Response: We do not anticipate any further check record issues regarding fund transfers from differing banking institutions. Bank reconciliations are also being completed on a more regular basis in working with the HLVRCD's CPA.

FS 2021-002: During our testing of accounts receivable we noted the District received the final 2020/21 fiscal year \$74,827 Watermaster fee allocation from the County with a check dated August 5, 2021. The check was not deposited until December 31, 2021 and the final 2020/21 fiscal year allocation was not recorded as an accounts receivable at June 30, 2021.

Recommendation: We recommend the District make more timely deposits after receiving checks. Lack of timely deposits increases the risk that the receipts can be lost or stolen.

Management Response: Checks are now deposited within the week that they are received, we do not anticipate any further issues regarding check deposits in the future.

FS 2021-003: During our testing of grant activity we noted that the District submitted a grant reimbursement request indicating that check 2998 for \$37,241.04 and check 3000 for \$31,031.51 had been paid in March 2020, while in fact these checks had not been paid. The District waited until receiving the grant reimbursement in July 2020 to pay the remaining balance to the contractor. This grant did not allow advances and therefore the activity was in violation of the grant agreement, and could result in a disallowance of the cost reimbursement.

Recommendation: We recommend submitting reimbursement requests to the grantors after paying for the services or supplies when grant advances are not allowed. The District should also consider applying for a bridge loan with a bank, or borrow from other funds when cash flow is not sufficient to fund a grant that does not allow advances.

Management Response: Agreed, we do not anticipate further issues regarding grant reimbursements and requests, due to new controls over grant management and individual grant guidelines that now allow for advance payment options for resource conservation districts.

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR EDED JUNE 30, 2021**

SIGNIFICANT DEFICIENCIES NOT CONSIDERED MATERIAL WEAKNESSES

FS 2021-004: Due to the small size of the District and limited number of personnel involved in the accounting function, the District had a lack of segregation of duties, as one person is capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities; however, due to a limited number of personnel an adequate segregation of duties is not possible without incurring additional costs. We have noted this finding in prior audits.

Management Response: Limited resources prevent the District from hiring additional personnel, although with new management, new procedures will be utilized by current staff to keep more efficient records. In addition, the District hired an outside accountant.

FS 2021-005: During our audit we did not observe that an accounting policy and procedures manual had been adopted by the District that describes the internal controls for each accounting function. The purpose of that manual is to provide an accountant with reasonable experience the step by step procedures for processing accounting functions from beginning to end.

Recommendation: We recommend the District develop an accounting policy and procedures manual.

Management Response: The District will work with their Board members, CPA, and staff to develop an accounting policy and procedures manual. With new grant funds, the hiring of a contractual bookkeeper will also be taking place.

FS 2021-006: During our review of the budget we noted that the general fund budget included some of the budgetary information for the Watermaster fund. We have noted this condition in prior audits.

Recommendation: We recommend the District segregate the general fund and Watermaster fund budgets into their own budgetary units.

Management Response: The District has separated out the General fund from the Watermaster fund within our budget documents and within Quickbooks accounting software.

FS 2021-007: During our testing of compensated absences we noted the vacation and sick leave accrual for the December 19, 2020 pay date appears to have been missed. This was the same time period for the transition between the old payroll provider and ADP.

Recommendation: We recommend the District review the vacation and sick leave accrual for this pay period and make a current adjustment to the accrual if needed.

Management Response: The District will obtain missing information regarding the transition period of Dec. 19th 2020 and reallocate vacation and sick leave as found necessary.

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR EDED JUNE 30, 2021**

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894

lpbain@sbcglobal.net

April 11, 2022

To the Board of Directors
Honey Lake Valley Resource Conservation District

We have audited the financial statements of the governmental-type and business-type activities of Honey Lake Valley Resource Conservation District for the year ended June 30, 2021, and have issued our report thereon dated April 11, 2022. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 8, 2021, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit within the scope and timing previously communicated on November 8, 2021.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Honey Lake Valley Resource Conservation District are described in Note 1 to the financial statements. The application of existing policies was not changed during the 2021 fiscal year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There were no prior period adjustments recorded in the financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the useful lives of assets for calculating depreciation expense is based on GFOA recommended useful lives. We evaluated the key factors and assumptions used to develop the useful life estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Estimates for allocating administrative assets, liabilities, revenues and expenses are allocated to each fund based on percentages that are determined by management and the governing board of the District.

Difficulties Encountered in performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. All material misstatements were corrected by management.

Disagreements with Management

For purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significance to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 11, 2022.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Observations

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Honey Lake Valley Resource Conservation District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

***Larry Bain, CPA,
An Accounting Corporation***

**HONEY LAKE VALLEY RESOURCE
CONSERVATION DISTRICT**

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

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LARRY BAIN, CPA

An Accounting Corporation

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund, which comprise the basic financial statements of Honey Lake Valley Resource Conservation District as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Honey Lake Valley Resource Conservation District as of June 30, 2021, and the changes in financial position, of those activities and funds for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

Other Information

The required supplementary information other than Management Discussion and Analysis, described as the budgetary comparison schedules in the table of contents on pages 16 and 17 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Larry Bain, CPA
An Accounting Corporation

April 11, 2022

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ 263,670
Due from others	74,827
Grant receivable	980
Prepaid expense	11,145
Total current assets	<u>350,622</u>
Capital assets:	
Equipment	45,428
Less: accumulated depreciation	<u>(45,428)</u>
Total capital assets	<u> </u>
Total assets	<u>350,622</u>
Liabilities	
Accounts payable	32,428
Accrued payroll	5,695
Deferred revenue-uneared	<u>28,562</u>
Total liabilities	<u>66,685</u>
Net Position	
Net investment in capital assets	
Unrestricted	<u>283,937</u>
Total net position	<u>\$ 283,937</u>

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

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
			Total
Governmental Activities:			
Natural resource conservation	\$ 319,927	\$ 230,285	\$ 125,158
Total governmental activities	\$ 319,927	\$ 230,285	\$ 125,158
General Revenues:			
Investment income			6
Total general revenues			6
Change in net position			35,522
Net position - beginning			248,415
Net position - ending			\$ 283,937

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

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General</u>	<u>Watermaster Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash	\$ 121,408	\$ 142,262	\$ 263,670
Due from others		74,827	74,827
Grants receivable	980		980
Prepaid expense	2,762	8,383	11,145
Due from other funds		18,420	18,420
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 125,150</u>	<u>\$ 243,892</u>	<u>\$ 369,042</u>
<u>Liabilities</u>			
Accounts payable	\$ 8,180	\$ 24,248	\$ 32,428
Accrued payroll	2,971	2,724	5,695
Unearned revenue	29,542		29,542
Due to other funds	18,420		18,420
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>59,113</u>	<u>26,972</u>	<u>86,085</u>
<u>Fund Balances</u>			
Fund Balances			
Unassigned	<u>66,037</u>	<u>216,920</u>	<u>282,957</u>
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>66,037</u>	<u>216,920</u>	<u>282,957</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 125,150</u>	<u>\$ 243,892</u>	<u>\$ 369,042</u>

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

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET
POSITION-GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Fund balances of governmental funds	\$ 282,957
Amounts reported for governmental activities in the statement of net position are different because:	
Revenue received after 120 days is deferred revenue in the fund financial statements, however is recognized as full accrual in the government-wide financial statements	<u>980</u>
Net position of governmental activities	<u><u>\$ 283,937</u></u>

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

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General	Watermaster Fund	Total Governmental Funds
Revenues			
Intergovernmental	\$ 124,178	\$ -	\$ 124,178
Use of money and property		6	6
Charges for services		230,285	230,285
Total revenues	<u>124,178</u>	<u>230,291</u>	<u>354,469</u>
Expenditures			
Salaries and benefits	65,548	92,899	158,447
Services and supplies	93,646	66,914	160,560
Total expenditures	<u>159,194</u>	<u>159,813</u>	<u>319,007</u>
Net change in fund balances	<u>(35,016)</u>	<u>70,478</u>	<u>35,462</u>
Fund balances, beginning of fiscal year	<u>101,053</u>	<u>146,442</u>	<u>247,495</u>
Fund balances, end of fiscal year	<u>\$ 66,037</u>	<u>\$ 216,920</u>	<u>\$ 282,957</u>

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

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	35,462
<p>Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenues, expenditures and changes in fund balances because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:</p>		
Depreciation expense		(920)
Revenue received after 120 days is deferred revenue in the fund financial statements, however is recognized as full accrual in the government-wide financial statements		980
Change in net position of governmental activities	\$	35,522

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

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

B. Basis of Accounting

Government-Wide Financial Statements

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

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

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

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

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting (Continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. At June 30, 2021, the District's fund is of the governmental fund type.

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

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

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

The District reports the following major governmental funds:

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

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

C. Basis of Accounting

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

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

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

D. Grants Receivable

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

E. Capital Assets

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

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

F. Compensated Absences

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

G. Budgetary Reporting

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

H. Use of Estimates

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

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2021

Note 2: Cash and Investments

Cash and investments at June 30, 2021, consisted of the following:

Cash and investments	\$ 263,670
Total cash and investments	<u>\$ 263,670</u>
Checking accounts	\$ 225,440
Savings accounts	38,230
Total cash and investments	<u>\$ 263,670</u>

A. Investments Authorized by the California Government Code

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

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District investments are not subject to interest rate risk.

C. Concentrations of Credit Risk

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

D. Custodial Credit Risk

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

The District maintains checking and money market accounts with tri counties bank for the purpose of depositing grant and assessment revenue from the county and for operations of the district. At June 30, 2021 the District's bank balance was \$254,776 and the carrying amount was \$263,670. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance all was covered by the Federal Depository Insurance or by collateral held in the bank's trust department in the District's name.

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2021

Note 3: Capital Assets

A summary of changes in capital assets for the year ended June 30, 2021, is as follows:

	Balance 7/1/2020	Additions	Retirements/ Adjustments	Balance 6/30/2021
Equipment and vehicle	\$ 45,428	\$ -	\$ -	\$ 45,428
Total capital assets, being depreciated	45,428			45,428
Less accumulated depreciation	(44,508)	(920)		(45,428)
Governmental activities capital assets, net	\$ 920	\$ (920)	\$ -	\$ -

Note 4: Interfund Transactions

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2021.

	Due to Other Funds	Due from Other Funds
General Fund	\$ 18,420	\$ -
Watermaster fund		18,420
Totals	\$ 18,420	\$ 18,420

Note 5: Net Position/Fund Balances

Net Position – Government-Wide Financial Statements

The government-wide financial statements utilize a net position presentation. Net position are categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets, into one component of net position. Accumulated depreciation and the outstanding balance of debt that are attributable to capital assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the District, not restricted for any project or any other purpose.

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2021

Note 5: Net Position/Fund Balances (Continued)

Fund Balances – Governmental Funds

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

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

Note 6: Risk Management

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

Note 7: Commitments and Contingencies

Grant Contingencies

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

Contingent Liabilities

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

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2021

Note 7: Commitments and Contingencies (Continued)

COVID 19

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of Honey Lake Valley Resource Conservation District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The District has not included any contingencies in the financial statements specific to this issue.

**HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 240,000	\$ 240,000	\$ 124,178	\$ (115,822)
Total revenues	240,000	240,000	124,178	(115,821)
Expenditures				
Salaries and benefits	101,600	101,600	65,548	36,052
Service and supplies	115,420	115,420	93,646	21,774
Contingency	5,430	5,430		5,430
Total expenditures	222,450	222,450	159,194	63,256
Net change in fund balances	<u>\$ 17,550</u>	<u>\$ 17,550</u>	(35,016)	<u>\$ (52,565)</u>
Fund balances, beginning of fiscal year			<u>101,053</u>	
Fund balances, end of fiscal year			<u>\$ 66,037</u>	

**HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
WATERMASTER-
MAJOR SPECIAL REVENUE FUND
JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Use of Money and Property	\$ 60	\$ 60	\$ 6	\$ (54)
Charges for services	225,000	225,000	230,285	5,285
Total revenues	<u>225,000</u>	<u>225,000</u>	<u>230,291</u>	<u>5,291</u>
Expenditures				
Salaries and benefits	103,400	103,400	92,899	10,501
Service and supplies	104,400	104,400	66,914	37,486
Contingency	17,070	17,070		17,070
Total expenditures	<u>224,870</u>	<u>224,870</u>	<u>159,813</u>	<u>65,057</u>
Net change in fund balances	<u>\$ 130</u>	<u>\$ 130</u>	70,478	<u>\$ 70,348</u>
Fund balances, beginning of fiscal year			<u>146,442</u>	
Fund balances, end of fiscal year			<u>\$ 216,920</u>	

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

Note to Required Supplementary Information June 30, 2021

Budgets and Budgetary Accounting

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

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

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

WM Budget

Description	WM Fund
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Revenue

Watermaster Fees	
Direct Billings	\$ 52,068.00
Tax Roll Apportionments	\$ 191,094.00
Total Watermaster Fees	\$ 243,162.00
Government (Fed and State)	
	\$ -
Total Government (Fed and State)	\$ -
Foundation Grants	
	\$ -
Total Foundation Grants	\$ -
Other Income	
Total Fundraising Events	\$ -
Earned Income	
Interest Income	\$ -
Total Earned Income	\$ -
Total Revenue	\$ 243,162.00

Expenditures

Salaries and Wages	
District Manager	\$ 16,640.00
Water Master	\$ 66,560.00
Soil Conservation Technician - Ta	\$ -
Post Fire Project Coordinator - TI	\$ -
PBA Project Coordinator	\$ -
Total Salaries and Wages	\$ 83,200.00
Payroll Benefits	
District Manager	fringe for .25 FTE
SSD Employer	\$ 1,050.00
Medicare Employer	\$ 250.00
CA U.I. Employer	\$ 112.50
Health and Dental Insurance	\$ 650.00
Water Master	
SSD Employer	\$ 4,200.00
Medicare Employer	\$ 1,000.00
CA U.I. Employer	\$ 450.00
Health and Dental Insurance	\$ 7,100.00
Payroll Benefits	\$ 14,812.50
Grant Program (Non Payroll) Costs	
Admin Costs	\$ -
Contractor Expense	\$ -
Equipment	\$ -

Office Expense	\$	-
Supplies and Small Tools	\$	-
Vehicle Expense	\$	-

Total Grant Program (Non Payroll) Costs	\$	-
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Advertising and Promotion

Advertising Costs - General	\$	-
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Total Advertising and Promotion	\$	-
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Commerce Costs

Bank Fees	\$	300.00
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Total Commerce Costs	\$	300.00
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Consultants

Audit/Tax Engagement (CPA)	\$	5,000.00
Bookkeeping Assistance Engagemer	\$	7,000.00
Legal Services Engagement	\$	80,000.00

From 90k back to \$80k

Total Consultants	\$	92,000.00
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Dues and Subscriptions

Membership Dues	\$	-
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Total Dues and Subscriptions	\$	-
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Equipment

Equipment	\$	12,000.00
Software (Over \$1,500 Per Item)	\$	4,000.00

Total Equipment Costs Over \$1,500	\$	16,000.00
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Insurance

General Property/Liability Insurance	\$	4,115.00
Workers Comp	\$	4,085.00

Total Insurance	\$	8,200.00
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Meals and Travel

Staff Meetings - Meals	\$	-
Travel	\$	500.00

Total Meals and Travel	\$	500.00
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Office and Job Supplies Expenses

General Office Expense	\$	1,036.50
Postage & Delivery Envelopes Exper	\$	300.00
Vehicle Gas	\$	2,000.00

Total Office Expenses	\$	3,336.50
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Rent

Vehicle Rent	\$	-
Main Office	\$	-

Total Rent	\$	-
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Software Costs

General Operating Software Costs	\$	-
Accounting Software Costs	\$	500.00

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Total Software Costs	\$	500.00
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Special Event Costs	\$	-
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Total Special Event Costs	\$	-
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Telecommunications

Internet	\$	460.00
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Telephone	\$	960.00
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Web Hosting	\$	450.00
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Total Telecommunications	\$	1,870.00
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Total Expenditures	\$	220,719.00
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Total Net Income BEFORE Transfers and Special Projects/Items	\$	22,443.00
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Interfund Transfer

WM to GF - Wages and Benefits	\$	-
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Total Interfund Transfer	\$	-
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Watermaster Contingency Fund

COLA Increase (5%)	\$	3,328.00
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Legal - \$10k retention Requirement		
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WM Equipment Purchase	\$	5,000.00
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Payroll Buffer (min 5%)	\$	11,615.00
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Payroll Tax Buffer (min 5%)	\$	2,500.00
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Total Watermaster Contingency Fund	\$	22,443.00
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Revised Net Income	\$	-
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Special Projects/Items

WM Measuring Equipment, Grant F	\$	-
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Total Special Projects/Items	\$	-
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Final Net Income	\$	-
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\$243,162.00