



PUBLIC NOTICE
Special Meeting of the:
Honey Lake Valley Resource Conservation District
Attachments available 3/23/20 at www.honeylakevalleyrcd.org

Date: Thursday, March 26, 2020

Location: USDA Service Center
170 Russell Avenue, Suite C
Susanville, Ca. 96130
(530) 257-7271 x100

Teleconference:

Dial-in number (US): (425) 436-6394
Access code: 234435#

Time: **3:30 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. PLEDGE OF ALLEGIANCE. ROLL CALL

II. APPROVAL OF AGENDA

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

III. PUBLIC COMMENT -NONE

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. CONSENT ITEMS

- A. Approval of 2/27/20 meeting minutes (attachment)
- B. Treasurer's Report (attachment)
- C. Correspondence

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

V. REPORTS

- A. District Manager Report (attachment) – Meyer
- B. NRCS Agency Report – Stephens
- C. Lassen SWAT – Meyer/Tippin
- D. WAC Report – Langston
- E. Modoc Regional RCD/CARCD Report – Tippin
- F. Fire Safe Council Report – Johnson
- G. IRWMP Report – Claypool
- H. Unagendized reports by board members

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

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

- A. Consideration and approval of Larry Bain’s 2019 Draft Audit Report and Management Representation Letter (attachments)

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

- B. FY 21 RCD/WM Budget Review (attachment)

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

- C. Discussion and review of CA executive order N-33-20 and Families First Coronavirus Act (attachments)

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

VII. ITEMS FOR BOARD ACTION AND/OR DISCUSSION– WATERMASTER

- D. Consideration and approval of Lozano Smith invoices 2104270, 2104271 totalling \$8,726.01 (attachment)

Tie to the Strategic Plan: Strategic Issue 1.4 – Watermaster services are professionally provided.

- E. Appoint Darren Hagata to the WAC as Willow Creek Representative

Tie to the Strategic Plan: Strategic Issue 1.4 – Watermaster services are professionally provided.

VIII. ADJOURNMENT TO CLOSED SESSION

- H. Conference with legal counsel pursuant to Government Code Section 54956.9(d)(1); Lassen County Superior Court Case Number 4573.

IX. RECONVENE IN OPEN SESSION

X. ADJOURNMENT

The next Honey Lake Valley RCD meeting will be **April 23, 2020, at 5:30 PM.** The location is the USDA Service Center, 170 Russell Avenue, Suite C, Susanville, CA.

I certify that on Monday, March 23, 2020 agendas were posted as required by Government Code Section 54956 and any other applicable law.

Kayla Meyer - District Manager





PUBLIC NOTICE
Special Meeting of the:
Honey Lake Valley Resource Conservation District
Attachments available 2/24/20 at www.honeylakevalleyrcd.org

Date: Thursday, February 27, 2020

Location: USDA Service Center
170 Russell Avenue, Suite C
Susanville, Ca. 96130
(530) 257-7271 x100

Time: **3:30 PM**

MEETING MINUTES

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, PLEDGE OF ALLEGIANCE, ROLL CALL

Board member Jesse Claypool called the meeting to order at 3:30pm, the pledge of allegiance was recited, and a quorum was noted. Laurie Tippin was absent and a Board member vacancy was noted.

II. APPROVAL OF AGENDA

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

III. PUBLIC COMMENT - NONE

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. CONSENT ITEMS

Board member Wayne Langston made a motion to approve consent items, Board member Will Johnson seconded, and the motion passed. All.

- A. Approval of 1/23/20 meeting minutes (attachment)
- B. Treasurer's Report (attachment)
- C. Correspondence

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

V. REPORTS

A. District Manager Report (attachment) – Meyer

B. NRCS Agency Report (attachment) – Stephens

Scott Phillips discussed NRCS report and provided a brief review of MOA between NRCS and RCD.

C. Lassen SWAT – Meyer/Tippin

April 7th Modoc regional meeting date discussed.

D. WAC Report – Langston

Carrie Adams discussed lower Baxter Creek deep cut dam.

E. Modoc Regional RCD/CARCD Report – Tippin

F. Fire Safe Council Report – Johnson

Johnson provided an update regarding Diamond Peak initiative.

G. IRWMP Report – Claypool

H. Unagendaized reports by board members

Johnson discussed Buffalo Skadaddle meeting, possibility for RCD to engage in future funding opportunities with CARCD and CALfire stewardship training. Claypool provided public pocket guide handouts from BBK and discussed National Governance conference in Orlando.

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

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

A. Consideration and approval of MOA between NRCS and Honey Lake Valley RCD (attachments)

Board member Wayne Langston made a motion to approve the MOA, Board member Will Johnson seconded, and the motion passed. All.

Tie to the Strategic Plan: Strategic Issue 1 – Build HLVRCD leadership & organizational capacity & 2 – Stay Relevant to the Conservation Needs of the Community

B. Strategic/Annual Operations Plan Review (attachment)

Board and staff discussed prioritizing and marking accomplishments in plan via color coding for future reviews.

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

C. FY 21 RCD/WM Budget Review (attachment)

Board and staff discussed budget categories.
Staff directed to provide year-to-date amounts for next budget review.

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

D. Consideration and approval of letter of opposition to Assembly Bill 2093 (attachment)

Board member Wayne Langston made a motion to approve letter, Board member Will Johnson seconded,

and the motion passed. All.

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

- E. Consideration and approval to adopt Resolution No. 2020-01: Environmental Preferable Purchasing Policy (EPP) (attachment)

Board member Wayne Langston made a motion to approve EPP, Board member Will Johnson seconded, and the motion passed. All.

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

- F. Discussion of hiring part-time bookkeeper and watermaster technician staff

Board and staff discussed opportunities, district needs, job descriptions, and timeline.

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

VII. ITEMS FOR BOARD ACTION AND/OR DISCUSSION– WATERMASTER

- G. Consideration and approval of Lozano Smith invoices 2101972, 2101973 totalling \$21,881.92 (attachment)

Board member Wayne Langston made a motion to approve invoices, Board member Will Johnson seconded, and the motion passed. All.

Tie to the Strategic Plan: Strategic Issue 1.4 – Watermaster services are professionally provided.

- H. Consideration and approval of proposed revision to WM Dispute/Complaint process (attachment)

Board member Wayne Langston made a motion to approve revisions, Board member Will Johnson seconded, and the motion passed. All.

Tie to the Strategic Plan: Strategic Issue 1.4 – Watermaster services are professionally provided.

VIII. ADJOURNMENT TO CLOSED SESSION – 5:31 PM - No reportable action

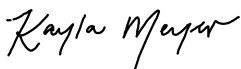
- H. Conference with legal counsel pursuant to Government Code Section 54956.9(d)(1); Lassen County Superior Court Case Number 4573.

IX. RECONVENE IN OPEN SESSION – 6:05 PM

X. ADJOURNMENT – 6:15 PM

The next Honey Lake Valley RCD meeting will be **March 26, 2020, at 3:30 PM**. The location is the USDA Service Center, 170 Russell Avenue, Suite C, Susanville, CA.

Respectfully Submitted,



Kayla Meyer
District Manager

APPROVED: _____
Jesse Claypool, RCD Board Chairperson

DATE: **March 26, 2020**

Honey Lake Valley RCD District Manager Report

Kayla Meyer – District Manager

March 26, 2020

RCD Administration:

- 2019 Audit in progress
- Board vacancy
- Board Member compliance requirements 2020 (Sexual Harassment, Ethics, 701 – due 04/2020)

Susan River Water Master Service

- DOW appeals received 12/09/2019
- Court hearings held on 2/14/2020 & 3/20/20
- Direct billings – sent 3/12/20

DWR: Lahontan Basin IRWM (DACI Grant)

- Invoice 7 submitted 10/15/2019 – payment received
- Submitted Invoice 8 1/30/2020 – awaiting payment
- Needs Assessment to DWR – Submitted 12/2019
- LIC – IRWMP Application submitted 10/21/2019
- Prop 1 update – approved by DWR
- Mapping application for region near completion
 - KM to review draft application with GIS technician

DOC Capacity Grant: RCD

- \$135k available
 - Currently in public comment period until 3/27

SNC: Lassen Creek Watershed

- Final progress report submitted 12/31/19
- Work has been completed on both properties
 - Final report and invoice were submitting February 15, 2020
 - Awaiting final approval and payment

CalRecycle: Farm and Ranch Solid Waste Cleanup and Abatement Grant

- Schroder has finished work on Bertotti site
 - Final payment issued
- Work complete for Long Valley Organics sites - March 2020
 - Working on final report submission
- New application – Bejcek Sites submitted 02/2020
 - 100k for two clean-up sites

CDFR: Carbon Farming Technical Assistance Grant / Carbon Farming Initiatives

- Soil Health RCPP opportunity – awaiting announcement
- Carbon Farm Plan opportunity – consulting with CCI

Special Weed Action Team

- 3 SWAT grants (~60k each)
 - Utilized right to terminate on all

Plans for Next Month:

- Continue work on open grants/agreements: CalRecycle, DACI, Carbon Farming Initiatives

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Fiscal Year July 1, 2019 to June 30, 2020

PERIOD = 0

	CURRENT YTD COSTS - ACTUAL	BUDGET FYE 6/30/2020	REMAINING BUDGET	% ACTUAL COST TO BUDGET YTD	% ACTUAL COST TO ANNUAL BUDGET
REVENUE					
40070	Grants & Contracts, Temp. Restricted -				
	Total Budget \$778,218.80				
	37,856.00	200,000.00			
	113,387.00	250,000.00			
	39,246.00				
	6,270.00	200,000.00			
40180	106,456.00	180,000.00			
	15.18	60.00			
		-			
		-			
TOTAL REVENUE	303,230.18	830,060.00	-		
EXPENSES					
66000	107,658.00	190,000.00	82,342.00		
	1,050.00	10,000.00	8,950.00		
60420		10,000.00	10,000.00		
67500	1,000.00	14,000.00	13,000.00		
60240	2,400.00	5,000.00	2,600.00		
60160	Professional Fees, Restricted				
	64,424.00	180,000.00	115,576.00		
	1,000.00	16,500.00	15,500.00		
	26,994.00	-	(26,994.00)		
	93,393.00	186,000.00	92,607.00		
	30,725.00	46,650.00	15,925.00		
	1,100.00	1,200.00	100.00		
	4,550.00	2,150.00	(2,400.00)		
		4,500.00	4,500.00		
60145	9,500.00	3,000.00	(6,500.00)		
60275	35.00	400.00	365.00		
67000	2,460.00	6,000.00	3,540.00		
62000	60.00	120.00	60.00		
	831.00	1,500.00	669.00		
	Contingency Fund				
	Balance		-		
	\$23,800	2,500.00	2,500.00		
	\$10,040	10,000.00	10,000.00		
	\$5,000	9,500.00	9,500.00		
	\$400	500.00	500.00		
TOTAL CASH EXPENSES	347,180.00	699,520.00	352,340.00		
TOTAL IN-KIND EXPENSES		10,000.00	10,000.00		
TOTAL EXPENSES	347,180.00	709,520.00	362,340.00		
REVENUE OVER/UNDER EXPENSES	(43,949.82)	120,540.00	(362,340.00)		

BEGINNING CASH BALANCE 7/1/2019

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT (Watermaster Program)
Fiscal Year July 1, 2019 to June 30, 2020

PERIOD = 0

	CURRENT YTD COSTS - ACTUAL	BUDGET FYE 6/30/2020	REMAINING BUDGET	% ACTUAL COST TO BUDGET YTD	% ACTUAL COST TO ANNUAL BUDGET
REVENUE					
40180 Watermaster Fees	106,456.00	180,000.00			
Interst Income	15.18	-			
Donations		-			
		-			
TOTAL REVENUE	106,471.18	180,000.00	-		
EXPENSES					
66000 Payroll	27,170.00	96,400.00	69,230.00		
Health Benefits		3,600.00	3,600.00		
60420 Payroll Taxes - (inc'd in payroll)		5,000.00	5,000.00		
67500 Travel	40.00	2,000.00	1,960.00		
60240 Office	700.00	2,000.00	1,300.00		
60160 Professional Fees, Restricted					
Engineering Services		4,500.00	4,500.00		
Legal Services	30,725.00	40,650.00	9,925.00		
Accounting	550.00	1,200.00	650.00		
Audit Procedures	2,275.00	2,150.00	(125.00)		
60145 Insurance (SDRMA)	8,500.00	2,000.00	(6,500.00)		
60275 Postage & Delivery	35.00	350.00	315.00		
67000 Equipment Maintenance	2,460.00	3,000.00	540.00		
62000 Bank Fees		50.00	50.00		
Contingency Fund	Balance		-		
Equipment Purchase	\$23,800	2,000.00	2,000.00		
Legal	\$10,040	10,000.00	10,000.00		
5% Payroll	\$5,000	4,820.00	4,820.00		
5% Payroll Taxes	\$400	250.00	250.00		
TOTAL CASH EXPENSES	72,455.00	179,970.00	107,515.00		
TOTAL EXPENSES	72,455.00	179,970.00	107,515.00		
REVENUE OVER/UNDER EXPENSES	34,016.18	30.00	(107,515.00)		

BEGINNING CASH BALANCE 7/1/2019

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Fiscal Year July 1, 2020 to June 30, 2021

PERIOD = 0

	CURRENT YTD COSTS - ACTUAL	BUDGET FYE 6/30/2021	REMAINING BUDGET	% ACTUAL COST TO BUDGET YTD	% ACTUAL COST TO ANNUAL BUDGET
REVENUE					
40070					
Grants & Contracts					
Prop 1 IRWM DACI		140,000.00			
CalRecycle		100,000.00			
40180					
Watermaster Fees		180,000.00			
Interst Income		60.00			
Donations		-			
		-			
TOTAL REVENUE	-	420,060.00	-		
EXPENSES					
66000	Payroll	190,000.00	190,000.00		
	Health Benefits	5,000.00	5,000.00		
60420	Payroll Taxes	10,000.00	10,000.00		
67500	Travel	3,000.00	3,000.00		
60240	Office	5,000.00	5,000.00		
60160	Professional Fees, Restricted		-		
	Prop 1 IRWM DACI	10,000.00	10,000.00		
	CalRecycle	93,000.00	93,000.00		
	Legal Services	46,600.00	46,600.00		
	Accounting	1,200.00	1,200.00		
	Audit Procedures	4,600.00	4,600.00		
	WM Engineering Services	1,000.00	1,000.00		
60145	Insurance	10,000.00	10,000.00		
60275	Postage & Delivery	400.00	400.00		
67000	Equipment Maintenance	5,000.00	5,000.00		
62000	Bank Fees	120.00	120.00		
	Membership Dues	1,000.00	1,000.00		
	Contingency Fund		-		
	Equipment Purchase	\$23,800	2,500.00	2,500.00	
	Legal	\$10,060	10,000.00	10,000.00	
	5% Payroll	\$5,000	9,500.00	9,500.00	
	5% Payroll Taxes	\$400	500.00	500.00	
TOTAL CASH EXPENSES	-	408,420.00	408,420.00		
TOTAL IN-KIND EXPENSES		10,000.00	10,000.00		
TOTAL EXPENSES	-	418,420.00	418,420.00		
REVENUE OVER/UNDER EXPENSES	-	1,640.00	(418,420.00)		

BEGINNING CASH BALANCE 7/1/2020

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT (Watermaster Program)

Fiscal Year July 1, 2020 to June 30, 2021

PERIOD = 0

	CURRENT YTD COSTS - ACTUAL	BUDGET FYE 6/30/2021	REMAINING BUDGET	% ACTUAL COST TO BUDGET YTD	% ACTUAL COST TO ANNUAL BUDGET
REVENUE					
40180 Watermaster Fees		180,000.00			
Interest Income		-			
Donations		-			
		-			
TOTAL REVENUE	-	180,000.00	-		
EXPENSES					
66000 Payroll		96,400.00	96,400.00		
Health Benefits		2,000.00	2,000.00		
60420 Payroll Taxes		5,000.00	5,000.00		
67500 Travel		500.00	500.00		
60240 Office		2,000.00	2,000.00		
60160 Professional Fees, Restricted					
Engineering Services		1,000.00	1,000.00		
Legal Services		40,600.00	40,600.00		
Accounting		1,200.00	1,200.00		
Audit Procedures		2,300.00	2,300.00		
60145 Insurance		8,500.00	8,500.00		
60275 Postage & Delivery		350.00	350.00		
67000 Equipment Maintenance		3,000.00	3,000.00		
62000 Bank Fees		50.00	50.00		
Contingency Fund	Balance		-		
Equipment Purchase	\$23,800	2,000.00	2,000.00		
Legal	\$10,060	10,000.00	10,000.00		
5% Payroll	\$5,000	4,820.00	4,820.00		
5% Payroll Taxes	\$400	250.00	250.00		
TOTAL CASH EXPENSES	-	179,970.00	179,970.00		
TOTAL EXPENSES	-	179,970.00	179,970.00		
REVENUE OVER/UNDER EXPENSES	-	30.00	(179,970.00)		

BEGINNING CASH BALANCE 7/1/2020

Honey Lake Valley Resource Conservation District

Management Representation Letter

June 30, 2019

March 6, 2020

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, 2019, 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 March 6, 2020, 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 9, 2019, 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, including its 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**

FINANCIAL STATEMENTS

JUNE 30, 2019

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 fund information which comprise the basic financial statements of Honey Lake Valley Resource Conservation District as of and for the fiscal year ended June 30, 2019, 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Governmental Funds	Qualified

Basis for Qualified Opinions on Governmental Activities and Governmental Funds

Management has not retained supporting documentation for a large percentage of the district disbursements. The amount by which this departure would affect the assets, liabilities, fund balance, net position and expenditures of the governmental funds and the governmental activities is not reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities and Governmental Funds” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fund information of the Honey Lake Valley Resource Conservation District as of June 30, 2019, 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 or the Budget to Actual Schedule that the 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 6, 2020 on our consideration of the Honey Lake Valley Resource Conservation 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 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 Honey Lake Valley Resource Conservation District’s internal control over financial reporting and compliance.

*Larry Bain, CPA
An Accounting Corporation*

March 6, 2020

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ 296,827
Prepaid expense	9,515
Accounts receivable	9,958
Grant receivable	119,592
Total current assets	<u>435,892</u>
Capital assets:	
Equipment	45,428
Less: accumulated depreciation	<u>(42,664)</u>
Total Capital Assets	<u>2,764</u>
Total Assets	<u><u>\$ 438,656</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 78,462
Accrued payroll	6,105
Unearned revenue	<u>26,395</u>
Total Current Liabilities	<u>110,962</u>
Net Position	
Net investment in capital assets	2,764
Unrestricted	<u>324,930</u>
Total Net Position	<u><u>\$ 327,694</u></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, 2019**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Total
Governmental Activities:				
Natural resource conservation	\$ 369,444	\$ 176,273	\$ 205,486	\$ 12,315
Total Governmental Activities	\$ 369,444	\$ 176,273	\$ 205,486	12,315
General Revenues:				
Investment income				60
Other				4,095
Total general revenues				4,155
Change in net position				16,470
Net position - beginning				277,000
Prior period adjustment				34,224
Net position - ending				\$ 327,694

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, 2019**

	<u>General</u>	<u>Watermaster Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash	\$ 139,224	\$ 157,603	\$ 296,827
Accounts receivable		9,958	9,958
Grants receivable	119,592		119,592
Prepaid expense	1,151	8,364	9,515
Due from other funds	-	17,267	17,267
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 259,967</u>	<u>\$ 193,192</u>	<u>\$ 453,159</u>
<u>Liabilities</u>			
Accounts payable	\$ 76,076	\$ 2,386	\$ 78,462
Accrued payroll		6,105	6,105
Unearned revenue	26,395		26,395
Due to other funds	17,267		17,267
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>119,738</u>	<u>8,491</u>	<u>128,229</u>
<u>Fund Balances</u>			
Fund Balances			
Unspendable	1,151	8,364	9,515
Unassigned	139,078	176,337	315,415
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>140,229</u>	<u>184,701</u>	<u>324,930</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 259,967</u>	<u>\$ 193,192</u>	<u>\$ 453,159</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, 2019

Fund Balances of Governmental Funds	\$	324,930
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		2,764
<p>Certain revenues advanced or received after 120 days from the year end are recorded as deferred revenue in the funds and as revenues in the government wide statement.</p>		<hr style="width: 100%;"/> -
Net position of governmental activities	\$	<hr style="width: 100%;"/> 327,694

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, 2019**

	General	Watermaster Fund	Total Governmental Funds
Revenues			
Intergovernmental	\$ 293,869	\$ -	\$ 293,869
Use of money and property	26	34	60
Charges for services	397	175,876	176,273
Other	4,095		4,095
Total Revenues	<u>298,387</u>	<u>175,910</u>	<u>474,297</u>
Expenditures			
Salaries and benefits	86,986	134,453	221,439
Services and supplies	70,413	75,748	146,161
Capital outlay			-
Total Expenditures	<u>157,399</u>	<u>210,201</u>	<u>367,600</u>
Net Change in Fund Balances	<u>140,988</u>	<u>(34,291)</u>	<u>106,697</u>
Fund Balances, July 1, 2018	<u>(1,236)</u>	<u>211,375</u>	<u>210,139</u>
Prior Period Adjustments	477	7,617	8,094
Fund Balances, June 30, 2019	<u><u>\$ 140,229</u></u>	<u><u>\$ 184,701</u></u>	<u><u>\$ 324,930</u></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, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$ 106,697
<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	(1,844)
Certain revenues received after 90 days from the end of the fiscal year are recorded as deferred revenue in the funds and as revenues in the government wide statement.	<u>(88,383)</u>
Change in net position of governmental activities	<u><u>\$ 16,470</u></u>

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, 2019

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 the 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, 2019

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, 2019, 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, 2019

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, 2019

Note 2: Cash and Investments

Cash and investments at June 30, 2019, consisted of the following:

Cash and investments	\$ 296,827
Total cash and investments	<u>\$ 296,827</u>
Checking accounts	\$ 236,558
Savings accounts	60,269
Total cash and investments	<u>\$ 296,827</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, 2019 the District's bank balance was \$243,764 and the carrying amount was \$296,827. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance \$250,000 was covered by the Federal Depository Insurance 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, 2019

Note 3: Capital Assets

A summary of changes in capital assets for the year ended June 30, 2019, is as follows:

	Balance 7/1/2018	Additions	Retirements/ Adjustments	Balance 6/30/2019
Equipment and vehicle	\$ 38,428	\$ 7,000	\$ -	\$ 45,428
Total capital assets, being depreciated	38,428	7,000	-	45,428
Less accumulated depreciation	(35,570)	(1,844)	5,250	(42,664)
Governmental activities capital assets, net	<u>\$ 2,858</u>	<u>\$ 5,156</u>	<u>\$ 5,250</u>	<u>\$ 2,764</u>

Note 4: Interfund Transactions

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2019.

	Due to Other Funds	Due from Other Funds
General Fund	\$ 17,267	\$ -
Watermaster fund	-	17,267
Totals	<u>\$ 17,267</u>	<u>\$ 17,267</u>

Note 5: Net Position/Fund Balances

Net Position – Government-Wide Financial Statements

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

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

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2019

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: Stewardship, Compliance and Accountability

A. Expenditures Exceeding the Budgeted Appropriations

For fiscal year ended June 30, 2019 the Watermaster Fund payroll expenditures exceeded the budget by \$3,835 and service and supply expenditures exceeded the budget by \$52,348.

B. Prior Period Adjustments

A prior period adjustment was made increasing net position in the statement of activities \$24,380 to recognize revenue earned in the 2017/18 fiscal year. A prior period adjustment was made increasing beginning net position \$1,750 to recognize a capital asset net of accumulated depreciation that was donated to the District in a prior year.

A prior period adjustment was made increasing general fund, fund balance \$477 and Watermaster fund, fund balance \$7,617 to recognize amount that should have been recorded as prepaid expense at June 30, 2018. Net position in the statement of activities was increased \$8,094 as a result of this prior year activity.

Note 7: 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.

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 8: Commitments and Contingencies

Grant Contingencies

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

Contingent Liabilities

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

**HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 778,219	\$ 778,219	\$ 293,869	\$ (484,350)
Use of money			26	26
Charges for services			397	397
Other			4,095	4,095
Total Revenues	<u>778,219</u>	<u>778,219</u>	<u>298,387</u>	<u>(479,831)</u>
Expenditures				
Salaries and benefits	92,400	92,400	86,986	5,414
Service and supplies	357,435	357,435	70,413	287,022
Capital outlay	2,000	2,000		2,000
Total Expenditures	<u>451,835</u>	<u>451,835</u>	<u>157,399</u>	<u>294,436</u>
Net Change in Fund Balances	<u>\$ 326,384</u>	<u>\$ 326,384</u>	140,988	<u>\$ (185,395)</u>
Fund Balances, July 1, 2018			(1,236)	
Prior Period Adjustment			<u>477</u>	
Fund Balances, June 30, 2019			<u>\$ 140,229</u>	

**HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
WATERMASTER-
MAJOR SPECIAL REVENUE FUND
JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Use of Money and Property	\$ -	\$ -	\$ 34	\$ 34
Charges for services	180,000	180,000	175,876	(4,124)
Total Revenues	<u>180,000</u>	<u>180,000</u>	<u>175,910</u>	<u>(4,090)</u>
Expenditures				
Salaries and benefits	130,600	130,600	134,453	(3,853)
Service and supplies	23,400	23,400	75,748	(52,348)
Contingency	25,700	25,700		25,700
Total Expenditures	<u>179,700</u>	<u>179,700</u>	<u>210,201</u>	<u>(30,501)</u>
Net Change in Fund Balances	<u>\$ 300</u>	<u>\$ 300</u>	(34,291)	<u>\$ (34,591)</u>
Fund Balances, July 1, 2018			211,375	
Prior Period Adjustment			<u>7,617</u>	
Fund Balances, June 30, 2019			<u>\$ 184,701</u>	

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT
Note to Required Supplementary Information
June 30, 2019

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

LARRY BAIN, CPA

An Accounting Corporation

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

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INDEPENDENT AUDITOR’S 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
Honey Lake Valley Resource Conservation District
Susanville, California

We have audited, 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, the financial statements of the governmental activities of Honey Lake Valley Resource Conservation District (the “District”) as of and for the fiscal year ended June 30, 2019, 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 6, 2020.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Honey Lake Valley Resource Conservation District’s (District) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the District’s internal control over financial reporting.

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. The deficiencies in internal control that we consider to be material weaknesses are identified as Findings FS 2019-001, 2019-002 and FS 2019-003 as described in the accompanying Schedule of Findings.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies Findings FS 2019-004 through FS 2019-007 as described in the accompanying Schedule of Findings.

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. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Honey Lake Valley Resource Conservation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 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.

This report is intended solely for the information and use of the board of directors, management, Lassen County Auditor Controllers Office and the Controller's Office of the State of California.

Larry Bain, CPA,
An Accounting Corporation
March 6, 2020

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

SCHEDULE OF FINDINGS FOR THE FISCAL YEAR EDED JUNE 30, 2019

SIGNIFICANT DEFICIENCIES CONSIDERED MATERIAL WEAKNESSES

FS 2019-001: During our audit we noted the District was not recording checks in QuickBooks the same date the checks were processed. Furthermore the District was not preparing a bank reconciliation for the checking accounts. As a result we noted a \$62,578.19 deposit in transit at June 30, 2019 that was deposited in July 2019 and recorded to cash and revenue in July 2019 and we noted checks that were written on June 19, 2019 that were recorded in QuickBooks on July 10, 2019 and not recognized as outstanding checks and a reduction to cash or increase to expense as of June 30, 2019. Journal entries were proposed to properly reflect this activity.

Recommendations: We recommend the District prepare monthly bank reconciliations and record deposits in transit and outstanding checks and reconcile to the general ledger. We also recommend recording checks in QuickBooks the same day as the checks are processed.

Management Response:

FS 2019-002: During our review of the District record keeping we noted there was no centralized location for the District to maintain and retain original records. There were no vendor files, payroll files with timesheets, payroll registers and employee information, banking files, invoice files and other record keeping files that we would expect from the District. We were informed that much of this information was maintained on line, but the District was unable to demonstrate that the documents were kept in an on line data base. The District was able to recreate much of the data that was discovered in various locations, however approximately 48% of the requested documents to support our random disbursements sample could not be located, including many charges with the Tri County Bank debit card. This was the basis for the qualified opinion in the auditor's report. We also noted this condition in the prior audit.

Recommendation: We recommend the District work with a qualified accounting professional to determine what records should be maintained as a hard copy and what records can be maintained electronically in a computer database. The District should then take steps to ensure that all supporting documents required to support financial activities of the District are maintained and retained for the required length of time.

Management Response:

FS 2019-003: During our testing of the Watermaster direct bill fees, we noted that there were no controls in place for an employee to verify that all amounts due had been collected. We noted that one half of a direct bill assessment had not been collected in the 2018/19 fiscal year totaling \$9,958. The District was unaware that this amount was still outstanding.

Recommendation: We recommend the District implement internal controls to verify that the amount billed for the direct assessments are being collected. We recommend the District contact the property owner who owes ½ of the 2018/19 fiscal year assessment totaling \$9,958 and take action to collect.

Management Response:

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR EDED JUNE 30, 2019**

SIGNIFICANT DEFICIENCIES NOT CONSIDERED MATERIAL WEAKNESSES

FS 2019-004: 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 is considering hiring an outside accountant.

FS 2019-005: During our audit we did not observe 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 would be 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:

FS 2019-006: During our review of the budget we noted that the general fund budget included some of the budgetary information for the Watermaster fund. We also noted the budget did not reflect the activity of the District and was not amended for a change in expected activity. The lack of monitoring and amending the budget could result in overspending when the budgeted revenues are not realizable.

Recommendation: We recommend the District segregate the general fund and Watermaster fund budgets into their own budgetary units. We also recommend monitoring the budget and amending the budget to reflect expected revenues and expenditures when condition change.

Management Response:

FS 2019-007: During our review of compensated absences we noted an employee's vacation schedule did not have vacation accruals or usage for 14 pay periods. The District did not provide an explanation for why the employee vacation hours were not be tracked.

Recommendation: We recommend the District reconcile the employee's vacation accrual and usage for this period and adjust the vacation balance to agree with the underlying activity.

Management Response:

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR EDED JUNE 30, 2018**

SIGNIFICANT DEFICIENCIES CONSIDERED MATERIAL WEAKNESSES

Prior Year FS 2018-001:

Prior Recommendations: We recommended the District hire an outside accountant experienced with governmental generally accepted accounting principles to assist with cleaning up the general ledger and closing the year-end books.

Current Year Response: The District retained a qualified Certified Public Accountant to assist with year-end close.

Prior Year FS 2018-002:

Prior Year Recommendation: We recommend the District work with a qualified accounting professional to determine what records should be maintained as a hard copy and what records can be maintained electronically in a computer database. The District should then take steps to ensure that all supporting documents required to support financial activities of the District are maintained and retained for the required length of time.

We recommend the District take an inventory of all assets that meet the definition of a capital asset. We recommend for capital assets that are not on the current depreciation schedule the District determine the historical value and update the depreciation schedule for those assets.

Current Year Follow Up: Continuing finding see 2019-002

SIGNIFICANT DEFICIENCIES NOT CONSIDERED MATERIAL WEAKNESSES

Prior Year FS 2018-004:

Prior Year Recommendation: We recommend the District consider hiring an outside accountant to prepare GAAP financial statements and the related notes to the financial statements. The District could opt to take no action if it determines the cost will outweigh the benefit.

Current Year Follow Up: The District hired a qualified accountant to review the financial statements.

Prior Year FS 2018-005:

Prior Year Recommendation: We recommend the District review the employee handbook and policy manual and update the documents so they are consistent and up to date. The District should also update the manuals so they reference the appropriate state law. The District should also add the sick leave policy to the employee handbook.

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

Current Year Follow Up: During the current fiscal year the District updated the employee handbook and is in the process of updating the policy manual. The District did not develop a policy and procedures manual, this will be a continuing finding.

HONEY LAKE VALLEY RESOURCE CONSERVATION DISTRICT

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR EDED JUNE 30, 2018**

SIGNIFICANT DEFICIENCIES NOT CONSIDERED MATERIAL WEAKNESSES (Continued)

Prior Year FS 2018-006:

Recommendation: We recommend the District segregate the general fund and Watermaster fund budgets into their own budgetary units. We also recommend monitoring the budget and amending the budget to reflect expected revenues and expenditures when condition change.

Current Year Follow Up: This is a continuing finding, see FS 2019-006.

Prior Year FS 2018-007:

Prior Year Recommendation: We recommend the District review each employee's vacation and sick leave accrual and verify that it conforms with District policy. We recommend reconciling from the date of hire to current and adjusting any errors. We also recommend review the employee handbook and the District policy manual for consistency between the two policies and approving needed changes so the two documents are in agreement.

Current Year Follow Up: This is a continuing finding, see FS 2019-007

Prior Year FS 2018-008:

Prior Year Recommendation: We recommend the District review if this payment was made to comply with District policy for health insurance benefits and if payroll taxes should have been withheld from the check and take corrective action as needed to comply with District policies and IRS tax codes.

Current Year Follow Up: The Employee is no longer with the District. We were not presented with documentation that corrective action had been taken prior to the employee's departure.

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-33-20

WHEREAS on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS in a short period of time, COVID-19 has rapidly spread throughout California, necessitating updated and more stringent guidance from federal, state, and local public health officials; and

WHEREAS for the preservation of public health and safety throughout the entire State of California, I find it necessary for all Californians to heed the State public health directives from the Department of Public Health.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567, 8627, and 8665 do hereby issue the following Order to become effective immediately:

IT IS HEREBY ORDERED THAT:

- 1) To preserve the public health and safety, and to ensure the healthcare delivery system is capable of serving all, and prioritizing those at the highest risk and vulnerability, all residents are directed to immediately heed the current State public health directives, which I ordered the Department of Public Health to develop for the current statewide status of COVID-19. Those directives are consistent with the March 19, 2020, Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response, found at: <https://covid19.ca.gov/>. Those directives follow:

ORDER OF THE STATE PUBLIC HEALTH OFFICER
March 19, 2020

To protect public health, I as State Public Health Officer and Director of the California Department of Public Health order all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors, as outlined at <https://www.cisa.gov/identifying-critical-infrastructure-during-covid-19>. In addition, and in consultation with the Director of the Governor's Office of Emergency Services, I may designate additional sectors as critical in order to protect the health and well-being of all Californians.

Pursuant to the authority under the Health and Safety Code 120125, 120140, 131080, 120130(c), 120135, 120145, 120175 and 120150, this order is to go into effect immediately and shall stay in effect until further notice.

The federal government has identified 16 critical infrastructure sectors whose assets, systems, and networks, whether physical or virtual, are considered so vital to the United States that their incapacitation or

destruction would have a debilitating effect on security, economic security, public health or safety, or any combination thereof. I order that Californians working in these 16 critical infrastructure sectors may continue their work because of the importance of these sectors to Californians' health and well-being.

This Order is being issued to protect the public health of Californians. The California Department of Public Health looks to establish consistency across the state in order to ensure that we mitigate the impact of COVID-19. Our goal is simple, we want to bend the curve, and disrupt the spread of the virus.

The supply chain must continue, and Californians must have access to such necessities as food, prescriptions, and health care. When people need to leave their homes or places of residence, whether to obtain or perform the functions above, or to otherwise facilitate authorized necessary activities, they should at all times practice social distancing.

- 2) The healthcare delivery system shall prioritize services to serving those who are the sickest and shall prioritize resources, including personal protective equipment, for the providers providing direct care to them.
- 3) The Office of Emergency Services is directed to take necessary steps to ensure compliance with this Order.
- 4) This Order shall be enforceable pursuant to California law, including, but not limited to, Government Code section 8665.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 19th day of March 2020.


GAVIN NEWSOM
Governor of California

ATTEST:



ALEX PADILLA
Secretary of State



Time To Hit Pause: What Employers Need To Know About Yesterday's Families First Coronavirus Response Act

Forbes Magazine, March 19, 2020

The last week has been very challenging for employers trying to manage the COVID-19 crisis. There has also been significant concern about the ability to absorb the requirements of last Saturday's House version of H.R. 6201 related to leave policies for employees affected by the public health emergency. For those employers desperately contemplating permanent reductions in force as a last resort to maintain financial viability, please pause and reflect upon the final version of the Act passed and signed by the President yesterday. Permanent layoffs may not be necessary after all.

The new law takes effect on April 2, 2020 and will remain effective until December 31, 2020. Among the many economic stimulus measures contained in the Act, this article focuses on the Emergency Paid Sick Leave and expanded FMLA provisions. These provisions are discussed in detail below, and apply to all employers with fewer than 500 employees, although employers with fewer than 50 employees may later be deemed exempt by the Secretary of Labor through subsequent regulations if the Act would jeopardize the business's viability. At this time, it is unclear what measure, if any, will be implemented concerning large employers with 500 or more employees. Stay tuned.

Emergency Paid Sick Leave Act

Eligibility: All employees of employers with fewer than 500 employees, regardless of the length of their tenure with their employer, are eligible for paid sick leave under the Emergency Paid Sick Leave Act.

Qualifying Reasons For Taking Paid Sick Leave: An eligible employee may take paid sick leave if he/she is unable to work (including telework) because:

1. The employee is subject to a federal, state, or local quarantine or isolation due to COVID-19;
2. A health care provider advised the employee to self-quarantine due to concerns related to COVID-19 (self-imposed quarantine without medical advice does not qualify under the Act);
3. The employee is experiencing symptoms of COVID-19 *and* seeking a medical diagnosis;
4. The employee is caring for an individual (not limited to family members, although there is a stray reference to family members elsewhere in the Act, so stay tuned) who is either subject to a federal, state, or local quarantine or isolation due to COVID-19 or has been advised to self-quarantine due to concerns related to COVID-19;
5. The employee is caring for the employee's child whose school has been closed or place of care is unavailable due to COVID-19 precautions; or

6. The employee is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with the Secretaries of Treasury and Labor. The precise meaning of this sixth reason will be clarified by the Secretary of Health and Human Services.

Benefit: Full-time employees receive 80 hours of paid sick leave. Part-time employees receive the equivalent of the number of hours they would work, on average, during a two-week period. There is a separate method for calculating the benefit for part-time employees whose schedules vary widely from week to week. For qualifying reasons 1, 2, and 3 (above), eligible employees will receive paid sick leave at their regular rate, except that in no event shall the amount paid exceed \$511 per day and \$5,110 in total. For qualifying reasons 4, 5, and 6 (above), eligible employees will receive paid sick leave at two-thirds of their regular rate, except that in no event shall the amount paid exceed \$200 per day and \$2,000 total. Paid sick leave does not carry over from one year to the next, and paid sick time ceases beginning with an employee's next scheduled work shift immediately following termination of the need for paid sick time (i.e., qualifying need). The Secretary of Labor is required to issue guidelines to assist employers in calculating leave benefits by April 2. The employer can seek reimbursement for the wages paid to employees taking emergency paid sick leave through tax credits applicable to the employer's portion of Social Security taxes.

Use: All eligible employees may use paid sick time beginning on April 2. Employers may not require eligible employees to first use other paid leave provided by the employer before using paid sick leave under the Act, so this leave is in addition to any paid sick leave or PTO currently provided by employers. Employers may require employees to follow reasonable notice procedures to continue receiving such paid sick time after the first workday (or portion thereof) an employee receives paid sick time under this Act. In other words, employers may not require employees to provide advance notice prior to the first workday on which the employee takes paid sick leave under the Act.

Employer Posting Requirement: Employers must post a notice that advises employees of their rights under the Act. The Secretary of Labor is required to create a notice by March 25.

Emergency Expansion of Family Medical Leave to Provide Benefits to Employees Whose Child's School or Place of Care Has Closed

The Families First Coronavirus Response Act also includes the Emergency Family and Medical Leave Expansion Act (the "FMLA Expansion Act"), which provides eligible employees whose child's school or place of care has closed due to the COVID-19 public health emergency with a new federal source of paid leave.

Eligibility: Under normal circumstances, the Family and Medical Leave Act applies only to employers with 50 or more employees, applies only to employees who have worked for at least 12 months and who had worked at least 1,250 hours during that preceding 12 months, and provides unpaid leave for designated reasons, such as the employees own serious health condition, to care for a family member with a serious health condition, or to care for a newborn infant or an adopted child or foster child placed with the employee. On a temporary basis, the

Emergency FMLA Expansion Act amends the FMLA and creates a new leave entitlement. For purposes of the new entitlement only, the Act alters the definition of employer to include all employers with fewer than 500 employees, and expands the definition of a covered employee to include all employees who have worked for covered employers (i.e., those with less than 500 employees) for at least 30 days. Again, the Secretary of Labor has the authority to exempt from the Emergency FMLA Expansion Act certain health care providers and emergency responders, and small businesses with fewer than 50 employees if the Act would jeopardize a business's viability. Stay tuned.

Qualifying Reason for Taking Expanded FMLA Leave: An eligible employee may take up to 12 weeks of leave if he/she is unable to work (including telework) because the employee must care for his/her child who is under 18 years of age and whose school or place of care has closed due to the COVID-19 public health emergency.

Benefit: A qualifying employee may take up to 12 weeks of leave. The initial 10 days of leave are unpaid, but the employee may elect to use his/her accrued paid sick leave and/or accrued vacation during this otherwise unpaid period. After the initial 10-day period, an employee is entitled to receive from the employer two-thirds of his/her normal wages for the number of hours he/she would be regularly scheduled to work, up to a maximum of \$200 per day and \$10,000 in total.

Use: All eligible employees may apply for expanded FMLA leave beginning on April 2. If the necessity for leave is foreseeable, the employee must provide the employer with "such notice of leave as is practicable."

Restoration to Position: For employers with 25 or more employees, an employee returning from expanded FMLA leave is entitled to reinstatement to the same or an equivalent position. For employers with fewer than 25 employees, an employee returning from expanded FMLA leave is entitled to reinstatement to the position held by the employee when the leave commenced unless that position does not exist due to economic conditions or other changes in operating conditions caused by the public health emergency. In such case, the employer must make reasonable efforts to restore the employee to an equivalent position, and if those efforts fail, make reasonable efforts for at least a year to contact the employee if an equivalent position becomes available.

The Bottom Line

The final version of the Act signed by the President yesterday does a good job balancing the employees' needs and the realities facing the employer. Essentially, a full-time eligible employee unable to work due to the closure of a child's school or place of care will be entitled to 80 hours (10 days) of Federal Paid Sick Leave and up to 12 weeks of job-protected Emergency FMLA leave, with the first 10 days paid as Federal Paid Sick Leave at their full rate, but not more than \$200 per day and \$2,000 in the aggregate per employee (although the employee can elect to use other sick pay, vacation, or PTO instead), and the remaining 74 days paid by the employer at two-thirds of their regular pay up to a maximum entitlement of \$200 per day and \$10,000 in the

aggregate per employee, all for a total leave payout of no more than \$12,000 in the aggregate per employee.

Meanwhile, eligible full-time employees unable to work due to qualifying reasons under the Paid Sick Leave Act other than a child's school or childcare closure will be entitled to receive 80 hours (10 days) of Federal Paid Sick Leave paid by the employer at the full regular rate up to a maximum entitlement of \$511 per day and \$5,110 in the aggregate per employee (although the employee can elect to use other sick pay, vacation, or PTO instead). Quarantine will not trigger the Emergency FMLA leave provisions, although there may be traditional, unpaid FMLA leave rights available, as well as unemployment insurance.

Finally, employers will be provided refundable tax credits against their employer portion of Social Security taxes for 100% of the qualified sick leave and family leave wages paid in accordance with the Act.

While California may have additional leave legislation on the way, yesterday's Families First Coronavirus Response Act provides employers with less than 500 employees, and their employees, with a viable path during this crisis.

Newmeyer Dillion Attorneys Thomas Reilly and Jason Morris contributed editorial support to this article.



Lozano Smith
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March 11, 2020

Ian Sims
Honey Lake Valley Resource Conservation District
170 Russell Avenue, Suite C
Susanville, CA 96130

Client: 001839

For Professional Services Rendered Through February 29, 2020

ACCOUNT SUMMARY

Matter	Invoice #	Previous Balance	Current Charges	Less Payments	Total Due
000001	2104270	\$1,659.99	\$445.50	\$1,659.99	\$445.50
000005	2104271	\$20,221.93	\$8,280.51	\$20,221.93	\$8,280.51
				Total Current Charges	\$8,726.01
				Previous Balance	\$21,881.92
				<i>Less Payments</i>	<u>(\$21,881.92)</u>
				Total due	<u><u>\$8,726.01</u></u>



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March 11, 2020

Ian Sims
 Honey Lake Valley Resource Conservation District
 170 Russell Avenue, Suite C
 Susanville, CA 96130

Client: 001839
 Matter: 000001
 Invoice # 2104270

Page: 1

RE: General Legal Matters

For Legal Services Rendered Through February 29, 2020

Legal Services

Date	Person	Description of Legal Services	Time	Rate	Amount
02/03/2020	WPC	Client update/ LIC information from W. Chisum; email correspondence.	0.40	\$290.00	\$116.00
02/06/2020	WPC	B. Herrera rejection of withdrawal.	0.10	\$290.00	\$29.00
02/07/2020	WPC	Email correspondence with M. Dunne regarding audit request.	0.20	\$290.00	\$58.00
02/07/2020	WPC	Audit file review for disclosure items.	0.30	\$290.00	\$87.00
02/07/2020	MD	Research in preparation for, and preparation of correspondence to auditor regarding pending or threatened litigation.	0.50	\$135.00	\$67.50
02/12/2020	WPC	Confirm hearing; document status.	0.30	\$290.00	\$87.00
Total Legal Services			1.80		\$444.50

Legal Services Recap

Person		Time	Rate	Amount
WPC	William P. Curley III	1.30	\$290.00	\$377.00
MD	Michael Dunne	0.50	\$135.00	\$67.50

Costs

Date	Description of Costs	Amount
02/21/2020	Postage	\$1.00
Total Costs		\$1.00

<u>Invoice Summary</u>	<u>Totals</u>
Total Legal Services	\$444.50
Total Costs	<u>\$1.00</u>
Total Current Charges	\$445.50
Previous Balance	\$1,659.99
<i>Less Payments</i>	<i>(\$1,659.99)</i>
Total Due	<u><u>\$445.50</u></u>



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March 11, 2020

Ian Sims
 Honey Lake Valley Resource Conservation District
 170 Russell Avenue, Suite C
 Susanville, CA 96130

Client: 001839
 Matter: 000005
 Invoice # 2104271

Page: 1

RE: Watermaster Decision Appeal

For Legal Services Rendered Through February 29, 2020

Legal Services

Date	Person	Description of Legal Services	Time	Rate	Amount
02/03/2020	MWW	Review Lassen Irrigation Company's opposition to Dow's appeal regarding Watermaster decisions; analyze strategies regarding same.	0.10	\$290.00	\$29.00
02/03/2020	MWW	Analyze strategies regarding Dow appeals of watermaster decisions.	0.30	\$290.00	\$87.00
02/03/2020	MWW	Prepare email correspondence to K. Meyer regarding Dow appeal of watermaster's decisions.	0.40	\$290.00	\$116.00
02/04/2020	MWW	Email correspondence with K. Meyer regarding Dow appeal of watermaster decision and related issues regarding briefing and resolution proposals.	0.10	\$290.00	\$29.00
02/04/2020	MWW	Teleconference with B. Herrema regarding requested continuance of hearing.	0.10	\$290.00	\$29.00
02/04/2020	MWW	Analyze strategies regarding Dow's request for continuance and potential proffer of new evidence.	0.30	\$290.00	\$87.00
02/04/2020	WPC	Title and new proposal from J. Dow.	0.50	\$290.00	\$145.00
02/05/2020	MWW	Analyze strategies regarding Dow's request for continuance of the 3037 judgment appeal.	0.40	\$290.00	\$116.00
02/05/2020	MWW	Email correspondence with K. Meyer regarding Dow's request for continuance.	0.30	\$290.00	\$87.00
02/05/2020	MWW	Teleconference (message) with K. Meyer regarding Dow request to continue hearing regarding 3037 Judgment appeal.	0.10	\$290.00	\$29.00
02/05/2020	WPC	Review J. Dow request; develop strategy; email correspondence with client; teleconference with M. Waterman.	0.60	\$290.00	\$174.00
02/05/2020	WPC	K. Meyers contact/message.	0.20	\$290.00	\$58.00
02/06/2020	MWW	Prepare email correspondence to B. Herrema regarding request for continuance; analyze strategies regarding same and 3037 Judgment appeal by Dow.	0.30	\$290.00	\$87.00
02/06/2020	MWW	Teleconference with K. Meyer regarding Dow request to continue hearing on 3037 judgment appeal.	0.10	\$290.00	\$29.00

Legal Services

Date	Person	Description of Legal Services	Time	Rate	Amount
02/06/2020	MWW	Email correspondence with K. Meyer regarding Dow appeal hearing issues.	0.20	\$290.00	\$58.00
02/06/2020	WPC	Staff meeting; client issue; advise course of action.	0.20	\$290.00	\$58.00
02/07/2020	MWW	Review Dow's reply briefs and responses to objections regarding appeals of watermaster decisions.	0.30	\$290.00	\$87.00
02/10/2020	MWW	Email correspondence with W. Chisum regarding Dow appeal of watermaster decisions.	0.20	\$290.00	\$58.00
02/10/2020	WPC	Case meeting regarding coordination issues with W. Chisum.	0.30	\$290.00	\$87.00
02/10/2020	SAA	Review stipulation regarding extension of time for appellant to file and serve opening brief and appendix and calculate related legal deadlines.	0.20	\$135.00	\$27.00
02/13/2020	MWW	Email correspondence with W. Chisum regarding Dow appeal.	0.10	\$290.00	\$29.00
02/13/2020	MWW	Prepare for oral argument on Dow appeals of watermaster decisions.	2.70	\$290.00	\$783.00
02/13/2020	MWW	Travel to Susanville for hearing on Dow appeal of watermaster's decisions.	4.60	\$290.00	\$1,334.00
02/13/2020	MWW	Teleconference with W. Chisum regarding Dow appeal of watermaster decisions.	0.10	\$290.00	\$29.00
02/13/2020	WPC	Final argument preparation for J.Dow.	0.20	\$290.00	\$58.00
02/14/2020	MWW	Continue preparation for oral argument regarding Dow appeals of watermaster decisions.	0.60	\$290.00	\$174.00
02/14/2020	MWW	Attend oral argument of Dow appeal of watermaster decisions, including meeting with clients and analysis of action plan in light of court ruling.	2.60	\$290.00	\$754.00
02/14/2020	MWW	Return travel from Susanville hearing to Los Angeles.	6.20	\$290.00	\$1,798.00
02/14/2020	WPC	J. Dow decision - response strategy and options.	0.60	\$290.00	\$174.00
02/14/2020	WPC	Email correspondence with W. Chisum regarding interm relief.	0.30	\$290.00	\$87.00
02/18/2020	MWW	Conduct research and legal analysis regarding stay and appeal options regarding order on Dow appeals of watermaster decisions.	0.30	\$290.00	\$87.00
02/26/2020	MWW	Email correspondence with court reporter regarding transcript of hearing regarding Dow's appeal of watermaster decisions.	0.10	\$290.00	\$29.00
02/27/2020	MWW	Continue research and legal analysis regarding appeal and stay issues.	2.10	\$290.00	\$609.00
02/28/2020	MWW	Continue research and legal analysis regarding stay and appeal issues regarding judgment on Dow appeal of watermaster decisions.	1.30	\$290.00	\$377.00
Total Legal Services			27.00		\$7,799.00

Legal Services Recap

Person		Time	Rate	Amount
WPC	William P. Curley III	2.90	\$290.00	\$841.00
MWW	Mark W. Waterman	23.90	\$290.00	\$6,931.00

Legal Services Recap

Person		Time	Rate	Amount
SAA	Stephanie A. Arwick	0.20	\$135.00	\$27.00

Costs

Date	Description of Costs	Amount
01/31/2020	First Legal Network, LLC- Process Service-	\$222.37
02/19/2020	Photocopies	\$40.75
02/29/2020	Computer Research	\$218.39
	Total Costs	<u>\$481.51</u>

Invoice Summary

	<u>Totals</u>
Total Legal Services	\$7,799.00
Total Costs	<u>\$481.51</u>
Total Current Charges	\$8,280.51
Previous Balance	\$20,221.93
<i>Less Payments</i>	<i>(\$20,221.93)</i>
Total Due	<u>\$8,280.51</u>

March 26, 2020

RE: SIERRA INSTITUTE INFORMATIONAL ITEM - SNC's Timber Regulation and Forest Restoration Fund

Here's some more info on our "Community Build" grant funded through SNC's Timber Regulation and Forest Restoration Fund.

For the next two years, Sierra Institute will be working with rural communities throughout the Sierra to build their institutional capacity while helping them to develop a biomass utilization facility, whether for lumber mills, wood manufacturing, biochar, or bioenergy.

The primary goal of the program is to help communities, tribes, local governments, and organizations progress or complete biomass projects that they are already working on. The secondary goal is simply to build rural capacity. Biomass utilization can be direct (creation of wood product businesses) or indirect (building a structure heated by a biomass boiler, or providing electricity with a biomass-powered microgrid). Our partners, which are public agencies and NGOs, may have already started the process of trying to develop a site or merely be talking about it. Developing goals and building community buy-in will be part of this grant program.

We are prepared to work with partners through several different steps. The first is to assess the status of the project and the capacity and needs of the organizations involved, typically utilizing (as one step) a one-day workshop. We will then work together to create a project timeline with clear objectives and steps for work over the life of this project and beyond.

Sierra Institute will then provide ongoing logistical support, networking and information sharing opportunities, leadership training, share technical and policy information and other resources, and provide limited funding for technical support that could include a feasibility study or other technical assistance. Because the project needs vary, so does the assistance we provide to partners.

I'm working on getting more of our partnerships written up. I have a few colleagues also on this project and some of our partners are in the very early stages. A few of our current partners include:

Sierra Resource Conservation District/Auberry Mill site (eastern Fresno County)

The Sierra Resource Conservation District (SRCD) is leading an initiative called the Sierra Resilient Landscape Collaborative that aims to establish a biochar and bioenergy production facility at the former Auberry Mill Site. A wood products campus will utilize multiple technologies with multiple end products.

Alpine Biomass Collaborative (Alpine County)

The Alpine Biomass Collaborative (ABC) is both a collaborative group and a nonprofit (both have the same name), both devoted to opening a biomass utilization facility in Alpine County. An all-volunteer group, ABC has already completed two feasibility studies with a third on the way, designed to assess the economics of two leading options, one of which is expected to proceed to implementation this year.

Butte County Fire Safe Council (Butte County)

The Butte County Firesafe Council is working with community partners to advance bioenergy and other biomass utilization options in Paradise and elsewhere in Butte County. In addition to long-term objectives of facilitating forest management and reducing emissions, conversations have centered around integrating biomass utilization with Camp Fire recovery to provide a local outlet for burned forest material, local employment opportunities, and energy independence during PG&E outages.