

**NOTICE OF CALL OF SPECIAL MEETING
TO THE MEMBERS OF THE HONEY LAKE VALLEY RECREATION AUTHORITY:**

You are hereby notified that a SPECIAL MEETING of the HLVRA will be held in the Council Chambers of City Hall in the City of Susanville at 66 North Lassen Street, Susanville, California on **April 4, 2017 at 3:00 p.m.** to transact the following business:

Call Meeting to Order
Roll Call

1 APPROVAL OF THE AGENDA:

2 APPROVAL OF MINUTES: None.

3 PUBLIC COMMENT: Members of the public may address the JPA concerning any item on the agenda prior to or during consideration of that item.

4 MATTERS FOR BOARD CONSIDERATION:

- A. Acceptance of Annual Audit for Fiscal Year ending 2016 and 2015
- B. Consider Adoption of Resolution No. 17-11 - Change Order #8 with Modern Building Inc.

5 BOARD MEMBER ISSUES/REPORTS: None.

6 PUBLIC COMMENT CLOSED SESSION ITEMS (if any): Any person may address the Board at this time upon any discussion during Closed Session.

7 CLOSED SESSION:

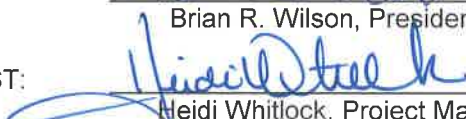
- A. PUBLIC EMPLOYMENT - pursuant to Government Code § 54957:
 - 1. Pool Director or Pool Manager Recruitment

8 ADJOURNMENT:



Brian R. Wilson, President

ATTEST:



Heidi Whitlock, Project Manager/ Secretary

AFFIDAVIT OF MAILING NOTICE

I, the undersigned Project Manager/Secretary for the Honey Lake Valley Recreation Authority, do hereby certify that an original of the **NOTICE OF CALL OF SPECIAL MEETING, April 4, 2017 at 3:00 p.m.** was delivered to each and every person set forth on the list contained herein on the 3rd day of **April** 2017. A copy of said Notice is attached hereto.

I declare under penalty of perjury that the foregoing is true and correct.

Dated at Susanville, California this the 3rd day of April, 2017.



Heidi Whitlock, Project Manager/Secretary

Brian Wilson	emailed
David Teeter	emailed
Kathie Garnier	emailed
Tom Hammond	emailed
David Meserve	emailed

Submitted By: Heidi Whitlock, Secretary/Project Manager

Action Date: April 4, 2017

HLVRA AGENDA ITEM

SUBJECT: Acceptance of annual audit for Fiscal Year ending 2016 and 2015

SUMMARY: The Honey Lake Valley Recreation Authority contracted with Price Paige & Company for the purposes of conducting the annual audit. Attached is the final audit document provided by Price Paige & Company.

FISCAL IMPACT: None.

**ACTION
REQUESTED:** Accept and File annual audit for fiscal year 2016 and 2015

ATTACHMENTS: Letter of Communication to Board
Financial Statements for fiscal year 2016 and 2015



PRICE PAIGE & COMPANY
Accountancy Corporation

The Place to Be

March 20, 2017

To the Members of the Board of Directors
Honey Lake Valley Recreation Authority
Susanville, California

We have audited the financial statements of the business-type activities of Honey Lake Valley Recreation Authority (the "Authority") for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 9, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Authority during the year for which there was a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates made by management during the year ended June 30, 2016.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements noted during our audit for the year ended June 30, 2016.

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Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 20, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Restriction on Use

This information is intended solely for the use of Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Price Pugh & Company

**HONEY LAKE VALLEY
RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015**

HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
JUNE 30, 2016 AND 2015

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS:	
STATEMENTS OF NET POSITION	4
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION	5
STATEMENTS OF CASH FLOWS	6
NOTES TO THE BASIC FINANCIAL STATEMENTS	7
OTHER AUDITOR'S REPORT:	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	13



INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
of the Honey Lake Valley Recreation Authority
Susanville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Honey Lake Valley Recreation Authority (the "Authority"), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic 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 an opinion on these financial statements based on our audits. We conducted our audits 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 Authority'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 Authority'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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Honey Lake Valley Recreation Authority, as of June 30, 2016 and 2015, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2017, on our consideration of the Authority'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 the Authority's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
March 20, 2017

BASIC FINANCIAL STATEMENTS

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash	\$ 2,856,576	\$ 394,075
Total current assets	2,856,576	394,075
Construction in progress	<u>510,740</u>	<u>236,759</u>
Total assets	<u>\$ 3,367,316</u>	<u>\$ 630,834</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 163,510	\$ -
Total liabilities	<u>163,510</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	510,740	236,759
Unrestricted	<u>2,693,066</u>	<u>394,075</u>
Total net position	<u>3,203,806</u>	<u>630,834</u>
Total liabilities and net position	<u>\$ 3,367,316</u>	<u>\$ 630,834</u>

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

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Operating revenues	\$ <u>-</u>	\$ <u>-</u>
Operating expenses:		
Professional and specialized services	70,847	99,115
Publications and legal notices	-	1,076
Special department expense	-	19,549
Office expense	<u>131</u>	<u>55</u>
Total operating expenses	<u>70,978</u>	<u>119,795</u>
Net operating income (loss)	<u>(70,978)</u>	<u>(119,795)</u>
Nonoperating revenues (expenses):		
Operating contributions from members	2,600,000	400,000
Interest income	16,159	1,436
Other income	<u>27,791</u>	<u>96</u>
Total nonoperating revenues (expenses)	<u>2,643,950</u>	<u>401,532</u>
Change in net position	2,572,972	281,737
Net position - beginning	<u>630,834</u>	<u>349,097</u>
Net position - ending	<u>\$ 3,203,806</u>	<u>\$ 630,834</u>

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

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Payments to vendors for services and supplies	\$ (39,732)	\$ (170,741)
Net cash provided (used) by operating activities	<u>(39,732)</u>	<u>(170,741)</u>
Cash flows from investing activities:		
Interest received	<u>16,159</u>	<u>1,436</u>
Net cash provided (used) by investing activities	<u>16,159</u>	<u>1,436</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(141,717)</u>	<u>(236,759)</u>
Net cash provided (used) by capital and related financing activities	<u>(141,717)</u>	<u>(236,759)</u>
Cash flows from noncapital and related financing activities:		
Contributions received from members	2,600,000	400,000
Other income	<u>27,791</u>	<u>96</u>
Net cash provided (used) by noncapital and related financing activities	<u>2,627,791</u>	<u>400,096</u>
Net Increase (decrease) in cash and cash equivalents	2,462,501	(5,968)
Cash and cash equivalents - beginning of year	<u>394,075</u>	<u>400,043</u>
Cash and cash equivalents - end of year	<u>\$ 2,856,576</u>	<u>\$ 394,075</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ (70,978)	\$ (119,795)
Change in Assets and Liabilities:		
Increase (decrease) in due to other governmental agencies	<u>31,246</u>	<u>(50,946)</u>
Net cash provided (used) by operating activities	<u>\$ (39,732)</u>	<u>\$ (170,741)</u>

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

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Honey Lake Valley Recreation Authority (the "Authority") was formed pursuant to a Joint Powers Agreement dated November 18, 2013. The Authority is a joint powers authority established by and between the County of Lassen (the "County") and the City of Susanville (the "City") pursuant to the Government Code of the State of California. Its purpose is to plan, finance, implement, manage, own and operate a multi-jurisdictional recreation system and swimming pool.

The Authority has a Board of Directors which consists of five persons, two from the County and two from the City, and one public member at-large who is appointed by the City and County members. The activities of the Authority are funded by contributions from its member agencies, the County and the City.

The Authority is not a component unit of the County or City. The Authority is legally separate and fiscally independent and the Authority itself has no component units. The Authority does not have employees and all services are supplied by County and City staff or contracted.

The financial statements present information on the financial activities of the Authority, which is considered an enterprise fund. The Authority's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting principles are described below.

Basis of Accounting and Measurement Focus

Enterprise funds are accounted for on a flow of "economic resources" measurement focus and the accrual basis of accounting. This method recognizes revenues in the accounting period in which they are earned. Expenses are recognized in the accounting period in which the related fund liability is incurred. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statements of Net Position. The Statements of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position.

Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include governmental contributions. Revenues from governmental contributions are recognized in the fiscal year in which all eligible requirements have been satisfied.

Operating revenues include charges to users and result from exchange transactions associated with the principal activities of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as grants and investment earnings, result from nonexchange transactions or ancillary activities.

Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

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

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Authority maintains its cash in the Lassen County Treasury. The County pools these deposits with those of other entities in the County and invests the cash. Interest earned is deposited quarterly into participating funds. Investment losses, if any, are proportionately shared by all funds in the pool. The Lassen County Treasury Oversight Committee oversees the Treasurer's compliance with the County investment policy.

For purposes of the Statements of Cash Flows, all highly liquid investments with original maturities of three months or less at acquisition and the Authority's investment in the County Treasury Pool are considered to be cash equivalents. The Authority had no investments during the years ended June 30, 2016 and 2015.

Capital Assets

All capital assets acquired by the Authority are owned in common by the parties to the Joint Powers Agreement, in equal shares, unless otherwise determined in writing by all of the parties hereto. The Authority defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are stated at cost or estimated cost if actual cost is not known. Routine repairs and maintenance, including planned major maintenance activities are expensed when incurred. Depreciation is provided by the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Building and improvements	25 to 40 years
Equipment	5 to 30 years

Costs related to the construction of capital assets are not depreciated until they are ultimately placed into service.

Net Position

Net position is reported in three categories as follows:

- *Net Investment in Capital Assets* - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* - This category presents external restrictions imposed by creditors, 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 Authority that is not restricted for any projects or other purposes.

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH

Cash consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Cash in County Treasury	\$ <u>2,856,576</u>	\$ <u>394,075</u>

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy.

The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

The California Government Code ("Code") requires California banks and savings and loan associations to secure the Authority's and County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Authority or County's name, as applicable.

Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on government agency securities.

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 – CASH (Continued)

Concentration of Credit Risk

At June 30, 2016 and 2015, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium-term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. governments, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

Custodial Credit Risk

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At June 30, 2016 and 2015, the County's investment pool had no securities exposed to custodial credit risk.

Local Agency Investment Fund (LAIF)

The County is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The County's investments with LAIF at June 30, 2016 and 2015, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities.

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Capital assets, not being depreciated:				
Construction in progress	\$ 236,759	\$ 273,981	\$ -	\$ 510,740
Total capital assets, not being depreciated	236,759	273,981	-	510,740
Capital assets, net	\$ 236,759	\$ 273,981	\$ -	\$ 510,740

The Authority did not have any depreciation expense for the years ended June 30, 2016 or 2015.

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 4 – CAPITAL CONTRIBUTIONS FROM MEMBERS

In accordance with the Authority's Joint Powers Agreement, members of the Authority are required to provide annual funding to the Authority to support operating costs. The agreement requires each member, the County and the City, to each contribute \$80,000 per year ending on June 30, 2029. During the years ended June 30, 2016 and 2015, member contributions totaled \$2,600,000 and \$400,000 each year, respectively.

NOTE 5 – RELATED PARTY TRANSACTIONS

Pursuant to a contract between the County and the Authority, the County is to provide various accounting services to the Authority, including purchasing, warrant preparation and general accounting. The County has agreed to waive indirect expenses normally charged for these services through June 30, 2016.

The Authority has contracted with the City to utilize the City's staff to support the administration and planning activities of the Authority. During the years ended June 30, 2016 and 2015, the Authority paid the City a total of \$40,102 and \$28,874, respectively, for contracted services. The total accounts payable to the City for the year ended June 30, 2016 was \$31,227 and none for the year ended June 30, 2015.

NOTE 6 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. As such, the Authority participates in a Joint Powers Authority named CAPRI (California Association for Park and Recreation Indemnity), to provide coverage for workers' compensation and general liability exposure and to pay for the administration of the program. Primary and excess workers' compensation insurance, as well as excess property and general liability insurance are reinsured through a commercial company. There is a self-insured retention of \$25,000,000 for general liability and \$1,000,000 for property.

NOTE 7 – CONTINGENCIES

The Authority may be subject to litigation arising in the normal course of business. In the opinion of the Authority, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 20, 2017, the date the financial statements were issued. No events requiring recognition or disclosure in the financial statements were identified.

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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

To the Members of the Board of Directors
of the Honey Lake Valley Recreation Authority
Susanville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Honey Lake Valley Recreation Authority (the Authority), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Pange & Company

Clovis, California
March 20, 2017

Submitted By: Heidi Whitlock, Project Manager/Secretary

Action Date: April 4, 2017

HLVRA AGENDA ITEM

SUBJECT: Approve **Resolution No. 17-11**, approving Contract Change Orders #8 as part of the HLVRA Community Swimming Pool Project.

PRESENTED BY: Jared G. Hancock, Executive Officer

SUMMARY: Staff has been working with Modern Building Inc. to complete the Honey Lake Valley Community Pool Project. To date, the JPA has approved 7 change orders as follows and has a current contract value of \$2,754,555.63.

Change Order #1: Reduction of GMP	\$110,400.00
Change Order #2: Plumbing for Future Shower Area	\$ 698.75
Change Order #3: Install Electrical Conduit for Sign	\$ 537.50
Change Order #4: Lobby Reconfiguration	\$ 4,482.75
Change Order #5: 12 Foot Gate at Southeast Corner	\$ 1,612.50
Change Order #6: Removal of Hydroseeding	(\$ 5,888.00)
Change Order #7: Extension of Fencing	\$ 3,112.13

Change Order #8 is being requested for the installation of two rope anchors for use in establishing 4'-6" depth marking, rope not included.

The additional change order will result in a new GMP of \$2,755,308.13.

FISCAL IMPACT: Change Order #8: \$752.50

ACTION REQUESTED: Direction to staff.

ATTACHMENTS: Resolution No. 17-11
Contract Change Order #8

RESOLUTION NUMBER 17-11
A RESOLUTION OF THE HONEY LAKE VALLEY RECREATION AUTHORITY APPROVING
CONTRACT CHANGE ORDER #8 AS PART OF THE HONEY LAKE VALLEY RECREATION
AUTHORITY COMMUNITY SWIMMING POOL PROJECT RESULTING IN A NET INCREASE AND A
TOTAL PHASE II CONTRACT AMOUNT TO \$2,755,308.13

WHEREAS, the Honey Lake Valley Recreation Authority (HLVRA) has determined that the design-build option, authorized by California Public Contract Code section 22160 et seq, is the most economical, practical and flexible for the design and construction of the community swimming pool; and

WHEREAS, the HLVRA awarded the project to Modern Building Inc; and

WHEREAS, the HLVRA, at its January 31, 2017 meeting, adjusted the total Project cost to \$2,754,555.63 as contract negotiations and change orders required; and

WHEREAS, it was determined by HLVRA staff that additional work requiring additional funds is required to effectively complete the project; and

WHEREAS, in furtherance thereof, Contract Change Order #8 is hereby submitted for an increase in the amount of \$752.50.

NOW, THEREFORE, BE IT RESOLVED by the HONEY LAKE VALLEY RECREATION AUTHORITY that execution of Contract Change Order #8, the addition of work to be completed in the amount of \$752.50 for the Community Pool Project, is approved, increasing the Phase II total project cost by \$752.50 for a total Phase II project cost of \$2,755,308.13.

Approved: _____
Brian R. Wilson, President

Attest: _____
Heidi Whitlock, Project Manager/ Secretary

The foregoing **Resolution Number 17-11** was approved and adopted at a special meeting of the Honey Lake Valley Recreation Authority held on the 4th day of April, 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINING:

Heidi Whitlock, Project Manager/Secretary

APPROVED AS TO FORM:

Kronick Moskowitz Tiedemann & Girard

Project Name: Community Pool Project

EXHIBIT 10
Project No.: 16-01

Honey Lake Valley Recreation Authority

CHANGE ORDER NO.: 8

Reference Field Order No.: 8

Project Name: Susanville Community Pool Project

Contract Date: 12/16/2015

Project Number: 16-01 (MBC Project #15056)

To Design Builder: Modern Building, Inc.

Address: PO Box 772, Chico, CA 95927

DESCRIPTION OF CHANGE:

Installation of two rope anchors for owner's use in establishing a 4'-6" depth marking. Rope for marking is not included.

Adjustments of Contract Sum:

Original Contract:	\$	<u>2,860,400.00</u>
Prior Adjustments:	\$	<u>(105,844.37)</u>
Contract Sum Prior to this Change:	\$	<u>2,754,555.63</u>
Adjustment for this Change:	\$	<u>752.50</u>
Revised Contract Sum:	\$	<u>2,755,308.13</u>

Adjustments of Contract Time: (Days)

Original Contract Time:	<u>180</u>
Prior Adjustments:	<u>0</u>
Contract Time Prior to this Change:	<u>180</u>
Adjustment for this Change:	<u>1</u>
Revised Contract Time:	<u>181</u>

Design Builder waives any claim for further adjustments of the Contract Sum and the Contract Time related to the above described change in the work.

Recommended:

By: _____
(Signature of Authority's Representative)

(Printed Name)

Date: _____

Accepted:

By:  _____
(Design Builder Signature)

Phil Strawn - Modern Building, Inc.

(Printed Design Builder Name)

Date: 4/3/2017

Reviewed and Recommended:

By: _____
(Signature of Authority's Designated
Administrator)

(Printed Name)

Date: _____

Funds Sufficient:

By: _____
(Signature of Authority's Finance Office)

(Printed Name)

Date: _____

Approved:

(Printed Name)

By: _____
(Signature)

Date: _____

