

# LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

## GOVERNING BOARD

Chris Gallagher, *Chairman*  
Jeff Hemphill, *Vice Chairman*  
Russ Brown  
Tom Hammond  
Quincy McCourt  
Mendy Schuster

## STAFF

Erik Edholm  
*Air Pollution Control Officer*  
Vacant  
*Air Quality Engineer*  
Sara Dacosta  
*Administrative Staff Assistant*

# LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD MEETING

City Council Chambers  
66 N. Lassen Street, Susanville, CA 96130

**Agenda**  
**Tuesday, October 11, 2022**

**1:00 p.m.**

## **ADDRESSING THE BOARD**

- \* Any person desiring to address the Board shall first secure permission of the presiding officer.
  - \* Matters under the jurisdiction of the Board, and not on the Agenda, may be addressed by the Public at the time provided in the Agenda under Public Comment.
  - \* The Board of Directors will not take action on any subject that is not on the Agenda.
- 

### **A. CALL TO ORDER**

### **B. ROLL CALL OF BOARD OF DIRECTORS**

### **C. AGENDA APPROVAL**

### **D. APPROVAL OF MINUTES FOR THE MEETINGS OF: July 12, 2022**

### **E. BOARD MEMBER ISSUES/REPORTS**

### **F. CORRESPONDENCE**

### **G. PUBLIC COMMENT**

(Any person may address the Board at this time to comment on any subject not on the agenda. However, the Board may not take action other than to direct staff to agendize the matter at a future meeting).

### **H. MATTERS FOR BOARD CONSIDERATION**

**PG 5 1. Subject** Report on District Activities  
**Recommendation:** Information only/Receive Report

**PG 7 2. Subject:** District Financial Report  
**Recommendation:** Information only/Receive Report

- PG 11 3. Subject:** FARMER 21/22 Shared Allocation Pool  
**Recommendation:** Approve Resolution 22-07 authorizing the District to enter into a FARMER Master Agreement and Allocation Agreement with the Placer County Air Pollution Control District and authorizing the Air Pollution Control Officer to conduct all negotiations, execute and submit all documents related to the FARMER program.
- PG 47 4. Subject:** Carl Moyer State Reserve Year 24  
**Recommendation:** Approve Resolution 22-08 approving the District's participation in the FY 2021-22 Community Air Protection Program.
- PG 55 5. Subject:** Auditor's Report for Year Ended June 30, 2021  
**Recommendation:** Approve Resolution 22-09 accepting the Basic Financial Statements and Independent Auditor's Report for year ended June 30, 2021.

**I. ADJOURN**

NEXT SCHEDULED GOVERNING BOARD MEETING DECEMBER 13, 2022.

**UNAPPROVED MINUTES  
LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT  
GOVERNING BOARD  
July 12, 2022**

The Board convened in regular session at 1:30 P.M. in City of Susanville Council Chambers, located at 66 N. Lassen St., Susanville, CA, with; Chairman Chris Gallagher, Vice Chairman Jeff Hemphill, Directors Kevin Stafford, Quincy McCourt, and Russ Brown present. Also present were: Erik Edholm, Air Pollution Control Officer (APCO), Hailey Hanna, Assistant Engineer, and Sarah DaCosta, Administrative Staff Assistant. Directors Tom Hammond and Mendy Schuster were absent.

**C. AGENDA APPROVAL**

No changes to agenda, due to Chairman Gallaghers schedule, meeting proceeded to H1 upon convening.

**D. APPROVAL OF MINUTES:**

Motion for approval of the minutes for the meeting of February 8, 2022 by Director McCourt second by Vice Chairman Hemphill. Motion carried. Chairman Chris Gallagher, Directors Tom Hammond, and Mendy Schuster absent.

**E. BOARD ISSUES / REPORTS:**

NO BOARD ISSUES / REPORTS

**F. CORRESPONDENCE:**

NO CORRESPONDENCE

**G. PUBLIC COMMENT:**

NO COMMENTS

**H. MATTERS FOR BOARD CONSIDERATION:**

**1. Report on District Activities:**

Wood Stove Replacement Program:

Mr. Edholm reported on the rising interest in the Wood Stove Replacement Program and introduced the new Assistant Engineer, Hanna Hailey, who will be taking over the program operations.

Facility Inspections:

Mr. Edholm reported that an inspection was done recently at the Sierra Army Depot. Their emissions are not currently meeting the Title V minimum, so they are working to get to a Synthetic Minor status.

Mt. Lassen Power Restart:

Mr. Edholm reported that Mt. Lassen Power is restarting and should be apply for a permit renewal within the next couple of months.

**2. District Financial Report:**

Mr. Edholm presented the financial reporting from February 2022 through May 2022. He explained the report's detail of revenue and expenditures for the District. He also described the types of revenue sources the District receives and outlined the monthly expenditures. The net ending balance for the quarter is \$393,352.59.

**3. Emission Inventory District Grant:**

Motion to approve Resolution 22-02, accepting grant agreement from ARB for the Emission Inventory District Grant by Chairman Gallagher, second by Director McCourt. Motion carried. Directors Tom Hammond and Mendy Schuster were absent.

**4. Carl Moyer State reserve Year 24:**

Mr. Edholm explained the funding for this program. Chairman Gallagher suggested that informational letters be sent to organizations of interest to apply for funds. Chairman Gallagher and Director McCourt both suggest that \$15,000 per entity is an appropriate amount. Motion to approve Resolution 22-03, committing the District to participate in the Carl Moyer Program, accepting State Reserve Program Funds, and follow the requirements of the Program by Chairman Gallagher, second by Director Russ Brown. Motion carried. Directors Tom Hammond and Mendy Schuster were absent.

**5. Budget Review:**

Mr. Edholm explained budget and discussed doing a study on current permit rates. Chairman Gallagher, Directors McCourt and Brown agree that a study would be useful. Motion to approve Resolution 20-04 adopting the Fiscal Year 2022-2023 budget by Chairman Gallagher, second by Director Brown. Motion carried. Directors Tom Hammond and Mendy Schuster were absent.

Chairman Gallagher leaves at this time and role is called again with Vice Chairman Jeff Hemphill, Directors Kevin Stafford, Quincy McCourt, and Russ Brown still present. Chairman Chris Gallagher, Directors Tom Hammond, and Mendy Schuster absent.

**6. Carl Moyer Grant Award, Five Dot Land and Cattle Co.:**

Mr. Edholm discussed increasing the grant to \$50,000. Director McCourt, Brown, and Vice Chairman Hemphill we in agreement that the increase would be beneficial and entice more applicants. Motion to approve Resolution 22-05 with the amendment to raise maximum grant to \$50,000 by Director McCourt, second by Director Brown. Motion carried. Chairman Chris Gallagher, Directors Tom Hammond, and Mendy Schuster absent.

**7. Carl Moyer Grant Award, Humphrey Ranch:**

Concerns were expressed about the grant being used appropriately. Motion to approve Resolution 22-06 with the amendment that payment is issued to the contractor and not to Humphrey Ranch by Director McCourt, second by Director Brown. Motion carried. Chairman Chris Gallagher, Directors Tom Hammond, and Mendy Schuster absent.

**I. ADJOURN 2:13 P.M.**

**LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD**

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Quincy McCourt  
Mendy Schuster

**Staff**

Erik Edholm  
*Air Pollution Control Officer*  
Vacant  
*Air Quality Engineer*  
Sara Dacosta  
*Administrative Staff Assistant*

Meeting of October 11, 2022

To: Governing Board

From: Erik Edholm, APCO

Subject: Report on District Activities

The District has been involved in the following since the last meeting:

- Carl Moyer/FARMER Related Activities
  - o Received and submitted FARMER applications
  - o Review existing agreements
  - o Completed Projects
  - o Equipment inspections
- Wood Stove Replacement Program
  - o 82 Vouchers issued
  - o 58 Standard Vouchers (\$1500)
  - o 24 Enhanced Vouchers (\$3000)
  - o 66 Projects completed
- Renew Existing Permits
- Issue New Permits
- Permit Modifications
- Facility Inspections
- Residential Green Waste Program
- Mt Lassen Power Restart

Some of these items will likely become the subject of future agenda items for Board discussion.

Staff can answer questions about any of these items as necessary.

Respectfully Submitted,

Erik Edholm  
Air Pollution Control Officer

# LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

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 Vacant  
*Air Quality Engineer*  
 Sara Dacosta  
*Administrative Staff Assistant*

Meeting of October 11, 2022

To: Governing Board

From: Erik Edholm, APCO

Subject: June 2022 Financial Report

Opening Balance:	\$ 393,352.59
Carl Moyer Program Balance	\$ 122,186.47
<b>Net Beginning Balance:</b>	<b>\$ 515,539.06</b>

### Revenue:

Permits	\$ (356.47)
DMV Fee Revenue	\$ 15,300.45
Property Tax	\$ 7,571.77
Carl Moyer Program	\$ 200.44
Subvention	\$ 0.00
AB 197 Admin	\$ 7,583.00
Interest (Fair Market Value Adjustment)	\$ 646.19
<b>Total Revenue</b>	<b>\$ 30,945.38</b>

### Expenditures:

Contract Services – City of Susanville	
Salaries and Benefits	\$ 15,493.00
Services and Supplies	\$ 3,045.00
Carl Moyer Grant	\$ 0.00
FARMER Grant	\$ 0.00
AB 617 – Green Waste Reduction Program	\$ 3,994.12
LCAPCD Wood Stove Replacement Program	\$ 4,500.00
<b>Total Expenditures</b>	<b>\$ 27,032.12</b>

Ending Balance	\$ 519,452.32
Carl Moyer Program Balance	\$ 122,386.91
<b>Net Ending Balance:</b>	<b>\$ 397,065.41</b>

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*Administrative Staff Assistant*

Meeting of October 11, 2022

To: Governing Board

From: Erik Edholm, APCO

Subject: July 2022 Financial Report

Opening Balance:	\$ 397,065.41
Carl Moyer Program Balance	\$ 122,386.91
<b>Net Beginning Balance:</b>	<b>\$ 519,452.32</b>

### Revenue:

Permits	\$ 1,542.92
DMV Fee Revenue	\$ 6,892.49
Property Tax	\$ 0.00
Carl Moyer Program	\$ 0.00
Subvention	\$ 0.00
AB 197 Admin	\$ 0.00
Interest (Fair Market Value Adjustment)	\$ 0.00
<b>Total Revenue</b>	<b>\$ 8,435.41</b>

### Expenditures:

Contract Services – City of Susanville	
Salaries and Benefits	\$ 18,538.00
Services and Supplies	\$ 3,888.00
Carl Moyer Grant	\$ 0.00
FARMER Grant	\$ 0.00
AB 617 – Green Waste Reduction Program	\$ 626.42
LCAPCD Wood Stove Replacement Program	\$ 0.00
<b>Total Expenditures</b>	<b>\$ 23,052.42</b>

Ending Balance	\$ 504,835.31
Carl Moyer Program Balance	\$ 122,386.91
<b>Net Ending Balance:</b>	<b>\$ 382,448.40</b>

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Vacant  
*Air Quality Engineer*  
Sara Dacosta  
*Administrative Staff Assistant*

Meeting of October 11, 2022

To: Governing Board

From: Erik Edholm, APCO

Subject: August 2022 Financial Report

Opening Balance:	\$ 382,448.40
Carl Moyer Program Balance	\$ 122,386.91
<b>Net Beginning Balance:</b>	<b>\$ 504,835.31</b>

### Revenue:

Permits	\$ 260.44
DMV Fee Revenue	\$ 7,398.77
Property Tax	\$ 0.00
Carl Moyer Program	\$ 0.00
Subvention	\$ 0.00
AB 197 Admin	\$ 0.00
Interest (Fair Market Value Adjustment)	\$ 0.00
<b>Total Revenue</b>	<b>\$ 7,659.21</b>

### Expenditures:

Contract Services – City of Susanville	
Salaries and Benefits	\$ 18,538.00
Services and Supplies	\$ 3,888.00
Carl Moyer Grant	\$ 0.00
FARMER Grant	\$ 0.00
AB 617 – Green Waste Reduction Program	\$ 614.08
LCAPCD Wood Stove Replacement Program	\$ 0.00
<b>Total Expenditures</b>	<b>\$ 23,040.08</b>

Ending Balance	\$ 489,454.44
Carl Moyer Program Balance	\$ 122,386.91
<b>Net Ending Balance:</b>	<b>\$ 367,067.53</b>



# LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

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*Air Quality Engineer*  
Sara Dacosta  
*Administrative Staff Assistant*

Meeting of October 11, 2022

To: Governing Board

From: Erik Edholm, APCO

Subject: September 2022 Financial Report

Opening Balance:	\$ 367,067.53
Carl Moyer Program Balance	\$ 122,386.91
<b>Net Beginning Balance:</b>	<b>\$ 489,454.44</b>

### Revenue:

Permits	\$ (7,732.08)
DMV Fee Revenue	\$ 0.00
Property Tax	\$ 0.00
Carl Moyer Program	\$ 0.00
Subvention	\$ 0.00
AB 197 Admin	\$ 0.00
Interest (Fair Market Value Adjustment)	\$ 0.00
<b>Total Revenue</b>	<b>\$ (7,732.08)</b>

### Expenditures:

Contract Services – City of Susanville	\$ 18,538.00
Salaries and Benefits	\$ 3,888.00
Services and Supplies	\$ 0.00
Carl Moyer Grant	\$ 0.00
FARMER Grant	\$ 0.00
AB 617 – Green Waste Reduction Program	\$ 0.00
LCAPCD Wood Stove Replacement Program	\$ 23,040.08
<b>Total Expenditures</b>	<b>\$ 459,296.36</b>

Ending Balance	\$ 122,386.91
Carl Moyer Program Balance	\$ 336,909.45
<b>Net Ending Balance:</b>	



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### Staff

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 Vacant  
*Air Quality Engineer*  
 Sara Dacosta  
*Administrative Staff Assistant*

Meeting of October 11, 2022

To: Governing Board

From: Erik Edholm, APCO

Subject: FARMER 21/22 Shared Allocation Pool

In September 2017, Governor Brown signed into law, legislation which appropriated \$135 million from the State Budget for Fiscal Year 2017-2018 to CARB for the reduction of criteria, toxic, and greenhouse gas (GHG) emissions from the agricultural sector. CARB developed the FARMER Program to meet the Legislature's objectives and help meet the State's goal to reduce toxic and greenhouse gas emissions. Funding for the FARMER Program is dependent on the State Legislature's annual budget and may vary from year to year.

The District, along with 17 other air quality management and air pollution control districts, are in a shared allocation pool (SAP) which, in 2019 have entered into a Memorandum of Understanding (MOU) with Placer County. The SAP is specifically designated for those districts contributing to less than one percent of the statewide agricultural equipment emissions inventory, to ensure farmers in those districts have the opportunity to access FARMER Program funding and to streamline the implementation of the FARMER Program. After a thorough application review, each District will be notified of their grant amount. The Placer County Air Pollution Control District (PCAPCD) is the FARMER Program's SAP Administrator; the District will participate in the FARMER Program by entering into a Master Agreement with the PCAPCD.

### **Recommendation:**

Motion to approve Resolution 22-07 authorizing the District to enter into a FARMER Master Agreement and Allocation Agreement with the Placer County Air Pollution Control District and authorizing the Air Pollution Control Officer to conduct all negotiations, execute and submit all documents related to the FARMER program.

Respectfully Submitted,

Erik Edholm  
 Air Pollution Control Officer

**RESOLUTION NO. 22-07**

**A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR  
POLLUTION CONTROL DISTRICT APPROVING PARTICIPATION IN FY 2021-2022 FARMER  
PROGRAM SHARED ALLOCATION POOL**

WHEREAS, in 2021, the California legislature appropriated \$212.6 million in FY 21-22 funds to the California Air Resources Board (CARB) to reduce emissions from the agricultural sector, to support the replacement of agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations; and

WHEREAS, CARB developed the FARMER Program to meet the Legislature's objectives and help meet the State's criteria, toxic and greenhouse gas emission reduction goals; and

WHEREAS, the Lassen County Air Pollution Control District (District) did not receive a direct allocation of FARMER funds and is instead part of the FARMER Program's Shared Allocation Pool (SAP); and

WHEREAS, all SAP districts are required to execute a Master Agreement with Placer County Air Pollution Control District (PCAPCD), the FARMER Program's SAP Administrator, which outlines the programmatic requirements, policies, and procedures of the SAP FARMER Program, in order to participate in the Program; and

WHEREAS, all SAP districts are required to execute an Allocation Agreement specific to each funding allocation they would like to participate in, which outlines allocation-specific deadlines and other information; and

WHEREAS, the District will review project eligibility, submit projects to PCAPCD for review and award, and submit required reporting associated with the FARMER Program; and

NOW, THEREFORE, BE IT RESOLVED, that the Lassen County Air Pollution Control District Governing Board (District Board) hereby authorizes the District to execute the FARMER SAP Master Agreement; and

BE IT FURTHER RESOLVED, that the District Board hereby authorizes the District to execute the FARMER SAP Allocation Agreement for the CARB FY 21-22 FARMER SAP funding allocation, and for any subsequent funding allocations, and to accept any associated FARMER SAP funds allocated to District in future years; and

BE IT FURTHER RESOLVED, that the District Board hereby authorizes the Air Pollution Control Officer to negotiate, sign, and amend as needed, agreements and contracts related to administration and implementation of the FARMER SAP Master Agreement and any associated Allocation Agreements.

The foregoing resolution was approved and adopted by the following vote of the Board on October 11, 2022.

AYES:

NOES:

ABSTAIN:

ABSENT:

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Chris Gallagher, Chairman  
Lassen County Air Pollution Control District

ATTEST:

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Erik Edholm  
Air Pollution Control Officer

## **FARMER SHARED ALLOCATION POOL ALLOCATION AGREEMENT**

**CARB Funding Fiscal Year:** CARB FY 21-22

**Contract Number:** NONE - SAMPLE ONLY (SCN#####-21-22)

**PCAPCD Board Resolution:** 22-03

**DISTRICT Board Resolution:**

**Contract Description:** FARMER SAP District CARB FY 21-22 Allocation Agreement

This AGREEMENT is between the Placer County Air Pollution Control District (hereinafter "PCAPCD") and Lassen County Air Pollution Control District, (hereinafter "DISTRICT").

- I. The parties agree to comply with the requirements and conditions contained herein, as well as all commitments identified in the current Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Shared Allocation Pool Master Agreement (attached hereto as Exhibit A), current and future FARMER Program and California Air Resources Board (CARB) Carl Moyer Program Guidelines (Guidelines), and current and future program memos, advisories and mailouts, including all provisions, roles, and responsibilities identified.

### **II. GRANT SUMMARY**

- A. Program Name: FARMER Shared Allocation Pool
- B. CARB Funding Allocation Fiscal Year: 21-22
- C. CARB Funding Allocation Source(s): Air Pollution Control Fund (APCF)

### **III. NOTICES**

- A. The PCAPCD Liaison is Lauren Moore. Correspondence regarding program administration shall be directed to:

Lauren Moore  
(530) 745-2376  
lmoore@placer.ca.gov  
Placer County Air Pollution Control District  
110 Maple Street  
Auburn, California 95603

- B. The DISTRICT Liaison is Erik Edholm. Correspondence regarding program administration shall be directed to:

Erik Edholm  
Title: APCO  
Phone: (530) 257-1041, ext 1042  
Email: eedholm@cityofsusanville.org  
Lassen County Air Pollution Control District  
720 South Street  
Susanville, CA 96130

- C. Written notices which are required by Master Agreement or Allocation Agreement must be made in accordance with Master Agreement Notices Section, II.B.20.

#### **IV. PROGRAM TIMELINE**

- A. For the CARB Fiscal Year (FY) 21-22 Funding Allocation, DISTRICT deadlines are as follows:
1. Final disbursement requests must be received by PCAPCD no later than one (1) year after Project Award date, or 1/30/2026, whichever comes first, and funds must be disbursed by PCAPCD no later than 3/30/2026.
  2. Funds must be liquidated by DISTRICT no later than 4/30/2026.
  3. Disbursed funds not liquidated by 4/30/2026 must be returned to PCAPCD by 6/15/2026.
  4. Allocation Agreement End Date: 3/30/2026.
- B. Expenditure of project funds granted may not be reduced due to any loss incurred in an insured bank or investment account.

#### **V. EARLY CONTRACT TERMINATION**

- A. Availability of Funds: PCAPCD's obligations under this AGREEMENT are contingent upon the availability of funds as made available by CARB. PCAPCD will notify DISTRICT if funding has been discontinued and will then immediately cease the implementation of this AGREEMENT. DISTRICT agrees that PCAPCD will not be held liable to DISTRICT for any subsequent responsibilities or costs associated with early termination of this AGREEMENT under this section.
- B. Failure to comply with program timeline, reporting, or other provisions of this AGREEMENT may result in early contract termination by PCAPCD. Such contract breach may result in contract dispute resolution, as described in Master Agreement Section II.B.7.

## **VI. EARNED INTEREST**

- A. Interest earned on CARB FY 21-22 funds must be liquidated by 3/30/2028 or returned to PCAPCD by 5/15/2028. Interest may not be earned after all project and implementation funds have been liquidated, or 3/30/2026, whichever comes first.

## **VII. RECORDS RETENTION**

- A. All program records, as described in the Master Agreement, Section V.E., must be retained until 10/31/2031.

### **The parties so agree.**

Lassen County Air Pollution Control District:

\_\_\_\_\_  
\_\_\_\_\_  
Date: \_\_\_\_\_  
Erik Edholm  
APCO

Placer County Air Pollution Control District:

\_\_\_\_\_  
\_\_\_\_\_  
Date: \_\_\_\_\_  
Erik C. White  
Air Pollution Control Officer

Attachment: Exhibit A: Funding Agricultural Replacement Measures for Emission Reductions  
(FARMER) Shared Allocation Pool Master Agreement



# Funding Agricultural Replacement Measures for Emission Reductions (FARMER)



## Shared Allocation Pool Master Agreement

**Contract Number:** NONE – SAMPLE ONLY (SCN#####)  
**PCAPCD Board Resolution:** 22-03  
**DISTRICT Board Resolution:**  
**Contract Description:** FARMER SAP District Master Agreement

Lassen County Air Pollution Control District:

\_\_\_\_\_  
Erik Edholm  
APCO

Date: \_\_\_\_\_

Placer County Air Pollution Control District:

\_\_\_\_\_  
Erik C. White  
Air Pollution Control Officer

Date: \_\_\_\_\_

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FUNDING AGRICULTURAL REPLACEMENT MEASURES FOR EMISSION REDUCTIONS  
SHARED ALLOCATION POOL

**MASTER AGREEMENT**

This AGREEMENT is between the Placer County Air Pollution Control District (hereinafter "PCAPCD") and Lassen County Air Pollution Control District (hereinafter "DISTRICT").

**I. PREFACE**

California's agricultural industry consists of approximately 77,500 farms and ranches, providing over 400 different commodities, making agriculture one of the State's most diverse industries. Producers, custom operators, first processors, and rental companies own and operate approximately 160,000 pieces of off-road, diesel-fueled, mobile agricultural equipment statewide, in addition to stationary equipment, and on-road vehicles used in agricultural operations. Even with increasingly stringent emission standards on engine manufacturers, emissions from these vehicles and equipment are a significant source of air pollution. Reducing these emissions is necessary to meet federal ozone and particulate matter air quality standards.

In recognition of the strong need and this industry's dedication to reducing their emissions, the State Legislature allocated \$135 million to the California Air Resources Board (CARB) from Fiscal Year (FY) 2017-18 through Assembly Bill (AB) 134 (Committee on Budget, Chapter 254, Statutes of 2017) and AB 109 (Ting, Chapter 249, Statutes of 2017). The Legislature directed the use of the monies to "reduce agricultural sector emissions by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations." CARB staff has developed the Funding Agricultural Reduction Measures for Emission Reductions (FARMER) Program to meet the Legislature's objectives and help meet the State's criteria, toxic and greenhouse gas (GHG) emission reduction goals.

Funding for the FARMER Program is dependent on the State Legislature's annual budget and may vary from year to year.

The Shared Allocation Pool (SAP) is specifically designated for the Air Quality Management and Air Pollution Control Districts (districts) contributing to less than one percent (1%) of the statewide agricultural equipment emissions inventory, to ensure farmers in those districts have the opportunity to access FARMER funding and to streamline the implementation of the FARMER Program.

The SAP is managed by the PCAPCD in accordance with the grant provisions outlined in the agreement between CARB and PCAPCD. It should be noted that while PCAPCD will act as the overseer of this program, CARB may terminate this grant upon thirty days' written notice to PCAPCD. CARB also reserves the right to audit PCAPCD at any time throughout the duration of this grant.

### **A. Purpose of this Master Agreement**

This Master Agreement does not replace the FARMER or Moyer Guidelines but is intended to provide direction and procedures for the SAP's implementation of the FARMER program. DISTRICT staff should reference the Moyer/FARMER Guidelines for detailed descriptions of CARB's procedures and requirements.

DISTRICT may request that PCAPCD review this Master Agreement at any time, and PCAPCD will also review this Master Agreement at least annually and amend as necessary. This Master Agreement is not intended to conflict with State law or CARB Guidelines; in the event of such a conflict, State law and CARB Guidelines should be followed in all cases.

## **II. GENERALLY APPLICABLE PROVISIONS**

### **A. Oversight Provisions**

#### **1. Termination and Suspension of Payments**

a) CARB and PCAPCD reserve the right to terminate this Master Agreement, associated Allocation Agreements, and the CARB FARMER Grant Agreement (hereinafter collectively referred to as "Grant") upon thirty days' written notice to DISTRICT. In case of early termination, PCAPCD will immediately notify DISTRICT, who must immediately return remaining funds, including any earned interest, as outlined in this AGREEMENT.

b) CARB and PCAPCD reserve the right to issue a grant suspension order in the event that a dispute should arise. If PCAPCD receives such an order, it will notify DISTRICT and the grant suspension order will be in effect until the dispute has been resolved or the Grant has been terminated. If DISTRICT chooses to continue work on the project after receiving a grant suspension order, DISTRICT will not be reimbursed for any expenditure incurred during the suspension in the event CARB terminates the Grant. If CARB rescinds the suspension order and does not terminate the Grant, CARB at its sole discretion will reimburse PCAPCD for any expenses incurred by DISTRICT during the suspension that CARB deems reimbursable in accordance with the terms of the Grant.

#### **2. Oversight and Accountability**

a) DISTRICT will comply with all oversight responsibilities identified in the FARMER Program Guidelines, any future program advisories, mailouts, and memos, this Master Agreement, associated Allocation Agreements, and the CARB FARMER Grant Agreement.

b) CARB or its designee, including but not limited to PCAPCD, reserve the right to audit, at any time during the duration of this Grant, DISTRICT'S costs of performing the Grant and to refuse payment of any reimbursable costs or expenses that in the opinion of CARB or its designee are unsubstantiated or unverified. DISTRICT shall cooperate with CARB or its designee including, but not limited to, promptly providing all information and documents requested, such as all

financial records, documents, and other information pertaining to reimbursable costs, and any matching costs and expenses.

c) CARB or its designee may recoup funds which were received based upon misinformation or fraud, or for which DISTRICT, a manufacturer or Recipient is in significant or continual non-compliance with the terms of this Grant or State law. CARB also reserves the right to prohibit any entity from participating in the FARMER Program, due to non-compliance with project requirements.

3. State Audits

a) DISTRICT agrees that CARB, the Department of General Services, Department of Finance, the California State Auditor, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Grant and all State funds received. DISTRICT agrees to maintain such records for possible audit for the minimum amount of time specified in the applicable Allocation Agreement, unless a longer period of records retention is stipulated. DISTRICT agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, DISTRICT agrees to include similar right of the State to audit records and interview staff in any grant or contract related to performance of this Master Agreement.

**B. General Provisions**

1. Amendment

a) No amendment or variation of the terms of this Master Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the Master Agreement is binding on any of the parties.

2. Americans with Disabilities Act (ADA) Language

a) DISTRICT must ensure that products and services submitted to PCAPCD or CARB, uploaded, or otherwise provided to PCAPCD or CARB by DISTRICT, its sub-contractors, and/or Recipients under this Master Agreement (collectively, the "Work"), comply with Web Content Accessibility Guidelines 2.0, levels A and AA, and otherwise meet the accessibility requirements set forth in California Government Code Sections 7405 and 11135, Section 202 of the federal Americans with Disabilities Act (42 U.S.C. § 12132), and Section 508 of the federal Rehabilitation Act (29 U.S.C. § 794d) and the regulations promulgated thereunder (36 C.F.R. Parts 1193 and 1194) (collectively, the "Accessibility Requirements"). For any Work provided to CARB in PDF format, DISTRICT shall also provide an electronic version in the original electronic format (for example, Microsoft Word or Adobe InDesign).

b) CARB or its designee may request documentation from DISTRICT of compliance with the requirements described above and may perform testing to verify compliance. DISTRICT agrees to respond to and resolve any complaint brought to its attention

regarding accessibility of deliverables provided under this Master Agreement.

c) Deviations from the Accessibility Requirements are permitted only by written consent by CARB.

3. Assignment

a) This Grant is not assignable by DISTRICT, either in whole or in part, without the consent of CARB in the form of a formal written amendment.

4. Compliance with law, regulations, etc.

a) DISTRICT agrees that it will, at all times, comply with and require its Recipients to comply with all applicable federal, State, and local laws, rules, guidelines, regulations, and requirements.

5. Computer Software

a) DISTRICT certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Master Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws

6. Conflict of interest

a) DISTRICT certifies that it is in compliance with applicable State and/or federal conflict of interest laws.

7. Disputes

a) DISTRICT shall continue with the responsibilities under this Master Agreement during any dispute. DISTRICT staff or management may work in good faith with CARB and PCAPCD staff or management to resolve any disagreements or conflicts arising from implementation of this Master Agreement. However, any disagreements that cannot be resolved at the management level within 30 days of when the issue is first raised with CARB and PCAPCD staff shall be subject to resolution by the CARB Executive Officer, or his designated representative. Nothing contained in this paragraph is intended to limit any of the rights or remedies that the parties may have under law.

8. DISTRICT'S responsibility for work

a) DISTRICT shall be responsible for work and for persons or entities engaged in work, including, but not limited to Recipients. DISTRICT and/or its Recipients as applicable, shall be responsible for any and all disputes arising out of its contract for work on a Project funded by this Master Agreement, including but not limited to payment disputes with contractors, subcontractors, and providers of services. PCAPCD will not mediate disputes between DISTRICT and any other entity concerning responsibility for performance of work.

9. DISTRICT'S requirements for electric vehicle charging infrastructure and equipment

a) Prior to executing contracts, DISTRICT must ensure the following requirements are included in all Recipients' contracts and/or other agreements:

(1) Prior to authorizing work, a Recipient that was awarded funds

to install electrical charging equipment for use by on-road transportation vehicles, must require both:

(a) An AB 841 Certification that certifies the project will comply with all AB 841 (2020) requirements or describes why the AB 841 requirements do not apply to the project. The certification shall be signed by the Recipient's authorized representative.

(b) EVITP Certification Numbers of each Electric Vehicle Infrastructure Training Program certified electrician that will install electric vehicle charging infrastructure or equipment

Evidence such as Certification Numbers are not required to be obtained by DISTRICT if AB 841 requirements do not apply to a project.

(2) Prior to remitting payment to a Recipient, DISTRICT is responsible for collecting all AB 841 Certification Numbers in accordance with the DISTRICT's records retention schedule.

b) The requirements of this section do not apply to the following:

(1) Electric vehicle charging infrastructure installed by employees of an electrical corporation or local publicly owned electric utility.

(2) Electric vehicle charging infrastructure funded by moneys derived from credits generated from the Low Carbon Fuel Standard Program (Subarticle 7 (commencing with Section 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations).

(3) Single-family home residential electric vehicle chargers that can use an existing 208/240-volt outlet.

#### 10. Early Contract Termination: Availability of Funds

a) PCAPCD's obligations under this AGREEMENT are contingent upon the availability of funds as made available by CARB. PCAPCD will notify DISTRICT if funding has been discontinued and will then immediately cease the implementation of this AGREEMENT. DISTRICT agrees that PCAPCD will not be held liable to DISTRICT for any subsequent responsibilities or costs associated with early termination of this AGREEMENT under this section.

#### 11. Electronic Signatures

a) An Electronic Signature refers to any representation in electronic form used to express intent, including a typed name placed in a signatory area, a digitized image or copy of a handwritten signature, a scanned signature on a PDF document, a biometric mark, a sound, or a digital signature. An Electronic Signature provides who signed, what was signed, captures intent and consent. If parties agree to a transaction by electronic means and are required by law to provide, send, or deliver information in writing, the requirement is satisfied if the information is provided, sent, or delivered in an electronic record,

which the recipient can retain at the time of receipt.

b) By the action of applying an Electronic Signature to this AGREEMENT, parties to the AGREEMENT are certifying their willingness to use electronic signatures and records delivered via electronic means. A signed copy of this AGREEMENT, or any other related ancillary agreement or amendment, transmitted by facsimile, email, electronic signature application, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signature.

12. Environmental justice

a) In the performance of this Master Agreement, DISTRICT shall conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.

13. Fiscal management systems and accounting standards

a) DISTRICT agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracking of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this Master Agreement. Unless otherwise prohibited by State or local law, DISTRICT further agrees that it will maintain separate grant award accounts in accordance with generally accepted accounting principles.

14. Force majeure

a) Neither PCAPCD nor DISTRICT must be liable for or deemed to be in default for any delay or failure in performance under this Master Agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, government declaration of emergency, national or state declared pandemics, lockouts, labor disputes, fire, flood, earthquakes or other physical natural disaster. If either party intends to invoke this clause to excuse or delay performance, the party invoking the clause must provide written notice to the other party immediately but no later than within fifteen (15) calendar days of the intent to invoke the clause and reasons that the force majeure event is preventing that party from or delaying that party in performing its obligations under this AGREEMENT. PCAPCD may terminate this Master Agreement immediately without penalty in the event PCAPCD or DISTRICT invokes this clause.

b) If the Master Agreement is not terminated by PCAPCD pursuant to this clause, upon completion of the event of force majeure, DISTRICT must as soon as reasonably practicable recommence the performance of its obligations under this AGREEMENT. DISTRICT must also provide a revised schedule to minimize the effects of the delay caused by the event of force majeure. An event of force majeure does not relieve a party from liability for an obligation which



arose before the occurrence of that event.

15. Governing law and venue

a) This Master Agreement is governed by and shall be interpreted in accordance with the laws of the State of California. PCAPCD and DISTRICT hereby agree that any action arising out of this Master Agreement shall be filed and maintained in the Superior Court in and for the County of Placer, California, or in the United States District Court in and for the Eastern District of California. DISTRICT hereby waives any existing sovereign immunity for the purposes of this Master Agreement.

16. Indemnification

a) DISTRICT agrees to indemnify, defend and hold harmless PCAPCD and its Board, officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by DISTRICT, and out of the operation of equipment that is purchased with funds provided through this Master Agreement.

17. Independent Contractor

a) DISTRICT, and its Recipients, agents and employees, if any, in their performance of this Master Agreement, shall act in an independent capacity and not as officers, employees or agents of PCAPCD.

18. Nondiscrimination

a) During the performance of this Master Agreement, DISTRICT and its Recipients shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age (over 40), sexual orientation, or veteran or military status, or allow denial of family-care leave, medical-care leave, or pregnancy-disability leave. DISTRICT and its Recipients shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. DISTRICT and its Recipients shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code section 12990 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 11000 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a)-(f), set forth in Chapter 5 of Division 4.1 of Title 2 of the California Code of Regulations, are incorporated into this AGREEMENT by reference and made a part hereof as if set forth in full. DISTRICT and its Recipients shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

b) DISTRICT shall include the nondiscrimination and compliance provisions of this clause in all agreements with Recipients to perform work under this Master Agreement.

19. No Third Party Rights

a) The parties to this Master Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Master Agreement, or of any duty, covenant, obligation or undertaking established herein.

20. Notices

a) Any written notice or demand desired or required to be given hereunder shall be in writing and deemed given when personally delivered, sent via email with confirmed receipt, or deposited in the mail, postage prepaid, sent certified or registered, and addressed to the parties as follows:

PCAPCD:

Placer County Air Pollution Control District  
Attn: Air Pollution Control Officer (APCO)  
110 Maple Street  
Auburn, CA 95603  
Email: [ecwhite@placer.ca.gov](mailto:ecwhite@placer.ca.gov)

CONTRACTOR:

Lassen County Air Pollution Control District  
Attn: Erik Edholm  
720 South Street  
Susanville, CA 96130  
Email: [eedholm@cityofsusanville.org](mailto:eedholm@cityofsusanville.org)

b) Any notice so delivered personally shall be deemed to be received on the date of delivery; any notice so delivered via email with confirmed receipt shall be deemed to be received on the date of receipt confirmation; and any notice mailed shall be deemed to be received five (5) days after the date on which it was mailed.

21. Personally Identifiable Information

a) Information or data that personally identifies an individual or individuals is confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or Federal statutes and regulations. DISTRICT shall safeguard all such information or data which comes into their possession under this AGREEMENT in perpetuity, and shall not release or publish any such information or data.

22. Prevailing wages and labor compliance

a) DISTRICT agrees to monitor all agreements subject to reimbursement from this agreement to ensure that the provisions of

Labor Code Sections 1720-1861 are being met by Recipients.

23. Professionals

a) DISTRICT agrees that only licensed professionals will be used to perform services under this Master Agreement where such services are called for and licensed professionals are required for those services under State law.

24. Severability

a) If a court of competent jurisdiction holds any provision of this Master Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, will not be affected.

25. Termination for Cause

a) PCAPCD may terminate this Master Agreement for cause by written notice at any time prior to completion of projects funded by this AGREEMENT, upon violation by DISTRICT of any material provision after such violation has been called to the attention of DISTRICT and after failure of DISTRICT to bring itself into compliance with the provisions of this Master Agreement within the time frame set forth by PCAPCD via written notice to DISTRICT.

26. Timeliness

a) Time is of the essence in this Master Agreement. DISTRICT shall proceed with and complete the Project in an expeditious manner.

27. Waiver of Rights

a) Any waiver of rights with respect to a default or other matter arising under the Master Agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of PCAPCD provided for in this Master Agreement are in addition to any other rights and remedies provided by law.

### **III. PROGRAM ADMINISTRATION**

#### **A. Roles and Responsibilities**

1. Placer County Air Pollution Control District (PCAPCD)

a) PCAPCD will act as the Program Manager for the Shared Allocation Pool and will be responsible for the Master Agreement, Project Awards, application materials, project recommendations, and Reporting Tool maintenance.

b) PCAPCD will enter into independent Allocation Agreements with DISTRICT for each Funding Allocation. Project Awards will be provided directly to DISTRICT by PCAPCD. DISTRICT will monitor project expenditures, maintain accurate records, and adhere to all applicable provisions in the Master Agreement and Allocation Agreements.

c) PCAPCD will meet with CARB, as needed.

## 2. DISTRICT

- a) DISTRICT will initiate evaluation of Project Application eligibility and submit complete, eligible applications to PCAPCD for review. PCAPCD will recommend eligible projects for funding only to districts that meet the minimum requirements for participation (see Section III.C. Requirements for Participation).
- b) Once the selection process is complete and the DISTRICT chooses to accept the Project Award, the full responsibility for the Project Contract, project completion and related responsibilities, as contained in the relevant guidelines and agreements, rests solely with DISTRICT, not with PCAPCD. *This includes notification to the applicant of Project Award and providing the applicant with a timeline for project execution and completion.*

### B. Program Timeline

1. DISTRICT must have executed a current Master Agreement and applicable Allocation Agreement with PCAPCD before their project(s) may receive funding, but DISTRICT may submit Project Applications for review before such a contract is complete.
2. Deadlines for each Funding Allocation's Application Solicitation Period will be posted on the FARMER SAP webpage prior to commencement of the funding allocation. Project Applications must be received by PCAPCD no later than the last day of the Application Solicitation Period to be considered for Award. Within 45 days of the close of the Solicitation Period, PCAPCD will provide a list of Projects recommended for immediate funding to DISTRICT.

### C. Requirements for Participation

1. Eligible Air Districts
  - a) Districts contributing to less than 1% of the statewide Nitrogen Oxide (NO<sub>x</sub>) emissions, according to CARB's most updated Agricultural Equipment Emission Inventory, may participate in the FARMER Shared Allocation Pool with PCAPCD.
  - b) Although PCAPCD may be included within the FARMER Shared Allocation Pool districts, PCAPCD voluntarily forgoes Project Awards through the FARMER Program to avoid potential conflicts of interest.
2. Documentation
  - a) An executed Master Agreement and Allocation Agreement must be received by PCAPCD before DISTRICT may receive funds from the associated Funding Allocation.
  - b) A board resolution, meeting minutes, or other documentation of DISTRICT's authority to accept funds from PCAPCD for use within the FARMER program.
  - c) All documentation should be kept in the Program folder and be made available to PCAPCD, CARB, or their designee upon their request.

#### **D. Outreach**

##### **1. Shared Allocation Pool (SAP) Website Content**

a) PCAPCD will maintain a webpage providing useful information for SAP districts and Applicants within those districts. Webpage information may include, but is not limited to, the following:

- (1) FARMER project applications,
- (2) Outreach and education materials,
- (3) Eligibility requirements,
- (4) Terms and conditions,
- (5) Links to relevant guidelines,
- (6) Frequently asked questions, and
- (7) Contact information.

##### **2. DISTRICT Efforts**

a) DISTRICT will be responsible for outreach efforts beyond those of the PCAPCD webpage within their jurisdiction. This could include creating outreach materials and conducting public outreach regarding the FARMER Program.

b) Public outreach may be conducted to vehicle dealers, fleets, and agricultural end users necessary for the project to be successful, including robust outreach in disadvantaged communities and to low-income households and communities. Outreach could include, but is not limited to, the development and distribution of outreach materials, hosting public workshops or meetings, and targeted outreach and assistance for small growers. Content of materials could include, but is not limited to, information on program availability, application materials, and pertinent deadlines.

#### **E. Contract Development between PCAPCD and DISTRICT**

1. DISTRICT agrees to execute a FARMER SAP Master Agreement and a FARMER SAP Allocation Agreement for the applicable Fund Allocation with PCAPCD. These agreements must be executed pursuant to DISTRICT's rules, which could allow for the Air Pollution Control Officer (APCO) to sign or require DISTRICT Board Approval. DISTRICT is responsible for the successful implementation of the Program pursuant to the Master and Allocation Agreements.

#### **F. Contract Development between DISTRICT and Project Recipients**

1. Except as otherwise stated in the most current Carl Moyer and FARMER Program Guidelines and any subsequent modules, mailouts, or memos, DISTRICT will be required to execute contracts with Project Recipients who will receive funds under the FARMER Program. All FARMER Program contracts must be consistent with the applicable guidelines and this Master Agreement and must be substantive enough to fulfill all applicable guideline requirements.

#### **G. Process and Schedule for Project Selection**

##### **1. Ranking Projects for Selection**

a) Among other factors, projects will be awarded based on cost-effectiveness. To determine cost-effectiveness for ranking purposes,

projects will initially be assigned a 5-year project life, or the maximum possible project life allowed by regulatory deadlines, whichever is less.

b) Projects may be limited to a maximum award amount of \$135,000 to allow for a wide variety of project types and locations. However, exceptions may be made based on several factors, including but not limited to:

- (1) projects that deal with a unique equipment type,
- (2) projects that benefit disadvantaged communities and/or low-income households or communities, consistent with AB 1550,
- (3) projects that are highly cost-effective,
- (4) projects that have a documented high rate of operation,
- (5) projects that benefit sensitive receptors such as K-12 schools,
- (6) projects that address a local need.

If project applicants would like to be considered for funding over \$135,000, they should include a brief explanation with their Application.

## 2. Project Recommendations

a) Maximum funding amounts for the Carl Moyer Program-eligible projects will be based on the Moyer guidelines for the specified project category. Maximum funding amounts for the non-Moyer project categories (e.g., agricultural UTVs, FARMER agricultural trucks, and Trade-Up projects) will be based on the applicable FARMER memo or Guideline section.

b) Up to ten percent (10%) of the available funding in each Application Solicitation Period will be reserved for:

- (1) Agricultural pump electrification and infrastructure projects as described in the Moyer Guidelines,
- (2) Heavy-duty agricultural vehicles (as defined in CARB's Truck and Bus Regulation), and
- (3) Project categories that are not Moyer-eligible but are otherwise eligible for funding under the FARMER Program Guidelines (e.g., Zero-Emission Agricultural UTVs), including any future program advisories and memos.

These projects will be ranked based on cost-effectiveness, ability to benefit disadvantaged communities and low-income households or communities, and ability to aid in geographic equity among Participating Districts and will be funded in that order. It should be noted that while these projects may not necessarily have a cost-effectiveness cap, cost-effectiveness values will be calculated for ranking purposes. Projects will continue to be subject to any funding caps or other requirements as described in the Moyer and FARMER Guidelines.

Projects will be recommended until the full 10% reserve is obligated or until there are no more eligible projects to fund, whichever comes first. If there are not enough projects to fully allocate the 10% reserve, any remaining funds will be rolled back into the general fund for Moyer-eligible projects.

- c) Project Applications must be received by PCAPCD no later than the deadlines posted on the PCAPCD webpage to be considered for funding.

### 3. Solicitation Process

#### a) Open Solicitation

- (1) Funding will preferentially go to projects with a cost-effectiveness of less than or equal to \$30,000/ton of emissions reductions, but the following criteria will also be taken into consideration:

- (a) Projects are located within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550 (Gomez, Chapter 369, Statutes of 2016), where applicable.

- (b) Projects aid in achieving geographic equity among Participating Districts.

- (2) PCAPCD will fund projects with the highest cost-effectiveness first, until all available funds are obligated or until there are no more eligible projects to fund, whichever comes first.

#### b) First-Come, First-Served

- (1) If necessary, PCAPCD will open a first-come, first-served solicitation to obligate any remaining funding. Funding will be offered to eligible projects in the order they are submitted until all available funds from the current Funding Allocation are obligated.

### H. Procedures for Notification

- 1. Within 45 days of the close of the funding allocation, PCAPCD will provide a preliminary list of Recipients to DISTRICT. DISTRICT will review PCAPCD's recommendations and confirm their interest in award within 30 days.
- 2. PCAPCD will provide DISTRICT with a finalized list of Recipients and Awards. DISTRICT will notify Applicants of their award status and complete all work outlined in their contract with PCAPCD.

## IV. FISCAL ADMINISTRATION

### A. Program Funding

#### 1. Fund Use

- a) Project funds must be used for new, eligible vehicle, equipment, engine, or retrofit purchases; scrap costs for the equipment being replaced; supporting infrastructure; and any other equipment-related

expenses necessary to implement Awarded Projects.

b) Project implementation costs are defined in the FARMER Program Guidelines. The Shared Allocation Pool (SAP) has been allocated twelve and one-half percent (12.5%) of the Funding Allocation for project implementation costs. DISTRICT project implementation funds will be a maximum of nine and one-half percent (9.5%) of their project funds. Remaining implementation funds will be used by PCAPCD for costs related to overseeing the SAP.

c) Project implementation funding may be reallocated to project funding if DISTRICT requests less funding for project implementation than the maximum allowable amount.

d) In general, project implementation funds may be used for work completed in the following categories, as further described in the Moyer and FARMER guidelines:

- (1) Labor expenses (including total staff time and labor costs),
- (2) External subcontractor(s) fees for completed work, if applicable,
- (3) Printing, mailing, traveling, and other outreach expenses, and
- (4) Other indirect costs.

## 2. Placement of Funds

a) Once a Project has been approved for funding by PCAPCD and DISTRICT has submitted a Disbursement Request to PCAPCD, DISTRICT can expect to receive funds in check form within 45 days. DISTRICT agrees to place all received funds in an interest-bearing account and track interest accrued as described in Section IX.E. Interest Accrual.

## **B. Co-Funding**

1. Funds other than Moyer Program grant funds and AB 923 funds may be used to co-fund FARMER Program eligible project costs, when all program criteria associated with each funding source are met. Funding sources, eligibility of funds, and co-funding procedures can be found in the Moyer Guidelines and in the guidelines of the other applicable funding source or program.
2. The total amount of project funding may not exceed the maximum eligible Award amount, as outlined in the FARMER and Moyer guidelines for the project type.
3. DISTRICT is not eligible for additional implementation funding for the co-funded portion of the project costs. Implementation funding will be calculated based on the FARMER SAP Project Award.
4. There is no limit on the number of co-funding sources that can be used to fund a project as long as the total project cost is not exceeded, and a fifteen percent (15%) applicant cost share requirement is met for private sector projects.

## **C. Right to Redirect Funds**

1. CARB and PCAPCD reserve the right to recoup and/or redirect funds from DISTRICT and reallocate such funds to other districts, if DISTRICT informs PCAPCD in writing that it will not be able to meet expenditure deadlines, or if it



- is found that the approved project did not meet funding requirements.
2. In the event of nonperformance or termination, CARB and PCAPCD shall require full recovery of the unspent funds by transfer upon the DISTRICT's accounts. The DISTRICT must provide fund transfer information within 45 days upon receipt of notice.
  3. In no event shall DISTRICT receive reimbursement for costs that exceed the maximum allowed project implementation funding amount.

#### **D. Disbursement Requests**

1. DISTRICT may submit Disbursement Requests electronically, based on CARB's current electronic submissions guidance at the time of the request, or mail original copies with "wet" signatures in blue ink. Requests for payment must be made consistent with FARMER Guidelines and this Master Agreement and include all documentation required by PCAPCD. After the initial grant disbursement request, the participating districts must attach backup documentation to the applicable project within the FARMER Reporting Tool. Backup documentation for project fund expenditure should include at minimum:
  - a) Contract between DISTRICT and Recipient
  - b) An image of the purchased vehicle/equipment
  - c) Dealer invoice with the finalized purchase price
  - d) Recipient invoice for the Project Award from DISTRICT
  - e) Proof of payment to the Recipient for the Project Award

#### **E. Implementation Funding**

1. DISTRICT must also provide appropriate backup for implementation fund expenditures. Backup should be attached within the FARMER Reporting Tool, and may include the following:
  - a) Staff time in actual hours or percent of hours devoted to project implementation, as well as staff wage, which shall be described in an official document of the district, such as a duty statement, a warrant, an invoice or timesheet;
  - b) Implementation funds for subcontractor(s). This could be reflected within documents such as a contract, invoices or other documentation as agreed upon by DISTRICT and PCAPCD;
  - c) Printing, mailing, records retention, and travel expenses. DISTRICT must provide copies of relevant district policies, and records that illustrate expenditure for the Program;
  - d) Necessary travel and per diem must be at rates not to exceed those amounts paid to the State's represented employees (<http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>). No travel outside the State of California will be reimbursed unless prior written authorization is obtained from CARB.
2. DISTRICT must keep written documentation of all transactions they expect to receive reimbursement for. Reimbursement must be at the State travel and per diem amounts that are current as of the date costs are incurred. If project implementation funds are used for indirect costs, DISTRICT must document and describe how these costs are determined.

## **F. Interest Accrual**

1. DISTRICT must maintain accounting records (e.g., general ledger) that track interest earned, expended, or returned on the Award, as follows:
  - a) The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method.
  - b) Interest earned must ensure that it is separately identifiable from interest earned on non-project funds.
  - c) The methodology for calculating earned interest must be consistent with how it is calculated for DISTRICT's other fiscal programs.
  - d) Documentation of interest earned and expenditures made on those funds or returned to CARB must be:
    - (1) Retained for a minimum of three years after it is generated.
    - (2) Provided to CARB in PCAPCD's reports.
2. Interest accrued on FARMER Program funds should be obligated to DISTRICT's next awarded FARMER project. In the event that DISTRICT is not able to liquidate interest as project funds prior to the interest liquidation deadline, PCAPCD shall require full recovery of all unspent funds.

## **V. DISTRICT PROJECT ADMINISTRATION**

### **A. Eligible Project Categories**

Projects must be involved in Agricultural Operations to be eligible for FARMER funding. Eligible projects will include those found in the Moyer Guidelines and FARMER Guidelines, including any subsequent modules, mailouts, and memos. Furthermore, while the current FARMER Guidelines provide a list of eligible project categories, CARB may choose to expand this initial list as innovative, new project categories are explored. Project categories that are added by CARB will be eligible and DISTRICT staff are encouraged to keep up to date with new project categories if and when they are released.

Project Awards will not be limited by category or geographic location. The goal will be to award at least one project to each Participating District and to promote funding projects that are within and benefitting disadvantaged communities and low-income households or communities, consistent with AB 1550<sup>1</sup> where applicable. However, it is recognized that the number of projects currently eligible for funding within or benefitting these types of communities may be limited in some districts. Therefore, while projects that benefit these households and communities are highly encouraged, it is not a funding requirement that FARMER projects do so.

1. Carl Moyer Program-Eligible Projects
  - a) Projects eligible under the Moyer Guidelines, provided that the vehicles/equipment are engaged in agricultural operations, are included in the FARMER Program as an eligible project type. These projects include, but are not limited to:

<sup>1</sup> Gomez, Chapter 369, Statutes of 2016

- (1) On-road heavy-duty truck replacement and repower projects; and
- (2) Off-road equipment replacement and repower projects for:
  - (a) Off-road mobile, diesel agricultural equipment (“farm equipment” as defined by Carl Moyer Program Guidelines),
  - (b) Off-road mobile, large spark-ignition (LSI) equipment, and
  - (c) Agricultural irrigation pump engines.

b) In addition to the requirements outlined in the FARMER Guidelines, Moyer Program-eligible projects are required to abide by all project criteria set forth in the Moyer Guidelines, including the Carl Moyer Program’s cost-effectiveness thresholds and reporting requirements, except as modified in the FARMER Guidelines or through subsequent actions by CARB’s Executive Officer for the FARMER Program.

## 2. Heavy-Duty Agricultural Trucks

Due to the seasonal nature of the agricultural industry, heavy-duty agricultural trucks do not typically accrue many miles, which may limit incentive funding levels for these projects through traditional incentive funding mechanisms. Additionally, many specialty trucks used in agricultural operations are more expensive due to the specialized equipment they contain. CARB staff have worked with air districts, industry representatives, and other stakeholders to develop this category that provides additional incentives necessary to help owners and operators of agricultural trucks to turn over their older heavy-duty on-road and specialty agricultural trucks.

Heavy-duty agricultural trucks may be funded either through this FARMER-specific project category or through the traditional Moyer project category (see Section V.A.1., Carl Moyer Program-Eligible Projects), as described in the Moyer Guidelines. Each funding method is unique with its own distinctive requirements.

In addition to the eligibility requirements outlined below and in CARB’s Additional FARMER Categories memo (9/24/2018)<sup>2</sup>, Recipients in this project category must meet all other applicable requirements for heavy-duty trucks in the FARMER Guidelines and Moyer Guidelines.

### a) Existing Agricultural Truck Requirements

- (1) Existing vehicles must currently be in compliance with CARB’s Truck and Bus Regulation and be registered in the TRUCRS program under one of the following provisions:
  - (a) **Agricultural Vehicle Extension**<sup>3</sup>: Low mileage agricultural vehicles shall continue to be exempt from the requirements of 13 CCR 2025(f) and (g), so long as they

<sup>2</sup> <https://ww2.arb.ca.gov/resources/documents/farmer-program-additional-project-categories>

<sup>3</sup> For the full requirements of CARB’s Agricultural Vehicle Extension, refer to 13 CCR 2025(m)(2).

do not exceed: (A) 15,000 miles in a compliance year from January 1, 2017 through January 1, 2020; and (B) 10,000 miles in a compliance year from January 1, 2020 through January 1, 2023.

(b) **Low-Use Exemption**<sup>4</sup>: Low-use vehicles as defined in section 13 CCR 2025(d)(40) are exempt from the requirements of section 13 CCR 2025(e), but the owner must meet reporting and record keeping requirements in accordance with sections 13 CCR 2025(r)(12) and 2025(s).

(c) **Specialty Agricultural Vehicle Extension**<sup>5</sup>: Specialty agricultural vehicles, as defined in section 13 CCR 2025(d)(55), are exempt from the requirements of sections 13 CCR 2025(f), 13 CCR 2025(g), 13 CCR 2025(h) and 13 CCR 2025(i), until January 1, 2023.

(d) **Trucks in compliance with the Engine Model Year Schedule**<sup>6</sup> of the Truck and Bus Regulation.

- b) Replacement Agricultural Truck Requirements
- (1) Replacement trucks must meet 2010 emission standards of 0.20 g/bhp-hr NOx.
  - (2) Replacement trucks must be purchased from a California dealership—no private party transactions are permitted.
  - (3) Replacement trucks must have a GVWR of 14,001 pounds or greater.
  - (4) Replacement used trucks must have less than the miles indicated below on the odometer:
    - (a) Class 8 trucks (GVWR of 33,001 pounds or greater) and Class 7 trucks (GVWR of 26,001 - 33,000 pounds) with heavy heavy-duty (HHD) engines must have less than 650,000 miles;
    - (b) Class 7 trucks (GVWR of 26,001 – 33,000 pounds) with medium heavy-duty (MHD) engines must have less than 350,000 miles; and
    - (c) Class 4-6 (GVWR of 14,001 – 26,000 pounds) must have less than 25,000 miles.
  - (5) All replacement new trucks are subject to the warranty requirements in the 2017 Carl Moyer Program Guidelines.
  - (6) Replacement used trucks are not subject to warranty requirements, but the Recipient must ensure that the truck remains in operation for the life of the contract.

<sup>4</sup> For the full requirements of CARB's Low-Use Exemption refer to 13 CCR 2025(p)(4).

<sup>5</sup> For the full requirements of CARB's Specialty Agricultural Vehicle Extension, refer to 13 CCR 2025(m)(11).

<sup>6</sup> For the full requirements of CARB's Engine Model Year Schedule for vehicles with a GVWR ≤ 26,000 lbs., refer to 13 CCR 2025(f); for vehicles with a GVWR > 26,000 lbs. refer to 13 CCR 2025(g).

c) Eligible Costs

(1) This project category provides incentives for up to sixty-five percent (65%) of the eligible cost of a new heavy-duty agricultural truck. There are no cost-effectiveness requirements for this project category.

(a) Upgrades to new trucks that add to the cost of the truck may be eligible for funding upon determination of DISTRICT. Otherwise, FARMER funding may only be used to fund the 'base model' that will serve the same function as the older truck.

(2) Replacement trucks must comply with the requirements and standards described in the FARMER Guidelines.

(3) Glider kits do not qualify as replacement trucks under this project category.

d) Project Life

(1) The project life for heavy duty agricultural trucks is 3 years.

(2) A project life of 5 years or the maximum possible project life allowed by regulatory deadlines will be used to calculate cost-effectiveness for ranking purposes, but this project life is not required in the Recipient's contract, as described in Section III.G of this document.

e) Reporting Requirements

Recipients must report annually to DISTRICT with basic information on the new truck for the project life. This information will be specified in the Recipient's contract with DISTRICT and should include at minimum:

- Current odometer reading,
- Location of new truck,
- Records of any service/maintenance performed since the last report.

3. Zero-Emission Agricultural Utility Terrain Vehicles (Ag UTV) Projects

Ag UTV Projects may be executed using either a contract with the applicant or a voucher, as described in the FARMER Guidelines. If the voucher modification is used, requirements for pre- and post-inspections related to UTV projects are eliminated. These inspections are still required if the district chooses to use a contract. A Certification of Destruction from the dismantler or other documentation confirming that the old UTV was rendered permanently inoperable is required under both methods.

In addition to vehicle eligibility criteria and Recipient requirements outlined in the FARMER Guidelines and subsequent memos, the following information should be considered when evaluating Ag UTV Projects.

a) Existing Equipment Requirements

(1) Existing equipment must either be a self-propelled all-terrain vehicle (ATV), utility terrain vehicle (UTV) or tractor less than 25 horsepower.

- (2) Existing equipment must be powered by a compression-ignition (diesel) or spark-ignition (gasoline) engine.
  - (3) Existing equipment must be operational and in-use at the time application is submitted.
- b) Replacement Equipment Requirements

To be eligible for this project category, the replacement UTV model must meet the following criteria:

  - (1) New: The vehicle must be a new vehicle, as defined in the California Vehicle Code Section 430, meaning a vehicle constructed entirely from new parts that has never been the subject of a retail sale, or registered with the department, or registered with the appropriate agency or authority of any other state, District of Columbia, territory, or possession of the United States, or foreign State, province, or country.
  - (2) Zero-Emission: The vehicle must emit zero tailpipe emissions from its onboard source of power (such as all-electric or hydrogen fuel cell vehicles) and may not undergo any modification that would allow propulsion by any other means.
  - (3) Vehicle Specifications and Performance Thresholds: Eligible UTVs must have a towing capacity of 500 pounds or greater and a total vehicle weight of 700 pounds or greater.
  - (4) Warranty Provisions: The vehicle drivetrain, including applicable energy storage tanks or battery packs, must be covered by a manufacturer warranty for a minimum of 1 year. Prior to approving a project, CARB or PCAPCD may request that the manufacturer provide copies of representative vehicle and battery warranties and a description of the manufacturer's plans to provide warranty and routine vehicle service.
- c) Eligible Costs
  - (1) The maximum incentive amount for this project category is \$13,500 or seventy-five (75%) of the eligible cost of a new zero-emission UTV, whichever is less, as described in FARMER Guidelines.
  - (2) Eligible costs may include the base vehicle, roof, windshield, or doors as well as an extended warranty. Eligible costs do not include attachments such as winches, storage bins, plows, cab heaters, or additional batteries.
- d) Project Life
  - (1) The project life for zero-emission ag UTVs is 3 years.
  - (2) A project life of 5 years or the maximum possible project life allowed by regulatory deadlines will be used to calculate cost-effectiveness for ranking purposes, but this project life is not required in the Recipient's contract, as described in

Section III.G. of this document.

e) Reporting Requirements

Recipients must report annually to the participating district with basic information on the new equipment for the project life. This information will be specified in the applicant's contract with the participating district and should include at minimum:

- Current hour meter and/or odometer reading,
- Location of new UTV,
- Records of any service/maintenance performed since the last report.

4. New Advanced Technology Demonstration Projects

Advanced technology vehicles and equipment used in agricultural operations are currently eligible for FARMER Program funding on a case-by-case basis under the Carl Moyer Program-eligible project category when an existing vehicle or equipment is scrapped in exchange. However, some advanced technology vehicles and equipment need additional field demonstrations to test the vehicle or equipment's viability or determine whether it can serve the same function and perform the same work as the vehicle or equipment it would replace.

Demonstrations of sustainable farming solutions that encompass advanced technology vehicles, equipment, and supporting infrastructure at a farm may also be needed. Under this new project category, DISTRICT may develop and fund demonstration projects, with CARB/PCAPCD approval, without a requirement to scrap existing vehicles or equipment.

a) Guiding Principles

- (1) Eligible projects must reduce greenhouse gas and criteria pollutant emissions and emission reductions must be quantified.
- (2) Eligible advanced technologies must be used in agricultural operations.
- (3) Projects must include a data collection component.
- (4) Projects must meet all applicable statutory requirements.
- (5) DISTRICT must develop a competitive solicitation through a public process and receive CARB approval to begin soliciting for projects.
- (6) Selected demonstration projects must be approved by CARB before receiving funding.

**B. Submission and Review of Applications**

1. Application Submission

- a) Project Applications must be consistent with this AGREEMENT, the applicable Allocation Agreement, and any relevant CARB Guidelines. Equipment quotes may be no more than six (6) months old at time of application submission. Equipment quotes may be updated at the request of DISTRICT, the Applicant, or PCAPCD if a substantial change in price has occurred or if the Applicant would like

to update their application.

b) Project Applications must be submitted on the applicable FARMER SAP application template, which can be downloaded from the FARMER SAP webpage, and include documentation of existing engine usage, such as miles traveled, hours operated, fuel consumed per year, or maintenance records, for 24 months or as specified in the FARMER guidelines by project category. This information will be used to evaluate project cost-effectiveness. If additional information is required to evaluate the project or if the project was submitted on the incorrect application template, Applicants will have 10 business days from the date they are notified to submit the missing or corrected information. If documentation is not received within the timeframe, Project Applications may be deemed ineligible for the current Application Solicitation Period.

c) DISTRICT will provide PCAPCD with applications for consideration for funding by using the FARMER Reporting Tool. Scanned copies of the paper application and relevant documents should be uploaded as an attachment to the FARMER Tool application.

## 2. Application Review

a) PCAPCD will independently evaluate submitted applications using the following procedure during each Application Solicitation Period:

- (1) Advertise new FARMER solicitation to Participating Districts through website.
- (2) PCAPCD will accept Project Applications from Participating Districts. PCAPCD will review Project Applications, request additional information from the Participating Districts as needed, etc.
- (3) PCAPCD will rank projects according to cost-effectiveness and the criteria outlined in Section III.
- (4) PCAPCD will recommend eligible projects to Participating Districts to begin the process of transferring funding to districts that accept the projects.

## C. Inspections

A pre-inspection, post-inspection, and verification of destruction inspection must be completed prior to funding a project, when applicable. An Inspection Report shall be used to document such inspections. All inspection reports and photos will be maintained in the project file.



## 1. Pre-Inspections

- a) For on-road vehicles<sup>7</sup>, off-road equipment<sup>8</sup>, Ag UTVs<sup>9</sup> (when applicable), and other engine-related projects, pre-inspections must be conducted prior to contract execution, as described in the Moyer and FARMER guidelines. There are no pre-inspection requirements for infrastructure projects.
- b) The pre-inspection process includes taking photos of the vehicle/equipment, verifying operation as described, and ensuring that the information submitted in the applicant's application is correct. The minimum requirements for pre-inspection can be found in greater detail in the FARMER and Moyer guidelines for the project category.<sup>10</sup>
- c) If the serial number of the engine is required by FARMER or Moyer pre-inspection guidelines but is not present or accessible, the engine must be uniquely identified for future tracking by having the engine block stamped with a district-assigned serial number or by an alternative permanent marking such as an engine tag.

## 2. Post-Inspections

- a) Post-inspections must occur after receipt of an invoice from the Recipient, but prior to DISTRICT final reimbursement for the project, as described in the Moyer guidelines<sup>11</sup>.
- b) For vehicle/equipment post-inspections, district FARMER staff is to verify that the replacement vehicle, equipment, and engine listed in the contract was purchased. For vehicle and equipment replacement projects, inspections will occur at the dealership or at some designated location prior to the Recipient taking delivery. DISTRICT staff shall take photos of the replacement vehicle/equipment/engine as described in the FARMER and Moyer guidelines.
- c) Post-inspections are not required for Ag UTVs purchased with a voucher. However, they must be made available for post-inspection DISTRICT, PCAPCD, CARB, or their designee if such a request is made.

## 3. Verification of Destruction

- a) In addition to completing a post-inspection on all replacement mobile projects, district FARMER staff shall also conduct a verification

<sup>7</sup> For additional information on pre-inspection requirements specific to on-road vehicles, refer to the 2017 Carl Moyer Program Guidelines, Chapter 4, Section C.6.

<sup>8</sup> For additional information on pre-inspection requirements specific to off-road equipment, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.

<sup>9</sup> Pre-inspections are not required for UTVs purchased with a voucher. For additional information on pre-inspection requirements for zero-emission agricultural UTVs, refer to the 2017 Carl Moyer Program Guidelines, Chapter 5, Section D.4.(3).

<sup>10</sup> For additional information on pre-inspection requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section W.

<sup>11</sup> For additional information on post-inspection requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section X; for post-inspection requirements specific to a certain project type, refer to the project category chapter.

of destruction inspection<sup>12</sup> for on-road vehicles and off-road equipment (including agricultural UTVs) in order to ensure that the old vehicle/equipment and engines are permanently destroyed. When approved by the district, an approved dismantler/salvage yard may conduct the inspection on behalf of the district and provide the required documentation within ten days of destruction.

b) Dismantlers that participate in the FARMER Program must enter into an agreement with DISTRICT prior to the destruction of any on-road vehicles.

4. District Audits of Projects

a) Audits performed by trained inspection staff from DISTRICT will be conducted throughout the life of a project to ensure that the project is still operational, no tampering of the engine has occurred, and the originally contracted operational mileage, fuel usage, or hours of operation are being correctly reported. At minimum, the annual auditing protocols must adhere to the Current Moyer Guidelines<sup>13</sup>.

**D. Procedures for Nonperforming Recipients**

DISTRICT must take appropriate action to ensure emission reductions are realized for engines, equipment, vehicles, as well as usage for infrastructure projects. Except for projects in which usage is not required to be specified in the contract, when average usage over a three-year period for a contracted engine, equipment, or vehicle is less than seventy percent (70%) of the activity required in the contract, DISTRICT may choose, but is not limited to, the options below to address the underutilization. In cases of projects which may have a contracted project life of less than three years, the same activity threshold of less than 70% applies, averaged over the project life.

1. Extend the project contract for additional years, precluding overlap with an applicable rule implementation requirement (off-road equipment projects may be considered for a contract extension which extends beyond a required compliance date).
2. Return funds in proportion to the loss in emission reductions.
3. Transfer ownership of the engine, vehicle, or equipment to another entity committed to complying with the contract terms.
4. Recalculate a project's cost-effectiveness based on the reported decrease in usage.
5. Grant a usage waiver, without penalty, to the Recipient for a defined time period. The Recipient must demonstrate to the air district's satisfaction that the engine, vehicle, or equipment is not being underutilized in favor of operating other, higher-polluting equipment, and that the underutilization was due to unforeseen conditions beyond the project Recipient's control. Such waivers shall be at the discretion of the APCO.

<sup>12</sup> For additional information on verification of destruction requirements for all Moyer-eligible projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section X; for verification of destruction requirements specific to a certain project type, refer to the project category chapter.

<sup>13</sup> For additional information on District Audits of Projects, refer to the 2017 Carl Moyer Program Guidelines, Chapter 3, Section AA.

6. The conditions under which a waiver may be issued include, but are not limited to, the following:
  - a) A decrease in usage due to economic recession;
  - b) Unforeseen fluctuations in water allocations or pumping needs for agricultural irrigation pump engines; or
  - c) Significant land fallowing for off-road agricultural equipment and agricultural irrigation pump engines.

#### **E. Records**

1. DISTRICT agrees to maintain satisfactory records of all Project Awards, project-related activities and expenses, and accurate fiscal records.
2. Project records shall contain at a minimum:
  - a) FARMER application, supporting documents, and estimated project cost
  - b) Accurate fiscal records of all project-related activities
  - c) Assets received
  - d) Analysis of emission reductions (when applicable)
  - e) Original contract
  - f) Inspection reports and photographs
  - g) Copy of dealer/seller's invoice,
  - h) Original invoice(s) from the Recipient invoicing DISTRICT for the Project Award
  - i) Monitoring/Audit reports
  - j) Key communications with Recipient
3. Unless otherwise specified in the Moyer or FARMER Guidelines, grant receipts and expenditure documents including invoices, contracts, vouchers, personnel and payroll records, as well as all other project files, should be retained for the minimum amount of time specified in the applicable Allocation Agreement. Applications for unfunded projects must be kept a minimum of two years following the solicitation period, or two years from receipt if there is not a specified solicitation period.
4. Project files will be regularly updated with active project progress, inspection and audit results, annual usage report information, and general contracted project activity.
5. Acceptable File Formats
  - a) Files may be retained in an electronic format if complete and easily accessible. Digital project documents are stored as JPEG, TIF, GIF or PDF files.
  - b) Images in hard copy form must be at least a quarter sheet in size and be printed in the highest image quality feasible.

#### **F. Invoice Submission**

1. After contract execution and once all conditions for funding are met (e.g., successful post-inspection), the Recipient must submit an original invoice requesting payment, including copies of all associated invoices related to vehicle/equipment purchase. DISTRICT will approve each invoice for reimbursement. For multi-stage projects, partial payments may be approved on

- a case-by-case basis and should be described in the Recipient's contract. DISTRICT will maintain a clear record of progress payments in the project file.
2. If any portion of the project requires financing, the Recipient (or their dealer) shall provide the financing terms to DISTRICT before payment is issued. The full contract amount shall be used to pay down any financing within 30 days of receiving payment from the district. Proof of payment is due to DISTRICT within 45 days of the Recipient receiving payment. The amount financed may not exceed the incremental cost of the project.

## VI. Reporting

### A. Semi-Annual Reports

1. DISTRICT is required to provide PCAPCD with semi-annual reports on all implementation expenditures and projects funded through the FARMER Program. PCAPCD will review and quality control DISTRICT reports and submit them to CARB.
2. DISTRICT agrees to submit semi-annual reports via the FARMER Reporting Tool on April 15 and October 15 of each year (30 days prior to PCAPCD's reporting deadline to CARB) until all funding has been liquidated, unless otherwise directed by PCAPCD or CARB.

### B. Close-Out Reporting

1. Once an Allocation's funding has been liquidated, DISTRICT must notify PCAPCD before the submittal of their final semi-annual report for that Allocation. DISTRICT must provide the following:
  - a) An original, signed certification from DISTRICT's Air Pollution Control Officer (APCO) or their designee stating that the project and fiscal information contained within the close-out report is, to the best of their knowledge, accurate and complete. The APCO must also certify that DISTRICT will continue to monitor any contracted projects through the completion of their contracted project life.
2. A summary of additional funds available to the FARMER Program. The summary must include, but is not limited to, the following sources:
  - a) Funds recaptured from liquidated projects, including funds provided back to the DISTRICT following CARB enforcement actions, identified by project name and funding year.
  - b) Non-grant revenue earned for the FARMER Program by DISTRICT, such as from the sale of scrapped engines or equipment.
3. A list of any projects identified as nonperforming and a brief narrative of any related enforcement actions.

## VII. DEFINITIONS AND ACRONYMS

### A. Definitions

1. ***Agricultural Operations***: As defined by the Regulation for In-Use Off-Road Diesel Fueled Fleets: "Agricultural Operations" means (1) the growing or harvesting of crops from soil (including forest operations) and the raising of plants at wholesale nurseries, but not retail nurseries, or the raising of fowl or

animals for the primary purpose of making a profit, providing a livelihood, or conducting agricultural research or instruction by an educational institution, or (2) agricultural crop preparation services such as packinghouses, cotton gins, nut hullers and processors, dehydrators, and feed and grain mills. Agricultural crop preparation services include only the first processing after harvest, not subsequent processing, canning, or other similar activities. For forest operations, agricultural crop preparation services include milling, peeling, producing particleboard and medium density fiberboard, and producing woody landscape materials.

2. **Allocation Agreement:** Contractual agreement executed between PCAPCD and DISTRICT on a funding allocation basis. Includes all dates pertinent to a specific funding allocation, including liquidation dates. Must be executed prior to DISTRICT receiving grant funds from the allocation.
3. **Application Solicitation Period:** Period of time that Project Applications may be submitted to PCAPCD through the Reporting Tool.
4. **Applicant:** Agricultural operator, or their representative, that submits an application for funding of a FARMER project.
5. **Award:** Project and implementation funds allocated to a certain project.
6. **Disbursement Request:** Request for disbursement of project and implementation funds, submitted by DISTRICT to PCAPCD, that is signed, dated and includes all supporting documents.
7. **District:** An air pollution control or air quality management district in California.
8. **FARMER Guidelines:** The 2018 FARMER Program Guidelines and any future approved Guidelines, and current and future program advisories and memos.
9. **Funding Allocation:** The funding provided to PCAPCD for the Shared Allocation Pool from CARB in a given grant agreement.
10. **Moyer Guidelines:** The 2017 Carl Moyer Program Guidelines and any future approved Guidelines, and current and future program advisories and mailouts.
11. **Other indirect costs:** Administrative costs as defined in the FARMER Guidelines. These costs are included within project implementation costs and may not exceed 5% of the grant amount.
12. **Participating Districts:** Districts choosing to participate in an Application Solicitation Period.
13. **Project:** The Scope of Work for which the Applicant has been approved a grant award. DISTRICT is responsible for ensuring the Project is completed to the best of their ability, and in accordance with applicable guidelines and requirements.
14. **Project Application:** Request for funding from an Applicant, submitted by DISTRICT to PCAPCD through the Reporting Tool, that is signed, dated, and includes all supporting documents.
15. **Project Award:** see Award.
16. **Project Contract:** Agreement between DISTRICT and the Recipient, which defines the project scope of work, funding award, and other requirements.
17. **Program Manager:** Entity overseeing the Shared Allocation Pool. Evaluates project applications, determines funding amounts, and develops programmatic documents and tools for the Shared Allocation Pool districts' use.
18. **Recipient:** Agricultural operator, or their representative, that receives a project award.
19. **Reporting Tool:** Tool for Shared Allocation Pool districts to electronically submit applications and backup documentation for review, and track implementation expenditures.

## **B. Acronyms**

1. **APCO**: Air Pollution Control Officer
2. **CARB**: California Air Resources Board
3. **FARMER**: Funding Agricultural Replacement Measures for Emission Reductions
4. **GVWR**: Gross Vehicle Weight Rating
5. **PCAPCD**: Placer County Air Pollution Control District
6. **SAP**: Shared Allocation Pool
7. **TRUCRS**: Truck Regulations Upload and Compliance Reporting System

SAMPLE

## LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

### GOVERNING BOARD

Chris Gallagher, *Chairman*  
 Jeff Hemphill, *Vice Chairman*  
 Russ Brown  
 Tom Hammond  
 Quincy McCourt  
 Mendy Schuster

### Staff

Erik Edholm  
*Air Pollution Control Officer*  
 Vacant  
*Air Quality Engineer*  
 Sara Dacosta  
*Administrative Staff Assistant*

Meeting of October 11, 2022

To: Governing Board

From: Erik Edholm, APCO

Subject: Community Air Protection Program Grant Funds

The State of California signed AB 617 into law in July 2017 directing the CARB to develop the Community Air Protection Program. AB 617 requires CARB to improve air pollution data collection and reporting, requires expedited pollution control retrofits at large stationary sources, increases penalties for air pollution violations, requires enhanced air pollution monitoring in certain communities, requires CARB to adopt a statewide emissions reduction strategy focusing on pollution-burdened communities, and requires CARB and local air districts to implement community emissions reduction programs.

The two types of grants funds the district has received to achieve the goals of AB 617 are implementation and incentive. Currently, the District has been awarded an implementation grant in the amount of \$12,074.00 from FY 2021/22 to implement the Community Air Protection Program consistent with the goals of AB 617. The District will continue to use implementation funds on the residential green waste disposal programs to reduce PM emissions from residential burning with education and clean green waste disposal options.

### **Recommendation:**

Motion to approve Resolution 22-08 approving the District's participation in the FY 2021-22 Community Air Protection Program.

Respectfully Submitted,

Erik Edholm  
 Air Pollution Control Officer

**RESOLUTION NO. 22-08**

**A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR  
POLLUTION CONTROL DISTRICT APPROVING PARTICIPATION IN FY 2021-2022  
COMMUNITY AIR PROTECTION FUNDS PROGRAM**

WHEREAS, in 2017 the California Legislature passed and the Governor signed Assembly Bill (AB) 617 titled the “Community Air Protection Program”;

WHEREAS, AB 617 requires the California Air Resources Board (CARB) to improve air pollution data collection and reporting, requires expedited pollution control retrofits at large stationary sources, increases penalties for air pollution violations, requires enhanced air pollution monitoring in certain communities, requires CARB to adopt a statewide emissions reduction strategy focusing on pollution-burdened communities, and requires CARB and local air districts to implement community emissions reduction programs;

WHEREAS, the Lassen County Air Pollution Control District (District) has been approved by CARB for a grant of \$12,074.00 to assist the District in the implementation of District responsibilities during the implementation of AB 617;

NOW, THEREFORE, BE IT RESOLVED, that the Lassen County Air Pollution Control District Board, hereby accepts the grant funds and authorizes the Air Pollution Control Officer to execute on behalf of the District grant agreements with CARB, and all other necessary documents to implement and carry out the purposes of this resolution.

The foregoing resolution was approved and adopted by the following vote of the Board on October 11, 2022.

AYES:

NOES:

ABSTAIN:

ABSENT:

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Chris Gallagher, Chairman  
Lassen County Air Pollution Control District

ATTEST:

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Erik Edholm  
Air Pollution Control Officer



# GRANT AGREEMENT COVER SHEET

NAME OF GRANT PROGRAM Community Air Protection Program		GRANT NUMBER G21-CAPP-14
GRANTEE NAME Lassen County Air Pollution Control District		
TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER 94-6000439	TOTAL GRANT AMOUNT NOT TO EXCEED \$12,074.00	
START DATE: August 1, 2022	END DATE: June 30, 2026	


This legally binding Grant Agreement, including this cover sheet and Exhibits attached hereto and incorporated by reference herein, is made and executed between the State of California, California Air Resources Board (CARB) and Lassen County Air Pollution Control District (the "Grantee").

Exhibit A - Grant Provisions

Exhibit B - General Terms and Conditions

This Agreement is of no force or effect until signed by both parties. Grantee shall not commence performance until it receives written approval from CARB.

The undersigned certify under penalty of perjury that they are duly authorized to bind the parties to this Grant Agreement.

STATE AGENCY NAME California Air Resources Board		GRANTEE'S NAME (PRINT OR TYPE) Lassen County Air Pollution Control District	
SIGNATURE OF ARB'S AUTHORIZED SIGNATORY:		SIGNATURE OF GRANTEE (AS AUTHORIZED IN RESOLUTION, LETTER OF COMMITMENT, OR LETTER OF DESIGNATION)	
TITLE Branch Chief	DATE	TITLE	DATE
STATE AGENCY ADDRESS 1001 I Street, Sacramento, California 95814		GRANTEE'S ADDRESS (INCLUDE STREET, CITY, STATE AND ZIP CODE) 720 South Street, Susanville, California 96130	
<b>CERTIFICATION OF FUNDING</b>			
AMOUNT ENCUMBERED BY THIS AGREEMENT \$12,074.00	PROGRAM 3530000L39	PROJECT 3900-CAP	ACTIVITY 3228CAP21
PRIOR AMOUNT ENCUMBERED FOR THIS AGREEMENT \$0.00	FUND TITLE Greenhouse Gas Reduction Fund		FUND NO. 3228
TOTAL AMOUNT ENCUMBERED TO DATE \$12,074.00	(OPTIONAL USE)		CHAPTER 240
APPR REF 102	ACCOUNT/ALT ACCOUNT 5432000	REPORTING STRUCTURE 39000500	STATUTE 2021
SERVICE LOCATION 50020		FISCAL YEAR (ENY) 2021-22	
I hereby certify that the California Air Resources Board Legal Office has reviewed this Grant Agreement.			
SIGNATURE OF CALIFORNIA AIR RESOURCES BOARD LEGAL OFFICE: 			DATE 7/14/2022

**California Air Resources Board (CARB)**  
**Community Air Protection Program**  
**GRANT AGREEMENT**  
**Fiscal Year 2021-2022**

**Exhibit A**

**Grant Provisions:**

1. **Community Air Protection Program:** This Grant Award provides funding to implement the Community Air Protection Program consistent with the goals of Assembly Bill 617 (Chapter 136, Statutes of 2017). Funds for implementation pursuant to Assembly Bill 617 may support selecting locations and deploying community air monitoring systems, deploying fence-line monitoring, developing an expedited schedule for requiring best available retrofit control technology, and developing Community Emissions Reduction Programs which includes efforts to improve community capacity to participate in the process, such as the provision of stipends, determining the proportional contribution of sources to air pollution exposure, developing rules, staff support, collecting data and reporting and other related tasks. For those air districts with communities selected by the CARB Board pursuant to Assembly Bill 617, these funds must be prioritized to support the required development and implementation of their Community Emissions Reduction Program(s) and/or Community Monitoring Plan(s).

2. **District Governing Board Approval**

Prior to the execution of this Grant Agreement, the Grantee is required to submit to CARB a resolution, minute order, or other approval of its governing board that authorizes the Grantee to enter into this Grant Agreement and that commits the Grantee to comply with the requirements of this Grant Agreement. Alternatively, the Grantee and CARB may execute this Grant Agreement before a Grantee has submitted this governing board resolution, minute order, or other approval to CARB, however, the Grantee may not perform work under this Grant Agreement until the Grantee has submitted this governing board resolution, minute order, or other approval to CARB. CARB will terminate this Grant Agreement if the Grantee has not submitted this governing board resolution, minute order, or other approval to the CARB Community Air Protection Project Liaison on or before November 1, 2022.

3. **Reporting:** Required reporting includes the following:

- A. **California Climate Investments:** With CARB assistance and direction the Grantee will implement reporting procedures as specified in the CARB Funding Guidelines for Agencies that Administer California Climate Investments (Funding Guidelines) to provide CARB program level information for outreach events and funds provided to intermediaries to cover administrative costs. The reporting cycles cover November 1 through April 30 and May 1 through October 31. Submittals are due to CARB within 30 days after the end of a reporting cycle.
- B. **Annual Reports:** Grantee must submit annual reports to CARB beginning one year after full grant execution and continue annually through the end of the grant term, or until all funds have been liquidated. Reports, at a minimum, must include:
  - i. Report number, title, name of Grantee, date of submission, and grant number;
  - ii. Report costs associated with specific tasks (for example: identifying location for monitoring, deploying community air monitoring systems, fence- line monitoring, reporting emissions, developing a community

emissions reduction program, establishing best available retrofit control technology requirements, adopting an expedited schedule for the implementation of best available retrofit control technology, community meetings or other Community Air Protection implementation efforts and outreach). Information for outreach events must include the date, location, topics, and number of attendees, for each event.

- iii. Report how grant is being utilized to meet the goals of Assembly Bill 617. If applicable, include emission reductions being achieved.
- iv. Summary of work completed and in progress since the last progress report;
- v. Grant funds remaining and expended; and
- vi. Expenditure summary showing all Community Air Protection Program Implementation Funds for which reimbursement is being requested.

- C. **Final Report:** Grantee must submit a Final Report to CARB by June 30, 2026. If the last annual report submittal covers expenditures for the full grant amount, that report will be accepted as the Final Report. At a minimum, the Final Report must include all required information contained in the annual report, as well as an accounting summary of funds expended and a summary of how the goals of the program have been achieved.

Reports may be submitted electronically to CARB Community Air Protection Project Liaison, Ms. Andrea Juarez, at [andrea.juarez@arb.ca.gov](mailto:andrea.juarez@arb.ca.gov) or Program designee.

#### 4. **Program Funding:**

##### A. **Advance Payment:**

Consistent with the Legislature's direction to expeditiously disburse grants, CARB in its sole discretion may provide advance payments of grant awards in a timely manner to support program initiation and implementation with a focus on mitigating the constraints of modest reserves and potential cash flow problems.

Grantee acknowledges that CARB has finalized Advance Payment regulations which become effective on January 1, 2021. Grantee agrees that this Agreement and all advance payment requests will comply with these regulations, which can be found at: 17 California Code of Regulations (C.C.R.) Sections 91040-91044.

Recognizing that appropriate safeguards are needed to ensure grant monies are used responsibly, CARB has developed the grant conditions described below to establish control procedures for advance payments. CARB may provide advance payments to grantees of a grant program or project if CARB determines all of the following:

- a. The advance payments are necessary to meet the purposes of the grant project.
- b. The use of the advance funds is adequately regulated by grant or budgetary controls.
- c. The request for application or the request for proposals contains the terms and conditions under which an advance payment may be received consistent with this section.

- d. The Grantee is either a small air district or the Grantee meets all of the following criteria:
  - i. Has no outstanding financial audit findings related to any of the moneys eligible for advance payment and is in good standing with the Franchise Tax Board and Internal Revenue Service.
  - ii. Agrees to revert all unused moneys to CARB if they are not liquidated within the timeline specified in the grant agreement.
  - iii. Submits a spending plan to CARB for review prior to receiving the advance payment.
  - iv. The spending plan shall include project schedules, timelines, milestones, and the Grantee's fund balance for all state grant programs.
  - v. CARB shall consider the available fund balance when determining the amount of the advance payment.
  - vi. Reports to CARB any material changes to the spending plan within 30 days.
  - vii. Agrees to not provide advance payment to any other entity.
- e. In the event of the nonperformance of the Grantee, CARB shall require the full recovery of the unspent moneys. A Grantee shall provide a money transfer confirmation within 45 days upon the receipt of a notice from CARB.
- f. The Grantee must complete and submit to CARB for review and approval, an Advance Payment Request Form, along with each grant disbursement that is requesting advance payment. The Advance Payment Request Form shall be provided by CARB to the Grantee after the grant execution.
- g. CARB may provide an advance of the direct project costs of the grant, if the program has moderate reserves and potential cash flow issues. Advance payments will not exceed the Grantee's interim cash needs.
- h. The grantee assumes legal and financial risk of the advance payment.
- i. Grantee shall place funds advanced under this section in an interest-bearing account. Grantee shall track interest accrued on the advance payment. Interest earned on the advance payment shall only be used for eligible grant-related expenses as outlined in the Grant Provisions, Exhibit A or will be returned to CARB.
- j. Grantee shall report to CARB the value of any unused balance of the advance payment and interest earned and submit quarterly fiscal accounting reports consistent with Section 2 Reporting of this grant agreement.
- k. Grantee shall remit to CARB any unused portion of the advance payment and interest earned within 90 days following the end date of this Grant Agreement term on June 30, 2026 or the reversion date of the appropriation.

**B. Grant Disbursements:**

- i. CARB will release any disbursements from the total Grant award after the Grantee submits the following to CARB:
  - 1. A fully executed Grant Agreement Cover Sheet; and
  - 2. Grant Disbursement Request Form, provided by CARB to the

Grantee after the grant execution. The Grantee must include an attachment to this form that documents expenditures for the implementation of the Community Air Protection Program. At a minimum, the attachment must provide information on expenditures, such costs include, selecting locations and deploying community air monitoring systems, deploying fence-line monitoring, developing an expedited schedule for best available control technology and best available retrofit control technology considering the highest priority locations, and developing Community Emissions Reduction Programs which includes but is not limited to developing rules, hiring staff, collecting data, convening community steering committees, community outreach, and reporting.

3. The Grantee shall submit the Grant Disbursement Requests to CARB Accounting Section at [accountspayable@arb.ca.gov](mailto:accountspayable@arb.ca.gov) with a CC to the CARB project liaison. The Grantee must submit this electronically, based on CARB's current electronic submission guidance at the time of request. For questions regarding the current guidance, contact your Project Liaison. Requests for payment must be made with the Grant Disbursement Request Form and contain all documentation required with the form.

CARB Community Air Protection Project Liaison:

Ms. Andrea Juarez  
California Air Resources Board  
Office of Community Air Protection  
[andrea.juarez@arb.ca.gov](mailto:andrea.juarez@arb.ca.gov)

Grant payments are subject to CARB's approval of Annual Reports.

- ii. No reimbursement will be made for expenses that, in the judgment of the Director of the Office of Community Air Protection or designee, are not reasonable or do not comply with the Grant Agreement.
  - iii. No reimbursement will be made for expenses towards the administration of programs which already receive state funds for administration. Please refer any questions to CARB Community Air Protection Project Liaison, Ms. Andrea Juarez, at [andrea.juarez@arb.ca.gov](mailto:andrea.juarez@arb.ca.gov) or Program designee.
  - iv. Any disbursement will take into consideration whether an advance payment had been received.
- C. **Earned Interest, Returned and Recaptured funds:** "Earned interest" means any interest generated from Program funds provided to the Grantee and held in an interest-bearing account. The Grantee shall reinvest all earned interest on Community Air Protection Program Implementation Funds into the program. "Returned funds" or "Recaptured funds" are funds provided under this Grant Award that are expended by the Grantee but subsequently returned to the Grantee either voluntarily or through enforcement action. All such funds must be reinvested in the implementation of the Community Air Protection Program.

- i. Such funds must be reported to CARB.
  - ii. The Grantee must maintain accounting records (e.g. general ledger) that tracks interest earned and expended on program, as follows:
    1. The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method;
    2. The methodology for tracking earned interest must ensure that it is separately identifiable from interest earned program funds;
    3. The methodology for calculating earned interest must be consistent with how it is calculated for the Grantee's other fiscal programs; and
  - iii. Such funds must be fully liquidated or returned to CARB by completion of the program or by June 30, 2026, whichever comes first. Grantee shall report all such funds to CARB annually until complete liquidation or return of funds or June 30, 2026, whichever comes first.
  - iv. Documentation of expenditure made on those funds or returned to CARB must be:
    1. Retained for a minimum of three years after it is generated; and
    2. Provided to CARB in Annual Reports and Final Report.
5. **Grant Amendment:** Grantee recognizes that CARB continues to implement AB 617, including through the implementation of the Community Air Protection Program Blueprint (Blueprint). Grantee agrees that grant funds may not be used for purposes or activities contrary to the Blueprint. Grantee agrees that this grant agreement may be amended, upon mutual agreement of the parties, to reflect any additional terms needed to ensure consistency with the Blueprint.

## LASSEN COUNTY AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD

### GOVERNING BOARD

Chris Gallagher, *Chairman*  
 Jeff Hemphill, *Vice Chairman*  
 Russ Brown  
 Tom Hammond  
 Quincy McCourt  
 Mendy Schuster

### Staff

Erik Edholm  
*Air Pollution Control Officer*  
 Vacant  
*Air Quality Engineer*  
 Sara Dacosta  
*Administrative Staff Assistant*

Meeting of October 11, 2022

To: Governing Board

From: Erik Edholm, APCO

Subject: Auditor's Report for Year Ended June 30, 2021

The City of Susanville contracted the services of Van Lant & Fankhanel, LLP to provide an independent audit report on the financial statements of the Lassen County Air Pollution Control District for year ended June 30, 2021.

Van Lant & Fankhanel, LLP has submitted the attached Basic Financial Statements and Independent Auditor's Report for year ended June 30, 2021.

### **Recommendation:**

Approve Resolution 22-09 accepting the Basic Financial Statements and Independent Auditor's Report for year ended June 30, 2021.

Respectfully Submitted,

Erik Edholm  
 Air Pollution Control Officer

**RESOLUTION NO. 22-09**

**A RESOLUTION BY THE BOARD OF DIRECTORS FOR THE LASSEN COUNTY AIR  
POLLUTION CONTROL DISTRICT 2020-2021 BASIC FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

WHEREAS, the Lassen County Air Pollution Control District is a Local Air Pollution Control District that permits stationary sources of Air Pollution, administers and disperses funds through various State grant programs, and enforces, local, state, and federal rules and regulations; and

WHEREAS, pursuant to California Health and Safety Code section 40701(f), the Lassen County Air Pollution Control District entered in an agreement with the City of Susanville to provide administrative services;

WHEREAS, pursuant to the Agreement between the Lassen County Air Pollution Control District and City of Susanville Concerning Administrative Services the City of Susanville provides staff person(s), payroll, personnel, purchasing, warrant preparation, general accounting services, auditing services, and office space under the terms set forth herein; and

WHEREAS, the City of Susanville has contracted with Van Lant & Fankhanel, LLP to provide an Independent Auditor's Report of Lassen County Air Pollution Control District financial statements of the governmental activities and the general fund for year ended June 30, 2021; and

WHEREAS, Van Lant & Fankhanel, LLP has submitted to the Governing Board the Lassen County Air Pollution Control District Independent Auditor's Report for year ended June 30, 2021; and

NOW, THEREFORE, BE IT RESOLVED that the Governing Board hereby accepts the Lassen County Air Pollution Control District Independent Auditor's Report for year ended June 30, 2021 as depicted in Exhibit A:

The foregoing resolution was approved and adopted by the following vote of the Board on October 11, 2022.

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Chris Gallagher, Chairman  
Lassen County Air Pollution Control District

ATTEST:

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Erik Edholm  
Air Pollution Control Officer



July 27, 2022

To the Members of the Board of Directors  
of the Lassen County Air Pollution Control District  
Susanville, California

We have audited the financial statements of the governmental activities and the general fund of the Lassen County Air Pollution Control District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, 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 10, 2021. 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 District 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 the fiscal year. We noted no transactions entered into by the District during the year for which there is 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 used in the preparation of the financial statements.

##### *Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *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 July 27, 2022.

### *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 District'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 District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Matters*

We applied certain limited procedures to the Management's Discussion and Analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our

audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,

*Van Lant & Fankhauser, LLP*

**LASSEN COUNTY AIR  
POLLUTION CONTROL DISTRICT**

**SUSANVILLE, CALIFORNIA**

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

Year Ended June 30, 2021

**Lassen County Air Pollution Control District  
Financial Statements  
Year Ended June 30, 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of the Board of Directors  
of the Lassen County Air Pollution Control District  
Susanville, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of the Lassen County Air Pollution Control District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District'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 error or fraud.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion 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 opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of the Lassen County Air Pollution Control District, as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated July 27, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

*Van Lant & Fankhaed, LLP*

July 27, 2022



## Lassen County Air Pollution Control District

### MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

Our discussion and analysis of the Lassen County Air Pollution Control District's (the District) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2021. This report is to be read in conjunction with the basic financial statements.

#### FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$586,883 (net position). Of this amount, \$8,767 are restricted for grant programs and other purposes.
- The District's total net position decreased by (\$55,474) from the prior year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's financial statements. The District's financial statements are comprised of three components: 1) Government-wide financial statements; 2) Fund Financial Statements; and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements** – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resources and liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration, such as changes in the District's revenue base, to assess the overall health or financial condition of the District.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental-wide financial statements include all the governmental activities of the District. The governmental activities of the District include administration, engineering/compliance, air monitoring, planning and grants. The District does not operate any business-type activities.

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, not the District as a whole. The District has one fund, the General Fund, which is a governmental fund type. The



General Fund includes all of the sub-funds the District maintains, including the individual grant program funds such as AB2766, Carl Moyer Grant funding, and the Wood Stove Replacement funding. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements. The fund financial statements can be found in the Basic Financial Statements.

**Notes to Basic Financial Statements** – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Basic Financial Statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Summary of Net Position For the Year Ended June 30

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Assets			
Cash and investments	\$ 594,133	\$ 620,411	\$ (26,278)
Receivables:			
Accounts receivable	2,442	26,868	(24,426)
Interest receivable	441	1,830	(1,389)
Total assets	<u>597,016</u>	<u>649,109</u>	<u>(52,093)</u>
Liabilities			
Accounts Payable	10,133	6,752	3,381
Total liabilities	<u>10,133</u>	<u>6,752</u>	<u>3,381</u>
Fund Balances			
Restricted for grants	8,767	125,066	(116,239)
Unrestricted	578,116	197,001	381,115
Total net position	<u>\$ 586,883</u>	<u>\$ 642,357</u>	<u>\$ 55,474</u>

Net position may serve over time as a useful indicator of the District's financial position. At the close of the fiscal year ended June 30, 2021, the District's assets exceeded its liabilities by more than \$586,000.

Approximately 99% of the District's assets consist of cash and investments. The ending net position of the District is presented in the basic financial statements as one combined number. The District however separates the Carl Moyer Grant funding and the CCI Woodsmoke Reduction Program in their reports to the board. Carl Moyer represents 1% of the District's net position.

## Revenues, Expenditures and Changes in Fund Balance For the Year Ended June 30

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 77,287	\$ 67,041	\$ 10,246
Intergovernmental	1,075,114	1,042,333	32,781
General Revenues:			
Property taxes	\$ 16,059	\$ 15,240	\$ 819
Investment Income	1,205	9,799	(8,594)
 Total Revenues	 \$ <u>1,169,665</u>	 \$ <u>1,134,413</u>	 \$ <u>35,252</u>
Expenses:			
Public Works	248,133	203,197	44,936
Grants	966,535	583,103	383,432
 Total Expenses	 <u>1,214,669</u>	 <u>786,300</u>	 <u>428,369</u>
Net change in fund balance	(45,004)	358,583	(313,579)
Fund balance, beginning of year	<u>631,887</u>	<u>283,774</u>	<u>348,113</u>
Fund balance, end of year	<u>\$ 586,883</u>	<u>\$ 631,887</u>	<u>\$ (45,004)</u>

The District's revenues remained steady with a small increase of 1% over the previous year. This is primarily due to the Carl Moyer grant funds for 20/21 were received in 19/20 (\$206,666) while the Farmer's Program revenues increased by \$465,781. Increases also occurred in Charges for Services (\$10,246) and Intergovernmental Revenues (\$32,781). The CCI Woodsmoke Reduction program also decreased by \$102,110.

Expenses for the year totaled \$1,214,669, an increase of 54% as compared to the previous year. This increase is primarily due to an increase of \$44,935.53 in administration for the purchase of E-Bam equipment. The Woodstove replacement grants increased by \$67,397, the Farmers Program grants increased by \$426,360, and the AB 617 grants increased by \$16,438. The Carl Moyer program decreased by \$35,555 and CCI Woodsmoke Reduction decreased by \$91,208. The District contracts with the City to provide staffing, payroll, personnel, purchasing, accounts payable, general accounting services, auditing services and office space.

Overall, the District's net position decreased by \$45,004 bringing the net position to \$586,883 as of June 30, 2021.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District currently owns a 2013 Ford Escape with a depreciated value of \$0 and has not issued any debt.

## FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

The General Fund balance at June 30, 2021 was \$586,883, a decrease of \$45,004 from the prior year. The increase was primarily due to the net of the following factors:

- Funding allocations from the State of California in excess of grant awards.

## BUDGETARY HIGHLIGHTS

### BUDGET VARIANCES IN THE GENERAL FUND

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Difference</i>	<i>Actual</i>	<i>Variance vs Final Budget</i>
Revenues	\$ 813,701	\$ 1,358,628	\$ 544,927	\$ 1,169,665	\$ 188,963
Expenditures	(857,635)	(1,539,511)	(681,876)	(1,214,669)	324,842
Net change in fund balance	<u>\$ (43,934)</u> =====	<u>\$ (180,883)</u> =====	<u>\$(136,949)</u> =====	<u>\$ (45,004)</u> =====	<u>\$ 513,805</u> =====

#### Revenues

The actual revenues total of \$1,169,664 were lower as compared to the final budget of \$1,358,628 by \$442,685. The categories with the largest budget variances were:

- Carl Moyer Allocation, \$200,000 less than budget (received in 19/20)
- State of CA Farmer Admin, \$27,287 less than budget
- CCI Woodsmoke Reduction, \$10,500 less than budgeted (received in 19/20)
- State of CA AB 197, \$8,583 less than budgeted (received in 19/20)

#### Expenditures

Actual expenditures for the year totaled \$1,214,668 as compared to the final budget of \$1,539,511. The primary reason for the significant budget variance is fewer grant awards for the Woodstove Replacement Program, Farmers Program, Farmers Program, Woodsmoke Reduction Program and AB 617 Air Protection Program.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The FY 2021-22 budget was prepared with the assumption that revenues would be about 97% lower than the previous year. DMV fees, and property taxes were projected to remain about the same with a increase to Air Pollution Permits of \$7,000. The largest decrease comes from a reduction of the Farmer Program which was scheduled to be completed in 20/21. The budget assumes the same contract amount for staffing with Carl Moyer grants remaining the same, a decrease in Farmers Program grants of (\$743,356) and a decrease to the AB 617 Program of (\$57,861). The budget was adopted at the Governing Board meeting of June 8, 2021 by Resolution 21-07.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lassen County Air Pollution Control District, 720 South Street, Susanville California or eedholm@cityofsusanville.org.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Lassen County Air Pollution Control District**  
**Statement of Net Position**  
**June 30, 2021**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 594,133
Accounts Receivable	2,442
Interest Receivable	<u>441</u>
Total Current Assets	<u>597,016</u>
Total Assets	<u>597,016</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	<u>10,133</u>
Total Current Liabilities	<u>10,133</u>
Total Liabilities	<u>10,133</u>
<b>NET POSITION</b>	
Restricted	8,767
Unrestricted	<u>578,116</u>
Total Net Position	<u><u>\$ 586,883</u></u>

**Lassen County Air Pollution Control District**  
**Statement of Activities**  
**Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Governmental Activities Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Total	Governmental Activities
Governmental Activities:					
Public Works	\$ 1,214,669	\$ 77,287	\$ 1,064,644	\$ 1,141,931	\$ (72,738)
Total Governmental Activities	<u>\$ 1,214,669</u>	<u>\$ 77,287</u>	<u>\$ 1,064,644</u>	<u>\$ 1,141,931</u>	<u>(72,738)</u>
General Revenues:					
Property Taxes					16,059
Investment Income					<u>1,205</u>
Total General Revenues					<u>17,264</u>
Change in Net Position					(55,474)
Net Position - Beginning					<u>642,357</u>
Net Position - Ending					<u>\$ 586,883</u>

The accompanying notes are an integral part of this statement.

## **GOVERNMENTAL FUND FINANCIAL STATEMENTS**



**Lassen County Air Pollution Control District**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2021**

	General Fund
<b>ASSETS</b>	
Cash	\$ 594,133
Accounts Receivable	2,442
Interest Receivable	<u>441</u>
Total Assets	<u><u>\$ 597,016</u></u>
<b>LIABILITIES</b>	
Accounts Payable	<u>\$ 10,133</u>
Total Liabilities	<u>10,133</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenues - Grants	<u>-</u>
Total Liabilities	<u>-</u>
<b>FUND BALANCES</b>	
Restricted for Grants	8,767
Unassigned	<u>578,116</u>
Total Fund Balances	<u>586,883</u>
Total Liabilities and Fund Balances	<u><u>\$ 597,016</u></u>

The accompanying notes are an integral part of this statement.

**Lassen County Air Pollution Control District  
Reconciliation of the Governmental Fund Balance Sheet to the  
Government-Wide Statement of Net Position  
June 30, 2021**

Fund balances - total governmental fund	\$ 586,883
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Amounts reported for governmental activities in the  
statement of net position are different because:

In governmental funds, other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	<u>-</u>
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Net Position of Governmental Activities	<u><u>\$ 586,883</u></u>
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**Lassen County Air Pollution Control District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund**  
**Year Ended June 30, 2021**

	General Fund
<b>REVENUES</b>	
Property Taxes	\$ 16,059
Licenses and Permits	77,287
Intergovernmental	1,075,114
Investment Income	1,205
	<hr/>
Total Revenues	1,169,665
	<hr/>
<b>EXPENDITURES</b>	
Current:	
Public Works	1,214,669
	<hr/>
Total Expenditures	1,214,669
	<hr/>
Net Change in Fund Balances	(45,004)
Fund Balance, Beginning of Year	631,887
	<hr/>
Fund Balance, End of Year	\$ 586,883
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

**Lassen County Air Pollution Control District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balance of Governmental Fund to the Statement of Activities**  
**Year Ended June 30, 2021**

Net change in fund balances - governmental fund	\$ (45,004)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues reported in the statement of activities, which are not considered available to finance current expenditures, are not reported as revenues in the governmental funds.	<u>(10,470)</u>
Change in net position of governmental activities	<u><u>\$ (55,474)</u></u>

**Lassen County Air Pollution Control District  
Notes to Financial Statements  
Year Ended June 30, 2021**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Lassen County Air Pollution Control District (District) is a Local Air District governing the Lassen County Region. Lassen County is located in North Eastern California and is part of the Northeastern Plateau Air Basin. The District Board is a six member board comprised of three members from the Lassen County Board of Supervisors and three members from the City of Susanville, City Council. The following is a summary of the significant accounting policies of the Lassen County Air Pollution Control District (the District) in conformity with accounting principles generally accepted in the United States of America.

**A. Relationship to the City of Susanville**

The City of Susanville provides administrative and accounting services for the District and acts in a fiduciary capacity for the District. The District's activities are accounted for in an agency fund on the City of Susanville's financial statements.

**B. Basis of Accounting and Measurement Focus**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The accounting records of the District are recorded in the General Fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Since the District is not required to account for activity in another fund, all activity of the District is recorded in the General Fund.

*Government-wide Financial Statements*

The District's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These financial statements present summaries of activities for the District.

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the District

**Lassen County Air Pollution Control District**  
**Notes to Financial Statements**  
**Year Ended June 30, 2021**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

*Governmental Fund Financial Statements*

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for all governmental funds. All governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. The Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Charges for services, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and therefore have been recognized as revenues within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The District reports a single governmental fund – the general fund.

**C. Cash and Investments**

The District's cash and investments consist of cash and investments pooled with the City of Susanville.

**Lassen County Air Pollution Control District  
Notes to Financial Statements  
Year Ended June 30, 2021**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Net Position**

In the Government-Wide Financial Statements, net position is classified as follows:

*Invested in Capital Assets* - This amount consists of capital assets net of accumulated depreciation.

*Restricted Net Position* - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

*Unrestricted Net Position* - This amount represents net position that does not meet the definition of *Invested in Capital Assets* or *Restricted Net Position*.

**E. Fund Balance**

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

*Nonspendable Fund Balance* - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

*Restricted Fund Balance* - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

*Committed Fund Balance* - Amounts that may be specified by the Board of Directors by ordinance or resolution to formally commit part of the fund balance or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal Board of Director's action utilizing the same type of action that was originally used.

**Lassen County Air Pollution Control District  
Notes to Financial Statements  
Year Ended June 30, 2021**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Assigned Fund Balance - Amounts that are constrained by the Board's intent to use specified financial resources for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance - These are either residual positive net resources of the Fund in excess of what can properly be classified in one of the other four categories, or negative balances.

**F. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has no items that qualify for reporting in this category.

**G. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position.

**K. Use of Estimates**

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

**L. Property Taxes**

California Constitution Article XIII A, limits the combined property tax rate to one percent of a property's assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property's fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs.



**Lassen County Air Pollution Control District  
Notes to Financial Statements  
Year Ended June 30, 2021**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The state legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions. Property tax revenues are recognized in the fiscal year for which taxes have been levied and collected within sixty days of fiscal year end.

The following are significant dates relating to the City's property taxes:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates	November 1 and February 1	August 1
Delinquency dates	December 10 and April 10	August 31

**2) CASH AND INVESTMENTS**

The City of Susanville (City) maintains a cash and investment pool used by all funds of the City, including the District. The District does not own specifically identifiable securities of the City's pool. The District's portion of this pool is reported on the financial statements as "cash and investments". Investment policies and associated risk factors applicable to the District's funds are those of the City of Susanville and are included in the City's Comprehensive Annual Financial Report. Cash and investments are reported as follows:

Equity in City Cash and Investment Pool	\$	594,133
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The District currently does not maintain any other deposits or investments.

**Equity in the Cash and Investment Pool of the City of Susanville**

The District has equity in the cash and investment pool managed by the City of Susanville. The District is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City of Susanville. The District has not adopted an investment policy separate from that of the City of Susanville. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an original cost basis.

**3) COMMITMENTS AND CONTINGENCIES**

The District is subject to litigation arising in the normal course of business. In the opinion of the District's management, there is no pending litigation that is likely to have a material adverse effect on the financial position of the District.

As of June 30, 2021, in the opinion of District management, there were no other outstanding matters that would have a significant effect on the financial position of the District.

**Lassen County Air Pollution Control District  
Required Supplementary Information (Unaudited)  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive/ (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 13,000	\$ 13,000	\$ 16,059	\$ 3,059
Licenses and Permits	65,000	65,000	77,287	12,287
Intergovernmental	734,701	1,279,628	1,075,114	(204,514)
Investment Income	1,000	1,000	1,205	205
	<u>813,701</u>	<u>1,358,628</u>	<u>1,169,665</u>	<u>(188,963)</u>
<b>Total Revenues</b>				
<b>EXPENDITURES</b>				
Current:				
Public Works	<u>857,635</u>	<u>1,539,511</u>	<u>1,214,669</u>	<u>324,842</u>
	<u>857,635</u>	<u>1,539,511</u>	<u>1,214,669</u>	<u>324,842</u>
<b>Total Expenditures</b>				
	<u>857,635</u>	<u>1,539,511</u>	<u>1,214,669</u>	<u>324,842</u>
<b>Net Change in Fund Balance</b>	<u>(43,934)</u>	<u>(180,883)</u>	<u>(45,004)</u>	<u>135,879</u>
<b>Fund Balance, Beginning of Year</b>	<u>631,887</u>	<u>631,887</u>	<u>631,887</u>	
<b>Fund Balance, End of Year</b>	<u>\$ 587,953</u>	<u>\$ 451,004</u>	<u>\$ 586,883</u>	<u>\$ 135,879</u>

**Budget Reporting**

The District adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with accounting principles generally accepted in the United States of America.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**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  
Lassen County Air Pollution Control District  
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 governmental activities and the general fund of the Lassen County Air Pollution Control District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 27, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Van Lant & Fankhaenel, LLP*

July 27, 2022