



Mission statement of McKinleyville Community Services District:
“Provide McKinleyville with safe and reliable water, wastewater, lighting, open space, parks and recreation, library services, and other appropriate services for an urban community in an environmentally and fiscally responsible manner.”

**NOTICE IS HEREBY GIVEN THAT A REGULAR MEETING OF THE
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS
WILL BE HELD
WEDNESDAY, JANUARY 4, 2023 AT 6:00pm**

**LOCATION: AZALEA HALL
1620 Pickett Road
McKinleyville, California**

Or

**TELECONFERENCE Via ZOOM & TELEPHONE:
Use ZOOM MEETING ID: 859 4543 6653 (<https://us02web.zoom.us/j/85945436653>) or DIAL
IN TOLL FREE: 1-888-788-0099 (No Password Required!)**

To participate in person, please come to Azalea Hall.

To participate by teleconference, please use the toll free number listed above, or join through the internet at the Zoom App with weblink and ID number listed above, or the public may submit written comments to the Board Secretary at: comments@mckinleyvillecsd.com up until 4:30 p.m. on Tuesday, January 3, 2023

All Public Comment received before the above deadline will be provided to the Board at 9 a.m. on Wednesday, January 4, 2023 in a supplemental packet information that will also be posted on the website for public viewing.

Please note that, due to potential technical difficulties, the quality of the Zoom meeting cannot be guaranteed. **If you have public input to provide on an agenda item, it is recommended you attend in person at Azalea Hall or submit written comments as outlined above.**

AGENDA
6:00 p.m.

A. CALL TO ORDER

A.1 Roll Call

A.2 Closed Session Discussion

At any time during the regular session, the Board may adjourn to closed session to consider existing or anticipated litigation, liability claims, real property negotiations, license and permit determinations, threats to security, public

employee appointments, personnel matters, evaluations and discipline, labor negotiations, or to discuss with legal counsel matters within the attorney-client privilege.

- A.2.1 CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED Pg. 5**
LITIGATION (Gov. Code section 54956.9(d)(2), (e)(3)):
One Claim: Heather Ponsano, liability claim.
Attachment 1 – Completed Claim Form

Closed Session is expected to take 5-10 minutes. During this time, the Zoom will be locked to all public. If the public receives a message from zoom stating the webinar is locked or unavailable, please try again in a few moments. Once Closed Session is complete, the webinar will be unlocked and open to the public once more.

A.2.2 Report out of Closed Session

A.3 Pledge of Allegiance

A.4 Additions or Changes to the Agenda

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code (Brown Act), upon a determination by two-thirds vote of the members of the legislative body present at the time of the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the McKinleyville Community Services District after the Agenda was posted.

A.5 Approval of the Agenda

B. PUBLIC HEARINGS

These are items of a Quasi-Judicial or Legislative nature. Public comments relevant to these proceedings are invited.

NO PUBLIC HEARING SCHEDULED

C. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS Pg. 9

*Any person may address the Board at this time upon any subject not identified on this Agenda but within the jurisdiction of the McKinleyville Community Services District; however, any matter that requires action will be referred to staff for a report of action at a subsequent Committee or Board meeting. As to matters on the Agenda, an opportunity will be given to address the Board when the matter is considered. **Comments are limited to 3 minutes.** Letters should be used for complex issues.*

D. CONSENT CALENDAR

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

- D.1 Consider Approval of the Minutes of the Board of Directors Regular Meeting on December 7, 2022 **Pg. 11**
Attachment 1 – Draft Minutes from December 7,2022 **Pg. 12**
- D.2 Consider Approval of November 2022 Treasurer’s Report **Pg. 17**
- D.3 Compliance with State Double Check Valve (DCV) Law **Pg. 39**

D.4	Reaffirm Resolution 2021-27 Making Findings Pursuant to Government Code Section 5493, as Amended by Assembly Bill 361, and Authorizing the Continued Use of Virtual Meetings Attachment 1 – Adopted Resolution 2021-27	Pg. 41 Pg. 43
D.5	Approve Budget Modification for Bay Area Coating Consultants Tank Painting Inspections.	Pg. 45
D.6	Review of 2022 Integrated Pest Management Plan Annual Report Attachment 1 – IPM Treatment Tracking Forms	Pg. 47 Pg. 49
D.7	Approve Resolution 2023-01 Adopting the North Coast Resource Partnership Integrated Regional water Management Plan Attachment 1 – Resolution 2023-01	Pg. 51 Pg. 53

E. CONTINUED AND NEW BUSINESS

E.1	MCS D Employee of the Year Presentation to Seth Meynell (Information)	Pg. 55
E.2	Consider Appointment of Applicant, Julie Giannini-Previde to Vacant Seat on the Park and Recreation Committee (PARC) (Action) Attachment 1 – Julie Giannini-Previde PARC Application	Pg. 57 Pg. 58
E.3	Approve FY 21-22 Audited Financial Statements (Action) Attachment 1 – MCS D Basic Financial Statements with the Report of the Independent Auditor for Fiscal Year 2021-22 Attachment 2 – Presentation of 2022 Audit Results	Pg. 61 Pg. 62 Pg. 143
E.4	Discuss and Consider Committee Assignments and Appointments of Committee Chairs by the Board President for the 2023 Calendar Year (Action) Attachment 1 – Appendix A Board Policy Manual – Committee Assignments	Pg. 153 Pg. 155
E.5	Review Five Year Strategic Plan Update Process and Timeline (Information)	Pg. 161
E.6	Discussion and Direction regarding Assembly Bill (AB) 2449 – Enhanced Teleconferencing and Recent Developments to Assembly Bill 361 of 2021 (Action) Attachment 1 – AB 2449 Text	Pg. 163 Pg. 166

F. REPORTS

No specific action is required on these items, but the Board may discuss any particular item as required.

- F.1 ACTIVE COMMITTEE REPORTS
- a. Parks and Recreation Committee (Binder)
 - b. Area Fund (John Kulstad)
 - c. Redwood Region Economic Development Commission (Binder)

- d. McKinleyville Senior Center Board Liaison (Binder)
- e. Audit and Finance Committee (Orsini/Couch)
- f. Employee Negotiations (Couch/Mayo)
- g. McKinleyville Municipal Advisory Committee (Orsini/Binder)
- h. Environmental Matters Committee (Couch)
- i. AdHoc Committee – Community Forest (Mayo/Orsini)

F.2 LEGISLATIVE AND REGULATORY REPORTS

F.3 STAFF REPORTS

- a. Support Services Department (Nicole Alvarado) **Pg. 181**
- b. Operations Department (James Henry) **Pg. 187**
- c. Parks & Recreation Department (Lesley Frisbee) **Pg. 193**
- d. General Manager (Pat Kaspari) **Pg. 197**
- Attachment 1 – WWMF Monthly Self-Monitoring Report **Pg. 202**

F.4 PRESIDENT’S REPORT

F.5 BOARD MEMBER COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEMS REQUESTS

G. ADJOURNMENT

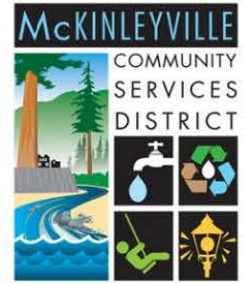
Posted 12:00 pm on December 30, 2022

Pursuant to California Government Code Section 54957.5, this agenda and complete Board packet are available for public inspection on the web at <https://www.mckinleyvillecsd.com/board-meetings> or upon request at the MCSD office, 1656 Sutter Road, McKinleyville. A complete packet is also available for viewing at the McKinleyville Library at 1606 Pickett Road, McKinleyville. If you would like to receive the complete packet via email, free of charge, contact the Board Secretary at (707)839-3251 to be added to the mailing list.

McKinleyville Community Services District will, on request, make agendas available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Individuals who need this agenda in an alternative format or who need a disability-related modification or accommodation in order to participate in the meeting should contact the Board Secretary at (707) 839-3251. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements for accommodations.

CLAIM FOR DAMAGES AGAINST PUBLIC ENTITY

[Government Code § 910 and § 910.2]



1. Name of Claimant: Heather Ponsano

2. Post Office Address: [REDACTED]

3. Post office address to which person presenting the claim desires notices to be sent:

4. Date of injury, damage, loss or obligation: 11/28/22

5. Location where the injury, damage, loss or obligation occurred (Specify in as much detail as possible, i.e., 5 feet east of west corner of Elmira Road and Peabody):
Clog in main sewer line on little Cinder Street caused sewage to back up in Residences.

6. The general description of the injury, damage, loss or obligation:
Plumber was called to resolve sewage backup in Residence, while snaking sewage pipes on property the plumber discovered the clog was in the main sewer line at the street.
I paid for plumber to resolve sewage backup in home only to discover it was not in my line.

7. Names(s) of Public Employee(s) who caused injury, damage or loss, if applicable:
N/a

8. Description of the actions or conduct of employee(s) who caused the injury, damage or loss, if applicable:
N/a

9. Names/addresses/telephone number of any witnesses:

10. Total Amount of Claim: \$ 46

11. Basis for computation amount of claim:
Current Medical Expenses: \$ _____
Future Medical Expenses: \$ _____
Wage Loss: \$ _____
Damage to Personal Property: \$ _____

General Damages: \$ 309.46 _____

Other Damages (Describe): \$ _____

(Attach Copies of Medical Bills/Estimates for Property Damages/Proof of Loss)

12. If Claimant is a minor (Under age 18 years):

Name of Parent/Legal Guardian: _____

Address of Parent/Legal Guardian: _____

Parent/Legal Guardian Telephone Number: _____

13. Supplemental Information:

Claimant's Drivers License No. _____

Claimant's Date of Birth: _____

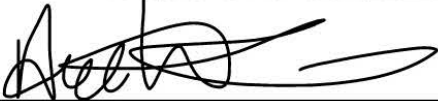
Law Enforcement/Public Agency Report No. _____ Date: _____

14. Attorney for Claimant:

Name: _____ SBN: _____

Address: _____

Telephone Number: _____



12/6/22



Signature of Claimant

Date

Telephone Number

Relationship of Signer, if not the Claimant

Date

Telephone Number

NOTICES

*A claim relating to a cause of action for death or for injury to person or to personal property or to growing crops must be presented to the public entity, in the matter provided for in the **Government Code § 915, et seq.**, not later than six months after the accrual of the cause of action.*

*A claim relating to any other cause of action shall be presented to the public entity as provided in **Government Code § 915, et seq.**, not later than one year after the accrual of the cause of action [**Government Code § 911.2**].*

*A person is required by law, under **Government Code § 910.4(a)**, to use this prescribed Claim Form, in order that his or her claim is deemed to be in conformity with **Government Code § 910 and § 910.2**. A claim may be returned to the person, if it is not presented using this Claim Form. Any claim returned to a person may be resubmitted using the appropriate form.*

Section 72 of the California Penal Code states: *Every person who, with intent to defraud, presents for allowance or for payment to any state board or officer, or to any county, city, or district board or officer, authorized to allow or pay the same if genuine, any false or fraudulent claim, bill, account, voucher, or writing, is punishable either by imprisonment in the county jail for a period of not more than one year, by a fine of not exceeding one thousand dollars (\$1,000), or by both that imprisonment and fine, or by imprisonment pursuant to subdivision (h) of Section 1170, by a fine of not exceeding ten thousand dollars (\$10,000), or by both such imprisonment and fine.*



Maderos Plumbing

Heather Ponsano



Mckinleyville , CA 95519



INVOICE	#389
SERVICE DATE	Nov 28, 2022
INVOICE DATE	Nov 29, 2022
DUE	Upon receipt
AMOUNT DUE	\$309.46

CONTACT US

890 Courtyard Circle, Apt.C
Arcata, CA 95521

(707) 834-3248

maderosplumbing@gmail.com

Service completed by: Edgar Madero

INVOICE

Services	amount
Unclog Main Line 3" Or 4" Run the snake in to the line from a clean out, run the snake about 60 feet from the clean out	\$299.00
Credit Card Charge - Credit Card Charge 3.5% Credit Card Charge All credit/debit card transactions with Sarkinen Plumbing will include a 3.50% charge of the transaction amount	\$10.46
Subtotal	\$309.46
Total Tax	\$0.00
CA. tax (8.75%)	\$0.00
Total	\$309.46

WE APPRECIATE YOUR BUSINESS!!!

If you paid with check you can send check to the address in the invoice.

Thank You

This Page Left Intentionally Blank

12/9/2022

RE: Preliminary Designs for BMX track and park at School Road and Washington Ave.

Members of the MCSD Board,

What's with all that pavement?

I have walked the length of School Road twice a day to get to work and back for the last few years and there is no doubt that the parcel near the corner of School and Washington, in its current condition, is the nicest part of the route. Couldn't the park design incorporate what is already there instead of starting from scratch? The plans to grade and pave over the majority of the land seems more appropriate for a demolished building site or converted garbage dump than for an existing stand of a couple beautiful spruce trees and an absolutely thriving population of thatch ant mounds. The parcel is already one of the town's nicest parks. The plans appear to suggest placing a picnic shelter and play areas beneath what is now the nicest part of the stand of spruce trees. Wouldn't these proposed uses be conducive to grass and trees? Please consider developing around the existing features rather than developing over them.

The plans to add a 50-car parking lot here is baffling. 400 yards to the East of this site is the single largest contiguous paved area in McKinleyville, consisting of the 300,000 square foot parking lot, currently unused except as a temporary RV park and refuse dump. Even closer to the proposed park are three more large parking lots which I have never seen remotely full. Wouldn't the large park or one of the three vacant lots directly adjacent to these parking areas make a more sensible location for this BMX site? Does this part of town need another parking lot?

Next, the plans seem awfully busy. The few remaining open areas in this part of town are quickly being gobbled up by suburban development. With the large vacant lots the community has enjoyed up to this point intact, the preliminary designs don't seem so bad. Considering the new construction underway directly North and in the lots to the West however, we may come to find that open or treed spaces may be more valuable than developed playgrounds. Perhaps it would be prudent to incorporate fewer uses with lower density within the design.

Finally, I would like to suggest the next draft of plans to include locations, height, and type of fencing to be installed as well as the location and operation hours of proposed lighting, as these items will certainly have a large impact on the close proximity residences and overall aesthetic.

These are my opinions on the subject. Thank you for your consideration and for all you do for our community.

Sincerely,

Steve Breitenstein
McKinleyville resident

This Page Left Intentionally Blank

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **ACTION**

ITEM: D.1 **Consider Approval of the Minutes of the Board of Directors**

PRESENTED BY: **April Sousa, Board Secretary**

TYPE OF ACTION: **Roll Call Vote – Consent Calendar**

Recommendation:

Staff recommends the approval of the Minutes of the Board of Directors for the December 7, 2022 Regular Board Meeting.

Discussion:

The Draft minutes are attached for the above listed meeting. A reminder that the minutes are approved by the legislative body that is the Board of Directors, not individual members of the Board who were present at a meeting.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Draft Minutes from December 7, 2022 Regular Meeting

MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON WEDNESDAY, DECEMBER 7, 2022 AT 7:00 P.M. IN PERSON AT AZALEA HALL – 1620 PICKETT ROAD, MCKINLEYVILLE, CALIFORNIA
and
TELECONFERENCE Via ZOOM & TELEPHONE:
ZOOM MEETING ID: 859 4543 6653 (<https://us02web.zoom.us/j/85945436653>) and
TOLL FREE: 1-888-788-0099

AGENDA ITEM A. CALL TO ORDER:

The regular session of the Board of Directors of McKinleyville Community Services District convened at 7:00 p.m.

A.1 Administer Oath of Office to Appointed Directors and Adopt Resolution 2022-29 Accepting the Appointments of Directors Couch and Mayo in Lieu of Election and the Appointment of Director Biteman

Board Secretary, April Sousa, gave a brief staff report and the Oath of Office to appointed Board Directors David R. Couch, Dennis Mayo, and James Biteman. The resolution affirming the appointments of the Board Directors was discussed. There was no public comment.

Motion: It was moved to adopt Resolution 2022-29 accepting the certification from the Humboldt County Clerk/Registrar of Voters of results of Board appointments for the November 8, 2022 General Election.

Motion by: Director Mayo; **Second:** Director Orsini

Roll Call: Ayes: Binder, Biteman, Mayo, Orsini and Couch Nays: None Absent: None

Motion Summary: Motion Passed

A.2 Roll Call: The following Directors and staff were in attendance in person at Azalea Hall:

David Couch, President
James Biteman, Director
Scott Binder, Director
Dennis Mayo, Director
Greg Orsini, Director

Pat Kaspari, General Manager
April Sousa, Board Secretary
Joseph Blaine, IT Specialist
James Henry, Operations Director
Lesley Frisbee, Parks & Recreation Director
Nicole Alvarado, Finance Director

A.2 Pledge of Allegiance: The Pledge of Allegiance was led by President Couch.

A.3 Additions to the Agenda: There were no additions or changes to the agenda.

A.4 Approval of the Agenda:

Motion: It was moved to approve the agenda.

Motion by: Director Orsini; **Second:** Director Binder

There were no comments from the Board or public.

Roll Call: Ayes: Binder, Biteman, Mayo, Orsini and Couch Nays: None Absent: None

Motion Summary: Motion Passed

AGENDA ITEM B. PUBLIC HEARINGS:

None

AGENDA ITEM C. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS:

Director Mayo gave a moment of remembrance for Pearl Harbor Day.

AGENDA ITEM D. CONSENT CALENDAR:

- D.1 Consider Approval of the Minutes of the Board of Directors Special, Joint McKinleyville Municipal Advisory Committee on October 26, 2022 and Regular Meeting on November 2, 2022**
- D.2 Consider Approval of October 2022 Treasurer’s Report**
- D.3 Compliance with State Double Check Valve (DCV) Law**
- D.4 Reaffirm Resolution 2021-27 Making Findings Pursuant to Government Code Section 5493, as Amended by Assembly Bill 361, and Authorizing the Continued Use of Virtual Meetings**
- D.5 Consider Approval of the Memorandums of Agreement between County of Humboldt and McKinleyville Community Services District for the Provision of Physical Facilities to Serve as Temporary Emergency Public Shelter in the Event of a Disaster**

Motion: It was moved to approve the Consent Calendar.

Motion by: Director Mayo; **Second:** Binder

There were no comments from the Board or public.

Roll Call: Ayes: Binder, Biteman, Mayo, Orsini and Couch Nays: None Absent: None

Motion Summary: Motion Passed

AGENDA ITEM E. CONTINUED AND NEW BUSINESS:

E.1 Presentation of the Community Builder Award to the McKinleyville Family Resource Center

Parks and Recreation Director Lesley Frisbee gave an overview of the item. Members of the Board and public spoke in appreciation of the community support and efforts of the McKinleyville Family Resource Center.

This was an informational item. No action taken.

E.2 Presentation of Design Concepts for BMX Track and Park by Melton Design Group

Parks and Recreation Director Frisbee opened this item and introduced Melton Design Group who gave a presentation. The Board of Directors and the public gave comments and asked questions. The schedule for public input was also discussed.

This was an informational item. No action taken.

E.3 Consider Approval of Resolution 2022-30 Authorizing the General Manager to Sign and File on behalf of MCSD a Financial Assistance Application for a Financing Agreement from the State Water Resources Control Board for the Planning, Design, and Construction of Fischer and B Street Lift Station Upgrades

General Manager Kaspari gave a staff report on this item. The Board offered comments. There was no public comment.

Motion: To approve Resolution 2022-30 authorizing the General Manager to sign and file the \$500,000 SRF planning grant application for upgrades to the Fischer and B Street sewer lift stations.

Motion by: Director Orsini; **Second:** Director Binder

Roll Call: Ayes: Binder, Biteman, Mayo, Orsini and Couch Nays: None Absent: None

Motion Summary: Motion Passed

E.4 Discuss and Update Board Officer Rotation Schedule

Board Secretary Sousa gave the overview of this item. There were general comments given by the Board. There was no public comment.

Motion: Update the existing Board Officer Rotation Schedule to fill Chair and Vice Chair positions for 2023 calendar year, appoint the Finance Director as the Board's Treasurer, and ratify the General Manager's selection of the existing Board Secretary to continue their service in that role.

Motion by: Director Orsini; **Second:** Director Binder

Roll Call: Ayes: Binder, Biteman, Mayo, Orsini and Couch Nays: None Absent: None

Motion Summary: Motion Passed

E.5 Discussion of Active Committee Assignments to be made by the President in January 2023

Board Secretary Sousa read the staff note for this item. Incoming President Orsini noted that if there are any questions regarding committees or their assignments, or if any Board Director had a particular committee they would be interested in or wanted to change roles in, to contact him prior to the next meeting so he can be prepared for the assignments on January 4, 2023. He also noted that he may want to make some changes to committees that never meet.

This was an informational item. No action taken.

AGENDA ITEM F. REPORTS

F.1 ACTIVE COMMITTEE REPORTS

- a. **Parks and Recreation Committee (Binder):** Nothing further to report from Director Frisbee's report.
- b. **Area Fund (John Kulstad):** No Report.
- c. **Redwood Region Economic Development Commission (Binder):** Did not meet.
- d. **McKinleyville Senior Center Advisory Council (Binder):** Director Binder gave a brief report on the activities of the Senior Center.
- e. **Audit and Finance (Orsini/Couch):** Did not meet. Will be meeting on December 12, 2022.
- f. **Employee Negotiations (Couch/Mayo):** Did not meet.
- g. **McKinleyville Municipal Advisory Committee (Orsini/Binder):** Director Orsini gave a brief report.
- h. **Local Agency Formation Commission (Couch):** No report. It was noted that Director Couch would not be on the LAFCo next year.
- i. **Environmental Matters Committee (Couch):** Did not meet.
- j. **Ad Hoc Community Forest Committee (Mayo/Orsini):** Did not meet. Will not meet until January 10, 2023.

F.2 LEGISLATIVE AND REGULATORY REPORTS

Director Mayo gave a brief report from the ACWA Fall Conference and conversations/items of interest that took place there.

F.3 STAFF REPORTS

- a. **Support Services Department (Nicole Alvarado):** Finance Director Alvarado had nothing further to add to her written report.
- b. **Operations Department (James Henry):** Operations Director James Henry had nothing further to add to his written report.

- c. **Parks & Recreation Department (Lesley Frisbee):** Recreation Director Lesley Frisbee made a note about the emails received by Board members and staff regarding the Middle School dances, and also reported that tickets for the Middle School dance were almost sold out.
- d. **General Manager (Patrick Kaspari):** General Manager Kaspari noted that there is a ribbon cutting ceremony in the planning stage, possibly for next week, for the Mad River Restoration Project, and also reminded everyone that the January Board meeting would start at 6 p.m.

F.4 PRESIDENT'S REPORT:

President Couch noted that he attended the McKinleyville Arts Night at the Boys and Girls Club.

F.4 BOARD MEMBER COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEM REQUESTS:

None

G. ADJOURNMENT:

Meeting Adjourned at 9:18 p.m.

April Sousa, MMC, Board Secretary

This Page Left Intentionally Blank

**McKinleyville Community Services District
Treasurer’s Report
November 2022**

Table of Contents

Page 2	Investments & Cash Flow Report
Page 3	Consolidated Balance Sheet by Fund
Page 4	Activity Summary by Fund with Selected Graphic Comparisons
Page 11	Capital Expenditure Report
Page 12	Summary of Long-Term Debt Report
Page 13	Cash Disbursement Report

Ratios

as of November 30, 2022

- Utility Accounts Receivable Turnover Days	13
- YTD Breakeven Revenue, Water Fund:	\$ 1,298,373
- YTD Actual Water Sales:	\$ 1,814,347
- Days of Cash on Hand-Operations Checking/MM	258

**McKinleyville Community Services District
Investments & Cash Flow Report
as of November 30, 2022**

Petty Cash & Change Funds		9,197.46
<u>Cash</u>		
Operating & Money Market - Beginning Balance		5,204,123.33
Cash Receipts:		
Utility Billings & Other Receipts	624,836.85	
Money Market Account Interest	33.78	
Transfers from County Funds #2560, #4240, CalTRUST, Meas. B	-	
Other Cash Receipts (Grants/Other Receivables)	-	
Total Cash Receipts	<u>624,870.63</u>	624,870.63
Cash Disbursements:		
Transfers to County Funds #2560, #4240, CalTRUST	-	
Payroll Related Expenditures (incl. CalPERS UAL pmt)	(259,288.78)	
Debt Service	(132,849.15)	
Capital & Other Expenditures	(305,162.61)	
Total Cash Disbursements	<u>(697,300.54)</u>	(697,300.54)
Operating & Money Market - Ending Balance		<u>5,131,693.42</u>
Total Cash		<u>5,140,890.88</u>
<u>Investments</u>	<i>(Interest and Market Valuation will be re-calculated as part of the year-end close, if material)</i>	
LAIF - Beginning Balance	139,925.28	
Interest Income	-	
LAIF - Ending Balance	<u>139,925.28</u>	139,925.28
Humboldt Co. #2560 - Beginning Balance	2,944,764.12	
Property Taxes and Assessments		
Transfer to/from Operating Cash	-	
Interest Income (net of adjustments)	-	
Humboldt Co. #2560 - Ending Balance	<u>2,944,764.12</u>	2,944,764.12
Humboldt Co. #4240 - Beginning Balance	3,377,764.59	
Transfer to/from Operating Cash	-	
Transfer to/from Biosolids Reserve	-	
Interest Income		
Humboldt Co. #4240 - Ending Balance	<u>3,377,764.59</u>	3,377,764.59
Humboldt Co. #9390 - Beginning Balance	663,032.08	
Reserves Recovery Deposits/Other Bal Withdrawals	-	
Humboldt Co. #9390 - Ending Balance	<u>663,032.08</u>	663,032.08
USDA Bond Reserve Fund - Beginning Balance	84,006.85	
Bond Reserve Payment/Transfer to Service Fund	-	
Debt Service Payment, Principal/Interest (Net)	-	
Interest Adjustment	0.36	
USDA Bond Reserve Fund - Ending Balance	<u>84,007.21</u>	84,007.21
Market Valuation Account		(20,836.39)
BNY COPS Series A & B - Beginning Balance	8,665,906.72	
Bond Principal Total (Series A & B)	-	
Bond Draws for Capital Projects	-	
Bond Reserve Payment/Transfer to Service Fund	-	
Debt Service Payment, Principal/Interest (Net)	-	
Bond Earned Interest	-	
BNY COPS Series A & B - Ending Balance	<u>8,665,906.72</u>	8,665,906.72
CalTRUST - Beginning Balance	10,104,828.37	
Net Transfer to/from Designated Reserves: PERS/OPEB	-	
Net Transfer to/from Capacity Fees/Catastrophe/Other Reserves	-	
Net: Interest Income/Unrealized Gain/Loss	80,860.34	
CalTRUST - Ending Balance	<u>10,185,688.71</u>	10,185,688.71
Total Investments		<u>26,040,252.32</u>
Total Cash & Investments - Current Month		31,181,143.20
Total Cash & Investments - Prior Month		<u>31,172,712.41</u>
Net Change to Cash & Investments This Month		<u>8,430.79</u>
<u>Cash & Investment Summary</u>		
Cash & Cash Equivalents		30,485,723.71
Davis-Grunsky Loan Reserve		611,412.28
USDA Bond Reserve		84,007.21
Total Cash & Investments		<u>31,181,143.20</u>

McKinleyville Community Services District
Consolidated Balance Sheet by Fund
as of November 30, 2022

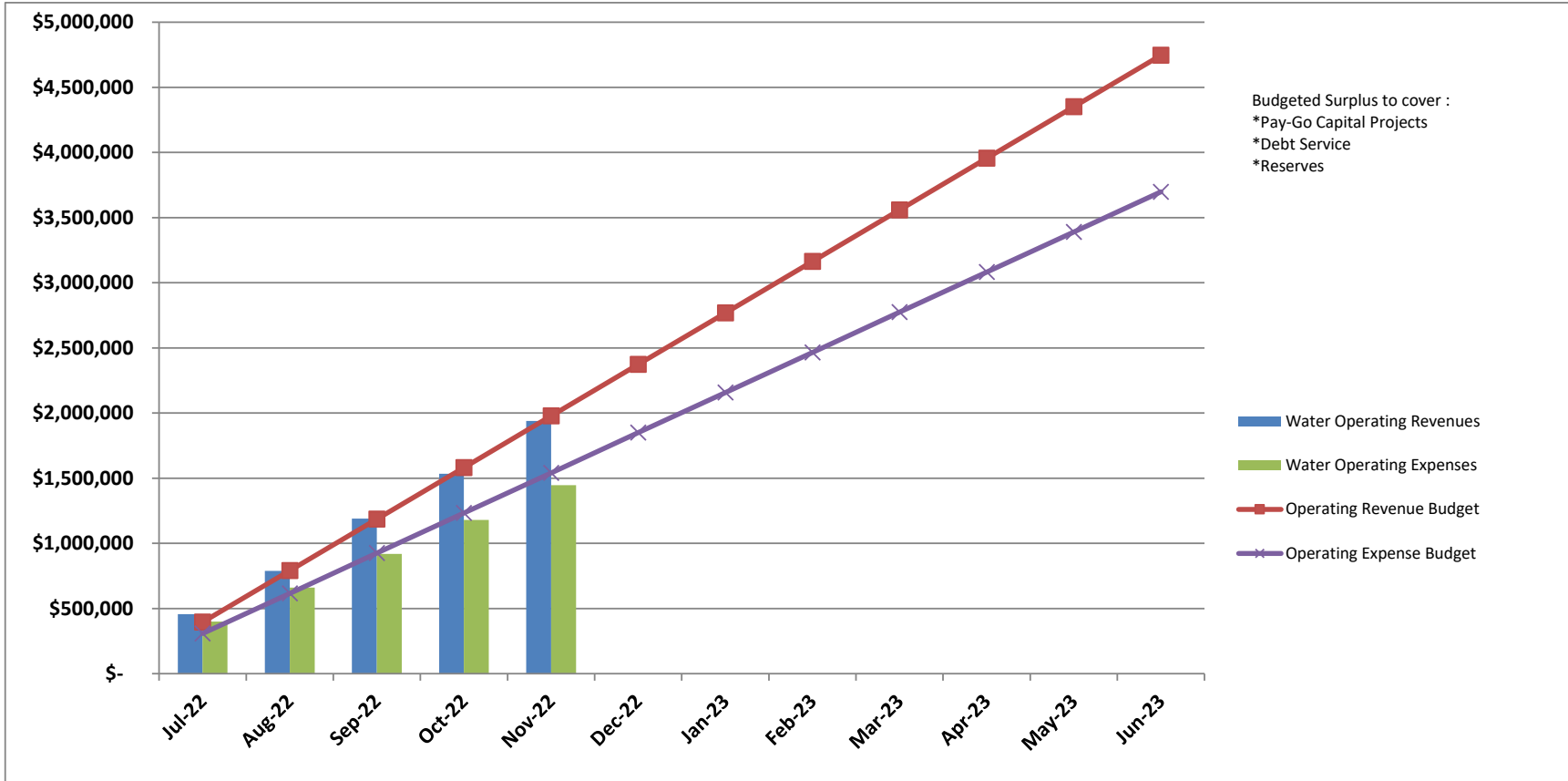
	Governmental Funds			Proprietary Funds		Total (Memorandum Only)
	Parks & General	Measure B	Streetlights	Water	Wastewater	
ASSETS						
Current Assets						
Unrestricted cash & cash equivalents	\$ 681,326.81	\$ (602,394.00)	\$ 123,080.68	\$ 8,734,878.94	\$ 13,148,287.65	\$ 22,085,180.08
Accounts receivable	5,151.24	-	4,987.92	576,954.05	556,165.79	1,143,259.00
Prepaid expenses & other current assets	12,216.51	7,127.45	(1,178.76)	120,793.59	72,093.75	211,052.54
Total Current Assets	698,694.56	(595,266.55)	126,889.84	9,432,626.58	13,776,547.19	23,439,491.62
Noncurrent Assets						
Restricted cash & cash equivalents	216,277.48	-	-	5,382,354.35	3,978,971.86	9,577,603.69
Other noncurrent assets	-	-	-	934,412.53	957,510.60	1,891,923.13
Capital assets (net)	-	-	-	9,112,028.82	31,511,715.68	40,623,744.50
Total Noncurrent Assets	216,277.48	-	-	15,428,795.70	36,448,198.14	52,093,271.32
TOTAL ASSETS	\$ 914,972.04	\$ (595,266.55)	\$ 126,889.84	\$ 24,861,422.28	\$ 50,224,745.33	\$ 75,532,762.94
LIABILITIES & FUND BALANCE/NET ASSETS						
Current Liabilities						
Accounts payable & other current liabilities	\$ 58,324.93	\$ 1,284.30	\$ 349.88	\$ 340,549.58	\$ 89,753.20	\$ 490,261.89
Accrued payroll & related liabilities	113,144.34	-	-	62,381.56	63,011.54	238,537.44
Total Current Liabilities	171,469.27	1,284.30	349.88	402,931.14	152,764.74	728,799.33
Noncurrent Liabilities						
Long-term debt	-	-	-	6,052,968.57	20,415,310.20	26,468,278.77
Other noncurrent liabilities	-	-	-	4,852,028.43	4,958,374.45	9,810,402.88
Total Noncurrent Liabilities	-	-	-	10,904,997.00	25,373,684.65	36,278,681.65
TOTAL LIABILITIES	171,469.27	1,284.30	349.88	11,307,928.14	25,526,449.39	37,007,480.98
Fund Balance/Net Assets						
Fund balance	(3,352,301.21)	(596,550.85)	126,539.96	-	-	(3,822,312.10)
Net assets	4,095,803.98	-	-	10,494,433.89	13,601,890.46	28,192,128.33
Investment in capital assets, net of related debt	-	-	-	3,059,060.25	11,096,405.48	14,155,465.73
Total Fund Balance/Net Assets	743,502.77	(596,550.85)	126,539.96	13,553,494.14	24,698,295.94	38,525,281.96
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	\$ 914,972.04	\$ (595,266.55)	\$ 126,889.84	\$ 24,861,422.28	\$ 50,224,745.33	\$ 75,532,762.94
Difference in Reclass from Cap Assets to Net Assets:						
Investment in General Capital Assets	\$ 3,667,044.60					
General Long-term Liabilities						
PG&E Streetlights Loan	-					
Meas. B Loan: Teen/Community Center	775,024.00					
OPEB Liability	3,291,932.47			OPEB Liability	3,352,060.07	10,010,084.99
CalPERS Pension Liability/Deferred Inflows-Outflows	719,001.05			CalPERS Pension Liability	754,383.21	2,299,309.00
Accrued Compensated Absences	66,454.84					
TOTAL GENERAL LONG-TERM LIABILITIES	\$ 4,852,412.36					

**McKinleyville Community Services District
Activity Summary by Fund, Approved Budget
November 2022**

Department Summaries	November	% of Year 41.67% YTD	Approved YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	% Year Remaining: 58.33%			Notes
						Total Budget	Remaining Budget	Budget %	
7 = # of months remaining									
Water									
Water Sales	360,212	1,814,347	1,847,594	(33,247)	-1.80%	4,434,226	2,619,879	59.08%	
Other Revenues	44,612	124,916	129,917	(5,001)	-3.85%	311,800	186,884	59.94%	Includes YTD Capacity Fees \$46,342, Contrib. Construction \$73,570
Total Operating Revenues	404,824	1,939,264	1,977,511	(38,247)	-1.93%	4,746,026	2,806,762	59.14%	
Salaries & Benefits	72,529	414,614	509,791	(95,177)	-18.67%	1,223,498	808,884	66.11%	Budget spread evenly across 12 months, but actuals vary by schedule
Water Purchased	104,027	518,304	504,167	14,137	2.80%	1,210,000	691,696	57.16%	
Other Expenses	56,539	346,188	360,291	(14,103)	-3.91%	864,698	518,510	59.96%	Budget spread evenly across 12 months, but actuals vary by project & expenditure
Depreciation	33,333	166,665	166,667	(2)	0.00%	400,000	233,335	58.33%	
Total Operating Expenses	266,428	1,445,771	1,540,916	(95,145)	-6.17%	3,698,195	2,252,424	60.91%	
Net Operating Income	138,396	493,493	436,595	(133,392)		1,047,831	554,338		
Grants	-	36,986	666,250	(629,264)		1,599,000	1,562,014	97.69%	
Interest Income	7,539	31,266	20,833	10,433	50.08%	50,000	18,734	37.47%	
Interest Expense	-	(25,112)	(89,917)	(64,805)	-72.07%	(215,801)	(190,689)	88.36%	
Total Non-Operating Income	7,539	43,140	597,166	(683,636)		1,433,199	1,390,059		
Net Income (Loss)	145,935	536,633	1,033,761	(817,028)		2,481,030	1,944,396		
Wastewater									
Wastewater Service Charges	349,648	1,724,123	1,821,338	(97,215)	-5.34%	4,371,210	2,647,087	60.56%	
Other Revenues	53,548	130,857	157,893	(27,036)	-17.12%	378,942	248,085	65.47%	Includes YTD Capacity Fees \$73,400 Contrib. Construction \$72,510
Total Operating Revenues	403,196	1,854,980	1,979,231	(124,251)	-6.28%	4,750,152	2,895,172	60.95%	
Salaries & Benefits	98,597	558,488	535,842	22,646	4.23%	1,286,020	727,532	56.57%	
Other Expenses	44,986	307,960	468,128	(160,168)	-34.21%	1,123,506	815,546	72.59%	Budget spread evenly across 12 months, but actuals vary by project & expenditure
Depreciation	102,083	510,415	510,417	(2)	0.00%	1,225,000	714,585	58.33%	
Total Operating Expenses	245,666	1,376,863	1,514,387	(137,524)	-9.08%	3,634,526	2,257,663	62.12%	
Net Operating Income	157,530	478,117	464,844	13,273		1,115,626	637,509		
Grants	-	381,338	803,229	(421,891)	-52.52%	1,927,750	1,546,412	80.22%	
Interest Income	11,549	49,474	20,833	28,641	137.48%	50,000	526	1.05%	
Interest Expense	-	(34,362)	(169,299)	(134,937)	-79.70%	(406,318)	(371,956)	91.54%	
Total Non-Operating Income	11,549	396,450	654,763	258,313		1,571,432	1,174,982		
Net Income (Loss)	169,080	874,566	1,119,607	(245,041)		2,687,058	1,812,492		
Enterprise Funds Net Income (Loss)	315,015	1,411,200	2,153,368	(742,168)		5,168,088	3,756,888		

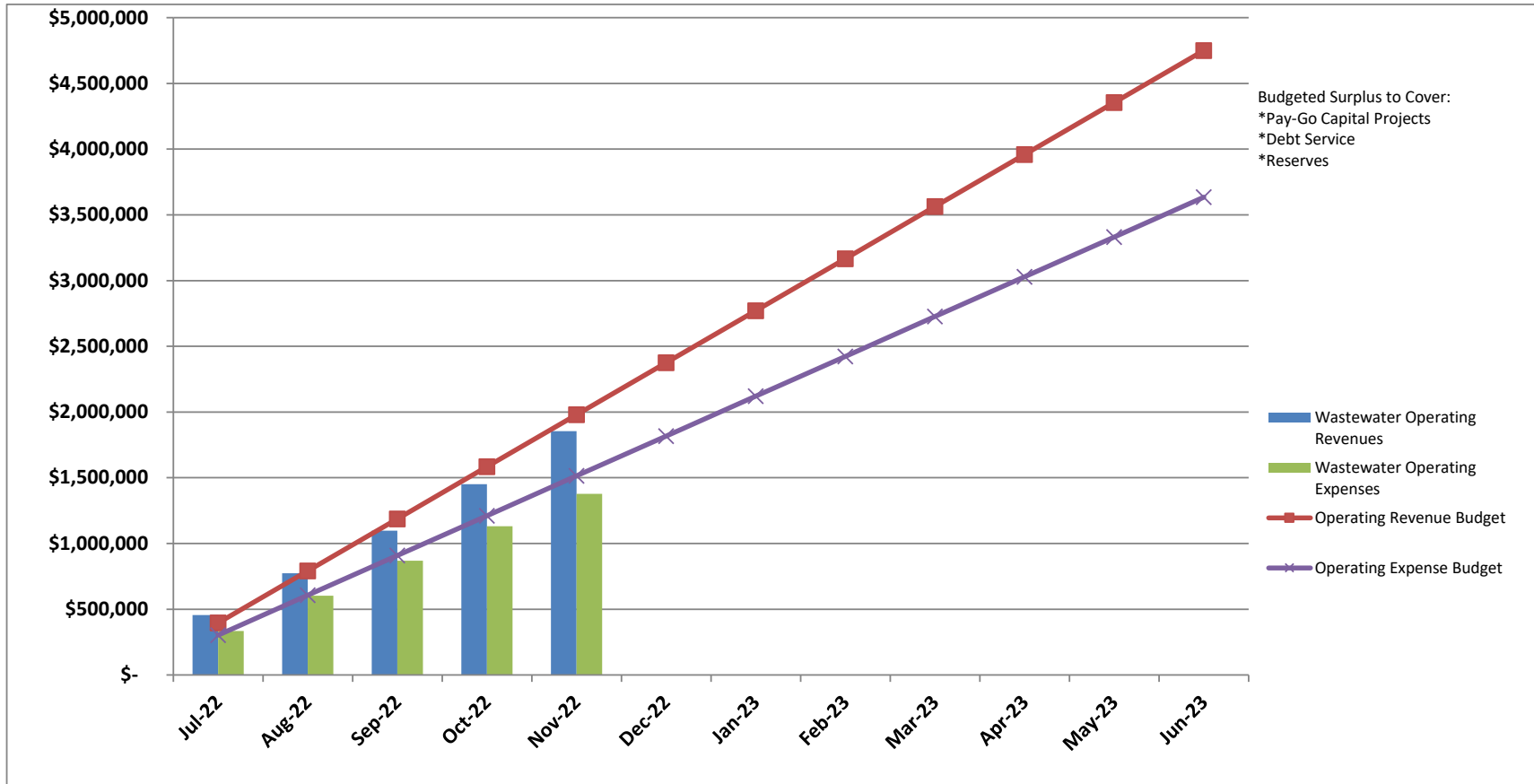
McKinleyville Community Services District November 2022

Comparison of Water Fund Operating Revenues & Expenses to Budget



McKinleyville Community Services District November 2022

Comparison of Wastewater Fund Operating Revenues & Expenses to Budget

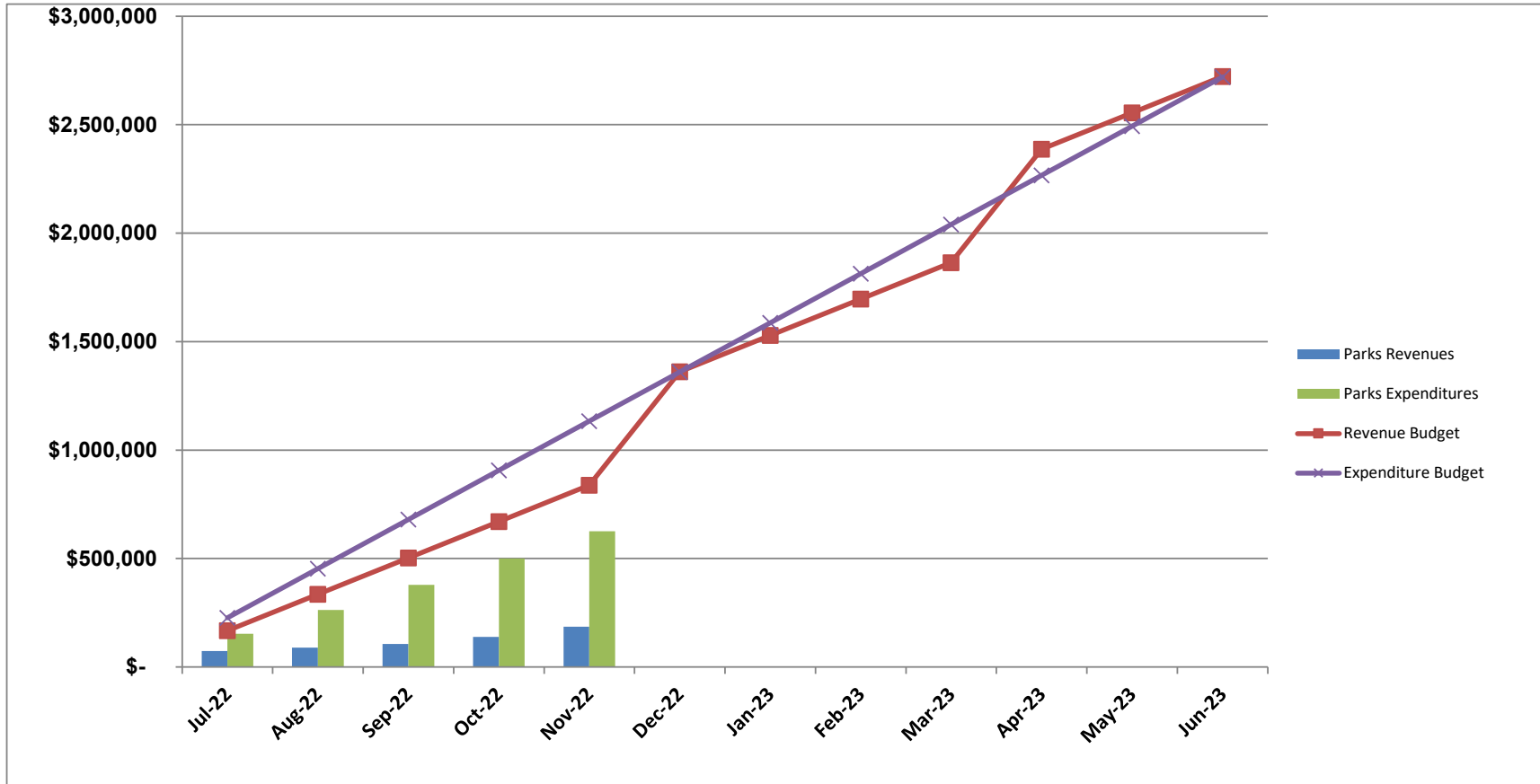


*Parks & Recreation									
Program Fees	13,573	98,534	99,117	(583)	-0.59%	237,880	139,346	58.58%	Budget spread evenly across 12 months, but actuals vary by schedule
Rents & Facility Related Fees	2,882	26,906	28,604	(1,698)	-5.94%	68,650	41,744	60.81%	
Property Taxes	-	-	296,906	(296,906)	-100.00%	712,575	712,575	100.00%	
Other Revenues	23,417	32,701	695,268	(662,567)	-95.30%	1,668,644	1,635,943	98.04%	Budget spread evenly across 12 months, but actuals vary by schedule
Interest Income	6,678	27,060	14,584	12,476	85.55%	35,002	7,942	22.69%	
Total Revenues	46,550	185,201	1,134,479	(949,278)	-83.68%	2,722,751	2,537,550	93.20%	
Salaries & Benefits	77,468	469,901	243,441	226,460	93.02%	584,258	114,356	19.57%	Budget spread evenly across 12 months, but actuals vary by project schedule
Other Expenditures	29,301	114,911	254,655	(139,744)	-54.88%	611,171	496,260	81.20%	
Capital Expenditures	18,117	40,419	635,417	(594,998)	-93.64%	1,525,000	1,484,581	97.35%	
Total Expenditures	124,886	625,231	1,133,513	(508,282)	-44.84%	2,720,429	2,095,197	77.02%	
Excess (Deficit)	(78,336)	(440,030)	966	(440,996)		2,323			
*Measure B Assessment									
Total Revenues	868	4,383	94,710	(90,327)	-95.37%	227,304	222,921	98.07%	
Salaries & Benefits	7,227	43,069	28,037	15,032	53.62%	67,288	24,219	35.99%	Budget spread evenly across 12 months; actuals vary by maintenance schedule
Other Expenditures	1,284	113,400	27,529	85,871	311.93%	66,069	(47,331)	-71.64%	
Capital Expenditures/Loan Repayment	-	48,515	39,031	9,484	24.30%	93,674	45,159	48.21%	Budget spread evenly across 12 months, but actuals vary seasonally
Total Expenditures	8,512	204,984	94,597	110,387	116.69%	227,030	22,047	9.71%	Budget is spread evenly across 12 months. Loan prmts are October & April
Excess (Deficit)	(7,644)	(200,600)	113	(200,713)		274			
*Street Lights									
Total Revenues	10,579	53,217	51,867	1,350	2.60%	124,480	71,263	57.25%	
Salaries & Benefits	2,618	17,182	22,393	(5,211)	-23.27%	53,744	36,562	68.03%	Budget spread evenly across 12 months; actuals vary by maintenance schedule
Other Expenditures	4,519	23,043	15,323	7,720	50.38%	36,775	13,732	37.34%	
Capital Expenditures/Loan Repayment	-	-	19,583	(19,583)	-100.00%	47,000	47,000	100.00%	Budget spread evenly across 12 months, but actuals vary by project
Total Expenditures	7,138	40,225	57,299	(17,074)	-29.80%	137,519	97,294	70.75%	
Excess (Deficit)	3,441	12,992	(5,432)	(18,424)		(13,039)			
Governmental Funds Excess (Deficit)	(82,538)	(627,639)	(4,353)	(623,286)		(10,443)			

*Governmental Funds use a modified accrual basis of accounting per GASB

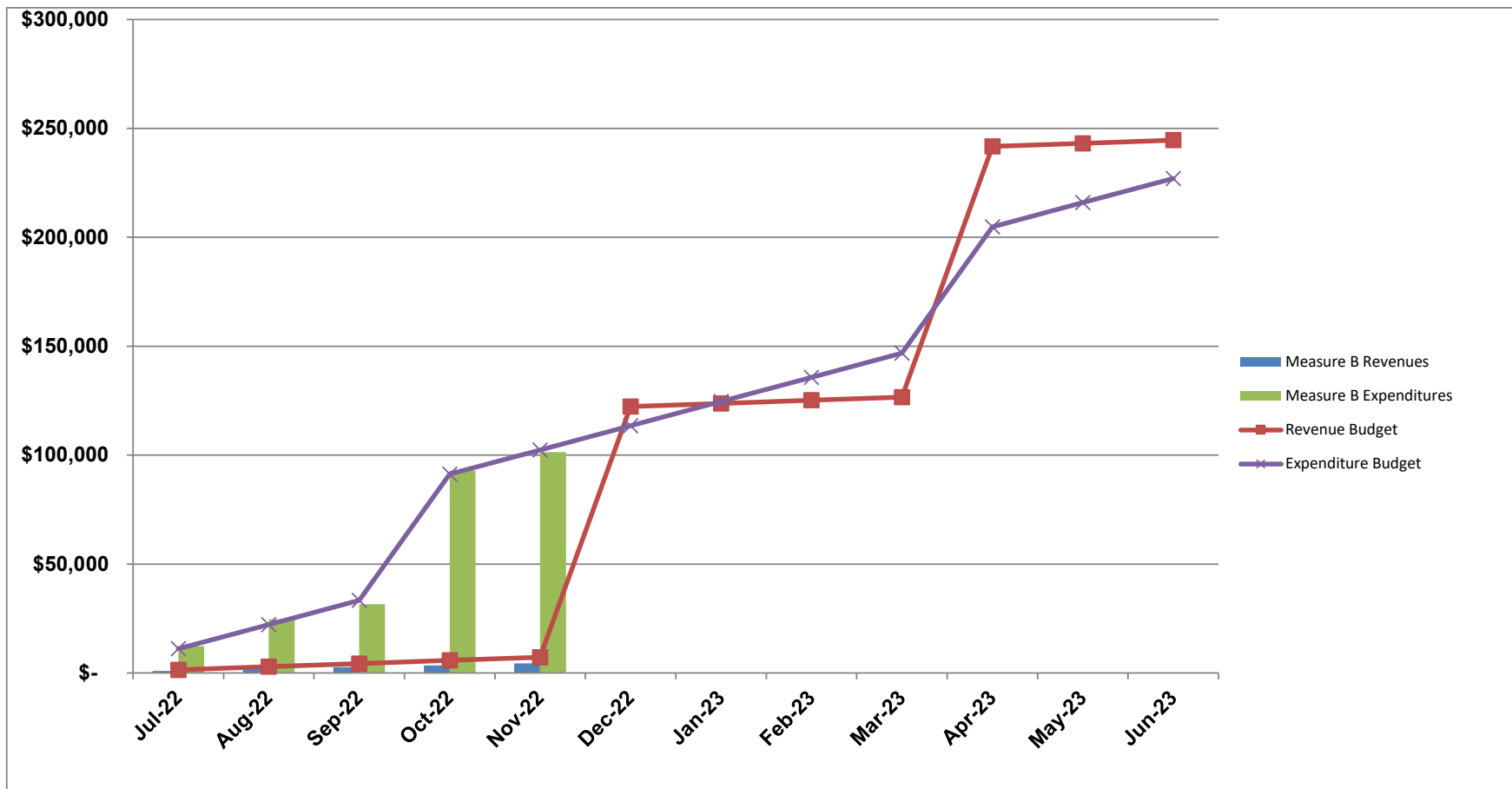
**McKinleyville Community Services District
November 2022**

Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



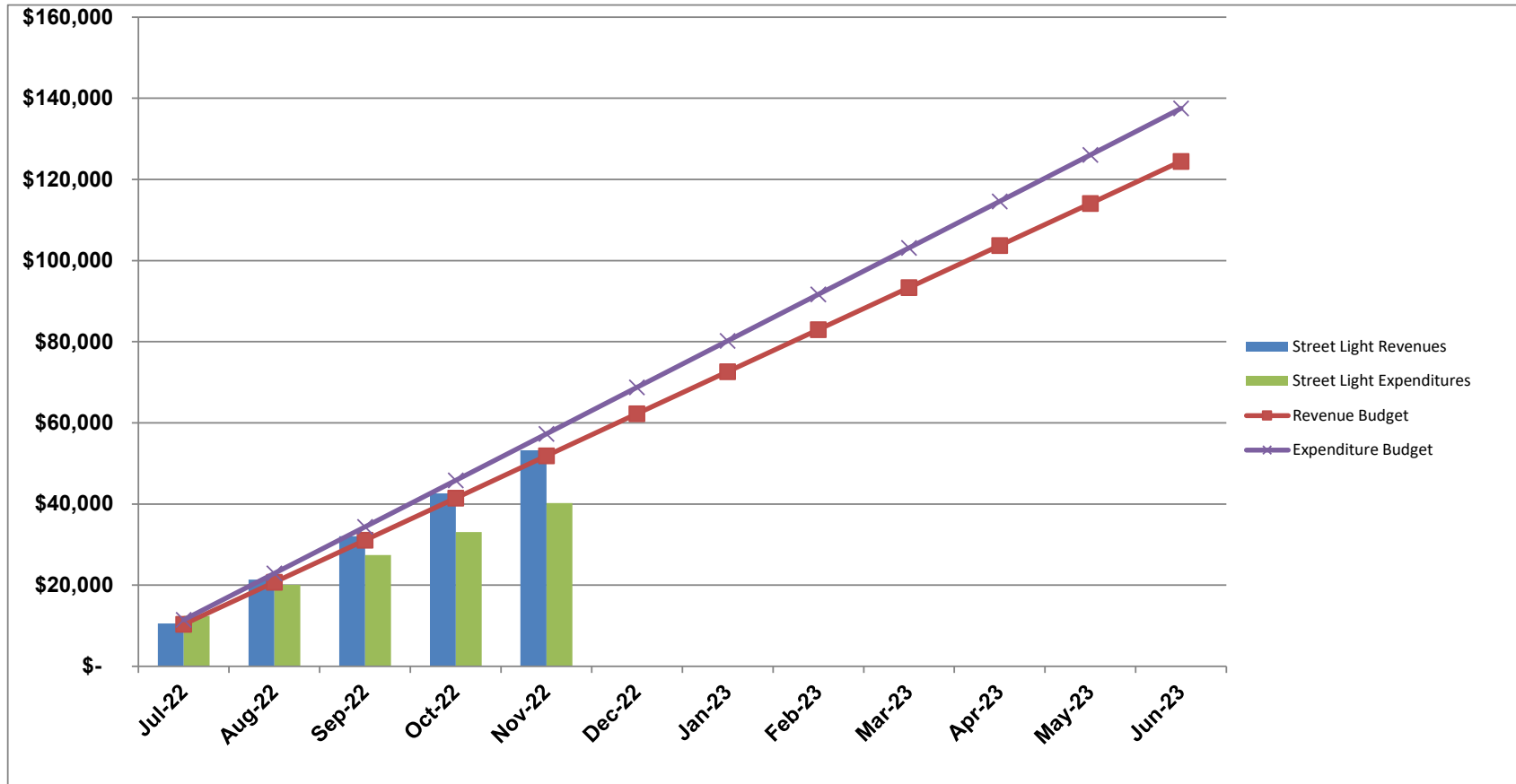
**McKinleyville Community Services District
November 2022**

Comparison of Measure B Fund Total Revenues & Expenditures to Budget



**McKinleyville Community Services District
November 2022**

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



**McKinleyville Community Services District
Capital Expenditure Report
as of November 30, 2022**

	November	YTD Total	FY 22-23 Budget	Remaining		Notes
				Budget \$	Budget %	
Water Department						
Norton Tank Tree Service		-	10,000	10,000	100%	
Water Tank Painting	370	372,917	500,000	127,083	25%	Water Tank Painting & Cathodic
4.5m New Water Tank	59,993	217,470	2,132,000	1,914,530	90%	Drilling, LACO Assoc.
Production Meter Replacements	-	-	8,000	8,000	100%	Production Meter Replacement
McCluski Tank3 Replace Roof Vents	-	-	-	-	#DIV/0!	McCluski Tank3 Replace Roof Vents
Emergency Generator-Cochran	-	-	50,000	50,000	100%	CochranEmergency Generator
Fire Hydrant System Upgrade	-	-	7,000	7,000	100%	Fire Hydrant System Upgrade
Blake Station Upgrades	-	-	-	-	#DIV/0!	Blake Station Upgrades
Digital Control & Radio Telemetry Upgrade	-	-	10,000	10,000	100%	Radio Telemetry upgrade
Water Main Rehab & Replacement	6,935	37,085	2,500,000	2,462,915	99%	Water Main Rehab
Property Purchase- Tank Site	-	-	-	-	#DIV/0!	Property Purch/Imprv.Tank Site
Subtotal	67,297	627,473	5,217,000	4,589,527	88%	
Wastewater Department						
Sewer Main Rehab & Replacement	6,716	52,940	1,500,000	1,447,060	96%	Sewer Main Rehab
WWMF Sludge Disposal - next	-	-	200,000	200,000	100%	Sludge handling/disposal
WWMF Engineering Study	-	-	70,000	70,000	100%	
WWMF Pond Armoring	-	-	75,000	75,000	100%	WWMF Pond Armoring
WWMF Secondary Effluent Motor	-	-	6,000	6,000	100%	WWMF Secondary Effluent Motor
Collection Upgrades-UndercrossingsProj	-	-	1,149,000	1,149,000	100%	Collection System upgrades
Fischer Lift Station Generator	-	-	40,000	40,000	100%	Fischer Lift Stn Generator
Solar Project - CWSRF Grant/Loan	5,591	80,873	1,060,000	979,128	92%	WWMF Solar Project
WWMF - CEQA/ NPDES Permit	-	-	25,000	25,000	100%	NPDES Permit Project
Underground pipe locator & camera	-	-	5,000	5,000	100%	Underground pipe locator & camer
SCBA Apparatus and Bottles	-	-	6,000	6,000	100%	WWMF Lab Cabinets
Sewer Main Camera Replacement	-	-	30,000	30,000	100%	SwrLiftStnUpgrade-Letz
Subtotal	12,307	133,812	4,166,000	4,032,188	97%	
Water & Wastewater Operations						
Heavy Equipment	-	-	130,000	130,000	100%	backhoe, aircompressor
Utility Vehicles	-	-	40,000	40,000	100%	CCTV truck, 3/4 or 1-ton Pickup
Office, Corporate Yard & Shops	4,000	4,000	170,000	166,000	98%	Facilities upgrade/sealcoat
Computers & Software	-	-	18,000	18,000	100%	Server, PCs, GIS/SEMS/CADD
Fischer Ranch - Reclamation Site Upgrade (tree fa	3,246	14,578	100,000	85,422	85%	Match to 3rd party grant funding
Fischer Ranch - Barn & Fence upgrades, Irrig	641	9,810	50,000	40,190	80%	Barn/ house/ fence, Irrig. pipe, Unc
Property behind main office - purchase	-	-	600,000	600,000	100%	Purch property behind main offc
Small Equipment & Other	-	-	20,000	20,000	100%	Misc.response, & GPS surveying
Subtotal	7,887	28,388	1,128,000	1,099,612	97%	
Enterprise Funds Total	87,491	789,673	10,511,000	9,721,327	92%	
Parks & Recreation Department						
BMX Park	18,117	33,019	800,000	766,981	96%	BMX Park
Hiller Park & Sports Complex	-	-	-	-	#DIV/0!	Hiller Sports Sealcoat-CountyGrant
Pierson Park - Landscaping & signage	-	-	98,000	98,000	100%	Pierson Pk-Landscape & signage
Azalea Hall Projects	-	-	187,000	187,000	100%	Major appliance replacemnt
McKinleyville Activity Center Upgrades	-	-	-	-	#DIV/0!	Flooring replacement
Law Enforcement Facility Improvements	-	-	16,000	16,000	100%	LEF flooring/Library Carpet
Projects Funded by Quimby/Grants/ Other	-	-	400,000	400,000	100%	CommForest,SkatePk,LandAcq
Other Parks Projects & Equipment	-	-	24,000	24,000	100%	Utility truck from Ops?
Subtotal	18,117	33,019	1,525,000	725,000	48%	
Streetlights						
LED Repairs	-	-	5,000	5,000	100%	
Pole Inspection	-	-	42,000	42,000	100%	Pole Inspection/Replacement
Subtotal	-	-	47,000	47,000	100%	
Governmental Funds Total	18,117	33,019	1,572,000	772,000	49%	
All Funds Total	105,608	822,691	12,083,000	10,493,327	87%	

**McKinleyville Community Services District
 Summary of Grants
 as of November 30, 2022**

District Grants	Total Grant Amount	Required District Match	Estimated District Asset Value
CalOES Hazard Mitigation Grant - 4.5 mg Tank	\$ 7,576,448	\$ 1,894,112	\$ 9,553,440
CalOES Hazard Mitigation Grant - Sewer Undercrossings	\$ 2,538,300	\$ 846,100	\$ 2,137,000
SWRCB Energy Efficiency Grant/Loan	\$ 2,500,000	\$2,500,000 Loan	\$ 4,100,000
CA State Dept of Parks & Rec - Habitat Conservation Fund	\$ 56,600	\$ -	\$ 56,600
State of CA Prop 68 - BMX Track	\$ 2,331,375	\$ -	\$ 2,331,375
State of CA Prop 68 Per Capita - Azalea Hall Upgrades	\$ 177,952	\$ -	\$ 177,952

Non-District Grants	Total Grant Amount	Required District Match	Estimated District Asset Value
CalTrout US Fish & Wildlife - Mad River Restoration	\$ 20,000	\$ -	\$ 20,000
CalTrout NOAA - Mad River Restoration	\$ 490,167	\$ 48,000	\$ 300,000
Trust for Public Lands	\$ 3,858,378	\$ -	\$ 3,858,378

**McKinleyville Community Services District
Summary of Long-Term Debt Report
as of November 30, 2022**

**Principal Maturities and
Scheduled Interest**

				Maturity	Balance- Oct.	Balance- Nov.		
	%	Date			31, 2022	30, 2022	FY-23	Thereafter
Water Fund:								
I-Bank		8/1/30	P		476,538.79	476,538.79	-	476,538.81
Interest	3.37%		I				-	67,028.60
State of CA Energy Commission (ARRA)		12/22/26	P		54,651.86	48,700.45	5,982.58	42,717.67
Interest	1.0%		I				516.85	859.98
State of CA (Davis Grunsky)		1/1/33	P		1,182,074.72	1,087,383.49	-	1,087,383.49
State of CA (Davis Grunsky) Deferred Interest		1/1/33	P		187,380.97	170,345.85	-	170,345.85
Interest	2.5%		I				14,654.49	155,047.44
COPS - Series 2021A, Water Fund		8/1/51	P		4,270,000.00	4,270,000.00	-	4,270,000.00
Interest	2.93%	8/1/51	I		-	-	84,405.56	2,555,737.50
Total Water Fund-Principal					6,170,646.34	6,052,968.58	5,982.58	6,046,985.82
Total Water Fund-Interest							99,576.90	2,778,673.52
Total Water Fund					6,170,646.34	6,052,968.58	105,559.48	8,825,659.34
Wastewater Fund:								
WWMF SRF Loan		7/31/47	P		13,573,682.87	13,573,682.87	-	14,034,677.46
Interest	1.6%		I				-	3,002,119.13
Chase Bank (Pialorsi Property)		3/8/35	P		1,289,500.00	1,289,500.00	-	1,243,600.00
Interest	2.9%		I		-	-	-	153,015.55
COPS - Series 2021B, Wastewater Fund		9/15/51	P		3,485,000.00	3,485,000.00	-	3,485,000.00
Interest	2.93%	9/15/51	I		-	-	58,512.50	2,056,175.00
Total Wastewater Fund-Principal					18,348,182.87	18,348,182.87	-	18,763,277.46
Total Wastewater Fund-Interest							-	5,211,309.68
Total Sewer Fund					18,348,182.87	18,348,182.87	-	23,974,587.14
Meas. B Fund: Teen/Comm Center Loan		11/1/29	P		775,024.00	775,024.00	50,252.00	733,552.00
	3.55%		I				13,912.52	94,344.18
Total Principal					25,293,853.21	25,176,175.45	56,234.58	25,543,815.28
Total Interest							113,489.42	8,084,327.38
Total					25,293,853.21	25,176,175.45	169,724.00	33,628,142.66

Non-debt Long Term Liabilities, District-wide

OPEB Liability	10,010,084.99
CalPERS Pension Liability	2,299,309.00

**McKinleyville Community Services District
Cash Disbursement Report
For the Period November 1 through November 30, 2022**

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
Accounts Payable Disbursements						
40392	11/2/2022	*0031	SECURITY DEPSOIT REFUND H	100	C21101	SECURITY DEPSOIT REFUND H
40393	11/2/2022	*0032	SECURITY DEPOSIT REFUND	100	C21101	SECURITY DEPOSIT REFUND
40394	11/2/2022	*0033	SECURITY DEPOSIT REFUND H	100	C21101	SECURITY DEPOSIT REFUND H
40395	11/2/2022	ACW01	CB&T/ACWA-JPIA	12,828	69387	GRP. HEALTH INS
40396	11/2/2022	ARC14	ARCATA CABINET AND DESIGN	6,697	2001	1300 ANDERSON AVE HOUSE
40397	11/2/2022	BAD01	BADGER METER, Inc.	361	80111312	SUBSCRIPTIONS
40398	11/2/2022	BAY01	BAY AREA COATING CONSULTA	9,334	E07809	COCHRAN TANK
40399	11/2/2022	EUR05	Eureka Oxygen Co	507	472369	FIRE SERVICES
				418	C21101	FIRE EXTINGUISHER SERVICE
			Check Total:	<u>925</u>		
40400	11/2/2022	GHD01	GHD	6,813	800021449	CENTRAL AVE W/S MAIN REPL
				8,718	800021460	MICROGRID
				688	800021565	PROFESSIONAL SERVICES
			Check Total:	<u>16,218</u>		
40401	11/2/2022	HAR13	The Hartford - Priority A	446	183749740	GRP. HEALTH INS
40402	11/2/2022	HUM01	HUMBOLDT BAY MUNICIPAL WA	105,525	C21101	WTR PURCHASED
40403	11/2/2022	HUM15	HUMBOLDT COUNTY CLERK	50	C21102	COUNTY ADMIN FEE

40404	11/2/2022	ISE01	I-SECURE INC.	150	120944	SHREDDING SERVICES
40405	11/2/2022	LAW01	CECIL LAWRENCE	130	C21102	WORK BOOTS REIMBURSEMENT
40406	11/2/2022	MAY02	DENNIS MAYO	125	10052022	DIRECTORS FEES
				125	10262022	DIRECTORS FEES
			Check Total:	<u>250</u>		
40407	11/2/2022	MCK04	MCK ACE HARDWARE	865	C21102	REPAIRS/SUPPLY
40408	11/2/2022	PGE11	PGE STREETLIGHTS	20	C21101	GAS & ELECTRIC SEWER PUMP
40409	11/2/2022	PGE12	PGE	27	C21101	GAS & ELECTRIC HILLER SPO
40410	11/2/2022	ROS02	ROSS RECREATION EQUIPMENT	958	I21457	REPAIRS/SUPPLY
40411	11/2/2022	SIX03	SIX RIVERS MECHANICAL	218	I4758	PROFESSIONAL SERVICES
				606	I4761	PROFESSIONAL SERVICES
				708	I4762	PROFESSIONAL SERVICES
			Check Total:	<u>1,532</u>		
40412	11/2/2022	STA01	STATEWIDE TRAFFIC	474	9008196	SUPPLIES
40413	11/2/2022	STR01	STREAMLINE	300	C21101	SUBSCRIPTIONS
40414	11/2/2022	THR01	THRIFTY SUPPLY COMPANY	1,644	101225401	PVC PIPE
40415	11/2/2022	VAL01	VALLEY PACIFIC PETROLEUM	1,419	22560510	GAS/OIL/LUBE
40416	11/2/2022	VAL02	VALLEY PACIFIC	3,288	22559922	GAS/OIL/LUBE
40417	11/2/2022	VER01	VERIZON WIRELESS	62	918740713	PAGING/ALARMS
40418	11/2/2022	WIL09	WILLDAN FINANCIAL SERVICE	3,052	1052812	MEASURE B
40419	11/2/2022	\B011	MQ CUSTOMER REFUND FOR BE	65	000C21101	MQ CUSTOMER REFUND FOR BE
40420	11/2/2022	\H003	MQ CUSTOMER REFUND FOR HC	50	000C21101	MQ CUSTOMER REFUND FOR HO
40421	11/2/2022	\J011	MQ CUSTOMER REFUND FOR JL	70	000C21101	MQ CUSTOMER REFUND FOR JL

40422	11/2/2022	VL007	MQ CUSTOMER REFUND FOR LE	81	000C21101	MQ CUSTOMER REFUND FOR LE
40423	11/2/2022	VM017	MQ CUSTOMER REFUND FOR MA	43	000C21101	MQ CUSTOMER REFUND FOR MA
40424	11/2/2022	VR002	MQ CUSTOMER REFUND FOR RE	10	000C21101	MQ CUSTOMER REFUND FOR RE
40425	11/4/2022	ACC04	ACCURATE DRUG TESTING SER	90	3291	DRUG TESTING
40426	11/4/2022	ARC12	ARCATA USED TIRE AND WHEE	644	96607	REPAIRS AND SUPPLIES
40427	11/4/2022	EUR10	EUREKA GLASS COMPANY, INC	1,767	25793	PIALORSI HOUSE WINDOWS
40428	11/4/2022	GHD01	GHD	404	800021772	CWSRF PLANNING
40429	11/4/2022	INF02	INFOSEND	3,119	223592	OFFICE SUPPLIES/POSTAGE
40430	11/4/2022	INF03	INFINITE CONSULTING SERVI	3,830	10246	MONTHLY HOSTING
40431	11/4/2022	LAW01	CECIL LAWRENCE	918	C21103	DISH WASHER 795 HILLER RD
40432	11/4/2022	MIL01	Miller Farms Nursery	1,177	C21103	REPAIRS/SUPPLY
40433	11/4/2022	MIT01	MITCHELL LAW FIRM	777	51184	PROFESSIONAL SERVICES
				130	51185	PROFESSIONAL SERVICES
			Check Total:	<u>907</u>		
40434	11/4/2022	NOR13	NORTHERN CALIFORNIA SAFET	120	28606	SAFETYTRAININGSUP
40435	11/4/2022	SOU03	APRIL SOUSA	223	C21103	TRAVEL ADVANCE
40436	11/4/2022	THO02	Thomas Home Center	439	C21103	REPAIRS/SUPPLY
40437	11/4/2022	UMP01	UMPQUA COMMERCIAL CARD OF	61	1122BD	TRAVEL TRAINING SUPPLIES
				840	1122JH	TRAVEL TRAINING SUPPLIES
				113	1122LF	TRAVEL TRAINING SUPPLIES
				1,107	1122NA	TRAVEL TRAINING SUPPLIES
				187	1122PD	TRAVEL TRAINING SUPPLIES
				276	1122PK	TRAVEL TRAINING SUPPLIES
			Check Total:	<u>2,585</u>		

40438	11/9/2022 *0034	SECURITY DEPOSIT REFUND	100	C21108	SECURITY DEPOSIT REFUND
40439	11/9/2022 AWW02	AM. WATER WORKS ASSOC.	2,339	700205326	SUBSCRIPTIONS
40440	11/9/2022 BIN02	SCOTT BINDER	140	C21108	TRAVEL ADVANCE
40441	11/9/2022 IND01	INDEPENDENT BUS. FORMS	1,239	41730	OFFICE SUPPLIES
40442	11/9/2022 MAY03	DENNIS MAYO	209	C21108	TRAVEL ADVANCE
40443	11/9/2022 MIL03	THE MILL YARD	158	371841	REPAIRS AND SUPPLIES
40444	11/9/2022 MUN01	Munnell & Sherrill, Inc.	8	4839681	REPAIRS/SUPPLY
40445	11/9/2022 ORE01	O'REILLY AUTOMOTIVE, INC.	16	353711273	REPAIRS/SUPPLY
40446	11/9/2022 PGE01	PG & E (Office & Field)	20,742	C21108	GAS & ELECTRIC
40447	11/9/2022 PIT01	PITNEY BOWES GLOBAL FINAN	481	310578598	OFFC EQUIP LEAS
40448	11/9/2022 STA11	STAPLES CREDIT PLAN	615	C21108	OFFICE SUPPLIES
40449	11/16/2022 *0035	LEISURE CLASSES REFUND	80	C21110	LEISURE CLASSES REFUND
40450	11/16/2022 70701	707 PEST SOLUTIONS	85	53545	PROFESSIONAL SERVICES
			120	54334	1656 SUTTER/PEST CONTROL
		Check Total:	<u>205</u>		
40451	11/16/2022 AUT03	AUTOZONE, INC.	46	187714743	SUPPLIES
			14	187731754	SUPPLIES
		Check Total:	<u>60</u>		
40452	11/16/2022 BEN02	BENTLEY SYSTEMS, INC.	1,090	48349726	RENEWAL
40453	11/16/2022 BLA01	FLEX SPENDING	43	C21110	FLEX SPENDING
40454	11/16/2022 BOR01	BORGES & MAHONEY CO.	840	143879	SUPPLIES
			2,211	143946	SUPPLIES
		Check Total:	<u>3,051</u>		

40455	11/16/2022 COA01	COASTAL BUSINESS SYSTEMS	1,016	32829792	OFFC EQUIP LEAS
			49	AR122129	PROFESSIONAL SERVICES
		Check Total:	<u>1,064</u>		
40456	11/16/2022 DEP05	DEPARTMENT OF JUSTICE	128	615336	FINGERPRINTING
40457	11/16/2022 DES04	RYAN DESMET	211	C21116	EMPLOYEE REIMBURSEMENT -
40458	11/16/2022 E&M01	AVEVA SELECT	6,950	411534	RENEWAL
40459	11/16/2022 GRA02	GRAINGER	118	510290118	SUPPLIES
40460	11/16/2022 HAR03	HARPER MOTORS CO.	92	838659/1	REPAIRS AND SUPPLIES
40461	11/16/2022 HUM08	HUMBOLDT SANITATION	756	2AX01296	TRASH SERVICE
			642	2AX02197	TRASH SERVICE
			320	2AX02198	TRASH SERVICE
			642	2AX02329	TRASH SERVICE
		Check Total:	<u>2,361</u>		
40462	11/16/2022 LES01	LES SCHWAB TIRE CENTER	86	600511977	LAWN/GARDEN BATTERY
40463	11/16/2022 MER03	MERCER, FRASER COMPANY	54	C21110	RENTENTION
40464	11/16/2022 MIT02	MITEL	780	41670745	PROFESSIONAL SERVICES
40465	11/16/2022 NOR01	NORTH COAST LABORATORIES	3,690	C21115	LAB TESTS
40466	11/16/2022 PGE10	PGE STREETLIGHTS	4	C21115	GAS & ELECTRIC S.L.- ZONE
40467	11/16/2022 STA09	S.W.R.C.B.	125	C21116	CERTIFICATION APPLICATION
40468	11/16/2022 THR02	DAZEY'S SUPPLY	138	2252	SUPPLIES FOR THE GOATS
40469	11/23/2022 *0036	SECURITY DEPOSIT REFUND	100	C21121	SECURITY DEPOSIT REFUND
40470	11/23/2022 ATT04	ATT	927	569783707	ETHERNET SERVICES
40471	11/23/2022 CHA06	CHARLESTON TREE SERVICE	5,193	7781	TREE REMOVAL - COCHRAN

		Check Total:	<u>5,470</u>	7890	TREE REMOVAL - PIERSON PA
			<u>10,663</u>		
40472	11/23/2022 COR01	CORBIN WILLITS SYSTEMS, I	963	C21151	MOMSOFTWARE MONTHLY FEES
40473	11/23/2022 GRA02	GRAINGER	152	521513805	SUPPLIES
40474	11/23/2022 HUM15	HUMBOLDT COUNTY CLERK	45	C21122	1629 KRISTIN WAY
40475	11/23/2022 HUM22	HUMBOLDT COUNTY SHERIFF	50	C21121	PAGING/ALARMS PERMIT #124
40476	11/23/2022 KEN02	KENNEDY/JENKS CONSULTANTS	55,440	158940	MCSD 4.5 MG TANK
40477	11/23/2022 MCM01	McMaster-Carr Supply Co.	370	88290990	SUPPLIES
40478	11/23/2022 MDG01	MELTON DESIGN GROUP INC	18,117	6225	BMX TRACK 2537
40479	11/23/2022 MUD01	MUDDY WATERS COFFEE CO.,I	80	105314918	OFFICE SUPPLIES
40480	11/23/2022 MUN01	Munnell & Sherrill, Inc.	71	502768473	REPAIRS/SUPPLY
40481	11/23/2022 NOR37	NORTH COAST UNIFIED AIR Q	3,240	6998	SUBSCRIPTIONS
40482	11/23/2022 PGE05	PGE	919	C21123	GAS & ELECTRIC S.L.- ZONE
40483	11/23/2022 PGE06	PG&E-STREETLIGHTS	21	C21123	GAS & ELECTRIC S.L.- ZONE
40484	11/23/2022 PGE07	PG&E STREETLIGHTS	1,326	C21123	GAS & ELECTRIC
40485	11/23/2022 PGE08	PGE STREETLIGHTS	20	C21123	GAS & ELECTRIC S.L.- ZONE
40486	11/23/2022 POI01	POINTS WEST SURVEYING CO.	2,136	12680	PROFESSIONAL SERVICES
40487	11/23/2022 SEC03	SECURITY LOCK & ALARM	223	220011151	SUPPLIES
40488	11/23/2022 STA03	STATE OF CALIFORNIA	109,589	301D50016	DAVIS-GRUNSKY ACT
40489	11/23/2022 WIL09	WILLDAN FINANCIAL SERVICE	1,687	1053035	PROFESSIONAL SERVICES
D00078	11/2/2022 BIN01	BINDER, SCOTT	250	C21102	DIRECTORS FEES 10-5 & 10-

COUCH, DAVID	250	C21102	DIRECTORS FEES 10-5 & 10-
CLARK-PETERSON, JOELLEN	250	C21102	DIRECTORS FEES 10-5 & 10-
ORSINI, GREG	250	C21102	DIRECTORS FEES 10-5 & 10-
Check Total:	<u>1,000</u>		

Total Disbursements, Accounts Payable 436,913

Payroll Related Disbursements

18487	11/7/2022 CAL12	CalPERS 457 Plan	9,551	C21107	RETIREMENT
			920	1C21107	PERS 457 LOAN PMT
		Check Total:	<u>10,471</u>		
18488	11/7/2022 DIR01	DIRECT DEPOSIT VENDOR- US	40,255	C21107	Direct Deposit
18489	11/7/2022 EMP01	Employment Development	0	C21101	STATE INCOME TAX
			1,949	C21107	STATE INCOME TAX
			(15)	1C21101	SDI
			930	1C21107	SDI
			0	2C21101	STATE INCOME TAX
			6	3C21101	SDI
		Check Total:	<u>2,870</u>		
18490	11/7/2022 HEA01	HEALTH EQUITY, ATTN: CLINT	50	C21107	HSA
18491	11/7/2022 HUM29	UMPQUA BANK--PAYROLL DEP.	(64)	C21101	FEDERAL INCOME TAX
			6,556	C21107	FEDERAL INCOME TAX
			(164)	1C21101	FICA
			10,445	1C21107	FICA
			(38)	2C21101	MEDICARE
			2,443	2C21107	MEDICARE
			0	3C21101	FEDERAL INCOME TAX
			69	4C21101	FICA
			16	5C21101	MEDICARE
		Check Total:	<u>19,263</u>		
18492	11/7/2022 ACW01	CB&T/ACWA-JPIA	58,711	C21031	MED-DENTAL-EAP INSUR
18493	11/7/2022 PUB01	Public Employees PERS	22,077	C21031	PERS PAYROLL REMITTANCE

	11/10/2022	Payroll	17,286		
18523	11/18/2022 CAL12	CalPERS 457 Plan	8,965	C21118	RETIREMENT
			920	1C21118	PERS 457 LOAN PMT
		Check Total:	<u>9,886</u>		
18524	11/18/2022 DIR01	DIRECT DEPOSIT VENDOR- US	40,429	C21118	Direct Deposit
18525	11/18/2022 EMP01	Employment Development	1,949	C21118	STATE INCOME TAX
			905	1C21118	SDI
		Check Total:	<u>2,854</u>		
18526	11/18/2022 HEA01	HEALTH EQUITY, ATTN: CLINT	50	C21118	HSA
18527	11/18/2022 HUM29	UMPQUA BANK--PAYROLL DEP.	7,854	C21118	FEDERAL INCOME TAX
			10,197	1C21118	FICA
			2,385	2C21118	MEDICARE
		Check Total:	<u>20,436</u>		
	11/24/2022	Payroll	14,651		
		Total Disbursements, Payroll	<u>259,289</u>		
Total Check Disbursements:			696,202		

This Page Left Intentionally Blank

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **ACTION**

ITEM: D.3 **Compliance with State Double Check Valve (DCV) Law**

PRESENTED BY: **James Henry, Operations Director**

TYPE OF ACTION: **Roll Call Vote – Consent Calendar**

Recommendation:

Staff recommends that the Board authorize staff to provide the listed customers with formal notice that their water service will be discontinued in one month if they have not come into compliance with state law regarding water service cross-connection in accordance with MCSD Rules 7 and 10.

Discussion:

There are no customers for the month of January who are not in compliance at this time.

This Page Left Intentionally Blank

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **ACTION**

ITEM: D.4 **Reaffirm Resolution 2021-27 Making Findings Pursuant to Government Code Section 5493, as Amended by Assembly Bill 361, and Authorizing the Continued Use of Virtual Meetings**

PRESENTED BY: **April Sousa, Board Secretary**

TYPE OF ACTION: **Roll Call Vote – Consent Calendar**

Recommendation:

Staff recommends that the Board review the provided material and reaffirm Resolution 2021-27 (**Attachment 1**), authorizing the continued use of virtual meetings.

Discussion:

At the beginning of the pandemic, Governor Newsom issued Executive Orders N-08-21, N-25-20, and N-29-20, which allowed for relaxed provisions of the Ralph M. Brown Act (Brown Act) that allowed legislative bodies to conduct meetings through teleconferencing without having to meet the strict compliance of the Brown Act.

The Governor slated these orders to sunset at the end of September 2021.

On September 17, 2021, Governor Newsom signed into law Assembly Bill 361, which amends the Government Code to provide relief from strict teleconferencing provisions of the Brown Act under certain circumstances. In order to continue in this matter, the legislative body would need to make certain findings that would require the need for the legislative body to conduct meetings in this matter. These findings would include any sort of proclaimed state of emergency.

A state of emergency was proclaimed by the Governor on March 4, 2020, which remains in effect today. Additionally, the Humboldt County Health Officer has imposed recommendations to continue to promote social distancing in his August 6, 2021 order, as well as other prior orders and guidance.

As this state of emergency continues to directly impact the ability for some members of the public to meet in person as well as, at times, members of the Board of Directors to safely meet in person, the continuance of public meetings via teleconference is advisable.

The Board of Directors previously discussed continuing with a teleconference option for all board meetings at the August 2021 Board meeting. With the passing of Resolution 2021-27, any Board member that finds themselves unable to attend in person due to a sudden COVID matter will be able to continue to meet as a member of the Board via a teleconference option without the strict teleconferencing provisions, which includes disclosing the location of each Board Director who is meeting virtually.

Resolution 2021-27 was originally approved on October 6, 2021.

It is recommended by legal counsel that this resolution be reaffirmed in 30 days, and every 30 days after, until such time it is no longer needed.

Alternatives:

Staff analysis consists of the following potential alternative:

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Resolution 2021-27

RESOLUTION NO 2021-27

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT MAKING FINDINGS PURSUANT TO GOVERNMENT CODE SECTION 54953, AS AMENDED BY ASSEMBLY BILL 361, AND AUTHORIZING THE CONTINUED USE OF VIRTUAL MEETINGS

WHEREAS, as a result of the COVID-19 pandemic, the Governor issued Executive Order Nos. N-08-21, N-25-20 and N-29-20, which suspended certain provisions of the Ralph M. Brown Act to allow legislative bodies to conduct public meetings without strict compliance with the teleconferencing provisions of the Brown Act; and

WHEREAS, Assembly Bill 361, which was signed into law on September 17, 2021, amended Government Code section 54953, to provide relief from the teleconferencing provisions of the Brown Act under certain circumstances provided the legislative body makes certain findings; and

WHEREAS, as a result of the COVID-19 pandemic, the Governor proclaimed a state of emergency on March 4, 2020, in accordance with the section 8625 of the California Emergency Services Act, and the state of emergency remains in effect; and

WHEREAS, as a result of the COVID-19 pandemic, the Humboldt County Health Officer has imposed and has recommended measures to promote social distancing as more particularly set forth in his August 6, 2021, Order, among other prior orders and guidance; and

NOW, THEREFORE, the Board of Directors of the McKinleyville Community Services District does hereby find and resolve as follows:

1. That the Board has reconsidered the circumstances of the previously declared and existing state of emergency arising from the COVID-19 pandemic; and
2. That the state of emergency continues to directly impact the ability of the members of the Board to meet safely in person, and further that local officials continue to impose or recommend measures to promote social distancing; and
3. That the Board may continue to conduct public meetings in accordance with Government Code section 54953(e); and
4. That the Board will reconsider the above findings within 30-days of this Resolution.

PASSED AND ADOPTED on the 6th day of October 2021 by the following vote:

AYES: Binder, Clark-Peterson, Couch, Orsini, and Mayo
 NAYS: None
 ABSENT: None
 ABSTAIN: None



 Dennis Mayo, Board President

Attest: 

 April Sousa, MMC, Board Secretary

This Page Left Intentionally Blank

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **ACTION**

ITEM: D.5 **Approve Budget Modification for Bay Area Coating Consultants Tank Painting Inspections**

PRESENTED BY: **James Henry, Operations Director**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the information provided and approve the budget modification to the Professional Service Agreement with BACC to increase the contract by \$45,000.

Discussion:

During the July 6th Board meeting, the Board approved the contract with Bay Area Coating Consultants (BACC) for coating inspections on the Cochran Tank 1 million gallon painting project. As the board is aware, the project took a turn and the tank ended up needing new rafter beams, etc., which increased inspection costs.

The original contract was \$38,434.00. The new inspections increased the original contract \$45,000, which made the complete contract value \$83,434.00.

Some of the additional costs were also associated with the paint specified for the project was not curing properly due to a product change. There were several attempts at getting the right application which extended the inspectors time in retesting, hotel stays etc. The District is reaching out to the contractor of the project to see if there could be any help in paying these additional costs, as they also took a big hit due to the paint product change.

Staff has opted to move the \$45,000 from the 501-14001-088 GL account, which was dedicated towards the Cochran tank emergency generator replacement. This generator is now included in the cost of the 4.5 mg tank project.

District staff has also saved approximately \$40k on the tank painting project by choosing to handle the project management internally instead of hiring an outside engineering firm.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

There is no cash impact for this budget modification. The only change will be moving the \$45,000 from GL account 501-14001-088 to GL account 501-14001-017.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

None

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **ACTION**

ITEM: D.6 **Review of the 2022 Integrated Pest Management Plan Annual Report**

PRESENTED BY: **James Henry, Operations Director**

TYPE OF ACTION: **None**

Recommendation:

Staff recommends that the Board review and accept the 2022 Integrated Pest Management Plan (IPM) annual report.

Discussion:

As stated in the IPM Scope, District staff will utilize the most environmentally sound approaches to pest management and eliminate, where feasible, the use of pesticides to minimize environmental and health impacts of pest and vegetation management. To accomplish this, staff will utilize physical, mechanical, cultural, biological and educational tactics as primary controls.

The plan is intended to provide procedural guidelines for the implementation as a basis for pest and vegetation management that will protect public health, the environment and aesthetic value of the District's facilities.

As stated in Section 4.A of the IPM (**Found on the MCSD website here: <https://www.mckinleyvillecsd.com/mcsd-integrated-pest-management-plan>**), the MCSD coordinator will compile data from all participating departments and submit an annual report at the January Board meeting to the General Manager and the Board of Directors. Each department submitted their IPM Treatment Tracking Forms, **Attachment 1**, for review. Upon review of the forms, it was found that all methods were mechanical tactics other than dealing with ants. A table is provided below as an overview of the forms submitted. This staff report will serve the purpose of the annual report.

Category	Weed Abatement Hours	Ant Removal Hours	Wasp Removal Hours	Gopher Control Hours	Total Labor Hours	NHES Weed Abatement Hours	Swap Weed Abatement Hours	Cost
Tree	0	0	0	0	0			\$ 00.00
Turf	4	0	0	82	86			\$ 4,730.00
Hard Surface	193	12	2	0	207			\$11,385.00
Planter Bed	74	0	0	0	74	258	832	\$36,770.00
Total	271	12	2	144	348	258	832	\$ 52,885.00

The table is separated into categories and includes the time in each category to manually remove weeds in planter beds, remove weeds in asphalt or concrete and trap gophers. The table also includes the annual labor cost for performing these tasks. Most of the planter bed weed abatement is located in the Open Space Maintenance Zones, which include landscape strips. Most of the hard surface treatment is weeds growing around edges or cracks of asphalt and concrete at most of the stations along with gravel areas at the Treatment Plant. The major target pest is weed abatement, with gopher control also contributing to the labor costs. Most of the gopher control takes place at the Hiller Sports Site along with Pierson Park.

Ants have been a reoccurring issue in several facilities and most of the ant issues are related to the ants coming through the walls and foundations to get out of the wet weather. Due to the continuous ant problem, and not being able to keep them under control, the District decided to hire 707 Pest Solutions to treat the buildings monthly. The IPM Coordinator reviewed the treatments strategies that were proposed and chose the least hazardous methods they had to offer.

As stated above, there are a lot of man hours assigned to weed abatement. In 2018, staff conducted a pilot study at the Wastewater Management Facility to compare salt, vinegar solution and flame torching against manual weed pulling to try to find out which method works best to eliminate some of the labor costs. Salt had the best affect and would prevent new weed growth for about 30 days, but it required an abundant amount of salt and labor to apply the salt. The remaining approaches only phased new weed growth for a couple days.

Gopher control can get quite extensive, from setting traps to blasting the tunnels. Due to the shallow tunneling from gophers, the turf collapses and creates depressions which become unsafe for the youth and adult leagues playing on the fields. Staff has found that blasting helps expose the shallow tunnels but requires a lot of labor to fill in the depressions after blasting occurs. Community work gatherings, made up of staff and volunteers, have been put together to help repair the turf each year mostly due to gophers.

Alternatives:

Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – IPM Treatment Tracking Forms

NOV 2022

MCSO IPM Treatment Tracking Form

Location (Map on Back) WWWF

Department: Operations Parks & Recreation Support Services Contractor/Lessee

Authorized by IPM Coordinator: Yes No

Professional Pesticide Applicator Used: Yes No If Yes, Applicator's Name and License # _____

Target Pest WEEDS

Population Levels/Injury Thresholds for Treatment _____

Final Treatment Decision _____

Treatment Method Used	Active Ingredient	EPA Toxicity Category	Quantity of Product Used	Date/Quarter	Time	Hours Spent	Public Notification Type	Results	Staff Initials
Prevention									
Cultural									
Mechanical	MOWING STRINGTILLM					8.0			DS
Biological									
Chemical/Pesticide Name									

8HRS

This Page Left Intentionally Blank

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **ACTION (Consent)**

ITEM: D.7 **Consider Adoption of Resolution 2023-01 Adopting the North Coast Resources Partnership Integrated Regional Water Management Plan**

PRESENTED BY: **Pat Kaspari, General Manager**

TYPE OF ACTION: **Roll Call - Consent**

Recommendation:

Staff recommends that the Board review the provided material and approve the Resolution 2023-01 and authorizing the General Manager to sign any necessary documents relating thereto.

Discussion:

As the Board is aware, the estimated project construction costs for the 4.5 MG Water Tank Project have gone from \$9.4M to an estimate of \$11.87M (with an estimated range from \$11.3M to \$13.65M). The District's match for this project is currently at \$2.6M and if the construction increases by another \$2.4M, our match will increase to \$5M. We have reached out to CalOES to see if there is additional funding in this disaster declaration and have been informed that there is an additional \$2M. We have submitted a formal request to CalOES/FEMA for the additional \$2M available but have not heard anything definitive on this yet.

In November 2022, we submitted a grant application to the North Coast Resource Partnership (NCRP) as part of the Prop. 1, Round 2 funding. We originally request \$2.4M from the NCRP to help make up the shortfall on the 4.5MG Tank construction costs. In the grant application, we let them know we were willing to accept whatever grant funding they could provide. As previously reported to the Board, the NCRP grant was approved by their Board at a funding level of \$879,209, which will greatly help fund the construction shortfall. The NCRP is now finalizing their comprehensive grant application for submittal to the State Department of Water Resources. One of the additional requirements necessary for the District's portion of the overall grant application is to formally adopt the North Coast Resources Partnership Integrated Regional Water Management Plan (NCIRWMP) through a Resolution of the Board (Attachment 1). The District Board has previously adopted the NCIRWMP, but not the latest version updated in 2020. The full NCIRMWP, Phase IV, January 2020 can be reviewed at the following link:

https://northcoastresourcepartnership.org/site/assets/uploads/2020/02/NCRP_Plan_IV_January_2020.pdf

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Grant will help fund \$879,209 of the construction of the 4.5MG Water Tank.

Environmental Requirements:

An Initial Study and Mitigated Negative Declaration have been completed for this project and adopted by the Board. FEMA also completed a Finding of No Significant Impact for this Project. Other final permits are being completed prior to construction.

Exhibits/Attachments:

- Attachment 1 – Resolution 2023-01

RESOLUTION 2023 – 01

A RESOLUTION OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT ADOPTING THE NORTH COAST RESOURCE PARTNERSHIP INTEGRATED REGIONAL WATER MANAGEMENT PLAN

WHEREAS, in the past 20 years, the California electorate approved three general obligation bonds including Propositions 50, 84, 1E and 1 that have provided more than \$12 billion for water-related projects in California for projects that are included in Integrated Regional Water Management (IRWM) Plans; and

WHEREAS, the development of a regional coalition to organize and promote local and regional projects for funding has proven to be effective in obtaining funding from these bond measures directing more than \$85 million to water related projects located in the North Coast Region over the past 18 years; and

WHEREAS, a concerted effort by North Coast Resource Partnership participants and interested stakeholders has resulted in the completion of Phase I, II, III & IV of the [North Coast IRWM Plan](#) that have been adopted by seven partner counties in 2005, 2007, 2014 and 2020; and

WHEREAS, the North Coast Resource Partnership IRWM Plan has identified \$435 million funding in needs for capital projects that will improve water supply reliability, protect and improve water quality, increase water use efficiency and reuse, and protect and restore threatened and endangered aquatic species; and

WHEREAS, local and regional water suppliers across California face significant financial challenges due to effort to replace aging water infrastructure, meet increasingly difficult regulatory compliance standards, adapt to climate change, and increase water reuse and improve groundwater management; and

WHEREAS, projects to implement water-related efforts throughout the North Coast Region are eligible for grant funding from the Proposition 1 IRWM Program; and

WHEREAS, projects that complement the North Coast IRWM Plan have been reviewed and ranked by the North Coast Technical Peer Review Committee and approved by the North Coast Leadership Council; and

WHEREAS, all persons desiring to be heard and provide comment at the North Coast Resource Partnership Leadership Council and via the North Coast Resource Partnership website were given the opportunity to present their views and all written communications regarding the plan were publicly presented.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the McKinleyville Community Services District hereby find, determine and declare as follows:

1. All of the above recitals are true and correct.

2. Phase IV of the North Coast Resource Partnership IRWM Plan, 2020 is adopted.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on January 4, 2023 by the following polled vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Greg Orsini, Board President

Attest:

April Sousa, MMC, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.1 **MCSD Employee of the Year presentation to Seth Meynell**

PRESENTED BY: **Patrick Kaspari, General Manager**

TYPE OF ACTION: **None**

Recommendation:

Recognize Seth Meynell as Employee of the year and participate in the presentation of this award to him.

Discussion:

Each year, McKinleyville Community Services District (MCSD) employees vote for Employee of the Year. This award and recognition were started by Norman Shopay in 2009.

Previous awardees are:

- Sharon Denison, 2009
- Tony Rutten, 2010
- James Henry, 2011
- Lesley Frisbee, 2012
- William McBroome, 2013
- David Baldosser, 2014
- Diane Sloane, 2015
- Chris Jones, 2016
- Jennifer Olsen, 2017
- Erik Jones, 2018
- P. Kyle Stone, 2019
- Drew Small, 2020
- Joseph Blaine, 2021

The employee of the year is a person who has brought about significant positive change, eliminates obstacles in achieving District goals and objectives, is resourceful, contributes constructively, is innovative, exceeds expectations, inspires others, proactively identifies, and resolves challenges. The employee of the year is chosen through a secret ballot by their peers as judged upon merit. The 2022 Employee of the Year Award goes to Seth Meynell.

Seth has evolved as a utility person over the past couple of years, taking on tasks that are out of his expertise and he is continually learning and expanding his knowledge. He is dependable and always has the best interest of the District in mind. Seth is liked by everyone, has a friendly attitude and humble approach to working in a group. Seth is an asset to the District, his coworkers, and the McKinleyville Community. His “can do” attitude is something we all strive for.

Seth will hold this distinction for the 2023 calendar year with a new employee of the year crowned at the end of 2023.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- None

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **ACTION**

ITEM: E.2 **Consider Appointment of Applicant, Julie Giannini-Previde to Vacant Seat on the Park and Recreation Committee (PARC)**

PRESENTED BY: **Lesley Frisbee, Recreation Director**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board consider the information provided, air questions, take public comment and vote on the appointment of Julie Giannini-Previde to the Parks and Recreation Committee for a four (4) year terms as a regular voting member or alternate member.

Discussion:

It is the duty of the Board of Directors to vet and select the most qualified candidates to become members of the PARC. The Board of Directors is obligated to interview all candidates, discuss the candidates' qualifications, and select most qualified candidates to serve on the committee by majority vote.

There are currently one (1) regular voting member opening and two (2) alternate openings on the PARC. Staff has posted sufficient notice through local media and at District facilities of the vacancies for the PARC.

Julie Giannini-Previde submitted an application (**Attachment 1**) November 10, 2022. Staff shared the application and resume with the PARC at the meeting on December 15, 2022. The PARC unanimously supported Julie Giannini-Previde being appointed to the PARC.

Alternatives:

Staff analysis consists of the following potential alternative: Do not appoint the applicants to the PARC and continue advertising existing open seats.

Fiscal Analysis:

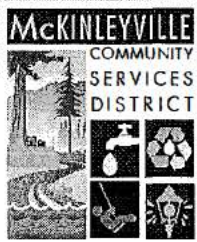
Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Julie Giannini-Previde PARC Application



RECEIVED

Item E.2
Attachment 1

McKinleyville Community Services District
Parks and Recreation Committee (PARC) Application
NOV 10 2022

Name Julie Giannini Previde Date 11/8/22

Home Phone NA Cell Phone _____

Mailing Address [REDACTED], McKinleyville CA 95519

Permanent Address Same

Email Address [REDACTED]

Areas of Experience and Qualifications

What knowledge, skills and experience will you bring to the Parks & Recreation Committee? (You may attach a resume or additional page if necessary).

Please see attached Resume.

Can you commit to 2-4 hours of volunteer time per month? YES NO

Please describe why you want to participate as a member of the Parks and Recreation Committee.

As a resident of McKinleyville and as Superintendent of McKinleyville Schools, I have relationships with families in our community and a vested interest in partnering with MCSD to benefit our community, our schools, and our families. I'd like to see our programs benefit our community and grow our identity as an inclusive and child-centered place to raise children.



Education/Credentials:

2017
Clear **Administrative Services Credential**

2009
Master of Arts: Education
Humboldt State University,
Thesis: Redefining Assessment and Feedback in a Rural Middle School

2001
California Clear **Single Subject Credential**, Social Science

2001
California Clear **Multiple Subject Credential**

1997
Teacher Preparation Program,
Humboldt State University

1995
Bachelor of Arts,
Social Science Single Subject,
Humboldt State University

██████████ ROAD, MCKINLEYVILLE, CA 95519
██████████
████████████████████

**MS. JULIE
GIANNINI PREVIDE**

Administrative Experience:

2022-present Superintendent, McKinleyville Union School District
Supervision of all district programs, development of budget, coordination and evaluation of instructional programs, personnel oversight, lead negotiator, development of professional learning, and oversight of communication and community outreach

2020-2022 Principal, Dow's Prairie Elementary School
Expansion of school-wide MTSS systems, coordination of Spanish Immersion and STEAM focused programs, management of Special Education including preschool programs

2019-2020 Grant Funded Program Coordinator
Support for MUSD and SHUSD to improve chronic absenteeism in coordination with HCOE (Differentiated Assistance); coordination of instructional coaching and professional learning, administrative support

2013-2019 Principal, MMS
Development of Shared Leadership Model, implementation of MTSS, implementation of Instructional Coaching, professional development, Special Education program management

2012-2013 Interim Principal, MMS
Coordination of staff meetings, facilitation of Site Council, PTO, development of grading and award programs, graduation committee, supervision of office and classified staff

**2012-2013 Director of Student Services, MMS/
District Data Coordinator, MUSD**
Athletic Director, hiring and supervision of classified staff, development of the master schedule; coordination of district technology services in collaboration with Tech Director, administrative level access for all district programs

Summer 2007 Summer School Principal, MUSD
Grades K-7; hiring staff, ordering supplies, coordination of field trips, student discipline

Teaching Experience:

1999-2012 McKinleyville Middle School, Grades 6-8
1998-1999 Eureka High School, Grade 9 and 11
1997-1998 Scotts Valley Middle School, Grades 7-8



JGP

Leadership Highlights:

- Partnering with HCOE to scale up Science of Reading support for all teachers in Humboldt County
- Coordinating of LETRS training for 65 teachers in Humboldt County
- Developing MUSD Distance Learning and Learning Continuity Plan during the COVID Closures
- Developing MUSD Social Media presence and marketing
- CA League of Schools, School to Watch: lead re-designation writer, 2017, 2014
- Pilot of Priority Care Medical Clinic on campus
- Implementing Instructional Coaching with 100% teacher volunteer participation
- Grant Participation with Cowell Foundation, CaliREADS, Wild Rivers/Yurok

MS. JULIE GIANNINI PREVIDE

Relevant/Recent Professional Development:

- Compassionate Systems, 2022
- Plain Talk About Literacy, 2022
- LETRS for Administrators, 2021
- PCOE Multi-Tiered Systems of Support, 2020-22
- Student Centered Coaching with Julie Wright, 2019, 2020
- CA PBIS Collation State Conference, 2019
- HCOE Trainings 2019-20: UDL, Equity Summit, Jo Boaler, CAASPP Coordinator Training
- CaliREADS Kick Off, 2019
- ACSA Superintendent's Academy, 2017-18
- Carnegie Educational Summit, 2017, 2018, 2022
- California League of Schools State Conference, 2018

Community Outreach:

- McKinleyville Alliance for Racial Equity (M.A.R.E.), Member, 2018-2021
- Humboldt Educare Preschool Corp., President, 2008-2010
- Amigos de Fuente Nueva, President/Charter Member, 2010-2016
- McKinleyville Schools PTO, Secretary/Charter Member, 2014-present

References:

- **Roger Macdonald**, Superintendent, NHUHSD, 925.354.2980, rmacdonald@nohum.k12.ca.us
- **Tiffany Maher**, Principal, Morris School, 707.498.9492, tmaher@mckusd.org
- **Lisa Miller**, Educational Psychologist, Department of Psychology Faculty, HSU, 707.499.7702, gaynormiller@gmail.com
- **Carrie Moses**, Behavioral Health Intervention Specialist, Program Manager, HDN SELPA, 707.496.0890, cmoses@hcoe.org
- **Jennifer Nichols**, Regional Lead Wild Rivers MTSS Grant, NHUHSD, 707.599.6163, jnichols@mckusd.org
- **Elwira Salata**, School Psychologist, HCOE, 707.533.9166, ESalata@hcoe.org
- **Colby Smart**, Assistant Superintendent, HCOE, 707.601.8060, csmart@hcoe.org
- **Stephanie Steffano Davis**, Superintendent, SHUSD, 707.601.0532, stephanie@sohumusd.org

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: ACTION

ITEM: E.3 **Approve FY21-22 Audited Financial Statements**

PRESENTED BY: **Nicole Alvarado, Finance Director**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board listen to the auditor’s presentation, review the information provided, discuss, take public comment, and approve the FY21-22 Audited Financial Statements per the recommendation of the Audit & Finance Committee.

Discussion:

The District's annual audit for Fiscal Year 21-22 is complete. It has been presented and discussed with the MCSD Audit & Finance Committee and staff.

The Audit & Finance Committee has reviewed the draft audited financial statements.

The Board will be provided with bound copies of the finalized audit and an electronic copy of the audit will be posted on the MCSD website.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – MCSD Basic Financial Statements with the Report of the Independent Auditor for Fiscal Year 21-22
- Attachment 2 – Presentation of 2022 Audit Results – Fedak & Brown, LLP



**McKinleyville Community Services District
McKinleyville, California**

**Annual Financial Report
For the Fiscal Year Ended
June 30, 2022**



Board of Directors as of June 30, 2022

Name	Title	Elected/ Appointed	Current Term
David Couch	President	Elected	09/2009 - 12/2022
Joellen Clark-Peterson	Vice President	Elected	12/2020 - 12/2022
Scott Binder	Director	Elected	12/2020 - 12/2024
Dennis Mayo	Director	Elected	09/2008 - 12/2022
Greg Orsini	Director	Elected	12/2020 - 12/2024

**McKinleyville Community Services District
 1656 Sutter Road
 McKinleyville, California 95519
 (707) 839-3251**

McKinleyville Community Services District
Annual Financial Report
For the Fiscal Year Ended June 30, 2022

DRAFT

**McKinleyville Community Services District
Annual Financial Report
For the Fiscal Year Ended June 30, 2022**

Table of Contents

	<u>Page No.</u>
Table of Contents	i
Financial Section	
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9-10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet of Governmental Fund	12
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	15
Statement of Net Position – Enterprise Fund	16-17
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Fund	18
Statement of Cash Flows – Enterprise Fund	19-20
Notes to the Basic Financial Statements	21-58
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General (Parks and Recreation) Fund	59
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Measure B Fund	60
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Street Lighting Fund	61
Notes to the Required Supplementary Information	62
Schedules of Changes in District’s Total OPEB Liability and Related Ratios	63
Schedules of the District’s Proportionate Share of the Net Pension Liability	64-65
Schedules of Pension Plan Contributions	66
Report on Compliance and Internal Controls	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67-68

Financial Section

DRAFT

< Page Intentionally Left Blank >

DRAFT

Independent Auditor's Report

Board of Directors
McKinleyville Community Services District
McKinleyville, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the McKinleyville Community Services District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the required supplementary information on pages 59 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Independent Auditor's Report, continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Fedak & Brown LLP
Cypress, California
January 4, 2023

DRAFT

**McKinleyville Community Services District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

The following Management’s Discussion and Analysis (MD&A) of activities and financial performance of the McKinleyville Community Services District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2022, the District’s net position increased by 5.07% or \$1,712,034 to \$35,499,905 as a result of ongoing operations.
- In 2022, the District’s total revenues decreased 3.75% or \$426,731 to \$10,961,301.
- In 2022, the District’s total expenses increased by 6.88% or \$595,556 to \$9,249,267.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District’s investments in resources (assets), deferred outflows of resources, obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year’s revenues and expenses are accounted for in the Statement of Activities. This statement measures the success of the District’s operations over the past year and can be used to determine the District’s profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District’s finances is, “Is the District better off or worse off as a result of this year’s activities?” The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year’s revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District’s *net position* and changes in it. Think of the District’s net position – the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources – as one way to measure the District’s financial health, or *financial position*. Over time, *increases or decreases* in the District’s net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in the District’s property tax base and the type of grants the District applies for to assess the *overall financial health* of the District.

**McKinleyville Community Services District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2022**

Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental fund is used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental fund 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 for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental fund* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21 through 58.

Government-wide Financial Analysis

Statement of Net Position

The following table is a summary of the statement of net position at June 30, 2022.

	Condensed Statements of Net Position					
	Governmental Activities		Business-Type Activities		Total District	
	2022	2021	2022	2021	2022	2021
Assets:						
Current assets	\$ 879,048	913,090	32,986,667	23,531,635	33,865,715	24,444,725
Capital assets	4,786,246	4,961,095	39,398,265	36,569,676	44,184,511	41,530,771
Total assets	5,665,294	5,874,185	72,384,932	60,101,311	78,050,226	65,975,496
Deferred outflows of resources	1,001,873	905,688	2,276,664	1,891,923	3,278,537	2,797,611
Liabilities:						
Current liabilities	346,255	329,362	2,253,326	1,512,485	2,599,581	1,841,847
Non-current liabilities	3,972,023	4,850,094	32,144,835	26,236,690	36,116,858	31,086,784
Total liabilities	4,318,278	5,179,456	34,398,161	27,749,175	38,716,439	32,928,631
Deferred inflows of resources	1,690,399	679,236	5,422,020	1,377,369	7,112,419	2,056,605
Net position:						
Net investment in capital assets	3,962,707	4,042,205	11,570,935	17,946,371	15,533,642	21,988,576
Restricted	224,235	218,325	9,946,787	788,179	10,171,022	1,006,504
Unrestricted	(3,528,452)	(3,339,349)	13,323,693	14,132,140	9,795,241	10,792,791
Total net position	\$ 658,490	921,181	34,841,415	32,866,690	35,499,905	33,787,871

**McKinleyville Community Services District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2022**

Government-wide Financial Analysis, continued

Statement of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,499,905 as of June 30, 2022. The District's total net position is made-up of three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

Statement of Activities

The following table is a summary of the statement of activities.

	Condensed Statements of Activities					
	Governmental Activities		Business-Type Activities		Total District	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charge for services	\$ 552,111	403,485	8,140,798	8,188,960	8,692,909	8,592,445
Operating grants and contributions	14,773	5,326	-	-	14,773	5,326
Capital grants and contributions	-	10,040	1,567,835	1,694,164	1,567,835	1,704,204
Total program revenues	<u>566,884</u>	<u>418,851</u>	<u>9,708,633</u>	<u>9,883,124</u>	<u>10,275,517</u>	<u>10,301,975</u>
General revenues:						
Property taxes	729,263	671,671	-	-	729,263	671,671
Voter approved taxes	216,405	217,031	-	-	216,405	217,031
Investment earnings	(50,303)	39,754	(238,030)	101,584	(288,333)	141,338
Gain on disposal of capital assets	7,501	4,601	400	212	7,901	4,813
Other income	20,548	51,204	-	-	20,548	51,204
Total general revenues	<u>923,414</u>	<u>984,261</u>	<u>(237,630)</u>	<u>101,796</u>	<u>685,784</u>	<u>1,086,057</u>
Total revenues	<u>1,490,298</u>	<u>1,403,112</u>	<u>9,471,003</u>	<u>9,984,920</u>	<u>10,961,301</u>	<u>11,388,032</u>
Expenses:						
General (Parks & Recreation)	1,447,221	1,483,744	-	-	1,447,221	1,483,744
Measure B	202,702	125,972	-	-	202,702	125,972
Streetlighting	103,066	118,448	-	-	103,066	118,448
Water	-	-	3,539,726	3,279,421	3,539,726	3,279,421
Wastewater	-	-	3,956,552	3,646,126	3,956,552	3,646,126
Total expenses	<u>1,752,989</u>	<u>1,728,164</u>	<u>7,496,278</u>	<u>6,925,547</u>	<u>9,249,267</u>	<u>8,653,711</u>
Changes in net position	<u>(262,691)</u>	<u>(325,052)</u>	<u>1,974,725</u>	<u>3,059,373</u>	<u>1,712,034</u>	<u>2,734,321</u>
Net position, beginning of year	<u>921,181</u>	<u>1,246,233</u>	<u>32,866,690</u>	<u>29,807,317</u>	<u>33,787,871</u>	<u>31,053,550</u>
Net position, end of year	<u>\$ 658,490</u>	<u>921,181</u>	<u>34,841,415</u>	<u>32,866,690</u>	<u>35,499,905</u>	<u>33,787,871</u>

Compared to the prior year, net position of the District increased by 5.07% or \$1,712,034 to \$35,499,905 as a result of ongoing operations.

Total revenues decreased 3.75% or \$426,731 to \$10,961,301, due primarily to decreases of \$429,671 in investment earnings and \$136,369 capital grants and contributions; which were offset by an increase of \$100,464 in charges for services.

Total expenses increased by 6.88% or \$595,556 to \$9,249,267, due primarily to increases of \$310,426 in wastewater fund expenses and \$260,305 in water fund expenses.

**McKinleyville Community Services District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2022**

Government-wide Financial Analysis, continued

Changes in fund balance – Governmental fund

The following table is a summary of the changes in fund balance for the governmental fund for the year ended June 30, 2022.

Condensed Changes in Fund Balance – Governmental Funds

	General (Parks and Recreation)	Measure B	Streetlighting	Total Governmental Activities
Fund balance, beginning of year	\$ 1,212,410	(555,657)	78,648	735,401
Changes in fund balance	<u>(37,781)</u>	<u>(56,033)</u>	<u>39,354</u>	<u>(54,460)</u>
Fund balance, end of year	<u>\$ 1,174,629</u>	<u>(611,690)</u>	<u>118,002</u>	<u>680,941</u>

In 2022, total fund balance decreased by 7.41% or \$54,460 to \$680,941. The General (Parks and Recreation) fund decreased by 3.12% or \$37,781 to \$1,174,629; the Measure B fund decreased by 10.08% or \$56,033 to a deficit fund balance of \$611,690; and the Street Lighting fund increased by 50.04% or \$39,354 to \$118,002.

Capital Asset Administration

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total District	
	2022	2021	2022	2021	2022	2021
Capital assets:						
Non-depreciable assets	\$ 2,026,000	2,015,414	9,789,364	6,138,782	11,815,364	8,154,196
Depreciable assets	<u>7,243,272</u>	<u>7,211,142</u>	<u>57,037,342</u>	<u>56,040,582</u>	<u>64,280,614</u>	<u>63,251,724</u>
Total capital assets	9,269,272	9,226,556	66,826,706	62,179,364	76,095,978	71,405,920
Accumulated depreciation	<u>(4,483,026)</u>	<u>(4,265,461)</u>	<u>(27,428,441)</u>	<u>(25,609,688)</u>	<u>(31,911,467)</u>	<u>(29,875,149)</u>
Total capital assets, net	<u>\$ 4,786,246</u>	<u>4,961,095</u>	<u>39,398,265</u>	<u>36,569,676</u>	<u>44,184,511</u>	<u>41,530,771</u>

At the end of fiscal year 2022, the District's investment in capital assets amounted to \$44,184,511 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, furnishings and equipment, collection and distribution systems, tanks, wells, water transmission and distribution systems, and construction-in-process. See note 4 for further discussion.

**McKinleyville Community Services District
Management’s Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2022**

Long-Term Debt Administration

	Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total District	
	2022	2021	2022	2021	2022	2021
Long-term debt:						
Long-term debt	\$ 823,539	918,890	27,827,330	18,623,305	28,650,869	19,542,195
Total long-term debt:	\$ 823,539	918,890	27,827,330	18,623,305	28,650,869	19,542,195

Long-term debt increased 46.61% or \$9,108,674 to \$28,650,869 in 2022, primarily due issuance of debt of \$9,976,476; which was offset by principal payments of \$867,802. See note 6 for further discussion.

Conditions Affecting Current Financial Position

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Consequently, the related financial impact on the District cannot be estimated at this time.

Management is unaware of any other conditions, which could have a significant impact on the District’s current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the District’s present users, including funding sources, customers, stakeholders, and other interested parties, with a general overview of the District’s finances and to demonstrate the District’s accountability with an overview of the District’s financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District’s Finance Manager, Nicole Alvarado, at McKinleyville Community Services District, P.O. Box 2037, McKinleyville, California 95519 or (707) 839-3251.

Basic Financial Statements

DRAFT

McKinleyville Community Services District
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Totals
Current assets:			
Cash and cash equivalents (notes 2 & 3)	\$ 561,819	21,429,211	21,991,030
Cash and cash equivalents – restricted (notes 2 & 3)	224,235	9,946,787	10,171,022
Accounts receivable	9,205	993,956	1,003,161
Accrued interest receivable	30,357	91,182	121,539
Prepaid expense	53,432	205,347	258,779
Grant receivable	-	202,432	202,432
Materials and supplies inventory	-	117,752	117,752
Total current assets	879,048	32,986,667	33,865,715
Non-current assets:			
Capital assets – not being depreciated (note 4)	2,026,000	9,789,364	11,815,364
Capital assets – being depreciated (note 4)	2,760,246	29,608,901	32,369,147
Total non-current assets	4,786,246	39,398,265	44,184,511
Total assets	5,665,294	72,384,932	78,050,226
Deferred outflows of resources:			
Deferred OPEB outflows (note 7)	858,708	1,952,413	2,811,121
Deferred pension outflows (note 8)	143,165	324,251	467,416
Total deferred outflows of resources	\$ 1,001,873	2,276,664	3,278,537

Continued on next page

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Net Position, continued
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Current liabilities:			
Accounts payable and accrued expenses	\$ 79,327	727,818	807,145
Accrued interest on long-term debt	5,212	310,593	315,805
Accrued salaries and related payables	110,280	162	110,442
Customer deposits	8,500	130,687	139,187
Unearned revenue	-	36,056	36,056
Long-term liabilities – due within one year:			
Compensated absences (note 5)	44,169	137,900	182,069
Bond payable (note 6)	-	65,000	65,000
Certificate of participation (note 6)	-	140,000	140,000
Capital lease payable (note 6)	98,767	-	98,767
Notes payable (note 6)	-	705,110	705,110
Total current liabilities	<u>346,255</u>	<u>2,253,326</u>	<u>2,599,581</u>
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)	34,520	121,964	156,484
Certificate of participation (note 6)	-	8,637,214	8,637,214
Capital lease payable (note 6)	724,772	-	724,772
Notes payable (note 6)	-	18,280,006	18,280,006
Other post employment benefits (note 7)	2,678,440	4,264,183	6,942,623
Net pension liabilities (note 8)	534,291	841,468	1,375,759
Total non-current liabilities	<u>3,972,023</u>	<u>32,144,835</u>	<u>36,116,858</u>
Total liabilities	<u>4,318,278</u>	<u>34,398,161</u>	<u>38,716,439</u>
Deferred inflows of resources:			
Deferred OPEB inflows (note 7)	1,447,518	4,463,936	5,911,454
Deferred pension inflows (note 8)	242,881	958,084	1,200,965
Total deferred inflows of resources	<u>1,690,399</u>	<u>5,422,020</u>	<u>7,112,419</u>
Net position: (note 10)			
Net investment in capital assets	3,962,707	11,570,935	15,533,642
Restricted	224,235	9,946,787	10,171,022
Unrestricted	(3,528,452)	13,323,693	9,795,241
Total net position	<u>\$ 658,490</u>	<u>34,841,415</u>	<u>35,499,905</u>

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General (Parks & Recreation)	\$ 1,447,221	446,471	14,773	-	(985,977)	-	(985,977)
Measure B	202,702	-	-	-	(202,702)	-	(202,702)
Street Lighting	103,066	105,640	-	-	2,574	-	2,574
Total governmental activities	1,752,989	552,111	14,773	-	(1,186,105)	-	(1,186,105)
Business-Type activities:							
Water	3,539,726	3,996,822	-	274,561	-	731,657	731,657
Wastewater	3,956,552	4,143,976	-	1,293,274	-	1,480,698	1,480,698
Total business-type activities	7,496,278	8,140,798	-	1,567,835	-	2,212,355	2,212,355
Total	\$ 9,249,267	8,692,909	14,773	1,567,835	(1,186,105)	2,212,355	1,026,250
General revenues:							
Property taxes		\$ 729,263				-	729,263
Special assessments		216,405				-	216,405
Investment earnings		(50,303)				(238,030)	(288,333)
Gain on disposal of capital assets		7,501				400	7,901
Other income		20,548				-	20,548
Total general revenues		923,414				(237,630)	685,784
Changes in net position		(262,691)				1,974,725	1,712,034
Net position, beginning of year		921,181				32,866,690	33,787,871
Net position, end of year		\$ 658,490				34,841,415	35,499,905

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Balance Sheet of Governmental Fund
June 30, 2022

	<u>General (Parks and Recreation)</u>	<u>Measure B</u>	<u>Street Lighting</u>	<u>Total Governmental Fund</u>
Assets:				
Cash and investments	\$ 456,485	-	105,334	561,819
Cash and investments – restricted	224,235	-	-	224,235
Accounts receivable	4,892	-	4,313	9,205
Interest receivable	26,277	4,080	-	30,357
Prepaid expenses	43,165	-	10,267	53,432
Due from other funds (note 9)	614,297	(614,297)	-	-
Total assets	<u>\$ 1,369,351</u>	<u>(610,217)</u>	<u>119,914</u>	<u>879,048</u>
Liabilities:				
Accounts payable	\$ 75,942	1,473	1,912	79,327
Accrued wages and related payables	110,280	-	-	110,280
Deposits	8,500	-	-	8,500
Total liabilities	<u>194,722</u>	<u>1,473</u>	<u>1,912</u>	<u>198,107</u>
Fund balance: (note 11)				
Nonspendable	43,165	-	10,267	53,432
Restricted	224,235	-	-	224,235
Assigned	78,689	-	107,735	186,424
Unassigned	828,540	(611,690)	-	216,850
Total fund balance	<u>1,174,629</u>	<u>(611,690)</u>	<u>118,002</u>	<u>680,941</u>
Total liabilities and fund balance	<u>\$ 1,369,351</u>	<u>(610,217)</u>	<u>119,914</u>	<u>879,048</u>

Continued on next page

See accompanying notes to the financial statements

McKinleyville Community Services District
Reconciliation of the Balance Sheet of
Governmental Fund to the Statement of Net Position
June 30, 2022

Reconciliation:

Total Fund Balance of Governmental Fund	\$	680,941
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental fund balance sheet. However, the statement of net position includes those capital assets. In the current period, these amounts were as follows:</p>		
Capital assets – not being depreciated		2,026,000
Capital assets – being depreciated		2,760,246
<p>Deferred outflows(inflows) of resources are not financial resources(uses) and, therefore, are not reported in the governmental fund balance sheet. However, they are reported in the statement of net position as follows:</p>		
Deferred OPEB outflows		858,708
Deferred OPEB inflows		(1,447,518)
Deferred pension outflows		143,165
Deferred pension inflows		(242,881)
<p>Long-term liabilities applicable to the District are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:</p>		
Accrued interest on long-term debt		(5,212)
Compensated absences		(78,689)
Long-term debt		(823,539)
Other post employment benefit obligation		(2,678,440)
Net pension liability		(534,291)
Net pension liability		<u>(534,291)</u>
Net Position of Governmental Activities	\$	<u>658,490</u>

See accompanying notes to the basic financial statements

**McKinleyville Community Services District
Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Fund
For the Year Ended June 30, 2022**

	<u>General (Parks and Recreation)</u>	<u>Measure B</u>	<u>Street Lighting</u>	<u>Total Governmental Fund</u>
Revenues				
Property taxes	\$ 729,263	-	-	729,263
Special assessments	-	216,405	-	216,405
Charge for services and facilities	446,471	-	105,640	552,111
Operating grants and contributions	14,773	-	-	14,773
Other income	2,502	-	18,046	20,548
Investment return	(58,971)	8,668	-	(50,303)
Total revenues	<u>1,134,038</u>	<u>225,073</u>	<u>123,686</u>	<u>1,482,797</u>
Expenditures				
General government (Parks & Recreation)	1,136,206	-	-	1,136,206
Measure B	-	153,966	-	153,966
Streetlighting	-	-	77,330	77,330
Capital outlay	43,114	-	7,002	50,116
Debt service:				
Principal	-	95,351	-	95,351
Interest	-	31,789	-	31,789
Total expenditures	<u>1,179,320</u>	<u>281,106</u>	<u>84,332</u>	<u>1,544,758</u>
Excess of revenues over expenditures	<u>(45,282)</u>	<u>(56,033)</u>	<u>39,354</u>	<u>(61,961)</u>
Other financing sources (uses)				
Gain on disposal of capital assets	7,501	-	-	7,501
Total other financing sources (uses)	<u>7,501</u>	<u>-</u>	<u>-</u>	<u>7,501</u>
Net change in fund balance	<u>(37,781)</u>	<u>(56,033)</u>	<u>39,354</u>	<u>(54,460)</u>
Fund balance, beginning of year	<u>1,212,410</u>	<u>(555,657)</u>	<u>78,648</u>	<u>735,401</u>
Fund Balance, end of year	<u>\$ 1,174,629</u>	<u>(611,690)</u>	<u>118,002</u>	<u>680,941</u>

Continued on next page

See accompanying notes to the financial statements

McKinleyville Community Services District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of
Governmental Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Reconciliation:

Net Change in Fund Balance of Total Governmental Fund	\$	(54,460)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense as follows:</p>		
Capital outlay expense		50,116
Depreciation expense		(223,485)
Loss of disposal of capital assets		(1,480)
<p>The repayment of principal of long-term debt consumes current financial resources and, therefore, is reported as debt service principal payments in the governmental fund. However, these payments have no impact on net position and, therefore, are not reported in the statement of activities as follows:</p>		
Debt service principal		95,351
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental fund as follows:</p>		
Net change in accrued interest expense on long-term debt		277
Net change in compensated absences for the current period		(12,234)
Net change in other post employment benefits for the current period		(58,692)
Net change in pension obligations for the current period		(58,084)
Changes in Net Position of Governmental Activities	\$	<u>(262,691)</u>

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Net Position – Enterprise Fund
June 30, 2022

	<u>Water</u>	<u>Wastewater</u>	<u>2022</u>
Current assets:			
Cash and investments	\$ 9,209,947	12,219,264	21,429,211
Cash and investments – restricted	5,305,838	4,640,949	9,946,787
Accounts receivable	501,239	492,717	993,956
Accrued interest receivable	39,175	52,007	91,182
Grant receivable	136,720	65,712	202,432
Prepaid expenses	102,674	102,673	205,347
Inventory	91,008	26,744	117,752
Total current assets	<u>15,386,601</u>	<u>17,600,066</u>	<u>32,986,667</u>
Non-current assets:			
Capital assets – not being depreciated	1,219,267	8,570,097	9,789,364
Capital assets – being depreciated	7,037,326	22,571,575	29,608,901
Total non-current assets	<u>8,256,593</u>	<u>31,141,672</u>	<u>39,398,265</u>
Total assets	<u>23,643,194</u>	<u>48,741,738</u>	<u>72,384,932</u>
Deferred outflows of resources:			
Deferred OPEB outflows	974,593	977,820	1,952,413
Deferred pension outflows	152,189	172,062	324,251
Total deferred outflows of resources	<u>\$ 1,126,782</u>	<u>1,149,882</u>	<u>2,276,664</u>

Continued on next page

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Net Position – Enterprise Fund, continued
June 30, 2022

	<u>Water</u>	<u>Wastewater</u>	<u>2022</u>
Current liabilities:			
Accounts payable	\$ 207,085	520,733	727,818
Accrued interest payable	85,389	225,204	310,593
Accrued payroll and payroll liabilities	-	162	162
Customer deposits	111,807	18,880	130,687
Unearned revenue	18,028	18,028	36,056
Long-term liabilities – due within one year:			
Compensated absences	68,799	69,101	137,900
Bond payable	-	65,000	65,000
Certificate of participation	65,000	75,000	140,000
Notes payable	174,709	530,401	705,110
Total current liabilities	<u>730,817</u>	<u>1,522,509</u>	<u>2,253,326</u>
Non-current liabilities:			
Long-term liabilities – due within one year:			
Compensated absences	60,929	61,035	121,964
Certificate of participation	4,767,090	3,870,124	8,637,214
Notes payable	1,777,103	16,502,903	18,280,006
Other post employment benefits	2,125,076	2,139,107	4,264,183
Net pension liabilities	384,963	456,505	841,468
Total non-current liabilities	<u>9,115,161</u>	<u>23,029,674</u>	<u>32,144,835</u>
Total liabilities	<u>9,845,978</u>	<u>24,552,183</u>	<u>34,398,161</u>
Deferred inflows of resources:			
Deferred OPEB inflows	2,221,766	2,242,170	4,463,936
Deferred pension inflows	478,883	479,201	958,084
Total deferred inflows of resources	<u>2,700,649</u>	<u>2,721,371</u>	<u>5,422,020</u>
Net position:			
Net investment in capital assets	1,472,691	10,098,244	11,570,935
Restricted	5,305,838	4,640,949	9,946,787
Unrestricted	5,444,820	7,878,873	13,323,693
Total net position	<u>\$ 12,223,349</u>	<u>22,618,066</u>	<u>34,841,415</u>

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Fund
For the Fiscal Year Ended June 30, 2022

	<u>Water</u>	<u>Wastewater</u>	<u>2022</u>
Operating revenues:			
Water revenue	\$ 3,849,907	-	3,849,907
Sewer revenue	-	3,999,791	3,999,791
Other service charges	146,915	144,185	291,100
Total operating revenues	<u>3,996,822</u>	<u>4,143,976</u>	<u>8,140,798</u>
Operating expenses:			
Water purchase	1,218,070	-	1,218,070
Salaries and related expenses	552,521	665,819	1,218,340
Employee benefits	583,429	716,806	1,300,235
Services and supplies	133	2,844	2,977
Professional services	56,300	55,711	112,011
Utilities	69,877	218,874	288,751
Insurance expense	51,526	51,495	103,021
Other operating expense	320,214	362,510	682,724
Total operating expenses	<u>2,852,070</u>	<u>2,074,059</u>	<u>4,926,129</u>
Operating income before depreciation	1,144,752	2,069,917	3,214,669
Depreciation expense	(391,803)	(1,439,444)	(1,831,247)
Operating income	<u>752,949</u>	<u>630,473</u>	<u>1,383,422</u>
Non-operating revenues(expenses):			
Investment earning	(101,520)	(136,510)	(238,030)
Gain on sale of assets	197	203	400
Debt issuance expense	(152,538)	(125,572)	(278,110)
Interest expense	(143,315)	(317,477)	(460,792)
Total non-operating expenses, net	<u>(397,176)</u>	<u>(579,356)</u>	<u>(976,532)</u>
Net income before capital contributions	<u>355,773</u>	<u>51,117</u>	<u>406,890</u>
Capital contributions:			
Capacity fees	274,561	449,381	723,942
Contributed capital assets	-	843,893	843,893
Total capital contributions	<u>274,561</u>	<u>1,293,274</u>	<u>1,567,835</u>
Changes in net position	<u>630,334</u>	<u>1,344,391</u>	<u>1,974,725</u>
Net position, beginning of year	<u>11,593,015</u>	<u>21,273,675</u>	<u>32,866,690</u>
Net position, end of year	<u>\$ 12,223,349</u>	<u>22,618,066</u>	<u>34,841,415</u>

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Cash Flows – Enterprise Fund
For the Fiscal Year Ended June 30, 2022

	2022
Cash flows from operating activities:	
Cash receipts from customers	\$ 8,157,031
Cash paid to employees	(1,176,178)
Cash paid to vendors and suppliers	(2,971,919)
Net cash provided by operating activities	4,008,934
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(4,659,836)
Proceeds from the sale of capital assets	400
Proceeds from capital contributions	3,100,584
Proceeds from loan issuance	9,976,476
Principal payments on long-term debt	(772,451)
Bond issuance cost	(278,110)
Interest payments on long-term debt	(356,839)
Net cash used in capital and related financing activities	7,010,224
Cash flows from investing activities:	
Interest earnings	(281,196)
Net cash provided by investing activities	(281,196)
Net increase in cash and cash equivalents	10,737,962
Cash and cash equivalents, beginning of year	20,638,036
Cash and cash equivalents, end of year	\$ 31,375,998
Reconciliation of cash and cash equivalents to statement of net position:	
Cash and investments	\$ 21,429,211
Cash and investments – restricted	9,946,787
Total cash and cash equivalents	\$ 31,375,998

Continued on next page

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Cash Flows – Enterprise Funds, continued
For the Fiscal Year Ended June 30, 2022

	2022
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,383,422
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,831,247
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
(Increase)decrease in assets and deferred outflows:	
Accounts receivable	4,842
Prepaid expenses	(205,347)
Inventory	(6,148)
Deferred OPEB outflows	(408,263)
Deferred pension outflows	23,522
Increase(decrease) in liabilities and deferred inflows:	
Accounts payable	480,103
Accrued payroll and payroll liabilities	162
Customer deposits	3,455
Unearned revenue	7,936
Compensated absences	42,162
Other post employment benefits	(2,453,970)
Net pension liabilities	(738,840)
Deferred OPEB inflows	3,096,999
Deferred pension inflows	947,652
Total adjustments	2,625,512
Net cash provided by operating activities	\$ 4,008,934

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Notes to the Basic Financial Statements
June 30, 2022

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The McKinleyville Community Services District (District) was created on April 7, 1970, when McKinleyville's voters voted 589 "yes" votes against 151 "no" votes to form the District. The District initially had authority to serve water and treat sewer wastes. In 1972, the voters added street lighting powers; in 1985 the voters added recreational powers; and in 1995 the voters authorized the construction of the McKinleyville Library.

The District's boundary encompasses 12,140 acres ranging from North Bank Road on the south to Patrick's Creek on the north, and services over 5,300 active water services and 4,470 active sewer connections. The District is an independent special district, governed by a five-member Board of Directors elected by McKinleyville's voters. The District normally conducts a monthly general meeting of the Board of Directors which is held on the first Wednesday of the month.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for both governmental and business-type activities. Accordingly, all of the District's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities demonstrates the degree to which direct expense of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are to be reported in three categories, if applicable: 1) charge for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charge for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly not included among program revenues are reported instead as general revenues.

Fund Financial Statements

These statements include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the difference in fund balance, as presented in these statements, to the net position presented in the Government-wide Financial Statements.

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 liabilities are included on the Balance Sheet. 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 measurable and available to finance expenditures of the current period.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, interest earnings, investment revenue, and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The accrual basis of accounting is followed by proprietary enterprise funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as unbilled but utilized utility services recorded at year end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories, such as interest income and interest expense, are reported as non-operating revenues and expenses.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts, established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Funds are organized into two major categories: governmental and proprietary categories. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operational fund of the District or meets the following criteria:

- a) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b) Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the total for all governmental and proprietary funds combined; or
- c) The entity has determined that a fund is important to the financial statement user.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

The funds of the financial reporting entity are described below:

Governmental Funds

General (Parks & Recreation) – This fund is used for all parks and recreation activities within the District; and accounts for and reports all financial resources not accounted for and reported in another fund.

Measure B – This fund is a special revenue fund used to account for the assessments collected and used in accordance with Measure B.

Street Lighting – This fund is used to account for all street lighting activities within the District.

Enterprise Funds

Water – This fund accounts for the water transmission and distribution operations of the District.

Wastewater – This fund is used for the wastewater service operations of the District.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the following GASB pronouncements in the current year:

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument’s variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

In October 2021, the GASB issued Statement No. 98 – *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur.

D. Financial Statement Elements

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported change in District net position during the reporting period. Actual results could differ from those estimates.

2. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and business closings. While the situation is currently expected to be temporary, there is considerable uncertainty around its duration. Consequently, the related financial impact on the District cannot be estimated at this time.

3. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

4. Investments

The District has adopted an investment policy to deposit funds in financial institutions and external investment pools. Investments are to be made in the following area:

- State of California Local Agency Investment Fund (LAIF)
- CalTRUST Funds
- Humboldt County Treasurer's Pool

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

5. Fair Value Measurements

The District categorizes its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity, and other assumptions that are internally generated and cannot be observed in the market.

6. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded.

7. Property Taxes and Assessments

The Humboldt County Assessor's Office assesses all real and personal property within the County each year. The Humboldt County Tax Collector's Office bills and collects the District's share of property taxes and/or tax assessments. The Humboldt County Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes and assessments receivable at year-end are related to property taxes and special assessments collected by the Humboldt County, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

8. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of water meters, pipes, and pipe fittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using the first-in/first-out (FIFO) method. Inventory items are charged to expense at the time inventory items are withdrawn or consumed.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

9. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value and/or historical cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances, and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Governmental Activities

- Buildings and improvements – 10 to 50 years
- Other infrastructure – 10 to 50 years
- Machinery and equipment – 5 to 10 years
- Vehicles – 5 to 10 years

Business-Type Activities

- Buildings and improvements – 10 to 50 years
- Water and wastewater infrastructure – 10 to 50 years
- Machinery and equipment – 5 to 10 years
- Vehicles – 5 to 10 years

10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to future periods.

11. Compensated Absences

It is the District's policy to allow employees to accumulate earned but unused vacation and sick time. The vesting method is used to calculate the liability in which 100% of earned vacation time is payable upon separation, and 50% of earned sick time is payable upon separation if requirements are met. All vacation pay and applicable sick pay is accrued when incurred in the government-wide and enterprise fund financial statements.

12. Pension

For the purpose of measuring net pension liability, deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and addition to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

12. Pension, continued

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation date:	June 30, 2020
Measurement date:	June 30, 2021
Measurement period:	July 1, 2020 to June 30, 2021

13. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

14. Net Position

The government-wide financial statements utilize a net position presentation. Net position categories are as follows:

- **Net investment in capital assets** – consists of capital assets, net of accumulated depreciation and amortization, reduced by debt balances outstanding or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** – consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- **Unrestricted** – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the *net investment in capital assets* or *restricted* components of net position.

15. Fund Balance

The governmental fund financial statements report fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable** – amounts that cannot be spent because they are either (a) not spendable in form; or (b) legally or contractually required to be maintained intact.
- **Restricted** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed** – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned** – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned** – the residual classification for the District's general fund that includes amounts not contained in other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Financial Statement Elements, continued

15. Fund Balance, continued

Fund Balance Policy

The Board of Directors establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, followed by unrestricted, committed, assigned, and unassigned resources as they are needed.

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balance are considered unrestricted.

The purpose of the District’s fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2022 are classified as follows:

	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 561,819	21,429,211	21,991,030
Cash and cash equivalents – restricted	224,235	9,946,787	10,171,022
Total	\$ 786,054	31,375,998	32,162,052

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(2) Cash and Cash Equivalents, continued

Cash and equivalents as of June 30, 2022 consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash			
Cash	\$ 1,240	-	1,240
Deposits held with financial institutions	5,906,586	8,680,301	14,586,887
Total cash	<u>5,907,826</u>	<u>8,680,301</u>	<u>14,588,127</u>
Cash equivalents			
Deposits with Humboldt County Treasurer	5,682,830	1,490,721	7,173,551
Deposits held with California Local Agency Investment Fund (LAIF)	139,190	-	139,190
Deposit with CalTRUST	10,261,184	-	10,261,184
Total cash equivalents	<u>16,083,204</u>	<u>1,490,721</u>	<u>17,573,925</u>
Total	<u>\$ 21,991,030</u>	<u>10,171,022</u>	<u>32,162,052</u>

Authorized Deposits and Investments

Under the District’s investment guidelines and in accordance with Section 53601 of the California Government Code, the District may invest in the California Local Agency Investment Fund (LAIF), CalTRUST Funds, and Humboldt County Treasurer’s Pool. The District’s investment guideline and Section 53601 of the California Government Code contain specific provisions intended to limit its exposure to interest rate risk, credit risk, custodial risk, and concentration of credit risk.

State of California Local Agency Fund (LAIF)

LAIF is regulated by California Government Code Section 16429 and is under the management of the State of California Treasurer’s Office with oversight provided by the Local Agency Investment Advisory Board.

LAIF is carried at fair value based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Amounts held with LAIF are highly liquid, as deposits can be converted to cash within a twenty-four hour period without loss of accrued interest. LAIF detail may be obtained from the State of California Treasurer’s website at www.treasurer.ca.gov/pmia-laif/index.asp.

The District’s deposit and withdrawal restrictions and limitations are as follows:

- Each agency in the fund may invest up to \$40 million and may invest without limitation in special bond proceed accounts.
- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transaction processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of \$1,000.
- Withdrawals of \$10 million or more require 24 hours advance notice.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(2) Cash and Cash Equivalents, continued

CalTRUST Funds

CalTRUST Short-Term and Medium-Term accounts invest in fixed income securities eligible for investment pursuant to California Government Code Sections 53601 and 53635, and leveraging within the Trust's portfolio is prohibited. The Board of Trustees may adopt investment guidelines to further restrict the type of investments held by the accounts.

CalTRUST Short-Term and Medium-Term accounts consist of funds from all participants which are pooled in each of the accounts. The District receives units in the Trust and designated shares for its investment accounts.

Humboldt County Treasurer's Pool

Humboldt County Treasurer's Pool complies with the California Government Code Sections 53601 and 53635, and the investment policy adopted by the Board of Supervisors of the County of Humboldt.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. Of the District's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities, so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(2) Cash and Cash Equivalents, continued

Interest Rate Risk, continued

As of June 30, 2022, the District's authorized deposits had the following average maturities:

<u>Cash Equivalents</u>	<u>Total</u>	<u>Average Months Maturity</u>		
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 Months or More</u>
CalTRUST Funds	\$ 10,261,184	306,505	-	9,954,679
California Local Agency Investment Fund	139,190	139,190	-	-
Humboldt County Treasurer	7,173,551	-	-	7,173,551
Total	<u>\$ 17,573,925</u>	<u>445,695</u>	<u>-</u>	<u>17,128,230</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2022 for each investment type.

<u>Cash Equivalents</u>	<u>Total</u>	<u>Rating at Year End</u>
Cal Trust – Short Term Fund	\$ 306,505	AAf
Cal Trust – Medium Term Fund	9,954,679	A+f
California Local Agency Investment Fund	139,190	Not Rated
Humboldt County Treasurer	7,173,551	Not Rated
Total	<u>\$ 17,573,925</u>	

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District's depository and investment portfolio as of June 30, 2022 were allocated as follows:

	<u>Amount</u>	<u>Allocation</u>
Cash	\$ 1,240	0.00 %
Deposits held with financial institutions	14,586,887	45.35
Deposits with Humboldt County Treasurer	7,173,551	22.30
Deposits held with California Local Agency Investment Fund (LAIF)	139,190	0.43
Deposit with CalTrust	10,261,184	31.90
Total	<u>\$ 32,162,052</u>	<u>100.00 %</u>

There were no investments in any one non-governmental issuer that represent 5.0% or more of the District's total investments.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(3) Investments at Fair Value Hierarchy

Investments measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2022 are as follows:

<u>Cash Equivalents</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Pooled investment fund:				
Humboldt County Treasurer's Fund	\$ 7,173,551	-	7,173,551	-
CalTrust Medium-Term Fund	<u>9,954,679</u>	-	<u>9,954,679</u>	-
Total pooled investment fund	<u>17,128,230</u>	<u>-</u>	<u>17,128,230</u>	<u>-</u>
Other pooled funds measured at net asset value				
CalTrust Short-Term Fund	306,505			
California Local Agency Investment Fund	<u>139,190</u>			
	<u>445,695</u>			
	<u>\$ 17,573,925</u>			

DRAFT

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(4) Capital Assets

Governmental Activities:

The change in capital assets as of June 30 was as follows:

	<u>Balance 2021</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance 2022</u>
Non-depreciable assets:				
Land	\$ 1,769,744	-	-	1,769,744
Construction in progress	245,670	10,586	-	256,256
Total non-depreciable assets	<u>2,015,414</u>	<u>10,586</u>	<u>-</u>	<u>2,026,000</u>
Depreciable assets:				
Buildings and improvements	4,901,928	-	-	4,901,928
Furniture and equipment	307,390	-	-	307,390
Park improvements	1,404,378	32,528	-	1,436,906
Vehicles	54,609	-	(7,400)	47,209
Streetlighting	542,837	7,002	-	549,839
Total depreciable assets	<u>7,211,142</u>	<u>39,530</u>	<u>(7,400)</u>	<u>7,243,272</u>
Accumulated depreciation				
Buildings and improvements	(2,357,084)	(174,091)	-	(2,531,175)
Furniture and equipment	(270,455)	(6,651)	-	(277,106)
Park improvements	(1,275,322)	(20,481)	-	(1,295,803)
Vehicles	(51,546)	(1,581)	5,920	(47,207)
Streetlighting	(311,054)	(20,681)	-	(331,735)
Total accumulated depreciation	<u>(4,265,461)</u>	<u>(223,485)</u>	<u>5,920</u>	<u>(4,483,026)</u>
Total depreciable assets, net	<u>2,945,681</u>	<u>(183,955)</u>	<u>(1,480)</u>	<u>2,760,246</u>
Total capital assets, net	<u>\$ 4,961,095</u>			<u>4,786,246</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(4) Capital Assets, continued

Business-type Activities:

The change in capital assets as of June 30 was as follows:

	<u>Balance 2021</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance 2022</u>
Non-depreciable assets:				
Land	\$ 4,517,889	110,980	-	4,628,869
Construction in progress	1,620,893	4,564,133	(1,024,531)	5,160,495
Total non-depreciable assets	<u>6,138,782</u>	<u>4,675,113</u>	<u>(1,024,531)</u>	<u>9,789,364</u>
Depreciable assets:				
Buildings and improvements	815,338	-	-	815,338
Water infrastructure	15,118,523	6,618	-	15,125,141
Wastewater infrastructure	37,666,108	903,311	-	38,569,419
Tools and equipment	1,212,166	56,141	-	1,268,307
Vehicles	1,228,447	43,184	(12,494)	1,259,137
Total depreciable assets	<u>56,040,582</u>	<u>1,009,254</u>	<u>(12,494)</u>	<u>57,037,342</u>
Accumulated depreciation				
Buildings and improvements	(348,060)	(29,474)	-	(377,534)
Water infrastructure	(8,018,508)	(339,501)	-	(8,358,009)
Wastewater infrastructure	(15,446,133)	(1,375,472)	-	(16,821,605)
Tools and equipment	(1,113,118)	(34,280)	-	(1,147,398)
Vehicles	(683,869)	(52,520)	12,494	(723,895)
Total accumulated depreciation	<u>(25,609,688)</u>	<u>(1,831,247)</u>	<u>12,494</u>	<u>(27,428,441)</u>
Total depreciable assets, net	<u>30,430,894</u>	<u>(821,993)</u>	<u>-</u>	<u>29,608,901</u>
Total capital assets, net	<u>\$ 36,569,676</u>			<u>39,398,265</u>

Depreciation expense was charged to various functions for the year ended June 30, 2022 as follows:

Governmental activities:	
General (Parks and Recreation)	\$ 202,804
Streetlighting	<u>20,681</u>
Total governmental activities	<u>223,485</u>
Business-type activities	
Water Fund	391,803
Wastewater Fund	<u>1,439,444</u>
Total business-type activities	<u>1,831,247</u>
	<u>\$ 2,054,732</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(5) Compensated Absences

The change in compensated absences balances as of June 30 was as follows:

Governmental Activities

	<u>Balance 2021</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2022</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
\$	66,455	54,366	(42,132)	78,689	44,169	34,520

Business-type Activities

	<u>Balance 2021</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2022</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
\$	217,702	125,740	(83,578)	259,864	137,900	121,964

DRAFT

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(6) Long-term Debt

The change in long-term debt at June 30 was as follows:

	<u>Balance 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2022</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
<i>Governmental Activities:</i>						
Capital lease payable						
PPFCC Lease (Umpqua Loan)	\$ 918,890	-	(95,351)	823,539	98,767	724,772
Total capital lease payable	918,890	-	(95,351)	823,539	98,767	724,772
Total governmental activities	918,890	-	(95,351)	823,539	98,767	724,772
<i>Business-type Activities</i>						
Notes payable						
Water fund						
ARRA Loan	66,467	-	(11,815)	54,652	11,817	42,835
Davis-Grunsky Act Loan	1,478,872	-	(109,417)	1,369,455	111,726	1,257,729
I-Bank Loan	577,203	-	(49,498)	527,705	51,166	476,539
Total Water fund	2,122,542	-	(170,730)	1,951,812	174,709	1,777,103
Wastewater fund						
State Revolving Fund Loan #3	14,444,436	-	(431,921)	14,012,515	439,001	13,573,514
State Revolving Fund Microgrid Loan	486,527	1,199,262	-	1,685,789	-	1,685,789
Pialorsi Property Loan	1,424,800	-	(89,800)	1,335,000	91,400	1,243,600
Total Wastewater fund	16,355,763	1,199,262	(521,721)	17,033,304	530,401	16,502,903
Total notes payable	18,478,305	1,199,262	(692,451)	18,985,116	705,110	18,280,006
Bond payable						
Wastewater fund						
USDA Revenue Bonds	145,000	-	(80,000)	65,000	65,000	-
Total bond payable	145,000	-	(80,000)	65,000	65,000	-
Certificate of participation						
Water fund						
Revenue Series 2021A	-	4,335,000	-	4,335,000	65,000	4,270,000
Premium	-	497,090	-	497,090	-	497,090
Total Water fund	-	4,832,090	-	4,832,090	65,000	4,767,090
Wastewater fund						
Revenue Series 2021B	-	3,560,000	-	3,560,000	75,000	3,485,000
Premium	-	385,124	-	385,124	-	385,124
Total Wastewater fund	-	3,945,124	-	3,945,124	75,000	3,870,124
Total certificate of participation	-	8,777,214	-	8,777,214	140,000	8,637,214
Total business-type activities	18,623,305	9,976,476	(772,451)	27,827,330	910,110	26,917,220
Total long-term debt	\$ 19,542,195	9,976,476	(867,802)	28,650,869	1,008,877	27,641,992

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(6) Long-term Debt, continued

Public Property Financing Corporation of California Lease

For the purpose of financing the construction of the District's Teen and Community Center Project, in October 2014, the District leased the site of the Teen and Community Center Project and the improvements thereon to the Public Property Financing Corporation of California (PPFCC), who then leased the property back to the District while assigning all of its rights, title, and interest in the lease agreement, including its rights to received lease payments, to Umpqua Bank. Semi-annual lease payments include interest at 3.55% per annum and are due each May and November through November 2029. The District's repayment obligation is secured by a 50% pledge of its Measure B Assessment revenues received each fiscal year.

Future lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 98,767	28,687	127,454
2024	102,304	25,150	127,454
2025	105,968	21,486	127,454
2026	109,764	17,691	127,455
2027	113,696	13,759	127,455
2028-2030	<u>293,040</u>	<u>16,260</u>	<u>309,300</u>
Total	823,539	<u>123,033</u>	<u>946,572</u>
Current	<u>(98,767)</u>		
Non-current	\$ <u>724,772</u>		

ARRA Loan

In 2011, the District entered into a loan agreement with the California Energy Resources Conservation and Development Commission for the purpose of financing water system improvements. The loan amount totaled \$165,100 and bears an interest rate of 1.00% per annum. Semi-annual principal and interest payments of \$6,225 are due June and December of each year. Repayment commenced on December 2012 and continues through December 2026.

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 11,817	515	12,332
2024	11,936	396	12,332
2025	12,057	275	12,332
2026	12,179	153	12,332
2027	<u>6,663</u>	<u>31</u>	<u>6,694</u>
Total	54,652	<u>1,370</u>	<u>56,022</u>
Current	<u>(11,817)</u>		
Non-current	\$ <u>42,835</u>		

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(6) Long-term Debt, continued

Davis-Grunsky Act Loan

In 1971, the District entered into a loan agreement with the State of California for a construction loan to finance improvements to the District's water system. The loan amount was not to exceed \$3,673,000 and bears an interest rate of 2.50% per annum. Annual payment of principal is due January of each year, and semi-annual payments of interest are due January and July of each year. The terms of the loan agreement defers payment of interest for the first 10 years with such interest to be repaid over the remaining 50 years of the loan. The District was required to establish a reserve fund in an amount specified by the State. The District is subject to levy taxes or special assessments to repay the loan should it not have sufficient resources available to make the scheduled payments.

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	111,726	29,552	141,278
2024	114,094	27,185	141,279
2025	116,520	24,758	141,278
2026	119,007	22,271	141,278
2027	121,557	19,722	141,279
2028-2032	648,309	58,082	706,391
2033	138,242	3,030	141,272
Total	1,369,455	184,600	1,554,055
Current	(111,726)		
Non-current	\$ 1,257,729		

I-Bank Loan

In 2012, the District entered into a loan agreement with the California Infrastructure and Economic Development Bank for the purpose of financing improvements to its water system. The loan amount totaled \$956,034 and bears an interest rate of 3.37% per annum. Annual payment of principal is due August of each year, and semi-annual payments of interest are due February and August of each year. Repayment is to continue through August 2030. The loan is secured by a pledge of and lien on the water enterprise fund's net revenues, subject and subordinate to any lien securing senior debt.

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 51,166	16,922	68,088
2024	52,890	15,168	68,058
2025	54,673	13,356	68,029
2026	56,515	11,482	67,997
2027	58,420	5,265	63,685
2028-2031	254,041	21,758	275,799
Total	527,705	83,951	611,656
Current	(51,166)		
Non-current	\$ 476,539		

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(6) Long-term Debt, continued

State Revolving Fund Loans No. 3

In 2015, the District entered into a loan agreement with the State Water Resources Control Board for the purpose of financing a wastewater management facility improvement project. The loan amount totaled \$15,569,506 and bears an interest rate of 1.60% per annum. Effective July 1, 2021, 0.60% of the routine interest will be reclassified as the Small Community Grant Fee. Annual payment of principal and interest/fee are due September of each year and continues through September 2048. The District is subject to levy taxes or assessments to repay the loan should it not have sufficient resources available to make the scheduled payments.

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest/Fee</u>	<u>Total</u>
2023	\$ 439,001	224,031	663,032
2024	446,019	217,013	663,032
2025	453,149	209,883	663,032
2026	460,394	202,638	663,032
2027	467,754	195,278	663,032
2028-2032	2,453,219	861,942	3,315,161
2033-2037	2,655,229	659,931	3,315,160
2038-2042	2,874,555	440,606	3,315,161
2043-2047	3,111,997	203,164	3,315,161
2048	651,198	10,441	661,639
Total	<u>14,012,515</u>	<u>3,224,927</u>	<u>17,237,442</u>
Current	<u>(439,001)</u>		
Non-current	<u>\$ 13,573,514</u>		

State Revolving Fund Microgrid Loan

In 2018, the District entered into an agreement with the State Water Resources Control Board (State) whereby the State agrees to provide project funds in the amount of \$4,969,180. A portion of the amount totaling \$2,484,590 is anticipated to be forgiven and the estimated amount totaling \$2,484,590 of the principal will be due to the State. The effective loan will bear an interest rate of 1.80% per annum; however, in lieu of the interest, the District agreed to pay administrative service charge/Small Community Grant Fee. Annual payments of principal and administrative service charge/Small Community Grant Fee are due December of each year after the completion date.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(6) Long-term Debt, continued

Pialorsi Property Loan

On March 2020, the District entered into a loan agreement with JPMorgan Chase Bank, NA for the purpose of financing the acquisition of property to expand the District's ability to recycle reclaimed wastewater. The loan amount totaled \$1,508,500 and bears an interest rate of 1.90% per annum. Semi-annual payments of principal and interest are due September and March of each year and continues through March 2035.

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 91,400	24,933	116,333
2024	93,200	23,188	116,388
2025	95,000	21,408	116,408
2026	96,800	19,595	116,395
2027	98,700	17,747	116,447
2028-2032	522,100	59,759	581,859
2033-2035	337,800	11,319	349,119
Total	1,335,000	177,949	1,512,949
Current	(91,400)		
Non-current	\$ 1,243,600		

USDA Revenue Bonds

In 1982, the District issued the 1982 Sewer Revenue Bonds which were purchased by the Rural Development Division of the United States Department of Agriculture. Proceeds of the bonds were used to construct the District's wastewater system improvements. The bond amount totaled \$1,575,000 and bears an interest rate of 5.00% per annum. Semi-annual payments of principal and interest are due August and February of each year through August 2022, when the bond matures. The bond is secured by a pledge of the wastewater enterprise fund's net revenues.

Future debt service on the bond is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 65,000	1,625	66,625
Total	65,000	1,625	66,625
Current	(65,000)		
Non-current	\$ -		

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(6) Long-term Debt, continued

Revenue Certificate of Participation, Series 2021A and Series 2021B

On December 2021, the District issued the Revenue Certificate of Participation, Series 2021A and Series 2021B for the purpose of financing certain capital improvements to its water system including a 4.5 million gallon water tank, three highway sewer crossings, and a water and sewer mainline replacement. The Certificate of Participation, Series 2021A was designated for the water project and the Certificate of Participation, Series 2021B was designated for the wastewater project.

The amount issued for the Certificate of Participation, Series 2021A totaled \$4,335,000 and bears interest rates ranging from 2.25% to 4.00% per annum. Annual payments of principal are due August of each year and semi-annual payments of interest are due August and February of each year and continues through August 2051.

Future debt service on the certificate of participation is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 65,000	168,811	233,811
2024	85,000	148,800	233,800
2025	90,000	145,300	235,300
2026	95,000	141,600	236,600
2027	100,000	157,700	257,700
2028-2032	550,000	625,500	1,175,500
2033-2037	665,000	514,075	1,179,075
2038-2042	750,000	429,863	1,179,863
2043-2047	870,000	303,000	1,173,000
2048-2052	<u>1,065,000</u>	<u>109,900</u>	<u>1,174,900</u>
Total	4,335,000	<u>2,744,549</u>	<u>7,079,549</u>
Current	(65,000)		
Premium	<u>497,090</u>		
Non-current	<u>\$ 4,767,090</u>		

The amount issued for the Certificate of Participation, Series 2021B total \$3,560,000 and bears interest rates ranging from 2.25% to 4.00% per annum. Annual payments of principal are due September of each year and semi-annual payments of interest are due September and March of each year and continues through September 2051.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(6) Long-term Debt, continued

Revenue Certificate of Participation, Series 2021A and Series 2021B, continued

Future debt service on the certificate of participation is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 75,000	118,150	193,150
2024	75,000	115,900	190,900
2025	80,000	113,575	193,575
2026	80,000	111,175	191,175
2027	85,000	108,806	193,806
2028-2032	450,000	503,438	953,438
2033-2037	540,000	417,294	957,294
2038-2042	600,000	349,088	949,088
2043-2047	705,000	246,900	951,900
2048-2052	870,000	90,000	960,000
Total	3,560,000	<u>2,174,326</u>	<u>5,734,326</u>
Current	(75,000)		
Premium	<u>385,124</u>		
Non-current	<u>\$ 3,870,124</u>		

(7) Other Post Employment Benefit Obligations

Plan Description

The District administers a single-employer defined-benefit post-employment healthcare plan. Benefits vary by hire date. Dependents are eligible to enroll, and benefits continue to surviving spouses. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Benefits Provided

Retirees are eligible for medical benefits if they retire directly from the District at least at age 50 with 5 years of service. Employees hired before January 1, 2017 receive 100% district-paid coverage. Employees hired on or after January 1, 2017 receive 100% of the PPO rate. Dental benefits are not covered.

The District's share of family coverage is subject to a cap. The District's contribution toward family coverage will not increase by more than the greater of 5%, or the actual percentage increase in the cost of dependent coverage.

Employees Covered by Benefit Terms

At June 30, 2021 (the census date), the following employees were covered by the benefit terms:

	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	<u>24</u>
Total plan membership	<u>32</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(7) Other Post-Employment Benefits Payable, continued

Contributions

The District pays benefits as they come due. For the year ended June 30, 2022, the District contributed \$171,114 which includes implicit subsidy credit.

Total OPEB Liability

The District's total OPEB liability was valued as of June 30, 2021, and was used to calculate the total OPEB liability measured as of June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2022 (measurement date), was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.69%
Inflation	2.50%
Salary increases	2.80% wage inflation plus seniority, merit, and promotion salary increases based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021
Healthcare cost trend rates	Based on 2021 Getzen model that reflects actual premium increases from 2021 to 2022, followed by 5.75% (non-Medicare)/5.40%(Medicare), gradually decreasing to an ultimate rate of 4.04% in 2075
Mortality rates*	Based on CalPERS tables

* The mortality table used was developed based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members. Sample pre-retirement, post-retirement non-disabled, and post-retirement disabled base mortality rates are projected fully generationally using 80% of MP-2020 mortality improvement scale.

Discount Rate

The discount rate used to measure the total OPEB liability has been updated from 1.92% as of June 30, 2021, to was 3.69% as of June 30, 2022, based on changes in the municipal bond index, which caused a decrease in the liability. The District's OPEB Plan is an unfunded plan; therefore, the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(7) Other Post-Employment Benefits Payable, continued

Changes in the Total OPEB Liability

During the year ended June 30, changes in total OPEB liability was as follows:

	2022
Balance at June 30, 2021	\$ 10,010,085
Changes for the year:	
Service cost	618,445
Interest	202,404
Differences between expected and actual experience	(4,584,910)
Changes in assumptions or other inputs	870,713
Benefit payments	(140,756)
Implicit rate subsidy fulfilled	(33,358)
Net change	(3,067,462)
Balance at June 30, 2022	\$ 6,942,623

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69%) or 1-percentage-point higher (4.69%) than the current discount rate (3.69%):

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Total OPEB liability	\$ 8,172,639	6,942,623	5,960,444

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1-percentage-point lower (4.75% non-Medicare/4.40% Medicare decreasing to 3.04%) or 1-percentage-point higher (6.75% non-Medicare/6.40% Medicare decreasing to 5.04%) than the current healthcare cost trend rates (4.75% non-Medicare/4.40% Medicare decreasing to 4.04%):

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Total OPEB liability	\$ 5,686,642	6,942,623	8,606,554

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(7) Other Post-Employment Benefits Payable, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized an OPEB expense of \$467,572. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	(5,911,454)
Changes of assumptions or other inputs	2,811,121	-
Total	\$ 2,811,121	(5,911,454)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Deferred Net Outflows(Inflows) of Resources
2023	\$ (353,277)
2024	(353,277)
2025	(353,277)
2026	(353,277)
2027	(343,307)
Thereafter	(1,343,918)

(8) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(8) Defined Benefit Pension Plan, continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law and took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Plan's provision and benefits in effect at June 30, 2022, are summarized as follows:

	Classic	PEPRA
Hire Date	Prior to December 31, 2012	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years	5 years
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	52-62
Monthly benefits, as a percentage of eligible compensation	1.43% to 2.42%	1.00% to 2.50%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	10.340%	7.590%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1, following notice of a change in the rate. Funding contribution for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(8) Defined Benefit Pension Plan, continued

Contributions, continued

For the fiscal year ended June 30, 2022, the contributions to the were as follows:

	2022
Contributions – employer	\$ 312,417
Contributions – employee (paid by employer)	
Total employer paid contributions	\$ 312,417

Net Pension Liability

As of the fiscal year ended June 30, 2022, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	2022
Proportionate share of net pension liability	\$ 1,375,759

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2022, the net pension liability of the Plan is measured as of June 30, 2021 (the measurement date). The total pension liability for the Plan’s miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 (the valuation date), rolled forward to June 30, 2021, using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share of the net pension liability for the Plan’s miscellaneous risk pool as of the measurement date June 30, 2021, was as follows:

	Proportionate Share
Proportion – June 30, 2020	0.02113 %
Increase in proportion	0.00431
Proportion – June 30, 2021	0.02544 %

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(8) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources

For the year ended June 30, 2022, the District recognized pension expense of \$602,835. As of the fiscal year ended June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 312,417	-
Difference between actual and expected experience	154,276	-
Net differences between projected and actual earnings on plan investments	-	(1,200,965)
Adjustment due to changes in proportions and difference in employer contributions	723	-
Total	<u>\$ 467,416</u>	<u>(1,200,965)</u>

As of June 30, 2022, the District reported \$312,417 as deferred outflows of resources related to contributions subsequent to the measurement date. Pension contributions subsequent to the measurement date for the year ended June 30, 2022, will be recognized as a reduction of the net pension liability for the year ended June 30, 2023.

As of June 30, 2022, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Net Outflows(Inflows) of Resources</u>
2023	\$ (211,251)
2024	(233,379)
2025	(269,452)
2026	(331,884)

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(8) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2020, actuarial valuation were determined using the following actuarial assumptions and methods:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increase	Varies by entry age and service
Mortality Table*	Derived using CalPERS membership data
Period upon which actuarial Experience survey assumptions were based	1997 – 2015
Post-retirement benefit increase	Contract COLA up to 2.50% until PPPA floor on purchasing power applies; 2.50% thereafter

* The mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017, experience study report (based on CalPERS demographic data from 1997 to 2015) available online on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2021, for the PERF C was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plan's investments were applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(8) Defined Benefit Pension Plan, continued

Discount Rate

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global equity	50.00 %	4.80 %	5.98 %
Fixed income	28.00	1.00	2.62
Inflation assets	0.00	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)
	<u>100.00 %</u>		

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate.

At June 30, 2022, the discount rate comparison was as follows:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
District's net pension liability	\$ <u>2,600,946</u>	<u>1,375,759</u>	<u>362,915</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 64 and 66 for the Required Supplementary Information.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(9) Internal Transfers

Inter-fund Operational Transfers

Inter-fund receivables/payables are used to move financial resources between the General (Parks & Recreation) fund, the Measure B fund, and the Street Lighting fund, as advances to temporarily support the operations of each respective fund.

As of June 30, 2022, inter-fund receivables/payables between the District's funds were as follows:

Receivable From	Payable To	Amount
	General	
Measure B	(Parks & Recreation)	\$ <u>614,297</u>
	Payable to General Fund	\$ <u>614,297</u>

(10) Net Position

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-type Activities	2022
Net investment in capital assets:			
Capital assets – not being depreciated	\$ 2,026,000	9,789,364	11,815,364
Capital assets – being depreciated	2,760,246	29,608,901	32,369,147
Long-term debt – current portion	(98,767)	(910,110)	(1,008,877)
Long-term debt – long-term portion	(724,772)	(26,917,220)	(27,641,992)
Total net investment in capital assets	\$ <u>3,962,707</u>	<u>11,570,935</u>	<u>15,533,642</u>

Restricted net position is calculated as follows:

	Governmental Activities	Business-type Activities	2022
Restricted:			
Debt service	\$ -	9,946,787	9,946,787
Teen and community center	7,958	-	7,958
Park & Recreation capital projects - Coastal	53,227	-	53,227
Park & Recreation capital projects - Inland	163,050	-	163,050
Total restricted	\$ <u>224,235</u>	<u>9,946,787</u>	<u>10,171,022</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(11) Fund Balance

Fund balance is presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned (See Note 1.D.15 for a description of these categories). Fund balance and their funding composition at June 30, 2022, are as follows:

	2022
Nonspendable:	
Prepaid expenses	\$ <u>53,432</u>
Restricted:	
Teen and community center	7,958
Park & Recreation capital projects - Coastal	53,227
Park & Recreation capital projects - Inland	<u>163,050</u>
Total restricted	<u>224,235</u>
Assigned:	
Compensated absences	78,689
Street lighting	<u>107,735</u>
Total assigned	<u>186,424</u>
Unassigned:	
General (Parks and Recreation)	
Operating fund	577,237
Repair and replacement fund	3,200
Catastrophe	95,725
Other postemployment benefits	152,378
Measure B	<u>(611,690)</u>
Total unassigned	<u>216,850</u>
Total fund balance	<u>\$ <u>680,941</u></u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(12) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2022, the District participated in the liability and property programs of the SDRMA as follows:

- Property with insurance limits of \$1 billion for property and catastrophic loss; \$100 million for boiler and machinery; \$10 million for flood; and \$2 million for pollution and cyber. The coverage is subject to a deductible of up to \$500,000.
- Mobile equipment with insurance limits up to \$1 billion, subject to a deductible of \$1,000.
- General liability with insurance limits of \$5 million for bodily injury, property damage, employment benefits, employee/public officials errors and omission, and employment practices liability; \$1 million for employee/public officials dishonesty (crime); and \$500,000 for public officials personal. The coverage is subject to a deductible of up to \$500.
- Auto liability with insurance limits of \$5 million for auto bodily injury, auto property damage, non-owned auto bodily injury, and non-owned auto property damage; and \$1 million for uninsured motorist. The coverage is subject to a deductible of up to \$1,000.
- Auto physical damage with insurance limits of \$100,000 for comprehensive and collision; and \$1 billion for high dollar vehicles.
- Trailer with insurance coverage of \$100,000 subject to a \$250 deductible.
- Workers compensation insurance with statutory limits per occurrence and employer's liability coverage up to \$5 million.

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

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the issue date that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 91, continued

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2022

(14) Commitments and Contingencies

Commitments

The District has a contract with the Humboldt Bay Municipal Water District (HBMWD) to purchase water. Under the contract, the District pays the HBMWD a rate that includes cost allocations of various factors designed to cover costs associated with the operation, maintenance, repair, and replacement of the HBMWD's base water facilities and drinking water treatment facilities.

Grant Awards

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

Litigation

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

(15) Subsequent Event

Events occurring after June 30, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of January 4, 2023, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

DRAFT

<Page Intentionally Left Blank>

DRAFT

Required Supplementary Information

DRAFT

< Page Intentionally Left Blank >

DRAFT

McKinleyville Community Services District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual – General (Parks and Recreation) Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 664,824	664,824	729,263	64,439
Charge for services and facilities	418,030	418,030	446,471	28,441
Operating grants and contributions	1,650	1,650	14,773	13,123
Capital grants and contributions	105,000	15,000	-	(15,000)
Other income	25,712	10,712	2,502	(8,210)
Gain on sale of capital assets	-	-	7,501	7,501
Investment earnings	35,000	35,000	(58,971)	(93,971)
Total revenues	<u>1,250,216</u>	<u>1,145,216</u>	<u>1,141,539</u>	<u>(3,677)</u>
Expenditures:				
Salaries and employee benefits	876,355	876,355	924,987	(48,632)
Materials and services	246,120	246,120	211,219	34,901
Capital outlay	122,000	32,000	43,114	(11,114)
Total expenditures	<u>1,244,475</u>	<u>1,154,475</u>	<u>1,179,320</u>	<u>(24,845)</u>
Net change in fund balance	5,741	(9,259)	(37,781)	<u>22,262</u>
Fund balance, beginning of year	<u>1,212,410</u>	<u>1,212,410</u>	<u>1,212,410</u>	
Fund balance, end of year	<u>\$ 1,218,151</u>	<u>1,203,151</u>	<u>1,174,629</u>	

McKinleyville Community Services District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual – Measure B Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 221,304	221,304	216,405	(4,899)
Investment earnings	3,700	3,700	8,668	4,968
Total revenues	<u>225,004</u>	<u>225,004</u>	<u>225,073</u>	<u>69</u>
Expenditures:				
Salaries and benefits	58,756	58,756	119,623	(60,867)
Materials and services	38,325	38,325	34,343	3,982
Debt service				
Principal	93,674	93,674	95,351	(1,677)
Interest	33,744	33,744	31,789	1,955
Total expenditures	<u>224,499</u>	<u>224,499</u>	<u>281,106</u>	<u>(56,607)</u>
Net change in fund balance	505	505	(56,033)	<u>(56,538)</u>
Fund balance, beginning of year	<u>(555,657)</u>	<u>(555,657)</u>	<u>(555,657)</u>	
Fund balance, end of year	<u>\$ (555,152)</u>	<u>(555,152)</u>	<u>(611,690)</u>	

DRAFT

McKinleyville Community Services District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual – Street Lighting Fund
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charge for services and facilities	\$ 100,885	100,885	105,640	4,755
Other income	18,500	18,500	18,046	(454)
Investment earnings	50	50	-	(50)
Total revenues	<u>119,435</u>	<u>119,435</u>	<u>123,686</u>	<u>4,251</u>
Expenditures:				
Salaries and payroll expenses	50,401	50,401	39,799	10,602
Materials and services	39,275	39,275	37,531	1,744
Capital outlay	47,000	-	7,002	(7,002)
Total expenditures	<u>136,676</u>	<u>89,676</u>	<u>84,332</u>	<u>5,344</u>
Net change in fund balance	<u>(17,241)</u>	<u>29,759</u>	<u>39,354</u>	<u>9,595</u>
Fund balance, beginning of year	<u>78,648</u>	<u>78,648</u>	<u>78,648</u>	
Fund balance, end of year	<u>\$ 61,407</u>	<u>108,407</u>	<u>118,002</u>	

DRAFT

McKinleyville Community Service District
Notes to the Required Supplementary Information
June 30, 2022

Basis of Budgeting

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the District's General Manager prepares and submits a capital and operating budget to the Board of Directors and adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government and proprietary funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types and the accrual basis for proprietary fund. The adopted budget becomes operative on July 1.

The Board of Directors must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the General (Parks and Recreation), Measure B, and Street Lighting funds.

DRAFT

McKinleyville Community Service District
Schedules of Changes in District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2022
Last Ten Years*

Other Post-Employment Benefits Payable

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 618,445	526,898	482,408	493,346	478,977
Interest	202,404	221,939	320,814	288,256	253,523
Difference between expected and actual experience	(4,584,910)	11,520	(2,563,217)	-	-
Change of assumptions or other inputs	870,713	794,185	2,063,476	(102,116)	-
Benefit payments	(140,756)	(108,641)	(102,866)	(102,866)	(96,421)
Implicit rate subsidy fulfilled	<u>(33,358)</u>	<u>(43,940)</u>	<u>(47,609)</u>	<u>(35,201)</u>	<u>(28,201)</u>
Net change in total OPEB liability	(3,067,462)	1,401,961	153,006	541,419	607,878
Total OPEB liability – beginning	<u>10,010,085</u>	<u>8,608,124</u>	<u>8,455,118</u>	<u>7,913,699</u>	<u>7,305,821</u>
Total OPEB liability – ending	\$ <u>6,942,623</u>	<u>10,010,085</u>	<u>8,608,124</u>	<u>8,455,118</u>	<u>7,913,699</u>
Covered-employee payroll	\$ <u>1,548,839</u>	<u>1,389,995</u>	<u>1,362,167</u>	<u>1,511,378</u>	<u>1,470,927</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>448.25%</u>	<u>720.15%</u>	<u>631.94%</u>	<u>559.43%</u>	<u>538.01%</u>

Note to Schedule

Change in Benefit Terms

There were no changes to benefit terms.

Change of Assumptions

In fiscal year 2022, the discount rate changed from 1.92% to 3.69%. In fiscal year 2021, the discount rate changed from 2.45% to 1.92%. In fiscal year 2020, the discount rate changed from 3.62% to 2.45%. Other changes in assumption are as follows:

Assumptions	2022	2019	2018
Aging/Morbidity factor	Based on CalPERS Experience Study and Review of Actuarial Assumptions published November 2021	Based on actual CalPERS HMO and PPO population data.	Based on a Society of Actuaries study.
Participant contributions	No changes noted	Based on service at retirement and employee group.	Based on hire date.
Salary increases	2.80%	2.750%	3.000%
Marital status	Percentage of active employees assumed to elect spousal coverage have increased from 85% to 100%.	Current retirees: actual spouse coverage is used. Future retirees: 85% assumed to be married.	Current retirees: actual spouse coverage is used. Future retirees: none noted.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

McKinleyville Community Service District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2022
Last Ten Years*

Defined Benefit Plan

Description	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension liability(asset)	0.02544%	0.02113%	0.02051%	0.01969%	0.01948%	0.01878%	0.01728%	0.01805%
District's proportionate share of the net pension liability(asset)	\$ 1,375,759	2,299,309	2,101,815	1,897,638	1,931,634	1,625,303	1,186,322	1,123,351
District's covered payroll	\$ 1,554,671	1,474,010	1,461,535	1,390,558	1,313,591	1,260,867	1,253,808	1,175,186
District's proportionate share of the net pension liability(asset)as a percentage of its covered payroll	88.49%	155.99%	143.81%	136.47%	147.05%	128.90%	94.62%	95.59%
Plan's fiduciary net position as a percentage of the total pension liability	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	83.21%

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability

Changes in Benefit Terms

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

In fiscal year 2021, there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new

policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

McKinleyville Community Service District
Schedules of the District's Proportionate Share of the Net Pension Liability, continued
As of June 30, 2022
Last Ten Years*

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability, continued

Change of Assumptions and Methods, continued

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to

7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

McKinleyville Community Service District
Schedules of Pension Plan Contributions
As of June 30, 2022
Last Ten Years*

Defined Benefit Plan

Description	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	\$ 312,417	281,677	251,463	212,575	187,417	162,865	155,352	126,683
Contributions in relation to the actuarially determined contribution	(312,417)	(281,677)	(251,463)	(212,575)	(187,417)	(163,266)	(155,352)	(126,683)
Contribution deficiency (excess)	\$ -	-	-	-	-	(401)	-	-
District's covered payroll	\$ 1,554,671	1,474,010	1,461,535	1,390,558	1,313,591	1,260,867	1,253,808	1,175,186
Contributions as a percentage of covered-payroll	20.10%	19.11%	17.21%	15.29%	14.27%	12.92%	12.39%	10.78%

Notes to the Schedules of Pension Plan Contributions

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

< Page Intentionally Left Blank >

DRAFT

Report on Internal Controls and Compliance

DRAFT

< Page Intentionally Left Blank >

DRAFT

**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
McKinleyville Community Services District
McKinleyville, 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 McKinleyville Community Services District (District), which comprise the statement of net position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 4, 2023.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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*.

**Independent Auditor’s Report on Internal Controls over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*, continued**

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.

Fedak & Brown LLP
Cypress, California
January 4, 2023

DRAFT

McKinleyville Community Services District

Board of Directors

Presentation of 2022 Audit Results

**C.J. Brown & Company, CPAs /
Fedak & Brown LLP**



The Audit

The Audit Was Performed in Accordance with Auditing Standards Generally Accepted in The United States of America

– Our Audit Procedures Include:

- Assess The District's Internal Controls**
- Agree Balances to Supporting Documentation**
- Perform Analysis of Key Relationships**

The Auditor's Reports

Independent Auditor's Report

- **Unmodified “CLEAN” Opinion**
 - In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **McKinleyville Community Services District** as of June 30, 2022....

Communication With the Board Management Report

- **During Our Testing We Did Not Identify Material Weakness within The District's Internal Control Structure.**
- **Any Minor Observations Made During Our Testing Has Been Shared with Management.**

What's New – GASB 87

- **Requires That Material Lease Agreements Be Recorded on The District's Statements of Net Position.**
- **No Effect on The District's Financial Statements.**

OPEB & Pension Adjustments

- **Each Year The District Adjusts The OPEB And Pension Liabilities Based on Actuarial Reports Provided to The District.**
- **Return on Plan Investments Has Played A Significant Role.**
- **OPEB**
 - 2022 \$6,942,623
 - 2021 \$10,010,085
 - 2020 \$8,608,124
- **Pension**
 - 2022 \$1,375,759
 - 2021 \$2,299,309
 - 2020 \$2,101,815

Review of the Numbers

- **Governmental Funds**
 - **Decrease in Net Position of \$262,691**
- **Enterprise Funds**
 - **Increase in Net Position of \$1,974,725**

Financial Highlights

Condensed Statements of Net Position

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total District</u>		
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>
Assets:									
Current assets	\$ 879,048	913,090	(34,042)	32,986,667	23,531,635	9,455,032	33,865,715	24,444,725	9,420,990
Non-current assets	-	-	-	-	-	-	-	-	-
Capital assets	4,786,246	4,961,095	(174,849)	39,398,265	36,569,676	2,828,589	44,184,511	41,530,771	2,653,740
			-			-			-
Total assets	<u>5,665,294</u>	<u>5,874,185</u>	<u>(208,891)</u>	<u>72,384,932</u>	<u>60,101,311</u>	<u>12,283,621</u>	<u>78,050,226</u>	<u>65,975,496</u>	<u>12,074,730</u>
Deferred outflows	<u>1,001,873</u>	<u>905,688</u>	<u>96,185</u>	<u>2,276,664</u>	<u>1,891,923</u>	<u>384,741</u>	<u>3,278,537</u>	<u>2,797,611</u>	<u>480,926</u>
Liabilities:			-			-			-
Current liabilities	346,255	329,362	16,893	2,253,326	1,512,485	740,841	2,599,581	1,841,847	757,734
Non-current liabilities	3,972,023	4,850,094	(878,071)	32,144,835	26,236,690	5,908,145	36,116,858	31,086,784	5,030,074
Total liabilities	<u>4,318,278</u>	<u>5,179,456</u>	<u>(861,178)</u>	<u>34,398,161</u>	<u>27,749,175</u>	<u>6,648,986</u>	<u>38,716,439</u>	<u>32,928,631</u>	<u>5,787,808</u>
Deferred inflows	<u>1,690,399</u>	<u>679,236</u>	<u>1,011,163</u>	<u>5,422,020</u>	<u>1,377,369</u>	<u>4,044,651</u>	<u>7,112,419</u>	<u>2,056,605</u>	<u>5,055,814</u>
Net position:			-			-			-
Net investment in CA	3,962,707	4,042,205	(79,498)	20,348,149	17,946,371	2,401,778	24,310,856	21,988,576	2,322,280
Restricted	224,234	218,325	5,909	757,786	788,179	(30,393)	982,020	1,006,504	(24,484)
Unrestricted	(3,528,451)	(3,339,349)	(189,102)	13,735,480	14,132,140	(396,660)	10,207,029	10,792,791	(585,762)
Total net position	<u>\$ 658,490</u>	<u>921,181</u>	<u>(262,691)</u>	<u>34,841,415</u>	<u>32,866,690</u>	<u>1,974,725</u>	<u>35,499,905</u>	<u>33,787,871</u>	<u>1,712,034</u>

Financial Highlights

In 2022:

Net Position - Increased by \$1,712,034 to \$35,499,905, as a result of ongoing operations.

Total Revenues - Decreased by \$426,731 to \$10,961,301

- **Program Revenues** – Decreased by \$26,458, due primarily to decreases of \$136,369 capital grants and contributions which were offset by an increase of \$100,464 in charges for services.
- **General Revenues** – Decreased by \$400,273, due primarily to a \$429,671 decrease in investment earnings / fair-market-value adjustments.

Total Expenses - Increased by \$595,556 to \$9,249,267, due primarily to increases of \$310,426 in Wastewater Fund expenses and \$260,305 in Water Fund expenses.

Financial Highlights

Condensed Statements of Activities

	Governmental Activities			Business-Type Activities			Total District		
	2022	2021	Change	2022	2021	Change	2022	2021	Change
Revenues:									
Program revenues:									
Charge for services	\$ 552,111	403,485	148,626	8,140,798	8,188,960	(48,162)	8,692,909	8,592,445	100,464
Operating grants and contrib	14,773	5,326	9,447	-	-	-	14,773	5,326	9,447
Capital grants and contrib	-	10,040	(10,040)	1,567,835	1,694,164	(126,329)	1,567,835	1,704,204	(136,369)
Total program revenue:	<u>566,884</u>	<u>418,851</u>	<u>148,033</u>	<u>9,708,633</u>	<u>9,883,124</u>	<u>(174,491)</u>	<u>10,275,517</u>	<u>10,301,975</u>	<u>(26,458)</u>
General revenues:									
Property taxes	729,263	671,671	57,592	-	-	-	729,263	671,671	57,592
Voter approved taxes	216,405	217,031	(626)	-	-	-	216,405	217,031	(626)
Investment earnings	(50,303)	39,754	(90,057)	(238,030)	101,584	(339,614)	(288,333)	141,338	(429,671)
Gain on disposal of CA	7,501	4,601	2,900	400	212	188	7,901	4,813	3,088
Other income	20,548	51,204	(30,656)	-	-	-	20,548	51,204	(30,656)
Total general revenues	<u>923,414</u>	<u>984,261</u>	<u>(60,847)</u>	<u>(237,630)</u>	<u>101,796</u>	<u>(339,426)</u>	<u>685,784</u>	<u>1,086,057</u>	<u>(400,273)</u>
Total revenues	<u>1,490,298</u>	<u>1,403,112</u>	<u>87,186</u>	<u>9,471,003</u>	<u>9,984,920</u>	<u>(513,917)</u>	<u>10,961,301</u>	<u>11,388,032</u>	<u>(426,731)</u>
Expenses:									
General (Parks & Rec)	1,447,221	1,483,744	(36,523)	-	-	-	1,447,221	1,483,744	(36,523)
Measure B	202,702	125,972	76,730	-	-	-	202,702	125,972	76,730
Streetlighting	103,066	118,448	(15,382)	-	-	-	103,066	118,448	(15,382)
Water	-	-	-	3,539,726	3,279,421	260,305	3,539,726	3,279,421	260,305
Wastewater	-	-	-	3,956,552	3,646,126	310,426	3,956,552	3,646,126	310,426
Total expenses	<u>1,752,989</u>	<u>1,728,164</u>	<u>24,825</u>	<u>7,496,278</u>	<u>6,925,547</u>	<u>570,731</u>	<u>9,249,267</u>	<u>8,653,711</u>	<u>595,556</u>
Changes Net Position	<u>(262,691)</u>	<u>(325,052)</u>	<u>62,361</u>	<u>1,974,725</u>	<u>3,059,373</u>	<u>(1,084,648)</u>	<u>1,712,034</u>	<u>2,734,321</u>	<u>(1,022,287)</u>
Net position, beginning	<u>921,181</u>	<u>1,246,233</u>	<u>(325,052)</u>	<u>32,866,690</u>	<u>29,807,317</u>	<u>3,059,373</u>	<u>33,787,871</u>	<u>31,053,550</u>	<u>2,734,321</u>
Net position, end	<u>\$ 658,490</u>	<u>921,181</u>	<u>(262,691)</u>	<u>34,841,415</u>	<u>32,866,690</u>	<u>1,974,725</u>	<u>35,499,905</u>	<u>33,787,871</u>	<u>1,712,034</u>

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **Action**

ITEM: E.4 **Discuss and Consider Committee Assignments and Appointments of Committee Chairs by the Board President for the 2023 Calendar Year**

PRESENTED BY: **April Sousa, Board Secretary**

TYPE OF ACTION: **President Appointment**

Recommendation:

Staff recommends that the Board review and discuss Appendix A of the Board Policy Manual (**Attachment 1**) regarding Board Direction for Committee Assignments, take public comment, and the Board President appoint committee assignments for the 2023 Calendar Year.

Discussion:

The Board should discuss and consider various committee assignments that will be appointed by the Board President and also designate committee chairs/co-chairs.

Appendix A from the Board Policy Manual (Attachment 1) provides descriptions of the standing committees of the Board. There is currently one ad-hoc committees not listed in Appendix A (Community Forest Committee). Additionally, the Local Agency Formation Commission (LAFCo) is not listed in Appendix A as this is not a Board President appointed committee but is an elected position by LAFCO members. The full list of committees (with 2022's appointments) are as follows:

- a. Parks and Recreation Advisory Committee (Binder/Clark-Peterson)
- b. Area Fund (John Kulstad/Clark-Peterson)
- c. Redwood Region Economic Development Commission (Clark-Peterson/Binder)
- d. McKinleyville Senior Center Board Liaison (Binder/Clark-Peterson)
- e. Finance and Audit (Orsini/Couch)
- f. Employee Negotiations (Couch/Mayo)
- g. McKinleyville Municipal Advisory Committee (Orsini/Binder)
- h. Humboldt Local Agency Formation Commission (Couch)
- i. Environmental Matters Committee (Couch/Clark-Peterson)
- j. Ad Hoc Community Forest Committee (Mayo/Orsini)

Additionally, the Board may consider amendments to the above list. Any amendments would need to be formalized in the Board Policy Manual, which would occur at a subsequent Board Meeting. One suggestion is to remove the Environmental Matters Committee, which came about in 2019 by combining three (3) other standing committees that were not meeting regularly (Water Task Force, Ad Hoc No Drugs & Toxins Down the

Drain, and the Groundwater Sustainability Committee). This committee has not met since its inception.

Alternatives:

- Take no Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Appendix A Board Policy Manual – Committee Assignments

Appendix A

Board Direction for Committee Assignments

The Board of Directors of the McKinleyville Community Services District (MCSD; District) currently (2020) has eleven (11) committees, nine of which are standing committees and two ad-hoc committees. A standing committee is a permanent committee established for the purpose of specializing in the consideration of a particular subject area. MCSD's standing committees include Parks and Recreation Committee, Area Fund, Redwood Region Economic Development Committee, Audit Committee, Employee Negotiations Committee, McKinleyville Municipal Advisory Committee, and Environmental Matters committee. An Ad-Hoc Committee is a committee formed for a specific task or objective and dissolved after the completion of the task or achievement of the objective. The McKinleyville Senior Center Advisory Committee dissolved in March 2019, however the continued collaboration and agreement with the McKinleyville Senior Center still requires an MCSD Board Liaison.

Parks and Recreation Committee: The primary purpose of the Parks and Recreation Committee (PARC) is to make recommendations to the McKinleyville Community Services District (MCSD) Board of Directors regarding plans, policies, programs, and projects relating to McKinleyville's parks, facilities, open space maintenance zones, and recreation activities.

The PARC is appointed by the Board and should include one Director who will be appointed by the Board President. An alternate Director will be selected in the event the primary Director is unable to attend a PARC meeting. Members should represent, to the extent possible, various recreational interests of the community including but not limited to business, environmental, equestrian, sports, seniors, trails and youth. The Parks and Recreation Committee meet once a month on the 3rd Thursday at 6:30pm at District's Conference Room, 1656 Sutter Road, McKinleyville. The designated Board Member should report back to the Board during the regular monthly Board of Directors meetings.

Area Fund: The primary purpose of the McKinleyville Area Fund is to help in the decision-making process to grant funds to deserving organizations and projects in the McKinleyville area.

The MCSD Board President will appoint a Director to serve as a member for the McKinleyville Area Fund annually. The committee meets on an "as needed" basis. The designated Board Member should report to the Board during the regular monthly Board of Directors meetings as applicable.

Redwood Region Economic Development Commission: The Redwood Region Economic Development Commission (RREDC) is a collaboration of Humboldt County communities dedicated to expanding economic opportunity in Humboldt County. The primary purpose of RREDC is to create opportunity and to support the growth of local businesses by leading

projects of regional significance, making loans, and offering technical assistance through partnership with the North Coast Small Business Development Center.

RREDC has nineteen members and is governed by a Board of Directors of elected officials appointed by member agencies. The MCSD Board President will appoint a Director to serve as a member for RREDC annually. An alternate Director will be selected in the event the primary Director is unable to attend a RREDC meeting. The RREDC Board of Directors meet once a month on the 4th Monday at 6:30pm at the Prosperity Center, 520 E Street, Eureka. The designated Board Member should report back to the Board during the regular monthly Board of Directors meetings.

McKinleyville Senior Center Board Liaison: The primary purpose of the McKinleyville Senior Center Board Liaison is to provide a line of communication to the McKinleyville Senior Center (MSC) regarding Azalea Hall and any other topics pertinent to active agreements.

The MCSD Board President will appoint a Director to serve as the Board Liaison for the McKinleyville Senior Center annually. The appointed member should attend all MSC executive and regular board meetings. An alternate Director will be selected in the event the primary Director is unable to attend a meeting. The designated Board Member should report back to the Board during the regular monthly Board of Directors meetings to facilitate communications between MCSD and MSC. The MSC Board of Directors meet once a month on the third Wednesday from 11:00am – 12:30pm at the Senior Center.

Audit & Finance Committee: The primary purpose of the Audit & Finance Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls, review of loans or bonds or other financing mechanisms and their terms, compliance with financial and audit related laws and regulations, and other financial matters as assigned by the Board or the Board President. The Audit & Finance Committee will consider internal controls and review their effectiveness. The Committee assists the Board of Directors to fulfill public governance and oversight.

The Audit & Finance Committee will be appointed by the Board President and include two Directors. The Committee should have one “financial expert” member who is knowledgeable and experienced in government accounting and auditing; Generally Accepted Accounting Principles for estimates, accruals, and reserves; and internal controls. If no member is qualified, the committee is permitted to engage an outside party for this purpose. To maintain the Committee’s independence and effectiveness, those with managerial responsibilities that fall within the scope of the audit should NOT serve as a member of the Audit & Finance Committee.

Specific Responsibilities of the Audit & Finance Committee include, but are not limited to:

- Submit Request for Proposals (RFP) to qualified audit firms every three years – soliciting bids, interviewing firms and making the recommendation to the Board of Directors when selecting the firm to be awarded the audit contract
- Review all significant GAAP or FASB rule changes and have a clear understanding of the effect of such changes on the financial condition of the District and needed changes in financial procedures

- Review annual audit in detail – presented to the Board by the auditors and accepted by the Board of Directors based upon the recommendation of the Committee. Such review shall encompass the overall condition of the MCSD finances, all audit recommendations for changes. and management letters
- Discuss financial statements directly with management, with independent auditors in private and privately among Committee members while maintaining an appropriate degree of professional skepticism
- Identify future financial challenges with auditors and management
- Monitor controls designed to prevent and detect senior management override of other controls
- Review annual true cost set asides to ensure that all cost centers of the District have a completed plan to amortize future costs, to recommend set asides for the Board of Directors, compliance with set asides and ensure management has developed a schedule of repayment for borrowings of these funds that is consistent with District financial integrity
- Establish procedures for complaints regarding accounting, internal controls or auditing matters – such procedures should specifically provide for the confidential, anonymous reporting by employees of concerns regarding questionable accounting or auditing matters
- Review financing decision to fund Capital Improvement Projects undertaken by the District
- Review the terms and conditions of substantive finance mechanisms, including loans and bonds/certificates of participation, to be undertaken by the District
- Other financial matters as assigned by the Board President and/or the Board
- Report annually to the full Board and the public on how it satisfied its duties and met its responsibilities

The Audit & Finance Committee should meet on a regular basis and report to the Board during the regular monthly Board of Directors meetings. The report should address or include at a minimum, the activities of the Committee, significant findings brought to the attention of the Committee, any indications of suspected fraud, waste or abuse, significant internal control findings and activities of the internal audit function.

Employee Negotiations Committee: The primary purpose of the Employee Negotiations Committee is to allow open communication between staff and the Board of Directors regarding staff's benefit package.

The committee is comprised of two Directors and a staff nominated representative from each department. The MCSD Board President will appoint the Directors to serve for the Employee Negotiations Committee annually. The designated Board Members should report back to the Board during the regular monthly Board of Directors meetings as necessary. The committee meets on an "as needed" basis when the term of the previous negotiation is close to expiration. The committee members will be called upon to meet with the General Manager to review wage studies and other proposed policy changes to MCSD benefit and compensation package. Committee members should as background be familiar with wage

comparisons of other similar entities, retirement benefit amortizations and medical benefit programs.

McKinleyville Municipal Advisory Committee: The primary purpose of the McKinleyville Municipal Advisory Committee (MMAC) is to provide a consistent forum for the public to hear about and advise the Humboldt County Board of Supervisors on local community issues.

The MMAC is tasked with gathering input from the community and providing advice on matters which relate to county services which are or may be provided to the greater McKinleyville area by the County or other local government agencies. The advice to be provided by the MMAC includes but is not limited to advice on matters of public health, safety, welfare, public works, public financing, and proposed annexations that may affect the local area covered by the MMAC.

An additional responsibility of the MMAC is to review, comment and provide advisory recommendations to the Planning Commission and the Board of Supervisors on proposed zoning amendments, and General Plan petitions and amendments located within the McKinleyville planning area related to conformance with the McKinleyville community plan. The MMAC will also discuss and provide input on long-range planning issues.

As outlined above, these community issues impact the District. The MMAC conducts business without any budget and with a limited staff support from the County of Humboldt. In an effort to increase support and collaboration, MCSD may provide a small stipend of \$3,000 of in-kind services to MMAC for community meetings and other MMAC meeting related expenses. This stipend may be budgeted for during each fiscal year budget process and provides for in-kind contributions of supplies and District staff/office support. Additionally, MCSD provides meeting space support at the McKinleyville Middle School and letters of support for grants as appropriate and approved by the Board. This support is conditional upon MCSD reserving any and all existing and future legal rights conferred upon the District by local, state, and federal law, and in no way defers or apports those rights to the MMAC.

The MMAC is comprised of eight voting members who reside, own property, or conduct a business in the greater McKinleyville area. Six of the MMAC committee members are appointed by the County Board of Supervisors and one is a representative of MCSD appointed by the MCSD Board President annually to a term of one year. General Manager also serves as a voting member of the MMAC. An alternate Director will be selected in the event the primary Director is unable to attend a meeting. The designated Board Member should report back to the Board during the regular monthly Board of Directors meetings matters of relevance to the District. The MMAC meet once a month on the last Wednesday at 6:00pm at the McKinleyville Middle School, located at 2275 Central Ave, McKinleyville.

Additionally, the Board President, District General Manager, MMAC Chair, and the Humboldt County Fifth District Supervisor meets monthly. A joint meeting between the MMAC and MCSD Boards will take place annually.

Environmental Matters Committee: The primary purpose of the Environmental Matters Committee is to meet the needs of all environmental matters, from water to wastewater to land use. This committee will review local limits, groundwater sustainability and participate in the HBMWD Water Task Force as needed as well as any other task force, Ad Hoc committee, or review regarding any environmental matters. This committee meets on an “as needed” basis.

This Page Left Intentionally Blank

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.5 **Review Five Year Strategic Plan Update Process and Timeline**

PRESENTED BY: **Lesley Frisbee, Parks & Recreation Director**

TYPE OF ACTION: **None**

Recommendation:

Staff recommends that the board review the information provided, discuss, air questions, and take public comment on the proposed 5 year update process and timeline for MCSD's Strategic Plan.

Discussion:

The 2019-2024 Strategic Plan was adopted in September of 2019. Since then the District has steadily moved toward completing the goals established in that plan. As the 5 year term for the current plan gets nearer, it is time to begin the process of strategically planning for the years 2024 to 2029.

Staff proposes the following process and timeline to take place through 2023 so that an update can be adopted in 2024:

MCSD Strategic Plan Update Process

- *Board develops shared values and revises Mission and Vision statements (if desired=1 workshop of 3 hours)*
- *Board & Staff Identify current and future needs and priorities (3-4 meetings)*
 - *Board workshop (1 workshop of 3-4 hours)*
 - *Staff groups (2-3 small groups each meeting once with facilitator)*
- *Community survey asking public for input on needs and priorities identified by Board and staff.*
- *Rank needs and priorities identified by staff and Board in consideration of public input*
 - *Board workshop (can be done at Board meeting)*
 - *Staff workshop (bring small groups back for meeting to rank priorities)*
- *Staff (GM-Dept Heads) draft goal statements for top 3-5 needs*
- *Staff (GM-Dept Heads) draft Action plans for each of goals.*
- *Submit Draft plan to Board for review, edits & then adoption (2- 3 board meetings)*

MCS D Strategic Plan Update Timeline for 2023

- *February: Develop Shared Values, Mission & Vision*
 - **Need to Set Dates for workshops**
- *March-May: Conduct Board and Staff input workshops*
 - **Need to Set Dates for workshops**
- *May-July: Collect input from public*
 - *Create online/written survey based on Board & Staff priorities*
- *July-August: Staff and Board workshops to review all input and rank priorities*
- *August-September: Draft Goal statements & Action Plans for each goal*
 - *Present to Board for review and editing*
- *October: Present to Board for review and editing*
- *November/December: present draft plan to Board for adoption.*

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- N/A

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **ACTION/DIRECTION**

ITEM: E.6 **Discussion and Direction regarding Assembly Bill (AB) 2449 - Enhanced Teleconferencing and Recent Developments to Assembly Bill 361 of 2021**

PRESENTED BY: **Pat Kaspari, General Manager**

TYPE OF ACTION: **Roll Call**

Recommendation:

Staff recommends that the Board review the provided material, take public comment, and give direction to Staff regarding the desired teleconferencing protocol to be followed at District Board meetings.

Discussion:

New legislation was recently signed amending the Ralph M. Brown Act (Brown Act), which would take effect on January 1, 2023. These changes include future teleconferencing by members of legislative bodies.

AB2449 refers to enhanced teleconferencing and other new developments relating to AB361 of 2021. Currently, we are working under changes implemented through AB361, which allows for relaxed requirements for holding teleconference/virtual meetings under the Brown Act during a declared State of Emergency. While AB 361 remains in effect through January 1, 2024, the current State of Emergency related to COVID-19 is scheduled to end on February 28, 2023. This means, absent of any additional declared State of Emergency affecting Humboldt County or the District, MCSD will need to revert to holding fully in-person public meetings or meeting using the newly adopted AB 2449 or traditional Brown Act teleconference rules.

AB 2449 provides for relaxed teleconferencing rules when a member of the legislative body has to attend remotely for any emergency or other reasons supported by "just cause". Under these new rules, MCSD may continue to hold hybrid meetings without having to comply with any standard Brown Act teleconferencing rules under certain circumstances. These circumstances are:

- One or more members of the legislative body (but less than a quorum) have notified the body at the earliest opportunity of their need to participate remotely for just cause (e.g., childcare or family caregiving need, contagious illness, physical or mental disability need, travel while on official public business); or
- One or more members of the legislative body (but less than a quorum) experience an emergency circumstance (e.g., a physical or family medical

emergency that prevents in-person attendance). The member must provide a general description of the circumstances relating to their need to appear remotely; however, they are not required to disclose a medical diagnosis, disability or other confidential medical information. The legislative body must then take action on each member's request. If the request does not allow sufficient time to be placed on the posted agenda for the meeting for which the request is made, the legislative body may take action on it at the beginning of the meeting.

In order to use these provisions, Board Directors must first speak with the General Manager as soon as possible before seeking to attend remotely under AB 2449 as there other restrictions, including a specified number of times a member may attend remotely per year using these provisions. In addition, a quorum of the body must still meet in-person at a single location within the District boundaries and use other remote access rules, which include:

- Use either a two-way audio-visual system or a two-way phone service with live webcasting.
- Members participating remotely must disclose at the meeting, before any action is taken, whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals.
- Identify a call-in or internet-based access option for the public on the agenda, along with the in-person meeting location.
- Ensure that, if a disruption to the online meeting occurs, the body takes no further action on agenda items until public access is restored.
- Avoid requiring public comments to be submitted in advance and provide a real-time option for the public to address the body at the meeting.
- Take all votes by roll call.

The provisions of AB 2449 cannot be used as a means for any Board Director to participate in remote meetings solely by teleconference for more than 3 consecutive months or 20% of regular meetings.

MCSD may also choose to rely on the traditional teleconferencing rules of the Brown Act that were applied pre-COVID and remain as an available option. These teleconferencing regulations include:

- All votes must be by roll call
- The meeting must be conducted to protect the rights of the public appearing before the body or wishing to comment
- All members of the public must have access to the meeting and be allowed to provide public comment
- Teleconference location must be identified in the agenda
- Copies of the agenda must be posted at all teleconference locations
- Teleconference locations must be open to the public
- A quorum of the members of the legislative body who are participating remotely must do so from locations within the agency's jurisdiction.

The MCSD Board may also choose to no longer participate in hybrid meetings and require attendance in person for Directors and the Public at all meetings, as was required pre-COVID except as noted above.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – AB 2449 text



AB-2449 Open meetings: local agencies: teleconferences. (2021-2022)

SHARE THIS:



Date Published: 09/14/2022 09:00 PM

Assembly Bill No. 2449

CHAPTER 285

An act to amend, repeal, and add Sections 54953 and 54954.2 of the Government Code, relating to local government.

[Approved by Governor September 13, 2022. Filed with Secretary of State September 13, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2449, Blanca Rubio. Open meetings: local agencies: teleconferences.

Existing law, the Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. The act generally requires posting an agenda at least 72 hours before a regular meeting that contains a brief general description of each item of business to be transacted or discussed at the meeting, and prohibits any action or discussion from being undertaken on any item not appearing on the posted agenda. The act authorizes a legislative body to take action on items of business not appearing on the posted agenda under specified conditions. The act contains specified provisions regarding providing for the ability of the public to observe and provide comment. The act allows for meetings to occur via teleconferencing subject to certain requirements, particularly that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined.

Existing law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with those specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health.

This bill would revise and recast those teleconferencing provisions and, until January 1, 2026, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements that each teleconference location be identified in the notice and agenda and that each teleconference location be accessible to the public if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. Under this exception, the bill would authorize a member to participate remotely under specified circumstances, including participating remotely for just cause or due to emergency circumstances. The emergency circumstances basis for remote participation would be contingent on a request to, and action by, the

legislative body, as prescribed. The bill, until January 1, 2026, would authorize a legislative body to consider and take action on a request from a member to participate in a meeting remotely due to emergency circumstances if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The bill would define terms for purposes of these teleconferencing provisions.

This bill would impose prescribed requirements for this exception relating to notice, agendas, the means and manner of access, and procedures for disruptions. The bill would require the legislative body to implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with federal law.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 54953 of the Government Code, as amended by Section 3 of Chapter 165 of the Statutes of 2021, is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e).

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) The legislative body of a local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option.

(B) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(C) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(D) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(E) (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

(4) This subdivision shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(f) (1) The legislative body of a local agency may use teleconferencing without complying with paragraph (3) of subdivision (b) if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda, which location shall be open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction and the legislative body complies with all of the following:

(A) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

(i) A two-way audiovisual platform.

(ii) A two-way telephonic service and a live webcasting of the meeting.

(B) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment.

(C) The agenda shall identify and include an opportunity for all persons to attend and address the legislative body directly pursuant to Section 54954.3 via a call-in option, via an internet-based service option, and at the in-person location of the meeting.

(D) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a

disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(2) A member of the legislative body shall only participate in the meeting remotely pursuant to this subdivision, if all of the following requirements are met:

(A) One of the following circumstances applies:

(i) The member notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting. The provisions of this clause shall not be used by any member of the legislative body for more than two meetings per calendar year.

(ii) The member requests the legislative body to allow them to participate in the meeting remotely due to emergency circumstances and the legislative body takes action to approve the request. The legislative body shall request a general description of the circumstances relating to their need to appear remotely at the given meeting. A general description of an item generally need not exceed 20 words and shall not require the member to disclose any medical diagnosis or disability, or any personal medical information that is already exempt under existing law, such as the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code). For the purposes of this clause, the following requirements apply:

(I) A member shall make a request to participate remotely at a meeting pursuant to this clause as soon as possible. The member shall make a separate request for each meeting in which they seek to participate remotely.

(II) The legislative body may take action on a request to participate remotely at the earliest opportunity. If the request does not allow sufficient time to place proposed action on such a request on the posted agenda for the meeting for which the request is made, the legislative body may take action at the beginning of the meeting in accordance with paragraph (4) of subdivision (b) of Section 54954.2.

(B) The member shall publicly disclose at the meeting before any action is taken, whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals.

(C) The member shall participate through both audio and visual technology.

(3) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for a period of more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year, or more than two meetings if the legislative body regularly meets fewer than 10 times per calendar year.

(g) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(h) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(i) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing members of the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(j) For the purposes of this section, the following definitions shall apply:

(1) "Emergency circumstances" means a physical or family medical emergency that prevents a member from attending in person.

(2) "Just cause" means any of the following:

(A) A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. "Child," "parent," "grandparent," "grandchild," and "sibling" have the same meaning as those terms do in Section 12945.2.

(B) A contagious illness that prevents a member from attending in person.

(C) A need related to a physical or mental disability as defined in Sections 12926 and 12926.1 not otherwise accommodated by subdivision (g).

(D) Travel while on official business of the legislative body or another state or local agency.

(3) "Remote location" means a location from which a member of a legislative body participates in a meeting pursuant to subdivision (f), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(4) "Remote participation" means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting. Watching or listening to a meeting via webcasting or another similar electronic medium that does not permit members to interactively hear, discuss, or deliberate on matters, does not constitute remote participation.

(5) "State of emergency" means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(6) "Teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(7) "Two-way audiovisual platform" means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic function.

(8) "Two-way telephonic service" means a telephone service that does not require internet access, is not provided as part of a two-way audiovisual platform, and allows participants to dial a telephone number to listen and verbally participate.

(9) "Webcasting" means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

(k) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 2. Section 54953 of the Government Code, as added by Section 4 of Chapter 165 of the Statutes of 2021, is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all

otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d).

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) The legislative body of a local agency may use teleconferencing without complying with paragraph (3) of subdivision (b) if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location ~~172~~ early identified on the agenda, which location shall be

open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction and the legislative body complies with all of the following:

(A) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

- (i) A two-way audiovisual platform.
- (ii) A two-way telephonic service and a live webcasting of the meeting.

(B) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment.

(C) The agenda shall identify and include an opportunity for all persons to attend and address the legislative body directly pursuant to Section 54954.3 via a call-in option, via an internet-based service option, and at the in-person location of the meeting.

(D) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(2) A member of the legislative body shall only participate in the meeting remotely pursuant to this subdivision, if all of the following requirements are met:

(A) One of the following circumstances applies:

(i) The member notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting. The provisions of this clause shall not be used by any member of the legislative body for more than two meetings per calendar year.

(ii) The member requests the legislative body to allow them to participate in the meeting remotely due to emergency circumstances and the legislative body takes action to approve the request. The legislative body shall request a general description of the circumstances relating to their need to appear remotely at the given meeting. A general description of an item generally need not exceed 20 words and shall not require the member to disclose any medical diagnosis or disability, or any personal medical information that is already exempt under existing law, such as the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code). For the purposes of this clause, the following requirements apply:

(I) A member shall make a request to participate remotely at a meeting pursuant to this clause as soon as possible. The member shall make a separate request for each meeting in which they seek to participate remotely.

(II) The legislative body may take action on a request to participate remotely at the earliest opportunity. If the request does not allow sufficient time to place proposed action on such a request on the posted agenda for the meeting for which the request is made, the legislative body may take

action at the beginning of the meeting in accordance with paragraph (4) of subdivision (b) of Section 54954.2.

(B) The member shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals.

(C) The member shall participate through both audio and visual technology.

(3) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for a period of more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year, or more than two meetings if the legislative body regularly meets fewer than 10 times per calendar year.

(f) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(g) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(h) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing members of the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(i) For the purposes of this section, the following definitions shall apply:

(1) "Emergency circumstances" means a physical or family medical emergency that prevents a member from attending in person.

(2) "Just cause" means any of the following:

(A) A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. "Child," "parent," "grandparent," "grandchild," and "sibling" have the same meaning as those terms do in Section 12945.2.

(B) A contagious illness that prevents a member from attending in person.

(C) A need related to a physical or mental disability as defined in Sections 12926 and 12926.1 not otherwise accommodated by subdivision (f).

(D) Travel while on official business of the legislative body or another state or local agency.

(3) "Remote location" means a location from which a member of a legislative body participates in a meeting pursuant to subdivision (e), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(4) "Remote participation" means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting. Watching or listening to a meeting via webcasting or another similar electronic medium that does not permit members to interactively hear, discuss, or deliberate on matters, does not constitute remote participation.

(5) "Teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(6) "Two-way audiovisual platform" means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic function.

(7) "Two-way telephonic service" means a telephone service that does not require internet access, is not provided as part of a two-way audiovisual platform, and allows participants to dial a telephone number to listen and verbally participate.

(8) "Webcasting" means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

(j) This section shall become operative January 1, 2024, shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 3. Section 54953 is added to the Government Code, to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, "teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) This section shall become operative January 1, 2026.

SEC. 4. Section 54954.2 of the Government Code is amended to read:

54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency's Internet Web site, if the local agency has one. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an Internet Web site with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state. 176

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform.

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) For the purposes of this paragraph, both of the following definitions shall apply:

(i) "Integrated agenda management platform" means an Internet Web site of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(ii) "Legislative body" has the same meaning as that term is used in subdivision (a) of Section 54952.

(E) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(4) To consider action on a request from a member to participate in a meeting remotely due to emergency circumstances, pursuant to Section 54953, if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The legislative body may approve such a request by a majority vote of the legislative body.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency's Internet Web site, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(e) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 5. Section 54954.2 is added to the Government Code, to read:

54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency's Internet Web site, if the local agency has one. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an Internet Web site with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state.

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform. 178

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) For the purposes of this paragraph, both of the following definitions shall apply:

(i) "Integrated agenda management platform" means an Internet Web site of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(ii) "Legislative body" has the same meaning as that term is used in subdivision (a) of Section 54952.

(E) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency's Internet Web site, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(e) This section shall become operative January 1, 2026.

SEC. 6. The Legislature finds and declares that Sections 1 and 2 of this act, which amend Section 54953 of the Government Code, impose a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature ¹⁷⁹ makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

By removing the requirement for agendas to be placed at the location of each public official participating in a public meeting remotely, including from the member's private home or hospital room, this act protects the personal, private information of public officials and their families while preserving the public's right to access information concerning the conduct of the people's business.

SEC. 7. The Legislature finds and declares that Sections 1 and 2 of this act, which amend Section 54953 of the Government Code, further, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

This act is necessary to ensure minimum standards for public participation and notice requirements allowing for greater public participation in teleconference meetings.

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **INFORMATION**

ITEM: F.3.A **Support Services – November - December 2022 Report**

PRESENTED BY: **Nicole Alvarado, Finance Director**

TYPE OF ACTION: **None**

FINANCIAL, AUDIT, & BUDGET INFORMATION

The District has \$1,354,379 to date in the Trust Account for the Biosolids Disposal project. Staff has submitted a draw down request to Humboldt County for expenses incurred in FY21-22.

Customer adjustments at November month-end total \$0, the annual budget for this sub-item is \$45,000. (GL# 501/551-62120)

Total Board Travel as of November 30, 2022 is \$9,776 which is 63% of the approved \$15,500 budget for this item. (GL# 001/005/501/551 62090/62155-888)

Audit/Budget Update:

The audited draft financials are complete. They have been reviewed by the Audit Committee and presented to the Board at this meeting. Once approved, the Audited Financials for FY21-22 will be posted on the District's website and disseminated to the various lenders and other interested parties who require them. The State Controller's Office Financial Report is being completed by the auditor, as stated in the contract, and will be uploaded to the SCO website before the January 31st deadline.

Treasurer's Report Highlights:

In the Activity Summary grant revenue has been moved to non-operating revenue, this provides a better picture as to how operating revenues are performing compared to operating expenses. The Water Fund has recorded \$39,986 in grant revenue and the Wastewater Fund has recorded \$381,338 in grant revenue as of November 30th. Grant revenue recorded has been to reimburse expenses for the 4.5 MG Tank and the Microgrid. The Water Fund recorded \$73,570 on capital contributions and the Wastewater Fund recorded \$72,510 in capital contributions. Capital Contributions are included in the income vs. expenses graphs of the Treasurer's Report, but they are called out separately in the Activity Summary report.

Activity Summary

The Activity Summaries by Fund provides information on revenues and expenses or expenditures for each Fund, both current month and year-to-date. There is also a column showing the year-to-date budget and amounts and percent over or under. Lines that deviate from the calculated budget by more than 10% have an explanatory note. Often, this is no more than a reminder that, while the budget is divided evenly across twelve months, actual expenses often do not follow the same pattern. Other times, there are specific reasons for a deviation, such as contributed construction or the collection of unexpected capacity fees.

The Water and Wastewater Funds are listed first, followed by the graphs showing revenue versus expenses versus budgets. Parks, Measure B, and Streetlights information is given next, with accompanying graphs for each.

OTHER UPDATES

Staff has updated the utility billing software with the rate adjustment approved at the November 2nd board meeting. New rates will be reflected on each customer's January 2023 bill.

The Audit & Finance Committee met on December 12th to discuss a funding policy, investment risk level, and agreements to set up a Section 115 Trust for other post-employment benefits (OPEB). Notes for that meeting are attached.

Attachment 1 – Audit & Finance Committee Notes December 12th
Attachment 2 - Audit & Finance Committee Notes December 21st

Monday, December 12, 2022
3:30 p.m.
Audit and Finance Meeting
NOTES

Members Present: David Couch, Greg Orsini

Staff Present: Nicole Alvarado, Pat Kaspari, April Sousa

Meeting Called to Order at 3:35 p.m..

Public Comment

- None

Establish Section 115 Trust for Other Post-Employment Benefits (OPEB)

Finance Director Nicole Alvarado reviewed the agenda item and the calculations found within the packet.

- She noted that the District is currently 100% funded in all reserve categories except OPEB, which is at 43%.
- Options and investment strategies were reviewed and discussed.
- It was noted that funding at 100% was not an efficient use of funds.
- Staff suggests a funding target of 60%
- The difference between “Pay Go” and a 115 Section trust was discussed
- Finance committee agreed to the following to be recommended to the Board
 - 60% funding level target
 - Initial Transfer of \$2.5 M
 - Initial contribution of \$200,000 “Pay Go” and \$200,000 of reserves
 - To be reviewed annually
 - Investment Strategy to us – Strategy 3 – more conservative, expected return of 5%, risk 8.4%
- The committee asked to review the staff note prior to the February Board meeting, when this item will go to the Board for approval.
- Upcoming meeting items were discussed – next meeting on December 21 for Audit review. Other upcoming meetings needed to discuss a Single Audit review and information regarding California CLASS.
- Director Orsini asked for information on the Fixed Costs during the Budget process.

Adjourn – 4:53 p.m.

Monday, December 21, 2022

1:00 p.m.

Audit and Finance Meeting

NOTES

Members Present: David Couch (via zoom), Greg Orsini

Staff Present: Nicole Alvarado, Pat Kaspari, April Sousa (via zoom)

Guests Present: Chris Brown, Auditor

Meeting Called to Order at 1:06p.m..

Public Comment

- None

Review and Discuss Audited Financials for FY 2021-22

Chris Brown gave a review of the Audit.

- It was mentioned that this was an unmodified opinion.
- The format of the Audit was different from previous years, but the information same.
- Some changes from previous years were discussed; many changes were because of market returns.
- OPEB (Other Post-Employment Benefits) numbers and liabilities were discussed
- At the end of the presentation, it was noted that there were no material weaknesses in the Financial Statements.
- General Manager Kaspari asked clarifying questions regarding GASB96 on page 56 of the report and how it would affect the District. Chris will gather some information and get back to MCSD.
- Director Orsini expressed concerns on how Capacity Fees and general Revenues were reported. It was discussed that the audit would not necessarily reflect these numbers but internally, a report could reflect a separation of these revenues and how they are used.

After the Audit review, Director Orsini brought up the findings from the last Committee meeting on the 115 trust and wanted to retract the recommendation to the board.

- It was noted that because the funds were not in the budget to hold off on the additional 115 trust funding on top of the "Pay Go" funding until that can be put into the budget.
- The percent for each department was discussed as the budgeting would not be an exact "1" split.

- Director Alvarado stated that she would get the information regarding the percent each department pays for OPEB for the committee to review at a meeting in January.
- A meeting will be scheduled for January to approve a new recommendation to the Board at the February meeting. Staff will come with a recommendation for the committee to review.
- It was also discussed that the budgeting process is beginning and the extra \$200,000 over the “Pay Go” amount could be worked into the budget during this time.

Adjourn – 2:16 p.m.

This Page Left Intentionally Blank

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **INFORMATION**

ITEM: F.3.B **Operations Department – November / Dec. 2022 Report**

PRESENTED BY: **James Henry, Operations Director**

TYPE OF ACTION: **None**

Water Department:

Water Statistics:

The district pumped 39.2 million gallons of water in November. Three water quality complaints were investigated and rectified. Daily, weekly and monthly inspections of all water facilities were conducted.

Double Check Valve Testing:

Annual routine testing and retests were conducted in November. Customers with failed DCV's were notified to make repairs and call the office to schedule a retest.

Average and Maximum Water Usage:

The maximum water usage day was 1.9 million gallons and the average usage per day was 1.3 million gallons.

Water Distribution Maintenance:

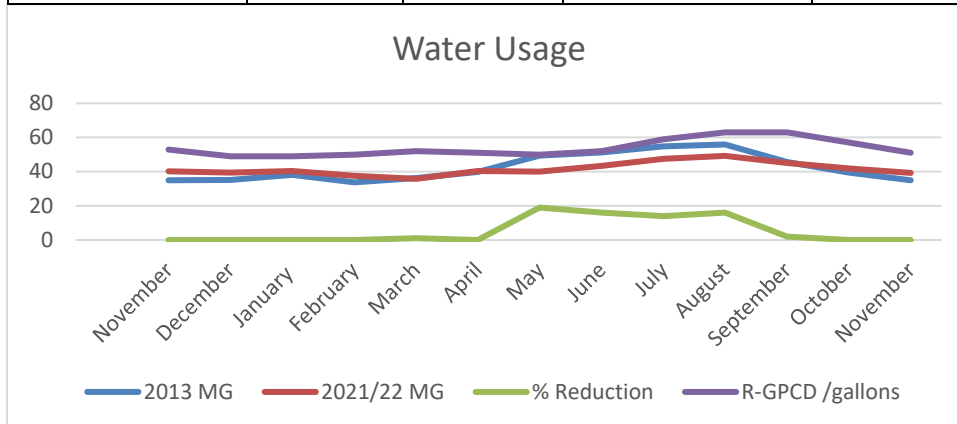
Weekly Bacteria Samples were collected on Schedules 3,4,5, and 6 which represent different locations in the water distribution system. The schedules are made up of a sample taken in each pressure zone. An air relief was repaired on School Road due to the construction crew clipping the box. Several hydrant repairs have been completed. These issues were noted during the annual hydrant exercise and inspections. A service line leak was repaired on McKinleyville Avenue due to a bad crimp over the storm drain. A service line leak was also repaired at the Pialorsi Ranch due to the meter box pushing down on the pipe and splitting it. Mainline valves are being operated as part of the annual exercising program. This will continue into the next few months. Staff will record conditions or issues onto the tablet during inspections and all issues will be flagged to generate a service order for repairs. Three new water services were installed on Caroline for a lot split.

Water Station Maintenance:

Monthly inspections and daily routines were conducted at the water stations. Any minor issues found are repaired during inspections, but if they require parts or extensive labor, the issue is documented on the monthly sheet, which will then generate a work order for repairs. The Cochran Tank painting project is near completion. The tank has passed all testing and was given the green light by the State to come back online. The semi-annual expansion joint inspections were completed at all water facilities. Joints are checked for cracks and wear.

As of July 2014, the District is required to submit a Public Water Monthly Monitoring Report to compare water usage to last year's usage in the same month. I will keep the Board updated each month using the Table below.

	2013 (MG)	2021/22 (MG)	% Reduction	R-GPCD
November	34.879	40.116	(-15)	53
December	35.203	39.371	(-11)	49
January	38.241	40.314	(-6)	49
February	33.751	37.674	(-11)	50
March	36.244	35.798	1	52
April	39.755	36.072	10	49
May	49.407	40.019	19	50
June	51.337	43.312	16	52
July	54.757	47.464	14	59
August	55.908	49.252	16	63
September	45.702	45.118	2	63
October	39.439	41.856	(-6)	57
November	34.879	39.227	(-12)	51



R-GPCD = Residential Gallons Per Capita Day

New Construction Inspections:

Midtown Court Tract: Plans were reviewed, and plan check fees have been paid. This project has not started yet. Washington Estates: Contractor has installed Sewer mains and manholes per MCSD Specifications. Water mains and services have been installed and testing is pending on other utilities being installed.

Sewer Department:**WasteWater Statistics:**

23.4 million gallons of wastewater were collected and pumped to the WWMF. 21.4 million gallons of wastewater were treated and discharged to land disposal or reclamation in November.

Sewer Station Maintenance:

Monthly inspections and daily routines were conducted on all sewer stations. Wet well washing was completed at Letz and Kelly stations. This is done quarterly to remove grease from the well and preventing rags from being sucked into the pumps and causing pump failure. The washing also helps eliminate hydrogen sulfide build-up on the walls which can eat away at the concrete casing. Repairs were made to the B Street Station, road due to the wet weather causing the Right of way to be slick and hard to maneuver the Vac-con through. Backhoe work was done at the Babler site to organize dumping stations and condense brush piles. Adjustments were made to the Letz automatic transfer switch due to the switch not engaging fully when transferred. Mowing and hedge trimming was completed at the Fischer lift station. Letz pump 3 was found to be logging higher hours during the daily station pump hour observation. Staff found that the pump was full of rags. Rags were removed and pump was placed back into service. The vacuum and pressure lines at the Kelly package station were replaced due to cracking noted during the monthly inspections. The semi-annual expansion joint inspections were completed at all sewer facilities. Joints are checked for cracks and wear.

Sewer Collection System:

Grease traps were inspected at required facilities. Customers that are out of compliance were notified to have their traps pumped and possibly shorten their pumping schedule. Staff conducted the quarterly hydro-cleaning of the sewer mains to remove grease and grit from selected areas of concern. This is done using the vac-con and 3000 psi through a spinning nozzle. 14,700 feet of sewer main was cleaned and customers were notified in advance of the cleaning. This schedule is made up of mains that have been known to hold grease due to bellies in the line or restaurants failing to clean their grease traps in time. Staff has been monitoring the sewer flow in manholes using the Smartcover flow totalizers. This data will be compared to the dry weather flow to try locating areas where inflow and infiltration is entering the sewer mains. These devices will be moved around to selected manholes during the winter. A new sewer service was installed on Caroline due to a lot split.

Wastewater Management Facility:

Daily and weekly maintenance continues at the treatment plant to perform required service on the equipment. The annual replacement of the Aeration Basin pH and DO

probes was completed.

Daily Irrigation and Observation of Reclamation Sites:

Discharge has been going to River since early December. Staff has been clearing out the yellow storage building at the Pialorsi Ranch to make room for storing materials.

Street Light Department:

There were no streetlight complaints in November. There are 4 pending issues that are waiting on PG&E. These issues were scheduled for repairs but didn't take place due to the earthquake.

Promote Staff Training and Advancement:

Weekly tailgate meetings and training associated with job requirements. Staff received training on Lightning Safety, Winter Driving, Emergency Preparedness and Hazwoper annual refresher.

Special Notes:

Monthly river samples were completed.

Monthly Self-Monitoring Reports (DMR/SMR) were submitted.

Public Water Monthly Monitoring report was submitted.

Monthly Water Quality report was sent to the Dept. of Health.

Attended Micro-grid progress meetings and follow up inspections.

Attended Mad River Project meetings

Meetings and inspections of Cochran Tank painting project

Attended design meeting for 4.5 MG tank project.

Responded to Earthquake with staff

Hired a GIS Analyst and will bring him to the February meeting for introductions

Held interviews for Maintenance worker. Candidate selected will start in January

Dylan passed his Class B driving test

Acute testing was completed as per NPDES permit

Toured facilities with Director Biteman

Commented on 90% design for Central pipeline replacement

GIS:

Plans And Programs

- Reviewed the Asbestos Hazard Control Plan
 - No changes were made
- Went through GIS SOP and practiced many of the tasks with Brian

Maps Completed/General GIS

- Updated Hiller Park Trails map
 - Icons added to map
- Updated Facilities map in ArcGIS online and Web Mapping Application
- Recorded new points via the GPS for features previously not on Facilities Map
 - Newly installed sewer laterals and water service lines

- Found buried water valves and tracked lines to blowoff
- Created Manhole & Cleanout Inspection Map
 - Updated Field Maps application
 - Created Dashboard to track progress
- Continued work on Easements layer for facilities map which Brian had started

Misc. Work Completed

- USA's
- Operations document filing
- Familiarized myself with GIS server and file structures on the Desktop
- Facility tour for better understanding of operation design/process

This Page Left Intentionally Blank

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **INFORMATION**

ITEM: F.3.C **Parks & Recreation Director's Report for December 2022**

PRESENTED BY: **Lesley Frisbee, Parks & Recreation Director**

TYPE OF ACTION: **None**

TEEN & COMMUNITY CENTER-BOYS & GIRLS CLUB PARTNERSHIP:

Staff continues to meet with BGCR staff weekly. The Teen Club switched from summer hours to school year hours this month and is now open Monday- Friday 2:00pm-7:00pm. The Teen Club is running a wide variety of programs including a weekly cooking program, a cycling program, an art program, a community service program and several BGCA national programs such as Power Hour, SMART Girls, SMART Moves and Youth for Unity. The Club's average daily attendance reached 25-35 teens per day.

PARK AND RECREATION COMMITTEE:

The Park and Recreation Committee (PARC) met on December 15th. The notes from the meeting can be reviewed in **Attachment 1**.

BMX TRACK & PARK PROJECT:

Melton Design Group provided an updated timeline. Staff and the design team will be working over the next months on finalizing the design, which is expected to be complete by March of 2023.

COMMUNITY FOREST UPDATES:

The monthly meeting with Green Diamond Resource Co. and Trust for Public Lands was held on December 5th. GDRC submitted a formal response to MCSD's access request prior to the meeting. We discussed the response and the next steps for the final transfer of property. TPL hopes to have the property transfer complete by June 30th

RECREATION PROGRAM UPDATES

- Breakout Vacation Camp will run January 3-6 during the school winter break; February 21-24 during the President's week break and April 10-14 during Spring break week. Registration is currently being accepted for all weeks. November Breakout served 24 youth per day.
- Drop-in Pickleball is running on Monday & Wednesday mornings 9:30am to 12:30pm and on Friday evenings 6:30pm-8:30pm. \$4 per person. Pickleball is run by volunteers.
- Drop-in Kung Fu is on Tuesday and Thursday evenings 6:00pm-7:00pm \$10 per person per class. Bulk class passes are available to purchase at \$7.50 per class
- Drop-in Tai Chi is Sundays 11:00am-12:00pm \$10 per person per class. Bulk class passes are available to purchase at \$7.50 per class
 - The Martial Arts classes are averaging 8-12 people per class.
- Sunday Night drop-in Basketball is averaging 13 participants per week.

- Youth Basketball Registration is still underway. Deadline to register without a late fee was December 16th. The 3rd-4th grade girls division is full. 3rd-4th grade boys division has less than 5 spots left. 5th-6th grade boys division is almost full. All other divisions have 10 or more openings. The basketball league runs January through March for youth in 3rd-12th grades.
- Playgroup for children 0-5 runs weekly on Thursdays from 10:30am-12:30pm. This program is funded by a grant through First 5 of Humboldt.

PARK & FACILITY MAINTENANCE UPDATES:

Hiller Sports Site fields have been closed for the winter. Staff has painted the interior of the concession stands and continues to work on turf improvement and gopher trapping. The Parks crew and NHES continue the routine schedule for maintenance on Central Ave. and Open Space Zone landscaping. Staff continue to keep up with daily/weekly routine facility and vehicle maintenance. Monthly inspections were conducted on all facilities and Open Spaces.

Interior renovations at Azalea Hall will begin in February with the renovating of the walls, removing wall paper, followed by texturing the walls and painting. Interior renovations at Azalea Hall is funded by the Prop 68 Per Capita Grant program. The renovations will include new flooring in the Hewitt room and Lobby, renovated walls and new window coverings, a new front door and HVAC replacement. It is anticipated that all renovations will be complete by the end of the 2023 calendar year.

FACILITY RENTALS & USE

8 Azalea Hall Rentals plus a weekly kitchen rental in December through February. Azalea Hall will be closed for some renovations for two and half weeks. 1 Pierson Park rentals.

OTHER UPDATES:

- The McKinleyville Arts Night event for the McKinleyville Boys & Girls Club was a success raising \$5000 for the McKinleyville Teen Center.
- The Middle School Dance on December 9th went well. 316 tickets were sold. The volunteer chaperones did a great job.
- Staff continues to participate as members of the McKinleyville Chamber of Commerce Board of Directors, the McKinleyville Family Resource Center Board of Directors and the Boys & Girls Club of the Redwoods Board of Directors.
- Staff continues to provide support to other departments of the District; assisting with accounts payable, and payroll.

ATTACHMENTS:

Attachment 1 – PARC Meeting Notes 12-15-22

Thursday, December 15, 2022

6:30pm

Parks & Recreation Committee Meeting

NOTES

Members Present: Johnny Calkins, Ben Winker, Scott Binder, Laura Bridy, Jennifer Ortega, Jane Fusek, Heidi Conzelmann, Charlie Caldwell, Phil Heidrick

Members Absent: Jeff Dunk, John Kulstad

Meeting Notes:

Communications:

- Staff shared there will be a ribbon cutting for the Fischer Ranch Estuary trail project on Wednesday, Dec. 21st at 10:00am

Public Comment:

- None

PARC Applicant Review:

- PARC members reviewed the application for PARC appointment from Julie Giannini-Previde.
 - Charlie Caldwell moved to recommend appointment to the committee, Ben Winker seconded. Vote was unanimous to recommend appointment.
 - The recommendation will be brought to the MCSD Board of Directors on January 4, 2023

Dept. Director Report:

- Johnny Calkins inquired about the Dec. 9th Middle School Dance. Staff reported that it was a success. It was sold out; the volunteer chaperones did a great job; parents and youth were pleased that dances could be offered again.
 - Scott Binder asked if MSPTO had reached out to MCSD yet. Staff reported that they had not. Julie Giannini-Previde reported that the MSPTO doesn't meet in December but that the MSPTO has been informed of available opportunities for partnership with MCSD Parks & Rec.

Community Forest Updates

- Staff reported on recent discussions with Green Diamond Resource Co. and the current status of the project.

BMX Track and Park Project:

- Staff updated the committee on recent design status of the project.
- Committee discussed the importance of a path through the park connecting from Washington Ave. to School Rd.

AdHoc Committee Reports:

- Skate Park— Charlie Caldwell reported on status of the Humboldt Skatepark Collective's work toward building one phase of the skate park. Currently applying for change order to the existing permits and getting permission to modify use of Headwaters Grant funds within the skatepark project. HSC is hoping to be able to present the phase construction plan to the MCSD Board on Feb. 1, 2023.
- Fisher Ranch Estuary project— The trail is complete. Johnny Calkins and Laura Bridy reported on the tour of the estuary project last month. Laura said Mary Burke asked for suggestions on how manage public visits to the estuary as it is not desirable to allow unlimited and unsupervised access to the site at this time. Committee members offered several suggestions that Laura will take back to Mary.
- BMX— See notes on above

- Community Garden—Nothing to report

Agenda Items for next meeting:

- Skatepark plan
- BMX design presentation

Adjournment:

- Adjourned: approximately 7:32pm

McKinleyville Community Services District

BOARD OF DIRECTORS

January 4, 2023

TYPE OF ITEM: **INFORMATIONAL**

ITEM: F.3.D **General Manager’s Report for January 4, 2023 Meeting**

PRESENTED BY: **Patrick Kaspari, General Manager**

TYPE OF ACTION: **Information Only**

A summary of activity for the month of December 2022

Cost Savings Related to District Activities – The following is a review of some of the recent cost savings opportunities District staff identified for the month:

• Use of NHE Services =	\$2,730
• WEX Labor Reimbursement =	\$0
• SWAP =	\$4,800
• Volunteer Pickleball Labor =	\$470
• Staples Cost Savings =	\$97
• Switching of phones to CalNET	\$1,250
• Amazon Business =	\$77
• <u>District Engineering & CM for Tank Painting =</u>	<u>\$40,000</u>
TOTAL COST SAVINGS FOR DEC =	\$49,424

So far, for the District’s 2022/23 Fiscal Year, Staff was responsible for \$124,236 in savings to the District and its Rate Payers.

District staff are recognized and commended for their continued efforts in looking for cost savings, the use of internal labor, and grant opportunities that result in real savings for the District, ratepayers, and the community.

Board Secretary Transition –Your Board Secretary, April Sousa has an opportunity with her church, which will unfortunately mean she can no longer serve as Board Secretary. She will continue to serve in the roll, likely until the end of June 2023. Meanwhile, Joseph Blaine (Joey) has expressed interest in the roll. We will use these next few months to make the transition and will also have to replace Joey in his Customer Service Representative roll in the Front Office. We will greatly miss April, but I am confident that Joey will also make an excellent Board Secretary.

COVID-19 –The District has not had people testing positive for Covid this month. I think all staff have had it. We continue to purchase at home test kits to allow Staff to monitor their health if they are exposed or begin to feel symptoms. The State’s mandated Covid leave was extended out until December 31, 2022, and the District’s additional Covid leave will also expire at the same time.

The Governor’s Covid State of Emergency also expires on February 28, 2023. At this Board Meeting we are revisiting the requirements for remote meetings for a decision on how the Board would like to move forward.

4.5 Gallon Water Tank Project – The District continues work on this project with Kennedy Jenks (KJ) and their subconsultants. KJ submitted the 90% design submittal and District Staff reviewed the documents and discussed with KJ. They are finalizing their 100% submittal, and it is expected the end of December. We are anticipating going out to bid in February 2023.

As the Board is aware, the estimated project construction costs have gone from \$9.4M to an estimate of \$11.87M (with an estimated range from \$11.3M to \$13.65M). The District’s match for this project is currently at \$2.6M and if the construction increases by another \$2.4M, our match will increase to \$5M. We have reached out to CalOES to see if there is additional funding in this disaster declaration and have been informed that there is an additional \$2M. We have submitted a formal request for the additional \$2M available. We also submitted a grant application to the North Coast Resource Partnership as part of the Prop. 1, Round 2 funding. We will request \$2.4M from the NCRP but will also let them know that we will be willing to accept whatever grant funding they could provide. **We were approved for \$879,209 in funding from the NCRP grant.** This will greatly help with the shortfall.

We have also requested a formal time extension from CalOES/FEMA for the project to extend the completion date out until February 2025. We are waiting to hear on the formal approval for the extension.

Escrow for the purchase of the land from American Hospital Management Corp. (AHMC) was anticipated to close on October 4, 2022 but did not. The District submitted all signed paperwork, but were informed by Doug Shaw, that he can’t sign the escrow documents until after he receives formal AHMC Board approval at their December 15th Board Meeting. At that Board Meeting, the AHMC Board made additional requests that the drainage easement granted to them across our land, explicitly call out the ability to use it for a sewer line as well. District Legal Counsel, Russ Gans, drew up an amendment to the Purchase Agreement laying that out. The District has approved the

amendment, AHMC countersigned, and we are just waiting for them to submit the escrow documents to the Title Company.

Central Avenue Water and Sewer Mainline Replacement Project – We have gone out to bid on the construction of the 16-inch waterline and sewer lining for Central Avenue from Sutter to Hiller. There was a pre-bid meeting on December 14th, which was well attended. Bids are due on January 18, 2023. We will likely bring the award recommendations to the Board for review and possible approval at the February 1, 2023 Board Meeting. \$2M in the water bond sales and \$2M in the wastewater bond sales will fund this project.

SRF Energy Efficiency WWMF Micro-grid Project – The installation of the microgrid at the Wastewater Management Facility (WWMF) is proceeding behind schedule. The solar portion of the facility was brought on-line and signed off by PG&E on July 1, 2022. The District has been exporting energy since then. The monthly cost saving is still a bit unclear since we are billed a month behind, but we will report back to the Board when we have details of the cost savings.

The battery portion of the system still being permitted through PG&E since we could not submit that portion of the application until PG&E signed off on the solar portion. Now that PG&E signed off on the solar portion, the application for the battery portion has been submitted to them. We are now waiting for their review of the battery design. PG&E needs to approve the design application, which they stated should be by the end of September, but we are now at the end of December with no approval. We have been constantly checking in with PG&E. We may resort to filing a complaint with the California Public Utility Commission if we don't see any progress soon. Upon PG&E approval, the entire microgrid will then be operational.

Mad River Restoration Project – The Ribbon cutting for this project was on December 21, 2022. It was well attended by Team Members, Funders, the Tribe and the Community. A Press Release was also circulated to the local press and ran in the Time Standard and Mad River Union. Construction is complete except for some final planting RCAA and the California Conservation Corps members have been working on and the signage. CalTrout, RCAA and the District Staff have been working with the Wiyot Tribe on suggested names and signage for the trail. We are still waiting for formal Tribal approval on the language on some of the signs. Once we have their approval, we will bring the signs to the Board for approval.

Coastal Conservancy Staff, one of the project funders, also showed up for a site tour. CalTrout and District Staff showed them around and also talked about potential funding

for extending the trail all along the area to connect to the Hammond Trail as well as potentially over to Mill Creek for possible extension to Highway 101. District Staff will continue to work with CalTrout Staff to see if it is possible to get a grant to fund a feasibility study to look at these alternatives.

Sewer Undercrossing Project – FEMA has still not completed their National Environmental Policy Act (NEPA) review and issued a Finding of No Significant Impact (FONSI) to release the Phase 2 funding of the grant to fund the final design and construction of the project. We had been informed that FEMA contractors were to complete additional Cultural Resource surveys in early November at the southern crossing site. We were then informed that the FEMA on-call contract for the performance of this work would expire before the work could be completed. We were contracted by FEMA to see if the District could contract directly for this work. We have requested three proposals for the performance of this work and have received two, in the amounts of \$117,025 and \$119,796.90. We had requested a third proposal, but unfortunately did not receive it. We also had a phone call with CalOES Staff to discuss whether they would cover these costs. We were informed that they likely had the funding to cover these costs, but since we only received two proposals, we would have to go back out to bid to attempt to receive a third proposal. District Staff is writing that RFP and will circulate it after the first of the year. Hopefully we will get another bid and we will bring a final contract to the Board for review and possible approval, likely at the March 2023 Board meeting.

Office Remodel – As detailed at the August 3, 2022, Board Meeting, District Staff selected LDA Partners as the most responsive and responsible respondent to the Office Remodel RFQ. We had a Kick-off meeting with LDA staff early November and received their initial conceptual layout and a schedule for the completion of the work. Their schedule has them completing the 60% design submittal in March 2023 and going out to bid in October 2023. We'll of course see what the estimated costs come back at and make final decisions on when/if we want to go out to bid in 2023.

Reporting by Sheriff's office, County Public Work – A regular meeting has been scheduled with President Orsini, GM Kaspari, Supervisor Madrone, and the MMAC Chair, Bonnie Oliver, to occur on the fourth Monday of every month to discuss various topics of concern to all three organizations and the community. The month's meeting was postponed due to the holidays.

Grant Applications – The McCluski Tanks Replacement and the Mad River Watermain Crossing Hazard Mitigation grant applications were submitted to CalOES in March 2021. We heard in December 2021 that both projects have been forwarded on by

CalOES to FEMA for funding. We have not received the grant agreements yet, but we have received Requests for Information from FEMA on the scopes of both projects so it looks like both of those projects will be 75% grant funded. We still don't know the schedule for the grant approval or performance of this work.

A new Hazard Mitigation Grant was submitted for the upgrade of the Fischer Sewer Lift station on April 6, 2022. This grant, if funded, will cover the complete retrofit of the Fischer Lift Station, which pumps wastewater from the entire southern half of McKinleyville to the wastewater management facility. This would include the replacement of the pumps and upgrading the electrical system, valves, and further seismically strengthen the building. We have been going back and forth with CalOES with Requests for Information on that grant application and feel like this application will likely be approved and submitted to FEMA, but we don't know that for a fact yet.

The Federal Bipartisan Infrastructure Law funding that we will have access to will be run through the EPA funded Clean Water and Drinking Water State Revolving Fund Programs. The SRF funding in California is run through the State Water Resources Control Board. As discussed with the Board at the December 7, 2022 Board Meeting, we have begun a Clean Water SRF application for funding the retrofit of the Fischer and B Street Lift Stations, which are two of our highest priority Capital Improvement Projects. We submitted this grant application in December 2022 and will of course keep the Board updated on the success of that application.

Meetings –The General Manager attended numerous meetings as usual. The meetings in December included meetings with Green Diamond and the Community Forest Committee to discuss the Community Forest access sites and right-of-way; several Microgrid construction meetings; the Bid Walk meeting for the Central Avenue Water & Sewer replacement project; several Mad River Restoration project Construction meetings as well as site tours with Coastal Conservancy and State Parks Staff and the Ribbon Cutting; meetings on the BMX Park development; several meetings with Kennedy Jenks Engineers on the design of the 4.5MG Reservoir; Rotary meetings; MMAC and Incorporation Subcommittee meetings; construction meetings on the Cochran Tank painting work; meetings on the North Coast Resource Partnership; an EOP Committee meeting to discuss the next Staff training; Measure B survey meetings; and a meeting with CalOES staff on the Highway Sewer Crossing project; and finally the District Christmas Party. Things are a busy as usual at the District.

Attachments:

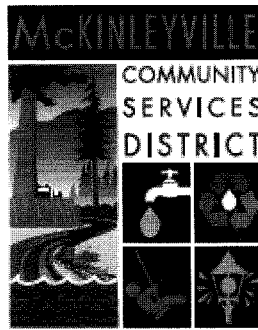
- Attachment 1 – WWMF Monthly Self-Monitoring Report

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



mckinleyvillecsd.com

MAIN OFFICE:

PHONE: (707) 839-3251
FAX: (707) 839-8456

PARKS & RECREATION OFFICE:

PHONE: (707) 839-9003
FAX: (707) 839-5964

R.W.Q.C.B. NORTH COAST REGION
5550 SKYLANE BLVD., SUITE A
SANTA ROSA, CA 95403

December 28, 2022

RE: MONTHLY MONITORING REPORT

Dear Justin:

Enclosed is the Monthly Monitoring Report for November 2022 for McKinleyville Community Services District Wastewater Management Facilities WDID NO. 1B82084OHUM, operating under Order Number R1-2018-0032.

The normal discharge of effluent was 29 days going to 004. The required monitoring and water quality constituents that were tested and reported was in compliance in November.

Effluent Limitations Parameters	Units	Average Monthly	Average Weekly	Avg. % Removal	Max Daily	Instant Max	Instant Min	Results
Monitoring Location EFF- 001								
BOD	mg/L	30	45	>85				Compliance
TSS	Mg/L	30	45	>85				Compliance
PH	s.u.					6.5	8.5	Compliance
Settleable Solids	ml/L	0.1			0.2			Compliance
Chlorine Total Residual	mg/L	0.1			0.2			Compliance
Carbon Tetrachloride	ug/L	.25			.75			Compliance
Ammonia Impact Ratio	mg/L	1.0			1.0			Compliance
Dichlorobromomethane	ug/L	.56			1.4			Compliance
Monitoring Location LND-001, REC-001								
Nitrate		10						Compliance
PH		6.0- 9.0	6.0 – 9.0					Compliance

Total Coliform Organisms MPN/100 ml. The Monthly Median not to exceed MPN of 23 and the daily maximum not to exceed MPN of 240. The reported results for the month of November are as follows. Median was <1.8 and a Maximum of <1.8. Four samples were collected in the month of November and was in compliance.

Monthly River Monitoring was conducted in November.

McKINLEYVILLE COMMUNITY SERVICES DISTRICT WASTEWATER MANAGEMENT FACILITY MONITORING DATA

MONTH: November 2022

DATE	EFFLUENT MONITORING			EFFLUENT MONITORING			EFFLUENT MONITORING			EFFLUENT MONITORING			EFFLUENT MONITORING			EFFLUENT MONITORING							
	INFLUENT FLOW M.G.D.	EFFLUENT FLOW M.G.D.	EFFLUENT MAXIMUM GPM	RIVER FLOW CFS	RIVER DURATION	B.O.D. mg/L	TSS mg/L	PH	TEMP (C)	CL RES	TSS mg/L	SETTLABLE SOLIDS	TOTAL COLIFORMS	RIVER CL RES	CL RES	RIVER CL RES	PH	TEMP	D.O.	TIME	PH	TEMP	D.O.
1	0.796	0.298	738	N/A	N/A			7.2	15.9					1.7	N/A	N/A	7.0	13.6	9.6	11:20	7.1	14.2	9.4
2	0.794	0.000	0	N/A	N/A		Washed CCB																
3	0.749	0.495	793	N/A	N/A			7.2	13.4					1.3	N/A	N/A							
4	0.736	0.809	754	N/A	N/A	340	220	7.3	14.6	0.0	2.2	<0.1		1.5	N/A	N/A							
5	0.863	0.803	834	N/A	N/A			7.2	14.9					1.3	N/A	N/A							
6	0.897	0.803	909	N/A	N/A			7.2	15.3					1.4	N/A	N/A							
7	0.816	0.765	828	N/A	N/A			7.2	13.7				<1.8	1.3	N/A	N/A							
8	0.822	0.800	732	N/A	N/A			7.0	14.1					0.9	N/A	N/A				15:00	7.1	10.7	10.9
9	0.769	0.736	703	N/A	N/A			6.9	14.0					0.9	N/A	N/A							
10	0.792	0.777	797	N/A	N/A	360	230	7.1	13.1	0.0	1.1	<0.1		1.0	N/A	N/A							
11	0.791	0.766	697	N/A	N/A			7.1	13.7					0.8	N/A	N/A							
12	0.810	0.762	721	N/A	N/A			7.1	13.4					1.3	N/A	N/A							
13	0.818	0.769	772	N/A	N/A			7.1	13.0					0.8	N/A	N/A							
14	0.825	0.773	718	N/A	N/A			7.1	12.6				<1.8	0.9	N/A	N/A							
15	0.824	0.800	771	N/A	N/A			7.1	12.7					0.9	N/A	N/A				8:50	7.0	9.7	10.9
16	0.756	0.738	809	N/A	N/A			7.2	14.0					0.7	N/A	N/A							
17	0.729	0.733	834	N/A	N/A			7.2	13.0					0.9	N/A	N/A							
18	0.720	0.731	866	N/A	N/A	290	230	7.2	12.4	0.0	0.0	<0.1		2.5	N/A	N/A							
19	0.748	0.729	864	N/A	N/A			7.0	12.4					2.0	N/A	N/A							
20	0.786	0.738	837	N/A	N/A			7.0	12.4					2.0	N/A	N/A							
21	0.754	0.738	735	N/A	N/A			7.1	12.3					1.9	N/A	N/A							
22	0.754	0.731	778	N/A	N/A	360	290	6.9	12.1	3.0	0.0	<0.1		1.8	N/A	N/A				15:30	7.3	12.8	11.2
23	0.768	0.725	924	N/A	N/A			7.3	13.0					1.7	N/A	N/A							
24	0.770	0.725	793	N/A	N/A			7.3	12.2					1.6	N/A	N/A							
25	0.717	0.730	740	N/A	N/A			7.3	12.4					1.6	N/A	N/A							
26	0.729	0.724	870	N/A	N/A			7.3	12.6					1.6	N/A	N/A							
27	0.811	0.721	836	N/A	N/A			7.3	12.3					1.6	N/A	N/A							
28	0.753	0.802	832	N/A	N/A			7.1	13.3					1.4	N/A	N/A							
29	0.719	0.854	848	N/A	N/A			7.1	12.7					1.6	N/A	N/A				16:00	7.2	9.6	10.4
30	0.816	0.898	864	N/A	N/A			7.0	12.6					1.4	N/A	N/A							

MONTHLY TESTS EFF-001 DISCHARGE TO RIVER

Ammonia	Nitrate	Nitrite	Hardness	Respirous	Dis Phosphate	Carbon Tetrachloride	Dichlorobromomethane	Trichloroethylene
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

MONTHLY TESTS LND-001, REC-001 DISCHARGE TO PERC PONDS and LAND											
Chlorine Nitrogen	TDS	AMMONIA	NITRATE	NITRITE	SODIUM	CHELORIBORON	TDS	Hardness	Ammonia	Conductivity	Turbidity
1.60	280	1.0	2.2	ND	40	46	320	500	150	ND	1.6

MONTHLY TESTS EFF-001 DISCHARGE TO RIVER											
Ammonia	Nitrate	Nitrite	Hardness	Respirous	Dis Phosphate	Carbon Tetrachloride	Dichlorobromomethane	Trichloroethylene			
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			

MONTHLY RIVER RSW-001											
TDS	Hardness	Ammonia	Conductivity	Turbidity	TDS	Hardness	Ammonia	Conductivity	Turbidity		
1860	350	ND	315	1.6	1860	350	ND	407	1.7		

MONTHLY RIVER RSW-002											
BOD	TSS	% Removal	BOD	TSS	% Removal	BOD	TSS	% Removal	BOD	TSS	% Removal
1	1	100	1	1	100	1	1	100	1	1	100
30 DAY AVERAGE											

Signature: _____ Remarks: _____

Permit Exceedance

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
EFFLUENT DISCHARGE DISPOSAL

NOVEMBER 2022

Discharge Monitoring DATE	INF-001 INFLUENT MGD	EFF-001 EFFLUENT MGD	MAXIMUM GPM	002 LND-001 N.POND MGD	002 LND-001 S.POND MGD	004 REC-001 FISCHER MGD UPPER	003 REC-001 FISCHER MGD LOWER	006 REC-001 PIALORSI MGD	005 REC-001 HILLER MGD	IRRGATE TOTAL MGD	001 EFF-001 RIVER MGD
1	0.796	0.298	738			0.298				0.298	0.000
2	0.794	0.000	0			Washed CCB				0.000	0.000
3	0.749	0.495	793			0.495				0.495	0.000
4	0.736	0.809	754			0.809				0.809	0.000
5	0.863	0.803	834			0.803				0.803	0.000
6	0.897	0.803	909			0.803				0.803	0.000
7	0.816	0.765	828			0.765				0.765	0.000
8	0.822	0.800	732			0.800				0.800	0.000
9	0.769	0.736	703			0.736				0.736	0.000
10	0.792	0.777	797			0.777				0.777	0.000
11	0.791	0.766	697			0.766				0.766	0.000
12	0.810	0.762	721			0.762				0.762	0.000
13	0.818	0.769	772			0.769				0.769	0.000
14	0.825	0.773	718			0.773				0.773	0.000
15	0.824	0.800	771			0.800				0.800	0.000
16	0.756	0.738	809			0.738				0.738	0.000
17	0.729	0.733	834			0.733				0.733	0.000
18	0.720	0.731	866			0.731				0.731	0.000
19	0.748	0.729	864			0.729				0.729	0.000
20	0.786	0.738	837			0.738				0.738	0.000
21	0.754	0.738	735			0.738				0.738	0.000
22	0.754	0.731	778			0.731				0.731	0.000
23	0.768	0.725	924			0.725				0.725	0.000
24	0.770	0.725	793			0.725				0.725	0.000
25	0.717	0.730	740			0.730				0.730	0.000
26	0.729	0.724	870			0.724				0.724	0.000
27	0.811	0.721	836			0.721				0.721	0.000
28	0.753	0.802	832			0.802				0.802	0.000
29	0.719	0.854	848			0.854				0.854	0.000
30	0.816	0.898	864			0.898				0.898	0.000
TOTAL	23.432	21.473		0.000	0.000	21.473	0.000	0.000	0.000	21.473	0.000
AVERAGE	0.781	0.716	773	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
MAXIMUM	0.897	0.898	924	0.000	0.000	0.898	0.000	0.000	0.000	0.898	0.000
MINIMUM	0.717	0.000	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
DAYS	30	29	29	0	0	29	0	0	0	29	0

DAYS WITH NO DISCHARGE = 1