



Mission statement of McKinleyville Community Services District:
“McKinleyville Community Services District provides authorized services fundamental to the health and well-being of the community.”

**NOTICE IS HEREBY GIVEN THAT A REGULAR MEETING OF THE
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS
WILL BE HELD**

WEDNESDAY, January 10, 2024 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 9, 2024.

All Public Comment received before the above deadline will be provided to the Board at 9 a.m. on Wednesday, January 10, 2024 in a supplemental packet information that will also be posted on the website for public viewing.

AGENDA

6:00 p.m.

A. CALL TO ORDER

A.1 Roll Call

A.2 Pledge of Allegiance

A.3 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.4 Approval of the Agenda

A.5 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.

NO CLOSED SESSION SCHEDULED

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

*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 6, 2023 | Pg. 5 |
| | Attachment 1 – Draft Minutes from December 6, 2023 | Pg. 7 |
| D.2 | Consider Approval of November 2023 Treasurer’s Report | Pg. 13 |
| D.3 | Compliance with State Double Check Valve (DCV) Law | Pg. 27 |
| D.4 | Consider Approval of Contract with GHD Inc to Assist With Completion of State Revolving Fund Clean Water Grant Applications for Various Wastewater Projects | Pg. 29 |
| | Attachment 1 – GHD Contract with Scope and Fee Estimate | Pg. 31 |

E. CONTINUED AND NEW BUSINESS

- | | | |
|-----|---|--------|
| E.1 | Presentation of Community Builder Award to Jesse Miles, Executive Director of the McKinleyville Chamber of Commerce (Information) | Pg. 41 |
| | Attachment 1 – Jesse Miles Interview Responses | Pg. 43 |
| E.2 | MCSD Employee of the Year Presentation to Kirsten Messmer | Pg. 47 |

(Information)

E.3	Consider Approval of Fiscal Year 22-23 Audited Financial Statements (Action)	Pg. 49
	Attachment 1 – MCSD Basic Financial Statements with the Report of the Independent Auditor for Fiscal Year 22-23	Pg. 51
	Attachment 2 – MCSD Management Letter for Fiscal Year 22-23	Pg. 133
	Attachment 3 – Presentation of Fiscal Year 22-23 Audited Financial Statements, C.J. Brown & Company, CPAs	Pg. 149
E.4	Consider Approval of Resolution 2024-01 Approving the Acceptance of the Lands of the Community Forest From Trust for Public Land (Action)	Pg. 159
	Attachment 1 – Resolution 2024-01	Pg. 161
E.5	Consider Approval of Certificate of Acceptance for Community Forest Property as Conveyed by the Grant Deed from Green Diamond Resource Co. (Action)	Pg. 163
	Attachment 1 – Certificate of Acceptance	Pg. 165
E.6	Consider Approval of Resolution 2024-02 Approving the MCSD Board President as the Authorized Signatory for All Documents Related to the Acquisition of the Lands of the Community Forest From Trust for Public Land (Action)	Pg. 167
	Attachment 1 – Resolution 2024-02	Pg. 169
E.7	Consider Approval of Ordinance 2023-02 Amending Regulation 42, Operation of Pierson Park of the MCSD Rules and Regulations – Second Reading (Action)	Pg. 171
	Attachment 1- Revision of Rule 42 in Track Changes	Pg. 173
	Attachment 2 – Ordinance 2023-02	Pg. 175
E.8	Discuss and Consider Committee Assignments and Appointments of Committee Chairs by the Board President for the 2024 Calendar Year (Action)	Pg. 177
	Attachment 1 – Appendix A Board Policy Manual – Committee Assignments	Pg. 179
E.9	Consider Approval of Resolution 2024-03 Executing a Certificate Of Acceptance for the Quit Claim Deed to Allow Access Across a One Foot Non-Access Easement on APN 509-021-054 (Action)	Pg. 185
	Attachment 1 – Resolution 2024-03	Pg. 187
	Attachment 1a – Quit Claim Deed	Pg. 189
	Attachment 2 – Certificate of Acceptance	Pg. 192

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/Biteman)
- b. Area Fund (John Kulstad/Binder)
- c. Redwood Region Economic Development Commission (Biteman/Mayo)
- d. McKinleyville Senior Center Board Liaison (Binder/Couch)
- e. Audit and Finance Committee (Orsini/Biteman)
- f. Employee Negotiations (Couch/Mayo)
- g. McKinleyville Municipal Advisory Committee (Orsini/Binder)
- h. AdHoc Committee – Community Forest (Mayo/Orsini)

F.2 LEGISLATIVE AND REGULATORY REPORTS

F.3 STAFF REPORTS

- a. Finance & Administration Department (Nicole Alvarado) Pg. 193
 - Attachment 1 – Notes – Audit and Finance Committee, Pg, 195
October 23, 2023
 - Attachment 2 – Notes – Audit and Finance Committee, Pg. 197
December 15, 2023
- b. Operations Department (James Henry) Pg. 199
- c. Parks & Recreation Department (Lesley Frisbee) Pg. 205
- d. General Manager (Pat Kaspari) Pg. 209
 - Attachment 1 – WWMF Monthly Self-Monitoring Report Pg. 215

F.4 PRESIDENT’S REPORT

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

G. ADJOURNMENT

Posted 5:00 pm on January 5, 2024

Pursuant to California Government Code Section 54957.5. this agenda and complete Board packet are available for public inspection on the web at McKinleyvillecsd.com/minutes 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.

McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **ACTION**

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

PRESENTED BY: **Joey Blaine, 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 6, 2023 Regular Board Meeting.

Discussion:

The Draft minutes are attached for the above listed meeting(s). 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 6, 2023 Regular Meeting

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MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON WEDNESDAY, DECEMBER 6, 2023 at 6:00 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:

A.1 Roll Call: The meeting was called to order at 6:00 p.m. with following Directors and staff in attendance in person at Azalea Hall:

Greg Orsini, President	Pat Kaspari, General Manager
Scott Binder, Vice President	Joey Blaine, Board Secretary
James Biteman, Director	Nicole Alvarado, Finance Director
David Couch, Director	Lesley Frisbee, Parks & Recreation Coordinator
Dennis Mayo, Director	Russ Gans, General Counsel

A.2 Pledge of Allegiance: The Pledge of Allegiance was led by Director 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 Couch; **Second:** Director Biteman

There were no comments from the Board or public.

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

Motion Summary: Motion passed.

A.5 Closed Session Discussion

There was no closed session scheduled.

AGENDA ITEM B. PUBLIC HEARINGS:

There was no public hearing scheduled.

AGENDA ITEM C. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS:

There was no public comment.

AGENDA ITEM D. CONSENT CALENDAR:

D.1 Consider Approval of the Minutes of the Board of Directors Regular Meeting on November 1, 2023 and Joint MMAC/MCSD Meeting on November 8, 2023

D.2 Consider Approval of October 2023 Treasurer’s Report

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

D.4 Approve Conveyance of Phase 1 of McKinleyville Skatepark from Humboldt Skatepark Collective to MCSD

D.5 Consider Approval of Resolution 2023-32 Authorizing the General

Manager to Sign and File on Behalf of MCSD a Financial Assistance Application for the Lead Service Line Inventory

Motion: It was moved to approve the Consent Calendar.

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

There were no comments from the Board or public.

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

Motion Summary: Motion passed.

AGENDA ITEM E. CONTINUED AND NEW BUSINESS:

E.1 Consider Adoption of Resolution 2023-26 Recognizing, Honoring, and Commending Kirsten Messmer for Ten (10) Years of Service

Parks and Recreation Director Frisbee presented the item and read Resolution 2023-26 into the record. Board Directors, staff, and attendees commended Kirsten for her accomplishment of 10 years of employment at MCSD.

Motion: It was moved to approve Resolution 2023-26

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

There were no comments from the Board or public.

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

Motion Summary: Motion passed.

E.2 Consider Adoption of Resolution 2023-27 Recognizing, Honoring and Thanking David Baldosser for His 26 Years of Service Upon His Retirement

Finance Director Alvarado overviewed the item and read Resolution 2023-27 into the record. Directors, staff, and attendees commended David for his 26 years of service to the District and wished him well in his retirement.

Motion: It was moved to adopt resolution 2023-27.

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

There was no comment from the Board or public.

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

Motion Summary: Motion passed.

E.3 Consider Approval of Resolution 2023-28 Approving the Assignment and Assumption of Grant Agreement for the Community Forest between MCSD, the State of California and Trust for Public Lands

General Manager Kaspari overviewed the item. District General Counsel Russ Gans gave his comment on the document.

Motion: It was moved to adopt Resolution 2023-28 by title only and authorize the Board President sign all necessary related documents.

Motion by: Director Mayo **Second:** Director Couch

There was no comment from the Board or public.

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

Motion Summary: Motion passed.

E.4 Consider Approval of Resolution 2023-29 Approving the Donation Agreement of McKinleyville Community Forest between MCSD and Trust for Public Lands

Parks and Recreation Director Frisbee presented the item. General Manager Kaspari noted that President Orsini had asked that “mineral rights” be added to the Donation Agreement. District General Counsel Russ Gans concurred with the addition.

Motion: It was moved to adopt Resolution 2023-29 by title only with the addition of “mineral rights” to the Donation Agreement and authorizing the Board President to sign all necessary related documents.

Motion by: Director Binder **Second:** Director Couch

There was no comment from the Board or public.

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

Motion Summary: Motion passed.

E.5 Consider Approval of Resolution 2023-30 Approving the Preliminary Title Report for the Community Forest Property

General Manager Kaspari presented the item. District General Counsel Russ Gans gave brief comment on the item as well.

Motion: It was moved to adopt Resolution 2023-30 by title only and authorize the General Manager to sign all necessary related documents.

Motion by: Director Couch **Second:** Director Binder

There was no comment from the Board or public.

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

Motion Summary: Motion passed.

Motion Summary: Motion passed.

E.6 Consider Approval of Resolution 2023-31 Approving the Road & Access Easements for the Community Forest

General Manager Kaspari overviewed the item and highlighted corrections that will be made to the final document. District General Counsel Russ Gans gave brief comment on the item.

Motion: It was moved to adopt Resolution 2023-31 by title only and approve the General Manager to sign all necessary documents.

Motion by: Director Couch **Second:** Director Binder

There was no comment from the Board or public.

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

Motion Summary: Motion passed.

Motion Summary: Motion passed.

E.7 Provide Staff Direction on Considering Standards for Exemption from Measure B Assessment

General Manager Kaspari gave a presentation of the item. Board discussion ensued.

This was an information only item. Staff was directed to take no further action at this time..

E.8 Consider Approval of Draft 2024-2029 Strategic Plan for McKinleyville Community Services District

Parks and Recreation Director Frisbee presented the item.

Motion: It was moved to approve the 2024-2029 Strategic Plan

Motion by: Director Binder **Second:** Director Biteman

There was no comment from the Board or public.

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

Motion Summary: Motion passed.

Motion Summary: Motion passed.

E.8 Consider Approval of Ordinance 2023-02 Amending Regulation 42, Operation of Pierson Park of the MCSD Rules and Regulations – First Reading

Parks and Recreation Director Frisbee presented the item. Director Mayo commented that he has been impressed by the large amount of use the skatepark is receiving.

Motion: It was moved to approve the first reading of Ordinance 2023-02

Motion by: Director Binder **Second:** Director Biteman.

There was no comment from the Board or public.

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

Motion Summary: Motion passed.

Motion Summary: Motion passed.

AGENDA ITEM F. REPORTS

F.1 ACTIVE COMMITTEE REPORTS

- a. **Parks and Recreation Committee (Binder/Biteman):** Director Binder had nothing to report further than that in Parks and Recreation Director Frisbee's staff report.
- b. **Area Fund (John Kulstad/Binder):** Did not meet.
- c. **Redwood Region Economic Development Commission (Biteman/Mayo):** Director Biteman gave a brief update from the September RREDC meeting.
- d. **McKinleyville Senior Center Advisory Council (Binder/Couch):** Director Binder gave a brief report on the activities of the Senior Center.
- e. **Audit and Finance (Orsini/Biteman):** Did not meet.
- f. **Employee Negotiations (Couch/Mayo):** Did not meet.
- g. **McKinleyville Municipal Advisory Committee (Orsini/Binder):** President Orsini gave a brief report on the activities of MMAC.
- h. **Ad Hoc Community Forest Committee (Mayo/Orsini):** Did not meet.

F.2 LEGISLATIVE AND REGULATORY REPORTS

Humboldt County 5th District Supervisor Madrone gave a brief update of county activities related to McKinleyville.

Directors Mayo & Binder gave reports of their experiences at the ACWA Fall Conference in Indian Wells, CA.

F.3 STAFF REPORTS

- a. **Finance and Administration Department (Nicole Alvarado):** Finance Director Alvarado gave an update on upcoming staffing changes in the District front office.
- b. **Operations Department (James Henry):** No further comments.
- c. **Parks & Recreation Department (Lesley Frisbee):** No further comments.
- d. **General Manager (Patrick Kaspari):** General Manager Kaspari updated the Board on the receipt of a Hazard Mitigation Grant for the Fischer Lift Station Upgrade, and the ongoing construction of the 4.5 MG Tank, and David Baldosser's upcoming December 15th retirement party.

F.4 PRESIDENT'S REPORT:

President Orsini thanked staff and the Board for his pleasant experience during his tenure as Board President.

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

G. ADJOURNMENT:

Meeting Adjourned at 8:17 p.m.

Joey Blaine, Board Secretary

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**McKinleyville Community Services District
Treasurer's Report
November 2023**

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Page 9	Cash Disbursement Report

Ratios

as of November 30, 2023

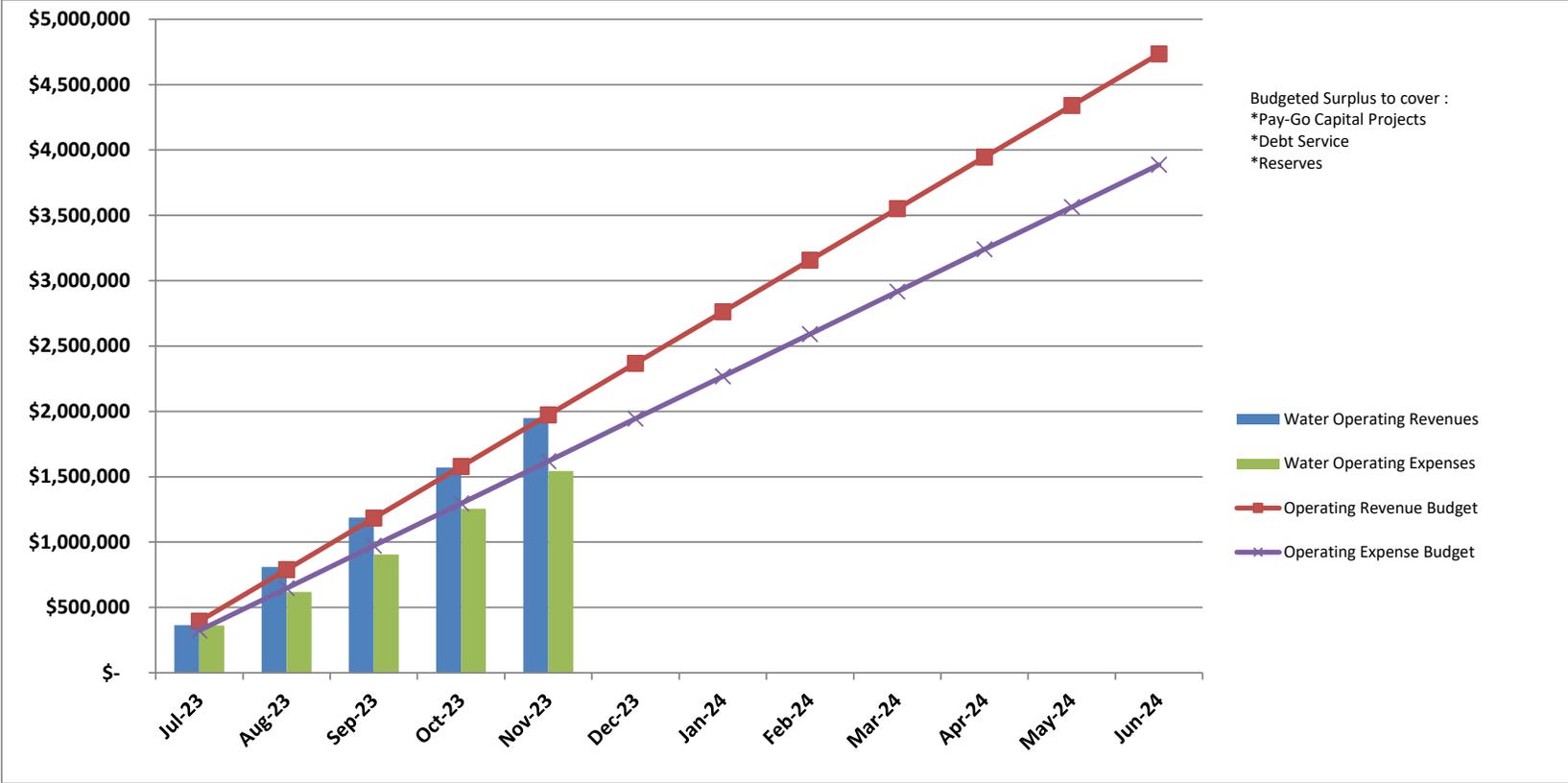
- Utility Accounts Receivable Turnover Days	12
- YTD Breakeven Revenue, Water Fund:	\$ 1,413,593
- YTD Actual Water Sales:	\$ 1,871,309
- Days of Cash on Hand-Operations Checking/MM	263

**McKinleyville Community Services District
Activity Summary by Fund, Approved Budget
November 2023**

Department Summaries						% Year Remaining: 58.33%		Notes	
	November	% of Year 41.67% YTD	Approved YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Total Budget	Remaining Budget		Budget %
	Water								
Water Sales	354,749	1,871,309	1,791,667	79,642	4.45%	4,300,000	2,428,691	56.48%	
Other Revenues	22,724	76,827	181,229	(104,402)	-57.61%	434,950	358,123	82.34%	
Total Operating Revenues	377,472	1,948,136	1,972,896	(24,760)	-1.26%	4,734,950	2,786,814	58.86%	
Salaries & Benefits	88,911	540,283	583,122	(42,839)	-7.35%	1,399,492	859,209	61.39%	Budget spread evenly across 12 months, but actuals vary by schedule
Water Purchased	105,702	533,099	529,333	3,766	0.71%	1,270,398	737,299	58.04%	
Other Expenses	59,968	303,940	340,750	(36,810)	-10.80%	817,800	513,860	62.83%	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	287,914	1,543,987	1,619,872	(75,885)	-4.68%	3,887,690	2,343,703	60.29%	
Net Operating Income	89,559	404,149	353,024	(100,644)		847,260	443,111		
Grants	-	337,755	2,921,875	(2,584,120)		7,012,500	6,674,745	95.18%	
Interest Income	21,794	85,295	(20,833)	106,128	-509.42%	(50,000)	(135,295)	270.59%	
Interest Expense	-	-	(141,813)	(141,813)	-100.00%	(340,351)	(340,351)	100.00%	
Total Non-Operating Income	21,794	423,049	2,759,229	(2,619,806)		6,622,149	6,199,100		
Net Income (Loss)	111,353	827,198	3,112,253	(2,720,450)		7,469,409	6,642,211		
Wastewater									
Wastewater Service Charges	356,199	1,787,652	1,750,000	37,652	2.15%	4,200,000	2,412,348	57.44%	
Other Revenues	34,684	113,532	246,288	(132,756)	-53.90%	591,092	477,560	80.79%	
Total Operating Revenues	390,883	1,901,184	1,996,288	(95,105)	-4.76%	4,791,092	2,889,909	60.32%	
Salaries & Benefits	116,243	688,527	611,143	77,384	12.66%	1,466,742	778,215	53.06%	Budget spread evenly across 12 months, but actuals vary by project & expenditure
Other Expenses	90,866	340,304	458,458	(118,154)	-25.77%	1,100,300	759,996	69.07%	
Depreciation	125,000	625,000	625,000	-	0.00%	1,500,000	875,000	58.33%	
Total Operating Expenses	332,109	1,653,832	1,694,601	(40,769)	-2.41%	4,067,042	2,413,210	59.34%	
Net Operating Income	58,774	247,352	301,687	(54,335)		724,050	476,698		
Grants	-	64,196	327,292	(263,096)	-80.39%	785,500	721,304	91.83%	
Interest Income	27,348	117,592	(20,833)	138,425	-664.45%	(50,000)	(167,592)	335.18%	
Interest Expense	-	-	(148,445)	(148,445)	-100.00%	(356,267)	(356,267)	100.00%	
Total Non-Operating Income	27,348	181,788	158,014	(23,774)		379,233	197,445	52.06%	
Net Income (Loss)	86,123	429,140	459,701	(30,561)		1,103,283	674,143		
Enterprise Funds Net Income (Loss)	197,475	1,256,338	3,571,954	(2,315,616)		8,572,692	7,316,354		

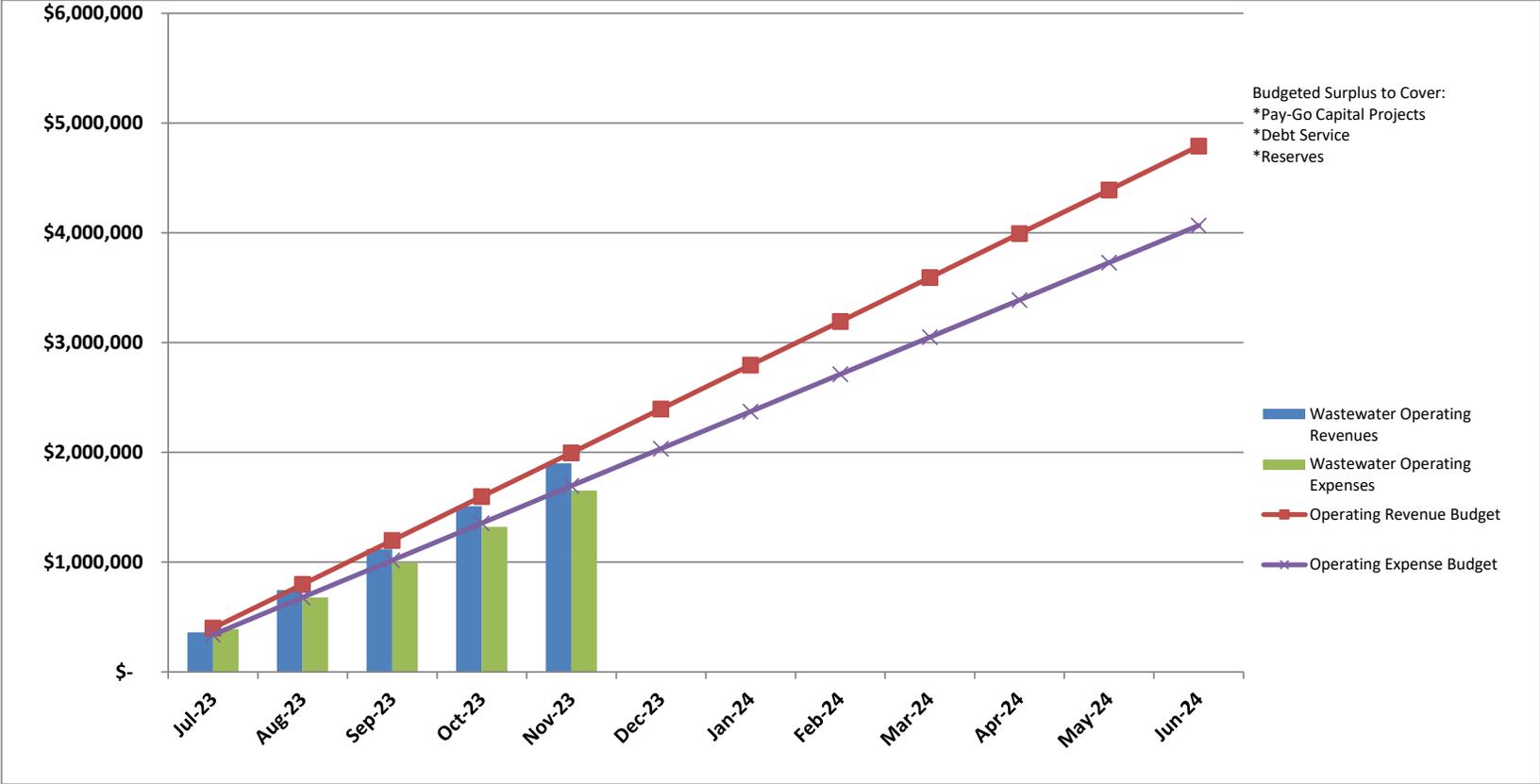
**McKinleyville Community Services District
November 2023**

Comparison of Water Fund Operating Revenues & Expenses to Budget



**McKinleyville Community Services District
November 2023**

Comparison of Wastewater Fund Operating Revenues & Expenses to Budget



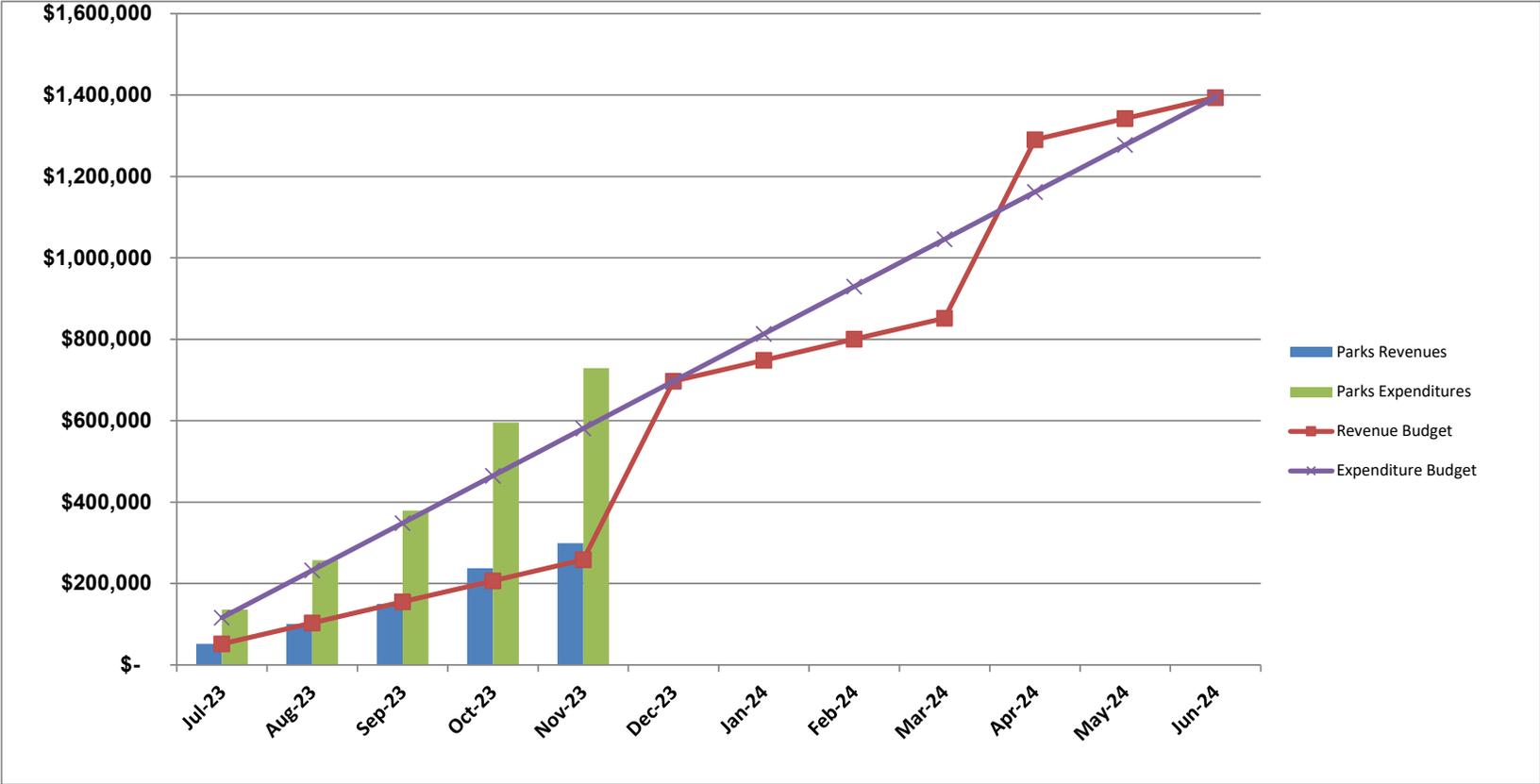
**McKinleyville Community Services District
Activity Summary by Fund, Approved Budget
November 2023**

					% Year Remaining: 58.33%				
Department Summaries	November	% of Year 41.67% YTD	Approved YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Total Budget	Remaining		Notes
							Budget	Budget %	
*Parks & Recreation									
Program Fees	19,056	110,455	127,721	(17,266)	-13.52%	306,530	196,075	63.97%	Budget spread evenly across 12 months, but actuals vary by schedule
Rents & Facility Related Fees	7,995	40,248	35,758	4,490	12.56%	85,819	45,571	53.10%	
Property Taxes	-	-	322,365	(322,365)	-100.00%	773,676	773,676	100.00%	
Other Revenues	13,506	79,776	78,354	1,422	1.81%	188,050	108,274	57.58%	Budget spread evenly across 12 months, but actuals vary by schedule
Interest Income	20,516	68,201	16,667	51,534	309.20%	40,000	(28,201)	-70.50%	
						620,399			
Total Revenues	61,072	298,679	580,865	(282,186)	-48.58%	1,394,075	1,095,396	78.58%	
Salaries & Benefits	86,074	456,284	365,489	90,795	24.84%	877,174	420,890	47.98%	
Other Expenditures	47,718	273,086	215,346	57,740	26.81%	516,831	243,745	47.16%	
Total Expenditures	133,793	729,370	580,835	148,535	25.57%	1,394,005	664,635	47.68%	
Other Financing Sources:									
Grant Revenues	-	72,332	468,333	(396,001)	-84.56%	1,124,000	1,051,668	93.56%	
Capital Expenditures	17,520	172,382	1,016,667	(844,285)	-84.06%	1,124,000	951,618	84.66%	Budget spread evenly across 12 months, but actuals vary by project schedule
Excess (Deficit)	(90,241)	(530,741)	(548,304)	17,563		70	1,482,429		
*Measure B Assessment									
Total Revenues	53	1,831	96,750	(94,919)	-98.11%	232,200	230,369	99.21%	
							-		
Salaries & Benefits	10,928	47,464	32,653	14,811	45.36%	78,367	30,903	39.43%	Budget spread evenly across 12 months; actuals vary by maintenance schedule
Other Expenditures	1,466	10,947	11,021	(74)	-0.67%	26,451	15,504	58.61%	Budget spread evenly across 12 months, but actuals vary seasonally
Capital Expenditures/Loan Repayment	-	-	53,105	(53,105)	-100.00%	127,453	127,453	100.00%	Budget is spread evenly across 12 months. Loan pmts are October & April
Total Expenditures	12,394	58,411	96,779	(38,368)	-39.65%	232,271	173,860	74.85%	
Excess (Deficit)	(12,341)	(56,580)	(29)	(56,551)		(71)	56,509		
*Street Lights									
Total Revenues	11,351	57,213	53,583	3,630	6.78%	128,600	71,387	55.51%	
Salaries & Benefits	3,931	17,747	24,530	(6,783)	-27.65%	58,873	41,126	69.86%	Budget spread evenly across 12 months; actuals vary by maintenance schedule
Other Expenditures	3,911	27,565	18,536	9,029	48.71%	44,487	16,922	38.04%	
Capital Expenditures/Loan Repayment	-	-	30,417	(30,417)	-100.00%	73,000	73,000	100.00%	Budget spread evenly across 12 months, but actuals vary by project
Total Expenditures	7,842	45,312	73,483	(28,171)	-38.34%	176,360	131,048	74.31%	
Excess (Deficit)	3,509	11,902	(19,900)	(31,802)		(47,760)	(59,662)		
Governmental Funds Excess (Deficit)	(99,073)	(575,419)	(568,233)	(7,186)		(47,761)	1,479,276		

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

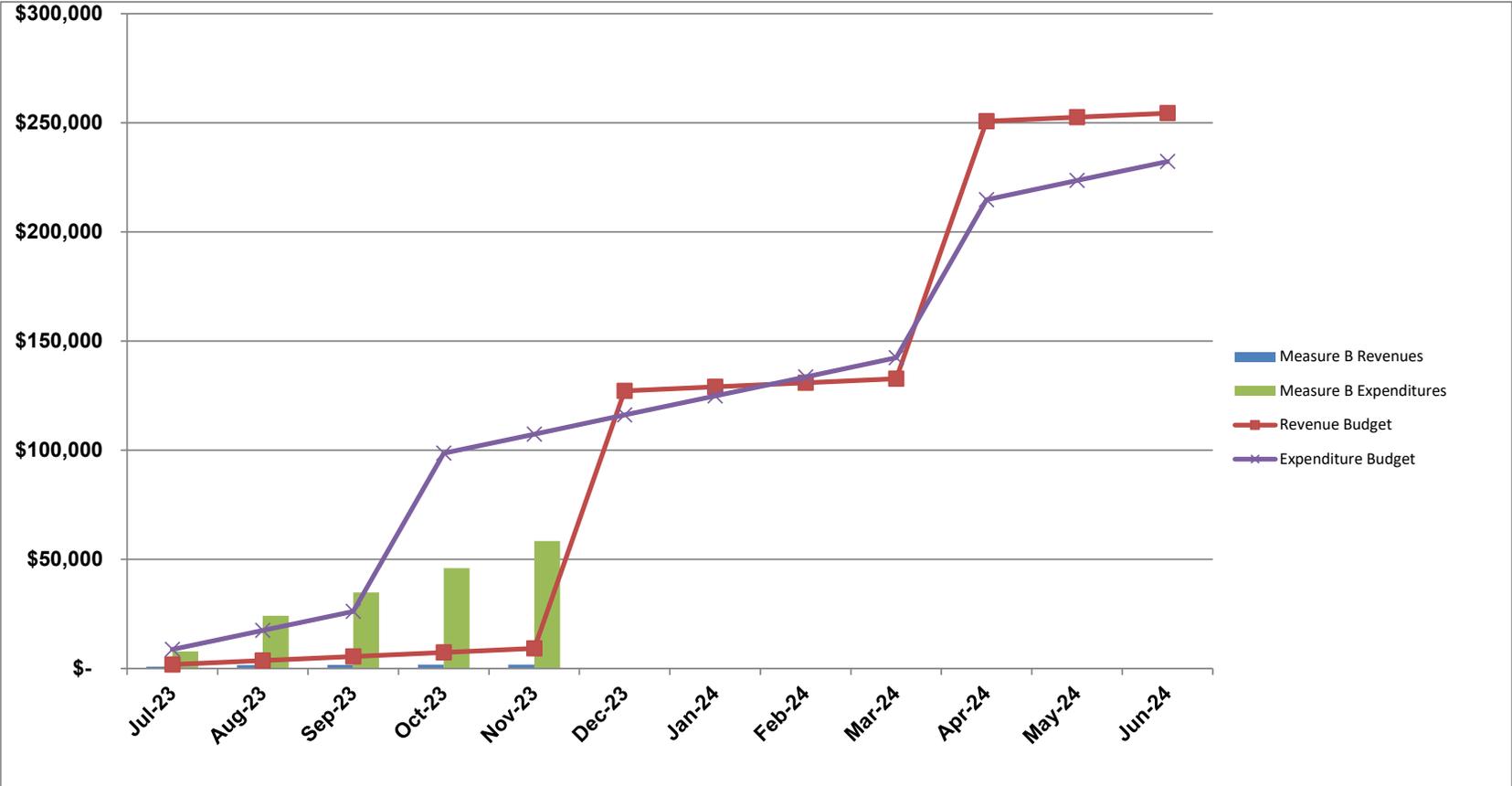
**McKinleyville Community Services District
November 2023**

Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



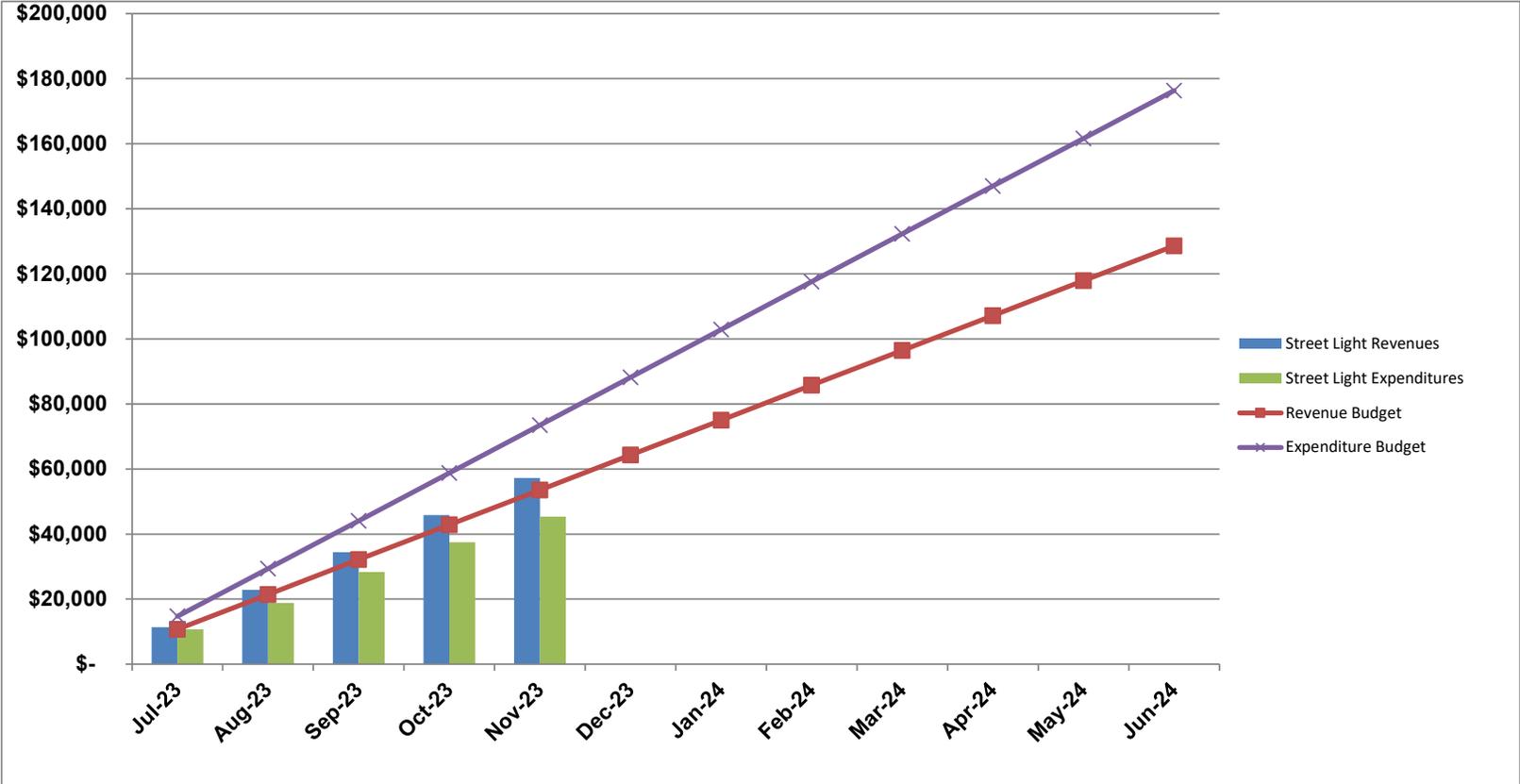
**McKinleyville Community Services District
November 2023**

Comparison of Measure B Fund Total Revenues & Expenditures to Budget



**McKinleyville Community Services District
November 2023**

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



**McKinleyville Community Services District
Cash Disbursement Detail Report
For the Period November 1 through November 30, 2023**

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
Accounts Payable Disbursements						
041782	11/2/2023	*0048	Ck# 041782 Reversed	(411)	C31023u	Ck# 041782 Reversed
041811	11/1/2023	*0186	DEPOSIT REFUND (HEWITT RO	100	C31030	DEPOSIT REFUND (HEWITT RO
041812	11/1/2023	ACC04	ACCURATE DRUG TESTING SER	130	0009785	DRUG TEST + PHYSICAL
041813	11/1/2023	ASB01	ASBURY ENVIRONMENTAL SERV	100	(984,598)	USED OIL
041814	11/1/2023	BAD01	BADGER METER, Inc.	363	80,142,554	MONTHLY FEE
041815	11/1/2023	BAL01	FLEX SPENDING REIMBURSEME	185	C31030	FLEX SPENDING REIMBURSEME
041816	11/1/2023	EUR05	Eureka Oxygen Co	1,095	488,319	FIRE SERVICES
041817	11/1/2023	GHD01	GHD	2,704	0-0040734	ON-CALL GRANT ADMIN ASSIS
				3,442	0-0040843	MICROGRID
				10,560	0-0040876	CENTRAL AVE WATER&SEWER M
			Check Total:	16,705		
041818	11/1/2023	GRA02	GRAINGER	245	878,168,203	NONSPIKE FLARES
041819	11/1/2023	HAR13	The Hartford - Priority A	495	183,233,066	GRP. HEALTH INS
041820	11/1/2023	HOO01	HOOVEN & CO., INC.	913	17,687	PAVE+ROLL AC (BREWERY & H
041821	11/1/2023	HUM01	HUMBOLDT BAY MUNICIPAL WA	107,788	C31101	WTR PURCHASED
041822	11/1/2023	HUM06	HUMBOLDT HARMONAIRES	100	C31031	DEPOSIT REFUND (HEWITT RO
041823	11/1/2023	IND02	INDUSTRIAL ELECTRIC SERVI	925	IN48667	PARTS AND SUPPLIES
041824	11/1/2023	KUB01	ETSUKO KUBO CONSULTING	550	104.OCT	COACHING SESSION
041825	11/1/2023	LAC01	Laco Associates	478	52,446	4.5MG TANK
041826	11/1/2023	LDA01	LDA PARTNERS	5,552	8/6350222	ARCHITECTURAL SERVICES
041827	11/1/2023	MDG01	MELTON DESIGN GROUP INC	51,681	6,404	BMX BIKE TRACK
041828	11/1/2023	NOR35	NORTHERN HUMBOLDT	934	ES24-037	WEEDING AND MULCHING CENT
				629	ES24-038	GROUNDS WORK PIERSON PARK
			Check Total:	1,564		
041829	11/1/2023	PGE11	PGE STREETLIGHTS	22	C31030	GAS & ELECTRIC SEWER PUMP
041830	11/1/2023	PGE12	PGE	86	C31030	GAS & ELECTRIC HILLER SPO
041831	11/1/2023	STR01	STREAMLINE	375	F9E7-0037	SUBSCRIPTIONS
041832	11/1/2023	USA01	USA BLUEBOOK	36	V00172246	500 ML FILTERING FLASK
				261	V00172867	PARTS AND SUPPLIES
			Check Total:	297		
041833	11/1/2023	VER01	VERIZON WIRELESS	75	947,419,821	PAGING/ALARMS
041834	11/1/2023	\F012	MQ CUSTOMER REFUND FOR FO	170	000C31101	MQ CUSTOMER REFUND FOR FO
041835	11/1/2023	\H019	MQ CUSTOMER REFUND FOR HO	60	000C31101	MQ CUSTOMER REFUND FOR HO

041836	11/1/2023 \JAC0	DEPOSIT REFUND	858	C31030	DEPOSIT REFUND (JOB AY3)
			35	C31031	DEPOSIT REFUND (JOB AY4)
		Check Total:	893		
041837	11/1/2023 \M032	MQ CUSTOMER REFUND FOR ME	33	000C31101	MQ CUSTOMER REFUND FOR ME
041838	11/1/2023 \M033	MQ CUSTOMER REFUND FOR MI	25	000C31101	MQ CUSTOMER REFUND FOR MI
041839	11/1/2023 \W014	MQ CUSTOMER REFUND FOR WI	80	000C31101	MQ CUSTOMER REFUND FOR WI
041840	11/8/2023 *0048	REMAINING DEPOSIT REFUND	411	C31107	REMAINING DEPOSIT REFUND
041841	11/8/2023 ACW01	CB&T/ACWA-JPIA	12,204	0700809	GRP. HEALTH INS
041842	11/8/2023 ARC07	ARCATA FIRE PROTECTION DI	7,158	1,317	ARCATA FIRE ASSESSMENT FE
041843	11/8/2023 COA03	COASTAL GROVE CHARTER SCH	1,404	C31107	50% 10/27/2023 DANCE REVE
041844	11/8/2023 EVE01	EVERBRIDGE, INC	5,000	M78763	SUBSCRIPTION
041845	11/8/2023 FED02	C.J. BROWN & COMPANY CPAS	8,562	C31107	ACCT. / AUDIT
041846	11/8/2023 GHD01	GHD	3,454	0-0039690	MICROGRID
			1,055	0-0041200	SWSRF GRANT APP RECYCLED
		Check Total:	4,509		
041847	11/8/2023 HUM08	HUMBOLDT SANITATION	733	3AX01761	1620 PICKETT RD TRASH SER
			972	3AX01762	1656 SUTTER TRASH SERVICE
			733	3AX01763	1705 GWIN RD TRASH SERVIC
			365	3AX01764	675 HILLER RD TRASH SERVI
		Check Total:	2,804		
041848	11/8/2023 IBS01	IBS OF THE REDWOODS	152	180,029,348	BATTERY REPLACED UNIT#1
041849	11/8/2023 IND02	INDUSTRIAL ELECTRIC SERVI	291	IN48708	SUPPLIES FOR CPLX POWER
			81	IN48762	WWMF UTILITY PUMP#1 OVERL
		Check Total:	372		
041850	11/8/2023 INF03	INFINITE CONSULTING SERVI	4,540	11,289	MONTHLY HOSTING FEE
041851	11/8/2023 KIN01	WOOD STOVE FOR PIALORSI H	300	C31107	WOOD STOVE FOR PIALORSI H
041852	11/8/2023 MCK04	MCK ACE HARDWARE	342	C31107	REPAIRS/SUPPLY
041853	11/8/2023 MIL01	Miller Farms Nursery	813	C31107	REPAIRS/SUPPLY
041854	11/8/2023 MIL03	THE MILL YARD	1,287	C31107	PARTS AND SUPPLIES
041855	11/8/2023 MIT01	MITCHELL LAW FIRM	944	2,098	LEGAL SERVICES
			3,338	2,207	LEGAL SERVICES
		Check Total:	4,282		
041856	11/8/2023 NOR13	NORTHERN CALIFORNIA SAFET	120	29,452	MONTHLY FEE
041857	11/8/2023 ORE01	O'REILLY AUTOMOTIVE, INC.	39	37-169462	OIL ABSORBER
041858	11/8/2023 PGE01	PG & E (Office & Field)	27,353	C31107	GAS & ELECTRIC
041859	11/8/2023 RCS01	DAYSMART SOFTWARE	299	V01056327	RECPRO SOFTWARE SUPPORT
041860	11/8/2023 THO02	Thomas Home Center	1,220	C31107	REPAIRS/SUPPLY
041861	11/8/2023 UMP01	UMPQUA COMMERCIAL CARD OP	(125)	1123BDC	TRAVEL/MEALS
			134	1123DS	TRAVEL/MEALS
			1,580	1123JH	TRAVEL/MEALS
			72	1123LF	TRAVEL/MEALS
			1,279	1123NA	TRAVEL/MEALS

			1,356	1123PK	TRAVEL/MEALS
			245	1123PARKS	TRAVEL/MEALS
		Check Total:	4,542		
041862	11/8/2023 VAL01	VALLEY PACIFIC PETROLEUM	684	23-696947	GAS/OIL/LUBE
041863	11/8/2023 VAL02	VALLEY PACIFIC	3,820	23-696372	GAS/OIL/LUBE + CREDIT
041864	11/16/2023 *0030	LIFE LINE SCREENING	90	C31114	DEPOSIT REFUND + REMAININ
041865	11/16/2023 *0187	DEPOSIT REFUND (HEWITT RO	100	C31114	DEPOSIT REFUND (HEWITT RO
041866	11/16/2023 *0188	DEPOSIT REFUND (HEWITT RO	100	C31114	DEPOSIT REFUND (HEWITT RO
041867	11/16/2023 *0189	DEPOSIT REFUND (HEWITT RO	100	C31114	DEPOSIT REFUND (HEWITT RO
041868	11/16/2023 *0190	DEPOSIT REFUND (GYMNASIUM	100	C31114	DEPOSIT REFUND (GYMNASIUM
041869	11/16/2023 ACW01	CB&T/ACWA-JPIA	11,397	0701080	GRP. HEALTH INS (CORRECTI
041870	11/16/2023 AMA01	AMAZON CAPITAL SERVICES	595	NC4N-6VQP	AMAZON PURCHASES
041871	11/16/2023 BAD01	BADGER METER, Inc.	22,698	1,613,232	SUPPLIES
			3,304	1,613,517	SUPPLIES
		Check Total:	26,001		
041872	11/16/2023 BIN02	TRAVEL ADVANCE (ACWA FALL	209	C31115	TRAVEL ADVANCE (ACWA FALL
041873	11/16/2023 COA01	COASTAL BUSINESS SYSTEMS	1,058	35,301,561	OFFC EQUIP LEAS
041874	11/16/2023 COR01	CORBIN WILLITS SYSTEMS, I	175	000C31031	BILLABLE HOURS (CURT)
041875	11/16/2023 DEL02	DELFINO, MADDEN, O'MALLEY	182	156,280	PROFESSIONAL SERVICES (DI
041876	11/16/2023 DEP05	DEPARTMENT OF JUSTICE	32	692,824	FINGERPRINTING
041877	11/16/2023 E&M01	AVEVA SELECT	6,950	431,807	SUBSCRIPTION RENEWAL
041878	11/16/2023 GRS01	G R SUNDBERG, INC.	417,715	C31114	WTR/SWR MAIN REHAB & REPL
041879	11/16/2023 HAR03	HARPER MOTORS CO.	98	850605/2	UNIT 10 PARTS & LABOR
			98	850630/2	UNIT 24 PARTS & LABOR
			98	850661/2	UNIT 9 PARTS & LABOR
			98	850696/2	UNIT 7 PARTS & LABOR
		Check Total:	391		
041880	11/16/2023 INF02	INFOSEND	3,518	249,993	MAILING AND POSTAGE
			672	250,881	MAILING AND POSTAGE (MEAS
		Check Total:	4,191		
041881	11/16/2023 KEN03	KEN'S AUTO PARTS	30	93-263511	NORTHBANK GENERATOR FUEL
041882	11/16/2023 LEW01	THE LEW EDWARDS GROUP	6,000	008	PROFESSIONAL SERVICES
			3,000	009	PROFESSIONAL SERVICES
		Check Total:	9,000		
041883	11/16/2023 MAD01	MAD RIVER ROTARY	225	321	ANNUAL DUES
041884	11/16/2023 MAY03	TRAVEL ADVANCE (ACWA FALL	209	C31115	TRAVEL ADVANCE (ACWA FALL
041885	11/16/2023 MER03	MERCER, FRASER COMPANY	134,900	C31114	4.5MG TANK MONTHLY PAYMEN
041886	11/16/2023 MER04	MERCER FRASER ESCROW48611	7,100	C31114	CIP: 4.5M TANK DESIGN.CON
041887	11/16/2023 MES01	NOV 2023 MORALE BOOSTER R	14	C31114	NOV 2023 MORALE BOOSTER R
041888	11/16/2023 MIT02	MITEL	792	45,274,134	USAGE & FEES

041889	11/16/2023	NAP02	NAPA AUTO PARTS	10 99	738,133 738,187	OIL FOR TANK #3 GENERATOR SYNTHETIC GREASE FOR VAC-
			Check Total:	109		
041890	11/16/2023	NOR01	NORTH COAST LABORATORIES	5,440	C31114	LAB TESTS
041891	11/16/2023	NOR35	NORTHERN HUMBOLDT	1,456 1,113	ES24-052 ES24-053	WEEDING AND MULCHING CENT GROUNDS WORK PIERSON PARK
			Check Total:	2,569		
041892	11/16/2023	ORE01	O'REILLY AUTOMOTIVE, INC.	107 75	37-171641 37-171653	OIL FOR UNITS 6 & 27 OIL FOR SULLAIR/OFFICE GE
			Check Total:	182		
041893	11/16/2023	PAC02	PACIFIC LEGACY	8,507	7101-2309	CollectionSys-Undercrossg
041894	11/16/2023	PGE10	PGE STREETLIGHTS	5	C31114	GAS & ELECTRIC S.L.- ZONE
041895	11/16/2023	PIT01	PITNEY BOWES GLOBAL FINAN	481	106,371,127	OFFC EQUIP LEAS
041896	11/16/2023	SEC03	SECURITY LOCK & ALARM	27	220,021,112	KEYS
041897	11/16/2023	WES13	WESTERN WEB	1,033 973	29,774 30,004	MEASURE B NEWSLETTER PRINTING
			Check Total:	2,006		
041898	11/16/2023	WIL09	WILLDAN FINANCIAL SERVICE	9,233	010-56691	MEASURE B ANALYSIS
041899	11/28/2023	*0191	DEPOSIT REFUND (HEWITT RO	100	C31127	DEPOSIT REFUND (HEWITT RO
041900	11/28/2023	*0192	DEPOSIT REFUND (KITCHEN @	100	C31127	DEPOSIT REFUND (KITCHEN @
041901	11/28/2023	AIR01	AIRGAS USA, LLC.	184	143,669,528	REPAIRS/SUPPLIES
041902	11/28/2023	ATT04	ATT	858	042263808	TELEMETRY
041903	11/28/2023	BEN02	BENTLEY SYSTEMS, INC.	1,166	48,459,797	SUBSCRIPTION RENEWAL
041904	11/28/2023	COR01	CORBIN WILLITS SYSTEMS, I	1,086	00C311151	SUBSCRIPTIONS
041905	11/28/2023	GHD01	GHD	13,393 4,939 760	0-0042039 0-0042094 0-0042163	CENTRAL AVE WATER&SEWER M MICROGRID SWSRF GRANT APP RECYCLED
			Check Total:	19,092		
041906	11/28/2023	IND01	INDEPENDENT BUS. FORMS	138	42,709	OFFICE SUPPLIES
041907	11/28/2023	KEN02	KENNEDY/JENKS CONSULTANTS	47,020 16,269	167,759 167,760	4.5MG TANK MCCLUSKI TANK
			Check Total:	63,289		
041908	11/28/2023	LES01	LES SCHWAB TIRE CENTER	576	600,566,174	BRAKE INSPECTION/REPAIR U
041909	11/28/2023	MAY02	DIRECTORS FEES	250	C31128	DIRECTORS FEES
041910	11/28/2023	NAP02	NAPA AUTO PARTS	845 (156)	739,367 739383C	WWMF GEN BATTERIES WWMF GEN BATTERIES DEPOSI
			Check Total:	689		
041911	11/28/2023	PGE05	PGE	554	C31127	GAS & ELECTRIC S.L.- ZONE
041912	11/28/2023	PGE06	PG&E-STREETLIGHTS	26	C31127	GAS & ELECTRIC S.L.- ZONE
041913	11/28/2023	PGE07	PG&E STREETLIGHTS	1,605	C31127	GAS & ELECTRIC
041914	11/28/2023	PGE08	PGE STREETLIGHTS	25	C31127	GAS & ELECTRIC S.L.- ZONE
041915	11/28/2023	PGE09	PGE-STREETLIGHTS	124	C31127	GAS & ELECTRIC S.L.- ZONE

041916	11/28/2023	SEC03	SECURITY LOCK & ALARM	110	220,021,364	REKEY AZALEA HALL NEW DOO
041917	11/28/2023	STA02	STATE OF CALIFORNIA ENER	6,225	11,847	LOAN REPAYMENT
041918	11/28/2023	STA09	S.W.R.C.B.	110	C31127	CERTIFICATION RENEWAL FOR
041919	11/28/2023	THR01	THRIFTY SUPPLY COMPANY	3,648	024291-01	PARTS AND SUPPLIES
				600	024529-01	PARTS AND SUPPLIES
				254	024765-01	PARTS AND SUPPLIES
				4,939	025069-01	PARTS AND SUPPLIES
				104	025478-01	DCV TESTING FITTINGS
				1,770	025602-01	PARTS AND SUPPLIES
				3,491	025710-01	PARTS AND SUPPLIES
			Check Total:	14,805		
041920	11/28/2023	USA01	USA BLUEBOOK	3,185	V00125938	PARTS AND SUPPLIES
				287	V00137586	PARTS AND SUPPLIES
				903	V00151426	PARTS AND SUPPLIES
				3,903	V00195171	PARTS AND SUPPLIES
				453	V00196067	PARTS AND SUPPLIES
			Check Total:	8,731		
041970	12/8/2023	SHA03	SHAW LAW GROUP	316	44258P	PROFESSIONAL SERVICES
D00090	11/28/2023	BIN01	DIRECTORS FEES	250	C31128	DIRECTORS FEES
				250	C31128	DIRECTORS FEES
				250	C31128	DIRECTORS FEES
			Check Total:	750		
			Accounts Payable Disbursements:	1,054,011		

Payroll Related Disbursements

19402	11/7/2023	CAL12	CalPERS 457 Plan	8,387	C31107	RETIREMENT
				800	1C31107	PERS 457 LOAN PMT
			Check Total:	9,186		
19403	11/7/2023	DIR01	DIRECT DEPOSIT VENDOR- US	47,604	C31107	Direct Deposit
19404	11/7/2023	EMP01	Employment Development	-	C31026	STATE INCOME TAX
				2,672	C31107	STATE INCOME TAX
				8	1C31026	SDI
				911	1C31107	SDI
			Check Total:	3,590		
19405	11/7/2023	HEA01	HEALTHQUITY, ATTN: CLIEN	75	C31107	HSA
19406	11/7/2023	HUM29	UMPQUA BANK--PAYROLL DEP.	22	C31026	FEDERAL INCOME TAX
				9,748	C31107	FEDERAL INCOME TAX
				109	1C31026	FICA
				13,061	1C31107	FICA
				25	2C31026	MEDICARE
				3,054	2C31107	MEDICARE
			Check Total:	26,019		
19407	11/7/2023	ACW01	CB&T/ACWA-JPIA	59,979	C31031	MED-DENTAL-EAP INSUR
19408	11/7/2023	PUB01	Public Employees PERS	28,477	C31031	PERS PAYROLL REMITTANCE
19443	11/21/2023	CAL12	CalPERS 457 Plan	8,401	C31121	RETIREMENT
				800	1C31121	PERS 457 LOAN PMT
			Check Total:	9,201		
19444	11/21/2023	DIR01	DIRECT DEPOSIT VENDOR- US	45,742	C31121	Direct Deposit
19445	11/21/2023	EMP01	Employment Development	69	C31115	STATE INCOME TAX
				-	C31116	STATE INCOME TAX

			2,470	C31121	STATE INCOME TAX
			9	1C31115	SDI
			4	1C31116	SDI
			808	1C31121	SDI
		Check Total:	3,361		
19446	11/21/2023 HEA01	HEALTHEQUITY, ATTN: CLIEN	75	C31121	HSA
19447	11/21/2023 HUM29	UMPQUA BANK--PAYROLL DEP.	232	C31115	FEDERAL INCOME TAX
			14	C31116	FEDERAL INCOME TAX
			8,968	C31121	FEDERAL INCOME TAX
			131	1C31115	FICA
			53	1C31116	FICA
			11,523	1C31121	FICA
			31	2C31115	MEDICARE
			12	2C31116	MEDICARE
			2,808	2C31121	MEDICARE
		Check Total:	23,770		
		Payroll Related Disbursements:	257,078		
		Total Disbursements:	1,311,089		

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McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **ACTION**

ITEM: D.4 **Consider Approval of Contract with GHD Inc. to Assist with the Completion of Several Clean Water State Revolving Fund Grant Applications**

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

TYPE OF ACTION: **Roll Call**

Recommendation:

Staff recommends that the Board review the information provided, take Public Comment, and approve the contract with GHD to prepare CWSRF Grant applications for several wastewater Capital Improvement Project in an amount not to exceed \$29,000 with a 10% contingency of \$2,900.

Discussion:

The District has several important wastewater projects in their current Capital Improvement Plan. All of these projects focus on replacing infrastructure that is almost 50-years old and is approaching the end of its useful life. These projects include:

- Replacement of the sewer force mains from the Fischer, Letz, Kelly, and B Street lift stations.
- Upgrades to the District's Letz and Kelly lift stations.
- Expansion of the District's existing office to provide seismic resilience.
- A study analyzing alternatives for disinfection of effluent from the District's wastewater management facility.

All of these projects qualify for the Clean Water State Revolving Fund (CWSRF) program. This program is a grant/loan program but, given McKinleyville's designation as a Disadvantaged Community, the District has been successful in the past in getting many previous projects fully or at least partially grant funded. It was Staff's understanding that much of the Federal Inflation Reduction Act funding focused on water was going to be run through the SRF program. Unfortunately, in the 2023 Fiscal Year, much of this funding was moved to other State programs. We are hopeful that it will be available in the upcoming and future fiscal years. Regardless, once an application is submitted, if it is not funded in one fiscal year, it automatically rolls over to the next fiscal year.

GHD's scope is included in **Attachment 1** and will consist of working with District Staff to submit all of the above projects to the CWSRF program. If we are lucky enough to get a grant or loan for one of these projects, we will bring it back for Board approval prior to executing any grant/loan agreement.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

This is a \$29,000 line item in the wastewater budget and will come out of the Engineering general ledger (G/L) line item. It will exceed the \$10,000 budgeted for that item. The overall wastewater budget is currently \$34,000 underbudget in expenses and the remaining budget will have to come out of other sewer G/L Items.

Environmental Requirements:

These are planning grant application and do not require any CEQA analysis or further permitting at this time. CEQA (and any other needed permits) will be obtained prior to the construction of any project.

Exhibits/Attachments:

- Attachment 1 – GHD Contract with Scope and Fee Estimate

Instructions: Sign and return original. Upon acceptance by McKinleyville Community Services District, a copy will be signed by its authorized representative and promptly returned to you. Insert below, the names of your authorized representative(s).

Accepted: McKinleyville CSD

Consultant:

GHD Inc.

(Business Name)

By Patrick Kaspari, PE

By _____

Title General Manager

Title _____

Other authorized representative(s):

Other authorized representative(s):

James Henry

Consultant agrees with McKinleyville Community Services District that:

- a. **Indemnification.** To the fullest extent permitted by law and consistent with California Civil Code §2782.8(a), Consultant will, indemnify, defend and hold harmless McKinleyville Community Services District, its directors, officers, employees, and authorized volunteers (collectively "District") from and against all claims, demands and damages of all persons and entities to the extent arising out of the Consultant's negligent acts or omissions, recklessness, or willful misconduct in the performance (or non-performance) of the Services under this Agreement. Consultant shall not be obligated to defend or indemnify the District from and against all claims, demands and damages to the extent arising out of, pertaining to, or relating to the District's own negligent acts or omissions, recklessness, or willful misconduct or the negligent acts or omissions, recklessness, or willful misconduct of others.
- b. **Standard of Care.** In providing the Services under this Agreement, Consultant shall exercise that degree of skill and care ordinarily used by other reputable members of Consultant's profession, practicing in the same or similar locality and under similar circumstances.
- c. **Workers Compensation Insurance.** By his/her signature hereunder, Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and that Consultant will comply with such provisions before commencing the performance of the professional services and work under this Agreement. Consultant and sub-consultants will keep workers' compensation insurance for their employees in effect during all Services covered by this Agreement.
- d. **Professional Liability Insurance.** Consultant will file with McKinleyville Community Services District, before beginning professional services, a certificate of insurance satisfactory to the McKinleyville Community Services District evidencing professional liability coverage of not less than \$1,000,000 per claim and annual aggregate, requiring 30 days notice of cancellation (10 days for non-payment of premium) to Consultant. Upon notice of any such cancellation, Consultant shall promptly inform McKinleyville Community Services District. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A-:VII, or equivalent, or as otherwise approved by McKinleyville Community Services District. The retroactive date (if any) is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the contract Services. Consultant shall purchase a one-year extended reporting period i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement. In the event that the Consultant employs other consultants (sub-consultants) as part of the Services covered by this Agreement, it shall be the Consultant's responsibility to require and confirm that each sub-consultant provides insurance coverage deemed appropriate by Consultant for the role of the subconsultant under this contract.
- e. **Insurance Certificates.** Consultant will file with McKinleyville Community Services District, before beginning professional services, certificates of insurance satisfactory to McKinleyville Community Services District evidencing general liability coverage of not

less than \$1,000,000 per occurrence (\$2,000,000 general and products-completed operations aggregate (if used)) for bodily injury, personal injury and property damage; auto liability of at least \$1,000,000 for bodily injury and property damage each accident limit; workers' compensation (statutory limits) and employer's liability requiring 30 days (10 days for non-payment of premium) notice of cancellation to Consultant. Upon receipt of any such cancellation, Consultant shall promptly notify McKinleyville Community Services District. The general liability coverage is to state or be endorsed to state "such insurance shall be primary and any insurance, self-insurance or other coverage maintained by McKinleyville Community Services District, its directors, officers, employees, or authorized volunteers shall not contribute to it". The general liability coverage shall give McKinleyville Community Services District, its directors, officers, employees, and authorized volunteers insured status using ISO endorsement CG2010, CG2033, or equivalent. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A- :VII, or equivalent, or as otherwise approved by McKinleyville Community Services District. In the event that the Consultant employs other consultants (sub-consultants) as part of the Services covered by this Agreement, it shall be the Consultant's responsibility to require and confirm that each sub-consultant has in place levels of insurance deemed appropriate by the Consultant for the risk associated with the role of each subconsultant under this contract.

- f. **Renewal Certificates.** If any of the required coverages expire during the term of this Agreement, the Consultant shall deliver the renewal certificate(s) including the general liability additional insured endorsement to McKinleyville Community Services District at least ten (10) days prior to the expiration date.
- g. **General Manager Authority.** Consultant shall not accept direction or orders from any person other than the General Manager or the person(s) whose name(s) is (are) inserted on Page 1 as "other authorized representative(s)" on behalf of McKinleyville Community Services District.
- h. **Payment Intervals.** Payment, unless otherwise specified on Page 1, is to be 30 days after acceptance of a written invoice by McKinleyville Community Services District. If McKinleyville Community Services District does not object to an invoice in writing within 15 days after receipt thereof, then the invoice shall be deemed accepted. Consultant reserves the right without penalty to suspend the Services in the event of nonpayment of undisputed amounts.
- i. **Permits and Licenses.** Permits and licenses required by governmental authorities in connection with Consultant's services will be obtained at Consultant's sole cost and expense, and Consultant will comply with applicable local, state, and federal regulations and statutes including Cal/OSHA requirements.
- j. **Amendments and Modifications.** Any change in the scope of the professional Services to be done, method of performance, nature of materials, work provided or price thereof, or to any other matter materially affecting the performance or nature of the Services will not be paid for or accepted unless such change, addition or deletion is approved in advance, in writing by a supplemental Agreement executed by McKinleyville Community Services District. Consultant's "authorized representative(s)" has (have) the authority to execute such written change for Consultant.

- k. **Representations.** Consultant represents that it is now, and will remain for the duration of its Services, properly licensed, qualified, experienced, and equipped to perform the Services. Consultant also represents that the Services shall be completed in accordance with this Agreement, and in a manner consistent with the Standard of Care established by Section b. Consultant further represents that the Services and the sale or use of the Services shall not infringe, directly or indirectly, on any valid patent, copyright or trademark, and Consultant shall, at Consultant's sole cost and expense, indemnify, defend and hold harmless McKinleyville Community Services District from and against any and all claims and causes of action based on infringements thereof. These representations shall survive the expiration or termination of this Agreement. Consultant makes no other representations or warranties, express or implied, with respect to the performance of the Services. No payment to Consultant for any Services performed hereunder (including, without limitation, final payment) shall constitute a waiver of any Claims by McKinleyville Community Services District against Consultant relating to the Services.
- l. **Ownership of Drawings and Samples.** Consultant shall submit promptly for all drawings, details, samples and other data required or specifically requested by McKinleyville Community Services District in connection with provision of the Services, and such drawings, details, samples and other data created in connection with performance of the Services and provision of the work shall constitute the property of the McKinleyville Community Services District.
- m. **Compliance with Law/Safety.** In performance of the Services, Consultant shall, at its expense, exercise due professional care, comply strictly with, and cause all sub-consultants to comply strictly with, all laws, orders, rules and regulations of governmental authorities, including those relating to the storage, use or disposal of hazardous wastes, substances or materials, and including the procurement and payment for all necessary permits, certificates and licenses required in connection with the Services. If either Consultant or McKinleyville Community Services District receives notice of any violation by Consultant of any laws relating to Consultant or McKinleyville Community Services District receives notice of any violation by Consultant of any laws relating to Consultant's (or sub-consultants) services or work provided hereunder, such party shall promptly inform the other party in writing of the existence thereof. Consultant shall comply with all applicable laws relating to safety, including without limitation the Occupational Safety and Health Act of 1970 as it may be amended from time to time, and all regulations and standards issued pursuant thereto. Consultant shall conform to the current prevailing standards of safety practice.
- n. **Equal Opportunity.** In the performance of the Services there shall be no discrimination on account of race, religion, sex, sexual orientation, age or national origin and Consultant shall comply with applicable federal, state and local laws and regulations pertaining to fair employment practices, including without limitation the provisions of Executive Order 11246 as amended by the President of the United States and the rules and regulations issued pursuant thereto, unless exempted.
- o. **Termination.** McKinleyville Community Services District may, at its option, terminate this Agreement without cause at any time. If at the time of any such termination, any Services have already been provided by Consultant but are unpaid for, McKinleyville Community Services District's only obligation, if Consultant is not in default, shall be to pay for such Services actually provided by Consultant prior to the date of termination. Upon receipt of notice of termination, Consultant shall immediately stop all performance hereunder except as otherwise directed by McKinleyville Community Services District,

and if Consultant is not in default, McKinleyville Community Services District shall pay to Consultant (a) the prorata portion of the agreed price based on the percentage completion of the Services which was satisfactorily completed at the time of termination, and (b) the actual net costs incurred by Consultant directly connected with the Services that was not completed prior to the date of termination; provided, however, that under no circumstances shall the total under (a) and (b) exceed the contract price stated on page one (1) of this Agreement, above. Upon such payment, title to any such items or uncompleted Services shall, at McKinleyville Community Services District's option, pass to McKinleyville Community Services District.

- p. **Default.** Upon any default by Consultant hereunder, or in the event of proceedings by or against Consultant in bankruptcy or for the appointment of a receiver or trustee or an assignment for the benefit of creditors, McKinleyville Community Services District may, at its option, terminate this Agreement without penalty or liability (except for payment for any Services completed and accepted by McKinleyville Community Services District). Subject to Section u., herein, Consultant shall be liable to McKinleyville Community Services District for all reasonable expenses incurred by McKinleyville Community Services District in finishing the Services and any direct damage incurred through any default, which at the option of McKinleyville Community Services District, may be charged against any amounts due from McKinleyville Community Services District to Consultant hereunder, but Consultant's liability hereunder shall not be limited thereby and such liability shall survive the expiration or termination of this Agreement. Any remedies provided for in this Agreement are cumulative and shall be in addition to, and not in limitation of, any other rights and remedies that may be available at law or in equity. Neither party shall be in default of this Agreement until such party has received three (3) days written notification (except in the instance of a health or safety concern, in which case failure to immediately remediate the health or safety violation shall be grounds to declare a default of this Agreement), and an opportunity to cure, or in the case of an alleged default which requires more than three (3) days to cure, a reasonable time so long as the alleged defaulting party commences the remediation of the default immediately, and thereafter diligently prosecutes the same to completion.
- q. **Notices.** Notices, requests, demands, and other communications hereunder shall be in writing and delivered personally, sent by reputable overnight courier or mailed by first class, United States mail, with postage prepaid, to McKinleyville Community Services District, **PO Box 2037, McKinleyville California 95519, Attention: Patrick Kaspari**, and to Consultant at the address set forth below its signature, or at any other address that may be given by either party to the other in the manner provided above. Notices delivered personally or sent by overnight courier shall be deemed delivered upon receipt. Notices delivered by mail shall be deemed delivered upon the earlier of (i) receipt or (ii) the date five (5) U.S. mail delivery days after the notice was placed in the United States mail as provided above.
- r. **Headings.** All section headings are provided for convenience only, and shall not be deemed to constitute material terms and conditions of this Agreement.
- s. **Interpretation.** Both Consultant and McKinleyville Community Services District are deemed to have jointly participated in the negotiation and preparation of this Agreement. Consequently, both Consultant and McKinleyville Community Services District are considered to have drafted this Agreement in equal parts and, if any ambiguity is found to exist, all rules of law and evidence requiring ambiguities to be interpreted to the detriment of the drafting party shall not apply.

- t. **Attorneys Fees and Venue for Disputes.** If litigation becomes necessary to enforce the terms and provisions of this Agreement or as a result of any breach by Consultant or District of this Agreement, the prevailing party in any such litigation shall be entitled to recover reasonable attorney's fees and costs. The Humboldt County Superior Court for the State of California shall have exclusive jurisdiction over any dispute arising out of this Agreement or Consultant's provision of Services hereunder, and shall serve as the venue for any such dispute. All parties expressly consent to this designation of jurisdiction and venue.
- u. **MUTUAL UNDERSTANDING OF SERVICES.** McKinleyville Community Services District and Consultant agree that the purpose of value engineering is the identification and presentation of recommendations for improvement of project or process value, for consideration by the McKinleyville Community Services District and their other professional advisors. Both parties understand that as a part of these services, Consultant does no design work and makes no project decisions. McKinleyville Community Services District and Consultant agree that Consultant will be liable to the McKinleyville Community Services District only for damages arising from Consultant's negligence in the performance of the Value Analysis or Value Engineering work itself, and only to the extent that such negligence directly damages the McKinleyville Community Services District.

Our ref: 12589637

November 29, 2023

**Pat Kaspari, General Manager
McKinleyville Community Services District
1656 Sutter Rd
McKinleyville, CA 95519**

Re: CWSRF Planning Grant Applications – Sewer Force Mains, Lift Station Upgrades, Office Seismic Resilience, and WWMF Disinfection Alternatives

Dear Pat,

GHD previously assisted the District with a Clean Water State Revolving Fund (CWSRF) planning grant application for upgrades associated with the District's Fischer and B Street Lift Stations, which was submitted in December 2022. Since that application was submitted, the District has determined that there are four additional infrastructure upgrades projects that the District would like GHD to assist with planning grant applications for. The four projects as follows:

1. Replacement of the sewer force mains from the Fischer, Letz, Kelly, and B Street lift stations.
2. Upgrades to the District's Letz and Kelly lift stations.
3. Expansion of the District's existing office to provide seismic resilience, accommodate staff to allow for continuous operation and maintenance of the District's water and sewer systems, and protect the District's SCADA servers for continued operation of the systems in place.
4. A study analyzing alternatives for disinfection of effluent from the District's wastewater management facility (WWMF).

The following is GHD's Scope of Work for assisting the District with preparing four new CWSRF planning applications for the above projects.

Scope of Work

Task 1 – Planning Grant Application

Task 1 will consist of the effort necessary to prepare and submit via FAAST four separate CWSRF planning grant applications for the following projects in order of completion:

Task 1.1 – Sewer Force Mains

Task 1.2 – Kelly and Letz Lift Station Upgrades

Task 1.3 – Office Seismic Resilience

Task 1.4 – WWMF Disinfection Alternatives Study

The effort for each grant application will be limited to the following:

- Wastewater Planning Application.
- Attachment T1 – Complete the Plan of Study per grant requirements, which will include the following:
 - Figures for project components.
 - Description of all tasks to be performed under the planning grant.

- The previous Plan of Study submitted for the Fischer and B Street Lift Station Upgrades Project stated that the design would be advanced to the 30% level under the planning grant due to the previous \$500,000 cap on planning grants. However, the previous \$500,000 funding cap on planning grants has been removed, and the Plan of Study for each grant application in this Scope of Work will include advancing the design to the 95% level. The grant Scope of Work for each application will be written so that once the design reaches the 30% level, environmental special studies will be initiated, and a CWSRF construction grant application will be prepared and submitted.
 - Project budget for the components included in the grant Scope of Work for each of the four projects.
 - Estimated project schedule for the components included in the grant Scope of Work for each of the four projects.
- Attachment T2 – Update and complete the Water Metering Certification Form.
 - Attachment T3 – Update and complete the Water Conservation and Water Management Certification Form.
 - Attachment T4 – Re-attach District NPDES permit.
 - Attachment T5 – Income Survey not required.
 - Attachment T6 – Re-attach District’s latest Rate Study.
 - Attachment F1 – Attach last three years of Audited Financial Statements (information to be provided by the District).
 - Attachment F2 – Attach two years of Budget Projections (information to be provided by the District).
 - Attachment F3 – Update Authorizing Resolution language to include new work.
 - Attachment F4 – Re-attach latest Rate Adoption Documentation.
 - Attachments F5-F7 – Not required for this grant application.
 - Attachment F8 – Attach updated Debt Schedule (information to be provided by the District).
 - Attachment F9 – Attach updated Debt Documentation (information to be provided by the District).

Task 1 Deliverables

- Draft planning grant application package provided to the District for review in electronic format for each project listed above.
- Final planning grant application package in electronic format provided to the District and submitted to the State Water Resources Control Board online via their FAAST system for each project listed above.

Task 1 Assumptions/Exclusions

The following assumptions and exclusions apply to all projects listed in this Scope of Work:

1. GHD’s Scope of Work is limited to the work required for preparing and submitting a CWSRF planning grant application for each project listed as described above. The tasks listed under the grant Scope of Work that GHD prepares for submission with the grant applications can be completed under a separate scope and budget if awarded.
2. While GHD will deliver a quality, competitive grant proposal, GHD makes no guarantee that the District will receive the planning grants because of GHD’s work on these applications.
3. The current Scope of Work includes effort for four drafts and four final grant application packages. If additional iterations or modifications are required due to District or grant agency requirements after the final packages are submitted, additional compensation may be required.

Task 1 Schedule

GHD is ready to begin work on these grant applications upon receiving a signed contract from the District. The proposed schedule for the final grant application package for each project is as follows:

Table 1 Project Schedule

Task	Completion Date
Task 1.1 – Sewer Force Mains	February 2024
Task 1.2 – Letz and Kelly Lift Station Upgrades	July 2024
Task 1.3 – Office Seismic Resilience	October 2024
Task 1.4 – WWMF Disinfection Alternatives Study	January 2025

Task 1 Professional Service Fee

GHD will provide the above-described scope of services on a time and materials basis per the cost estimated below:

Task 1 – Planning Grant Application	\$29,000
Total Fee	\$29,000

As always, we appreciate the opportunity to assist you. Please do not hesitate to call me if you have any questions.

Regards,



Malia Duin
Project Manager
(707) 267-2269
malia.duin@ghd.com

Copy to: James Henry, MCSD

McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.1 **Presentation of Community Builder Award to Jesse Miles, Executive Director of the McKinleyville Chamber of Commerce**

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

TYPE OF ACTION: **Information Only**

Recommendation:

Staff recommends that the Board listen to Staff's presentation, air questions, take public comment, and present the Community Builder Award for 2023 to Jesse Miles.

Discussion:

The "Community Builder Award" is an award the District presents to local individuals, businesses, and organizations for their volunteer service, sponsorship, promotion of programs and events, outstanding service in the interest of the District, and for other contributions significant to McKinleyville's quality of life. District Staff has identified Jesse Miles, Executive Director of the McKinleyville Chamber of Commerce for the 2023 Community Builder Award.

Jesse and her family arrived in McKinleyville on the first Saturday in June of 2012, the day of McKinleyville's annual Pony Express Days Festival, a festival that Jesse would one day be responsible for coordinating. In January 2020 Jesse was hired to serve as the Executive Director of the McKinleyville Chamber of Commerce. Prior to taking on the leadership role of the Chamber, Jesse volunteered with the school PTO's and worked with McKinleyville Parks & Recreation to develop teen programming. Serving her community is an opportunity Jesse is grateful to have; driven to give back to the community that gives so much to her, her family and her friends.

McKinleyville's location amidst the Redwoods and ocean and proximity to many natural wonders to be enjoyed is among Jesse's favorite attributes, but what she appreciates the most is the sense of community that exists here. She can go almost anywhere and see someone she knows. She loves that there are so many ways people can be involved in serving their community here and that so many community members are involved in creating the community they want for their children and their children's children. For Jesse, involved citizens, passionate local business owners and organizations are the catalyst for creating a vibrant, connected and engaged community.

As a mom of three, Jesse is very proud of the work she gets to do and the example that her work sets for her kids. Her heart swells with pride when she

hears her kids talk about her work and their understanding of the importance of building community connections and supporting the local economy of the community they live in. She hopes to inspire as many community members as she can to be engaged and active citizens who regularly participate in community events and municipal meetings that shape the forward path of McKinleyville. She believes that the challenges facing McKinleyville are best faced collectively and collaboratively so we need citizens to participate at every level of decision making. A champion for choosing Humboldt first, Jesse also encourages McKinleyville residents to support the local economy by investing their spending dollars at local businesses rather than out of area retailers. “In order to keep the businesses we love here, we must support them every day, with both our dollars and our words.”

It is an honor and pleasure to present the 2023 Community Builder Award to Jesse Miles for her energetic and passionate drive to be in service to the greater good of the McKinleyville community. McKinleyville is fortunate to have a community member like her, endlessly advocating for local business, enthusiastically championing community events that bring us all together to not only address challenges, but to also celebrate the community we’ve built and continue to build.

Alternatives:

Not Applicable

Fiscal Analysis:

Not Applicable

Environmental Requirements:

Not Applicable

Exhibits/Attachments:

- Attachment 1 – Jesse Miles Interview Responses

“Community Building Award” Interview Questions

1. How long have you (or your business or organization) been involved with the McKinleyville community?
 - a. I moved to McKinleyville in June of 2012, actually the day we moved here was Saturday, June 1st and I remember our landlord telling me to plan ahead for when the moving truck would be coming in to town because there was a parade that day. Now it seems like it was serendipity that I moved here on Pony Express Days! I have been working as the Executive Director for the McKinleyville Chamber of Commerce since January 2020.

2. What drives you to serve in your community?
 - a. I can't imagine being a part of a community and not serving it in some capacity. It is an opportunity I am lucky to have, I'm able give back to the community that myself and my family, friends and neighbors are a part of. I am proud to live in McKinleyville and to help others feel driven to be an active steward for their community in the ways they feel most passionate about.

3. What do you appreciate most about McKinleyville?
 - a. The proximity to the ocean and the redwoods and so many other beautiful parts of the natural world. When I moved here I was worried I would despise the climate and miss the heat of the valley, but I have grown to adore it and cannot imagine living anywhere else. Beyond the natural attributes there is so much “community” here. Sometimes I am amazed I have only been here a little over a decade because I know someone almost anywhere I go, and I LOVE that! There are a vast array of ways to get involved through local schools, environmental stewardship, politics, town clean ups, non profit organizations, art, municipal meetings and more. It's great to live in a community with so many people working hard for the greater good – and so many awesome opportunities on the horizon for this little community.

4. In your opinion, what are the key ingredients for creating a vibrant, connected and engaged community?
 - a. Involved citizens, passionate local business owners, and organizations who are a catalyst for bringing those things together. The foundation of this community is strong and has been since long before my time. Now we just need to stay active in keeping those attributes we love about McKinleyville here while embracing the growth around us to make the community stronger and more connected.

5. What do you see as the biggest challenge facing communities, or McKinleyville in particular, today?
 - a. Challenges are a constant part of community growth and the ever-changing world. As we all know from living in Humboldt - healthcare is a huge challenge, affordable housing is a huge challenge, strong industry to maintain a strong consistent economy is a challenge and this is just naming a few. It is nearly impossible to talk about any one of these things without it overlapping into another. Therefore, I think the biggest challenge is learning the path that we as a community and region need to be on to work together to face these challenges. We need to be willing to take risks and make changes that are necessary for the greater good right now and in the future. One of the hardest things about facing obstacles for a community is that we all want to see immediate results, but most often we have to make decisions that may not show us instant gratification, though it will put us on a path to the greater good.

6. What are the hopes you hold for the community of McKinleyville? Where do you see the most opportunity for community improvement?
 - a. I hope that McKinleyville can embrace the growth that will continue and that more citizens will become more actively engaged in the decisions that will shape the path it will take. Attend a MMAC meeting, go to your local School board meeting, visit the MCSD monthly meeting or the Recreation Committee meeting, take a look at the Board of Supervisors agenda each week and take an interest in the agenda topics that will affect you and your community.
 - b. I also hope that more people will take the time to choose Humboldt first when they are spending their hard earned dollars. We see our local businesses and economy continuing to struggle and in order to keep the businesses we love here, we must support them every day, with our dollars and with our words.

7. What are you most proud of in terms of your service to and within the community of McKinleyville?
 - a. Honestly, receiving this award is up there!! It is a great honor to be recognized as a Community Builder. I have always been active in various ways in local schools, parks & recreation and more, my work at the chamber of commerce has allowed me to take it to a level I didn't realize I would become so passionate about. Beyond that I would have to say that I feel my heart swell with pride the most when I hear my kiddos talk about my work and that they have an understanding of the importance it brings to the community they live in. Because when it comes down to it, that is

what it is all about. We are all working hard to overcome the challenges and obstacles facing our communities and our businesses because we want the world to be a better place for our kids and their kids!!

8. Do you have any additional comments you would like to add?
 - a. Thank you! It is a true joy to continue to meet people and be a part of the groups who are actively working within our community and region and beyond to bring amazing solutions and opportunities to the forefront.

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McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2023

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.2 **MCSD Employee of the Year Presentation to Kirsten Messmer**

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

TYPE OF ACTION: **None**

Recommendation:

Recognize Kirsten Messmer as Employee of the year and participate in the presentation of this award to her.

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
- Seth Meynell, 2022

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 2023 Employee of the Year Award goes to Kirsten Messmer.

Kirsten is exemplary in all the qualities listed above. She constantly exhibits a can-do attitude and is always willing to step up and help her co-workers in time of need. In addition to her duties as Recreation Coordinator, Kirsten also serves our community by being heavily involved with the McKinleyville Chamber of Commerce. She is a natural leader and the District is fortunate to have her as a member of the workforce. Her hard work resourcefulness and positive attitude are a great example to everyone who gets to work with her.

Kirsten will hold this distinction for the 2024 calendar year with a new employee of the year crowned at the end of 2024.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- None

McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **ACTION**

ITEM: E.3 **Consider Approval of FY22-23 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 Fiscal Year 22-23 Audited Financial Statements per the recommendation of the Audit & Finance Committee.

Discussion:

The District's annual audit for Fiscal Year 22-23 is complete.

The Audit & Finance Committee has reviewed the draft audited financial statements and has recommended the Board approve the Fiscal Year 22-23 Audited Financial Statements as presented.

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. The audit will also be sent to various external stakeholders including the State Controller's Office, the County of Humboldt, Humboldt Bay Municipal Water District, SDRMA, and various lenders in accordance with applicable agreements.

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 22-23
- Attachment 2 – MCSD Management Letter for Fiscal Year 22-23

- Attachment 3 – Presentation of Fiscal Year 22-23 Audited Financial Statements, C.J. Brown & Company, CPAs



McKinleyville Community Services District
McKinleyville, California
Annual Financial Report
For the Fiscal Year Ended
June 30, 2023



Board of Directors as of June 30, 2023

Name	Title	Elected/ Appointed	Current Term
Gregory Orsini	President	Elected	12/2020 - 12/2024
Scott Binder	Vice President	Elected	12/2020 - 12/2024
David Couch	Director	Elected	12/2009 - 12/2026
Dennis Mayo	Director	Elected	09/2008 - 12/2026
James Biteman	Director	Elected	12/2022 - 12/2026

**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, 2023

Presentation Version
Subject to Board Approval

**McKinleyville Community Services District
Annual Financial Report
For the Fiscal Year Ended June 30, 2023**

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Financial Section

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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, 2023, 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, 2023, 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 67 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 10, 2024, 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.

C.J. Brown & Company, CPAs
Cypress, California
January 10, 2024

Presentation Version
Subject to Board Approval

**McKinleyville Community Services District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023**

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, 2023. 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 2023, the District’s net position increased by 12.17% or \$4,321,871 to \$39,821,776 as a result of ongoing operations.
- In 2023, the District’s total revenues increased 18.61% or \$2,039,711 to \$13,001,012.
- In 2023, the District’s total expenses decreased by 6.16% or \$570,126 to \$8,679,141.

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, 2023**

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, 2023.

	Condensed Statements of Net Position					
	Governmental Activities		Business-Type Activities		Total District	
	2023	2022	2023	2022	2023	2022
Assets:						
Current assets	\$ 561,488	879,048	31,485,959	32,986,667	32,047,447	33,865,715
Capital assets	4,780,797	4,786,246	41,960,396	39,398,265	46,741,193	44,184,511
Total assets	5,342,285	5,665,294	73,446,355	72,384,932	78,788,640	78,050,226
Deferred outflows of resources	1,300,033	1,001,873	2,056,687	2,276,664	3,356,720	3,278,537
Liabilities:						
Current liabilities	303,579	346,255	2,309,728	2,253,326	2,613,307	2,599,581
Non-current liabilities	3,362,991	3,972,023	30,803,552	32,144,835	34,166,543	36,116,858
Total liabilities	3,666,570	4,318,278	33,113,280	34,398,161	36,779,850	38,716,439
Deferred inflows of resources	2,147,045	1,690,399	3,396,689	5,422,020	5,543,734	7,112,419
Net position:						
Net investment in capital assets	4,056,025	3,962,707	14,691,193	11,635,935	18,747,218	15,598,642
Restricted	172,905	224,235	9,798,452	9,946,787	9,971,357	10,171,022
Unrestricted	(3,400,227)	(3,528,452)	14,503,428	13,258,693	11,103,201	9,730,241
Total net position	\$ 828,703	658,490	38,993,073	34,841,415	39,821,776	35,499,905

**McKinleyville Community Services District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2023**

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 \$39,821,776 as of June 30, 2023. 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	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 725,969	552,111	8,361,814	8,140,798	9,087,783	8,692,909
Operating grants and contributions	216,265	14,773	-	-	216,265	14,773
Capital grants and contributions	-	-	2,423,705	1,567,835	2,423,705	1,567,835
Total program revenues	942,234	566,884	10,785,519	9,708,633	11,727,753	10,275,517
General revenues:						
Property taxes	744,930	729,263	-	-	744,930	729,263
Voter approved taxes	228,096	216,405	-	-	228,096	216,405
Investment earnings	(78,195)	(50,303)	350,061	(238,030)	271,866	(288,333)
Gain on disposal of capital assets	-	7,501	8,466	400	8,466	7,901
Other income	19,901	20,548	-	-	19,901	20,548
Total general revenues	914,732	923,414	358,527	(237,630)	1,273,259	685,784
Total revenues	1,856,966	1,490,298	11,144,046	9,471,003	13,001,012	10,961,301
Expenses:						
General (Parks & Recreation)	1,443,639	1,447,221	-	-	1,443,639	1,447,221
Measure B	135,393	202,702	-	-	135,393	202,702
Streetlighting	107,721	103,066	-	-	107,721	103,066
Water	-	-	2,845,050	3,539,726	2,845,050	3,539,726
Wastewater	-	-	4,147,338	3,956,552	4,147,338	3,956,552
Total expenses	1,686,753	1,752,989	6,992,388	7,496,278	8,679,141	9,249,267
Changes in net position	170,213	(262,691)	4,151,658	1,974,725	4,321,871	1,712,034
Net position, beginning of year	658,490	921,181	34,841,415	32,866,690	35,499,905	33,787,871
Net position, end of year	\$ 828,703	658,490	38,993,073	34,841,415	39,821,776	35,499,905

Compared to the prior year, net position of the District increased by 12.17% or \$4,321,871 to \$39,821,776 as a result of ongoing operations.

Total revenues increased 18.61% or \$2,039,711 to \$13,001,012, due primarily to increases of \$855,870 in capital grants and contributions, \$560,199 in investment earnings, \$394,874 in charges for services, and \$201,492 in operating grants and contributions.

Total expenses decreased by 6.16% or \$570,126 to \$8,679,141, due primarily to decreases of \$694,676 in water fund expenses and \$67,309 in Measure B expenses, offset by an increase of \$190,786 in wastewater fund expenses.

**McKinleyville Community Services District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2023**

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, 2023.

Condensed Changes in Fund Balance – Governmental Funds

	General (Parks and Recreation)	Measure B	Streetlighting	Total Governmental Activities
Fund balance, beginning of year	\$ 1,174,629	(611,690)	118,002	680,941
Changes in fund balance	<u>(248,770)</u>	<u>(47,795)</u>	<u>24,391</u>	<u>(272,174)</u>
Fund balance, end of year	<u>\$ 925,859</u>	<u>(659,485)</u>	<u>142,393</u>	<u>408,767</u>

In 2023, total fund balance decreased by 39.97% or \$272,174 to \$408,767. The General (Parks and Recreation) fund decreased by 21.18% or \$248,770 to \$925,859; the Measure B fund decreased by 7.81% or \$47,795 to a deficit fund balance of \$659,485; and the Street Lighting fund increased by 20.67% or \$24,391 to \$142,393.

Capital Asset Administration

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total District	
	2023	2022	2023	2022	2023	2022
Capital assets:						
Non-depreciable assets	\$ 2,229,102	2,026,000	12,453,234	9,789,364	14,682,336	11,815,364
Depreciable assets	<u>7,257,422</u>	<u>7,243,272</u>	<u>58,774,460</u>	<u>57,037,342</u>	<u>66,031,882</u>	<u>64,280,614</u>
Total capital assets	9,486,524	9,269,272	71,227,694	66,826,706	80,714,218	76,095,978
Accumulated depreciation	<u>(4,705,727)</u>	<u>(4,483,026)</u>	<u>(29,267,298)</u>	<u>(27,428,441)</u>	<u>(33,973,025)</u>	<u>(31,911,467)</u>
Total capital assets, net	<u>\$ 4,780,797</u>	<u>4,786,246</u>	<u>41,960,396</u>	<u>39,398,265</u>	<u>46,741,193</u>	<u>44,184,511</u>

At the end of fiscal year 2023, the District's investment in capital assets amounted to \$46,741,193 (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, 2023**

Long-Term Debt Administration

	Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total District	
	2023	2022	2023	2022	2023	2022
Long-term debt:						
Long-term debt	\$ 724,772	823,539	27,269,203	27,827,330	27,993,975	28,650,869
Total long-term debt:	\$ 724,772	823,539	27,269,203	27,827,330	27,993,975	28,650,869

Long-term debt decreased 2.29% or \$656,894 to \$27,993,975 in 2023, primarily due to principal payments of \$1,038,232, offset by issuance of debt of \$381,338. See note 6 for further discussion.

Conditions Affecting Current Financial Position

Management is unaware of any 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.

Presentation for Board Approval
Subject to Board Approval

Basic Financial Statements

*Presentation Version
Subject to Board Approval*

McKinleyville Community Services District
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Current assets:			
Cash and cash equivalents (notes 2 & 3)	\$ 137,901	20,224,060	20,361,961
Cash and cash equivalents – restricted (notes 2 & 3)	172,905	9,798,452	9,971,357
Accounts receivable	9,186	886,722	895,908
Accrued interest receivable	26,117	57,139	83,256
Prepaid expense	103,122	167,502	270,624
Grant receivables	112,257	249,993	362,250
Materials and supplies inventory	-	102,091	102,091
Total current assets	<u>561,488</u>	<u>31,485,959</u>	<u>32,047,447</u>
Non-current assets:			
Capital assets – not being depreciated (note 4)	2,229,102	12,453,234	14,682,336
Capital assets – being depreciated (note 4)	2,551,695	29,507,162	32,058,857
Total non-current assets	<u>4,780,797</u>	<u>41,960,396</u>	<u>46,741,193</u>
Total assets	<u>5,342,285</u>	<u>73,446,355</u>	<u>78,788,640</u>
Deferred outflows of resources:			
Deferred OPEB outflows (note 7)	855,046	1,352,705	2,207,751
Deferred pension outflows (note 8)	444,987	703,982	1,148,969
Total deferred outflows of resources	<u>\$ 1,300,033</u>	<u>2,056,687</u>	<u>3,356,720</u>

Continued on next page

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Net Position, continued
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Current liabilities:			
Accounts payable and accrued expenses	\$ 26,632	791,060	817,692
Accrued interest on long-term debt	4,340	295,692	300,032
Accrued salaries and related payables	116,389	1,191	117,580
Customer deposits	9,700	137,752	147,452
Unearned revenue	-	51,642	51,642
Long-term liabilities – due within one year:			
Compensated absences (note 5)	44,214	154,252	198,466
Certificate of participation (note 6)	-	160,000	160,000
Capital lease payable (note 6)	102,304	-	102,304
Notes payable (note 6)	-	718,139	718,139
Total current liabilities	<u>303,579</u>	<u>2,309,728</u>	<u>2,613,307</u>
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)	28,144	121,427	149,571
Certificate of participation (note 6)	-	8,447,807	8,447,807
Capital lease payable (note 6)	622,468	-	622,468
Notes payable (note 6)	-	17,943,257	17,943,257
Net other post-employment benefits liability (note 7)	1,652,945	2,615,007	4,267,952
Net pension liability (note 8)	1,059,434	1,676,054	2,735,488
Total non-current liabilities	<u>3,362,991</u>	<u>30,803,552</u>	<u>34,166,543</u>
Total liabilities	<u>3,666,570</u>	<u>33,113,280</u>	<u>36,779,850</u>
Deferred inflows of resources:			
Deferred OPEB inflows (note 7)	2,070,555	3,275,678	5,346,233
Deferred pension inflows (note 8)	76,490	121,011	197,501
Total deferred inflows of resources	<u>2,147,045</u>	<u>3,396,689</u>	<u>5,543,734</u>
Net position: (note 10)			
Net investment in capital assets	4,056,025	14,691,193	18,747,218
Restricted	172,905	9,798,452	9,971,357
Unrestricted	(3,400,227)	14,503,428	11,103,201
Total net position	<u>\$ 828,703</u>	<u>38,993,073</u>	<u>39,821,776</u>

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental activities:							
General (Parks & Recreation)	\$ 1,443,639	611,815	216,265	-	(615,559)	-	(615,559)
Measure B	135,393	-	-	-	(135,393)	-	(135,393)
Street Lighting	107,721	114,154	-	-	6,433	-	6,433
Total governmental activities	1,686,753	725,969	216,265	-	(744,519)	-	(744,519)
Business-Type activities:							
Water	2,845,050	4,130,017	-	832,450	-	2,117,417	2,117,417
Wastewater	4,147,338	4,231,797	-	1,591,255	-	1,675,714	1,675,714
Total business-type activities	6,992,388	8,361,814	-	2,423,705	-	3,793,131	3,793,131
Total	\$ 8,679,141	9,087,783	216,265	2,423,705	(744,519)	3,793,131	3,048,612
General revenues:							
Property taxes					\$ 744,930	-	744,930
Special assessments					228,096	-	228,096
Investment earnings					(78,195)	350,061	271,866
Gain on disposal of capital assets					-	8,466	8,466
Other income					19,901	-	19,901
Total general revenues					914,732	358,527	1,273,259
Changes in net position					170,213	4,151,658	4,321,871
Net position, beginning of year					658,490	34,841,415	35,499,905
Net position, end of year					\$ 828,703	38,993,073	39,821,776

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Balance Sheet of Governmental Funds
June 30, 2023

	<u>General (Parks and Recreation)</u>	<u>Measure B</u>	<u>Street Lighting</u>	<u>Total Governmental Fund</u>
Assets:				
Cash and investments	\$ 6,257	-	131,644	137,901
Cash and investments – restricted	172,905	-	-	172,905
Accounts receivable	4,600	-	4,586	9,186
Interest receivable	20,378	5,739	-	26,117
Grant receivables	112,257	-	-	112,257
Prepaid expenses	93,652	2,377	7,093	103,122
Due from other funds (note 9)	663,305	(663,305)	-	-
Total assets	<u>\$ 1,073,354</u>	<u>(655,189)</u>	<u>143,323</u>	<u>561,488</u>
Liabilities:				
Accounts payable	\$ 21,406	4,296	930	26,632
Accrued wages and related payables	116,389	-	-	116,389
Deposits	9,700	-	-	9,700
Total liabilities	<u>147,495</u>	<u>4,296</u>	<u>930</u>	<u>152,721</u>
Fund balance: (note 11)				
Nonspendable	93,652	2,377	7,093	103,122
Restricted	172,905	-	-	172,905
Assigned	72,358	-	135,300	207,658
Unassigned	586,944	(661,862)	-	(74,918)
Total fund balance	<u>925,859</u>	<u>(659,485)</u>	<u>142,393</u>	<u>408,767</u>
Total liabilities and fund balance	<u>\$ 1,073,354</u>	<u>(655,189)</u>	<u>143,323</u>	<u>561,488</u>

Continued on next page

See accompanying notes to the financial statements

McKinleyville Community Services District
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2023

Reconciliation:

Total Fund Balance of Governmental Fund	\$	408,767
<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		2,229,102
Capital assets – being depreciated		2,551,695
<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		855,046
Deferred OPEB inflows		(2,070,555)
Deferred pension outflows		444,987
Deferred pension inflows		(76,490)
<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		(4,340)
Compensated absences		(72,358)
Long-term debt		(724,772)
Net other post-employment benefit liability		(1,652,945)
Net pension liability		(1,059,434)
Net pension liability		<u>(1,059,434)</u>
Net Position of Governmental Activities	\$	<u>828,703</u>

See accompanying notes to the basic financial statements

Presentation Revision
Subject to Board Approval

McKinleyville Community Services District
Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds
For the Year Ended June 30, 2023

	<u>General (Parks and Recreation)</u>	<u>Measure B</u>	<u>Street Lighting</u>	<u>Total Governmental Fund</u>
Revenues				
Property taxes	\$ 744,930	-	-	744,930
Special assessments	-	228,096	-	228,096
Charges for services and facilities	611,815	-	114,154	725,969
Operating grants and contributions	216,265	-	-	216,265
Other income	2,453	-	17,448	19,901
Investment returns	(83,825)	5,630	-	(78,195)
Total revenues	<u>1,491,638</u>	<u>233,726</u>	<u>131,602</u>	<u>1,856,966</u>
Expenditures				
General government (Parks & Recreation)	1,529,906	-	-	1,529,906
Measure B	-	156,698	-	156,698
Streetlighting	-	-	100,461	100,461
Capital outlay	210,502	-	6,750	217,252
Debt service:				
Principal	-	98,767	-	98,767
Interest	-	26,056	-	26,056
Total expenditures	<u>1,740,408</u>	<u>281,521</u>	<u>107,211</u>	<u>2,129,140</u>
Excess of revenues over expenditures	<u>(248,770)</u>	<u>(47,795)</u>	<u>24,391</u>	<u>(272,174)</u>
Net change in fund balance	(248,770)	(47,795)	24,391	(272,174)
Fund balance, beginning of year	<u>1,174,629</u>	<u>(611,690)</u>	<u>118,002</u>	<u>680,941</u>
Fund Balance, end of year	<u>\$ 925,859</u>	<u>(659,485)</u>	<u>142,393</u>	<u>408,767</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 Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Reconciliation:

Net Change in Fund Balance of Total Governmental Fund	\$ (272,174)
<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	217,252
Depreciation expense	(222,701)
<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	98,767
<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	872
Net change in compensated absences for the current period	6,331
Net change in the other post-employment benefit liability for the current period	398,796
Net change in the net pension liability for the current period	(56,930)
Changes in Net Position of Governmental Activities	\$ 170,213

See accompanying notes to the basic financial statements

Presentation Version
Subject to Board Approval

McKinleyville Community Services District
Statement of Net Position – Enterprise Funds
June 30, 2023

	Water	Wastewater	2023
Current assets:			
Cash and investments	\$ 7,938,952	12,285,108	20,224,060
Cash and investments – restricted	5,118,131	4,680,321	9,798,452
Accounts receivable	379,977	506,745	886,722
Accrued interest receivable	36,155	20,984	57,139
Grant receivable	184,281	65,712	249,993
Prepaid expenses	80,402	87,100	167,502
Inventory	77,885	24,206	102,091
Total current assets	13,815,783	17,670,176	31,485,959
Non-current assets:			
Capital assets – not being depreciated	3,311,242	9,141,992	12,453,234
Capital assets – being depreciated	7,471,944	22,035,218	29,507,162
Total non-current assets	10,783,186	31,177,210	41,960,396
Total assets	24,598,969	48,847,386	73,446,355
Deferred outflows of resources:			
Deferred OPEB outflows	613,150	739,555	1,352,705
Deferred pension outflows	319,099	384,883	703,982
Total deferred outflows of resources	\$ 932,249	1,124,438	2,056,687

Continued on next page

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Net Position – Enterprise Funds, continued
June 30, 2023

	Water	Wastewater	2023
Current liabilities:			
Accounts payable	\$ 656,212	134,848	791,060
Accrued interest payable	71,143	224,549	295,692
Accrued payroll and payroll liabilities	801	390	1,191
Customer deposits	122,497	15,255	137,752
Unearned revenue	25,821	25,821	51,642
Long-term liabilities – due within one year:			
Compensated absences	76,398	77,854	154,252
Certificate of participation	85,000	75,000	160,000
Notes payable	178,920	539,219	718,139
Total current liabilities	1,216,792	1,092,936	2,309,728
Non-current liabilities:			
Long-term liabilities – due within one year:			
Compensated absences	59,338	62,089	121,427
Certificate of participation	4,665,520	3,782,287	8,447,807
Notes payable	1,598,066	16,345,191	17,943,257
Net other post-employment benefit liability	1,185,323	1,429,684	2,615,007
Net pension liability	759,717	916,337	1,676,054
Total non-current liabilities	8,267,964	22,535,588	30,803,552
Total liabilities	9,484,756	23,628,524	33,113,280
Deferred inflows of resources:			
Deferred OPEB inflows	1,484,790	1,790,888	3,275,678
Deferred pension inflows	54,852	66,159	121,011
Total deferred inflows of resources	1,539,642	1,857,047	3,396,689
Net position:			
Net investment in capital assets	4,255,680	10,435,513	14,691,193
Restricted	5,118,131	4,680,321	9,798,452
Unrestricted	5,133,009	9,370,419	14,503,428
Total net position	\$ 14,506,820	24,486,253	38,993,073

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Funds
For the Fiscal Year Ended June 30, 2023

	<u>Water</u>	<u>Wastewater</u>	<u>2023</u>
Operating revenues:			
Water revenue	\$ 4,007,971	-	4,007,971
Sewer revenue	-	4,096,582	4,096,582
Other service charges	122,046	135,215	257,261
Total operating revenues	<u>4,130,017</u>	<u>4,231,797</u>	<u>8,361,814</u>
Operating expenses:			
Water purchase	1,230,774	-	1,230,774
Salaries and related expenses	610,632	736,518	1,347,150
Employee benefits, net GASB 68 and 75	(125,939)	825,389	699,450
Services and supplies	76	886	962
Professional services	52,439	55,480	107,919
Utilities	80,145	194,417	274,562
Insurance expense	52,870	57,714	110,584
Other operating expense	323,293	427,114	750,407
Total operating expenses	<u>2,224,290</u>	<u>2,297,518</u>	<u>4,521,808</u>
Operating income before depreciation	1,905,727	1,934,279	3,840,006
Depreciation expense	(418,842)	(1,528,860)	(1,947,702)
Operating income	<u>1,486,885</u>	<u>405,419</u>	<u>1,892,304</u>
Non-operating revenues(expenses):			
Investment earning	161,819	188,242	350,061
Gain on sale of assets	4,235	4,231	8,466
Interest expense	(201,918)	(320,960)	(522,878)
Total non-operating expenses, net	<u>(35,864)</u>	<u>(128,487)</u>	<u>(164,351)</u>
Net income before capital contributions	<u>1,451,021</u>	<u>276,932</u>	<u>1,727,953</u>
Capital contributions:			
Capacity fees	148,457	237,562	386,019
Contributed capital assets	683,993	1,353,693	2,037,686
Total capital contributions	<u>832,450</u>	<u>1,591,255</u>	<u>2,423,705</u>
Changes in net position	2,283,471	1,868,187	4,151,658
Net position, beginning of year	<u>12,223,349</u>	<u>22,618,066</u>	<u>34,841,415</u>
Net position, end of year	<u>\$ 14,506,820</u>	<u>24,486,253</u>	<u>38,993,073</u>

See accompanying notes to the basic financial statements

**McKinleyville Community Services District
Statement of Cash Flows – Enterprise Funds
For the Fiscal Year Ended June 30, 2023**

	2023
Cash flows from operating activities:	
Cash receipts from customers	\$ 8,491,699
Cash paid to employees	(1,331,335)
Cash paid to vendors and suppliers	(5,676,825)
Net cash provided by operating activities	1,483,539
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(4,510,467)
Proceeds from the sale of capital assets	9,100
Proceeds from capital contributions	2,376,144
Proceeds from loan issuance	381,338
Principal payments on long-term debt	(939,465)
Interest payments on long-term debt	(537,779)
Net cash used in capital and related financing activities	(3,221,129)
Cash flows from investing activities:	
Interest earnings	384,104
Net cash provided by investing activities	384,104
Net decrease in cash and cash equivalents	(1,353,486)
Cash and cash equivalents, beginning of year	31,375,998
Cash and cash equivalents, end of year	\$ 30,022,512
Reconciliation of cash and cash equivalents to statement of net position:	
Cash and investments	\$ 20,224,060
Cash and investments – restricted	9,798,452
Total cash and cash equivalents	\$ 30,022,512

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, 2023

	2023
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ <u>1,892,304</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,947,702
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
(Increase)decrease in assets and deferred outflows:	
Accounts receivable	107,234
Prepaid expenses	37,845
Inventory	15,661
Deferred OPEB outflows	599,708
Deferred pension outflows	(379,731)
Increase(decrease) in liabilities and deferred inflows:	
Accounts payable	63,242
Accrued payroll and payroll liabilities	1,029
Customer deposits	7,065
Unearned revenue	15,586
Compensated absences	15,815
Net other post-employment benefit liability	(1,649,176)
Net pension liability	834,586
Deferred OPEB inflows	(1,188,258)
Deferred pension inflows	<u>(837,073)</u>
Total adjustments	<u>(408,765)</u>
Net cash provided by operating activities	\$ <u>1,483,539</u>

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Notes to the Basic Financial Statements
June 30, 2023

(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 waste. 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, 2023

(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, 2023

(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:

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.

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.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 93

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.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have 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, 2023

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

C. Financial Reporting, 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, 2023

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

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. 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.

For purposes of the statement of cash flows, cash and cash equivalents have been defined as demand deposits, money market mutual funds, and external cash management pools (local agency investment fund).

3. 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)
- California Cooperative Liquid Assets Securities System Fund (CLASS)
- 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.

4. 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.

5. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as capital projects or debt service. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

D. Financial Statement Elements, continued

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.

9. Prepaids

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

10. 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

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

D. Financial Statement Elements, continued

10. Capital Assets, continued

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

11. Deferred Outflows of Resources

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets applicable to future periods and, therefore, will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension asset. This amount will be amortized-in-full against the net post-employment liability in the next fiscal year.
- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with post-employment benefits.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over a 5 year period.

Pensions

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension asset. This amount will be amortized-in-full against the net pension asset in the next fiscal year.
- Deferred outflow for the net difference between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over a 5 year period.

12. 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.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

D. Financial Statement Elements, continued

13. Pension

For the purpose of measuring the 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.

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, 2021
Measurement date:	June 30, 2022
Measurement period:	July 1, 2021 to June 30, 2022

14. Deferred Inflows of Resources

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of net assets applicable to future periods and, therefore, will *not* be recognized as an inflow of resources (revenue) until that time. The District had the following items that qualify for reporting in this category.

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred inflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with post-employment benefits.

Pensions

- Deferred inflow for the net adjustment due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred inflow for the net difference in actual and proportionate share of employer contribution, which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

15. 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.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

D. Financial Statement Elements, continued

15. Net Position, continued

- **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.

During the fiscal year ended June 30, 2023, the District shows a negative unrestricted net position balance in the Districts' governmental funds of \$3,400,226 due to current year operating costs exceeding operating revenue. The District intends to reduce the negative unrestricted net position through increases in Measure B assessments, collection of general revenue, and charges for services revenue between its general fund across all funds in future periods.

16. 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.

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.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

D. Financial Statement Elements, continued

16. Fund Balance, continued

Fund Balance Policy

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, 2023 are classified as follows:

	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 137,901	20,224,060	20,361,961
Cash and cash equivalents – restricted	172,905	9,798,452	9,971,357
Total	<u>\$ 310,806</u>	<u>30,022,512</u>	<u>30,333,318</u>

Cash and equivalents as of June 30, 2023 consisted of the following:

	Unrestricted	Restricted	Total
Cash			
Cash	\$ 1,255	-	1,255
Deposits held with financial institutions	6,384,038	8,516,272	14,900,310
Total cash	<u>6,385,293</u>	<u>8,516,272</u>	<u>14,901,565</u>
Cash equivalents			
Deposits with Humboldt County Treasurer	5,904,621	1,455,085	7,359,706
Deposits held with California Local Agency Investment Fund (LAIF)	141,604	-	141,604
Deposits held with California Cooperative Liquid Assets Securities System (CLASS)	7,930,443	-	7,930,443
Total cash equivalents	<u>13,976,668</u>	<u>1,455,085</u>	<u>15,431,753</u>
Total	<u>\$ 20,361,961</u>	<u>9,971,357</u>	<u>30,333,318</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(2) Cash and Cash Equivalents, continued

Authorized Deposits and Investments

Under the District's investment guidelines and in accordance with California Government Code Section 53601, the District may invest in the California Local Agency Investment Fund (LAIF), California Cooperative Liquid Assets Security System (CLASS) 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 pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

Investment in the California Cooperative Liquid Assets Securities System

The District is a participant in the California Cooperative Liquid Assets Securities System (CLASS). California CLASS is a Joint Powers Authority investment pool that provides public agencies the opportunity to invest funds on a cooperative basis in rated pools that are managed in accordance with state law with the primary objectives of offering Participants safety, daily and next-day liquidity, and optimized returns.

California CLASS is managed as stable value NAV pool but does not meet all of the specific criteria outlined in GASB 79 Paragraph 4, therefore, California CLASS Participant's should report their investments in the pool at fair value.

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).

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk, continued

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.

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. 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.

Interest Rate Risk, continued

As of June 30, 2023, 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>
California CLASS	\$ 7,930,443	7,930,443	-	-
California Local Agency Investment Fund	141,604	141,604	-	-
Humboldt County Treasurer	7,359,706	-	-	7,359,706
Total	\$ 15,431,753	8,072,047	-	7,359,706

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(2) Cash and Cash Equivalents, continued

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, 2023 for each investment type.

<u>Cash Equivalents</u>	<u>Total</u>	<u>Rating at Year End</u>
California CLASS	\$ 7,930,443	Not Rated
California Local Agency Investment Fund	141,604	Not Rated
Humboldt County Treasurer	<u>7,359,706</u>	Not Rated
Total	<u>\$ 15,431,753</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, 2023 were allocated as follows:

	<u>Amount</u>	<u>Allocation</u>
Cash	\$ 1,255	0.00 %
Deposits held with financial institutions	14,900,310	49.12
Deposits with Humboldt County Treasurer	7,359,706	24.26
Deposits held with California Local Agency Investment Fund (LAIF)	141,604	0.47
Deposits held with California CLASS	<u>7,930,443</u>	<u>26.14</u>
Total	<u>\$ 30,333,318</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, 2023

(3) Investments at Fair Value Hierarchy

Investments measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2023 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	\$ 7,359,706	-	7,359,706	-
Total pooled investment fund	<u>7,359,706</u>	<u>-</u>	<u>7,359,706</u>	<u>-</u>
Other pooled funds measured at net asset value				
California CLASS	7,930,443			
California Local Agency Investment Fund	<u>141,604</u>			
	<u>8,072,047</u>			
	<u>\$ 15,431,753</u>			

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McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(4) Capital Assets

Governmental Activities:

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

	<u>Balance 2022</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance 2023</u>
Non-depreciable assets:				
Land	\$ 1,769,744	-	-	1,769,744
Construction in progress	<u>256,256</u>	<u>203,102</u>	-	<u>459,358</u>
Total non-depreciable assets	<u>2,026,000</u>	<u>203,102</u>	-	<u>2,229,102</u>
Depreciable assets:				
Buildings and improvements	4,901,928	-	-	4,901,928
Furniture and equipment	307,390	-	-	307,390
Park improvements	1,436,906	-	-	1,436,906
Vehicles	47,209	7,400	-	54,609
Streetlighting	<u>549,839</u>	<u>6,750</u>	-	<u>556,589</u>
Total depreciable assets	<u>7,243,272</u>	<u>14,150</u>	-	<u>7,257,422</u>
Accumulated depreciation				
Buildings and improvements	(2,531,175)	(174,090)	-	(2,705,265)
Furniture and equipment	(277,106)	(5,743)	-	(282,849)
Park improvements	(1,295,803)	(20,481)	-	(1,316,284)
Vehicles	(47,207)	(1,481)	-	(48,688)
Streetlighting	<u>(331,735)</u>	<u>(20,906)</u>	-	<u>(352,641)</u>
Total accumulated depreciation	<u>(4,483,026)</u>	<u>(222,701)</u>	-	<u>(4,705,727)</u>
Total depreciable assets, net	<u>2,760,246</u>	<u>(208,551)</u>	-	<u>2,551,695</u>
Total capital assets, net	\$ <u>4,786,246</u>			<u>4,780,797</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(4) Capital Assets, continued

Business-type Activities:

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

	<u>Balance 2022</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance 2023</u>
Non-depreciable assets:				
Land	\$ 4,628,869	246,048	-	4,874,917
Construction in progress	<u>5,160,495</u>	<u>4,471,172</u>	<u>(2,053,350)</u>	<u>7,578,317</u>
Total non-depreciable assets	<u>9,789,364</u>	<u>4,717,220</u>	<u>(2,053,350)</u>	<u>12,453,234</u>
Depreciable assets:				
Buildings and improvements	815,338	-	-	815,338
Water infrastructure	15,125,141	833,949	-	15,959,090
Wastewater infrastructure	38,569,419	972,356	-	39,541,775
Tools and equipment	1,268,307	-	(23,813)	1,244,494
Vehicles	<u>1,259,137</u>	<u>40,292</u>	<u>(85,666)</u>	<u>1,213,763</u>
Total depreciable assets	<u>57,037,342</u>	<u>1,846,597</u>	<u>(109,479)</u>	<u>58,774,460</u>
Accumulated depreciation				
Buildings and improvements	(377,534)	(27,944)	-	(405,478)
Water infrastructure	(8,358,009)	(371,256)	-	(8,729,265)
Wastewater infrastructure	(16,821,605)	(1,424,014)	-	(18,245,619)
Tools and equipment	(1,147,398)	(29,880)	23,179	(1,154,099)
Vehicles	<u>(723,895)</u>	<u>(94,608)</u>	<u>85,666</u>	<u>(732,837)</u>
Total accumulated depreciation	<u>(27,428,441)</u>	<u>(1,947,702)</u>	<u>108,845</u>	<u>(29,267,298)</u>
Total depreciable assets, net	<u>29,608,901</u>	<u>(101,105)</u>	<u>(634)</u>	<u>29,507,162</u>
Total capital assets, net	<u>\$ 39,398,265</u>			<u>41,960,396</u>

Depreciation expense was charged to various functions for the year ended June 30, 2023 as follows:

Governmental activities:	
General (Parks and Recreation)	\$ 201,795
Streetlighting	<u>20,906</u>
Total governmental activities	<u>222,701</u>
Business-type activities	
Water Fund	418,842
Wastewater Fund	<u>1,528,860</u>
Total business-type activities	<u>1,947,702</u>
	<u>\$ 2,170,403</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(5) Compensated Absences

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

Governmental Activities

	<u>Balance 2022</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2023</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
\$	78,689	53,770	(60,101)	72,358	44,214	28,144

Business-type Activities

	<u>Balance 2022</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2023</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
\$	259,864	138,807	(122,992)	275,679	154,252	121,427

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Notes to the Basic Financial Statements, continued
June 30, 2023

(6) Long-term Debt

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

	<u>Balance 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2023</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Governmental Activities:						
Capital lease payable						
PPFCC Lease (Umpqua Loan)	\$ 823,539	-	(98,767)	724,772	102,304	622,468
Total capital lease payable	<u>823,539</u>	<u>-</u>	<u>(98,767)</u>	<u>724,772</u>	<u>102,304</u>	<u>622,468</u>
Total governmental activities	<u>823,539</u>	<u>-</u>	<u>(98,767)</u>	<u>724,772</u>	<u>102,304</u>	<u>622,468</u>
Business-type Activities						
Notes payable						
Water fund						
ARRA Loan	54,652	-	(11,934)	42,718	11,936	30,782
Davis-Grunsky Act Loan	1,369,455	-	(111,726)	1,257,729	114,094	1,143,635
I-Bank Loan	527,705	-	(51,166)	476,539	52,890	423,649
Total Water fund	<u>1,951,812</u>	<u>-</u>	<u>(174,826)</u>	<u>1,776,986</u>	<u>178,920</u>	<u>1,598,066</u>
Wastewater fund						
State Revolving Fund Loan #3	14,012,515	-	(438,832)	13,573,683	446,019	13,127,664
State Revolving Fund Microgrid Loan	1,685,789	381,338	-	2,067,127	-	2,067,127
Pialorsi Property Loan	1,335,000	-	(91,400)	1,243,600	93,200	1,150,400
Total Wastewater fund	<u>17,033,304</u>	<u>381,338</u>	<u>(530,232)</u>	<u>16,884,410</u>	<u>539,219</u>	<u>16,345,191</u>
Total notes payable	<u>18,985,116</u>	<u>381,338</u>	<u>(705,058)</u>	<u>18,661,396</u>	<u>718,139</u>	<u>17,943,257</u>
Bond payable						
Wastewater fund						
USDA Revenue Bonds	65,000	-	(65,000)	-	-	-
Total bond payable	<u>65,000</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Certificate of participation						
Water fund						
Revenue Series 2021A	4,335,000	-	(65,000)	4,270,000	85,000	4,185,000
Premium	497,090	-	(16,570)	480,520	-	480,520
Total Water fund	<u>4,832,090</u>	<u>-</u>	<u>(81,570)</u>	<u>4,750,520</u>	<u>85,000</u>	<u>4,665,520</u>
Wastewater fund						
Revenue Series 2021B	3,560,000	-	(75,000)	3,485,000	75,000	3,410,000
Premium	385,124	-	(12,837)	372,287	-	372,287
Total Wastewater fund	<u>3,945,124</u>	<u>-</u>	<u>(87,837)</u>	<u>3,857,287</u>	<u>75,000</u>	<u>3,782,287</u>
Total certificate of participation	<u>8,777,214</u>	<u>-</u>	<u>(169,407)</u>	<u>8,607,807</u>	<u>160,000</u>	<u>8,447,807</u>
Total business-type activities	<u>27,827,330</u>	<u>381,338</u>	<u>(939,465)</u>	<u>27,269,203</u>	<u>878,139</u>	<u>26,391,064</u>
Total long-term debt	<u>\$ 28,650,869</u>	<u>381,338</u>	<u>(1,038,232)</u>	<u>27,993,975</u>	<u>980,443</u>	<u>27,013,532</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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>
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	117,768	9,688	127,456
2028-2030	175,272	6,572	181,844
Total	724,772	94,346	819,118
Current	(102,304)		
Non-current	\$ 622,468		

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>
2024	\$ 11,936	396	12,332
2025	12,057	275	12,332
2026	12,179	153	12,332
2027	6,546	31	6,577
Total	42,718	855	43,573
Current	(11,936)		
Non-current	\$ 30,782		

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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>
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	124,170	17,109	141,279
2029-2033	<u>662,381</u>	<u>44,003</u>	<u>706,384</u>
Total	1,257,729	<u>155,048</u>	<u>1,412,777</u>
Current	<u>(114,094)</u>		
Non-current	\$ <u>1,143,635</u>		

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>
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	60,388	8,561	68,949
2029-2031	<u>193,653</u>	<u>13,196</u>	<u>206,849</u>
Total	476,539	<u>67,028</u>	<u>543,567</u>
Current	<u>(52,890)</u>		
Non-current	\$ <u>423,649</u>		

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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>
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	475,231	187,801	663,032
2029-2033	2,492,310	822,851	3,315,161
2034-2038	2,697,713	617,447	3,315,160
2039-2043	2,920,548	394,613	3,315,161
2044-2048	3,160,565	153,372	3,313,937
Total	13,573,683	3,000,896	16,574,579
Current	(446,019)		
Non-current	\$ 13,127,664		

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, 2023

(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>
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	100,500	15,863	116,363
2029-2033	532,100	49,791	581,891
2034-2035	227,300	5,424	232,724
Total	1,243,600	153,016	1,396,616
Current	(93,200)		
Non-current	\$ 1,150,400		

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. At June 30, 2023, the bonds were paid-in-full.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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 will continue 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>
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	100,000	133,700	233,700
2029-2033	575,000	603,000	1,178,000
2034-2038	685,000	495,519	1,180,519
2039-2043	765,000	411,419	1,176,419
2044-2048	905,000	267,500	1,172,500
2049-2052	870,000	71,200	941,200
Total	4,270,000	2,575,738	6,845,738
Current	(85,000)		
Premium	480,520		
Non-current	\$ 4,665,520		

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, 2023

(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>
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	85,000	106,363	191,363
2029-2033	465,000	487,313	952,313
2034-2038	555,000	402,263	957,263
2039-2043	615,000	334,281	949,281
2044-2048	735,000	218,100	953,100
2049-2052	710,000	58,400	768,400
Total	3,485,000	2,056,176	5,541,176
Current	(75,000)		
Premium	372,287		
Non-current	\$ 3,782,287		

(7) Other Post Employment Benefit Plan

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. The District's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan. The District participates in the California Employers' Retiree Benefit Trust (CERBT), a Prefunding Plan trust fund intended to perform an essential government function within the meaning of Section 115 of the Internal Revenue Code. Copies of CalPERS CERBT audited financial report may be obtained from their executive Office: 400 P Street, Sacramento, CA 95814.

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.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(7) Other Post-Employment Benefit Plan, continued

Employees Covered by Benefit Terms

At June 30, 2022 (the census date), the following employees were covered by the benefit terms:

	2023
Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	24
Total plan membership	32

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District, District's Board of Directors, and/or the employee associations. The District pays 100% of its share of the cost of health insurance for retirees under any group plan offered by the District's Health Program, subject to certain restrictions as determined by the District. Currently, contributions are not required from plan members. The District has established a trust for the purpose of holding funds that have been irrevocably contributed by the District toward funding of its OPEB obligation. This trust is being administered by the California Employers' Retiree Benefit Trust (CERBT). Annually, the Board of Directors determines the amount that the District will fund the trust.

As of the fiscal year ended June 30, the contributions paid on behalf of the District were as follows:

	2023
Contributions – employer	\$ 154,317

In fiscal year 2023, the District contributed \$2,675,783 for the purpose of funding its CERBT trust account. This funding contribution is reported as part of the District's plan fiduciary position.

Actuarial Assumptions and Other Inputs

The District's net OPEB liability in the June 30, 2021 actuarial valuation, which was measured as of June 30, 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.10%
Inflation	2.30%
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 5.50% (non-Medicare)/5.30%(Medicare), gradually decreasing to an ultimate rate of 4.04% in 2075
Mortality rates*	Based on CalPERS tables

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(7) Other Post-Employment Benefit Plan, continued

Actuarial Assumptions and Other Inputs, continued

* The mortality table (previous page) 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 net OPEB liability has been updated from 3.69% as of June 30, 2022, to 4.10% as of June 30, 2023, based on changes in the municipal bond index, which caused a decrease in the liability. The District's OPEB Plan is a funded plan; therefore, the discount rate was set to the rate of Fidelity General Obligation AA 20-year bonds, as of the valuation date.

Changes in the Net OPEB Liability

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

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2022	\$ 6,942,623	-	6,942,623
Changes for the year:			
Service cost	408,820	-	408,820
Interest	268,056	-	268,056
Differences between expected and actual experience	(164,934)	-	(164,934)
Changes in assumptions or other inputs	(447,802)	-	(447,802)
Employer contributions	-	2,675,783	(2,675,783)
Net investment income	-	54,577	(54,577)
Benefit payments	(134,581)	(134,581)	-
Implicit rate subsidy fulfilled	(41,102)	(41,102)	-
Trust administrative expenses	-	(549)	549
Net change	(111,543)	2,554,128	(2,665,671)
Balance at June 30, 2023	\$ 6,831,080	2,554,128	4,276,952

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10 %) than the current discount rate (4.10%):

	<u>Discount Rate 1% Lower</u>	<u>Valuation Discount Rate</u>	<u>Discount Rate 1% Higher</u>
District's net OPEB liability	\$ 5,445,989	4,276,952	3,338,629

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(7) Other Post-Employment Benefit Plan, continued

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1-percentage-point lower (4.50% non-Medicare/4.30% Medicare decreasing to 3.04%) or 1-percentage-point higher (6.50% non-Medicare/6.30% Medicare decreasing to 5.04%) than the current healthcare cost trend rates (5.50% non-Medicare/5.30% Medicare decreasing to 4.04%):

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Total OPEB liability	\$ 3,025,500	4,276,952	5,932,833

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$226,340. At June 30, 2023, 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	\$ -	(5,346,233)
Changes of assumptions or other inputs	2,047,714	-
Net difference between projected and actual earnings on investments	5,720	-
OPEB contributions subsequent to measurement date	154,317	-
Total	\$ 2,207,751	(5,346,233)

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
2024	\$ (413,120)
2025	(413,120)
2026	(413,120)
2027	(403,150)
2028	(402,096)
Thereafter	(1,248,193)

Schedules of Changes in the District's Net OPEB Liability and Related Ratios

Schedules of Other Post-Employment Benefits Plan Contributions

See pages 63 through 65 for the Required Supplementary Schedules.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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 Q Street, Sacramento, California 95811.

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, 2023, are summarized as follows:

	Classic	PEPRA
	Prior to December 31, 2012	On or after January 1, 2013
Hire Date		
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	6.92%	6.75%
Required employer contribution rates	10.32%	7.47%

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, 2023

(8) Defined Benefit Pension Plan, continued

Contributions, continued

For the fiscal year ended June 30, 2023, the contributions to the were as follows:

	2023
Contributions – employer	\$ 349,450
Contributions – employee (paid by employer)	
Total employer paid contributions	\$ 349,450

Net Pension Liability

As of the fiscal year ended June 30, 2023, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	2023
Proportionate share of net pension liability	\$ 2,735,488

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, 2023, the net pension liability of the Plan is measured as of June 30, 2022 (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, 2021 (the valuation date), rolled forward to June 30, 2022, 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, 2022, was as follows:

	Proportionate Share
Proportion – June 30, 2021	0.02544 %
Increase in proportion	(0.00176)
Proportion – June 30, 2022	0.02368 %

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(8) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources

For the year ended June 30, 2023, the District recognized pension expense of \$602,835. As of the fiscal year ended June 30, 2023, 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	\$ 349,450	-
Difference between actual and expected experience	18,142	-
Change in assumptions	280,308	-
Net differences between projected and actual earnings on plan investments	501,069	-
Change in employer's proportion	-	(107,290)
Differences between employer's contributions and proportionate share of contributions	-	(90,211)
Total	<u>\$ 1,148,969</u>	<u>(197,501)</u>

As of June 30, 2023, the District reported \$349,450 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, 2023, will be recognized as a reduction of the net pension liability for the year ended June 30, 2024.

As of June 30, 2023, 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>
2024	\$ 755,317
2025	647,850
2026	289,063
2027	2,362,448

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(8) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2021, actuarial valuation were determined using the following actuarial assumptions and methods:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
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 2.30% until PPPA floor on purchasing power applies; 2.30% 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, 2022, for the PERF C was 6.90%. 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, 2023

(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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1-10</u>
Global Equity - Cap-weighted	30.00 %	4.45 %
Global Equity Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yeild	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	-5.00	(0.59)
Total	<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, 2023, the discount rate comparison was as follows:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>5.90%</u>	<u>6.90%</u>	<u>7.90%</u>
District's net pension liability	\$ <u>4,170,299</u>	<u>2,735,488</u>	<u>1,554,995</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(8) Defined Benefit Pension Plan, continued

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 66 and 67 for the Required Supplementary Information.

(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, 2023, inter-fund receivables/payables between the District’s funds were as follows:

Receivable From	Payable To	Amount
Measure B	General (Parks & Recreation)	\$ <u>663,305</u>
Payable to General Fund		\$ <u>663,305</u>

(10) Net Position

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-type Activities	2023
Net investment in capital assets:			
Capital assets – not being depreciated	\$ 2,229,102	12,453,234	14,682,336
Capital assets – being depreciated	2,551,695	29,507,162	32,058,857
Long-term debt – current portion	(102,304)	(878,139)	(980,443)
Long-term debt – long-term portion	(622,468)	(26,391,064)	(27,013,532)
Total net investment in capital assets	\$ <u>4,056,025</u>	<u>14,691,193</u>	<u>18,747,218</u>

Restricted net position is calculated as follows:

	Governmental Activities	Business-type Activities	2023
Restricted:			
Debt service	\$ -	9,798,451	9,798,451
Teen and community center	7,958	-	7,958
Park & Recreation capital projects - Coastal	6,745	-	6,745
Park & Recreation capital projects - Inland	158,203	-	158,203
Total restricted	\$ <u>172,906</u>	<u>9,798,451</u>	<u>9,971,357</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(10) Net Position, continued

Unrestricted net position is calculated as follows:

	Governmental Activities	Business-type Activities	2023
Unrestricted:	\$		
Reserved	207,658	275,679	483,337
Unreserved	(3,607,885)	14,227,750	10,619,865
Total unrestricted	\$ (3,400,227)	14,503,429	11,103,202

(11) Fund Balance

Fund balance is presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned (See Note 1.D.16 for a description of these categories). Fund balance and their funding composition at June 30, 2023, are as follows:

	2023
Nonspendable:	
Prepaid expenses	\$ 103,122
Restricted:	
Teen and community center	7,957
Park & Recreation capital projects – Coastal	6,745
Park & Recreation capital projects - Inland	158,203
Total restricted	172,905
Assigned:	
Compensated absences	72,358
Street lighting	135,300
Total assigned	207,658
Unassigned:	
General (Parks and Recreation)	
Operating fund	338,815
Repair and replacement fund	3,200
Catastrophe	95,725
Other post-employment benefits	149,204
Measure B	(661,862)
Total unassigned	(74,918)
Total fund balance	\$ 408,767

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

(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, 2023, 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 \$1,000.
- 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.
- 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 2023. 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, 2023.

(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. 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.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

Governmental Accounting Standards Board Statement No. 99, continued

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

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

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 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

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.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2023

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

Governmental Accounting Standards Board Statement No. 101, continued

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

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

(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, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of January 10, 2024, 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.

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Required Supplementary Information

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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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 712,575	751,141	744,930	(6,211)
Charge for services and facilities	449,630	598,358	611,815	13,457
Operating grants and contributions	1,652	868	216,265	215,397
Capital grants and contributions	1,487,952	192,633	-	(192,633)
Other income	35,940	9,078	2,453	(6,625)
Investment earnings	35,000	41,849	(83,825)	(125,674)
Total revenues	<u>2,722,749</u>	<u>1,593,927</u>	<u>1,491,638</u>	<u>(102,289)</u>
Expenditures:				
Salaries and employee benefits	937,508	1,118,695	1,192,080	(73,385)
Materials and services	257,920	279,404	337,826	(58,422)
Capital outlay	1,525,000	194,635	210,502	(15,867)
Total expenditures	<u>2,720,428</u>	<u>1,592,734</u>	<u>1,740,408</u>	<u>(147,674)</u>
Net change in fund balance	2,321	1,193	(248,770)	<u>22,262</u>
Fund balance, beginning of year	<u>1,174,629</u>	<u>1,174,629</u>	<u>1,174,629</u>	
Fund balance, end of year	<u>\$ 1,176,950</u>	<u>1,175,822</u>	<u>925,859</u>	

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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, 2023

	<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	228,096	6,792
Investment earnings	6,000	10,491	5,630	(4,861)
Total revenues	<u>227,304</u>	<u>231,795</u>	<u>233,726</u>	<u>1,931</u>
Expenditures:				
Salaries and benefits	67,288	100,508	128,629	(28,121)
Materials and services	32,325	27,726	28,069	(343)
Debt service				
Principal	93,674	93,674	98,767	(5,093)
Interest	33,744	33,744	26,056	7,688
Total expenditures	<u>227,031</u>	<u>255,652</u>	<u>281,521</u>	<u>(25,869)</u>
Net change in fund balance	273	(23,857)	(47,795)	<u>(23,938)</u>
Fund balance, beginning of year	<u>(611,690)</u>	<u>(611,690)</u>	<u>(611,690)</u>	
Fund balance, end of year	<u>\$ (611,417)</u>	<u>(635,547)</u>	<u>(659,485)</u>	

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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, 2023

	<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	\$ 105,930	11,215	114,154	102,939
Other income	18,500	17,379	17,448	69
Investment earnings	50	57	-	(57)
Total revenues	<u>124,480</u>	<u>28,651</u>	<u>131,602</u>	<u>102,951</u>
Expenditures:				
Salaries and payroll expenses	53,729	50,233	61,233	(11,000)
Materials and services	36,790	39,100	39,228	(128)
Capital outlay	47,000	1,725	6,750	(5,025)
Total expenditures	<u>137,519</u>	<u>91,058</u>	<u>107,211</u>	<u>(16,153)</u>
Net change in fund balance	(13,039)	(62,407)	24,391	<u>86,798</u>
Fund balance, beginning of year	<u>118,002</u>	<u>118,002</u>	<u>118,002</u>	
Fund balance, end of year	<u>\$ 104,963</u>	<u>55,595</u>	<u>142,393</u>	

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McKinleyville Community Service District
Notes to the Required Supplementary Information
June 30, 2023

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.

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McKinleyville Community Service District
Schedules of Changes in District's Net OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2023
Last Ten Years*

Other Post-Employment Benefits Payable

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 408,820	618,445	526,898	482,408	493,346	478,977
Interest	268,056	202,404	221,939	320,814	288,256	253,523
Difference between expected and actual experience	(164,934)	(4,584,910)	11,520	(2,563,217)	-	-
Change of assumptions or other inputs	(447,802)	870,713	794,185	2,063,476	(102,116)	-
Benefit payments	(134,581)	(140,756)	(108,641)	(102,866)	(102,866)	(96,421)
Implicit rate subsidy fulfilled	(41,102)	(33,358)	(43,940)	(47,609)	(35,201)	(28,201)
Net change in total OPEB liability	(111,543)	(3,067,462)	1,401,961	153,006	541,419	607,878
Total OPEB liability – beginning	6,942,623	10,010,085	8,608,124	8,455,118	7,913,699	7,305,521
Total OPEB liability – ending	\$ 6,831,080	6,942,623	10,010,085	8,608,124	8,455,118	7,913,699
Plan fiduciary net position						
Contributions – employer	2,675,783	174,114	152,581	150,476	138,067	124,622
Net investment income	54,577	-	-	-	-	-
Benefits payments	(175,683)	(174,114)	(152,581)	(150,476)	(138,067)	(124,622)
Administrative expense	(549)	-	-	-	-	-
Net change in plan fiduciary net position	2,554,128	-	-	-	-	-
Plan fiduciary net position – beginning	-	-	-	-	-	-
Plan fiduciary net position – ending	2,554,128	-	-	-	-	-
Net OPEB liability	\$ 4,276,952	6,942,623	10,010,085	8,608,124	8,455,118	7,913,699
Covered-employee payroll	\$ 1,836,084	1,548,839	1,389,995	1,362,167	1,511,378	1,470,927
Total OPEB liability as a percentage of covered-employee payroll	232.94%	448.25%	720.15%	631.94%	559.43%	538.01%

Continued on next page.

McKinleyville Community Service District
Schedules of Changes in District's Net OPEB Liability and Related Ratios, continued
For the Fiscal Year Ended June 30, 2023
Last Ten Years*

Notes to Schedule

Change in Benefit Terms

There were no changes to benefit terms.

Change of Assumptions

In fiscal year 2023, the discount rate changed from 3.69% to 4.10%. 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	2023	2022	2019	2018
Aging/Morbidity factor	Based on CalPERS Experience Study and Review of Actuarial Assumptions published November 2021	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	No changes noted	Based on service at retirement and employee group.	Based on hire date.
Salary increases	2.80%	2.80%	2.750%	3.000%
Marital status	Percentage of active employees assumed to elect spousal coverage have increased from 85% to 100%.	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 Other Post Employment Benefits Plan Contributions
For the Fiscal Year Ended June 30, 2023
Last Ten Years*

Description	2023	2022	2021	2020	2019	2018
Actuarial determined contribution	\$ -	-	-	-	-	-
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-
Contribution deficiency(excess)	\$ -	-	-	-	-	-
District's covered payroll	\$ 1,836,084	1,548,839	1,389,995	1,362,167	1,511,378	1,470,927
Contribution's as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

The Schedule of OPEB Plan Contributions is a required supplemental schedule for funded OPEB plans. The District's funding began in fiscal year 2023 and will report contribution data in the table above, beginning fiscal year 2024.

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

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McKinleyville Community Service District
Schedules of the District's Proportionate Share of the Net Pension Liability, continued
As of June 30, 2023
Last Ten Years*

<u>Description</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
District's proportion of the net pension liability(asset)	0.02368%	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)	\$ 2,735,488	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	\$ 1,462,609	1,615,780	1,430,283	1,404,807	1,390,558	1,313,591	1,260,867	1,214,824	1,084,395
District's proportionate share of the net pension liability(asset)as a percentage of its covered payroll	187.03%	85.15%	160.76%	149.62%	136.47%	147.05%	128.90%	97.65%	103.59%
Plan's fiduciary net position as a percentage of the total pension liability	74.01%	85.17%	74.40%	75.26%	75.26%	73.31%	74.06%	78.40%	83.21%

Notes to schedule:

There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%

From fiscal year June 30, 2018 to June 30, 2019:

The inflation rate was reduced from 2.75% to 2.50%

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%

The inflation rate was reduced from 2.50% to 2.30%

* 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, 2023
Last Ten Years*

<u>Description</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarially determined contribution	\$ 349,450	312,417	281,677	251,463	212,575	187,417	162,865	155,352	126,683
Contributions in relation to the actuarially determined contribution	(349,450)	(312,417)	(281,677)	(251,463)	(212,575)	(187,417)	(163,266)	(155,352)	(126,683)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	(401)	-	-
District's covered payroll	\$ 1,636,566	1,462,609	1,615,780	1,430,283	1,404,807	1,390,558	1,313,591	1,260,867	1,214,824
Contribution's as a percentage of covered-payroll	21.35%	21.36%	17.43%	17.58%	15.13%	13.48%	12.40%	12.32%	10.43%

Notes to schedule:

Valuation date	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age								
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	15 year Smoothed Market Method							
Inflation	2.30%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	7.15% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level of percentage payroll, closed.

(2) Depending on age, service, and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study.

adopted by the CalPERS Board.

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

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Report on Internal Controls and Compliance

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

Board of Directors
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, 2023, 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 10, 2024.

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.

C.J. Brown & Company, CPAs
Cypress, California
January 10, 2024

Presentation Version
Subject to Board Approval

McKinleyville Community Services District

Management Report

June 30, 2023

Presentation Version

McKinleyville Community Services District

Management Report

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Presentation Version

Board of Directors
McKinleyville Community Services District
McKinleyville, California

Dear Members of the Board:

In planning and performing our audit of the basic financial statements of the McKinleyville Community Services District (District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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

Current Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all.

Current Year Comment and Recommendation, continued

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance as of June 30, 2023.

Prior Year Comments and Recommendations

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance as of June 30, 2022.

* * * * *

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

C.J. Brown & Company, CPAs
Cypress, California
January 10, 2024

APPENDIX

McKinleyville Community Services District

Audit/Finance Committee Letter

June 30, 2023

Presentation Version

Board of Directors
McKinleyville Community Services District
McKinleyville, California

We have audited the financial statements of the McKinleyville Community Services District (District) as of and for the year ended June 30, 2023, and have issued our report thereon dated . Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit¹

As communicated in our engagement letter dated May 20, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses, if any, and material noncompliance, and other matters noted during our audit in a separate letter to you dated January 10, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards:

As auditors of the District, we are required per AU-C Section 240, “Consideration of Fraud in a Financial Statement Audit”, to “ordinarily” presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

- Management’s estimate of the fair value of cash and investments which is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of capital assets depreciation which is based on historical estimates of each capitalized item’s useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the net other post-employment benefit (OPEB) liability, OPEB expense, and deferred OPEB outflows/inflows which are based on an actuarial valuation that was conducted by a third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary in calculating these amounts for the District to determine that they are reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the defined benefit pension plan’s net pension liability, pension expense, and deferred pension outflows/inflows which are based on an actuarial valuation which was conducted by a third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary to calculate these amounts for the District to determine that they are reasonable in relation to the financial statements taken as a whole.

Qualitative Aspects of the Entity's Significant Accounting Practices, continued

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

- The disclosure of fair value of cash and investments in Note 2 to the basic financial statements which represents amounts susceptible to market fluctuations.
- The disclosure of capital assets, net in Note 4 to the basic financial statements which is based on historical information which could differ from actual useful lives of each capitalized item.
- The disclosure of the District's net OPEB liability in Note 7 to the basic financial statements which is based on actuarial assumptions which could differ from actual costs.
- The disclosure of the District's defined benefit pension plan in Note 8 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. All misstatements, including material misstatements (if any), that we identified as a result of our audit procedures are included on the Schedule of Adjusting and Reclassifying Journal Entries on pages 5 through 10. The journal entries were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated January 10, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

We appreciate the cooperation extended us by Patrick Kaspari, General Manager, and Nicole Alvarado, Finance Director, in the performance of our audit testwork. We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

C.J. Brown & Company, CPAs
Cypress, California
January 10, 2024

*McKinleyville Community Services District
 Schedule of Audit Adjusting Journal Entries
 June 30, 2023*

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To adjust net position for fund 501 for immaterial balance for the purpose of FS			
501-32001-000	FUND BALANCE - UNRES. UNDESIG.	58.41	
501-52000-000	OTHER INCOME		58.41
Total		58.41	58.41
Adjusting Journal Entries JE # 2			
AJE - To record lease debt service paid for June 30, 2023.			
951-23090-000	Umpqua Loan 70034514 - Meas. B	98,767.00	
951-19011-000	AMT TO BE PROVIDED-MEAS.B GLTL		98,767.00
Total		98,767.00	98,767.00
Adjusting Journal Entries JE # 3			
AJE - To correct Fund 99 cash balance offset to zero out 999-10011 and 999-10099.			
001-10099-000	FUND CASH BALANCE	35.00	
999-62196-000	WEB BAD CK INC	35.00	
001-52000-902	OTHER INCOME		35.00
999-10099-000	FUND CASH BALANCE		35.00
Total		70.00	70.00
Adjusting Journal Entries JE # 4			
AJE - To correct vehicle addition and disposal allocation to ending G/L per District schedule at June 30, 2023.			
501-10099-000	FUND CASH BALANCE	444.89	
551-12420-000	AUTOS AND TRUCKS	444.89	
501-12420-000	AUTOS AND TRUCKS		444.89
551-10099-000	FUND CASH BALANCE		444.89
Total		889.78	889.78
Adjusting Journal Entries JE # 5			
AJE - To correct depreciation recorded from recalculation on client prepared schedule for accumulated depreciation account 551-13310.			
551-62130-000	DEPRECIATION	362,793.37	
551-13310-000	ALLOW. FOR DEP.-SWR DISPOSAL		362,793.37
Total		362,793.37	362,793.37
Adjusting Journal Entries JE # 6			
AJE - To adjust general fund depreciation per review and corrections made to District detail support.			
901-30011-000	DEPRECIATION OF GFA	6,891.81	
901-13101-000	ALLOW FOR DPR'N OF GFA		6,891.81
Total		6,891.81	6,891.81
Adjusting Journal Entries JE # 7			
AJE - To accrue June check 41627 vendor Kennedy Jenks noted during search for unrecorded liabilities at June 30, 2023.			
501-14001-38	CIP: 4.5M TANK DESIGN.CONSTR	34,672.73	
501-21001-000	ACCOUNTS PAYABLE		34,672.73
Total		34,672.73	34,672.73

McKinleyville Community Services District
 Schedule of Audit Adjusting Journal Entries
 June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 8			
CPE - To reclassify Check 19035 ACWA/JPIA July Health insurance from expense to prepaids at June 30, 2023. Noted during our testing of outstanding checks.			
001-10500-902	PREPAID INS.	13,375.92	
004-10500-000	Prepaid Ins.	2,376.78	
005-10500-000	PREPAID INS.	789.20	
501-10500-000	PREPAID INS.	17,360.61	
551-10500-000	PREPAID INS.	24,059.30	
001-61012-000	GRP. HEALTH INS		13,375.92
004-61002-902	MEASURE B ASSMT CLERICAL SALARY ADMIN./GENERAL		2,376.78
005-61012-000	GRP. HEALTH INS		789.20
501-61012-000	GRP. HEALTH INS		17,360.61
551-61012-000	GRP. HEALTH INS		24,059.30
Total		57,961.81	57,961.81
Adjusting Journal Entries JE # 9			
CPE - To remove health insurance payable related to FY23/24 from AP and expense at June 30, 2023.			
001-21001-000	ACCOUNTS PAYABLE	53,500.97	
501-21001-000	ACCOUNTS PAYABLE	251.96	
551-21001-000	ACCOUNTS PAYABLE	4,208.87	
001-61012-000	GRP. HEALTH INS		53,500.97
501-61012-000	GRP. HEALTH INS		251.96
551-61012-000	GRP. HEALTH INS		4,208.87
Total		57,961.80	57,961.80
Adjusting Journal Entries JE # 10			
AJE - To remove voided check written for wrong amount which was recorded to payables.			
501-21001-000	ACCOUNTS PAYABLE	409,071.50	
551-21001-000	ACCOUNTS PAYABLE	3,025.00	
501-14001-70	WTR/SWR MAIN REHAB & REPLACEMT		409,071.50
551-14001-70	WTR/SWR MAIN REHAB & REPLACEMT		3,025.00
Total		412,096.50	412,096.50
Adjusting Journal Entries JE # 11			
GASB 68 Entry #1 - To reclassify FY21/22 pension contributions against net pension liability at June 30, 2023.			
501-23210-000	Pension Liability	101,722.00	
551-23210-000	Pension Liability	115,005.00	
951-23210-000	Pension Liability	95,690.00	
501-15500-000	Pension Deferred Outflows		101,722.00
551-15500-000	Pension Deferred Outflows		115,005.00
951-15500-000	Pension Deferred Outflows		95,690.00
Total		312,417.00	312,417.00
Adjusting Journal Entries JE # 12			
GASB 68 Entry #2 - To reclassify FY22/23 pension contributions from expense to deferred outflows of resources at June 30, 2023.			
501-15500-000	Pension Deferred Outflows	97,051.00	
551-15500-000	Pension Deferred Outflows	117,059.00	
951-15500-000	Pension Deferred Outflows	135,340.00	
501-61050-000	WATER PensionExp Act		97,051.00
551-61050-000	SEWER PensionExp Act		117,059.00
951-32101-000	FUND BALANCE - RESTRICTED		135,340.00
Total		349,450.00	349,450.00

*McKinleyville Community Services District
 Schedule of Audit Adjusting Journal Entries
 June 30, 2023*

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 13			
GASB 68 Entry #3 - To adjust net pension liability, outflows, and inflows from calculation based on CalPERS valuation, allocation, and fund allocation.			
501-15500-000	Pension Deferred Outflows	171,580.76	
501-23500-000	Pension Deferred Inflows	424,030.76	
551-15500-000	Pension Deferred Outflows	210,767.00	
551-23500-000	Pension Deferred Inflows	413,042.37	
951-15500-000	Pension Deferred Outflows	262,172.33	
951-23500-000	Pension Deferred Inflows	166,390.88	
951-32101-000	FUND BALANCE - RESTRICTED	192,269.74	
501-23210-000	Pension Liability		476,475.79
501-61050-000	WATER PensionExp Act		119,135.73
551-23210-000	Pension Liability		574,837.26
551-61050-000	SEWER PensionExp Act		48,972.11
951-23210-000	Pension Liability		620,832.95
Total		1,840,253.84	1,840,253.84
Adjusting Journal Entries JE # 14			
GASB 75 Entry #1 - To adjust OPEB to actual per valuation report at June 30, 2023.			
501-15550-000	OPEB Deferred Outflows	42,858.00	
501-23200-000	OPEB LIABILITY - RETIREE MED	329,046.82	
501-23510-000	OPEB Deferred Inflows	736,976.35	
551-15550-000	OPEB Deferred Outflows	51,693.00	
551-23510-000	OPEB Deferred Inflows	451,281.70	
551-61060-000	SEWER OPEBexActuarial	98,032.02	
951-15550-000	OPEB Deferred Outflows	59,766.00	
951-23200-000	OPEB LIABILITY - RETIREE MED	50,852.63	
951-32101-000	FUND BALANCE - RESTRICTED	635,612.84	
501-15550-000	OPEB Deferred Outflows		404,301.29
501-61060-000	WATER OPEBexActuarial		661,721.88
501-61060-000	WATER OPEBexActuarial		42,858.00
551-15550-000	OPEB Deferred Outflows		289,957.60
551-23200-000	OPEB LIABILITY - RETIREE MED		259,356.12
551-61060-000	SEWER OPEBexActuarial		51,693.00
951-15550-000	OPEB Deferred Outflows		63,428.12
951-23510-000	OPEB Deferred Inflows		623,037.35
951-32101-000	FUND BALANCE - RESTRICTED		59,766.00
Total		2,456,119.36	2,456,119.36
Adjusting Journal Entries JE # 15			
AJE - To adjust unbilled receivable general ledger balance to agree with schedule recalculation at June 30, 2023.			
501-40001-000	MTR. WATER SALE	5,972.69	
551-40002-000	SWR SVC CHGS.	11,464.05	
501-10104-000	UNPROCESSED UTILITY BILLS		5,972.69
551-10104-000	UNPROCESSED UTILITY BILLS		11,464.05
Total		17,436.74	17,436.74

*McKinleyville Community Services District
 Schedule of Audit Adjusting Journal Entries
 June 30, 2023*

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 16			
AJE - To remove prior year stale entry in 001-10151 and reclass to 001 and 004 interest income at 75% and 25%, respectively.			
001-10099-000	FUND CASH BALANCE	3,231.01	
001-50001-000	INT. REVENUE	9,693.02	
004-50001-000	INT. REVENUE	3,231.01	
001-10151-000	PROPERTY TAXES RECEIVABLE		12,924.03
004-10099-000	FUND CASH BALANCE		3,231.01
Total		<u>16,155.04</u>	<u>16,155.04</u>

Presentation Version

McKinleyville Community Services District
 Schedule of Audit Adjusting Journal Entries
 June 30, 2023

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 17			
AJE - To adjust fund 951 pooled cash to zero for internal service fund and allocate negative cash among existing funds based on propriety of balance.			
001-61012-000	GRP. HEALTH INS	12,405.25	
001-61012-302	GRP. HEALTH INS	243.66	
001-61012-303	GRP. HEALTH INS	4,404.41	
001-61012-304	GRP. HEALTH INS	370.36	
001-61012-305	GRP. HEALTH INS	47.76	
001-61012-307	GRP. HEALTH INS	239.76	
001-61012-308	GRP. HEALTH INS	517.54	
001-61012-310	GRP. HEALTH INS	147.17	
001-61012-311	GRP. HEALTH INS	109.16	
001-61012-312	GRP. HEALTH INS	418.12	
001-61012-313	GRP. HEALTH INS	758.27	
001-61012-314	GRP. HEALTH INS	52.63	
001-61012-315	GRP. HEALTH INS	126.70	
001-61012-317	GRP. HEALTH INS	167.64	
001-61012-318	GRP. HEALTH INS	54.58	
001-61012-319	GRP. HEALTH INS	1,663.72	
001-61012-320	GRP. HEALTH INS	815.78	
001-61012-321	GRP. HEALTH INS	375.24	
001-61012-322	GRP. HEALTH INS	633.52	
001-61012-324	GRP. HEALTH INS	10.72	
001-61012-325	GRP. HEALTH INS	179.33	
001-61012-326	GRP. HEALTH INS	1,586.72	
001-61012-327	GRP. HEALTH INS	79.92	
001-61012-333	GRP. HEALTH INS	687.12	
001-61012-377	GRP. HEALTH INS	718.31	
001-61012-405	GRP. HEALTH INS	4,784.52	
001-61012-451	GRP. HEALTH INS	2,082.81	
001-61012-452	GRP. HEALTH INS	11,492.99	
001-61012-470	GRP. HEALTH INS	1,634.48	
001-61012-471	GRP. HEALTH INS	5,969.69	
001-61012-473	GRP. HEALTH INS	4,372.25	
001-61012-475	GRP. HEALTH INS	479.52	
001-61012-476	GRP. HEALTH INS	5,435.58	
001-61012-477	GRP. HEALTH INS	1,422.98	
001-61012-479	GRP. HEALTH INS	8.77	
001-61012-480	GRP. HEALTH INS	853.79	
001-61012-485	GRP. HEALTH INS	1,036.05	
001-61012-491	GRP. HEALTH INS	1,909.33	
001-61012-493	GRP. HEALTH INS	2,768.96	
001-61012-494	GRP. HEALTH INS	1,717.32	
001-61012-496	GRP. HEALTH INS	1,263.14	
001-61012-499	GRP. HEALTH INS	1,470.74	
001-61012-650	GRP. HEALTH INS	1,538.96	
001-61012-700	GRP. HEALTH INS	95.51	
001-61012-800	GRP. HEALTH INS	2,144.21	
001-61012-902	GRP. HEALTH INS	74,950.03	
004-61012-650	GRP. HEALTH INS	32,521.88	
004-61012-700	GRP. HEALTH INS	2,957.07	
004-62295-000	MEASURE B ASSMT OTHER	2,462.28	
004-64001-000	INT. EXPENSE	871.42	
005-61012-000	GRP. HEALTH INS	4,748.46	
005-61012-902	GRP. HEALTH INS	9,032.99	
501-61012-000	GRP. HEALTH INS	82,938.21	
501-61012-501	GRP. HEALTH INS	142,215.98	
501-61012-502	GRP. HEALTH INS	10,893.58	
501-61012-503	GRP. HEALTH INS	4,008.71	
501-61012-902	GRP. HEALTH INS	113,126.79	
551-61012-000	GRP. HEALTH INS	92,683.66	
551-61012-551	GRP. HEALTH INS	76,069.90	
551-61012-552	GRP. HEALTH INS	18,750.18	
551-61012-553	GRP. HEALTH INS	18,113.74	
551-61012-554	GRP. HEALTH INS	114.03	
551-61012-555	GRP. HEALTH INS	98,498.38	
551-61012-902	GRP. HEALTH INS	113,724.26	
951-10099-000	FUND CASH BALANCE	977,976.54	
001-10099-000	FUND CASH BALANCE		154,245.02
004-10099-000	FUND CASH BALANCE		35,478.95
004-10099-000	FUND CASH BALANCE		2,462.28
004-10099-000	FUND CASH BALANCE		871.42
005-10099-000	FUND CASH BALANCE		13,781.45
501-10099-000	FUND CASH BALANCE		353,183.27
551-10099-000	FUND CASH BALANCE		417,954.15
951-32101-000	FUND BALANCE - RESTRICTED		977,976.54
Total		1,955,953.08	1,955,953.08
Total Adjusting Journal Entries		7,979,948.27	7,979,948.27

*McKinleyville Community Services District
 Schedule of Audit Adjusting Journal Entries
 June 30, 2023*

Account	Description	Debit	Credit
Proposed Journal Entries			
Proposed Journal Entries JE # 100			
PAJE - To adjust LAIF to fair market value per State Controller market value factor at June			
551-50001-000	INT. REVENUE	2,148.35	
551-10030-071	Market Value LAIF		2,148.35
Total		<u>2,148.35</u>	<u>2,148.35</u>
	Total Proposed Journal Entries	<u>2,148.35</u>	<u>2,148.35</u>
	Total All Journal Entries	<u>7,982,096.62</u>	<u>7,982,096.62</u>

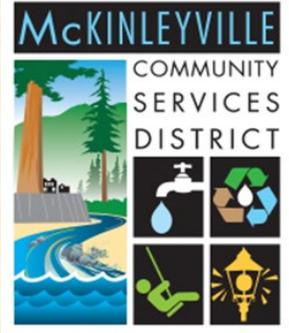
Legend:

AJE	Audit Adjusting Journal Entry
GASB 68	GASB 68 Adjusting Journal Entry (Pension)
GASB 75	GASB 75 Adjusting Journal Entry (OPEB)
CPE	Client Prepared Adjusting Journal Entry
PAJE	Proposed Adjusting Journal Entry - Not Posted

Presentation Version

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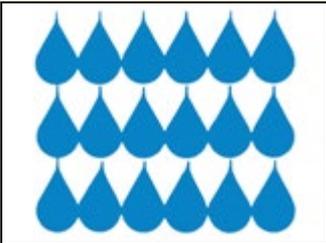
McKinleyville Community Services District



Board of Directors

Presentation Of The June 30, 2023 Annual Audited Financial Statements

C.J. Brown & Company, CPAs
An Accountancy Corporation



The Audit

- **The Audit was Performed in Accordance with Auditing Standards Generally Accepted in the United States of America**
- **Our Audit Procedure Include:**
 - **Assess the District's internal controls**
 - **Agree balance to supporting documentation**
 - **Perform analysis of key relationships**

The Reports

Independent Auditor's Report

Unmodified 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, 2023....

Management Report

Communication to Governing Board

- Auditor's Responsibility Under U.S. GAAS
- Scope of Audit
- Commission's Accounting Practices
- Corrected and/or Uncorrected Misstatements
- No Difficulties Encountered in Performing the Audit
- No Disagreements with Management

Financial Highlights

Condensed Statements of Net Position

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total District</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Assets:									
Current assets	\$ 561,488	879,048	(317,560)	31,485,960	32,986,667	(1,500,707)	32,047,448	33,865,715	(1,818,267)
Capital assets	4,780,797	4,786,246	(5,449)	41,960,396	39,398,265	2,562,131	46,741,193	44,184,511	2,556,682
Total assets	5,342,285	5,665,294	(323,009)	73,446,356	72,384,932	1,061,424	78,788,641	78,050,226	738,415
Deferred outflows	1,300,033	1,001,873	298,160	2,056,687	2,276,664	(219,977)	3,356,720	3,278,537	78,183
Liabilities:									
Current liabilities	303,578	346,255	(42,677)	2,309,729	2,253,326	56,403	2,613,307	2,599,581	13,726
Non-current liabilities	3,362,991	3,972,023	(609,032)	30,803,552	32,144,835	(1,341,283)	34,166,543	36,116,858	(1,950,315)
Total liabilities	3,666,569	4,318,278	(651,709)	33,113,281	34,398,161	(1,284,880)	36,779,850	38,716,439	(1,936,589)
Deferred inflows	2,147,045	1,690,399	456,646	3,396,689	5,422,020	(2,025,331)	5,543,734	7,112,419	(1,568,685)
Net position:									
Net Invest, CA	4,056,025	3,962,707	93,318	14,691,193	11,635,935	3,055,258	18,747,218	15,598,642	3,148,576
Restricted	172,906	224,235	(51,329)	9,798,451	9,946,787	(148,336)	9,971,357	10,171,022	(199,665)
Unrestricted	(3,400,227)	(3,528,452)	128,225	14,503,429	13,258,693	1,244,736	11,103,202	9,730,241	1,372,961
Total net position	\$ 828,704	658,490	170,214	38,993,073	34,841,415	4,151,658	39,821,777	35,499,905	4,321,872

Financial Highlights

Condensed Statements of Activities

	Governmental Activities			Business-Type Activities			Total District		
	2023	2022	Change	2023	2022	Change	2023	2022	Change
Revenues:									
Program revenues:									
Charges for services	\$ 725,969	552,111	173,858	8,361,814	8,140,798	221,016	9,087,783	8,692,909	394,874
Operating grants and contrib	216,265	14,773	201,492	-	-	-	216,265	14,773	201,492
Capital grants and contrib	-	-	-	2,423,705	1,567,835	855,870	2,423,705	1,567,835	855,870
Total program revenues	942,234	566,884	375,350	10,785,519	9,708,633	1,076,886	11,727,753	10,275,517	1,452,236
General revenues:									
Property taxes	744,930	729,263	15,667	-	-	-	744,930	729,263	15,667
Voter approved taxes	228,096	216,405	11,691	-	-	-	228,096	216,405	11,691
Investment earnings	(78,195)	(50,303)	(27,892)	350,061	(238,030)	588,091	271,866	(288,333)	560,199
Gain on disposal of CA	-	7,501	(7,501)	8,466	400	8,066	8,466	7,901	565
Other income	19,901	20,548	(647)	-	-	-	19,901	20,548	(647)
Total general revenues	914,732	923,414	(8,682)	358,527	(237,630)	596,157	1,273,259	685,784	587,475
Total revenues	1,856,966	1,490,298	366,668	11,144,046	9,471,003	1,673,043	13,001,012	10,961,301	2,039,711
Expenses:									
General (Parks & Rec)	1,443,638	1,447,221	(3,583)	-	-	-	1,443,638	1,447,221	(3,583)
Measure B	135,393	202,702	(67,309)	-	-	-	135,393	202,702	(67,309)
Streetlighting	107,721	103,066	4,655	-	-	-	107,721	103,066	4,655
Water	-	-	-	2,845,050	3,539,726	(694,676)	2,845,050	3,539,726	(694,676)
Wastewater	-	-	-	4,147,338	3,956,552	190,786	4,147,338	3,956,552	190,786
Total expenses	1,686,752	1,752,989	(66,237)	6,992,388	7,496,278	(503,890)	8,679,140	9,249,267	(570,127)
Changes Net Position	170,214	(262,691)	432,905	4,151,658	1,974,725	2,176,933	4,321,872	1,712,034	2,609,838
Net position, beginning	658,490	921,181	(262,691)	34,841,415	32,866,690	1,974,725	35,499,905	33,787,871	1,712,034
Net position, end	\$ 828,704	658,490	170,214	38,993,073	34,841,415	4,151,658	39,821,777	35,499,905	4,321,872

Financial Highlights

In 2023:

Net Position - Increased by \$4,321,872 to \$39,821,777 as a result of ongoing operations.

Total Revenues - Increased by \$2,039,711 to \$13,001,012.

- **Program Revenues** - Increased by \$1,452,236 to \$11,727,753, due primarily to increases of \$394,874 in Charges for Services, \$201,792 in Operating Grants and Contrib, and \$855,870 in Capital Grants and Contributions.
- **General Revenues** – Increase by \$560,199, primarily from investment earnings.

Total Expenses - Decreased by \$570,127 to \$8,679,140, due primarily to decreases of \$694,676 in water fund expenses and \$67,309 in Measure B expenses, offset by an increase of \$190,786 in wastewater fund expenses.

Financial Highlights

Balance Sheets –Governmental Funds

June 30, 2023

	General (Parks and Recreation)	Measure B	Street Lighting	Total Governmental Fund
Assets:				
Cash and investments	\$ 6,257	-	131,644	137,901
Cash and investments – restricted	172,905	-	-	172,905
Accounts receivable	4,600	-	4,586	9,186
Interest receivable	20,378	5,739	-	26,117
Grant receivables	112,257			112,257
Prepaid expenses	93,652	2,377	7,093	103,122
Due from other funds (note 9)	663,305	(663,305)	-	-
Total assets	\$ 1,073,354	(655,189)	143,323	561,488
Liabilities:				
Accounts payable	\$ 21,405	4,296	930	26,631
Accrued wages and related payables	116,389	-	-	116,389
Deposits	9,700	-	-	9,700
Total liabilities	147,494	4,296	930	152,720
Fund balance: (note 11)				
Nonspendable	93,652	2,377	7,093	103,122
Restricted	172,906	-	-	172,906
Assigned	72,358	-	135,300	207,658
Unassigned	586,944	(661,862)	-	(74,918)
Total fund balance	925,860	(659,485)	142,393	408,768
Total liabilities and fund balance	\$ 1,073,354	(655,189)	143,323	561,488

**Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023**

	<u>General (Parks and Recreation)</u>	<u>Measure B</u>	<u>Street Lighting</u>	<u>Total Governmental Fund</u>
Revenues				
Property taxes	\$ 744,930	-	-	744,930
Special assessments	-	228,096	-	228,096
Charges for services and facilities	611,815	-	114,154	725,969
Operating grants and contributions	216,265	-	-	216,265
Other income	2,453	-	17,448	19,901
Investment returns	(83,825)	5,630	-	(78,195)
Total revenues	<u>1,491,638</u>	<u>233,726</u>	<u>131,602</u>	<u>1,856,966</u>
Expenditures				
General government (Parks & Recreation)	1,529,905	-	-	1,529,905
Measure B	-	156,698	-	156,698
Streetlighting	-	-	100,461	100,461
Capital outlay	210,502	-	6,750	217,252
Debt service:				
Principal	-	98,767	-	98,767
Interest	-	26,056	-	26,056
Total expenditures	<u>1,740,407</u>	<u>281,521</u>	<u>107,211</u>	<u>2,129,139</u>
Excess of revenues over expenditures	<u>(248,769)</u>	<u>(47,795)</u>	<u>24,391</u>	<u>(272,173)</u>
expenditures				
Net change in fund balance	(248,769)	(47,795)	24,391	(272,173)
Fund balance, beginning of year	<u>1,174,629</u>	<u>(611,690)</u>	<u>118,002</u>	<u>680,941</u>
Fund Balance, end of year	<u>\$ 925860</u>	<u>(659,485)</u>	<u>142,393</u>	<u>408,768</u>

Questions



McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **ACTION**

ITEM: E.4 **Consider Approval of Resolution 2024-01 Approving the Acceptance of the Lands of the Community Forest From Trust for Public Land**

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

TYPE OF ACTION: **Roll Call**

Recommendation:

Staff recommends that the Board review the material provided, discuss, take Public comment and approve Resolution 2024-01 (**Attachment 1**) by title only approving the Acceptance of the land for the Community Forest from Trust for Public Land and authorizing the Board President to sign any necessary documents.

Discussion:

On November 8, 2021, Trust for Public Lands (TPL) and the State of California Natural Resource Agency (Resources) entered into a Grant Agreement for the acquisition of certain real property to convert into a permanent greenbelt and community forest for public enjoyment. It is the intent that, following the purchase of the Property by TPL, TPL shall have the landowner, Green Diamond Resources Company (GDRC) convey fee title of the Property to MCSD by directed deed. TPL and MCSD agreed to this approach and the Board of Directors of MCSD approved the Memorandum of Understanding to this effect at their October 6, 2021 Board Meeting.

As part of the conveyance of the Property to MCSD, Resources is requiring that the MCSD Board “accept” the donation of APN 509-061-001-000 (portion), 509-062-004-000 (portion), 509-063-003-000 (portion), 510-011-014-000 (portion), 510-011-016-000 (portion), and 511-111-057-000, Humboldt County, California, from The Trust for Public Land, per the format of Resolution 2024-xx (See Attachment 1). The Resolution was reviewed by District Legal Counsel and the Community Forest Committee.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

The approval of the Assignment and the execution of all of the applicable escrow and other documents will convey the 599-acre Community Forest property to the District. The District will work on developing improvements to the property including walking, biking, and equestrian trails as well as parking areas and access roads. These improvements will largely be funded by grants the District is able to obtain. However, there will be ongoing maintenance costs to patrol and clean up dump sites and homeless camps. In the Measure B 2024/2025 Engineering Report prepared by Willdan, the annual Operations and Maintenance costs for the Community Forest were estimated to be \$100,000/year.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

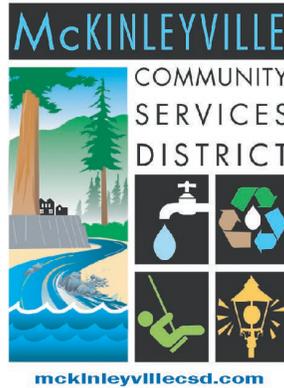
- Attachment 1 – Resolution 2024-01

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



MAIN OFFICE:

PHONE: (707) 839-3251
FAX: (707) 839-8456

PARKS & RECREATION OFFICE:

PHONE: (707) 839-9003
FAX: (707) 839-5964

CERTIFIED COPY OF A RESOLUTION 2024-01
ADOPTED BY
THE BOARD OF DIRECTORS OF THE
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

“RESOLVED, that the Board of Directors of the McKinleyville Community Services District hereby authorizes the acceptance of the donation of APN 509-061-001-000 (portion), 509-062-004-000 (portion), 509-063-003-000 (portion), 510-011-014-000 (portion), 510-011-016-000 (portion), and 511-111-057-000, Humboldt County, California, from The Trust for Public Land.

I, Scott Binder, hereby certify that I am a duly appointed and acting President of the Board of Directors of the McKinleyville Community Services District, a Special Services District organized under the laws of the State of California. I further certify that the resolution set forth above was adopted in accordance with the laws of the State of California and Bylaws of the McKinleyville CSD; and that said resolution was approved by the Board of Directors of the McKinleyville CSD on January 10th, 2024, and has not been modified or rescinded.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on the 10th day of January 2024 by the following polled vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Scott Binder, Board President

Attest:

Joseph Blaine, Board Secretary

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McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **ACTION**

ITEM: E.5 **Consider Approval of Certificate of Acceptance for Community Forest Property as Conveyed by the Grant Deed from Green Diamond Resource Co.**

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

TYPE OF ACTION: **Roll Call**

Recommendation:

Staff recommends that the Board review the material provided, discuss, take Public comment and approve the Certificate of Acceptance of the McKinleyville Community Forest Property (**Attachment 1**) by title only approving the acceptance of the Deed for the land for the Community Forest as conveyed by Green Diamond Resource Co. and authorizing the Board President to sign any necessary documents.

Discussion:

On November 8, 2021, Trust for Public Lands (TPL) and the State of California Natural Resource Agency (Resources) entered into a Grant Agreement for the acquisition of certain real property to convert into a permanent greenbelt and community forest for public enjoyment. It is the intent that, following the purchase of the Property by TPL, TPL shall have the landowner, Green Diamond Resources Company (GDRC) convey fee title of the Property to MCSD by directed deed. TPL and MCSD agreed to this approach and the Board of Directors of MCSD approved the Memorandum of Understanding to this effect at their October 6, 2021 Board Meeting.

As part of the conveyance of the Property to MCSD, Resources is requiring, in addition to Resolution 2024-01, a "Certificate of Acceptance" of the recording of the Community Forest Property Deed conveyance to MCSD by Green Diamond Resource Co.

The Certificate of Acceptance was drafted by District Legal Counsel.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

The approval of the Assignment and the execution of all of the applicable escrow and other documents will convey the 599-acre Community Forest property to the District. The District will work on developing improvements to the property including walking, biking, and equestrian trails as well as parking areas and access roads. These improvements will largely be funded by grants the District is able to obtain. However, there will be ongoing maintenance costs to patrol and clean up dump sites and homeless camps. In the Measure B 2024/2025 Engineering Report prepared by Willdan, the annual Operations and Maintenance costs for the Community Forest were estimated to be \$100,000/year.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Certificate of Acceptance

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Grant Deed dated _____, 2024 from Green Diamond Resource Company, a Washington corporation fka Simpson Resource Company, a Washington corporation to McKinleyville Community Services District, a governmental agency is hereby accepted by order of the Board of Directors on _____, 2024 on behalf of the McKinleyville Community Services District, pursuant to authority conferred by resolution of the Board of Directors adopted on _____, 2024 and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

McKinleyville Community Services District

By: _____

Its: _____

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McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **ACTION**

ITEM: E.6 **Consider Approval of Resolution 2024-02 Approving the MCSD Board President as the Authorized Signatory for All Documents Related to the Acquisition of the Lands of the Community Forest From Trust for Public Land**

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

TYPE OF ACTION: **Roll Call**

Recommendation:

Staff recommends that the Board review the material provided, discuss, take Public comment and approve Resolution 2024-02 (**Attachment 1**) by title only authorizing the Board President to sign any necessary documents related to the acceptance of the land for the Community Forest from Trust for Public Land and the California Natural Resource Agency.

Discussion:

On November 8, 2021, Trust for Public Lands (TPL) and the State of California Natural Resource Agency (Resources) entered into a Grant Agreement for the acquisition of certain real property (APN 509-061-001-000 (portion), 509-062-004-000 (portion), 509-063-003-000 (portion), 510-011-014-000 (portion), 510-011-016-000 (portion), and 511-111-057-000, Humboldt County, California) to convert into a permanent greenbelt and community forest for public enjoyment. It is the intent that, following the purchase of the Property by TPL, TPL shall have the landowner, Green Diamond Resources Company (GDRC) convey fee title of the Property to MCSD by directed deed. TPL and MCSD agreed to this approach and the Board of Directors of MCSD approved the Memorandum of Understanding to this effect at their October 6, 2021 Board Meeting, and further approved the grant conveyance and acceptance at the December 6th, 2023 and January 10th, 2024 MCSD Board Meetings.

During the final closing of the Property, there is a distinct chance that additional documents will need to be signed, other than those formally approved by the Board at the last two Board Meetings. Resources, and other involved parties, may also want/need additional documents signed for the final conveyance of the land. All documents will be reviewed by District Legal Counsel prior to execution. The attached Resolution 2024-xx (See **Attachment 1**) authorized the Board President to sign any such documents. The Resolution contains the authorizing language requested by TPL and Resources. The Resolution has been reviewed by District Legal Counsel.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

The approval of the Assignment and the execution of all of the applicable escrow and other documents will convey the 600.6-acre Community Forest property to the District. The District will work on developing improvements to the property including walking, biking, and equestrian trails as well as parking areas and access roads. These improvements will largely be funded by grants the District is able to obtain. However, there will be ongoing maintenance costs to patrol and clean up dump sites and homeless camps. In the Measure B 2024/2025 Engineering Report prepared by Willdan, the annual Operations and Maintenance costs for the Community Forest were estimated to be \$100,000/year.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Resolution 2024-02

RESOLUTION 2024 – 02

A RESOLUTION APPOINTING THE PRESIDENT OF THE MCKINLEYVILLE CSD AS AGENT TO CONDUCT ALL NEGOTIATIONS, EXECUTE AND SIGN ALL DOCUMENTS NECESSARY FOR THE COMPLETION OF THE ASSUMPTION OF LAND AND EXECUTION OF THE GRANT AGREEMENT BETWEEN STATE OF CALIFORNIA NATURAL RESOURCES AGENCY, THE TRUST FOR PUBLIC LAND, AND MCKINLEYVILLE CSD FOR THE ESTABLISHMENT OF THE MCKINLEYVILLE COMMUNITY FOREST

WHEREAS, On November 8, 2021, Trust for Public Land (TPL) and the State of California Natural Resource Agency (Resources) entered into Grant Agreement No. TG8721-0 (“Grant Agreement”), for the acquisition of certain real property (“Property”) in Humboldt County, California to convert into a permanent greenbelt and community forest for public enjoyment; and

WHEREAS, Following the purchase of the Property by TPL, TPL shall have the landowner, Green Diamond Resources Company (GDRC), convey fee title of the Property to McKinleyville CSD (MCSD) by directed deed, and;

WHEREAS, the purpose of MCSD acquiring the Property is to permanently maintain and conserve the natural features and resources located thereon, maintain open space and create a community forest and facilitate public recreation thereon. MCSD has evaluated the proposed acquisition under the California Environmental Quality Act (“CEQA”) and concluded that the acquisition of the Property is categorically exempt under CEQA pursuant to the categorical exemptions established pursuant to California Code of Regulations, Title 14, Article 19, including, without limitation, those published at Sections 15313 (Acquisition of Lands for Wildlife Conservation Purposes), 15316 (Transfer of Ownership in Order to Create Parks), 15317 (Open Space Contracts or Easements) and 15325 (Transfers of Ownership in Land to Preserve Existing National Conditions and Historical Resources). A Notice of CEQA Exemption regarding the Property acquisition was adopted by MCSD and posted with the Humboldt County Clerk on or about May 28, 2021.

WHEREAS, MCSD has agreed to execute, and submit to Resources for recording, a Memorandum of Unrecorded Grant Agreement/Deed Restrictions concurrently with this Assignment to provide constructive notice of the obligations of MCSD as Grantee under the Grant Agreement, and TPL, MCSD and Resources agree to the stipulations in the Assignment; and

WHEREAS, in anticipation of the real property acquisition, additional documents related to the property closing, acquisition and/or execution of the assignment may need to be sign without sufficient time to obtain formal Board approval;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the McKinleyville Community Services District does hereby appoint the President of the McKinleyville Community Services District as agent to execute and sign all documents necessary for the completion of the assumption of land and execution of the grant agreement between the State of California Natural Resources Agency, the Trust for Public Land, and the McKinleyville CSD for the establishment of the McKinleyville Community Forest.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on the 10th day of January 2024 by the following polled vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Scott Binder, Board President

Attest:

Joey Blaine, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **ACTION**

ITEM: E.7 **Consider Approval of Ordinance 2023-02 Amending Regulation 42, Operation of Pierson Park of the MCSD Rules and Regulations – Second Reading**

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

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review information provided, discuss, take Public comment, and approve the Second Reading of the Ordinance No-2023-02, by title only.

Discussion:

With the addition of the skatepark to Pierson Park, the District needs to update our Rules & Regulations, specifically Regulation 42 – “Operation of Pierson Park” to add rules for the new skatepark amenities within Pierson Park as recommended by the Special District Risk Management Authority (SDRMA).

Rule 42 can be reviewed in **Attachment 1**, shown in track changes from the original wording.

Ordinance 2023-02 can be reviewed in **Attachment 2**. This is the second reading of the Ordinance.

Alternatives:

Staff analysis consists of the following potential alternative:

- Take No Action

Fiscal Analysis:

No fiscal impact

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Revision of Rule 42 in Track Changes
- Attachment 2 – Ordinance No. 2023-02, An Ordinance of the McKinleyville Community Services District Amending Regulation 42-Operation of Pierson Park

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REGULATION 42 - OPERATION OF PIERSON PARK

Rule 42.01. GAZEBO BARBECUE COMPLEX - the gazebo barbecue complex is defined as the area encompassed by the gazebo located in the central portion of the park. Individuals or organizations desiring organized use of any portion of the gazebo barbecue complex for an organized function may do so by obtaining a Special Event Reservation Form and Permit or Community Event Reservation Application and Permit only..

Rule 42.02. HORSESHOE PITS - the public may use the horseshoe pits on a first come basis. Any individual or organization desiring to use the horseshoe pits for an organized function may do so by obtaining a Special Event Reservation Form and Permit or Community Event Reservation Application and Permit only.

Rule 42.03. WESTERLY PICNIC TABLES/BARBECUES - the public may use the picnic tables and barbecues located along the western park perimeter on a first-come basis only.

Rule 42.04. PICNIC PAVILION AND BARBECUE - the picnic pavilion is defined as the large covered picnic area to the west of the playground and east of the horseshoe pits. Individuals or organizations desiring organized use of any portion of the picnic pavilion and barbecue may do so by obtaining a Special Event Reservation Form and Permit or Community Event Reservation Application and Permit only.

Rule 42.05. SKATEPARK - The skatepark is defined as the constructed concrete structures and amenities located south of the Law Enforcement Facility and west of the Bocce Ball courts.

The Skatepark is unsupervised and open to the public for skateboarding, skating and enjoyment of non-motorized, non-electric wheeled recreational devices. Use of the Skate Park is considered a Hazardous Recreational Activity. Falls are likely to occur and can result in serious injury, paralysis, or death. All participants in this activity knowingly accept the responsibility for their actions and the risks associated with engaging in this hazardous recreational activity. The District will not be liable for injuries incurred by persons participating in any such hazardous recreational activities. PATRONS OF THE SKATEPARK SHALL:

- a) Be required to wear protective gear including a helmet, elbow pads and knee pads at all times.
- b) Be courteous to all users and patrons of the park.
- c) Not bring food or glass containers into the skatepark
- d) Not consume alcohol at the skatepark
- e) Not smoke or vape within the park
- f) Not use the skatepark if hazardous conditions exist.
- g) Report any hazardous conditions to the MCSD Parks & Recreation Dept. at 707-893-9003
- h) Use ONLY non-motorized and non-electric wheeled recreation devices within the skatepark

Rule 42.065. OVERNIGHT USE PROHIBITED - there is to be no camping or loitering on the park grounds or structures between sunset and sunrise unless a Special Event Reservation Form and Permit or Community Event Reservation Application and Permit are first obtained from the District.

Rule 42.076. FIRES - fires will be allowed on grounds only in those areas equipped with District provided equipment designated and in portable barbecues designated for the containment of fires.

Rule 42.087. PETS - the designated off leash area is defined as the area of the park east of Azalea Hall's Hewitt Room and north of the gazebo. Horses are not allowed.

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ORDINANCE NO. 2023-02
AN ORDINANCE OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
AMMENDING REGULATION 42, OPERATION OF PIERSON PARK, OF THE MCSD
RULES AND REGULATIONS

WHEREAS, the McKinleyville Community Services District (MCSD), in partnership with the Humboldt Skatepark Collective, recently completed construction of Phase 1 of the McKinleyville Skatepark; and

WHEREAS, staff has proposed safety guidelines and rules for the McKinleyville Skatepark; and

WHEREAS, standards of safety are in the best interest of McKinleyville residents, the District and the long term ongoing use and operation of the new facility.

NOW, THEREFORE, the Board of Directors of the McKinleyville Community Services District ordains as follows:

REGULATION 42 - OPERATION OF PIERSON PARK

Rule 42.01. GAZEBO BARBECUE COMPLEX - the gazebo barbecue complex is defined as the area encompassed by the gazebo located in the central portion of the park. Individuals or organizations desiring organized use of any portion of the gazebo barbecue complex for an organized function may do so by obtaining a Special Event Reservation Form and Permit or Community Event Reservation Application and Permit only..

Rule 42.02. HORSESHOE PITS - the public may use the horseshoe pits on a first come basis. Any individual or organization desiring to use the horseshoe pits for an organized function may do so by obtaining a Special Event Reservation Form and Permit or Community Event Reservation Application and Permit only.

Rule 42.03. WESTERLY PICNIC TABLES/BARBECUES - the public may use the picnic tables and barbecues located along the western park perimeter on a first-come basis only.

Rule 42.04. PICNIC PAVILION AND BARBECUE - the picnic pavilion is defined as the large covered picnic area to the west of the playground and east of the horseshoe pits. Individuals or organizations desiring organized use of any portion of the picnic pavilion and barbecue may do so by obtaining a Special Event Reservation Form and Permit or Community Event Reservation Application and Permit only.

Rule 42.05. SKATEPARK - The skatepark is defined as the constructed concrete structures and amenities located south of the Law Enforcement Facility and west of the Bocce Ball courts.

The Skatepark is unsupervised and open to the public for skateboarding, skating and enjoyment of non-motorized, non-electric wheeled recreational devices. Use of the Skate Park is considered a Hazardous Recreational Activity. Falls are likely to occur and can result in serious injury, paralysis, or death. All participants in this activity knowingly accept the responsibility for their actions and the risks associated with engaging in this hazardous recreational activity. PATRONS OF THE SKATEPARK SHALL:

- a) Be required to wear protective gear including a helmet, elbow pads and knee pads at all times.
- b) Be courteous to all users and patrons of the park.
- c) Not bring food or glass containers into the skatepark
- d) Not consume alcohol at the skatepark
- e) Not smoke or vape within the park
- f) Not use the skatepark if hazardous conditions exist.
- g) Report any hazardous conditions to the MCSD Parks & Recreation Dept. at 707-893-9003
- h) Use ONLY non-motorized and non-electric wheeled recreation devices within the skatepark

Rule 42.06. OVERNIGHT USE PROHIBITED - there is to be no camping or loitering on the park grounds or structures between sunset and sunrise unless a Special Event Reservation Form and Permit or Community Event Reservation Application and Permit are first obtained from the District.

Rule 42.07. FIRES - fires will be allowed on grounds only in those areas equipped with District provided equipment designated and in portable barbecues designated for the containment of fires.

Rule 42.08. PETS - the designated off leash area is defined as the area of the park east of Azalea Hall's Hewitt Room and north of the gazebo. Horses are not allowed.

This Ordinance shall take effect and be in full force and effective thirty (30) days after its passage.

Introduced at a regular meeting of the Board of Directors held on December 6, 2023 and passed and adopted by the Board of Directors on _____, upon the motion of Director _____ and seconded by Director _____ and by the following roll call vote:

AYES:
 NOES:
 ABSTAIN:
 ABSENT:

Attest:

 Scott Binder, Board President

 Joey Blaine, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **Action**

ITEM: E.8 **Discuss and Consider Committee Assignments and Appointments of Committee Chairs by the Board President for the 2024 Calendar Year**

PRESENTED BY: **Joey Blaine, 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 2024 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). The full list of committees (with 2023's appointments) are as follows:

- a. Parks and Recreation Committee (Binder/Biteman)
- b. Area Fund (John Kulstad/Binder)
- c. Redwood Region Economic Development Commission (Biteman/Mayo)
- d. McKinleyville Senior Center Board Liaison (Binder/Couch)
- e. Audit and Finance Committee (Orsini/Biteman)
- f. Employee Negotiations (Couch/Mayo)
- g. McKinleyville Municipal Advisory Committee (Orsini/Binder)
- h. AdHoc Committee – Community Forest (Mayo/Orsini)
- i. HBMWD Muni Water Task Force (Mayo/To Be Assigned)

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.

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.

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McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **ACTION**

ITEM: E.9 **Consider Approval of Resolution 2024-03 Executing a Certificate of Acceptance for the Quit Claim Deed to Allow Access Across a One Foot Non-Access Easement on APN 509-021-054**

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

TYPE OF ACTION: **Roll Call**

Recommendation:

Staff recommends that the Board review the material provided, discuss, take Public comment and approve Resolution 2024-03 (**Attachment 1**) approving the Certificate of Acceptance of the Quitclaim Deed from the Rynearson, Senffner & Rynearson Trust for a 15-foot-long strip allowing pedestrian access (**Attachment 2**) and authorizing the Board President to sign any necessary documents.

Discussion:

When the Hewitt Ranch property was transferred to the District by the Rynearson, Senffner & Rynearson Trust, part of the property transfer included a 1-foot wide strip of land on the western edge of APN 509-021-054. The strip of land explicitly did not allow utility, vehicle or pedestrian access across this strip of land. The one-foot easement and its restrictions were put in place because the Rynearson Trust was concerned that development of the property to the west of Hiller Ranch would result in impacts to the Hewitt Ranch Property. As part of the District's purchase of this western property (APN 509-021-045) for the construction of the 4.5MG Tank, we also entered into discussions with the Trust to allow for pedestrian access across this strip to facilitate access to the Hewitt Ranch property from the west. The Trust agreed to allow for a 15-foot long section, which allows pedestrian access across the one-foot strip, and to execute the Quitclaim Deed included as part of **Attachment 1**. Upon the Board approval of Resolution 2024-03, the Quitclaim Deed and the Certificate of Acceptance (see **Attachment 2**) will be recorded with the Humboldt County Recorder's office. The Certificate of Acceptance was drafted by District Legal Counsel.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

No impact

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Resolution 2024-03 & Quitclaim Deed
- Attachment 2 – Certificate of Acceptance

RESOLUTION 2024 – 03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT ACCEPTING QUITCLAIM DEED

WHEREAS, The McKinleyville Community Services District previously accepted the transfer of, and now owns, real property APN: 509-021-054 in the unincorporated area of the County of Humboldt, from Rynearson, Senffner & Rynearson Trust, a General Partnership (“Rynearson”),

WHEREAS, as part of the original property transfer, a one-foot non-access easement described in Document No. 1999-11898-4 of the Humboldt County Official Records was established to “...restrict the right of utility, pedestrian or vehicular access...”; and

WHEREAS, MCSD has subsequently purchased APN 509-021-045 located to the west of this strip; and

WHEREAS, as part of the property purchase, MCSD negotiated with the Rynearson, Senffner & Rynearson Trust, a 15-foot wide pedestrian access across this one-foot wide strip as described in the Quitclaim Deed; and

WHEREAS, the Rynearson, Senffner & Rynearson Trust and the District agree to this access; and

WHEREAS, Rynearson and MCSD must execute a Certificate of Acceptance prior to recording the Quitclaim Deed attached hereto as “**Exhibit A**”.

NOW, THEREFORE, the Board of Directors does hereby find and resolve as follows:

1. The recitals and findings of fact stated above are expressly adopted as if set forth herein and;
2. The Board President is directed to execute a Certificate of Acceptance of the Quitclaim Deed appended to this Resolution as Exhibit A and cause it to be recorded in the Official Records of Humboldt County, California

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on January 10, 2024 by the following polled vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Scott Binder, Board President

Attest:

Joey Blaine, Board Secretary

Recording Requested By:
McKinleyville Community Services District
1656 Sutter Road
McKinleyville, CA 95519

Return To:
Same as above

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Quitclaim Deed

Documentary transfer tax is \$_____

- computed on full value of property conveyed, or
- computed on full value less value of liens or encumbrances remaining at time of sale,
- Unincorporated Area

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

RYNEARSON, SENFFNER & RYNEARSON TRUST, a General Partnership

Hereby Quitclaims to

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, a local public agency

A portion of the 1-foot non-access easement described in Document No. 1999-11898-4, Humboldt County Official Records as described in Exhibit "A"

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART THEREOF

OWNER:

James Mark Ryneerson, General Partner

CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
COUNTY OF HUMBOLDT }

On this _____ day of _____ 20 ____, before me, _____ Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

_____ (seal)
Signature

Exhibit 'A'

Legal Description of 15 foot long by 1 foot wide strip of Non-Access Easement to be Quitclaimed

Being a portion of the Non-Access Easement as conditioned in Grant Deed (Gift) recorded in Document No. 1999-11898-4, Humboldt County Records, from Rynearson, Senffner, & Rynearson Trust, a General Partnership, to the McKinleyville Community Services District, their successors or assigns, said non-access easement also restricting the right of utility, pedestrian or vehicular access described as follows:

All that real property situate in the State of California, County of Humboldt, lying within the Northeast Quarter of the Northeast Quarter of Section 8, Township 6 North, Range 1 East, Humboldt Baseline and Meridian, more particularly described as follows:

A 15.00 foot long by 1.00 (one) foot wide portion of the one (1) foot wide PEDESTRIAN ACCESS restriction in the abovementioned deed, the West line of which is further described as follows:

COMMENCING at the East 1/16 Corner between Sections 5 and 8, Township 6 North, Range 1 East, HBM, as shown on the Parcel Map No. 387 prepared for McKinleyville Services District and recorded in Book 3 of Parcel Maps, Page 147, HCR;

THENCE South 0 degrees 05 minutes 13 seconds West (South 0 degrees, 5 minutes, 0 seconds West per said Parcel Map), along the East line of Parcel 1 of said Parcel Map, 654.98 feet to a point marked by a 1 inch diameter iron pipe with a 2 inch brass cap stamped "MCSD PROPERTY CORNER - BUFFINGTON LS 9339";

THENCE North 89 degrees 57 minutes 23 seconds East 22.31 feet, more or less, to the East line of Lot A as shown on Book 12 of Maps, Page 150, HCR, to the TRUE POINT OF BEGINNING;

THENCE North 0 degrees, 26 minutes, 43 seconds West (North 1 degrees, 02 minutes, 10 seconds West per Book 12 of Maps, Page 150, HCR) 15.00 feet along the East line of said Lot A.

The one-foot by fifteen foot area described herein is restricted to Pedestrian Access only. No vehicular access or utilities shall cross said one-foot by fifteen foot easement being relinquished.

END OF DESCRIPTION

BASIS OF BEARINGS: The Basis of Bearings of this description is the North 8 degrees 38 minutes 47 seconds West, as measured along the West line of said Parcel Map No. 387.

Prepared by:

Jesse N. Buffington, LS 9339

Description Dated: 2/17/2022

Description Signed: J. N. Buffington

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Quitclaim Deed dated November 14, 2023, from Ryneerson, Senffner & Ryneerson Trust, a General Partnership to McKinleyville Community Services District, a governmental agency, is hereby accepted by order of the Board of Directors on January 10, 2024 on behalf of the McKinleyville Community Services District, pursuant to the authority conferred by resolution of the Board of Directors adopted on January 10, 2024 and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

McKinleyville Community Services District

By: Scott Binder
Its: Board President for McKinleyville Community
Services District

McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **INFORMATION**

ITEM: F.3.A **Finance & Administration – November - December 2023 Report**

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

TYPE OF ACTION: **None**

FINANCIAL, AUDIT, & BUDGET INFORMATION

The District has \$813,722 to date in the Trust Account for the Biosolids Disposal project.

Customer adjustments at November month-end total \$9,968, the annual budget for this sub-item is \$45,000. (GL# 501/551-62120)

Total Board Travel as of November 30, 2023 is \$13,424 which is 54% of the approved \$24,700 budget for this item. (GL# 001/005/501/551 62090-888)

Audit/Budget Update:

The audited draft financials are complete. They have been reviewed by the Audit & Finance Committee and presented to the Board at this meeting. Once approved, the Audited Financials for FY22-23 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 Transaction 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.

Because the District received more than \$750,000 in federal awards in FY22-23, we are required to submit a Single Audit to the Federal Office of Management and Budget. Field work for that audit is scheduled for the first week of February 2024.

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 percents 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

Eava Young has replaced David Baldosser as our new Finance Supervisor. She spent much of December training under David and transitioning contacts on various District accounts from David to herself. Benjamin Arroyo, Finance Specialist, has been training on billing and will begin to bill independently in January. Staff is working through District required trainings including their First Aid/CPR certifications and anti-harassment trainings.

Attachments: Notes - Audit & Finance Committee, October 23, 2023
Notes - Audit & Finance Committee, December 15, 2023

Monday, October 23, 2023

2:00 p.m.

Audit and Finance Meeting NOTES

Members Present: James Biteman, Greg Orsini

Staff Present: Nicole Alvarado, Pat Kaspari, Joey Blaine

Meeting Called to Order at 2:00 p.m.

Public Comment

- None

Review of CalPERS (California Public Employees Retirement System) & OPEB (Other Post-Employment Benefits) Annual Valuation Reports

- Finance Director Alvarado overviewed the item and the attachments.
- It was noted that the employer and employee contribution to PERS for classic employees (employees hired pre-2013) are each approximately 11.8%.
- According to CalPERS report, the unfunded accrued liability (UAL) is projected to increase over the next five years.
- The percentage per payroll will stay approximately the same, but the UAL payment will become larger.
- Director Orsini clarified that PEPRA (Public Employees Pension Reform Act) employees pay their employee contribution to PERS, while Classic employees employee contribution is paid by the District. Further, he noted that over time, as classic employees retire, the UAL burden will decrease.
- Finance Director Alvarado noted the much smaller UAL for PEPRA employees. However, CalPERS report shows that that PEPRA UAL will also increase over the next five years, but the number will remain much smaller than the Classic employee UAL.
- The consideration for the pension is to ensure the District has budgeted appropriately to pay that year's UAL payment. Finance Director Alvarado noted that the pension UAL isn't as concerning as OPEB, which is much higher.
- Director Orsini noted that in comparison to other public agencies in California, the District's UAL is quite low. It does not behoove the District to pay the UAL in full, as it may result in a credit in the CalPERS account that there is no access to and the money would be best served in an account that is earning interest.
- Director Alvarado moved on to the OPEB report and explained the District's relationship with its actuary, GovInvest.
- 2023's OPEB liability is 2.7 million dollars less than 2022, thanks in large part to the performance of the Section 115 trust. Regular payments to the Section 115 Trust would cause continued benefits and an increased discount rate.
- Director Biteman asked for a clarification on "discount rate".

- Director Alvarado noted the HMO plan will be going up 5% and the PPO plan will be going up 12%.
- There are three big expenses coming up that need to be worked into the budget: health insurance premiums, OPEB Section 115 Trust contributions, and increased UAL payments.
- Director Orsini noted that out of the three expenses listed, the Section 115 Trust contributions is the only flexible item.
- Director Orsini asked for information to be procured in reference to the yield of the Section 115 Trust versus CALClass.
- Director Orsini suggested taking the remainder of the balance in the designated OPEB reserve and transferring it into the Section 115 Trust.
- GM Kaspari recalled that the initial plan upon the establishment of the Section 115 Trust was to pay \$250,000 out of that remainder each year into the Trust. He would like to see that payment built into future years' budgets. Director Orsini would like to see projections of such a plan. GM Kaspari suggested bringing those projections back to the next Audit/Finance committee meeting.

Audit and Budget Update

- Finance Director Alvarado overviewed item 4 and the progress of the FY 22-23 audit. She highlighted the difference in ease of this annual audit versus the prior year. She attributed the success to the increase in staff working on the audit and adjustments in timing of the audit. She also highlighted positive procedural changes made to the audit process by staff.
- GM Kaspari gave a brief overview of the salary survey process.

Patrick Creek CSD

- GM Kaspari reported that there are landscape changes to the Board at Patrick Creek CSD. The District previously approached them about being absorbed by MCSD and the offer was declined, but after some recent changes they have recently expressed interest in the previous offer.
- Director Orsini expressed concerns about their financial position and future potential difficulties related to wastewater.

Adjourn – 3:17 p.m.

Monday, December 15, 2023

2:00 p.m.

Audit and Finance Meeting NOTES

Members Present: James Biteman, Greg Orsini

Staff Present: Nicole Alvarado, Pat Kaspari, Joey Blaine

Guest: Christopher Brown and Jeff Palmer of C.J. Brown and Company CPAs

1. Meeting Called to Order at 10:03 a.m.

2. Public Comment

There was no public comment

3. Consider Recommendation for Approval of FY22-23 Audited Financial Statements

Finance Director Alvarado presented the item.

Christopher Brown gave a presentation on the Annual Financial Reports.

GM Kaspari requested Mr. Brown to give a detailed explanation of the Measure B fund during his presentation at the January 10, 2024, Board meeting for the benefit of the Board and the public.

Director Orsini and Director Biteman commented on the need for a plan to retire the debt accrued in the Measure B fund.

Director Orsini complimented the revised layout of the hard copy of the audit. Mr. Brown gave kudos to Jeff Palmer, the Audit Supervisor, and the District's team working on the audit.

Director Orsini commended Nicole on the smooth process and her diligence during the audit. He also thanked C.J. Brown and Company CPAs for their work.

Director Biteman expressed gratitude for having a very complete and well-organized report.

GM Kaspari asked the auditors about the schedule for the Single Audit. Mr. Palmer stated that he has been in correspondence with Finance Director Alvarado. It is planned for the Finance/Audit Committee will have a meeting late Feb to review single audit.

Director Orsini asked about improvement of transparency related to our capacity fees and how those tie out to the Capital Improvement Process. He noted that we currently

do not have a way to track that rate payers through their water rates are not covering a disproportionate portion of the funds to improve the system. Mr. Brown replied that he believes that sort of tracking would be likely be developed as an internal process of the district. When asked if there is a way to audit such a process, Mr. Brown replied that it would rely upon data provided by the District.

The consensus of the committee was to recommend approval of the Audited Financial Statements.

Adjourn – 11:34 a.m.

McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **INFORMATION**

ITEM: F.3.B **Operations Department – Nov./December 2023 Report**

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

TYPE OF ACTION: **None**

Water Department:

Water Statistics:

The district pumped 38.8 million gallons of water in November.

Two 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 was 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 1.6 million gallons and the average usage per day was 1.4 million gallons.

Water Distribution Maintenance:

Weekly Bacteria Samples were collected on Schedules 1, 2, 3, 4, and 5 which represent different locations in the water distribution system. The schedules are made up of a sample taken in each pressure zone. Valve exercising continues. This annual program keeps valves operable and easy to operate when needed. Each valve is exercised and recorded on the template app. Any valves requiring repairs will generate a work order. Hydrant inspections are also being conducted. Staff exercises each hydrant valve, flushes water and inspects for leaks around fittings and cracks in the concrete base. Staff has been working on the Lead and Copper inventory plan. We have separated it into a phase approach and have completed Phase 1 and two which is the testing plan and visual inspection and documenting. Staff is now working on Phase Three which will include populating the States portal and spreadsheet with all inspection information along with populating the grant documents to get reimbursed for labor used for each phase. There was no lead found during the inspections. There were three service line leak repairs due to poor backfill or bad crimps. Staff placed cold mix on the trenches and will permanently pave during the next paving day. Staff relocated a fire hydrant on Sun Road due to the existing hydrant being located in the center of a driveway for a new apartment complex. The developer was billed for the work.

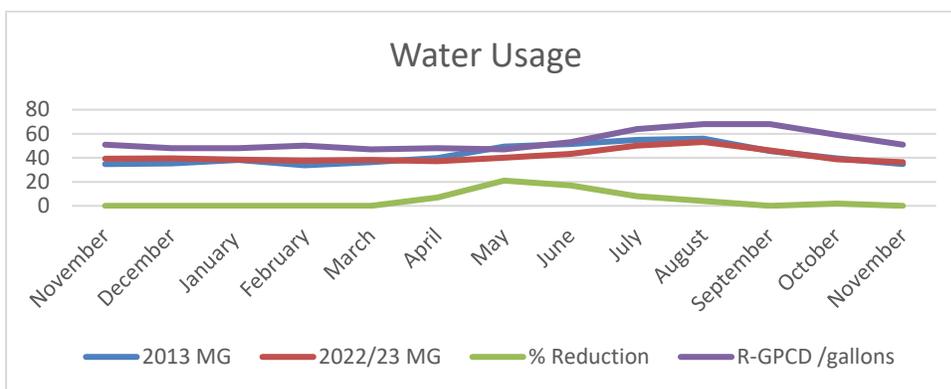
Water Station Maintenance:

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. String trimming, hedge trimming and expansion joint inspections were completed at all water stations.

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)	2022/23 (MG)	% Reduction	R-GPCD
November	34.879	39.227	(-12)	51
December	35.203	39.420	(-11)	48
January	38.241	38.464	(0)	48
February	33.751	34.914	(-3)	48
March	36.244	38.211	(-5)	47
April	39.755	37.003	7	48
May	49.407	39.491	21	47
June	51.337	42.826	17	53
July	54.757	50.136	8	64
August	55.908	53.131	4	68
September	45.702	46.090	(-1)	68
October	39.439	38.843	2	59
November	34.879	36.315	(-4)	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: All testing is completed and a completion letter has been submitted to the County and developer.

Sewer Department:**Wastewater Statistics:**

23.4 million gallons of wastewater were collected and pumped to the WWMF. 25.4 million gallons of wastewater were treated and discharged to NPDES Permit site REC-001 Land disposal in November.

Sewer Station Maintenance:

Monthly inspections and daily routines were conducted at all sewer stations. Staff has been working on removing the lime tank at the Fischer Lift station. This asset hasn't been used in over 30 years and has been rusting away. The Letz and Kelly pump stations were serviced as part of the quarterly maintenance plan. During this time, pumps were inspected, and wet wells washed. This is done to prevent hydrogen sulfide build up which can deteriorate the concrete walls along with removing rags and debris to prevent plugging up the pumps. Expansion joints were inspected at each station and replaced if needed. Touch-up painting was done on the Letz piping along with repairing the outside ground and hour meter for one of the pumps. String trimming and mowing was completed at all sewer stations. Signs were installed at the Mad River bluff trail along with base rock placed around edges of the trail where erosion was taking place.

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. Hydro-cleaning 13,000 feet of sewer main was performed on the semi-annual scheduled route, and then the inner pipe walls were inspected using the camera unit to check for cracks or deterioration in the pipe. This data will be useful for future sewer lining projects. Mowing is taking place at several R.O.W's.

Wastewater Management Facility:

Daily and weekly maintenance continues at the treatment plant to perform required service on the equipment. String trimming and mowing was performed around the treatment plant. Cleaning of the lab and garage was completed. The log books for 2024 were created in preparations for the new year. Staff is still waiting on the new Draft Discharge permit to review and comment on.

Daily Irrigation and Observation of Reclamation Sites:

Irrigation pipe has been moved daily along with observations and well sampling. River discharge started in December. Irrigation pipe was picked up and stored for the winter.

Street Light Department:

There were no streetlight complaints in November. Streetlight poles were inspected by Osmose as part of the 10 year health inspection for rot. No poles were rejected at this time. 280 wooden poles were inspected.

Promote Staff Training and Advancement:

Weekly tailgate meetings and training associated with job requirements. Staff received training on, Jackhammer Safety, Night work, Tips for Surviving Holiday Travel and Defensive Driving Tips.

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.
Monthly Drought and Conservation report was completed
Worked on Bluff trail and sign installation
Coordinated the Annual Holiday Party
Work on the Lead Service Line Inventory Phase Three
Submitted the Annual Water Loss report to be Audited
Attended meeting for the McCluski Tank Project.
Attended meetings and inspections for 4.5 MG Tank project
Attended Community Forest meeting and walk
Sent out RFQ for the Fischer Seismic Retrofit project Engineering

GIS:

Plans & Programs

- Annual review of the Asbestos Safety and Handling Procedures
 - No Changes were made.

General GIS & Maps Completed

- Added more Washington Subdivision features to GIS
 - Edited Sewer Mains, Manholes and Cleanouts
 - Added parcels and corrected surrounding parcels
 - Edited Water Main and blow offs according to AutoCAD drawing
- Added roads to Web Map and added new roads not in shapefile
 - Road Symbology set to no color so just labels would appear
- Water Meter Shapefile
 - Finished locating and adding missing Meter Boxes from the shapefile.
 - Corrected remaining meter boxes with duplicate location numbers
- MCSD web map updates
 - Published water facilities portion to include missing meters
 - Published Washington Subdivision features
- Sun Road Hydrant relocation map for fire department
- Changed parameters of the recent inspections for fire hydrants

Misc. Work Completed

- USA's and Document Filing

- 2024 timecards
- Front office training on MCSD Facilities Web Map Application
- Started compiling service line inventory data into inventory template
 - Completed adding service lines which had a visual inspection
- Continued creating the scope of work attachment for Lead Service Line Funding

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McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **INFORMATION**

ITEM: F.3.C **Parks & Recreation Director's Report for December 2023**

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 hours of Monday-Friday 2:00pm-6:00pm. The Teen Club runs 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 25-30 teens per day this month.

PARK AND RECREATION COMMITTEE:

The Park and Recreation Committee (PARC) met on December 20, 2023. The notes from the meeting can be reviewed in **Attachment 1**.

BMX TRACK & PARK PROJECT:

Melton Design Group is working to complete the final construction bid plans. It is anticipated that the construction bid process will begin in mid-February and that construction will be able to begin in the late spring or early summer.

COMMUNITY FOREST UPDATES:

Staff continues to meet monthly with Green Diamond Resource Co. Staff walked the MCF property with GDRC staff this month to confirm that the clean-up of trash and debris had been completed. Except for one abandoned vehicle, which will be cleaned up after May 1st by GDRC, all garbage etc. has been cleaned up by GDRC.

As evident in the numerous MCSD Board agenda items related to the property transfer on the January 2024 agenda, the property transfer is moving along and estimated to be complete at the end of this month. Following the completion of the property transfer the Community Forest AdHoc Committee will begin the process of developing the full MCF Committee which will be critical in the planning, development and management of the MCF over time.

RECREATION PROGRAM UPDATES

- Drop-in Pickleball is on Monday, Wednesday, and Friday mornings 9:30am to 12:30pm at the McKinleyville Activity Center. Drop in is \$4 per person.
- Drop-in Kung Fu is on Tuesday and Thursday evenings 5:30pm-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 10-14 people per class.
- Fast Break Friday's, a drop-in basketball program for youth ages 13 to 17. Drop-in is \$5 per participant. It is averaging 18-20 participants per week.
- Sunday Night drop-in Basketball is averaging 8-10 participants per week.
- Playgroup for children 0-5 years old is running every Thursday from 10:30am-12:30pm.
- The 2024 Youth Basketball League registration has been open since October. Four out of six divisions are full with waitlists. It is estimated the league will host a total of 26 teams, which is a record number of teams for this program. The league will run January 8-March 2nd.

PARK & FACILITY MAINTENANCE UPDATES:

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. Hiller Sports Site fields are now closed for the winter. Monthly inspections were conducted on all facilities and Open Spaces.

FACILITY RENTALS & USE

- 10 Azalea Hall Rentals plus a weekly and a bi-weekly meeting room rental in December through January.
- 2 sport league vendors are utilizing the Activity Center Monday, Wednesday and Thursday evenings through December.

OTHER UPDATES:

- Staff has been participating in weekly training for a Recreation database software program upgrade.
- Staff continues to work with MUSD to provide staff for the school districts after school programs.
- 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 12-20-2023

Wednesday, December 20, 2023

6:30pm

Parks & Recreation Committee Meeting

NOTES

Members Present: Johnny Calkins, Jane Fusek, John Kulstad, Heidi Conzelmann, Jennifer Ortega, Scott Binder, Julie Giannini-Previde, Charlie Caldwell, Ciara Torres, Dana Merrill, Laura Bridy, Phil Heidrick

Guests: Patti Stuart

Meeting Notes:

Communications:

Parks & Rec Director will be out of town Jan. 17th. If there are no actions needed from the committee in January the meeting will be cancelled. If actions are needed an alternate staff person will host the meeting.

Public Comment:

None

2024 Officer Elections

Laura Bridy nominated Phil Heidrick to the Chair position. Johnny Calkins seconded the nomination; the committee voted unanimously to elect Phil Heidrick as the 2024 Committee Chair.

Johnny Calkins nominated Jen Ortega as the vice-chair. Julie Giannini-Previde seconded the nomination; the committee voted unanimously to elect Jen Ortega to the Vice-chair position.

PARC Applicant

Patti Stuart submitted an application for the vacant alternate seat on the committee. She attended the meeting and introduced herself to the committee. Charlie Caldwell moved to recommend the MCSD Board appoint Patti to the vacant seat; Laura Bridy seconded the nomination; committee unanimously agreed to recommend appointment by the MCSD Board of Directors.

Community Garden:

Charlie is working with the Boys & Girls Club staff, the Humboldt Skatepark Collective to create a plan for collaborative efforts to rehab the garden space.

Dept. Director Report:

Recreation Program Updates

- Drop-in Pickleball is on Monday, Wednesday and Friday mornings 9:30am to 12:30pm at the McKinleyville Activity Center. Drop in is \$4 per person.
- Drop-in Kung Fu is on Tuesday and Thursday evenings 5:30pm-7:00pm \$10 per person per class. Bulk class passes are available to purchase at \$7.50 per class.
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 - The Martial Arts classes are averaging 10-14 people per class.
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- Sunday Night drop-in Basketball is averaging 8-10 participants per week.
- Playgroup for children 0-5 years old is running every Thursday from 10:30am-12:30pm.
- The 2024 Youth Basketball League registration has been open since October. Three out of 6 divisions are full with waitlists. It is estimated the league will host a total of 26 teams, which is a record number of teams for this program. The league will run January 8-March 2nd.

- Registration for the Breakout: Skate Camp January 2-5, 2024 is now open. Breakout is a day camp program for youth age 6-11.

Park & Facility Maintenance Updates

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. Hiller Sports Site fields are now closed for the winter. Monthly inspections were conducted on all facilities and Open Spaces.

Facility Rentals & Use

- 10 Azalea Hall Rentals plus a weekly and a bi-weekly meeting room rental in December through January.
- 2 sport league vendors are utilizing the Activity Center Monday, Wednesday and Thursday evenings through December.

Vandalism Report

Vandalism and misuse of Pierson Park has lessened in the last month but has not disappeared altogether.

Hewitt Ranch Property Updates

No updates at this time.

North Bank River Property Updates

No updates at this time.

Other updates:

- Staff has been participating in weekly training for a Recreation database software program upgrade.
- Staff continues to work with MUSD to provide staff for the school districts after school programs.
- 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.

Community Forest update:

Staff provided an update of the Community Forest property acquisition status.

AdHoc Committee Reports:

- Skate Park—benches to be installed in January
- Fisher Ranch Estuary project— no report.
- BMX— staff gave update on project timeline and current status
- Community Garden—see agenda item note

Agenda Items for next meeting:

Community Garden Plan
Community Forest

Next meeting will be Wednesday, January 17th (maybe cancelled)

Adjournment:

- Adjourned: approximately 6:52pm

McKinleyville Community Services District

BOARD OF DIRECTORS

January 10, 2024

TYPE OF ITEM: **INFORMATIONAL**

ITEM: F.3.D **General Manager’s Report for January 10, 2024 Meeting**

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

TYPE OF ACTION: **Information Only**

A summary of activity for the month of December 2023

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 of December:

• Use of NHE Services =	\$3,224
• WEX Labor Reimbursement =	\$0
• SWAP =	\$2,730
• Volunteer Pickleball Labor =	\$627
• CSW =	\$630
• Amazon Cost Savings =	\$53
• Remove Fischer Lime Tank =	\$20,160
• Repair Letz Ground =	\$60
• Replace Letz Hour Meter =	\$90
• Install Sprayers in Headworks =	\$600
• Repair Tank 1 Transducer =	\$60
• <u>Replace GCFI Outlets at Pialorsi =</u>	<u>\$60</u>
TOTAL COST SAVINGS FOR DEC =	\$28,294

For the District’s 2023/24 Fiscal Year so far, Staff is responsible for \$283,993 in savings.

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.

4.5 Gallon Water Tank Project – The foundational base of the tanks is completed. Mercer Fraser has completed the excavation, base rock and drainage membrane. They are working on the under-tank piping currently. DN Tank is schedule to also show-up mid-January to pour the floor and start building the tank.

The total construction base bid is \$11,642,475 and 10% contingency of \$1,164,248 totals \$12,806,723. The overall project amount is \$14,471,094. The project is funded by \$9,617,085 in Hazard Mitigation Grant funding, \$879,209 in North Coast Resource Partnership/DWR Prop. 1, Round 2 funding, for a total in grant funding for this project of \$10,496,294. The District's \$3,174,800 of matching funding will be provided by the Certificates of Participation, Series 2021A-Water bonds. The 2023/24 FY CIP budget has \$9,000,000 budgeted, and it is anticipated that the 2024/25 FY CIP budget will budget the remaining.

Central Avenue Water and Sewer Mainline Replacement Project – Central Avenue is complete and the Notice of Completion has been recorded with the County Recorder's office. The final payment and retainage was released in December.

The basebid for the project was \$2,532,275. The Board approved a 10% contingency for an approved contract price of \$2,785,503. The final project cost came in at \$2,668,505.30, or a 5.38% increase. However, this also included the lining of 400-feet of the Bella Vista sewer main, so we came in under the contract price for the original scope. This project is being funded by \$1M in wastewater bond sales as well as \$1.5M in Mainline Replacement Reserves.

SRF Energy Efficiency WWMF Micro-grid Project – The installation of the microgrid at the Wastewater Management Facility (WWMF) continues to be 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 using and exporting solar energy since then. The battery portion of the system is still grinding its way through the PG&E permitting process. PG&E came out on November 16th, 2023 to do their inspection of the battery system. Unfortunately, the entire system operation was not functional, and PG&E was only able to sign off on a portion of the tests that they needed to run. A subsequent inspection still needs to be scheduled to get the final PG&E approval.

This project is funded by a \$2.5M grant/\$2.5M loan from the State Water Resources Control Board Energy Efficiency program. The total project cost was \$3,896,326. We are working on the final grant closeout now and will have it completed in early 2024. We are also pursuing additional rebates for this project from the Federal Inflation Reduction Act and may be able to have much of the loan paid from those rebates. We are working with Jackson & Eklund to pursue those rebates.

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. Pacific Legacy completed the fieldwork required for the

FEMA requested additional Cultural Resources survey in June 2023 and submitted their Report of Findings in September 2023. The Pacific Legacy's Report has been forwarded to FEMA and they will forward it on to the State Historic Preservation Office as well as the local Tribal Historic Preservation Officers. FEMA is now working on completing NEPA and hopefully releasing the Phase 2 funding.

This project is funded by a Hazard Mitigation Grant from FEMA/CalOES. The original grant request was \$3,384,400 and an additional request for a total project cost of \$6,897,400, which, if approved, would fund \$5,173,050 in grant and the District would match \$1,725,350. This fiscal year's budget included \$100,000 for this project, with the remainder budgeted for the 2024/25 and 2025/26 Fiscal Years. The District's match was intended to be funded from the Certificates of Participation, Series 2021B-Sewer bonds. If the project continues to be delayed, the Sewer Bond funds may need to be spent on a different sewer project.

Office Remodel – LDA Partners continues to work on the Office Remodel design. LDA completed a final floor plan and elevations views and District Staff completed a final review and approval, and LDA has moved on into the final design. We'll of course see what the Engineer's Construction Costs Estimate comes back at and make final decisions on when/if we want to go out to bid. The funding for this project has not yet been secured, but Staff is pursuing funding through the State Water Resources Control Board, Clean Water State Revolving Fund grant/loan program.

McCluski/Hewitt Tank Replacement Project – This project consists of the replacement of the two existing redwood tanks at the west end of Hewitt Ave. The existing 100,000 gallon and 150,000-gallon redwood tanks located on McCluski will be replaced with two, 200,000- gallon, glass-fused lined, bolted steel tanks. The existing grant is for Phase 1 funding, which includes the Biological and other Special Studies as well as Geotech assessment and 65% design drawings. Kennedy Jenks completed the initial Preliminary Design Report and initial Design Drawings and submitted them to the District in early December 2023. The District provided comments and KJ is finalizing them along with the Environmental Documents. The Phase 1 documents will be submitted to CalOES and FEMA in January 2024, and then we will wait for the Phase 2 grant funding to be released for the construction of the tanks.

This first phase of the work is estimated to cost \$155,750 overall which includes a \$38,938 District match. This grant was included in the current Fiscal Year budget and the recent Rate Study analysis and will be paid for from the Operations CIP budget. The overall grant cost estimate for this project was estimated to be \$1.44 Million, with 75% Federal Funding (\$1,079,038.50) and a 25% District match (\$359,679.50). However, the initial Preliminary Design Report estimated construction cost at \$4.64M. We will see

if there is additional grant funding available from FEMA/CalOES for this increased construction costs. We will then decide if the project needs to be redesigned prior to moving forward with Phase 2.

Fischer Lift Station Upgrade Project - A Hazard Mitigation Grant was submitted for the upgrade of the Fischer Sewer Lift station on April 6, 2022. We heard in early November 2023 that Phase 1 of this grant will be funded. The grant 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. District Staff has prepared the Request for Qualifications for Engineering Design and Environmental services and submitted it to Engineering firms and the Builder's Exchange as well as posting on our website. The Statement of Qualifications are due back February 6 at 3:30 pm. We will bring it back to the Board for approval of the selected Consultant at the March 6, 2024 Board Meeting.

The initial Phase 1 grant award is for \$243,580 with a District match of \$25,640. This project was not budgeted for in the current Fiscal Year as it was assumed it wouldn't hit until next FY. \$500,000 was budget in FY24/25 and \$500,000 in FY25/26. It is anticipated that minimal matching funds (much less than \$25k) will be spent this year.

Reporting by County Department – A regular meeting has been scheduled with President Orsini, GM Kaspari, Supervisor Madrone, and the MMAC Chair, Lisa Dugan. Jesse Miles, the Executive Director of the McKinleyville Chamber of Commerce, has also begun to join us for these meetings. These meetings occur on the fourth Monday of every month to discuss various topics of concern to all four organizations and the community. The December meeting was canceled since it fell on Christmas Day. We will of course continue these meetings in 2024 and are attempting to schedule meetings with the Auditor/Controller, DHHS, Scott Adaire, and second meetings with Directors Ford and Mattsen, and Sheriff Honsal.

Grant Applications – The Mad River Watermain Crossing Hazard Mitigation Grant application was submitted to CalOES in March 2021. We heard in December 2021 that the project had been forwarded by CalOES to FEMA for funding. We have not received a grant agreement for this project; however, we have received Requests for Information from FEMA on the scope of the project, so it does look like it will also be 75% grant funded.

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 submitted 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 but were unfortunately notified recently that it will not be funded this Fiscal Year. Staff had heard there was additional SRF Funding, so this was a big disappointment. The grant application will remain in their queue and will be considered for funding in the 2024/25 Fiscal Year.

We are also finishing up the design and assessment as part of the Recycled Water Grant for the Pialorsi property. We will turn this Planning Grant into an implementation grant application for the construction of the recycled water irrigation infrastructure for the Pialorsi property as well as upgrading the existing irrigation system for the Fischer property. Staff submitted the initial portions of this grant application in September 2023.

We are also pursuing grant funding with CalTrout and GHD for the next phase of the project at the Fischer Road property. The next phase would include constructing trails/gravel roads to access the property, fencing, riparian zone restoration and possibly fishery restoration projects around the mouth of Mill Creek. We will bring all these grants back to the Board for formal approval as we reach that stage.

Meetings –The General Manager attended numerous meetings as usual. The meetings in December included a number of meetings with Green Diamond and Trust for Public Lands to finalize the transfer of the Community Forest. The daily and weekly construction meetings for the 4.5MG Reservoir construction continue. As well as the Hewitt Tank project design with Kennedy Jenks Engineers and Microgrid permitting meetings; The design and bid documents for the BMX Park have also been submitted and it is anticipated that this project will go out to bid in early 2024. 2023 was a busy year and 2024 is shaping up to be just as busy.

Attachments: Attachment 1 – WWMF Monthly Self-Monitoring Report

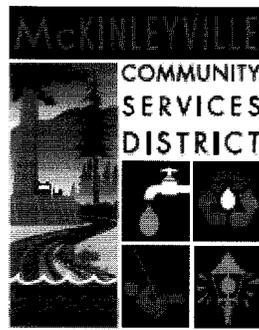
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R.W.Q.C.B. NORTH COAST REGION
5550 SKYLANE BLVD., SUITE A
SANTA ROSA, CA 95403

December 19, 2023

RE: MONTHLY MONITORING REPORT

Dear Justin:

Enclosed is the Monthly Monitoring Report for November 2023 for McKinleyville Community Services District Wastewater Management Facilities WDID NO. 1B82084OHUM, operating under Order Number R1-2018-0032.

The normal discharge of effluent was 30 days going to 004 and 006. 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 current month 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 2023

DATE	INFLUENT FLOW		EFFLUENT MAXIMUM GPM	EFFLUENT RIVER CFS	RIVER Dilution	INFLUENT MONITORING		EFFLUENT MONITORING					RSW-001			RSW-002						
	M.G.D.	M.G.D.				B.O.D. mg/L	TSS mg/L	pH	(C°) TEMP	B.O.D. mg/L	TSS mg/L	CL ₂ RES.	RIVER CL ₂ RES.	SETTLABLE SOLIDS	TOTAL COLIFORM	TIME	PH	TEMP	D.O.	TIME	PH	TEMP
1	0.787	0.741	893	N/A	N/A			7.1	14.6		2.6	N/A			16:00	7.9	14.9	10.8	16:10	7.8	14.6	10.4
2	0.777	0.738	905	N/A	N/A			7.1	15.3		2.5	N/A										
3	0.764	0.800	1193	N/A	N/A	350		7.1	15.5	5.8	2.7	N/A	<0.1									
4	0.803	0.587	781	N/A	N/A			7.1	15.3		2.3	N/A										
5	0.898	0.577	762	N/A	N/A			7.0	16.2		2.5	N/A										
6	0.876	0.632	855	N/A	N/A			7.2	16.2		2.6	N/A	<1.8									
7	0.809	0.739	1009	N/A	N/A			7.2	15.4		2.7	N/A			13:12	7.8	15.5	10.2	13:25	7.7	14.6	10.1
8	0.768	0.822	961	N/A	N/A			7.0	15.2		2.8	N/A										
9	0.739	0.871	976	N/A	N/A	350		7.0	14.7	7.2	3.4	N/A										
10	0.768	0.768	844	N/A	N/A			7.0	15.1		2.0	N/A	<0.1									
11	0.766	0.757	864	N/A	N/A			7.0	14.8		2.2	N/A										
12	0.826	0.747	864	N/A	N/A			7.0	14.7		2.0	N/A										
13	0.772	0.826	999	N/A	N/A			7.1	15.0		1.9	N/A										
14	0.776	0.969	1066	N/A	N/A			7.1	15.2		2.3	N/A			15:30	7.8	14.4	9.9	15:40	7.8	14.1	9.7
15	0.792	0.982	1065	N/A	N/A			7.0	15.3		2.2	N/A										
16	0.762	0.931	1016	N/A	N/A			7.0	15.6		2.2	N/A										
17	0.754	0.983	1094	N/A	N/A	510		7.0	15.3	0.0	0.0	N/A	<0.1									
18	0.779	0.867	996	N/A	N/A			7.0	15.8		2.2	N/A										
19	0.829	0.864	919	N/A	N/A			7.1	15.1		2.3	N/A										
20	0.778	0.951	1060	N/A	N/A			7.0	14.2		2.3	N/A	<1.8									
21	0.761	0.993	1118	N/A	N/A			7.0	14.2		2.3	N/A			11:10	7.8	11.4	10.2	11:35	7.8	11.4	10.8
22	0.767	0.974	1049	N/A	N/A	440		7.0	14.2	5.6	0.0	N/A	<0.1									
23	0.804	0.865	944	N/A	N/A			7.1	14.2		2.3	N/A										
24	0.737	0.869	918	N/A	N/A			7.1	13.8		2.5	N/A										
25	0.754	0.876	910	N/A	N/A			7.1	13.0		2.6	N/A										
26	0.825	0.875	915	N/A	N/A			7.1	12.5		2.5	N/A										
27	0.765	0.941	969	N/A	N/A			7.1	12.4		2.4	N/A										
28	0.742	0.922	947	N/A	N/A			7.1	12.2		2.4	N/A										
29	0.747	0.982	1032	N/A	N/A			7.1	12.3		2.5	N/A			14:15	8.1	11.7	12.0	14:27	8.0	11.1	11.5
30	0.738	0.982	1046	N/A	N/A			7.0	12.7		2.6	N/A										

MONTHLY TESTS EFF-001 DISCHARGE TO RIVER

Ammonia	Ammonia	Nitrate	Hardness	Phosphorus	Bis Phthalate	Carbon Tetrachloride	Chlorobromomethane	Dichlorobromomethane	Turbidity % Increase
N/A	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									
Organic Nitrogen	TDS	AMMONIA	NITRATE/NITRITE	SODIUM CHLORIDE/BORON	Quarterly Tests				
1.40	3.10	1.3	6.4	39	Value in ug/l				
			ND	50	Bromine				
			ND	50	Chloroform				
Date	Species	TST Pass/Fail							
	Rainbow Trout	N/A							
MONTHLY RIVER RSW-001									
TSS	Hardness	Ammonia	Conductivity	Turbidity	TDS				
350	140	ND	192	0.5	1500				
MONTHLY RIVER RSW-002									
BOD	BOD	TSS	TSS	Conductivity	Conductivity				
mg/L	mg/L	mg/L	mg/L	mg/L	mg/L				
5	5	2	2	327	327				
30 DAY AVERAGE									
BOD & TSS	BOD	BOD	TSS	TSS	% Removal				
30 DAY AVERAGE	mg/L	LBS/DAY	LBS/DAY	LBS/DAY	% Removal				
6.2	5	34	11	11	99				
EFF-001 REC-001 Quarterly Permit Exceedance									
Remarks: _____									
Signature: _____									

**McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
EFFLUENT DISCHARGE DISPOSAL**

Novemebr 2023

Discharge Monitoring DATE	M-INF MGD	M-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	0.787	0.741	893	Decomissioned Perc Ponds		0.607		0.134		0.741	0.000
2	0.777	0.738	905			0.595		0.143		0.738	0.000
3	0.764	0.800	1193			0.628		0.172		0.800	0.000
4	0.803	0.587	781			0.587				0.587	0.000
5	0.898	0.577	762			0.577				0.577	0.000
6	0.876	0.632	855			0.548		0.084		0.632	0.000
7	0.809	0.739	1009			0.611		0.128		0.739	0.000
8	0.768	0.822	961			0.706		0.116		0.822	0.000
9	0.739	0.871	976			0.871				0.871	0.000
10	0.768	0.768	844			0.768				0.768	0.000
11	0.766	0.757	864			0.757				0.757	0.000
12	0.826	0.747	864			0.635		0.112		0.747	0.000
13	0.772	0.826	999			0.721		0.105		0.826	0.000
14	0.776	0.969	1066			0.877		0.092		0.969	0.000
15	0.792	0.982	1065			0.906		0.076		0.982	0.000
16	0.762	0.931	1016			0.784		0.147		0.931	0.000
17	0.754	0.983	1094			0.983				0.983	0.000
18	0.779	0.867	996			0.867				0.867	0.000
19	0.829	0.864	919			0.743		0.121		0.864	0.000
20	0.778	0.951	1060			0.817		0.134		0.951	0.000
21	0.761	0.993	1118			0.880		0.113		0.993	0.000
22	0.767	0.974	1049			0.974				0.974	0.000
23	0.804	0.865	944			0.865				0.865	0.000
24	0.737	0.869	918			0.869				0.869	0.000
25	0.754	0.876	910			0.876				0.875	0.000
26	0.825	0.875	915			0.789		0.086		0.941	0.000
27	0.765	0.941	969			0.859		0.082		0.922	0.000
28	0.742	0.922	947			0.826		0.096		0.922	0.000
29	0.747	0.982	1032			0.870		0.112		0.982	0.000
30	0.738	0.982	1046			0.865		0.117		0.982	0.000
TOTAL	23.463	25.431		0.000	0.000	23.261	0.000	2.170	0.000	25.477	0.000
AVERAGE	0.782	0.848	966	0.000	0.000	0.000	0.000	0.000	0.000	0.849	0.000
MAXIMUM	0.898	0.993	1193	0.000	0.000	0.983	0.000	0.172	0.000	0.993	0.000
MINIMUM	0.737	0.577	762	0.000	0.000	0.548	0.000	0.076	0.000	0.577	0.000
DAYS	30	30		0	0	30	0	19	0	30	30
DAYS WITH NO DISCHARGE = 0											