



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 *Special* MEETING OF THE
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS
AUDIT AND FINANCE COMMITTEE MEETING
WILL BE HELD
TUESDAY, FEBRUARY 24, 2026 AT 12:30 P.M.**

**LOCATION: MCSD District Office Conference Room
1656 Sutter Road
McKinleyville, CA 95519**

MEETING AGENDA

1. Call to Order & Introductions
2. Pledge of Allegiance
3. Public Comment
4. Discuss the 2024-25 OPEB Valuation Report and Direct Staff on FY26/27 Section 115 Contribution (Action) **Pg. 3**

Attachment 1 – FY25 OPEB Valuation Report **Pg. 5**
5. Discuss MCSD's Appropriation Limits (Informational) **Pg. 63**

Attachment 1 – California Municipal Revenue Sources Handbook **Pg. 65**
6. Consider Recommendation for Approval of FY24-25 Single Audit (Action) **Pg. 87**

Attachment 1 – DRAFT FY24-25 Single Audit **Pg. 89**
7. Adjournment

Posted 12:30 p.m. on February 23, 2026

Pursuant to California Government Code Section 54957.5, this agenda and complete packet are available for public inspection on the web at McKinleyvillecsd.com or upon request at the MCSD office, 1656 Sutter Road, McKinleyville.

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.

to pay annual premiums from the gains on investment starting in FY27/28, which is the District's long-term goal for the Section 115 Trust.

Alternatives:

Take No Action

Fiscal Analysis:

See Above

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – FY25 OPEB Valuation Report
- Attachment 2 – December 31, 2025 CalPERS CERBT Statement

McKinleyville Community Services District

**GASB 75 OPEB Valuation Report Measured as of June 30, 2025
for Disclosures for the Fiscal Year Ending June 30, 2025**

October 9, 2025



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October 9, 2025

Samantha Howard
Finance Director
McKinleyville Community Services District
1656 Sutter Road
McKinleyville, California 95519

Re: McKinleyville Community Services District GASB 75 OPEB Plan Valuation Report Measured as of June 30, 2025

Dear Ms. Howard:

At your request, we completed an actuarial valuation of the retiree health and welfare benefits valued as of June 30, 2023, and measured as of June 30, 2025, for the McKinleyville Community Services District. This is a roll-forward valuation. Please use the information in this report for your financial statements for the fiscal year ending June 30, 2025. This valuation is based on input from the District and from CalPERS, as well as our understanding of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (GASB 75).

We greatly appreciate your business. If you have any questions, please feel free to call us at (415) 801-5987.

Best Regards,

A handwritten signature in blue ink that reads "Roger T. Burton".

Roger T. Burton, FSA, MAAA, FCA

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Purpose of the Report

Precision Actuarial prepared this report to meet employer financial accounting requirements under GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” (GASB 75), issued in June 2015, as amended by GASB Statement No. 85. This report includes information with respect to the obligation to provide future retiree health and welfare benefits for the fiscal year ending June 30, 2025.

Valuation Date: June 30, 2023

Measurement Date: June 30, 2025

Report Date: June 30, 2025

Application to Financials

This report provides assets, liabilities, and expenses for use in the District's 2025 financial reports.

The District should use the liabilities, assets, and expense measured as of June 30, 2025, for its financial statements for the year ending June 30, 2025.

Update procedures were used to roll the total OPEB liability forward to the measurement date.

The report also provides the actuarially determined contributions for funding purposes to be made in the fiscal years ending June 30, 2026 and 2027.

Changes Since the Prior Valuation

This valuation is a roll-forward of the valuation produced for the prior fiscal year. We updated:

- Discount rate from 4.45% to 5.34%
- Benefit payments
- Contributions
- Assets

Statement on Future Measurements

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

Actuarial Certification

Our determinations reflect the provisions and methods prescribed by GASB 75. In preparing this report, we relied on assets, employee census, plan design, and administrative fees provided directly or indirectly by the plan sponsor, and demographic assumptions provided by CalPERS. CalPERS' actuaries set the premium rates using community rating. We did not attempt to verify that the community-rated premium rates represent the true cost of claims and administrative fees.

We based the results in this report on this information, along with the actuarial assumptions and methods used herein. In our opinion, the assumptions used represent reasonable expectations of anticipated plan experience. We reviewed the census information for reasonableness, but we did not audit it.

Actuarial computations under GASB 75 fulfill employer accounting and financial reporting requirements. The calculations are consistent with our understanding of GASB 75. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results in our report. Accordingly, additional determinations may be necessary for other purposes, such as judging benefit security at termination.

It is our professional judgment that the combined effect of the assumptions and methods applied in developing this report, other than those prescribed, set by law, or that we did not select and are unable to assess for reasonableness for the purpose of the measurement, is expected to have no significant bias on the results.

No third-party recipient of Precision Actuarial's work product should rely solely on Precision Actuarial's work product. Any third-party recipient should engage qualified professionals for advice appropriate to their own needs.

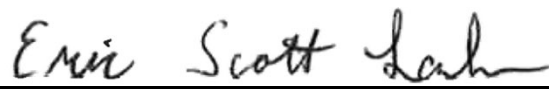
There is no relationship between Precision Actuarial, its owners, subcontractors, or staff; TrueComp; or the McKinleyville Community Services District beyond the contractual services that we perform for the McKinleyville Community Services District.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, the report is complete and accurate and that we prepared it in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable "Actuarial Standards of Practice" and "Actuarial Compliance Guidelines" as promulgated by the American Academy of Actuaries.

The undersigneds are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Roger T. Burton, FSA, MAAA, FCA
Chief Actuary



E. Scott Lanham, FSA, MAAA, FCA, EA
Senior Consulting Actuary

Executive Summary

Accounting Summary

A summary of the key valuation results follows.

	<i>Prior Report</i>	<i>Current Report</i>
Valuation Date:	June 30, 2023	June 30, 2023
Measurement Date:	June 30, 2024	June 30, 2025
Report Date:	June 30, 2024	June 30, 2025
Present Value of Future Benefits (PVFB)		
Active Employees	\$ 8,559,015	\$ 6,813,498
Retirees	+ 2,234,980	2,461,572
Total Present Value of Future Benefits	= 10,793,995	9,275,070
Present Value of Future Normal Costs (PVFNC)	- 4,577,164	3,344,676
Total OPEB Liability (TOL)	= \$ 6,216,831	\$ 5,930,394
OPEB Liability		
Active Employees	\$ 3,981,851	\$ 3,468,822
Retirees	+ 2,234,980	2,461,572
Total OPEB Liability (TOL)	= \$ 6,216,831	\$ 5,930,394
Fiduciary Net Position (FNP)	- 2,713,123	2,963,354
Net OPEB Liability (NOL)	= \$ 3,503,708	\$ 2,967,040
Plan FNP as a Percentage of the TOL	43.64%	49.97%
Plan FNP as a Percentage of the PVFB	25.14%	31.95%
Covered Payroll	\$ 2,096,253	\$ 2,057,429
Net OPEB Liability as a Percentage of Covered Payroll	167.14%	144.21%
Measurement Period:	2023-2024	2024-2025
Reporting Period:	2023-2024	2024-2025
Expense	\$ 258	\$ (75,816)
Actuarially Determined Contribution (ADC)*	528,229	569,324

Net Position Chart (NOL not shown if ≤ 0)



*The Actuarially Determined Contribution includes the implicit subsidy. It is not the amount that the District contributes directly to the fund. See page 17 for the District's direct contribution.

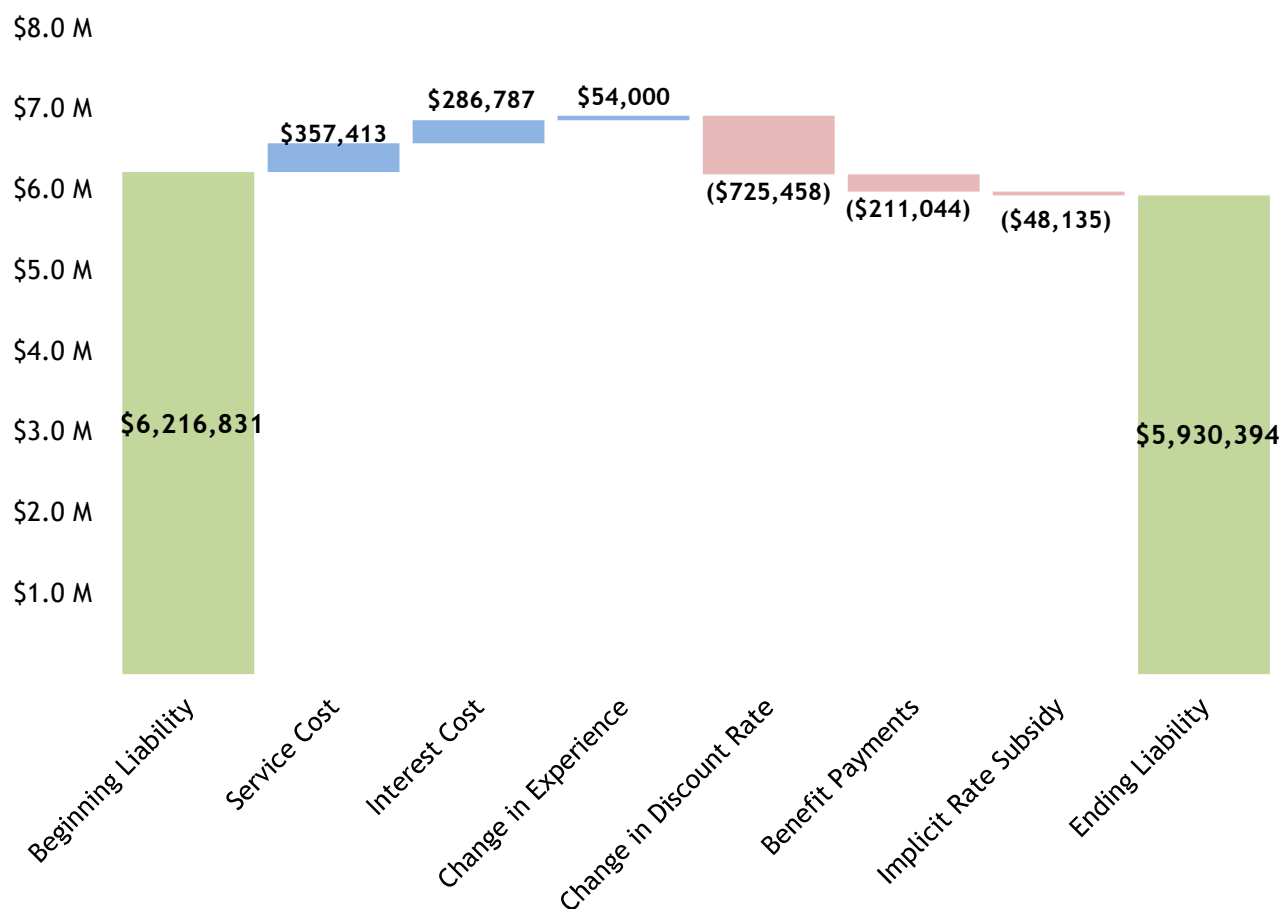
Executive Summary

Reconciliation of the Change in the Total OPEB Liability

A detailed reconciliation of the changes to the Total OPEB Liability since the prior valuation report follows.

Total OPEB Liability as of Measurement Date June 30, 2024 / Report Date June 30, 2024	\$ 6,216,831
Service Cost	357,413
Interest Cost	286,787
Differences Between Expected and Actual Experience	54,000
Changes of Assumptions	
<i>Change in Discount Rate from 4.45% to 5.34%</i>	<i>(725,458)</i>
Total Changes of Assumptions	(725,458)
Benefit Payments	(211,044)
Implicit Subsidy	(48,135)
Total OPEB Liability as of Measurement Date June 30, 2025 / Report Date June 30, 2025	\$ 5,930,394

Reconciliation of the Change in the Total OPEB Liability



Accounting Information

Statement of Fiduciary Net Position

Measurement Date: June 30, 2025

Report Date: June 30, 2025

Assets

Cash and Deposits	\$	-
Securities Lending Cash Collateral		-
Total Cash		-
Receivables:		
Contributions		-
Due from Broker for Investments Sold		-
Investment Income (Interest on Investments)		-
Other		-
Total Receivables		-
Investments:		
Domestic Fixed Income Securities		-
Domestic Equities		-
Investment Funds		2,963,354
International Equities		-
Real Estate		-
Total Investments		<u>2,963,354</u>
Total Assets	\$	<u>2,963,354</u>

Liabilities

Payables:		
Investment Management Fees	\$	-
Due to Broker for Investments Purchased		-
Collateral Payable for Securities Lending		-
Other		-
Total Liabilities	\$	-

Net Position Restricted for Postemployment Benefits Other than Pensions \$ 2,963,354

Accounting Information

Statement of Changes to the Fiduciary Net Position

	Measurement Date: Report Date:	June 30, 2024 June 30, 2024	June 30, 2025 June 30, 2025
Additions			
Investment Income:			
Net Appreciation in the Fair Value of Investments		\$ 161,195	\$ 252,324
Interest and Dividends		-	-
Less Investment Expense, Other than from Securities Lending	-	929	1,171
Net Income from Investing, Other than from Securities Lending		160,266	251,153
Securities Lending Income		-	-
Less Securities Lending Expense	-	-	-
Net Income from Securities Lending		-	-
Other Income/(Expense)		-	-
Net Investment Income (a)		160,266	251,153
Contributions:			
Employer – District's Contributions		157,889	211,044
Employer – Implicit Subsidy		40,354	48,135
Total Contributions (b)		198,243	259,179
Total Additions (c) = (a) + (b)		358,509	510,332
Deductions			
Benefit Payments		157,889	211,044
Implicit Subsidy Credit		40,354	48,135
Administrative Expense		1,271	922
Total Deductions (d)		199,514	260,101
Net Increase in Net Position = (c) - (d)		158,995	250,231
Net Position Restricted for Postemployment Benefits Other than Pensions			
Beginning of Year		2,554,128	2,713,123
Net Increase in Net Position		158,995	250,231
End of Year		\$ 2,713,123	\$ 2,963,354

Accounting Information

Changes in the Net OPEB Liability

The funded status of the Plan as of the fiscal year-end, as well as other required disclosure information, follows.

	<i>Increase / (Decrease)</i>		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) – (b)
Balance as of:			
Measurement Date June 30, 2024 /			
Report Date June 30, 2024	<u>\$ 6,216,831</u>	<u>\$ 2,713,123</u>	<u>\$ 3,503,708</u>
Changes for the year:			
Service Cost	357,413		357,413
Interest	286,787		286,787
Changes of Benefit Terms	-		-
Differences Between Expected and Actual	54,000		54,000
Changes of Assumptions	(725,458)		(725,458)
Net Investment Income		251,153	(251,153)
Contributions			
Employer – District's Contributions		211,044	(211,044)
Employer – Implicit Subsidy		48,135	(48,135)
Benefit Payments	(211,044)	(211,044)	-
Implicit Subsidy	(48,135)	(48,135)	-
Administrative Expense		(922)	922
Other Miscellaneous Income/(Expense)	-	-	-
Net Change	<u>(286,437)</u>	<u>250,231</u>	<u>(536,668)</u>
Balance as of:			
Measurement Date June 30, 2025 /			
Report Date June 30, 2025	<u>\$ 5,930,394</u>	<u>\$ 2,963,354</u>	<u>\$ 2,967,040</u>

Accounting Information

Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2025 / Report Date June 30, 2025

Deferred Outflows and Inflows of Resources Arising from Differences Between Expected and Actual Experience

Measurement Date — June 30:	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2025 (c)	Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2018	\$ -	\$ -	\$ -	\$ -	\$ -
2019	-	-	-	-	-
2020	-	(2,563,217)	(1,537,932)	-	(1,025,285)
2021	11,520	-	5,760	5,760	-
2022	-	(4,584,910)	(1,833,964)	-	(2,750,946)
2023	-	(164,934)	(49,479)	-	(115,455)
2024	342,721	-	69,238	273,483	-
2025	54,000	-	5,455	48,545	-
Total				\$ 327,788	\$ (3,891,686)

Deferred Outflows and Inflows of Resources Arising from Changes in Assumptions

Measurement Date — June 30:	Increase in Total Liability (a)	Decrease in Total Liability (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2025 (c)	Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) – (c)
2018	\$ -	\$ -	\$ -	\$ -	\$ -
2019	-	(102,116)	(87,178)	-	(14,938)
2020	2,063,476	-	1,238,088	825,388	-
2021	794,185	-	397,095	397,090	-
2022	870,713	-	348,284	522,429	-
2023	-	(447,802)	(134,340)	-	(313,462)
2024	-	(1,412,324)	(285,318)	-	(1,127,006)
2025	-	(725,458)	(73,279)	-	(652,179)
Total				\$ 1,744,907	\$ (2,107,585)

Accounting Information

Development of Deferred Outflows and Inflows of Resources

Balances as of Measurement Date June 30, 2025 / Report Date June 30, 2025

Deferred Outflows and Inflows of Resources Arising from Differences Between Projected and Actual Earnings on Investments

Measurement Date – June 30:	Investment Earnings Less Than Projected (a)	Investment Earnings Greater Than Projected (b)	Amounts Recognized in Expense Through Measurement Date June 30, 2025 (c)	Deferred Outflows of Resources (d) = (a) – (c)	Deferred Inflows of Resources (e) = (b) – (c)	Net (f) = (d) + (e)
2018	\$ -	\$ -	\$ -	\$ -	\$ -	
2019	-	-	-	-	-	
2020	-	-	-	-	-	
2021	-	-	-	-	-	
2022	-	-	-	-	-	
2023	7,150	-	4,290	2,860	-	
2024	-	(33,521)	(13,410)	-	(20,111)	
2025	-	(157,381)	(31,477)	-	(125,904)	
Total				\$ 2,860	\$ (146,015)	\$ (143,155)

Accounting Information

Expense and Deferred Outflows and Inflows

	Measurement Period:	2023-2024	2024-2025
	Reporting Period:	2023-2024	2024-2025
Expense			
Service Cost	\$	362,716	\$ 357,413
Interest on Total OPEB Liability		290,881	286,787
Changes of Benefit Terms		-	-
Recognized Differences Between Expected and Actual Experience		(695,535)	(690,080)
Recognized Changes of Assumptions		172,945	99,666
Projected Earnings on OPEB Plan Investments		(126,745)	(93,772)
Recognized Differences Between Projected and Actual Earnings		(5,275)	(36,752)
Administrative Expense		1,271	922
Other Miscellaneous (Income)/Expense		-	-
Total Expense	\$	258	\$ (75,816)

Deferred Outflows and Inflows of Resources

	Report Year Ending June 30, 2025	
	Deferred Outflows of Resources	(Deferred Inflows of Resources)
Differences Between Expected and Actual Experience	\$ 327,788	\$ (3,891,686)
Changes of Assumptions	1,744,907	\$ (2,107,585)
Net Difference Between Projected and Actual Earnings on Plan Investments	-	\$ (143,155)
Total	\$ 2,072,695	\$ (6,142,426)

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

	Report Year Ending June 30:	Deferred Outflows/(Inflows)
	2026	\$ (627,166)
	2027	(617,196)
	2028	(616,138)
	2029	(609,434)
	2030	(527,991)
	Remaining	(1,071,806)

Accounting Information

Interest on the Liability and Earnings, and Investment Gain/Loss

For the report year ending June 30, 2025

	Amount for Period (a)	Portion of Period (b)	Interest Rate (c)	Interest on the Total OPEB Liability (d) = (a) × (b) × (c)
Interest on Total OPEB Liability				
Beginning Total OPEB Liability	\$ 6,216,831	100%	4.45%	\$ 276,649
Service Cost	357,413	100%	4.45%	15,905
Benefit Payments	(211,044)	50%	4.45%	(4,696)
Implicit Subsidy	(48,135)	50%	4.45%	(1,071)
Total Interest on Total OPEB Liability				\$ 286,787

	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (d) = (a) × (b) × (c)
Projected Earnings on Plan Investments				
Beginning Plan Fiduciary Net Position excluding Receivables	\$ 2,713,123	100%	3.50%	\$ 94,959
Employer Contributions	-	50%	3.50%	-
Benefit Payments from Trust	-	50%	3.50%	-
Administrative Expense	(922)	50%	3.50%	(16)
Other Miscellaneous Income/(Expense)	-	100%	3.50%	-
Total Projected Earnings (Investment Expense)				94,943 (1,171)
Net Projected Earnings				\$ 93,772

	Amount
Investment Gain / Loss	
Net Projected Earnings	\$ 93,772
Actual Net Earnings	- 251,153
Investment (Gain) / Loss	\$ (157,381)

Accounting Information

Reconciliation of Expense

	Asset / (Liability)			Deferred Outflows / (Inflows)				Expense / (Credit)	Asset / (Liability)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) + (b)	Differences Between Expected and Actual Experience (d)	Changes in Assumptions (e)	Differences Between Projected and Actual Earnings on Investments (f)	Net Deferrals (g) = Σ[(d):(f)]	Expense (h)	Impact on the Statement of Net Position (i) = (c) + (g) - (h)
Balance as of:									
Measurement Date June 30, 2024 / Report Date June 30, 2024	\$ (6,216,831)	\$ 2,713,123	\$ (3,503,708)	\$ (4,307,978)	\$ 462,446	\$ (22,526)	\$ (3,868,058)		\$ (7,371,766)
Service Cost	(357,413)		(357,413)					357,413	
Interest on Total OPEB Liability	(286,787)		(286,787)					286,787	
Changes of Benefit Terms	-		-					-	
Differences Between Expected and Actual Experience	(54,000)		(54,000)	54,000			54,000		-
Changes in Assumptions	725,458		725,458		(725,458)		(725,458)		-
Differences Between Projected and Actual Earnings on Investments		157,381	157,381			(157,381)	(157,381)		-
Projected Earnings on OPEB Plan Investments		93,772	93,772					(93,772)	
Contributions									
Employer — District's Contribution		211,044	211,044						211,044
Employer — Implicit Subsidy		48,135	48,135						48,135
Benefit Payments	211,044	(211,044)	-						-
Implicit Subsidy	48,135	(48,135)	-						-
Administrative Expense		(922)	(922)					922	
Other Income/(Expense)		-	-					-	
Recognition of Differences Between Expected and Actual Experience				690,080			690,080	(690,080)	
Recognition of Changes in Assumptions					(99,666)		(99,666)	99,666	
Recognition of Differences Between Projected and Actual Earnings on Investments						36,752	36,752	(36,752)	
Annual Expense								\$ (75,816)	75,816
Net Change	286,437	250,231	536,668	744,080	(825,124)	(120,629)	(201,673)		334,995
Balance as of:									
Measurement Date June 30, 2025 / Report Date June 30, 2025	\$ (5,930,394)	\$ 2,963,354	\$ (2,967,040)	\$ (3,563,898)	\$ (362,678)	\$ (143,155)	\$ (4,069,731)		\$ (7,036,771)

Accounting Information

Impact on the Statement of Net Position

Impact on the Statement of Net Position

	Measurement Date:	June 30, 2024	June 30, 2025	
	Report Date:	June 30, 2024	June 30, 2025	Change During Period
Total OPEB Liability / (Asset)	\$	6,216,831	\$ 5,930,394	\$ (286,437)
(Fiduciary Net Position)		(2,713,123)	(2,963,354)	(250,231)
Net OPEB Liability / (Asset)		3,503,708	2,967,040	(536,668)
Deferred Amounts				
Deferred Inflows		6,300,817	6,142,426	(158,391)
(Deferred Outflows)		(2,432,759)	(2,072,695)	360,064
Net Deferred Inflows / (Outflows)		3,868,058	4,069,731	201,673
Impact on the Statement of Net Position		7,371,766	7,036,771	(334,995)

Change in Net Position During Report Year

	Measurement Date:	June 30, 2025	
	Report Date:	June 30, 2025	
Impact on the Statement of Net Position, Report Year Ending June 30, 2024		7,371,766	
OPEB Expense / (Income)		(75,816)	
(Employer Contributions Reported for the Year)		(259,179)	
(Adjustment to Employer Contributions Reported in the Prior Year)		-	
Impact on the Statement of Net Position for the Report Year Ending June 30, 2025		7,036,771	

OPEB Expense

	Measurement Date:	June 30, 2025	
	Report Date:	June 30, 2025	
Deterioration / (Improvement) in Net Position		(334,995)	
Employer Contributions Reported for the Year		259,179	
Adjustment to Employer Contributions Reported in the Prior Year		-	
OPEB Expense / (Income) for the Report Year Ending June 30, 2025		(75,816)	

Accounting Information

Sample Journal Entries

Suggested Journal Entries for the Report Year ending June 30, 2025

Beginning Balance	Debit (Outflow)	Credit (Inflow)
Net OPEB Liability/Asset	\$ -	\$ 3,503,708
Differences between Expected and Actual Experience	315,014	4,622,992
Changes of Assumptions	2,117,745	1,655,299
Differences between Projected and Actual Investment Earnings	-	22,526
Impact on Statement of Net Position	7,371,766	-
 Ending Balance	Debit (Outflow)	Credit (Inflow)
Net OPEB Liability/Asset	\$ -	\$ 2,967,040
Differences between Expected and Actual Experience	327,788	3,891,686
Changes of Assumptions	1,744,907	2,107,585
Differences between Projected and Actual Investment Earnings	-	143,155
Impact on Statement of Net Position	7,036,771	-
 OPEB-Expense Journal Entries	Debit	Credit
Net OPEB Liability/Asset	\$ 536,668	\$ -
Differences between Expected and Actual Experience	Deferred Outflows 12,774 Deferred Inflows 731,306	- - -
Changes of Assumptions	Deferred Outflows Deferred Inflows -	372,838 452,286 -
Differences between Projected and Actual Investment Earnings	Deferred Outflows Deferred Inflows -	- 120,629 -
OPEB Expense/Credit	-	334,995
Total	1,280,748	1,280,748
Change to the Impact on the Statement of Net Position	-	334,995

Accounting Information

Sample Journal Entries

Suggested Journal Entries for the Report Year ending June 30, 2025

Journal Entries – Benefits Paid Outside of the Trust¹

	<u>Debit</u>	<u>Credit</u>
OPEB Expense	\$ 211,044	\$ -
Employer Contributions for Retiree Benefits During the Fiscal Year	-	211,044

Journal Entries – Implicit Subsidy²

	<u>Debit</u>	<u>Credit</u>
OPEB Expense	\$ 48,135	\$ -
Premium Expense During the Fiscal Year	-	48,135

¹ The entries here assume that when cash is used to pay benefits that the trust does not reimburse, an account called "Employer Contributions for Retiree Benefits During the Fiscal Year" was debited (increased). These entries reassign the benefit payments to the OPEB Expense. If the OPEB Expense account was originally debited, then these entries are unnecessary.

² These entries assume that when premiums are paid for active employees, an account called "Premium Expense During the Fiscal Year" is debited (increased). This entry reverses the portion of the premium payments that represent implicit subsidies, recorded as a retiree liability, and assigns that value to the OPEB Expense.

Accounting Information

Amortization of the Net OPEB Liability

A summary of the information used to establish the amortization amount for the current year and the following year, with respect to the Net OPEB Liability, follows. If the Net OPEB Liability is negative, it is an asset.

The District is amortizing the net OPEB liability using a level-percent-of-pay method on a closed basis. Remaining years of amortization as of the report date of June 30, 2025: 18 years

		<i>Historical</i>	<i>Historical</i>	
	Measurement Period:	2024-2025	2025-2026	2026-2027
	Report Date (June 30):	<u>2025</u>	<u>2026</u>	<u>2027</u>
Total OPEB Liability		\$ 6,388,178	\$ 6,655,854	\$ 6,340,069
Fiduciary Net Position	-	<u>2,680,526</u>	<u>2,804,859</u>	<u>3,312,829</u>
Net OPEB Liability	=	<u>\$ 3,707,652</u>	<u>\$ 3,850,995</u>	<u>\$ 3,027,240</u>

All values measured at the beginning of the measurement period.

Amortization Type		Closed	Closed	Closed
Interest Rate Used to Determine Amortization		5.00%	4.45%	5.34%
Assumed Rate of Payroll Growth		2.80%	2.80%	2.80%
Amortization Period		19 years	18 years	17 years
Amount Recognized, Beginning of Year	\$	234,528	\$ 244,118	\$ 214,931

It is the policy of the District to allow negative amortizations.

Accounting Information

Actuarially Determined Contribution (ADC)

The calculation of the Actuarially Determined Contribution (ADC) follows. The ADC is based on the District's funding policy. The ADC is calculated as of the end of the year.

	<i>Historical</i>		
Measurement Period:	2024-2025	2025-2026	2026-2027
Report Date (June 30):	<u>2025</u>	<u>2026</u>	<u>2027</u>
Service Cost	\$ 306,409	\$ 367,421	\$ 310,211
Amortization of the Net OPEB Liability	234,528	244,118	214,931
Administrative Expense	1,340	1,330	965
Interest	<u>27,047</u>	<u>27,272</u>	<u>28,094</u>
ADC	\$ 569,324	\$ 640,141	\$ 554,201
Discount Rate for ADC Calculation	5.00%	4.45%	4.45%
ADC Components			
District's Contribution to the Trust Fund	\$ 365,953	\$ 420,876	\$ 317,793
Credit for Retiree Benefit Payments Outside of the Trust	160,070	166,624	180,572
Credit for Implicit Subsidy	<u>43,301</u>	<u>52,641</u>	<u>55,836</u>
ADC	\$ 569,324	\$ 640,141	\$ 554,201
ADC as a Percentage of Payroll	27.67%	28.11%	25.49%

District's Funding Policy

The District's funding policy is to contribute to the Trust Fund when possible and pay benefits outside of the Trust Fund, until the Trust Fund is fully funded.

The ADC is the sum of the service cost, the amortization of the net OPEB liability, and the administrative expense, plus interest (if applicable). For payment of the ADC, however, it comprises three parts: the benefit payments paid outside of District the Trust Fund, the credit for the implicit subsidy, and the contribution to the Trust Fund. If the total of the service cost, amortization, and the administrative expense is less than the total of the benefit payments and implicit subsidy (if benefit payments are paid outside of the Trust Fund), the contribution to the Trust Fund will be negative and is typically set to zero.

The plan's funding policy will produce high contribution amounts until the unfunded amount is fully amortized in 2043 and then will reduce to an amount to cover the service cost, with interest, going forward.

Accounting Information

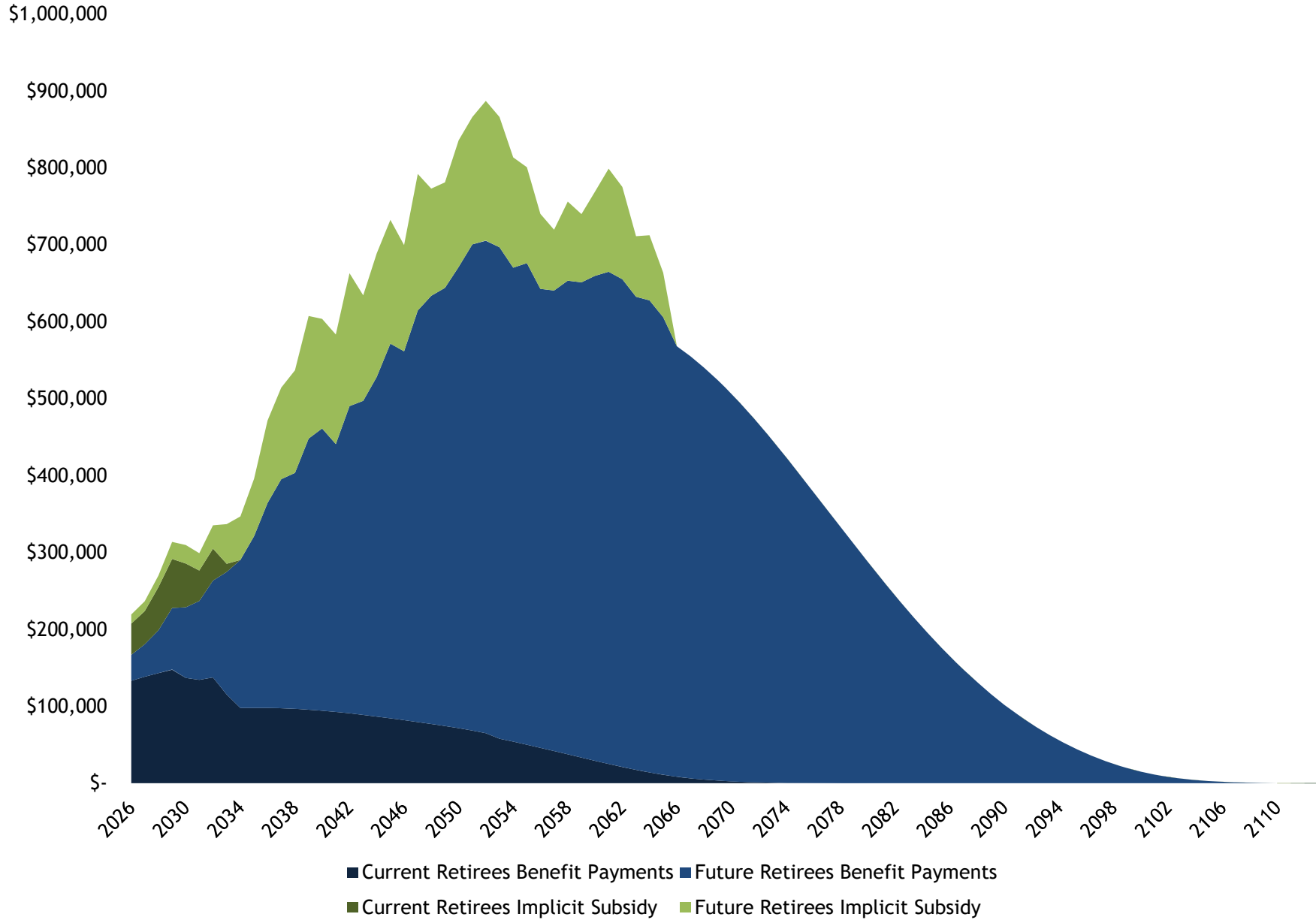
Projection of Benefit Payments

Projected benefit payments for current participants follow. "Future Retirees" are employees currently working, but projected to retire and receive benefits. The projections do not include benefits for employees hired in the future.

Measurement Period Ending	Projected Retiree Benefit Payments			Implicit Subsidy			Grand Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
June 30:							
2026	\$ 133,150	\$ 33,474	\$ 166,624	\$ 40,787	\$ 11,854	\$ 52,641	\$ 219,265
2027	138,285	42,287	180,572	43,105	12,731	55,836	236,408
2028	143,007	55,667	198,674	56,062	14,989	71,051	269,725
2029	147,627	80,113	227,740	63,529	22,346	85,875	313,615
2030	136,798	91,724	228,522	56,818	24,046	80,864	309,386
2031	134,227	102,330	236,557	39,723	22,646	62,369	298,926
2032	137,276	125,908	263,184	41,522	30,377	71,899	335,083
2033	115,209	159,281	274,490	10,584	51,672	62,256	336,746
2034	97,596	192,653	290,249	-	56,304	56,304	346,553
2035	97,788	223,212	321,000	-	74,555	74,555	395,555
2036	97,683	266,467	364,150	-	106,979	106,979	471,129
2037	97,269	297,728	394,997	-	119,187	119,187	514,184
2038	96,533	306,497	403,030	-	133,375	133,375	536,405
2039	95,475	352,277	447,752	-	159,507	159,507	607,259
2040	94,122	366,695	460,817	-	142,669	142,669	603,486
2041	92,515	347,997	440,512	-	142,632	142,632	583,144
2042	90,685	399,465	490,150	-	172,517	172,517	662,667
2043	88,672	408,122	496,794	-	137,262	137,262	634,056
2044	86,523	441,133	527,656	-	160,771	160,771	688,427
2045	84,272	486,879	571,151	-	160,977	160,977	732,128
2046	81,927	479,218	561,145	-	138,157	138,157	699,302
2047	79,479	534,941	614,420	-	177,280	177,280	791,700
2048	76,913	556,554	633,467	-	139,216	139,216	772,683
2049	74,209	569,395	643,604	-	137,194	137,194	780,798
2050	71,334	599,453	670,787	-	164,566	164,566	835,353
2051	68,262	631,888	700,150	-	165,721	165,721	865,871
2052	64,977	640,120	705,097	-	181,614	181,614	886,711
↓	↓	↓	↓	↓	↓	↓	↓

Accounting Information

Projected Benefit Payments for Current Participants



Accounting Information

Projection of Contributions

Measurement Period Ending	Payroll			Projected Contributions*		
	Current Employees	Future Employees	Total	Current Participants	Related to Payroll of Future Employees	Total = Benefit Payments
June 30:	(a)	(b)	(c)	(d) = (f) - (e)	(e) = (b) × 15.56%**	(f)
2026	\$ 2,040,243	\$ 74,793	\$ 2,115,036	\$ 207,627	\$ 11,638	\$ 219,265
2027	2,032,998	141,259	2,174,257	214,428	21,980	236,408
2028	2,024,432	210,704	2,235,136	236,940	32,785	269,725
2029	1,983,873	313,848	2,297,720	264,780	48,835	313,615
2030	1,945,879	416,177	2,362,056	244,629	64,757	309,386
2031	1,919,317	508,876	2,428,193	219,745	79,181	298,926
2032	1,880,655	615,528	2,496,183	239,307	95,776	335,083
2033	1,831,467	734,609	2,566,076	222,441	114,305	336,746
2034	1,760,979	876,946	2,637,925	210,100	136,453	346,553
2035	1,702,285	1,009,503	2,711,788	238,476	157,079	395,555
2036	1,637,203	1,150,515	2,787,718	292,109	179,020	471,129
2037	1,571,318	1,294,456	2,865,774	312,767	201,417	514,184
2038	1,507,861	1,438,154	2,946,015	312,628	223,777	536,405
2039	1,441,207	1,587,297	3,028,504	360,276	246,983	607,259
2040	1,379,979	1,733,323	3,113,302	333,781	269,705	603,486
2041	1,316,197	1,884,278	3,200,474	289,950	293,194	583,144
2042	1,227,116	2,062,972	3,290,088	341,669	320,998	662,667
2043	1,144,827	2,237,384	3,382,211	285,919	348,137	634,056
2044	1,061,826	2,415,086	3,476,912	312,640	375,787	688,427
2045	966,696	2,607,570	3,574,266	326,390	405,738	732,128
2046	876,018	2,798,328	3,674,346	263,882	435,420	699,302
2047	783,401	2,993,826	3,777,227	325,861	465,839	791,700
2048	691,028	3,191,961	3,882,990	276,014	496,669	772,683
2049	608,948	3,382,765	3,991,713	254,440	526,358	780,798
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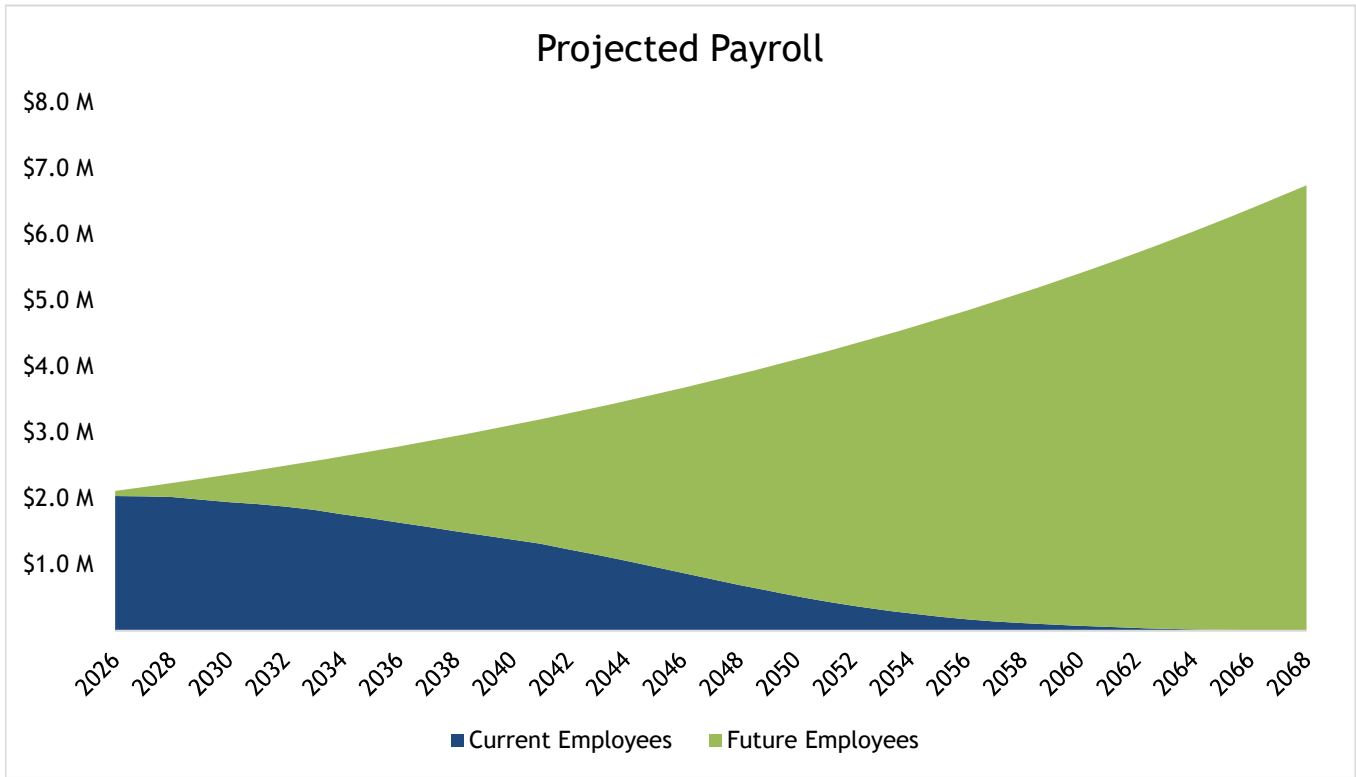
*The contributions for the first two years are calculated separately. Contributions for subsequent years use the percentages shown.

**The service cost percentage was determined in the prior report. If benefit payments are higher, they are used in place of the calculated amount.

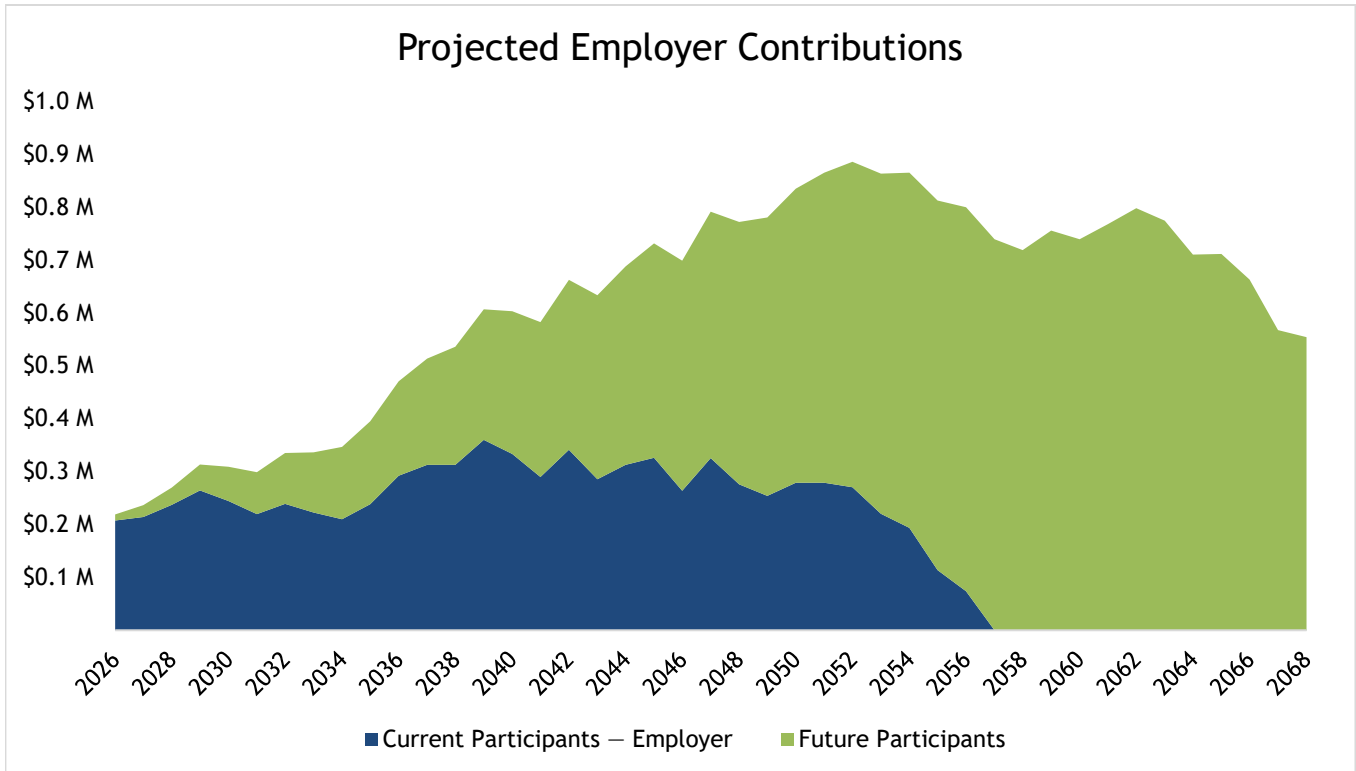
Accounting Information

Projection of Contributions Charts

Projected Payroll for Current and Future Employees



Projected Employer Contributions for Current and Future Plan Participants



Accounting Information

Projection of Fiduciary Net Position (FNP)

Current Participants Only

Measurement Period Ending June 30:	Investment Rate of Return (a)	Projected Beginning FNP (b)	Total Contributions for Current Participants (c)	Projected Benefit Payments (Including Implicit Subsidy) (d)	Projected Administrative Expense (e)	Projected Investment Earnings (f)	Projected Ending FNP (g) = Σ [(b) : (f)]
2026	5.80%	\$ 3,312,829	\$ 207,627	\$ (219,265)	\$ (922)	\$ 191,780	\$ 3,492,049
2027	5.80%	3,492,049	214,428	(236,408)	(943)	201,874	3,671,000
2028	5.80%	3,671,000	236,940	(269,725)	(965)	211,939	3,849,189
2029	5.80%	3,849,189	264,780	(313,615)	(987)	221,808	4,021,175
2030	5.80%	4,021,175	244,629	(309,386)	(1,010)	231,321	4,186,729
2031	5.80%	4,186,729	219,745	(298,926)	(1,033)	240,504	4,347,019
2032	5.80%	4,347,019	239,307	(335,083)	(1,057)	249,319	4,499,505
2033	5.80%	4,499,505	222,441	(336,746)	(1,081)	257,625	4,641,744
2034	5.80%	4,641,744	210,100	(346,553)	(1,106)	265,232	4,769,417
2035	5.80%	4,769,417	238,476	(395,555)	(1,131)	272,038	4,883,245
2036	5.80%	4,883,245	292,109	(471,129)	(1,157)	278,003	4,981,071
2037	5.80%	4,981,071	312,767	(514,184)	(1,184)	283,027	5,061,497
2038	5.80%	5,061,497	312,628	(536,405)	(1,211)	287,042	5,123,551
2039	5.80%	5,123,551	360,276	(607,259)	(1,239)	289,968	5,165,297
2040	5.80%	5,165,297	333,781	(603,486)	(1,267)	291,729	5,186,054
2041	5.80%	5,186,054	289,950	(583,144)	(1,296)	292,251	5,183,815
2042	5.80%	5,183,815	341,669	(662,667)	(1,326)	291,314	5,152,805
2043	5.80%	5,152,805	285,919	(634,056)	(1,356)	288,727	5,092,039
2044	5.80%	5,092,039	312,640	(688,427)	(1,387)	284,400	4,999,265
2045	5.80%	4,999,265	326,390	(732,128)	(1,419)	278,150	4,870,258
2046	5.80%	4,870,258	263,882	(699,302)	(1,452)	269,806	4,703,192
2047	5.80%	4,703,192	325,861	(791,700)	(1,485)	259,233	4,495,101
2048	5.80%	4,495,101	276,014	(772,683)	(1,519)	246,268	4,243,181
2049	5.80%	4,243,181	254,440	(780,798)	(1,554)	230,795	3,946,064
2050	5.80%	3,946,064	278,716	(835,353)	(1,590)	212,683	3,600,520
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Accounting Information

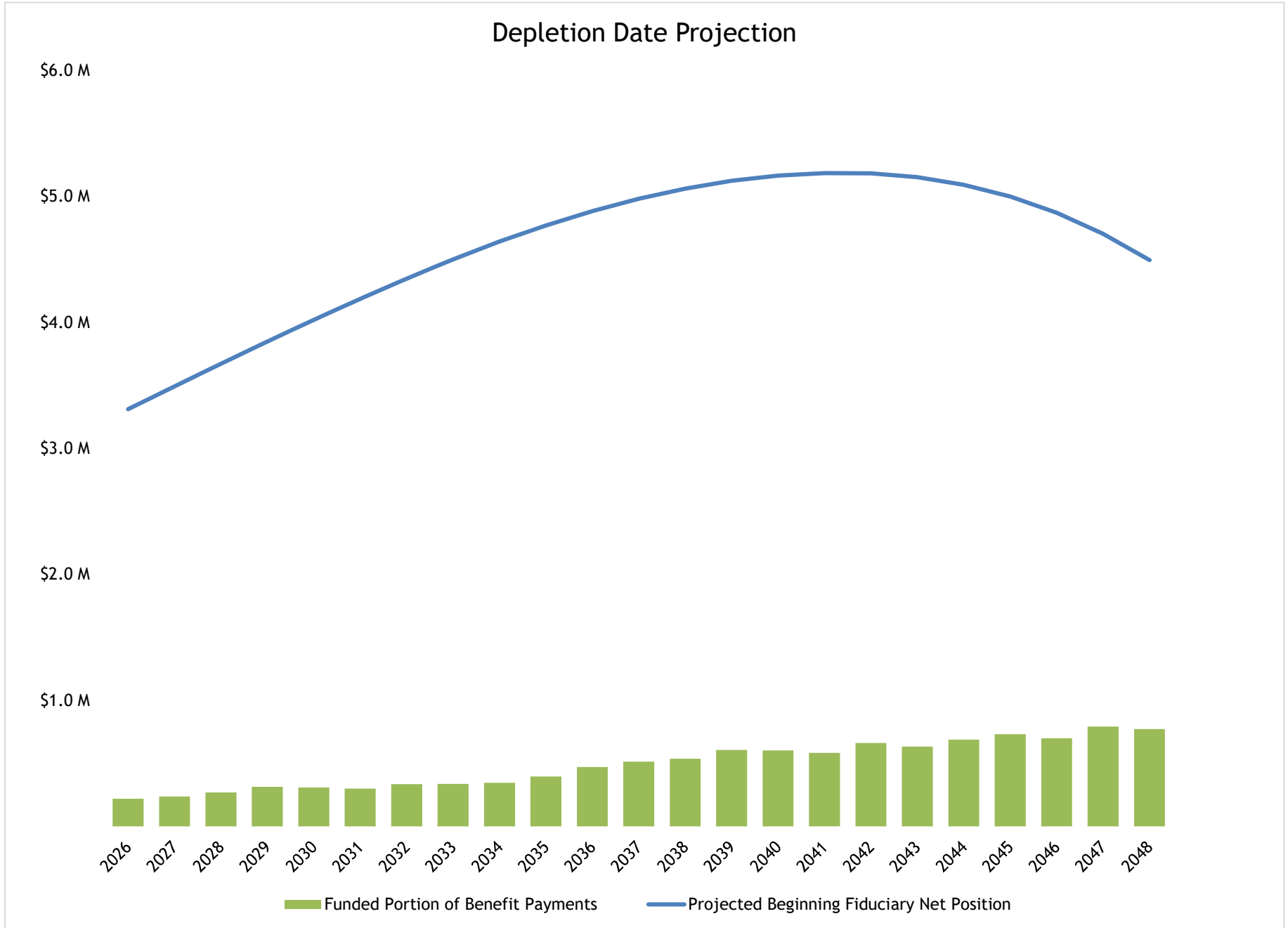
Depletion Date Projection

Current Participants Only

The investment earnings are determined using an investment rate of return of 5.80%.

Measurement Period Ending June 30:	Projected		Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of	Present Value of	Present Value of
	Fiduciary Net Position	Total Projected Benefit Payments			Funded Benefit Payments at the Investment Rate of Return	Unfunded Benefit Payments at 4.71%	Benefit Payments at an Equivalent Single Discount Rate of 5.34%
2026	\$ 3,312,829	\$ 219,265	\$ 219,265	\$ -	\$ 213,170	\$ -	\$ 213,635
2027	3,492,049	236,408	236,408	-	217,237	-	218,661
2028	3,671,000	269,725	269,725	-	234,265	-	236,831
2029	3,849,189	313,615	313,615	-	257,452	-	261,409
2030	4,021,175	309,386	309,386	-	240,057	-	244,811
2031	4,186,729	298,926	298,926	-	219,226	-	224,543
2032	4,347,019	335,083	335,083	-	232,271	-	238,944
2033	4,499,505	336,746	336,746	-	220,628	-	227,957
2034	4,641,744	346,553	346,553	-	214,606	-	222,703
2035	4,769,417	395,555	395,555	-	231,522	-	241,307
2036	4,883,245	471,129	471,129	-	260,640	-	272,841
2037	4,981,071	514,184	514,184	-	268,864	-	282,680
2038	5,061,497	536,405	536,405	-	265,107	-	279,947
2039	5,123,551	607,259	607,259	-	283,673	-	300,860
2040	5,165,297	603,486	603,486	-	266,456	-	283,834
2041	5,186,054	583,144	583,144	-	243,359	-	260,363
2042	5,183,815	662,667	662,667	-	261,386	-	280,870
2043	5,152,805	634,056	634,056	-	236,390	-	255,120
2044	5,092,039	688,427	688,427	-	242,590	-	262,955
2045	4,999,265	732,128	732,128	-	243,846	-	265,471
2046	4,870,258	699,302	699,302	-	220,145	-	240,714
2047	4,703,192	791,700	791,700	-	235,569	-	258,705
2048	4,495,101	772,683	772,683	-	217,307	-	239,691
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Accounting Information



Accounting Information

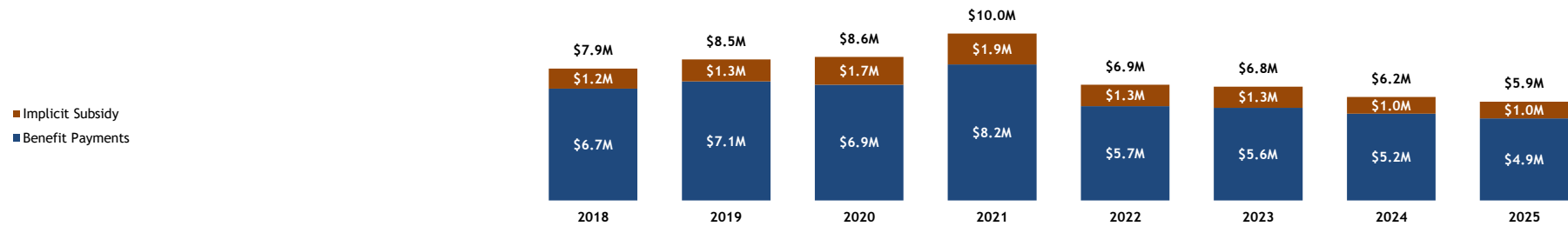
Schedule of Implicit Subsidy Liability (Not a Required Schedule)

Actuarial standard of practice (ASOP) number 6, "Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions," requires the inclusion of the implicit subsidy in OPEB valuations.

The implicit subsidy arises when an employer allows a retiree and the retiree's dependents to continue on the plans for active employees, and pay the active-employee premiums. Retirees are not paying the true cost of their benefits because they have higher costs than active employees, and therefore are partially subsidized by the active employees. Once a retiree reaches Medicare eligibility, the rates are set for Medicare retirees separately, and are set to be sufficient to cover the true costs of the Medicare retirees. Thus, there is no implicit subsidy for Medicare retirees.

Measurement Date (June 30):	2018	2019	2020	2021	2022	2023	2024	2025
Report Date (June 30):	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Benefit Payments	\$ 6,706,306	\$ 7,145,232	\$ 6,948,386	\$ 8,154,990	\$ 5,655,998	\$ 5,565,126	\$ 5,213,810	\$ 4,926,909
Implicit Subsidy	<u>1,207,393</u>	<u>1,309,886</u>	<u>1,659,738</u>	<u>1,855,095</u>	<u>1,286,625</u>	<u>1,265,954</u>	<u>1,003,021</u>	<u>1,003,485</u>
Total OPEB Liability	\$ <u>7,913,699</u>	\$ <u>8,455,118</u>	\$ <u>8,608,124</u>	\$ <u>10,010,085</u>	\$ <u>6,942,623</u>	\$ <u>6,831,080</u>	\$ <u>6,216,831</u>	\$ <u>5,930,394</u>
Discount Rate	3.50%	3.62%	2.45%	1.92%	3.69%	4.10%	4.45%	5.34%

Retiree Benefit Payments and Implicit Subsidy



Accounting Information

Schedule of Deferred Outflows and Inflows of Resources

Schedule of Deferred Outflows and Inflows of Resources							Increase/(Decrease) in Expense: Measurement / Report Years Ending June 30:						
	Measurement Period	Base Amount	Amount Previously Recognized	Recognition Period	Remaining Period	Recognized 2025	Deferred→					Remaining	
							2026	2027	2028	2029	2030		
Differences Between Expected and Actual Experience	2017-2018	\$ -	\$ -	9.5	2.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	2018-2019	-	-	8.2	2.2	-	-	-	-	-	-	-	
	2019-2020	(2,563,217)	(1,281,610)	10.0	5.0	(256,322)	(256,322)	(256,322)	(256,322)	(256,319)	-	-	
	2020-2021	11,520	4,608	10.0	6.0	1,152	1,152	1,152	1,152	1,152	1,152	-	
	2021-2022	(4,584,910)	(1,375,473)	10.0	7.0	(458,491)	(458,491)	(458,491)	(458,491)	(458,491)	(458,491)	(458,491)	
	2022-2023	(164,934)	(32,986)	10.0	8.0	(16,493)	(16,493)	(16,493)	(16,493)	(16,493)	(16,493)	(32,990)	
	2023-2024	342,721	34,619	9.9	8.9	34,619	34,619	34,619	34,619	34,619	34,619	100,388	
2024-2025	54,000	-	9.9	9.9	5,455	5,455	5,455	5,455	5,455	5,455	21,270		
Changes of Assumptions	2017-2018	-	-	9.5	2.5	-	-	-	-	-	-	-	
	2018-2019	(102,116)	(74,724)	8.2	2.2	(12,454)	(12,454)	(2,484)	-	-	-	-	
	2019-2020	2,063,476	1,031,740	10.0	5.0	206,348	206,348	206,348	206,348	206,344	-	-	
	2020-2021	794,185	317,676	10.0	6.0	79,419	79,419	79,419	79,419	79,419	79,414	-	
	2021-2022	870,713	261,213	10.0	7.0	87,071	87,071	87,071	87,071	87,071	87,071	87,074	
	2022-2023	(447,802)	(89,560)	10.0	8.0	(44,780)	(44,780)	(44,780)	(44,780)	(44,780)	(44,780)	(89,562)	
	2023-2024	(1,412,324)	(142,659)	9.9	8.9	(142,659)	(142,659)	(142,659)	(142,659)	(142,659)	(142,659)	(413,711)	
2024-2025	(725,458)	-	9.9	9.9	(73,279)	(73,279)	(73,279)	(73,279)	(73,279)	(73,279)	(285,784)		
Differences Between Projected and Actual Earnings	2017-2018	-	-	5.0	0.0	-	-	-	-	-	-	-	
	2018-2019	-	-	5.0	0.0	-	-	-	-	-	-	-	
	2019-2020	-	-	5.0	0.0	-	-	-	-	-	-	-	
	2020-2021	-	-	5.0	1.0	-	-	-	-	-	-	-	
	2021-2022	-	-	5.0	2.0	-	-	-	-	-	-	-	
	2022-2023	7,150	2,860	5.0	3.0	1,430	1,430	1,430	-	-	-	-	
	2023-2024	(33,521)	(6,705)	5.0	4.0	(6,705)	(6,705)	(6,705)	(6,701)	-	-	-	
2024-2025	(157,381)	-	5.0	5.0	(31,477)	(31,477)	(31,477)	(31,477)	(31,473)	-	-		
Summary of Deferred Outflows and Inflows of Resources													
Measurement Period: July 1, 2024 - June 30, 2025													
Fiscal Reporting Period: July 1, 2024 - June 30, 2025													
							2025	2026	2027	2028	2029	2030	Remaining
Differences Between Expected and Actual Experience							\$ (690,080)	\$ (690,080)	\$ (690,080)	\$ (690,080)	\$ (690,077)	\$ (433,758)	\$ (369,823)
Changes of Assumptions							99,666	99,666	109,636	112,120	112,116	(94,233)	(701,983)
Total							\$ (627,166)	\$ (627,166)	\$ (617,196)	\$ (616,138)	\$ (609,434)	\$ (527,991)	\$ (1,071,806)

Accounting Information

Schedule of Changes in the Net OPEB Liability and Related Ratios

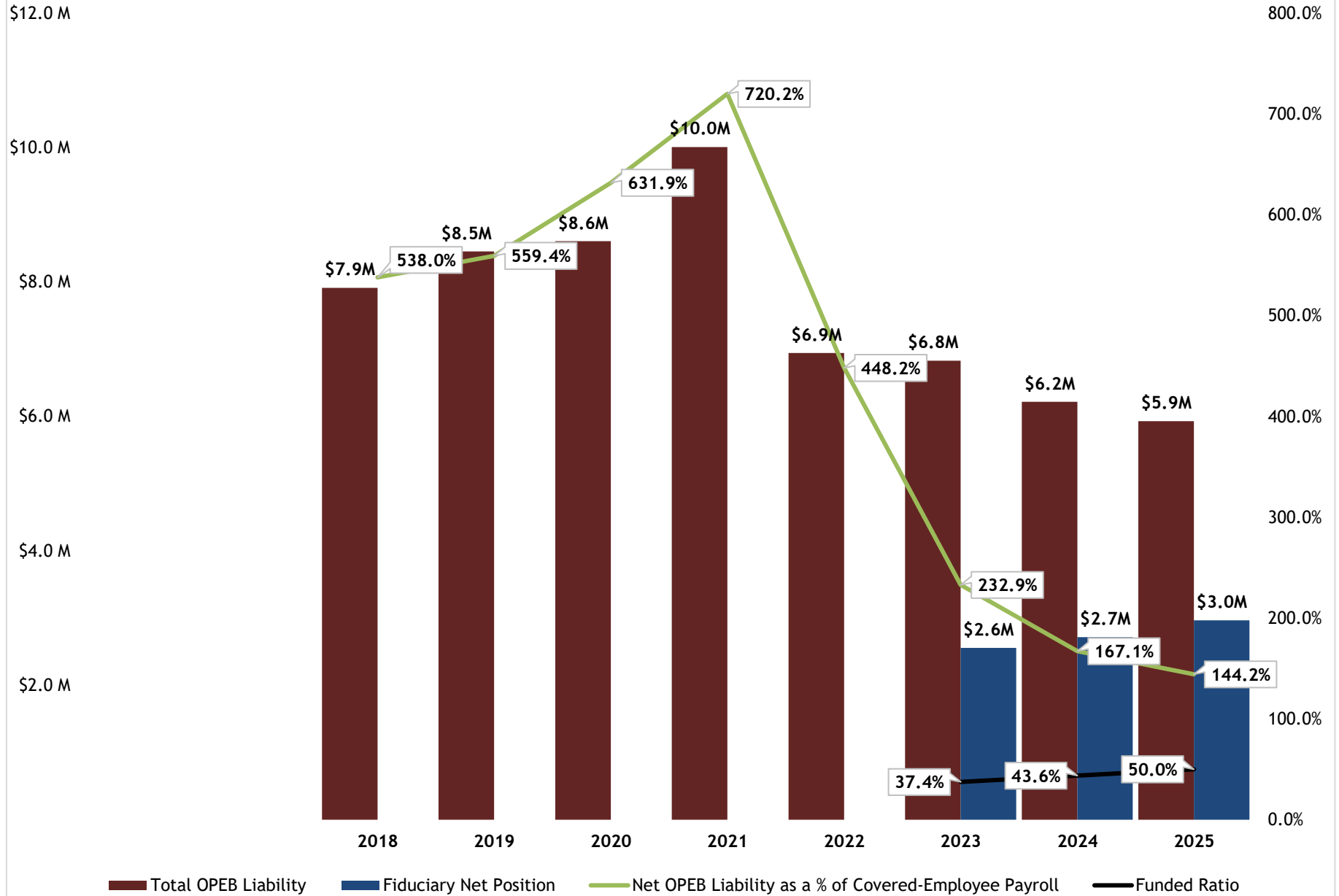
GASB 75 requires a disclosure of the changes in the Net OPEB Liability for the last ten fiscal years, or for as many years as are available.

Measurement Date (June 30):	2018	2019	2020	2021	2022	2023	2024	2025
Report Date (June 30):	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total OPEB Liability								
Service Cost	\$ 478,977	\$ 493,346	\$ 482,408	\$ 526,898	\$ 618,445	\$ 408,820	\$ 362,716	\$ 357,413
Interest	253,523	288,256	320,814	221,939	202,404	268,056	290,881	286,787
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	-	(2,563,217)	11,520	(4,584,910)	(164,934)	342,721	54,000
Changes of Assumptions	-	(102,116)	2,063,476	794,185	870,713	(447,802)	(1,412,324)	(725,458)
Benefit Payments	(96,421)	(102,866)	(102,866)	(108,641)	(140,756)	(134,581)	(157,889)	(211,044)
Implicit Subsidy	(28,201)	(35,201)	(47,609)	(43,940)	(33,358)	(41,102)	(40,354)	(48,135)
Net Change in Total OPEB Liability	<u>607,878</u>	<u>541,419</u>	<u>153,006</u>	<u>1,401,961</u>	<u>(3,067,462)</u>	<u>(111,543)</u>	<u>(614,249)</u>	<u>(286,437)</u>
Total OPEB Liability – Beginning	<u>7,305,821</u>	<u>7,913,699</u>	<u>8,455,118</u>	<u>8,608,124</u>	<u>10,010,085</u>	<u>6,942,623</u>	<u>6,831,080</u>	<u>6,216,831</u>
Total OPEB Liability – Ending (a)	<u>\$ 7,913,699</u>	<u>\$ 8,455,118</u>	<u>\$ 8,608,124</u>	<u>\$ 10,010,085</u>	<u>\$ 6,942,623</u>	<u>\$ 6,831,080</u>	<u>\$ 6,216,831</u>	<u>\$ 5,930,394</u>
Plan Fiduciary Net Position								
Net Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,577	\$ 160,266	\$ 251,153
Employer – District’s Contributions	96,421	102,866	102,866	108,641	140,756	2,634,681	157,889	211,044
Employer – Implicit Subsidy	28,201	35,201	47,609	43,940	33,358	41,102	40,354	48,135
Benefit Payments	(96,421)	(102,866)	(102,866)	(108,641)	(140,756)	(134,581)	(157,889)	(211,044)
Implicit Subsidy Credit	(28,201)	(35,201)	(47,609)	(43,940)	(33,358)	(41,102)	(40,354)	(48,135)
Administrative Expense	-	-	-	-	-	(549)	(1,271)	(922)
Other Miscellaneous Income/(Expense)	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,554,128</u>	<u>158,995</u>	<u>250,231</u>
Plan Fiduciary Net Position – Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,554,128</u>	<u>2,713,123</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,554,128</u>	<u>\$ 2,713,123</u>	<u>\$ 2,963,354</u>
Net OPEB Liability								
District’s Net OPEB Liability – Ending = (a) – (b)	<u>\$ 7,913,699</u>	<u>\$ 8,455,118</u>	<u>\$ 8,608,124</u>	<u>\$ 10,010,085</u>	<u>\$ 6,942,623</u>	<u>\$ 4,276,952</u>	<u>\$ 3,503,708</u>	<u>\$ 2,967,040</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability								
Covered Payroll	\$ 1,470,927	\$ 1,511,378	\$ 1,362,167	\$ 1,389,995	\$ 1,548,839	\$ 1,836,084	\$ 2,096,253	\$ 2,057,429
District’s Net OPEB Liability as a Percentage of Covered Payroll	538.0%	559.4%	631.9%	720.2%	448.2%	232.9%	167.1%	144.2%

Notes to schedule: the District adopted GASB 75 for the fiscal year ending June 30, 2018.

Accounting Information

Schedule of Changes in the Net OPEB Liability and Related Ratios



Accounting Information

Schedule of Investment Returns

A schedule of investment returns for the last ten fiscal years, or for as many years as are available if less than ten years are available, follows.

Measurement Date (June 30):	2023	2024	2025
Report Date (June 30):	<u>2023</u>	<u>2024</u>	<u>2025</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	4.37%	6.28%	9.26%

The annual money-weighted rate of return, net of investment expenses, is the net investment income for the year divided by the average net position for the year (less investment expenses).

Investment Returns



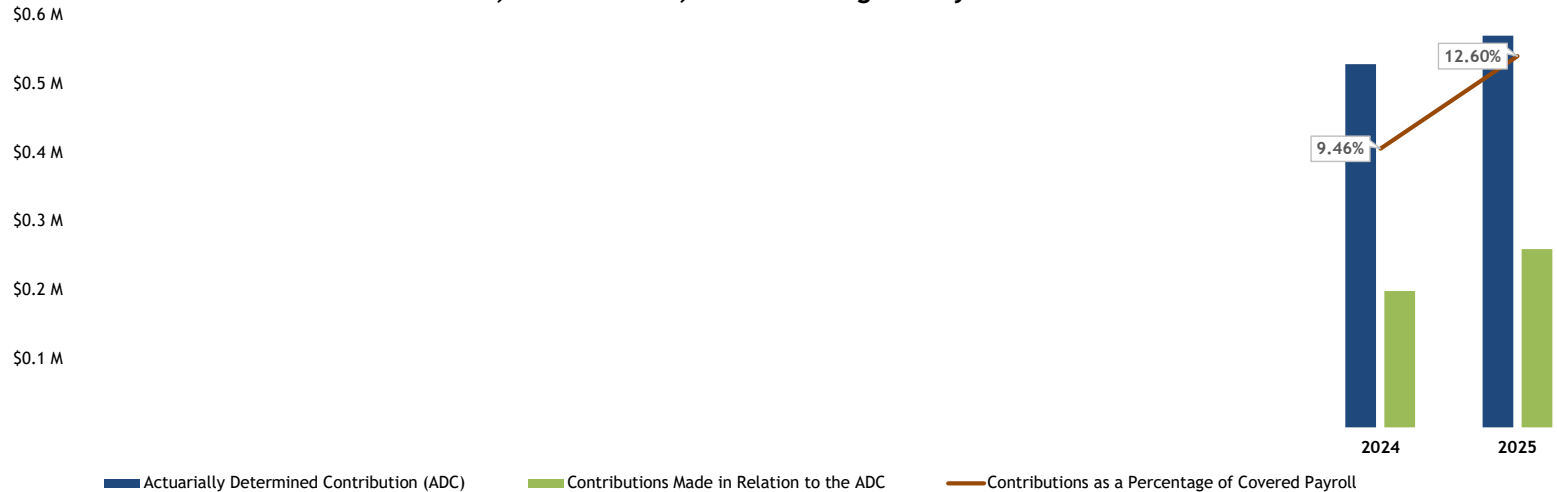
Accounting Information

Schedule of Contributions

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available.

Employer Fiscal-Year End (June 30):	2024	2025
Actuarially Determined Contribution (ADC)	\$ 528,229	\$ 569,324
Less: Contributions Made in Relation to the ADC	198,243	259,179
Contribution Deficiency (Excess)	329,986	310,145
Covered Payroll	\$ 2,096,253	\$ 2,057,429
Contributions as a Percentage of Covered Payroll	9.46%	12.60%

ADC, Contributions, and Percentage of Payroll



Notes to Schedule:

Assumptions and Methods

- Actuarial Cost Method: Entry-age normal, level percent of pay
- Amortization Method: Closed period, level percent of pay
- Amortization Period: 22 years
- Inflation: 2.30%
- Assumed Payroll Growth: 2.80%
- Healthcare Trend Rates: 7.40%, trending down to 4.14%
- Rate of Return on Assets: 5.80%
- Mortality Rate: CalPERS Rates. See appendix.
- Retirement Rates: CalPERS Rates. See appendix.

Accounting Information

Draft Notes to the Financial Statements

A draft of the required notes to the District's financial statements, based on the requirements of GASB 75 and our understanding of the District's retiree health plan, follows.

Notes to the Financial Statements for the Year Ended June 30, 2025

Summary of Significant Accounting Policies

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and the OPEB expense information about the fiduciary net position of the District's OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Note X – Other Post-Employment Benefits (OPEB)

Plan Description

The District administers a agent multiple-employer defined-benefit post-employment healthcare plan (the Plan). Dependents are eligible to enroll, and benefits continue to surviving spouses.

Benefits Provided

Retirees are eligible for medical benefits if they retire directly from the District at least age 50 with 5 years of service. Employees hired before January 1, 2017 receive 100% district-paid coverage. Employees hired on or after January 1, 2017 receive 100% of the PPO rate. Dental benefits are not covered. The District's share of family coverage is subject to a cap. The District's contribution toward family coverage will not increase by more than the greater of 5%, or the actual percentage increase in the cost of dependent coverage.

Employees Covered by Benefit Terms

At June 30, 2023 (the census date), the benefit terms covered the following employees:

<u>Category</u>	<u>Count</u>
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	9
Inactive employees entitled to but not yet receiving benefit payments:	0
Active employees:	27
Total	36

Accounting Information

Draft Notes to the Financial Statements

Contributions

The District makes contributions based on an actuarially determined rate.

Contribution rate:	25.49% for 18 years, 15.08% thereafter.
Reporting period contributions: \$	259,179 (Includes implicit subsidy credit.)

Financial Report

The District issues a stand-alone financial report that is available to the public. The report is available at: <https://mckinleyvillecsd.ca.gov/files/d57c83f0a/2024+FS+McCSD.pdf>

Net OPEB Liability

The District's total OPEB liability was valued as of June 30, 2023, and was used to calculate the net OPEB liability measured as of June 30, 2025.

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	June 30, 2024	June 30, 2025
Discount Rate	4.45%	5.34%
Investment Rate of Return	3.50% / 5.50%	5.80% 1-5 years / 6+ years
Inflation	2.30%	2.30%
Healthcare Cost Trend Rates		
Pre-Medicare	7.40%	6.20% *
Medicare	4.20%	4.14%
Salary Increases	2.80%	2.80% **
Mortality Rates	Based on CalPERS Tables	

- Projections of the sharing of benefit-related costs are based on an established pattern of practice.
- Experience studies come from the CalPERS Pension Assumption Model, dated November 17, 2021.
- Inactive employees (retirees) pay the cost of benefits in excess of the District's contribution.
- There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

Discount Rate

GASB 75 allows the use of a discount rate that is up to the expected long-term rate of return on the assets in the Trust set aside to pay benefits, if the plan sponsor makes regular contributions to the Trust such that the assets are not depleted at any point in the future. If the Plans' actuary determines that contributions are not sufficient to keep the Trust funded, a blend of the long-term rate of return and the yield or index rate for 20-year, tax-exempt municipal bonds will be used for the periods when the Trust funds are not sufficient to cover benefit payments. Based on this requirement, and with the approval of the plan sponsor, the discount rate used to measure the total OPEB liability is 5.34%.

*Trending down to 4.14% over 51 years. Applies to calendar years.

**Additional merit-based increases based on CalPERS merit salary increase tables.

Accounting Information

Draft Notes to the Financial Statements

Long-Term Expected Real Rate of Return

The long-term expected rate of return is determined using the long-term rates of return developed by the

<u>Asset Class</u>	<u>1-20 Year Projected Compound Return</u>	<u>Strategy I</u>	<u>Strategy II</u>	<u>Strategy III</u>
		<u>Allocation</u>		
Global Equity	6.9%	49%	34%	23%
Fixed Income	4.1%	23%	41%	51%
REITS	6.3%	20%	17%	14%
TIPS	3.9%	5%	5%	9%
Commodities	4.6%	3%	3%	3%
Total/Average		100%	100%	100%

CERBT

	<u>Expected Compound Return</u>		
Expected Compound Return (1-20 Years)	6.4%	6.1%	5.8%
Expected Volatility	11.5%	9.5%	8.1%

Plan

	<u>Rate</u>
Expected Compound Return (1-20 Years)	5.34%

The Plan's expected return is weighted by the Plan's expected cash flow.

Short-Term/Long-Term Liabilities

	<u>Amount</u>
Current OPEB Liability	\$ 213,563
Non-Current OPEB Liability	5,716,831
Total OPEB Liability	\$ 5,930,394

Expected Average Remaining Service Lives (EARSL)

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in the OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows. Note, however, that for calculation purposes, we use 1 when calculating amortizations if the EARSL is less than 1 year.

EARSL: 9.9 years

Accounting Information

Draft Notes to the Financial Statements

<i>Changes in the Net OPEB Liability</i>	<i>Increase/(Decrease)</i>		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) - (b)
Balance as of Report Date June 30, 2024	\$ 6,216,831	\$ 2,713,123	\$ 3,503,708
Changes for the Year:			
Service Cost	357,413		357,413
Interest	286,787		286,787
Changes of Benefit Terms	-		-
Differences Between Expected and Actual Experience	54,000		54,000
Changes of Assumptions	(725,458)		(725,458)
Contributions			
Employer – District's Contributions		211,044	(211,044)
Employer – Implicit Subsidy		48,135	(48,135)
Net Investment Income		251,153	(251,153)
Benefit Payments	(211,044)	(211,044)	-
Implicit Subsidy	(48,135)	(48,135)	-
Administrative Expense		(922)	922
Other Miscellaneous Income/(Expense)	-	-	-
Net Change	(286,437)	250,231	(536,668)
Balance as of Report Date June 30, 2025	\$ 5,930,394	\$ 2,963,354	\$ 2,967,040

Accounting Information

Draft Notes to the Financial Statements

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

Sensitivity of the total and net OPEB liability to changes in the discount rate. The total and net OPEB liability of the District, as well as what the District's total and net OPEB liability would be if they were calculated using a discount rate that is one percentage point lower (4.34%) or one percentage point higher (6.34%) follows:

	1% Decrease 4.34%	Discount Rate 5.34%	1% Increase 6.34%
Total OPEB Liability (Asset)	\$ 6,754,498	\$ 5,930,394	\$ 5,247,322
Increase (Decrease)	824,104		(683,072)
% Change	13.9%		-11.5%
Net OPEB Liability (Asset)	\$ 3,791,144	\$ 2,967,040	\$ 2,283,968
Increase (Decrease)	824,104		(683,072)
% Change	27.8%		-23.0%

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend for this valuation started at 6.80% and decreased to 4.14% over 51 years. The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.80%) or one percentage point higher (7.80%) than current healthcare cost trend rates follows:

	1% Decrease 5.80%	Trend Rate 6.80%	1% Increase 7.80%
Total OPEB Liability (Asset)	\$ 5,003,733	\$ 5,930,394	\$ 7,111,295
Increase (Decrease)	(926,661)		1,180,901
% Change	-15.6%		19.9%
Net OPEB Liability (Asset)	\$ 2,040,379	\$ 2,967,040	\$ 4,147,941
Increase (Decrease)	(926,661)		1,180,901
% Change	-31.2%		39.8%

Accounting Information

Draft Notes to the Financial Statements

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

For the report year ended June 30, 2025, the District recognized an OPEB credit of \$75,816. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Actual and Expected Experience	\$ 327,788	\$ (3,891,686)
Changes of Assumptions	1,744,907	(2,107,585)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(143,155)
Total	<u>\$ 2,072,695</u>	<u>\$ (6,142,426)</u>

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

<u>Report Year Ending June 30:</u>	<u>Amount</u>
2026	\$ (627,166)
2027	(617,196)
2028	(616,138)
2029	(609,434)
2030	(527,991)
Remaining	(1,071,806)

Basis of Valuation

Substantive Plan

A summary of the substantive plan used as the basis of the valuation follows.

All Retirees	
Duration of coverage	Retiree's lifetime.
Conditions of coverage	Retire directly from the District.
Dependent coverage	Retirees may cover dependents on their medical plan at the same rates as active employees.
Dependent coverage after Retiree's death	Medical benefits continue to surviving spouse of retiree, or on death of active employee while eligible for retirement.
Benefit types	Medical only.
Medical plan choices	Same as actives.

Medical Benefits	
Eligibility	Age 50 with 5 years of service.
District-Paid Medical Benefits for Retirees	Employees hired before 1/1/2017: 100%. Employees hired on or after 1/1/2017: 100% up to PPO rate.
District-Paid Medical Benefits for Dependents	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.

Basis of Valuation

Participant Summary

Census Date: June 30, 2023
Age and service determined as of the census date.

Active Participants												
Age	Years of Service										Total	
	< 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+		
< 25		1										1
25-29	2											2
30-34	1	1		1								3
35-39		1	2		1							4
40-44	1	2	1	1								5
45-49		1	1		2							4
50-54	1			1	1	1						4
55-59		2					1					3
60-64							1					1
65-69												
70+												
Total	5	8	4	3	4	1	2					27

Average Active Participant Age: 43.3
Average Years of Service: 9.1

Inactive Participants			
Age	Retiree	Spouse	Total
< 50			
50-54		1	1
55-59	2	2	4
60-64	2	1	3
65-69	1		1
70-74	1	2	3
75-79	3	2	5
80-84			
85-89			
90+			
Total	9	8	17

Average Inactive Participant Age: 67.8

Basis of Valuation

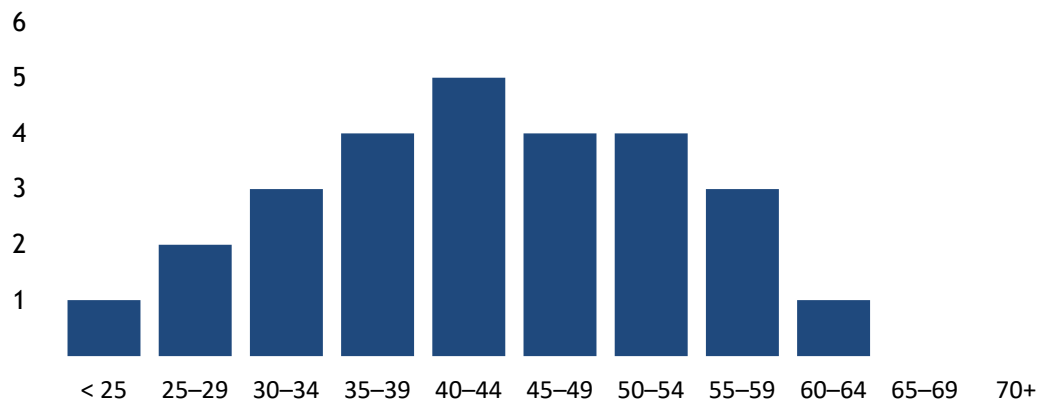
Participant Summary Charts

Census Date: June 30, 2023

Age and service determined as of the census date.

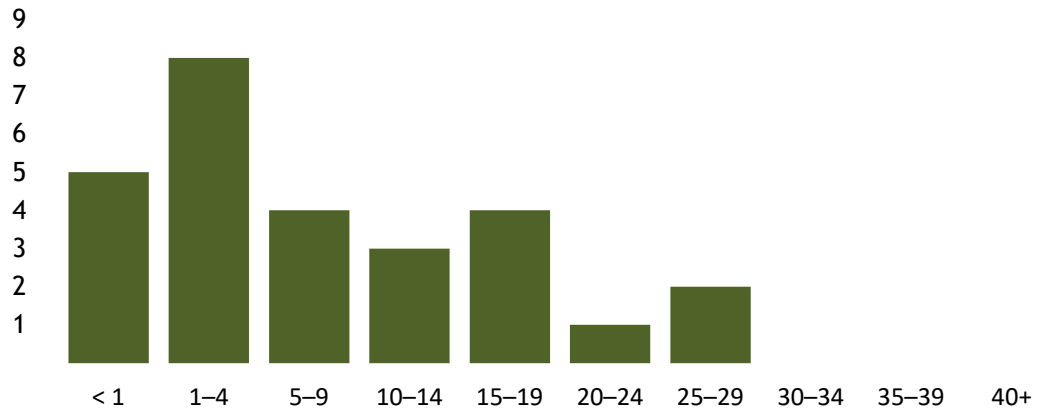
Actives by Age Bracket

Average Employee Age: 43.3



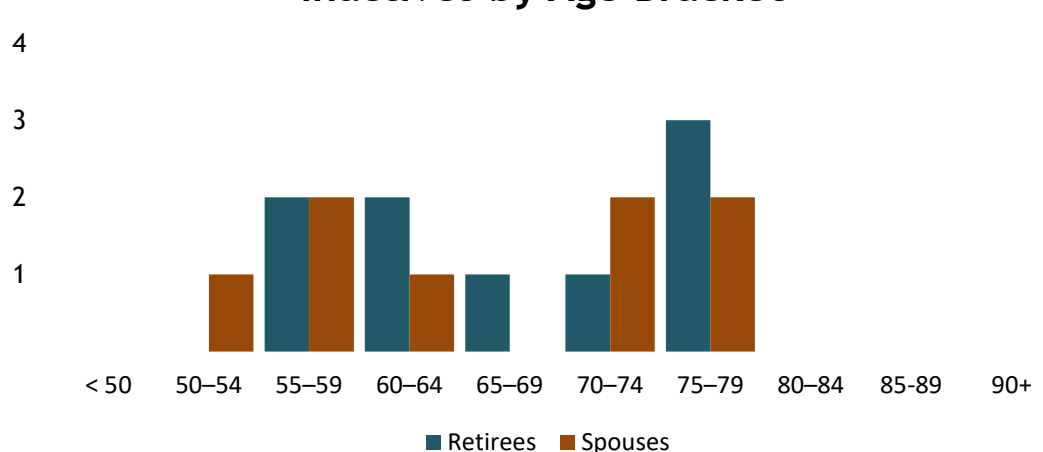
Actives by Years of Service

Average Years of Service: 9.1



Inactives by Age Bracket

Average Inactive Age: 67.8



Basis of Valuation

Actuarial Assumptions

A summary of the actuarial assumptions used for this valuation follows. We considered the reasonableness of each assumption independently based on its own merits, consistent with each other assumption, and the combined impact of all assumptions.

Assumption	Rates
Actuarial Cost Method	Entry-Age Normal, Level Percentage of Salary
Valuation Date	June 30, 2023
Measurement Date	June 30, 2025
Report Date	June 30, 2025
Discount Rate	The discount rate selected is 5.34%. GASB 75 allows the use of a discount rate that is up to the expected long-term rate of return on the assets in the Trust set aside to pay benefits, if the plan sponsor makes regular contributions to the Trust such that the assets are not depleted at any point in the future. If the plans' actuary determines that contributions are not sufficient to keep the Trust funded, a blend of the long-term rate of return and the yield or index rate for 20-year, tax-exempt municipal bonds will be used for the periods when the Trust funds are not sufficient to cover benefit payments.
Mortality	Same as CalPERS. See appendix.
Termination Rates	Same as CalPERS. See appendix. Also known as "turnover".
Disability	Same as CalPERS. See appendix.
Retirement	Same as CalPERS. See appendix.
Annual Per Capita Claims Cost	Developed using the District's actual premiums and demographics with standard age-related risk scores. Assumed annual per capita claims costs follow:

Age	Males	Females
50	\$ 13,587	\$ 16,112
55	17,664	18,626
60-64	22,667	22,165

Basis of Valuation

Actuarial Assumptions

Assumption	Rates
Aging or Morbidity Factors	Included in claims costs above.
Participant Contributions	None.
Salary Increases	2.80% The salary increase is used to determine the growth in the aggregate payroll. Individual Salary Increases: 2021 CalPERS Merit Salary Increases.
Inflation Rate	2.30%. Same as CalPERS.
Marital Status	Current Retirees: Actual spouse coverage is used. Future Retirees: 100% assumed to elect spouse coverage.
Spouse Gender	Assumes spouse of opposite gender for current and future retirees.
Spouse Age Difference	Actual spouse age is used for current retirees. Assumes males are three years older than females for future retirees.
Participation	Current Retirees: Assume current elections continue until decrement. Future Retirees: 100% are assumed to elect coverage.

Basis of Valuation

Actuarial Assumptions

Assumption

Rates

2023 Premiums

Premiums used to develop aged claims.

Pre-Medicare	Employee	Two-Party	Family
Advantage PPO	\$ 741.43	\$ 1,482.86	\$ 1,964.79
CalCare HMO	1,261.65	2,523.30	3,343.37
CDHP	674.02	1,348.04	1,786.15

Medicare	Employee	Two-Party	Family
UHC PPO	404.70	809.40	1,214.10

Trend Rates

Medical long-term trends from Society of Actuaries "Long Term Healthcare Cost Trends Model v2023_1f" using baseline assumptions. Applied to both claims and premiums.

Calendar Year	Pre-Medicare Trend	Medicare Trend
2023	7.40%	4.20%
2024	6.80%	4.17%
2025	6.20%	4.14%
2026	5.60%	4.14%
2027	5.50%	4.14%
2028	5.39%	4.14%
2029	5.29%	4.14%
2030	5.18%	4.14%
2031-2074
2075+	4.14%	4.14%

This section includes a brief summary of GASB 75, as well as definitions of some of the key terminology used in this report.

About GASB 75

In General. In June 2015 the Governmental Accounting Standards Board released GASB 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. GASB 75 replaced GASB 45 for fiscal years beginning after June 15, 2017, for employers that sponsor OPEB plans. The provisions in GASB 75 are similar to the provisions of GASB 68 for pensions.

Accounting. GASB 75 requires a liability known as the Net OPEB Liability (NOL). The employer recognizes the NOL on its balance sheet. The employer also recognizes an OPEB expense in the income statement. GASB 45 recorded the Unfunded Accrued Actuarial Liability (UAAL) in the notes to the financial statement, whereas GASB 75 records the NOL, which is very similar to the UAAL with just a few technical differences, on the balance sheet.

Financial Statement Impact (Employers). One of the biggest changes to the financial statements of governmental employers that provide OPEB is the reporting of the OPEB liability on the face of the statements rather than in the footnotes. Governments that do not provide OPEB through a trust are required to recognize the entire OPEB liability in the financial statements. For governments that provide OPEB through an OPEB plan that is administered through a trust, the government’s OPEB liability is recognized net of the amount of the OPEB plan’s fiduciary net position.

Changes to the Measurement of the Total OPEB Liability. Measurement of the OPEB liability includes discounting future benefit payments for current and former employees and their beneficiaries to their present value and allocating the present value over past and future periods of the employee service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. The calculation continues to include employee-related events, such as projected salary increases and projected years of service, if they affect the amount of OPEB payments employees will receive, as well as provisions for automatic cost-of-living adjustments (COLAs) and other automatic benefits. Additionally, ad hoc COLAs and other ad hoc benefit changes, which are made at the discretion of the government, are included in projections as well, if they routinely recur.

GASB 75 requires governments to discount projected OPEB payments to their present value. Under the new standard, governments discount the projected OPEB payments to be made in each year and the amount of plan assets (if a government administers the OPEB through a trust) available for providing those benefits to current active and inactive employees and their beneficiaries. Similar to the pension standards, the discount rate used is based on whether the plan assets are projected to be sufficient to make future payments. If the plan assets are sufficient, governments discount future payments using the long-term expected rate of return. If projected plan assets are insufficient to make all future payments to current and inactive employees and their beneficiaries, or if there are no plan assets held in trust, the discount rate is based on a high-quality 20-year tax-exempt general obligation municipal bond yield or index rate. “High-quality” is defined as being rated AA or higher (or an equivalent rating).

Cost Method. The Entry Age Normal Cost method must be used.

About GASB 75 (continued)

Factors that affect a government's OPEB liability, such as actual earnings on plan investments when the OPEB plan is administered as a trust, employee compensation changes, interest on the outstanding OPEB liability, contributions from employees and employers, and actual demographic and economic changes that are not in line with assumptions made in the actuarial calculations, are considered when determining the government's OPEB expense. A government's annual OPEB expense is calculated with consideration for factors affecting the OPEB liability within the reporting period. Several causes of changes in OPEB liability are immediately factored into the calculation of OPEB expense for the period, such as benefits earned each year, interest on the total OPEB liability, changes in benefit terms, and projected earnings on plan investments, if administered through a trust.

Governments are required to recognize deferred outflows of resources or deferred inflows of resources and then introduce into the expense calculation, systematically and rationally over the average remaining years of employment (active employees and inactive employees, including retirees), the effect on the total OPEB liability of differences between assumptions and actual experience.

Key Terminology

Actuarially Determined Contribution	A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Actuarial Present Value of Projected Benefit Payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Agent Employer	An employer whose employees are provided with OPEB through an agent multiple-employer defined-benefit OPEB plan.
Closed Period	A specific number of years that is counted from one date, which declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth until no years remain.
Contributions	Additions to an OPEB plan's fiduciary net position for amounts from employers, non-employer contributing entities, or employees.
Dates and Periods	
• Census Date	The date of the census. It is usually the same as the Valuation Date .
• Measurement Date	The date on which assets are measured. The liabilities are rolled forward to this date from the Valuation Date , should it differ, using actuarial roll-forward techniques.
• Measurement Period	The year ending on the Measurement Date .
• Report Date	The date on which the amounts are reported in the financial statements. It is the same as the fiscal year-end. It may be up to one year ahead of the Measurement Date , with no roll-forward of liabilities or assets required.
• Reporting Period	The year ending on the Report Date . It is the same as the fiscal year.
• Valuation Date	The date on which the liabilities are valued.
Deferred Inflows and Outflows of Resources	The portion of the changes in the Net OPEB Liability that are not recognized in the current pension expense and are recognized in later periods. The changes deferred include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on OPEB plan investments.

Key Terminology (continued)

Defined-Benefit OPEB	OPEB for which the benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as (a) a specified dollar amount (b) an amount that is calculated based on one or more factors such as age, years of service, and compensation, or (c) a type or level of coverage such as prescription drug coverage or a percentage of health insurance premiums. OPEB that does not have all of the terms of defined contribution OPEB is classified as defined-benefit OPEB.
Discount Rate	The single rate of return that reflects the following: a. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return. b. A yield or index rate for 20-year, tax-exempt general-obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions in (a) are not met.
Fiduciary Net Position	The market value of assets as of the Measurement Date .
Implicit Subsidy	The implicit subsidy arises when an employer allows a retiree and the retiree's dependents to continue on the plans for active employees, and pay the active-employee premiums. Retirees are not paying the true cost of their benefits because they have higher costs than active employees, and therefore are partially subsidized by the active employees. Once a retiree reaches Medicare eligibility, the rates are set for Medicare retirees separately, and are set to be sufficient to cover the true costs of the Medicare retirees. Thus, there is no implicit subsidy for Medicare retirees.
Net OPEB Liability	The Total OPEB Liability minus the Fiduciary Net Position .
Normal Cost	See Service Cost .
Other Postemployment Benefits (OPEB)	Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payment for sick leave.
Projected Benefit Payments	All benefits estimated to be payable through OPEB plan to current active and inactive employees as a result of their past service and their expected future service.

Key Terminology (continued)

Service Cost	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years. Also called Normal Cost .
Substantive Plan	The plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees.
Total OPEB Liability	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined-benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB 75.

Appendix

Decrement Tables

The valuation used the following decrement tables from the CalPERS OPEB Assumption Model, dated November 17, 2021:

Mortality	<u>Source Table</u>
Miscellaneous Employees	Mort and Disb Rates_PA Misc
Disability	<u>Source Table</u>
Miscellaneous Employees	Mort and Disb Rates_PA Misc
Terminated Refund Rates	
Miscellaneous Employees	Term Refund Rates_PA Misc Male
Terminated Vested Rates	
Miscellaneous Employees	Term Vested Rates_PA Misc Male
Salary Scale Rates	
Miscellaneous Employees	Salary Scale Rates_PA Misc
Service Retirement Rates	
Miscellaneous Employees	
• 2.0% at 55	Rx PA Misc 2% @ 55
• 2.0% at 62	Rx PA Misc 2% @ 62

Sample Mortality and Disability Rates

Attained Age	Public Agency Miscellaneous													
	Pre-Retirement Mortality				Post-Retirement Mortality						Disability			
	Male Assumptions		Female Assumptions		Male Assumptions			Female Assumptions			Male Assumptions		Female Assumptions	
	Non Industrial Death	Industrial Death	Non Industrial Death	Industrial Death	Healthy Recipients	Non Industrially Disabled	Industrially Disabled	Healthy Recipients	Non Industrially Disabled	Industrially Disabled	Non Industrial Disability	Industrial Disability	Non Industrial Disability	Industrial Disability
1	0.000160	0.000000	0.000030	0.000000	0.000150	0.000150	0.000150	0.000150	0.000150	0.000150	0.000000	0.000000	0.000000	0.000000
5	0.000160	0.000000	0.000030	0.000000	0.000100	0.000100	0.000100	0.000070	0.000070	0.000070	0.000000	0.000000	0.000000	0.000000
10	0.000160	0.000000	0.000030	0.000000	0.000090	0.000090	0.000090	0.000080	0.000080	0.000080	0.000000	0.000000	0.000000	0.000000
15	0.000180	0.000000	0.000100	0.000000	0.000170	0.000170	0.000170	0.000090	0.000090	0.000090	0.000000	0.000000	0.000000	0.000000
20	0.000390	0.000000	0.000140	0.000000	0.000390	0.004110	0.001460	0.000140	0.002330	0.000530	0.000070	0.000000	0.000040	0.000000
25	0.000330	0.000000	0.000130	0.000000	0.000330	0.003360	0.001540	0.000130	0.001870	0.000690	0.000070	0.000000	0.000090	0.000000
30	0.000440	0.000000	0.000190	0.000000	0.000440	0.004520	0.001820	0.000190	0.003010	0.000990	0.000170	0.000000	0.000330	0.000000
35	0.000580	0.000000	0.000290	0.000000	0.000580	0.006030	0.002080	0.000290	0.005040	0.001360	0.000350	0.000000	0.000650	0.000000
40	0.000750	0.000000	0.000390	0.000000	0.000750	0.007790	0.002440	0.000390	0.007300	0.001770	0.000910	0.000000	0.001190	0.000000
45	0.000930	0.000000	0.000540	0.000000	0.000930	0.011200	0.003140	0.000540	0.010190	0.002270	0.001490	0.000000	0.001850	0.000000
50	0.001340	0.000000	0.000810	0.000000	0.002710	0.017270	0.004370	0.001990	0.014390	0.003110	0.001540	0.000000	0.001930	0.000000
55	0.001980	0.000000	0.001230	0.000000	0.003910	0.022170	0.006230	0.003250	0.017340	0.005500	0.001390	0.000000	0.001290	0.000000
60	0.002870	0.000000	0.001790	0.000000	0.005750	0.026810	0.009350	0.004550	0.019620	0.008680	0.001240	0.000000	0.000940	0.000000
65	0.004030	0.000000	0.002500	0.000000	0.008560	0.033320	0.013930	0.006120	0.022760	0.011900	0.001090	0.000000	0.000830	0.000000
70	0.005940	0.000000	0.004040	0.000000	0.013400	0.040560	0.021890	0.009960	0.029100	0.018580	0.000970	0.000000	0.000540	0.000000
75	0.009330	0.000000	0.006880	0.000000	0.024000	0.054650	0.034980	0.017830	0.041600	0.031340	0.000970	0.000000	0.000350	0.000000
80	0.015150	0.000000	0.011490	0.000000	0.043800	0.080440	0.059320	0.034030	0.061120	0.051830	0.000970	0.000000	0.000350	0.000000
85	0.000000	0.000000	0.000000	0.000000	0.082740	0.116950	0.102440	0.061660	0.093850	0.080450	0.000970	0.000000	0.000350	0.000000
90	0.000000	0.000000	0.000000	0.000000	0.145390	0.167700	0.167390	0.110860	0.143960	0.124340	0.000970	0.000000	0.000350	0.000000
95	0.000000	0.000000	0.000000	0.000000	0.247020	0.247020	0.247020	0.203640	0.203640	0.203640	0.000000	0.000000	0.000000	0.000000
100	0.000000	0.000000	0.000000	0.000000	0.361980	0.361980	0.361980	0.315820	0.315820	0.315820	0.000000	0.000000	0.000000	0.000000
105	0.000000	0.000000	0.000000	0.000000	0.522290	0.522290	0.522290	0.446790	0.446790	0.446790	0.000000	0.000000	0.000000	0.000000
110	0.000000	0.000000	0.000000	0.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000
115	0.000000	0.000000	0.000000	0.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000
120	0.000000	0.000000	0.000000	0.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000

Notes:

- 1) Pre-Retirement and Post-Retirement mortality rates include generational mortality improvement at 80% of the MP 2020 table published by the Society of Actuaries.
- 2) Miscellaneous Plans usually have Industrial Death rates set to zero unless the agency has specifically contracted for Industrial Death benefits. If so, each Non-Industrial Death rate shown above will be split into two components: 99% will become the Non-Industrial Death rate and 1% will become the Industrial Death rate.
- 3) The Miscellaneous Non-Industrial Disability rates are used for Local Prosecutors.
- 4) Normally, Industrial Disability rates are zero for miscellaneous plans unless the agency has specifically contracted for Industrial Disability benefits. If so, each miscellaneous non-industrial disability rate will be split into two components: 50% will become the Non-Industrial Disability rate and 50% will become the Industrial Disability rate.

Appendix

Sample Termination Rates

Service	Entry Ages						Sample Terminated Refund Rates (Male) Public Agency Miscellaneous				
	15	20	25	30	35	40	45	50	55	59	
0	0.18514	0.18514	0.17686	0.16306	0.14927	0.14899	0.14871	0.15086	0.15301	0.15473	
5	0.04625	0.04625	0.04232	0.03576	0.02921	0.02611	0.02301	0.02387	0.02474	0.02543	
10	0.01124	0.01124	0.01013	0.00828	0.00644	0.00484	0.00325	0.00324	0.00324	0.00323	
15	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
20	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
25	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
30	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
35	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
40	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
45	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
50	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	

Service	Entry Ages						Sample Terminated Vested Rates (Male) Public Agency Miscellaneous				
	15	20	25	30	35	40	45	50	55	59	
0	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
5	0.03808	0.03808	0.03808	0.03576	0.03344	0.03007	0.02670	0.02221	0.00000	0.00000	
10	0.02646	0.02646	0.02646	0.02544	0.02441	0.01965	0.01489	0.00000	0.00000	0.00000	
15	0.01804	0.01804	0.01804	0.01660	0.01515	0.01190	0.00000	0.00000	0.00000	0.00000	
20	0.01410	0.01410	0.01410	0.01097	0.00785	0.00000	0.00000	0.00000	0.00000	0.00000	
25	0.00844	0.00844	0.00844	0.00642	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
30	0.00471	0.00471	0.00471	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
35	0.00378	0.00378	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
40	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
45	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
50	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	

Notes:

When a member is eligible to retire, the termination with vested benefits probability is set to zero.

Appendix

Sample Salary Scale Rates

Service	Entry Ages										Public Agency Miscellaneous			
	15	20	25	30	35	40	45	50	55	60	65	70	75	79
0	0.0764	0.0764	0.0764	0.0621	0.0621	0.0521	0.0521	0.0521	0.0521	0.0521	0.0521	0.0521	0.0521	0.0521
5	0.0378	0.0378	0.0378	0.0276	0.0276	0.0187	0.0187	0.0187	0.0187	0.0187	0.0187	0.0187	0.0187	0.0187
10	0.0201	0.0201	0.0201	0.0126	0.0126	0.0108	0.0108	0.0108	0.0108	0.0108	0.0108	0.0108	0.0108	0.0108
15	0.0155	0.0155	0.0155	0.0102	0.0102	0.0071	0.0071	0.0071	0.0071	0.0071	0.0071	0.0071	0.0071	0.0071
20	0.0119	0.0119	0.0119	0.0083	0.0083	0.0047	0.0047	0.0047	0.0047	0.0047	0.0047	0.0047	0.0047	0.0047
25	0.0091	0.0091	0.0091	0.0067	0.0067	0.0031	0.0031	0.0031	0.0031	0.0031	0.0031	0.0031	0.0031	0.0031
30	0.0070	0.0070	0.0070	0.0054	0.0054	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020
35	0.0070	0.0070	0.0070	0.0054	0.0054	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020
40	0.0070	0.0070	0.0070	0.0054	0.0054	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020
45	0.0070	0.0070	0.0070	0.0054	0.0054	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020
50	0.0070	0.0070	0.0070	0.0054	0.0054	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020	0.0020

Appendix

Matrix of Sample Service Retirement Assumption Rates

Attained Ages				Public Agency Miscellaneous 2% @ 55			
Service	50	55	60	65	70	75	79
0	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
5	0.01400	0.04500	0.05900	0.16700	0.22900	1.00000	1.00000
10	0.01400	0.04200	0.06400	0.18700	0.22900	1.00000	1.00000
15	0.01700	0.05300	0.08300	0.21000	0.22900	1.00000	1.00000
20	0.02100	0.08600	0.11500	0.26200	0.22900	1.00000	1.00000
25	0.02300	0.09800	0.15400	0.28800	0.22900	1.00000	1.00000
30	0.02400	0.12300	0.17000	0.29100	0.22900	1.00000	1.00000
35	0.02400	0.16400	0.18600	0.29100	0.22900	1.00000	1.00000
40	0.00000	0.18400	0.18800	0.29100	0.22900	1.00000	1.00000
45	0.00000	0.00000	0.18800	0.29100	0.22900	1.00000	1.00000
50	0.00000	0.00000	0.00000	0.29100	0.22900	1.00000	1.00000

Attained Ages				Public Agency Miscellaneous 2% @ 62			
Service	50	55	60	65	70	75	79
0	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
5	0.00000	0.01000	0.03100	0.10800	0.12000	1.00000	1.00000
10	0.00000	0.01900	0.05100	0.14100	0.15600	1.00000	1.00000
15	0.00000	0.02800	0.07100	0.17300	0.19300	1.00000	1.00000
20	0.00000	0.03600	0.09100	0.20600	0.22900	1.00000	1.00000
25	0.00000	0.06100	0.11100	0.23900	0.26500	1.00000	1.00000
30	0.00000	0.09600	0.13800	0.30000	0.33300	1.00000	1.00000
35	0.00000	0.15200	0.18300	0.34800	0.38700	1.00000	1.00000
40	0.00000	0.18000	0.20400	0.36000	0.40000	1.00000	1.00000
45	0.00000	0.00000	0.20400	0.36000	0.40000	1.00000	1.00000
50	0.00000	0.00000	0.00000	1.00000	1.00000	1.00000	1.00000



Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	\$3,352,673.36	\$2,963,353.53
Contribution	0.00	250,000.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	38,864.21	178,752.61
Administrative Expenses	(228.54)	(447.81)
Investment Expense	(363.94)	(713.24)
Other	0.00	0.00
Ending Balance	\$3,390,945.09	\$3,390,945.09
FY End Contrib per GASB 74 Para 22	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	\$3,390,945.09	\$3,390,945.09

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	167,383.372	154,316.762
Unit Purchases from Contributions	0.000	13,066.610
Unit Sales for Withdrawals	0.000	0.000
Unit Transfer In	0.000	0.000
Unit Transfer Out	0.000	0.000
Ending Units	167,383.372	167,383.372
Period Beginning Unit Value	20.029907	19.203057
Period Ending Unit Value	20.258555	20.258555

Please note the Grand Total is your actual fund account balance at the end of the period, including all contributions per GASB 74 paragraph 22 and accrued disbursements. Please review your statement promptly. All information contained in your statement will be considered true and accurate unless you contact us within 30 days of receipt of this statement. If you have questions about the validity of this information, please contact CERBT4U@calpers.ca.gov.

Statement of Transaction Detail for the Quarter Ending 12/31/2025

McKinleyville Community Services District

Entity #: SKB8-3058001188-001



Date	Description	Amount	Unit Value	Units	Check/Wire	Notes
------	-------------	--------	------------	-------	------------	-------

Client Contact:
CERBT4U@CalPERS.ca.gov

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have an overly negative effect on the District as the Appropriations Limits should still be above the District's Appropriations Subject to Limit.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 -

THE CALIFORNIA MUNICIPAL REVENUE SOURCES HANDBOOK, FIFTH EDITION

Michael Coleman

Special thanks to the following individuals who contributed time and effort to this publication:

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THE CALIFORNIA MUNICIPAL REVENUE SOURCES HANDBOOK

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CHAPTER 10



THE ARTICLE XIII B APPROPRIATIONS LIMIT

In November 1979, the voters of California followed up the tax limitations of Proposition 13 (1978) with an amendment to the California Constitution to limit the growth of government spending. Commonly known as the “Gann Initiative” after anti-tax advocate Paul Gann, Proposition 4 created Article XIII B of the California Constitution that provides a formula for calculating spending limits.

In a response to increasing difficulties with the restrictions of Proposition 4, and to increase the accountability of local government in adopting limits, the voters in June 1990 adopted Proposition 111. Among other things, these amendments revise the adjustment formulas.

In 1991, the League of California Cities, with a task force of experts, prepared and released uniform guidelines for making the necessary calculations under Article XIII B. This chapter is an update and revision to those guidelines.

10.01 Article XIII B: A Summary

The appropriations limitation imposed by Propositions 4 (1979) and later amended by Proposition 111 (1990) creates a restriction on the amount of government revenue which may be appropriated in any fiscal year. The **Appropriations Limit** is based on actual appropriations during the base year (FY 1986–87 or the first full year of operation), and increases each year using specified growth factors.

The Appropriations Limit applies only to those revenues defined as “proceeds of taxes.” Certain expenditures of tax proceeds do not count as **Appropriations Subject to Limit** including those for voter approved debt, qualified capital outlay and the costs of complying with court orders and federal mandates.

In order to ensure that taxes are counted in the Appropriations Limit of one but only one agency of government, the law requires that if the state provides funds to a local government for general purposes, the funds are to be counted as “state subventions” and included in the Appropriations Subject to Limit of the local agency. However, if the Legislature restricts the funds to specific purposes, then the funds are counted in the state — rather than local — Appropriations Subject to Limit.

During any fiscal year, a government entity may not appropriate any proceeds of taxes received in excess of the Appropriations Limit of the entity. If a local government receives excess funds in any one year, it may “carry those excess funds into the subsequent year” for use. Any excess funds remaining after the second year must be returned to taxpayers by reducing tax rates or fees. As an alternative, a majority of the voters may approve an “override” to increase the Appropriations Limit. The law allows such an override to last for a maximum of four years.

10.02 What Local Government Funds are Covered?

Article XIII B attempted to restrict spending at all levels of government in California. The Appropriations Limit applies to “all taxes levied by and for” a government entity. The law applies to the state, as well as to all local governments including “any city, county, city and county, school district, special district, authority or other political subdivision of or within the state.”¹

The following local governments are not subject to Appropriations Limit requirements:

- Special districts which did not, as of FY 1977–78, levy a property tax in excess of 12.5 cents per \$100 of assessed value.
- Any special district which is entirely funded by other than the proceeds of taxes.
- Redevelopment agency or successor agency property tax increment funds (such agencies do not have the power to levy a property tax).²

For most local governments, the funds constrained by Article XIII B will include the General Fund, the Capital Outlay Fund and Special Revenue Funds. The source of revenues will determine whether a fund requires a separate Appropriations Limit.

10.03 Determining Your Appropriations Limit

The total annual appropriations subject to limitation of the state and of each local government shall not exceed the appropriations limit of the entity of government for the prior year adjusted for the change in the cost of living and the change in population, except as otherwise provided in this article.

— CALIFORNIA CONSTITUTIONAL ARTICLE XIII B §1

The Appropriations Limit is the calculated dollar amount which restricts the ability to appropriate proceeds of taxes. The Appropriations Subject to Limitation may not exceed the Appropriations Limit. In its simplest form, the Appropriations Limit for any year is the Appropriations Limit from the previous fiscal year increased for inflation and population growth. Ultimately, the Appropriations Limit in a given year depends on the Appropriations Limit for the Base Year (first year of calculation) adjusted annually according to specified factors.

Base Year

The Appropriations Limit for the Article XIII B base year is the sum of the Appropriations Subject to Limitation for that year. Proposition 111 (1989) established FY 1986–87 as the base year for all governments, rather than the original FY 1978–79 base year established by Proposition 4 (1979).³ The base year of a local government entity formed or incorporated on or after January 1, 1980 is the Appropriations Subject to Limitation for the first full year of operation of that entity.⁴

10.04 Irregular Alterations to an Appropriations Limit

Other than the annual adjustment, the Appropriations Limit of a local government entity must be altered for any transfer of financial responsibility. The Appropriations Limit may also be altered, for a limited period of time, in the event of a declared emergency or if voters approve an override temporarily increasing the Appropriations Limit.

Transfer of Financial Responsibility⁵

In addition to the annual inflation and population adjustments, the Appropriations Limit must be adjusted in the event that the financial responsibility for providing services is transferred in whole or in part from:

- One entity of government to another;
- One entity of government to a private entity; or
- Proceeds of taxes to licenses or fees.

The drafters of Proposition 4 wanted to ensure that public agencies did not evade the Appropriations Limit by shifting programs to other governments or from tax support to user fees. Article XIII B requires that a public agency's Appropriations Limit be adjusted whenever there is a transfer of financial responsibility:

1. **Between two or more government agencies** (such as through an annexation or incorporation). Whenever financial responsibility for all or some part of a service is transferred between government agencies, the agencies must increase or decrease their limits “by such reasonable amount as the said entities shall mutually agree”⁶ The amounts adjusted should be the same for the two agencies.

Tip: When annexing territory, remember to also negotiate an amount for adjustment of the Appropriations Limits of the affected entities.

2. From the public sector to the private sector. A public agency’s Appropriations Limit is to be reduced if the financial responsibility for all or part of services transferred to a private entity. For example, if a city that had been funding refuse collection services all or in part from tax revenues instead issued a franchise contract to a private company for providing the service, the Appropriations Limit would be reduced by the amount of tax/subvention saved commencing in the year of the transfer. However, if the service had been funded entirely from user fees, which are not Appropriations Subject to Limit, then the calculations are unaffected and there is no requirement to alter the Appropriations Limit.

3. From other funding to user fees. A public agency’s Appropriations Limit must be decreased whenever “the financial responsibility of providing services is transferred in whole or in part from other revenues of an entity of government to proceeds from regulatory licenses, user charges or user fees”⁷ However, the adjustment need only be made “when the dollar amount allocated from other revenues ... to the provision of such services is decreased.”⁸ That is, if the service funding is maintained (e.g., with a “maintenance of effort”, etc.) with other revenues, then the Appropriations Limit does not have to be reduced. Consistent with the intent and other provisions of Article XIII B, “other revenues” referred to in this section means proceeds of taxes and/or state subventions.

Emergency⁹

Locally declared emergency. Article XIII B allows an entity to exceed its Appropriations Limit by declaring an emergency. In such a case, the Appropriations Limit in the following three years must be sufficiently reduced so as to recover, in aggregate, the excess spending.

The California Constitution provides no guidance regarding any criteria which must be met in determining the existence of an emergency of this type. However, the Attorney General has opined that “an emergency” must reflect an extraordinary occurrence or combination of circumstances that was unforeseen and unexpected at the time a governmental entity adopted its budget ... and which requires immediate and sudden action of a drastic but temporary nature.¹⁰

Emergency declared by Governor. Article XIII B provides different rules for an emergency declared by the Governor. In the event that an emergency is declared by the Governor, the local agency may, by a two-thirds vote of the governing board, appropriate funds into an emergency fund with such appropriations not being subject to limitation.

For this criteria to be met, the emergency, as declared by the Governor, must reflect conditions of disaster or extreme peril to people or property. In an emergency declared by the Governor, there is no requirement to reduce future year Appropriations Limits to recover the amount spent.

Voter Override¹¹

The appropriations limit imposed on any new or existing entity of government by this Article may be established or changed by the electors of such entity, subject to and in conformity with constitutional and statutory voting requirements. The duration of any such change shall be as determined by said electors, but shall in no event exceed four years from the most recent vote of said electors creating or continuing such change.

— CALIFORNIA CONSTITUTIONAL ARTICLE XIII B §4

The voters of a jurisdiction may, by majority approval, increase the Appropriations Limit of a local government. The override may not exceed four years, (see “Exceeding the Limit” later in this chapter in section 10.08).

Tip: Remember to include language approving an increase in the Appropriations Limit in the enacting ordinance of any tax measure.

10.05 Modifying a Limit – Prior Year Effects

Nothing in the law prohibits a government entity from revising its Appropriations Limit; for example, to correct a computational error or to employ a different valid interpretation of Appropriations Subject to Limit.¹² However, any such modifications must be applied consistently to both the Limit and the Appropriations Subject to Limit from the base year (FY 1986–87) onward. Any such modification should:

- modify the base year Appropriations Limit accordingly and recalculate the subsequent annual Appropriations Limits up through the current year;
- modify the Appropriations Subject to Limit for the base year and each subsequent year; and
- compare the Appropriations Limit and Appropriations Subject to Limit in each year.

Any modification opens a 60-day public challenge period for the recalculated years.

10.06 Appropriations Subject to Limitation

*“Appropriations subject to limitation” of an entity of local government means any authorization to expend during a fiscal year the **proceeds of taxes** levied by or for that entity and the proceeds of **state subventions** to that entity (other than subventions made pursuant to Section 6)* exclusive of refunds of taxes.*

— CALIFORNIA CONSTITUTIONAL ARTICLE XIII B §8(B)
*state mandate reimbursement

The Appropriations Subject to Limitation of an entity of local government are those specified appropriated revenue sources to which the Article XIII B limit applies. The particular categories and definitions of revenues included in an entity’s Appropriations Subject to Limitation should be consistent across all years and the base year.

Step by Step:

Determining Appropriations Subject to Limit

1. Assign each revenue account (other than interest earnings) into either proceeds of taxes or non-proceeds (Worksheet 1).
2. Determine whether any user fees exceed the cost of services (Worksheet 2. Enter results on Worksheet 1)
3. Determine all allowable exclusions, including debt service, qualified capital outlay, court orders and federal mandates (Worksheet 3).
4. Pro-rate interest earnings.
 - a. Deduct the exclusions identified in step 3 from the total proceeds of taxes computed in steps 1 and 2.
 - b. Divide the amount determined in step 4 by the total non-interest revenue on Worksheet 1. Multiply this by the total estimated interest earnings to compute the amount of interest earned from the investment of proceeds of taxes (Worksheet 4). An alternate method of computing interest earned from the investment of proceeds of taxes may be used with adequate justification and documentation.
5. Allocate the interest earnings between proceeds of taxes and non-proceeds on Worksheet 1 and total the columns. Transfer the total proceeds of taxes from Worksheet 1 and the exclusions from Worksheet 3 to Worksheet 5.

Proceeds of Taxes

Proceeds of taxes include:

- All taxes levied by or for a public agency;
- Any revenue from regulatory licenses, user charges, and user fees to the extent that the proceeds exceed the cost of providing the regulation, product or service;¹³
- State subventions for general purposes; and
- Any interest earned from the investment of the proceeds of taxes.

State Subventions

“State subventions” shall include only money received by a local agency from the state, the use of which is unrestricted by the statute providing the subvention.

— GOVERNMENT CODE §7903

For the purposes of Article XIII B, state subventions to a local government is money received from the state which is unrestricted as to use. Discretionary funding to local governments from the state has dwindled dramatically since the passage of Proposition 4 in 1979. Consider:

- VLF in lieu funds that are not designated as to use; and
- Homeowners Property Tax Relief.

State moneys provided to local governments with restricted uses are to be included by the state in its Appropriations Limit computations. State subventions provided to local governments without restriction as to use are excluded from the state’s Appropriations Limit computations. The same proceeds of taxes may not be included in the Appropriations Limit computations of more than one local jurisdiction or the state.¹⁴

Motor Vehicle Fuel Tax (Gasoline Tax) revenues allocated to a local government are not a state subvention for the purposes of Article XIII B because these funds are restricted as to use. The state includes these funds in its calculations.

State mandate reimbursements are specifically excluded from “state subventions.”

User Fees

Revenue received from regulatory licenses, user charges and user fees are not considered as proceeds of taxes unless the proceeds exceed the costs reasonably borne in providing the regulation, service or product.¹⁵

Note that the following are NOT considered “regulatory licenses, user fees or charges” for the purpose of this Article XIII B requirement, nor are they “proceeds of taxes:”

- **Rents, concessions, entrance fees, franchise fees** such as facility room rentals; equipment rentals; park, museum and zoo entrance fees, golf greens fees, on and off-street parking and tolls.
- **Fines, forfeitures, penalties** such as late payment fees, citations, parking fines, code enforcement fees and penalties, interest charges and other charges for violation of the law.
- **Assessments on real property or persons** for special benefit conferred.¹⁶

In order to make this determination under Article XIII B, the regulatory license (fees), user charges and fees of the entity should be examined in comparison with the costs of providing the regulation services or products. The analysis may aggregate reasonably related services for this analysis.¹⁷ For example, you may:

- Group **planning and zoning** fees and charges for comparison with the costs of providing services for which those fees are charged;
- Group **building inspection, fire safety inspection, public works inspection and construction permit** fees and charges for comparison with the costs of providing services for which those fees are charged;
- Group **police department** fees and charges for comparison with the costs of providing services for which those fees are charged; and
- Group **parks and recreation** fees and charges for comparison with the costs of providing services for which those fees are charged.

If a determination is made that the proceeds from an aggregated group of regulatory licenses, user charges or user fees exceeds costs, then any such excess is to be considered “proceeds of taxes” under Article XIII B. Such a case requires further analysis to determine compliance of each user fee, regulatory license, and user charge in the aggregated group with Proposition 26 (California Constitutional Article XIII C, §1(e)); or, in the case of property-related fees, Proposition 218 (California Constitutional Article XIII D, §6). All taxes require voter approval (California Constitutional Article XIII C, §2).

Exclusions

The following are excluded from the Appropriations Subject to Limitation:

- Certain types of debt service costs;
- Qualified capital outlay;
- The costs of complying with court orders and federal mandates which, without discretion, require an expenditure for additional services or which unavoidably make the providing of existing services more costly;
- Appropriations required to refund taxes; and
- Local agency loan funds or indebtedness funds, or investment funds in bank accounts.

Debt Service. Certain types of debt service costs are not subject to the Appropriations Limit. Excludable debt service is limited to “appropriations required to pay the cost of interest and redemptions charges ... on indebtedness existing or legally authorized as of January 1, 1978 or on bonded indebtedness thereafter approved ... by a vote of the electors” Under certain conditions, a public entity’s contribution to a pension fund may be an “indebtedness” exempt from the Appropriations Limit. Non-voter approved debt used to purchase qualified capital outlays may also be exempted.

Qualified Capital Outlay. Qualified Capital Outlay is an appropriation for a fixed asset (including land and construction) with a useful life of 10 years or more and a value which equals or exceeds one hundred thousand dollars (\$100,000). This may include:

- Annual debt service and other financing costs;
- Certificates of participation;
- Lease-purchases;
- Periodic contributions into a capital reserve fund, provided that the funds are used to purchase a qualified capital asset;
- Purchases or rehabilitation which enhance the value of or extend the life of existing property, provided that the equipment, land, facility and/or construction costs meet the dollar and life expectancy criteria (10 years and \$100,000). An example would be the addition of \$100,000 sprinkler improvements to enhance an existing park sprinkler system. Another example would be the reconstruction of a deteriorated roadway; and
- Lease of a qualified capital asset.

Items which are *not* considered Qualified Capital Outlay include:

- Collections of lower-priced assets which, when aggregated, total more than \$100,000; and
- Regular maintenance of assets.

Count only that portion of the asset(s) which are purchased with tax proceeds. An asset with multiple funding sources should be prorated in order to determine how much is exempt from the Appropriations Limitation.

Tip: Evaluate any contracts your agency has with other agencies or firms to identify any qualified capital outlays paid through the contract. These costs should be excluded from the Appropriations Limit. Consider separate billings for capital outlays.

Caution: Income from the rent or sale of a qualified capital asset may need to be counted as proceeds of taxes. If the asset was originally obtained using funds which would have been above the Appropriations Limit were it not for the qualified capital outlay exclusion, any revenue gained from the asset under these circumstances should be treated as proceeds of taxes.

Court Orders. If a court orders a public entity to spend money without discretion for additional services or if a court order unavoidably makes the provision of existing services more costly, the expenditures are not counted as Appropriations Subject to Limitation. In making a determination, in this area, one should consult legal counsel and consider the meaning of the terms “unavoidably,” “without discretion,” and “additional service.” Some additional cost areas include:

- Costs incurred to comply with court interpretation of an existing state statute or constitutional provision;
- Costs incurred to comply with court mandates imposed on a separate entity of local government to which other entities of government are subject.

Federal Mandates. The costs of compliance with a federal mandate which, like a court order, unavoidably and without discretion require an additional service or make an existing service more expensive may also be exempt from the Appropriations Limit. A federal mandate exists whenever failure to comply with the mandate “would result in substantial monetary penalties of loss of funds to public or private persons.”¹⁸

Examples of Federal Mandates

- Americans with Disabilities Act
- Clean Air Act
- Clean Water Act
- Comprehensive Environmental Response, Compensation and Liability Act
- Drug-Free Workplace Act
- Emergency Planning and Community Right-to-Know Act
- The Fair Labor Standards Act
- Family and Medical Leave Act
- Flood Disaster Protection Act
- Health Insurance Portability and Accountability Act
- Help America Vote Act and Voting Rights Language Assistance Act
- Immigration Reform and Control Act
- Job Training Partnership Act
- Justice for All Act
- National Historic Preservation Act
- Occupational Safety and Health Act
- Omnibus Transportation Employee Testing Act
- Public Health Service Act
- Residential Lead-Based Paint Hazard Reduction Act
- Resource Conservation and Recovery Act
- Safe Drinking Water Act
- Stewart B. McKinney - Vento Homeless Assistance Act
- Surface Transportation and Uniform Relocation Assistance Act
- Telecommunications Act
- Water Quality Act

Reserve Funds. Whenever tax proceeds are appropriated *into* a reserve fund (contingency, emergency, unemployment, reserve, retirement, sinking fund, trust or similar fund) they are to be counted as Appropriations Subject to Limitation in the year of appropriation. However, such funds are not included in the computation when they are **withdrawn** (or authorized to be withdrawn). Transfers among eligible reserve funds are also not counted as Appropriations Subject to Limitation.

There are two exceptions to this rule. Reserves created to: 1) fund future costs of qualified capital outlay; or 2) the damages of an eligible emergency may be created and financed outside of the Appropriations Limit. The specific capital outlay project should be clearly stated prior to funding the reserve, and strict accounting should be used for expenditure of the funds.

Each entity of government may establish such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust or similar funds as it shall deem reasonable and proper. Contributions to any such fund, to the extent that such contributions are derived from the proceeds of taxes, shall for the purposes of this Article constitute appropriations subject to limitation in the year of contribution. Neither withdrawals from any such fund, nor expenditures of (or authorizations to expend) such withdrawals, nor transfers between or among such funds, shall for purposes of this Article constitute appropriations subject to limitation.

— CALIFORNIA CONSTITUTIONAL ARTICLE XIII B §5

Consistency is Key

There may be some variance among local governments as to interpretation of the specific funds to be included as Appropriations Subject to Limitation. The important thing is that those categories of revenues treated as proceeds in the base year are consistently treated as such in subsequent years. Any modification of the treatment of specific revenues must also make that revision in the base year (FY 1986–87) and re-adjust each subsequent year’s appropriations limit.

**Step by Step:
Determining the Appropriations Limit**

1. Enter the Appropriations Limit for the entity for the prior year on Worksheet 7.
2. Determine the changes in population on Worksheet 5 and select the greater number for the year. Enter this on Worksheet 7.
3. Determine the change in cost of living under each of the two formulas and select the greater number for the year. Enter this on Worksheet 7.
4. Compute factors and Limits and enter on Worksheet 8.

10.07 Annual Adjustment of the Appropriations Limit

The total annual appropriations subject to limitation of the State and of each local government shall not exceed the appropriations limit of the entity of government for the prior year adjusted for the change in the cost of living and the change in population, except as otherwise provided in this article.

— CALIFORNIA CONSTITUTIONAL ARTICLE XIII B §1

Each year, a local government must adjust its Appropriations Limit for two factors: 1) the change in the cost of living; and 2) the change in population.

Annual Adjustment of Appropriations Limit

$$L = L_{py} * (1+C) * (1+P)$$

L = Appropriations Limit of a local government for a fiscal year

L_{py} = Appropriations Limit of the public entity for the prior fiscal year

C = Change in cost of living as defined in law and chosen by the public entity for that year

P = Change in population as defined in law and chosen by the public entity for that year

However, the law allows a number of choices to the public entity for each of these factors. A local government that is not a school or college district may make a choice each year to define the **change in the cost of living** in either of two ways:

- The change in California per capita personal income; or
- The percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction.

Local governments also have multiple options for defining the change in population. A city may choose either:

- The percentage change in population within the city; or
- The percentage change in population within the county in which the city is located (i.e., total population in the county meaning incorporated and unincorporated combined).

Special districts and counties have other choices (see table).

	Change in Population ¹⁹	Change in the Cost of Living ²⁰
City	1) The percentage change in population within the city; or 2) the percentage change in population within the county in which the city is located (total in county: incorporated and unincorporated combined).	
Special District	1) The percentage change in population within the district; or 2) the percentage change in population within the county in which the district is located. 3) For a special district located in two or more counties, the district may use the percentage change in population in the county in which the portion of the district is located which has the highest assessed valuation.	(A) the percentage change in California per capita personal income from the preceding year; or (B) the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction.
County	1) The percentage change in population within the county; or 2) the percentage change in population within the county, combined with the change in population within all counties having borders that are contiguous to that county; or 3) the percentage change in population within the incorporated portion of the county.	

Sources and Calculation Methods

Percentage changes in population for each year — including for a city, special district, county, or county incorporated area - are available from the California Department of Finance Demographics Unit.

The percentage change in California per capita personal income is defined in law as *California personal income*²¹ divided by the *civilian population of the state*²² ... divided by the *similarly determined quotient for the next prior year*.²³ The Department of Finance is required to make this calculation and notify each local agency of the figure no later than May 1 of each year.²⁴

The percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction is properly defined as the dollar change in locally assessed non-residential valuation due to new construction from the prior year assessment roll to the most recent assessment roll divided by the total secured and unsecured assessment roll in the prior year.

“Change in the cost of living” for an entity of local government, other than a school district or a community college district, shall be either (A) the percentage change in California per capita personal income from the preceding year, or (B) the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction. Each entity of local government shall select its change in the cost of living pursuant to this paragraph annually by a recorded vote of the entity’s governing body.

— CALIFORNIA CONSTITUTIONAL ARTICLE XIII B §8(E)(2)

Change in assessment roll due to addition of local nonresidential new construction

$$C_{ar} = \frac{NRAV}{AR_{py}}$$

C_{ar} = Percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction.

NRAV = the dollar value of new nonresidential construction in the jurisdiction during the year following the prior-year assessment roll.

AR_{py} = the total secured and unsecured assessment roll in the jurisdiction in the prior year.

Check with your County Assessor for the elements of this calculation.

Annual Adjustment Factors Prior to 1990-91

For the years FY 1980–81 through FY 1989–90, the factors were, for each year: 1) the lesser of the change in the U.S. Consumer Price Index (CPI) or the change in California Per Capita Income; and 2) the change in population of the entity.

10.08 Exceeding the Limit

All revenues received by an entity of government, other than the state, in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the entity in compliance with this article during that fiscal year and the fiscal year immediately following, it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

— CALIFORNIA CONSTITUTIONAL ARTICLE XIII B §2(B)

If a government entity ends a fiscal year having more Appropriations Subject to Limit than its Appropriation Limit allows, the entity must return the excess either by reducing taxes or fees. Excess revenues in a year may be carried over for one year. That is, if a government entity exceeds its Appropriations Limit in a fiscal year, it can avoid a refund if it is below its Appropriations Limit in the next succeeding year by at least as much. The effect of this one year carry-over provision is that the amount of the combined Appropriations Subject to Limit over a two year period in excess of the combined Appropriations Limits for those two-years must be returned.²⁵

The government entity must return the excess amount by a revision of tax rates or fee schedules within the next two subsequent fiscal years. Alternatively, the electors of a government entity may increase the appropriations limit of the entity. Such a change in an Appropriations Limit may not exceed four years from the most recent vote of the electors.²⁶

Overrides

An Appropriations Limit override does not have to specify how the excess proceeds of taxes will be used by the entity (although it may). The amount of increase requested may be in the form of an absolute dollar amount, a percentage increase, an unspecified amount tied to increased revenue from a specific source or any combination or amount desired by the government entity.

The override may be held any time within the two years allowed to refund the excess funds. However, it is risky to wait too long before submitting an override to the voters. The four-year maximum period commences from the date of passage of the override.

10.09 Adoption Procedures and Annual Review

The Adoption Process

The law stipulates that each year each local government shall:

- By resolution of the governing board at a regularly scheduled meeting or noticed special meeting, establish its Appropriations Limit and make other necessary determinations pursuant to Article XIII B.
- Fifteen days prior to the meeting establishing the Appropriations Limit, make available to the public, documentation used in the determination of the Appropriations Limit and other necessary determinations.²⁷
- Publish the Appropriations Limit and the Appropriations Subject to Limitation in the annual budget of the government entity.²⁸
- Provide the Appropriations Limit and the Appropriations Subject to Limitation to the State Controller's Office on forms included with the filing of the Annual Statement of Financial Transactions.

There is no requirement that a public entity disclose the final amount of proceeds of taxes or Appropriations Subject to Limit. However, some public entities choose to document the actual amount of tax proceeds received and publicly provide notice that the Appropriations Limit has not (or has) been exceeded.

Annual Review and Enforcement

The annual calculation of the appropriations limit under this article for each entity of local government shall be reviewed as part of an annual financial audit.

— CALIFORNIA CONSTITUTIONAL ARTICLE XIII B §1.5

The annual calculation of the Appropriations Limit must be reviewed as part of an annual financial audit. The League of California Cities interprets this requirement as follows:

- An annual financial audit of the entity shall include a review of the adjustments made to the Appropriations Limit from the prior year.
- If the government entity alters or modifies its Appropriations Limit, the review will address those changes including any related revision of base year and intervening year calculations.
- The review will evaluate the accuracy of the computations and the adequacy of documentation. Completion of the worksheets in these guidelines or other alternative computations, along with required council motions will provide adequate documentation needed for the review.
- A local government need not conduct an annual audit of its “proceeds of taxes.”²⁹

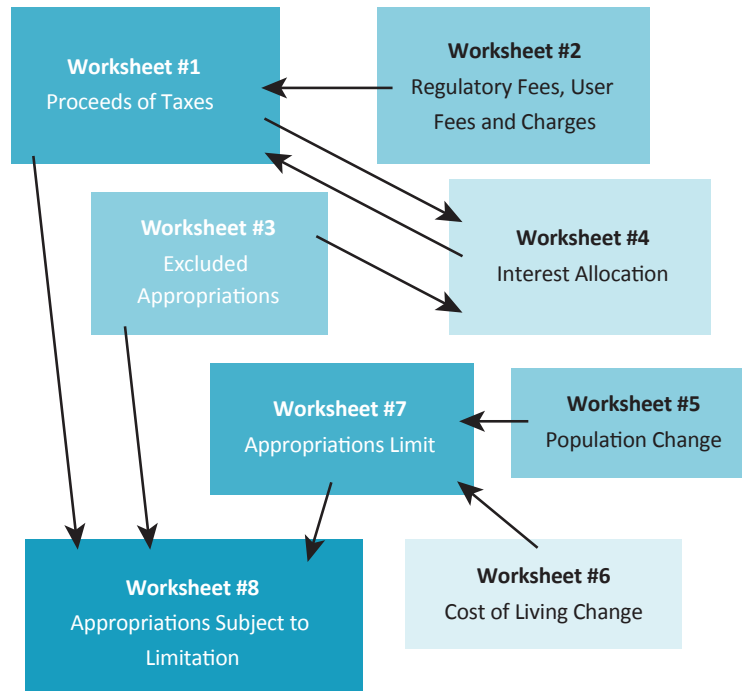
The review will include the following procedures:

- » Determine that the Appropriations Limit was adopted by the governing board of the entity, and that the population and inflation options were selected by a recorded vote of the governing board.
- » Determine that the computations correctly compute the current year Appropriations Limit, taking into account the prior year Appropriations Limit, adjustments for the change in the cost of living and the change in population as defined and any alterations or modifications.

- » Determine from supporting schedules or worksheets that the computations of the components used in the calculation of the Appropriations Limit are correctly calculated.
- » Confirm the prior year Appropriations Limit used in this computation to the prior year Appropriations Limit adopted by the governing board during the prior fiscal year.
- » The determination of whether actual revenues exceeded the Appropriations Limit should take place pursuant to other responsibilities of the financial auditor.
- » The review of the Article XIII B computations must be conducted even if an entity does not normally conduct a full financial audit.
- » The auditor should issue an “agreed-upon procedures” report to the governing board of the entity.

Article XIII B was intended by the drafters and the Legislature to be locally enforced by concerned citizens. There is no formal enforcement agency. The law limits challenges to the Appropriations Limitation calculation to a 45-day period, and the complainant must seek remedies in civil court.³⁰

**Gann Limit Calculations
Worksheet Information Flow**



Endnotes

- 1 Cal. Const. art VIII B §8(d).
- 2 *City of Sacramento v. the State of California* (1990) 50 C3d 51, Revenue and Tax Code §2206.
- 3 Cal. Const. art VIII B §8(h).
- 4 Government Code §7902.7, Government Code §56811 for special districts, Government Code §56812 for cities.
- 5 Cal. Const. art. VIII B §3.
- 6 Cal. Const. art. VIII B §3(a).
- 7 Government Code §7913.
- 8 *Ibid.*
- 9 Cal. Const. art. VIII B §3(c).
- 10 65 Ops. Atty. Gen. 151,3-2-82.
- 11 Cal. Const. art. XIII B §4.
- 12 *Santa Barbara County Taxpayers Association v. Board of Supervisors of Santa Barbara County* (1989) 209 Cal. App. 3d 940.
- 13 If a determination is made that the proceeds from an aggregated group (See Government Code §7905) of regulatory licenses, user charges, or user fees exceeds costs reasonably borne in providing the regulation, service, or product, then any such excess is “proceeds of taxes” under Article XIII B. A further analysis for compliance under Cal Const art XIII C, §1(e), or, in the case of property related fees, Cal. Const. art. XIII D.
- 14 Government Code §7904.
- 15 If a determination is made that the proceeds from an aggregated group (See Government Code §7905) of regulatory licenses, user charges, or user fees exceeds costs reasonably borne in providing the regulation, service, or product, then any such excess is “proceeds of taxes” under Article XIII B. A further analysis for compliance under Cal. Const. art. XIII C, §1(e), or, in the case of property related fees, Cal. Const. art. XIII D.
- 16 *County of Placer v. Corin* (1980) 113 CA3d 449.
- 17 Government Code §7905.
- 18 *City of Sacramento v. the State of California* (1990) 50 C3d 51, Rev and Tax Code §2206.
- 19 California Department of Finance population estimates <http://www.dof.ca.gov/Forecasting/Demographics/Estimates/>
- 20 California Department of Finance Price Factor and Population Information reports <http://www.dof.ca.gov/Forecasting/Demographics/Estimates/>
- 21 “ ... as published by the United States Department of Commerce in the Survey of Current Business for the fourth quarter of a calendar year ... ” Government Code §7901.
- 22 “ ... on January 1 of the next calendar year, as estimated by the Department of Finance ... ” Government Code §7901.
- 23 Government Code §7901.
- 24 Government Code §7909.
- 25 Cal. Const. art. XIII B §2(b).
- 26 Cal. Const. art. XIII B §4.
- 27 Government Code §7910.
- 28 Government Code §37200.
- 29 *Barratt American Inc. v. City of Rancho Cucamonga* (2005) 37 Cal. 4th 685).
- 30 Government Code §7910.

Worksheet #1
Proceeds of Taxes

City FY

Revenue Source	a Proceeds of Taxes	b Non-Proceeds of Taxes	c Total
Taxes			
Property Tax			-
Sales and Use Tax			-
Transactions and Use Tax			-
Business License Tax			-
Utility User Tax			-
Transient Occupancy Tax			-
Documentary or Real Property Transfer Taxes			-
Parcel Taxes			-
Other Taxes			-
Fees	-	-	-
Benefit Assessments			-
Franchises (Cable/Video, Solid Waste, Electric/Gas, etc.)			-
Fines, Forfeitures and Penalties			-
Rents, Royalties and Concessions			-
Gifts			-
Licenses and Permits			-
<i>Include regulatory licenses and permits as regulatory fees in Worksheet 2.</i>			
<i>Include public property, facility or equipment rental licenses/permits in "rents" above.</i>			
<i>Include business license taxes in "taxes" above.</i>			
From State			
Motor Vehicle License Fee			-
Homeowners Property Tax Relief Reimb.			-
Williamson Act			-
Motor Vehicle Fuel (gasoline) Tax			-
Proposition 42 Gasoline Sales Tax			-
Citizens Option for Public Safety (COPS)			-
Proposition 172 Public Safety Sales Tax			-
State Mandate Reimbursements			-
Other discretionary state grants and aid			-
Other non-discretionary state grants and aid			-
Repealed Subventions			-
Criminal Justice Fee (Booking Fee) Relief			-
Discretionary Local Assistance (1999-00, 2000-01)			-
Police Technology Grants (CLEEP)			-
Liquor License Fees			-
Highway Carriers Uniform Business Tax			-
Financial Aid to Local Agencies			-
Business Inventory Exemption Reimbursement			-
Trailer Coach / Mobile Home VLF			-
1978-79 Bailout Funds			-
Other Governments			
Federal General Revenue Sharing			-
Federal CDBG			-
Housing (HUD)			-
Disaster Reimbursement			-
Other			-
Other Miscellaneous			
Sale of property (See "Qualified Capital Outlays")			-
Interfund transfers			-
1 Sub-Total non-interest revenues	-		-
2 Interest Earnings			-
3 Reserve Withdrawals			-
4 Total	-		-
Total revenue plus reserve withdrawals (1c + 3c)			-

Worksheet #2
Regulatory Fees, User Fees and Charges

City FY

	a	i	ii	b=i+ii	c=b-a	d
<u>Program Area</u>	<u>Fee Revenue</u>	<u>Direct Costs</u>	<u>Allocated Overhead</u>	<u>Total Costs</u>	<u>Costs minus Revenues</u>	<u>Revs > Costs? C=negative</u>
1 General Gov't - Management/Support				-	-	-
2 Police - Law Enforcement				-	-	-
3 Transportation - Public Works				-	-	-
4 Planning and Development				-	-	-
5 Building, Construction and Fire Safety				-	-	-
6 Parks and Recreation, museums, etc.				-	-	-
7 Water				-	-	-
8 Sewer				-	-	-
9 Solid Waste				-	-	-
10 Other				-	-	-
11				-	-	-
12				-	-	-
13				-	-	-
14				-	-	-
15				-	-	-
16					Proceeds of Taxes =>	- <small>= sum of column d</small>
					Non-Proceeds of taxes =>	- <small>=sum of column a minus d16</small>

To Worksheet 1

To Worksheet 1

Do not include: rents, entrance fees, royalties, concessions, franchises, fines, forfeitures, penalties, or assessments on real property.

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Worksheet #3 Excluded Appropriations	
City	-
FY	-
Amount	
Court Orders	
sub-total	-
Federal Mandates	
sub-total	-
Qualified Capital Outlay	
sub-total	-
Qualified Debt Service	
sub-total	-
Total Exclusions	-

To Worksheets 4 and 8

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Worksheet #4 Interest Allocation		
City	-	FY
	-	-
	Amount	Source
a) Non-interest Tax Proceeds	-	from Worksheet #1
b) Minus Exclusions	-	from Worksheet #3
c) Net invested proceeds from taxes	-	a-b
d) Total revenue plus reserve withdrawals	-	from Worksheet #1
e) Proceeds of taxes as a percentage of revenues		c / d
	To Worksheet 1	
f) Interest earnings - Total		
	To Worksheet 1	
g) Amount of interest earned from "proceeds of taxes"		e * f

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Worksheet #5 Population Changes								
City <input type="text" value="-"/>								
<u>For</u> <u>Fiscal Year</u>	<u>Jan 1</u>	<u>City</u> <u>Population</u>	<u>Countywide</u> <u>Population</u>	<u>Jan 1</u>	<u>City</u> <u>Population</u>	<u>Countywide</u> <u>Population</u>	<u>City %</u> <u>Change</u>	<u>County %</u> <u>Change</u>
1986-87	1985			1986				
1987-88	1986	-	-	1987				
1988-89	1987	-	-	1988				
1989-90	1988	-	-	1989				
1990-91	1989	-	-	1990				
1991-92	1990	-	-	1991				
1992-93	1991	-	-	1992				
1993-94	1992	-	-	1993				
1994-95	1993	-	-	1994				
1995-96	1994	-	-	1995				
1996-97	1995	-	-	1996				
1997-98	1996	-	-	1997				
1998-99	1997	-	-	1998				
1999-00	1998	-	-	1999				
2000-01	1999	-	-	2000				
2001-02	2000	-	-	2001				
2002-03	2001	-	-	2002				
2003-04	2002	-	-	2003				
2004-05	2003	-	-	2004				
2005-06	2004	-	-	2005				
2006-07	2005	-	-	2006				
2007-08	2006	-	-	2007				
2008-09	2007	-	-	2008				
2009-10	2008	-	-	2009				
2010-11	2009	-	-	2010				
2011-12	2010	-	-	2011				
2012-13	2011	-	-	2012				
2013-14	2012	-	-	2013				
2014-15	2013	-	-	2014				
2015-16	2014	-	-	2015				
2016-17	2015	-	-	2016				
2017-18	2016	-	-	2017				
2018-19	2017	-	-	2018				
2019-20	2018	-	-	2019				
2020-21	2019	-	-	2020				
2021-22	2020	-	-	2021				
2022-23	2021	-	-	2022				
2023-24	2022	-	-	2023				

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Worksheet #6							
Cost of Living Adjustment Factors							
City <input type="text" value="-"/>							
Factors for Fiscal Year	a		b		c		d
	<u>Percentage Change in Per Capita Personal Income</u>	<u>published</u>	<u>NRAV Dollar Value of New Nonresidential Construction in the jurisdiction</u>	<u>from ...</u>	<u>AR_{py} Total secured and unsecured assessment roll in the jurisdiction</u>	<u>for ...</u>	<u>= b + c</u> <u>Change in assessment roll due to addition of local nonresidential new construction</u>
	Source: Calif Dept of Finance		Source: County Assessor		Source: County Assessor		
1987-88	3.47%	May 1, 1987		1986 to 1987		1986	
1988-89	4.66%	May 1, 1988		1987 to 1988		1987	
1989-90	5.19%	May 1, 1989		1988 to 1989		1988	
1990-91	4.21%	May 1, 1990		1989 to 1990		1989	
1991-92	4.14%	May 1, 1991		1990 to 1991		1990	
1992-93	-0.64%	May 1, 1992		1991 to 1992		1991	
1993-94	2.72%	May 1, 1993		1992 to 1993		1992	
1994-95	0.71%	May 1, 1994		1993 to 1994		1993	
1995-96	4.72%	May 1, 1995		1994 to 1995		1994	
1996-97	4.67%	May 1, 1996		1995 to 1996		1995	
1997-98	4.67%	May 1, 1997		1996 to 1997		1996	
1998-99	4.15%	May 1, 1998		1997 to 1998		1997	
1999-00	4.53%	May 1, 1999		1998 to 1999		1998	
2000-01	4.91%	May 1, 2000		1999 to 2000		1999	
2001-02	7.82%	May 1, 2001		2000 to 2001		2000	
2002-03	-1.27%	May 1, 2002		2001 to 2002		2001	
2003-04	2.31%	May 1, 2003		2002 to 2003		2002	
2004-05	3.28%	May 1, 2004		2003 to 2004		2003	
2005-06	5.26%	May 1, 2005		2004 to 2005		2004	
2006-07	3.96%	May 1, 2006		2005 to 2006		2005	
2007-08	4.42%	May 1, 2007		2006 to 2007		2006	
2008-09	4.29%	May 1, 2008		2007 to 2008		2007	
2009-10	0.62%	May 1, 2009		2008 to 2009		2008	
2010-11	-2.54%	May 1, 2010		2009 to 2010		2009	
2011-12	2.51%	May 1, 2011		2010 to 2011		2010	
2012-13	3.77%	May 1, 2012		2011 to 2012		2011	
2013-14	5.12%	May 1, 2013		2012 to 2013		2012	
2014-15	-0.23%	May 1, 2014		2013 to 2014		2013	
2015-16	3.82%	May 1, 2015		2014 to 2015		2014	
2016-17	5.37%	May 1, 2016		2015 to 2016		2015	
2017-18	3.69%	May 1, 2017		2016 to 2017		2016	
2018-19	3.67%	May 1, 2018		2017 to 2018		2017	
2019-20		May 1, 2019		2018 to 2019		2018	
2020-21		May 1, 2020		2019 to 2020		2019	
2021-22		May 1, 2021		2020 to 2021		2020	
2022-23		May 1, 2022		2021 to 2022		2021	
2023-24		May 1, 2023		2022 to 2023		2022	
2024-25		May 1, 2024		2023 to 2024		2023	

Select highest factor for the year (column a or d) to Worksheet 7

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Worksheet #7			
Appropriations Limit			
City	<input type="text" value="-"/>	FY	<input type="text" value="-"/>
	Amount	Source	
a) Prior Year Appropriations Limit	<input type="text" value="-"/>	Prior year schedules	
b) Adjustment Factors	percent	ratio	
1) Population Change	<input type="text" value="1.000"/>	1.000	Select from Worksheet 5
Population in city or county?	<input type="text" value=""/>		"city" or "county"
2) Cost of Living	<input type="text" value="1.000"/>	1.000	Select from Worksheet 6
State CPI or % New non-residential?	<input type="text" value=""/>		"CPI" or "%new non-resid AV"
3) Combined adjustment factor	<input type="text" value="1.000"/>	1.000	b1 * b2
c) Adjusted Limit	<input type="text" value="-"/>	a * b3	
d) Alterations			
Transfer of Financial Responsibility	<input type="text" value=""/>		
Transfer to Fees	<input type="text" value=""/>		
Emergency	<input type="text" value=""/>		
Voter Override	<input type="text" value=""/>		
Total Alterations	<input type="text" value="-"/>	sum of d	
e) Appropriations Limit - Current Year	<input type="text" value="-"/>	c + d	

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Worksheet #8			
Appropriations Subject to Limitation			
City	<input type="text" value="-"/>	FY	<input type="text" value="-"/>
	Amount	Source	
a) Proceeds of Taxes	<input type="text" value="-"/>	Worksheet #1	
b) Exclusions	<input type="text" value="-"/>	Worksheet #3	
c) Appropriations Subject to Limitation	<input type="text" value="-"/>	a-b	
d) Appropriations Limit (current year)	<input type="text" value="-"/>	Worksheet #7	
e) Under (Over) Limit	<input type="text" value="-"/>	d-c	

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Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – MCSD Single Audit Report for Fiscal Year 24-25



McKinleyville Community Services District

Single Audit Report

For the Fiscal Year Ended June 30, 2025

McKinleyville Community Services District
Single Audit Report
For the Fiscal Year Ended June 30, 2025

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**Independent Auditor’s Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance in Accordance with the *Uniform Guidance***

Board of Directors
McKinleyville Community Services District
McKinleyville, California

Report on Compliance for Each Major Federal Program

We have audited the McKinleyville Community Services District’s (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2025. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the McKinleyville Community Services District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basin for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District’s federal programs.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the *Uniform Guidance*, continued

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Uniform Guidance*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

**Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the *Uniform Guidance*, continued**

Report on Internal Control Over Compliance, continued

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

C.J. Brown & Company, CPAs
Cypress, California
March 4, 2026

Independent Auditor' Report on the Schedule of Expenditure of Federal Awards

Board of Directors
McKinleyville Community Services District
McKinleyville, California

Report on the Audit of the Schedule of Expenditures of Federal Awards

We have audited the schedule of expenditures and federal awards of McKinleyville Community Services District (District) for the year ended June 30, 2025, and the related notes (the schedule).

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly in all material respects, the expenditures of federal awards of McKinleyville Community Services District for the year ended June 30, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of the Schedule section of the report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion.

Responsibilities of Management for Compliance

Management is responsible for the preparation and fair presentation of the schedule 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 the schedule that is free from material misstatement, whether due to fraud or error.

Independent Auditor' Report on the Schedule of Expenditure of Federal Awards, continued

Auditor's Responsibilities for the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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, Government Auditing Standards, and the Uniform Guidance 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 schedule.

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 schedule, 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 schedule.
- 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.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Schedule of Expenditures of Federal Awards as a whole. The schedule of expenditures of federal awards – reconciliation on page 9 is presented for purposes of additional analysis and is not a required part of the schedule. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the schedule.

The supplementary information has been subjected to the auditing procedures applied in the audit of the schedule and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the schedule or to the schedule itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the Schedule of Expenditures of Federal Awards as a whole.

C.J. Brown & Company, CPAs
Cypress, California
March 4, 2026

Working Draft Subject to Review

**McKinleyville Community Services District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title:	Assistance Listing Number	Unique Identifying Number/ Award Number	Federal Expenditures
U.S. Environmental Protection Agency			
Major Program:			
Clean Water State Revolving Fund (CWSRF)			
Pass Through - California State Water Resources Control Board			
Wastewater System Energy Efficiency and Renewable Energy Project	66.458	C-06-8221-110	\$ 49,910
Total U.S. Environmental Protection Agency			<u>49,910</u>
U.S. Department of Homeland Security			
Federal Emergency Management Agency			
Major Program:			
Hazard Mitigation Grant Program (HMGP)			
Passed Through – California Office of Emergency Services:			
4.5 MG Water Reservoir Project	97.039	FEMA-4344-DR-CA	3,470,944
Sewer Highway Crossing Retrofit Supplement	97.039	FEMA-4353-DR-CA	10,629
Seismic Retrofit Fischer Sewer Lift Station	97.039	FEMA-4482-DR-CA	183,106
Total U.S. Department of Homeland Security			<u>3,664,679</u>
Total Expenditures of Federal Awards			<u>\$ 3,714,589</u>

McKinleyville Community Services District
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

(1) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by McKinleyville Community Services District (District), that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include federal award received indirectly by the District from a nonfederal agency, the California State Water Resource Control Board and the California Office of Emergency Services. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that was funded with other state, local, or other nonfederal funds, if any, are excluded from the accompanying schedule.

(2) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Under the accrual basis of accounting, expenditures are recorded, accordingly, when incurred rather than when paid.

Expenditures reported on the SEFA Schedule are recognized following the cost principles contained in 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*).

(3) Relationship to Annual Financial Report

Amounts reported in the accompanying SEFA Schedule agree to amounts reported within the District's June 30, 2025 Annual Financial Report with report dated February 4, 2026.

(4) Federal Assistance Listing Numbers/Unique Entity Identifying Number

The program titles and federal assistance listing numbers were obtained from the federal or pass-through grantor. When federal awards were received from a pass-through entity, the schedule of expenditures of federal awards shows, if available, the identifying number assigned by the pass-through entity.

(5) Contingencies

Under the terms of federal grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under terms of the grants. Such audits could lead to a request for reimbursement to grantor agencies.

(6) Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**McKinleyville Community Services District
Schedule of Findings and Questioned Cost
Fiscal Year Ended June 30, 2025**

Section I—Summary of Auditor’s Results	Response
<i>Basic Financial Statements</i>	
Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a) (Uniform Guidance):	No
Identification of major programs tested include:	
U.S. Environmental Protection Agency	
Passed Through – California State Water Resources Control Board	
Clean Water State Revolving Fund – CFDA No. 66.458	
U.S. Department of Homeland Security –	
Federal Emergency Management Agency	
Passed Through – California Office of Emergency Services	
Hazard Mitigation Grant Program – CFDA No. 97.039	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes
<i>Section II—Financial Statement Findings</i>	
No matters were reported.	
<i>Section III—Federal Award Findings and Questioned Costs</i>	
No matters were reported.	
<i>Section IV—Prior Year Findings and Questioned Costs</i>	
No matters were reported.	

Supplementary Information

Working Draft Subject to Review

McKinleyville Community Services District
Schedule of Expenditures of Federal Awards – Reconciliation
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title:	Assistance Listing Number	Amount Receivable June 30, 2024	Federal Expenditures	Grant Funds Received by June 30, 2025	Amount Receivable June 30, 2025
U.S. Environmental Protection Agency					
Major Program:					
Clean Water State Revolving Fund (CWSRF)					
Passed Through – California State Water Resources Control Board:					
C-06-8221-110 (Microgrid)	66.458	\$ 819,035	49,910	868,945	-
Total U.S. Environmental Protection Agency	66.458	819,035	49,910	868,945	-
U.S. Department of Homeland Security					
Federal Emergency Management Agency					
Major Program:					
Hazard Mitigation Grant Program (HMGP)					
Passed Through – California Office of Emergency Services:					
FEMA-4344-DR-CA (4.5 Mg Tank)	97.039	\$ 2,785,727	3,470,944	4,796,222	1,460,449
FEMA-4353-DR-CA (Sewer Undercrossings)	97.039	13,280	10,629	-	23,909
FEMA-4558-DR-CA (McCluski & Hewitt Tanks)	97.039	11,682	-	-	11,682
FEMA-4482-DR-CA (Seismic Retrofit Fischer Sewer Lift St'n)	97.039	43,421	183,106	171,945	54,582
Total U.S. Department of Homeland Security	97.039	2,854,110	3,664,679	4,968,167	1,550,622
Total Federal Awards		\$ 3,673,145	3,714,589	5,837,112	1,550,622

Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements

Statement of Activities:

Program revenues:

Charges for federal award grants	\$ 3,714,589
Total federal awards	3,714,589
Add – Accounts receivable – federal funding – June 30, 2024	3,673,145
Less – Accounts receivable – federal funding – June 30, 2025	(1,550,622)
Federal receipts or revenues recognized per Schedule	\$ 5,837,112