

**HUMBOLDT COMMUNITY SERVICES  
DISTRICT**

**EUREKA, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Humboldt Community Services District  
Eureka, California

### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of Humboldt Community Services District, as of June 30, 2022, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Humboldt Community Services District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

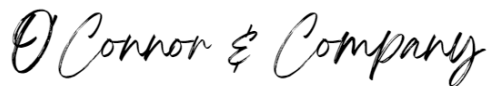
In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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



O'Connor & Company

Novato, California  
September 19, 2024

Humboldt Community Services District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

This section of Humboldt Community Services District's (the District's) annual financial report presents our analysis of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components: Financial Statements and the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

The District operates as a utility enterprise, which means that it relies mainly on water and sewer rates and charges to fund its operation. The Financial Statements of the District report information about the District using the full accrual basis of accounting. These statements offer short and long-term financial information about the District's activities.

The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Fund Net Position. This statement measures the success of the District's operations over the past year and can be used to determine the District's credit worthiness and whether the District has successfully recovered all its costs through user fees and other charges.

The final financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, financing and investments. It also provides answers to questions such as: where did the cash come from, what was cash used for, and what was the change in cash balance during the year.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about an entity's finances is "As a whole, are we better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position report information about the District's activities in a way that helps answer this question. These two statements report the net position of the District and changes to net position.

The following condensed financial information provides an overview of the District's financial activities for the fiscal years ended June 30, 2022 and June 30, 2021.

NET POSITION

Net position, (the difference between assets and liabilities) is one way to measure financial health or position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other factors such as desired reserve levels, changes in economic conditions, population growth, housing trends and government legislation.

Humboldt Community Services District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2022

The largest portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, water supply and distribution system, sewer collection system and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance: unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors. The following table summarizes the District's net position as of June 30:

Table 1  
Business-type Net Position

	2022	2021
<b>Assets:</b>		
Current and other assets	\$ 12,075,670	\$ 10,053,102
Capital assets, net of accumulated depreciation	33,016,922	32,519,643
Total assets	45,092,592	42,572,745
Deferred outflows	2,610,018	2,194,635
<b>Liabilities:</b>		
Other liabilities	1,065,812	1,479,227
Long-term debt outstanding	24,295,316	24,965,592
Total liabilities	25,361,128	26,444,819
Deferred inflows	2,116,895	1,042,529
<b>Net Position:</b>		
Invested in capital assets, net of related debt	23,591,897	22,442,817
Restricted	1,027,678	484,521
Unrestricted	(4,394,988)	(5,647,306)
Total net position	\$ 20,224,587	\$ 17,280,032

REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

While the Statement of Net Position shows the change in financial position from one year to the next, the Statement of Revenues, Expenses and Changes in Fund Net Position provides information concerning the nature and source of these changes.

Revenue

Total operating revenue increased \$867,716 in 2022 as compared to 2021. Other Non-Operating Revenue decreased primarily due to an increase in interest rates on investments that caused a drop in bond prices.

Expenses

Operating expenses increased \$658,219. Non-operating expenses decreased by \$17,793. Changes include:

- Salaries & Benefits (primarily benefit increases, including PERS & OPEB) \$ 714,354 increase
- Water purchases \$ 13,619 increase
- Joint treatment costs \$ 22,491 increase

Humboldt Community Services District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
 June 30, 2022

The following table summarizes the District's change in net position for the year ended June 30:

Table 2  
Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Operating revenues	\$ 12,241,136	\$ 11,373,420	\$ 867,716
Operating expenses	9,533,909	8,875,690	(658,219)
Net operating income (loss)	<u>\$ 2,707,227</u>	<u>\$ 2,497,730</u>	<u>\$ 209,497</u>
Investment and other income	\$ 473,037	\$ 517,499	\$ (44,462)
Interest and other expenses	367,215	385,008	17,793
Non-operating net income	<u>\$ 105,822</u>	<u>\$ 132,491</u>	<u>\$ (26,669)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Table 3  
Capital Assets at Year End

	<u>2022</u>	<u>2021</u>
Land	\$ 701,998	\$ 685,868
Buildings and improvements	1,009,028	1,009,028
Water Plant and System	25,572,948	23,652,046
Sewer Collection System	28,622,784	27,679,721
Vehicles and equipment	4,052,044	4,033,528
Construction in progress	<u>1,933,981</u>	<u>2,878,809</u>
Subtotal	61,892,783	59,939,000
Accumulated depreciation	<u>(28,875,863)</u>	<u>(27,419,357)</u>
Net capital assets	<u>\$ 33,016,920</u>	<u>\$ 32,519,643</u>

Capital Assets

At June 30, 2022, the District had \$33,016,920 (net of accumulated depreciation) invested in its water distribution and storage system, wells, sewage collection system, construction in progress, land, buildings, vehicles and equipment. Additional information regarding the District's capital assets can be found in Note 2, Section B of the Financial Statements.

Long-Term Debt

At year end, the District had \$9,425,020 in long term obligations (not including pension and retiree health post-employment liabilities). More detailed information regarding the District's long-term liabilities can be found in Note 2, Section C of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors when adopting the fiscal year 2021/2022 budget. The Board assessed the available reserves, the operating and capital needs of the District, potential customer growth, and potential regulatory impacts.

Financial planning is based on specific assumptions from recent trends, State of California economic forecasts and historical growth patterns in the communities served by the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Finance Manager or General Manager at Humboldt Community Services District, 5055 Walnut Drive, Eureka, California 95503.

Humboldt Community Services District  
STATEMENT OF NET POSITION  
June 30, 2022

ASSETS

Current assets:	
Cash and investments	\$ 9,433,832
Restricted cash and investments:	
Debt service	647,021
Capital projects	380,657
Total cash and investments	10,461,510
Accounts receivable	1,238,622
Prepaid items	171,659
Inventory	203,879
Total current assets	12,075,670
Capital assets:	
Non-depreciable assets	2,635,979
Depreciable assets (net of depreciation)	30,380,943
Total assets	45,092,592

DEFERRED OUTFLOWS

Deferred outflows related to OPEB	1,973,085
Deferred outflows related to pensions	636,933
Total deferred outflows	2,610,018

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	718,698
Compensated absences	98,184
Customer deposits	120,908
Accrued expenses	128,022
Total current liabilities	1,065,812
Long-term liabilities:	
Compensated absences	139,902
Due within one year	637,455
Due in more than one year	8,787,570
Net OPEB liability	12,663,091
Net pension liability due in more than one year	2,067,298
Total long-term liabilities	24,295,316
Total liabilities	25,361,128

DEFERRED INFLOWS

Deferred inflows related to OPEB	157,584
Deferred inflows related to pensions	1,959,311
Total deferred inflows	2,116,895

Net position:	
Net investment in capital assets	23,591,897
Restricted	1,027,678
Unrestricted	(4,394,988)
Total net position	\$ 20,224,587

The accompanying notes are an integral part of these financial statements.



Humboldt Community Services District  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
For the Year Ended June 30, 2022

Operating revenues:	
Water sales	\$ 5,435,934
Sewer service fees	6,797,476
Other operating	7,726
Total operating revenues	12,241,136
Operating expenses:	
Salaries and benefits	3,439,619
General and administration	435,990
Joint treatment costs	1,479,282
Purchases power	290,557
Water purchases	1,847,805
Repairs and maintenance	130,090
Supplies	330,202
Other expenses	123,861
Depreciation	1,456,503
Total operating expenses	9,533,909
Operating income (loss)	2,707,227
Non-operating revenues (expenses):	
Interest revenue	38,757
Interest expense	(367,215)
Taxes and assessments	423,436
Other income	10,844
Total non-operating revenues (expenses)	105,822
Income (loss) before capital contributions	2,813,049
Capital contributions and connection fees	131,506
Changes in net position	2,944,555
Net position, beginning of period	17,280,032
Net position, end of period	\$ 20,224,587

The accompanying notes are an integral part of these financial statements.

Humboldt Community Services District  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2022

Cash flows from operating activities:	
Receipts from customers	\$ 12,029,965
Payments to suppliers	(3,641,019)
Payments to employees	(4,172,012)
Net cash provided (used) by operating activities	<u>4,216,934</u>
Cash flows from non-capital financing activities:	
Taxes and assessments	547,016
Other revenue (expense)	11,478
Net cash provided (used) by non-capital financing activities	<u>558,494</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(1,955,050)
Interest expense	(367,215)
Capital connection fees received	131,506
Payment on current portion of bonds	(651,801)
Net cash provided (used) by capital and related financing activities	<u>(2,842,560)</u>
Cash flows from investing activities:	
Interest earned	<u>38,757</u>
Net cash provided by investing activities	<u>38,757</u>
Net increase (decrease) in cash and cash equivalents	1,971,625
Cash and cash equivalents - beginning of period	<u>8,489,885</u>
Cash and cash equivalents - end of period	<u>\$ 10,461,510</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:	
Operating income (loss)	\$ 2,707,227
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	1,456,503
Changes in certain assets and liabilities:	
Accounts receivable	(211,171)
Prepaid items	37,283
Inventory	(1)
Accounts payable	(280,173)
Accrued expenses	2,620
Deferred outflows	(415,383)
Deferred inflows	1,074,366
Net pension liability	(1,392,692)
Net OPEB liability	1,234,315
Compensated absences	(1,304)
Customer deposits	5,344
Net cash provided (used) by operating activities	<u>\$ 4,216,934</u>
Noncash Transactions	
Bond premium amortization	<u>\$ 3,469</u>

The accompanying notes are an integral part of these financial statements.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Humboldt Community Services District was formed in 1952, pursuant to the State of California Community Services District Law. The District's service area includes the unincorporated areas in the vicinity of the City of Eureka, California. The accompanying financial statements present the District and its component units, entities for which the District is considered to be financially accountable. The District has no component units. The District is governed by an elected five-member Board of Directors.

The District provides water for domestic use, irrigation, sanitation use, industrial use, fire protection and recreation. The District also provides for the collection, treatment and disposal of sewage and provides street lighting to customers within its boundaries. The District is authorized to but does not currently provide waste and storm water services. The District does not own or operate its own wastewater treatment plant, but instead contracts with the City of Eureka for such services.

B. Financial Statements

The basic financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in fund net position and statement of cash flows) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The District accounts for its water and sewer departments in two separate enterprise funds, while property tax revenues are accounted for in a separate administrative enterprise fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes, water service charges, water sales, wastewater fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The District is engaged primarily in business-type activities and the District's basic financial statements consist of only the financial statements required for enterprise funds. These include management's discussion and analysis, a statement of net position, a statement of revenue, expenses, and changes in fund net position, a statement of cash flows, and these notes to the basic financial statements. The District is also an AB 8 District and receives property tax revenues and accounts for them in a separate administrative enterprise fund.

Proprietary enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operation revenues of the District are charges to the customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District's investment policy has been to invest idle cash in demand deposits, time deposits, and the Humboldt County Treasurer's Investment Pool. Investments are reported at fair value. The County Pool is operated in accordance with applicable state laws and regulations, and the reported value of the District's investment in the County Pool is the same as the fair value of the pool shares. State statutes authorize the District to invest in obligations of the U.S. Treasury, Federal Agency obligations, commercial paper, the LAIF and other instruments. The Loan and Installment Agreement underlying the issuance of Loans and Installment Purchase Agreements authorize permitted investments consistent with the State of California Government Code but broader in scope than the District's usual investment practices.

Receivables and Property Taxes

All trade receivables are not shown net of an allowance for uncollectibles.

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market value, be levied by only the County, and be shared by applicable jurisdictions. The County of Humboldt collects the taxes and distributes them to taxing jurisdictions based on assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The District receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan". Under the plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the District. The District recognizes property tax revenues in the fiscal year in which they are due to the District and accrues as receivable such taxes.

Inventories and Prepaid Items

All inventories are valued at cost based upon physical determinations made at the end of each year. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Restricted Cash Equivalents and Investments

Cash equivalents and investments restricted for use in only capital projects or debt service are reported as noncurrent assets. The District follows the practice of reporting in this category the funds received from the issuance of the Installment Purchase Agreements for the purpose of financing the design, construction, replacement and improvement of District facilities. Special assessments receivable are restricted for the repayment of the Loan Payable to the State of California and are therefore also reported as restricted assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (mainly the existing water distribution and wastewater collection system), are reported in the financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets constructed by developers are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives' are not capitalized.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed net of construction period interest revenues earned during such periods. Total depreciation expense for the year ended June 30, 2022 was \$1,456,503.

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Water system	30-40
Wastewater collection system	30-40
Buildings and improvements	30-40
Vehicles, trucks and equipment	5-15

Compensated Absences, Sick Leave, Other Post-Employment Benefits, Other Than Pensions and Claims

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for unpaid vacation and sick leave is recorded in the financial statements when the liability is incurred, and vacation is reported as the current portion of such compensated absences. The District does provide for payment of unused sick leave at the rate of 50 percent at retirement after age 50 with five years of service. The total amount of compensated absences payable at June 30, 2022 was \$238,086. The District accounts for other post-employment benefits (OPEB), using actuarial information and by accruing as a liability the difference each year between the District's annual required contribution (ARC) and actual contributions made to the Plan for retiree medical benefits.

Limited Risk Pooled Self-Insurance

The District obtains insurance coverage for property and equipment, fidelity bonds, automobile liability and general liability, and workers compensation insurance through its membership in the Association of California Water Agencies Joint Powers Insurance Authority. The risk of loss is transferred from the District to the Authority in exchange for the District's payment of annual premiums.

Incurred and unbilled claims, if any, are accrued as a liability when it is probable that an asset has been impaired, the amount of the obligation can be reasonably estimated, and the claim is not covered by insurance.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. Assets, Liabilities, and Net Position (concluded)

Pensions

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

Net Position

In the financial statements, fund net position is reported in three categories as follows:

- Net investment in capital assets - This category of net position reports the net book value of capital assets used in District operations including construction in progress all net of related accumulated depreciation, and reduced by the carrying value of related long-term debt issued to finance the acquisition of such assets.
- Restricted for debt service and capital projects - This category of net position reports all unspent proceeds from the issuance of long-term debt restricted for capital asset improvement, replacement, or construction net of the related long-term debt. It also includes funds restricted for debt service payment and reserve requirements.
- Unrestricted - Unrestricted net position represents all other assets net of related liabilities available for use by the District.

Net Position Flow Assumption

The District may fund operations with a combination of cost-reimbursement grants and capital grants. Thus, both restricted and unrestricted net positions may be available to finance expenditure. The District's policy is to first apply restricted resources, followed by unrestricted resources if necessary.

Long-term Obligations

In enterprise fund-type financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Discounts associated with the issuance of long-term debt obligations are reported as a reduction of the carrying value of the related debt obligation and are amortized to interest expense over the life of the debt instrument. Costs associated with the issuance of the debt are capitalized as other non-current assets and are amortized to expense over the life of the debt obligation.

Estimates

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

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2022

NOTE 2 - DETAILED NOTES

A. Cash Equivalents and Investments

Cash equivalents and investments consisted of the following at June 30:

	2022
Cash and investments:	
Demand accounts	\$ 6,309,617
Humboldt County pool	4,151,893
Total cash and investments	\$ 10,461,510
	2022
Restricted cash:	
Humboldt County pool	\$ 1,027,678
Total restricted cash and investments	\$ 1,027,678

Custodial Credit Risk - Deposits:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors.

All monies in the Humboldt County Treasurer's Pool are not evidenced by specific securities; and therefore, are not subject to custodial credit risk. The average number of days to maturity for investments in the County Pool is 688 days.

Fair Value Hierarchy

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The District's holdings in the Humboldt County Treasurers Investment Pool and cash in banks were not subject to the fair value hierarchy.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 2 - DETAILED NOTES (continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

<u>Business-type Activities - Water</u>	<u>Balance 6/30/21</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/22</u>
Capital assets, not being depreciated:				
Land	\$ 391,458	\$ -	\$ -	\$ 391,458
Construction in progress	<u>2,166,275</u>	<u>781,290</u>	<u>1,731,256</u>	<u>1,216,309</u>
Total capital assets, not being depr.	<u>2,557,733</u>	<u>781,290</u>	<u>1,731,256</u>	<u>1,607,767</u>
Capital assets, being depreciated:				
General buildings and structures	575,146	-	-	575,146
Water plant and distribution system	23,652,046	1,920,902	-	25,572,948
Vehicles	1,219,602	-	-	1,219,602
Equipment	<u>829,408</u>	<u>-</u>	<u>633</u>	<u>828,775</u>
Total capital assets, being depreciated	<u>26,276,202</u>	<u>1,920,902</u>	<u>633</u>	<u>28,196,471</u>
Less accumulated depreciation for:				
General buildings and structures	(372,587)	(11,739)	-	(384,326)
Water plant and distribution system	(14,520,866)	(599,520)	-	(15,120,386)
Vehicles	(858,983)	(72,913)	-	(931,896)
Equipment	<u>(598,344)</u>	<u>(27,264)</u>	<u>-</u>	<u>(625,608)</u>
Total accumulated depreciation	<u>(16,350,780)</u>	<u>(711,436)</u>	<u>-</u>	<u>(17,062,216)</u>
Total capital assets being depr. – net	<u>9,925,422</u>	<u>1,209,466</u>	<u>633</u>	<u>11,134,255</u>
Capital assets – net	<u>\$ 12,483,155</u>	<u>\$ 1,990,756</u>	<u>\$ 1,731,889</u>	<u>\$ 12,742,022</u>
<u>Business-type Activities - Sewer</u>	<u>Balance 6/30/21</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/22</u>
Capital assets, not being depreciated:				
Land	\$ 294,410	\$ 16,130	\$ -	\$ 310,540
Construction in progress	<u>712,534</u>	<u>138,023</u>	<u>132,885</u>	<u>717,672</u>
Total capital assets, not being depr.	<u>1,006,944</u>	<u>154,153</u>	<u>132,885</u>	<u>1,028,212</u>
Capital assets, being depreciated:				
General buildings and structures	433,882	-	-	433,882
Sewer collection system	27,679,721	943,063	-	28,622,784
Vehicles	1,325,567	-	-	1,325,567
Equipment	<u>658,951</u>	<u>19,149</u>	<u>-</u>	<u>678,100</u>
Total capital assets, being depreciated	<u>30,098,121</u>	<u>962,212</u>	<u>-</u>	<u>31,060,333</u>
Less accumulated depreciation for:				
General buildings and structures	(306,195)	(10,531)	-	(316,726)
Sewer collection system	(9,634,535)	(615,181)	-	(10,249,716)
Vehicles	(644,976)	(95,556)	-	(740,532)
Equipment	<u>(482,871)</u>	<u>(23,802)</u>	<u>-</u>	<u>(506,673)</u>
Total accumulated depreciation	<u>(11,068,577)</u>	<u>(745,070)</u>	<u>-</u>	<u>(11,813,647)</u>
Total capital assets being depr. – net	<u>19,029,544</u>	<u>217,142</u>	<u>-</u>	<u>19,246,686</u>
Capital assets – net	<u>\$ 20,036,488</u>	<u>\$ 371,295</u>	<u>\$ 132,885</u>	<u>\$ 20,274,898</u>



Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 2 - DETAILED NOTES (continued)

C. Long-Term Debt

Long-term debt activity for the year ended June 30, 2022 was as follows:

Business-Type Activity	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due in One Year
State water loan	\$ 422,952	\$ -	\$ 165,149	\$ 257,803	\$ 170,499
State loan	28,608	-	5,287	23,321	5,415
2021 Van Con loan	549,085	-	109,864	439,221	105,387
2012 loan & installments	1,674,947	-	158,037	1,516,910	141,154
2014 WW Revenue Bonds	7,320,000	-	210,000	7,110,000	215,000
2014 WW Revenue Bonds premium, net	81,234	-	3,469	77,765	3,469
Other post-employment benefits	<u>11,428,776</u>	<u>1,234,315</u>	<u>-</u>	<u>12,663,091</u>	<u>-</u>
Total	<u>\$21,505,602</u>	<u>\$ 1,234,315</u>	<u>\$ 651,806</u>	<u>\$22,088,111</u>	<u>\$ 640,924</u>

2012 Loans & Installment Sale Agreements

On August 15, 2012, four installment agreements were issued to refund the District's 1981 Water Revenue Bonds, 2006 Installment Agreement and 2001 loan. Proceeds were also used to fund the District's share of the Martin Slough Wastewater Interceptor Project. The installment agreements with Municipal Finance Corporation bear interest at 4.25, 3.10, 3.25, and 3.50 percent per annum. The agreement, original issues of \$2,372,000, \$704,000, \$996,000 and \$415,000 respectively, are payable each September 1 and March 1 through 2032. The second and third installment agreements were paid in full in fiscal years 2017 and 2021. The agreement is secured by a first pledge of all District system revenue after operating and maintenance costs. The District is obligated to fix rates and collect charges and manage the operation of the system for each year so as to yield system net revenues equal to at least 120 percent of annual debt service.

Loan #1			
Year End June 30	Principal	Interest	Total
2023	\$ 115,438	\$ 62,162	\$ 177,600
2024	120,396	57,204	177,600
2025	125,567	52,033	177,600
2026	130,961	46,639	177,600
2027	136,586	41,014	177,600
2028	142,452	35,148	177,600
2029	148,571	29,029	177,600
2030	154,952	22,648	177,600
2031	161,607	15,993	177,600
2032	168,549	9,051	177,600
2033	86,116	1,830	87,946
Total	<u>\$ 1,491,195</u>	<u>\$ 372,751</u>	<u>\$ 1,863,946</u>

Loan #4			
Year End June 30	Principal	Interest	Total
2023	\$ 25,716	\$ 450	\$ 26,166
Total	<u>\$ 25,716</u>	<u>\$ 450</u>	<u>\$ 26,166</u>

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2022

NOTE 2 - DETAILED NOTES (continued)

C. Long-Term Debt (continued)

State Water Loan - Safe Drinking Water

The District entered into a loan agreement with the State of California Department of Water Resources in an original amount of \$3,399,563 for the purpose of obtaining financing to construct and acquire domestic water facilities within a geographical area known as Freshwater and Mitchell Road. The loan bears interest at 3.2136 percent, is payable in semi-annual installments each April 1 and October 1 through October 1, 2023. The District's obligation to make the loan payments is secured by a security interest on the real and personal property within the area. The District is required to maintain a reserve fund equal to two semi-annual payments or \$177,430.

In connection with the acquisition and construction of this project, the District used the loan proceeds to finance the project and issued one special assessment bond in an original amount of \$2,622,624. The special assessment bond is secured by special assessments on the properties within the project area. The District owns the bond and reports this investment in its financial statements as special assessments receivable.

Future debt service on the State Water Loan is:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 170,499	\$ 6,930	\$ 177,429
2024	87,304	1,407	88,711
Totals	<u>\$ 257,803</u>	<u>\$ 8,337</u>	<u>\$ 266,140</u>

State Loan - Davis Grunsky

The District assumed a loan agreement with the State Department of Water Resources for the purpose of acquiring a water system in the King Salmon area. The loan is secured by a pledge of water revenues. The loan was for \$166,000, bears interest at 2.50 percent and matures January 1, 2026. Future debt service on the original loan amount is:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,415	\$ 562	\$ 5,977
2024	5,551	426	5,977
2025	5,689	288	5,977
2026	6,666	144	6,810
Totals	<u>\$ 23,321</u>	<u>\$ 1,420</u>	<u>\$ 24,741</u>

2014 Wastewater Revenue Bonds

The District issued Wastewater Revenue bonds through the California Municipal Finance Authority in order to complete financing of the District's share of the Martin Slough Wastewater Interceptor Project. Interest on the bonds is payable semiannually on June 1 and December 1 in each year, commencing June 1, 2015, and matures on June 1, 2044.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2022

NOTE 2 - DETAILED NOTES (concluded)

C. Long-Term Debt (concluded)

Future debt service on the original loan amount is as follows:

<u>Year End June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 215,000	\$ 269,176	\$ 484,176
2024	225,000	260,576	485,576
2025	235,000	251,576	486,576
2026	245,000	242,176	487,176
2027	250,000	234,826	484,826
2028	260,000	227,012	487,012
2029	265,000	218,562	483,562
2030	275,000	209,618	484,618
2031	285,000	199,994	484,994
2032	295,000	190,018	485,018
2033	305,000	179,694	484,694
2034	315,000	169,018	484,018
2035	330,000	156,000	486,000
2036	340,000	144,400	484,400
2037	355,000	130,800	485,800
2038	370,000	116,600	486,600
2039	385,000	101,800	486,800
2040	400,000	86,400	486,400
2041	415,000	70,400	485,400
2042	430,000	53,800	483,800
2043	450,000	36,600	486,600
2044	465,000	18,600	483,600
Total	<u>\$ 7,110,000</u>	<u>\$ 3,567,646</u>	<u>\$ 10,677,646</u>

VacCon Loan

On February 25, 2021 the District entered into a loan agreement with Santander Leasing, LLC with an original amount of \$549,085 for the purpose of obtaining financing to purchase a VacCon Truck. The loan bears interest at 2.74 percent, is payable in annual installments each August 25 through August 25, 2025. Future debt service on the original lease amount is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 105,387	\$ 12,054	\$ 117,441
2024	108,279	9,162	117,441
2025	111,251	6,190	117,441
2026	114,304	3,137	117,441
Totals	<u>\$ 439,221</u>	<u>\$ 30,543</u>	<u>\$ 469,764</u>

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 3 - OTHER INFORMATION

A. Risk Management

The District obtains general liability, property, automobile, and workers compensation insurance through its membership in the Association of California Water Agencies Joint Powers Insurance Authority (the Authority). The Authority is responsible for the first \$1 million per claim under its liability coverage program, and members are covered up to \$50 million for liability claims under the Authority's purchased excess insurance policies with a \$60 million aggregate limit on \$20 million excess layer, and \$30 million aggregate on each of the next \$10 million excess layers. Members are covered for \$100 million regarding property and equipment through the Authority's purchased excess coverage. Workers' compensation coverage is provided to the District equal to statutory limits. The Authority also provides automobile liability coverage and errors and omissions coverage up to \$50 million, and employee fidelity coverage up to \$100,000. There were no significant changes in coverage in fiscal year 2022 as regards the aggregate limits on excess coverage.

The District paid no material uninsured losses during the last three fiscal years.

The liabilities of the District are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amounts of pay-outs), and other economic and social factors. There were no material uninsured claim liabilities at June 30, 2022.

B. Contingencies and Commitments

Litigation - In the opinion of the District's general counsel, there is no pending or threatened litigation which would have a material adverse impact on the accompanying financial statements. There is one pending claim with the City of Eureka. This is related to the Martin Slough Wastewater Interceptor Project. The outcome of this claim cannot be determined at this time.

C. Retirement System

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employers defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution.

CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service.

The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2022

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

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

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensations	1.9% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7%	6.5%
Required employer contribution rates	16.452%	6.5%

The District's Miscellaneous Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rates plans the employer sponsors. The District sponsors two miscellaneous rate plans.

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS.

The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous
Contributions - employer	\$389,637

As of June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 2,067,298

The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2020 and 2021 was as follows:

	Miscellaneous
Proportion - June 30, 2020	.032%
Proportion - June 30, 2021	.038%
Change – Increase (Decrease)	.006%

For the year ended June 30, 2021, the District recognized pension expense of \$881,088. On June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions after the measurement date	\$ 389,637	\$ -
Differences between actual and expected experience	231,825	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	1,804,642
Change in employer's proportion and differences Between the employer's contributions and the employer's proportionate share of contributions	15,471	154,669
Total	\$ 636,933	\$ 1,959,311

\$389,637 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>			
2023		\$	(381,697)
2024			(400,120)
2025			(431,487)
2026			(498,711)
Thereafter			-

Actuarial Assumptions - The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020	
Measurement Date	June 30, 2021	
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	
Inflation	2.50%	
Salary Increases	Varies by Entry Age and Service	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on power applies, 2.5% thereafter	

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits of cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class (a)</u>	<u>Allocation</u>	<u>Real Return (a&amp;b)</u>
Global equity – cap weighted	30%	4.54%
Global equity – non-cap weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	<u>(5%)</u>	<u>(0.59%)</u>
Total	<u>100%</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2022

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

*Subsequent Events* - During the time between the valuation date and the publication of this report, price inflation has been higher than the assumed rate of 2.3% per annum. Since inflation influences cost of living adjustments for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on the pension expense and the net pension liability in future valuations. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists. At this time, we continue to believe the long-term price inflation assumption of 2.3% per annum is appropriate.

*Amortization of Deferred Outflows and Deferred Inflows of Resources* - Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2021, is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$3,818,619
Current Discount Rate	7.15%
Net Pension Liability	\$2,067,298
1% Increase	8.15%
Net Pension Liability	\$2,686,804



Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (concluded)

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS' financial reports.

D. Wastewater Contract with the City of Eureka

The District is a party to a contract with the City of Eureka (the City) pertaining to the construction and operation of the City's treatment plant. The District does not have an ownership interest in the City's treatment plant but does have treatment capacity rights. Under the arrangement, the District is obligated to pay to the City 32.1 percent of all debt service and capital improvement costs. Operations and maintenance costs are shared based upon each party's volume of flow of wastewater modified under a stipulated formula. Payments made by the District during the construction of the City's facility have been capitalized as prepaid treatment costs and are amortized to expense over the life of the contractual arrangement.

E. Segment Information

The District has issued separate revenue bonds to finance its water department. The District's water and sewer departments are accounted for in two funds, but investors in those bonds rely solely on the revenue generated by the individual activity for repayment. Summary information for each department is presented below. The water department operates the District's water supply system. The sewer department operates the District's sewerage pumping, collection, and treatment system.

CONDENSED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION:

	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues (pledged)	\$ 5,435,934	\$ 6,805,202
Depreciation expense	(711,435)	(745,068)
Other operating expenses	<u>(4,433,119)</u>	<u>(3,511,905)</u>
Operating income (loss)	<u>291,380</u>	<u>2,548,229</u>
 Non-operating revenues (expenses)		
Investment income	4,103	3,624
Interest expense	(13,312)	(353,903)
Other revenue (expense)	6,070	-
Capital contributions	<u>70,975</u>	<u>60,531</u>
Change in net position	<u>\$ 359,216</u>	<u>\$ 2,258,481</u>

F. Other Post-Employment Benefits (OPEB)

Plan Administration - The District provides health and welfare benefit plans, including medical, dental and vision benefits. Current employees, spouses, and dependents receive District-paid medical insurance through a choice of Blue Cross HMO (CaliforniaCare), Blue Cross Advantage and Classic Preferred Provider Organizations (PPO), as well as dental and vision insurance, all offered through the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2022

NOTE 3 - OTHER INFORMATION (continued)

F. Other Post-Employment Benefits (OPEB) (continued)

Benefits provided - Employees hired prior to January 1, 2009, who retire from the District after having met PERS retirement guidelines (the later of age 50 and 5 years of service) are eligible to receive lifetime District-paid medical, dental and vision benefits, subject to rules applicable to active employees. Benefits include dependent coverage, subject to a retiree contribution of \$20 per month. Surviving spouses, domestic partners, and eligible dependent children of deceased employees are entitled to continue health coverage and receive a District contribution equal to 5% of premium per full year of service with the District, to a maximum of 75% of premium.

Employees hired on or after January 1, 2009, must be regular full-time employees and be a minimum of 55 years of age and have maintained active employment with the District for a minimum of ten years (20,800 hours of service). The District pays a percentage of the retiree's premium (including dependent coverage) equal to 50% plus an additional 5% per year of service to a maximum of 100% of premium for retirees with 20 or more years of service. A surviving spouse or domestic partner may continue coverage at the same District percentage as the retiree provided the survivor has not remarried nor entered a new domestic partnership.

Retired Directors who took office prior to January 1, 1995, are eligible for District-paid benefits according to the rules for employees hired prior to January 1, 2009, as described above. No current Directors will qualify.

Plan Membership – On July 1, 2018, membership consisted of the following:

Active plan members	19
Inactive employees or beneficiaries currently receiving benefit payments	<u>20</u>
Total	<u><u>39</u></u>

Contributions - The District currently finances benefits on a pay-as-you-go basis.

Net OPEB Liability - The District's Net OPEB Liability was measured as of June 30, 2022, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation dated July 1, 2020 (June 30, 2021). Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions - The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary increases	3.00%
Inflation rate	3.00%
Healthcare cost trend rate	5.70% for 2021 decreasing 0.10 percent each year to an ultimate rate of 5.00 percent for 2028 and later years.

Pre-retirement mortality rates were based on CalPERS Experience Study (1197-2015).

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

Discount Rate – GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments - to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and 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— to the extent that the conditions in (a) are not met.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 3 - OTHER INFORMATION (continued)

F. Other Post-Employment Benefits (OPEB) (continued)

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected return on Plan Investments (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2021	June 30, 2020	4.00%	2.45%	2.45%
June 30, 2022	June 30, 2021	4.00%	1.92%	1.92%

The components of the net OPEB liability were as follows:

Total OPEB liability	\$ 12,663,091
Plan fiduciary net position	-
Net OPEB liability	<u>\$ 12,663,091</u>
Measurement date	June 30, 2021
Reporting date	June 30, 2022
Covered payroll	\$ 1,171,896
Net OPEB liability (asset) as a percentage of covered payroll	1080.56%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

Schedule of Changes in Net OPEB Liability (July 1, 2020, to June 30, 2021):

<b>Total OPEB Liability</b>	
Service cost	\$ 309,001
Interest	284,105
Differences between actual and expected experience	-
Changes of assumptions	926,222
Benefit payments, including refunds of employee contributions	(285,013)
Implicit rate subsidy fulfilled	-
Net change in total OPEB liability	<u>1,234,315</u>
<b>Total OPEB Liability – July 1, 2020 (a)</b>	<u>11,428,776</u>
<b>Total OPEB Liability – June 30, 2021 (b)</b>	<u>\$ 12,663,091</u>
<b>Plan Fiduciary Net Position</b>	
Contributions – employer <sup>1</sup>	\$ 285,013
Net investment income	-
Benefit payments, including refunds of employee contributions <sup>1</sup>	(285,013)
Implicit rate subsidy fulfilled	-
Administrative expense	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>-</u>
<b>Plan Fiduciary Net Position – July 1, 2020 (c)</b>	<u>-</u>
<b>Plan Fiduciary Net Position – June 30, 2021 (d)</b>	<u>\$ -</u>
<b>Total OPEB Liability – July 1, 2020 (c) – (a)</b>	<u>\$ 11,428,776</u>
<b>Total OPEB Liability – June 30, 2021 (d) – (b)</b>	<u>\$ 12,663,091</u>

<sup>1</sup> Amount includes implicit subsidy associated with benefits paid.

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 3 - OTHER INFORMATION (concluded)

F. Other Post-Employment Benefits (OPEB) (concluded)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, as well as what the net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (0.92%) or one percentage point higher (2.92%) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (0.92%)	Current Discount Rate (1.92%)	Discount Rate + 1% (2.92%)
\$ 14,721,086	\$ 12,663,091	\$ 10,995,890

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan's Net OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$ 10,765,878	\$ 12,663,091	\$ 15,045,367

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$310,243. At June 30, 2022, the District's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 292,229	\$ -
Differences between actual and expected experience	73,337	(78,552)
Changes in assumptions or other inputs	1,607,519	(79,032)
Net differences between projected and actual earnings on OPEB plan investments	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Total	\$ 1,973,085	\$ (157,584)

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

<u>Fiscal Year Ended</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
6/30/23	\$ 765,735	\$ (157,584)
6/30/24	626,559	-
6/30/25	265,972	-
6/30/26	22,590	-
Thereafter	-	-

Humboldt Community Services District  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022

NOTE 4 - SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

Humboldt Community Services District  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY (ASSET)  
MISCELLANEOUS  
 June 30, 2022

Measurement Date, June 30	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.03822%	0.03180%	0.03179%	0.03163%	0.03172%	0.03194%	0.03184%	0.03388%
Proportion share of the net pension liability	\$2,067,298	\$3,459,990	\$3,257,418	\$3,047,642	\$3,145,531	\$2,763,721	\$2,185,093	\$2,108,429
Covered - employee payroll	\$1,171,896	\$1,261,614	\$1,304,352	\$1,265,800	\$1,208,835	\$1,171,978	\$1,084,415	\$ 888,096
Proportionate share of the net pension liability as percentage of covered-employee payroll	176.41%	274.25%	249.73%	240.77%	260.21%	235.82%	201.50%	237.41%
Plan fiduciary net position as a percentage of the total pension liability	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.76%

\* Fiscal year 2014 was the 1st year of implementation.

Humboldt Community Services District  
SCHEDULE OF CONTRIBUTIONS - MISCELLANEOUS  
 June 30, 2022

	Miscellaneous Plan							
<u>Fiscal Year Ending June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 389,637	\$ 351,498	\$ 383,662	\$ 337,870	\$ 292,343	\$ 262,346	\$ 236,976	\$ 136,802
Contributions in relation to the actuarially determined contributions	<u>(389,637)</u>	<u>(351,498)</u>	<u>(383,662)</u>	<u>(337,894)</u>	<u>(292,343)</u>	<u>(262,346)</u>	<u>(236,976)</u>	<u>(136,802)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$1,393,975	\$1,171,896	\$1,261,614	\$1,304,352	\$1,265,800	\$1,208,835	\$1,171,978	\$1,084,415
Contributions as a percentage of covered-employee payroll	27.95%	29.99%	30.41%	25.91%	23.10%	21.70%	20.22%	12.62%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool.  
 Changes of Assumptions: There were no changes of assumptions.

\* Fiscal year 2015 was the 1st year of implementation.

Humboldt Community Services District  
SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS  
For the Year Ended June 30, 2022

<b>Total OPEB Liability</b>	<u>2022</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service cost	\$ 309,001	\$ 241,041	\$ 215,891	\$ 375,038	\$ 364,115
Interest	284,105	301,819	318,491	359,659	347,573
Difference between expected and actual experience	-	143,183	-	(1,649,568)	-
Changes of assumptions	926,222	1,499,485	603,093	(1,659,644)	-
Benefit payments, included refunds of employee contributions	(285,013)	(314,589)	(320,844)	(347,274)	(304,176)
Implicit rate subsidy fulfilled	-	-	-	-	-
<b>Net change in total OPEB liability</b>	<u>1,234,315</u>	<u>1,870,939</u>	<u>816,631</u>	<u>(2,921,789)</u>	<u>407,512</u>
<b>Total OPEB liability - beginning of year</b>	<u>11,428,776</u>	<u>9,557,837</u>	<u>8,741,206</u>	<u>11,662,995</u>	<u>11,255,483</u>
<b>Total OPEB liability - end of year</b>	<u>#####</u>	<u>#####</u>	<u>\$ 9,557,837</u>	<u>\$ 8,741,206</u>	<u>#####</u>
<b>Plan Fiduciary Net Position</b>					
Net investment income	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions					
Employer - explicit subsidy	285,013	314,589	320,844	347,274	304,176
Employer - implicit subsidy	-	-	-	-	-
Benefit payments, included refunds of employee contributions	(285,013)	(314,589)	(320,844)	(347,274)	(304,176)
Implicit rate subsidy fulfilled	-	-	-	-	-
Administrative expense	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan fiduciary net position - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>District's net OPEB liability - end of year</b>	<u>#####</u>	<u>#####</u>	<u>\$ 9,557,837</u>	<u>\$ 8,741,206</u>	<u>#####</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Covered-employee payroll</b>	\$ 1,171,896	\$ 1,261,614	\$ 1,297,388	\$ 1,345,918	\$ 1,232,490
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	1080.56%	905.89%	736.70%	946.30%	946.30%

The schedules present information to illustrate changes in the District's changes in the net OPEB liability over a ten-year period when the information is available.



Humboldt Community Services District  
COMBINING STATEMENT OF NET POSITION  
For the Year Ended June 30, 2022

<u>ASSETS</u>	<u>Admin &amp; Street Lights</u>	<u>Water System</u>	<u>Sewer System</u>	<u>Totals</u>
Current assets:				
Cash and investments	\$ 1,550,397	\$ 4,731,422	\$ 3,152,013	\$ 9,433,832
Restricted cash and investments:				
Debt service	-	-	647,021	647,021
Capital projects	-	380,657	-	380,657
Total cash and investments	<u>1,550,397</u>	<u>5,112,079</u>	<u>3,799,034</u>	<u>10,461,510</u>
Accounts receivable	20,147	559,401	659,074	1,238,622
Assessments receivable	-	-	-	-
Prepaid items	128,820	-	42,839	171,659
Inventory	-	152,909	50,970	203,879
Total current assets	<u>1,699,364</u>	<u>5,824,389</u>	<u>4,551,917</u>	<u>12,075,670</u>
Capital assets:				
Non-depreciable assets	-	1,607,767	1,028,212	2,635,979
Depreciable assets (net of depreciation)	-	11,134,257	19,246,686	30,380,943
Total assets	<u>1,699,364</u>	<u>18,566,413</u>	<u>24,826,815</u>	<u>45,092,592</u>
<u>DEFERRED OUTFLOWS</u>				
Deferred outflows related to OPEB	-	1,124,658	848,427	1,973,085
Deferred outflows related to pensions	-	363,052	273,881	636,933
Total deferred outflows	<u>-</u>	<u>1,487,710</u>	<u>1,122,308</u>	<u>2,610,018</u>
<u>LIABILITIES AND NET POSITION</u>				
Current liabilities:				
Accounts payable	30,355	245,898	442,445	718,698
Compensated absences	98,184	-	-	98,184
Customer deposits	120,758	-	150	120,908
Accrued expenses	42,703	18,432	66,887	128,022
Total current liabilities	<u>292,000</u>	<u>264,330</u>	<u>509,482</u>	<u>1,065,812</u>
Long-term liabilities:				
Compensated absences	139,902	-	-	139,902
Due within one year	-	201,630	435,825	637,455
Due in more than one year	-	105,214	8,682,356	8,787,570
Net OPEB liability	-	7,217,962	5,445,129	12,663,091
Net pension liability due in more than one year	-	1,178,360	888,938	2,067,298
Total long-term liabilities	<u>139,902</u>	<u>8,703,166</u>	<u>15,452,248</u>	<u>24,295,316</u>
Total liabilities	<u>431,902</u>	<u>8,967,496</u>	<u>15,961,730</u>	<u>25,361,128</u>
<u>DEFERRED INFLOWS</u>				
Deferred inflows related to OPEB	-	89,823	67,761	157,584
Deferred inflows related to pensions	-	1,116,807	842,504	1,959,311
Total deferred inflows	<u>-</u>	<u>1,206,630</u>	<u>910,265</u>	<u>2,116,895</u>
Net position:				
Net investment in capital assets	-	12,435,180	11,156,717	23,591,897
Restricted	-	380,657	647,021	1,027,678
Unrestricted	1,267,462	(2,935,840)	(2,726,610)	(4,394,988)
Total net position	<u>\$ 1,267,462</u>	<u>\$ 9,879,997</u>	<u>\$ 9,077,128</u>	<u>\$ 20,224,587</u>

Humboldt Community Services District  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
June 30, 2022

	Water System	Sewer System	Admin & Street Lights	Totals
Operating revenues:				
Water sales	\$ 5,435,934	\$ -	\$ -	\$ 5,435,934
Sewer service fees	-	6,797,476	-	6,797,476
Other operating	-	7,726	-	7,726
	<u>5,435,934</u>	<u>6,805,202</u>	<u>-</u>	<u>12,241,136</u>
Total operating revenues				
Operating expenses:				
Salaries and benefits	1,868,472	1,571,147	-	3,439,619
General and administration	179,680	184,744	71,566	435,990
Joint treatment costs	-	1,479,282	-	1,479,282
Purchases power	174,402	55,339	60,816	290,557
Water purchases	1,847,805	-	-	1,847,805
Repairs and maintenance	67,421	62,669	-	130,090
Supplies	206,490	123,712	-	330,202
Other expenses	88,849	35,012	-	123,861
Depreciation	711,435	745,068	-	1,456,503
	<u>5,144,554</u>	<u>4,256,973</u>	<u>132,382</u>	<u>9,533,909</u>
Total operating expenses				
Operating income (loss)	<u>291,380</u>	<u>2,548,229</u>	<u>(132,382)</u>	<u>2,707,227</u>
Non-operating revenues (expenses):				
Interest revenue	4,103	3,624	31,030	38,757
Interest expense	(13,312)	(353,903)	-	(367,215)
Taxes and assessments	2,433	-	421,003	423,436
Other income	3,637	-	7,207	10,844
	<u>(3,139)</u>	<u>(350,279)</u>	<u>459,240</u>	<u>105,822</u>
Total non-operating revenues (expenses)				
Income (loss) before transfers	<u>288,241</u>	<u>2,197,950</u>	<u>326,858</u>	<u>2,813,049</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions	288,241	2,197,950	326,858	2,813,049
Capital contributions and connection fees	70,975	60,531	-	131,506
Changes in net position	359,216	2,258,481	326,858	2,944,555
Net position, beginning of period	9,520,781	6,818,647	940,604	17,280,032
Net position, end of period	<u>\$ 9,879,997</u>	<u>\$ 9,077,128</u>	<u>\$ 1,267,462</u>	<u>\$ 20,224,587</u>

Humboldt Community Services District  
WATER DEPARTMENT  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
June 30, 2022

	Original Water System	Humboldt Hill Water System	Mitchell Road Water System	Totals
Operating revenues:				
Water sales	\$ 3,981,021	\$ 1,020,267	\$ 434,646	\$ 5,435,934
Total operating revenues	<u>3,981,021</u>	<u>1,020,267</u>	<u>434,646</u>	<u>5,435,934</u>
Operating expenses:				
Salaries and benefits	1,212,395	505,308	150,769	1,868,472
General and administration	130,467	38,463	10,750	179,680
Purchases power	65,027	101,442	7,933	174,402
Water purchases	1,256,508	461,951	129,346	1,847,805
Repairs and maintenance	46,470	16,497	4,454	67,421
Supplies	144,241	48,430	13,819	206,490
Other expenses	51,464	32,015	5,370	88,849
Depreciation	399,777	181,619	130,039	711,435
Total operating expenses	<u>3,306,349</u>	<u>1,385,725</u>	<u>452,480</u>	<u>5,144,554</u>
Operating income (loss)	<u>674,672</u>	<u>(365,458)</u>	<u>(17,834)</u>	<u>291,380</u>
Non-operating revenues (expenses):				
Interest revenue	2,790	1,026	287	4,103
Interest expense	(9,052)	(3,328)	(932)	(13,312)
Other income (expense)	2,424	957	256	3,637
Taxes and assessments	-	-	2,433	2,433
Total non-operating revenues (expenses)	<u>(3,838)</u>	<u>(1,345)</u>	<u>2,044</u>	<u>(3,139)</u>
Income (loss) before transfers	<u>670,834</u>	<u>(366,803)</u>	<u>(15,790)</u>	<u>288,241</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions	670,834	(366,803)	(15,790)	288,241
Capital contributions and connection fees	<u>58,859</u>	<u>9,744</u>	<u>2,372</u>	<u>70,975</u>
Changes in net position	<u>\$ 729,693</u>	<u>\$ (357,059)</u>	<u>\$ (13,418)</u>	<u>\$ 359,216</u>

Humboldt Community Services District  
SEWER DEPARTMENT  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
June 30, 2022

	General Sewer System	Humboldt Hill Sewer System	Totals
Operating revenues:			
Sewer service fees	\$ 5,360,432	\$ 1,437,044	\$ 6,797,476
Other	5,750	1,976	7,726
Total operating revenues	<u>5,366,182</u>	<u>1,439,020</u>	<u>6,805,202</u>
Operating expenses:			
Salaries and benefits	1,280,521	290,626	1,571,147
General and administration	141,339	43,405	184,744
Joint treatment costs	1,165,811	313,471	1,479,282
Purchases power	40,588	14,751	55,339
Repairs and maintenance	24,276	38,393	62,669
Supplies	101,161	22,551	123,712
Other expenses	28,923	6,089	35,012
Depreciation	638,771	106,297	745,068
Total operating expenses	<u>3,421,390</u>	<u>835,583</u>	<u>4,256,973</u>
Operating income (loss)	<u>1,944,792</u>	<u>603,437</u>	<u>2,548,229</u>
Non-operating revenues (expenses):			
Interest revenue	2,609	1,015	3,624
Interest expense	<u>(254,810)</u>	<u>(99,093)</u>	<u>(353,903)</u>
Total non-operating revenues (expenses)	<u>(252,201)</u>	<u>(98,078)</u>	<u>(350,279)</u>
Income (loss) before transfers	<u>1,692,591</u>	<u>505,359</u>	<u>2,197,950</u>
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions	1,692,591	505,359	2,197,950
Capital contributions and connection fees	51,657	8,874	60,531
Changes in net position	<u>\$ 1,744,248</u>	<u>\$ 514,233</u>	<u>\$ 2,258,481</u>

Humboldt Community Services District  
SCHEDULE OF ALLOCATED GENERAL AND ADMINISTRATIVE EXPENSES  
 June 30, 2022

Allocated general and administrative expenses:	
Insurance	\$ 58,474
Purchases power	58,329
Repairs and maintenance	82,518
Supplies	6,608
Other expenses	<u>153,950</u>
Subtotal for allocated general and administrative expenses	359,879
Allocated to salaries and benefits	<u>1,401,855</u>
Total	<u>\$ 1,761,734</u>

General and administrative expenses were allocated to the following departments:

General water	\$ 130,467
Humboldt Hill Water	37,715
Freshwater/Mitchell Road	10,494
General sewer	141,339
Humboldt Hill sewer	<u>39,864</u>
Total	<u>\$ 359,879</u>

Salaries and benefits breakdown:

Salaries and wages	\$ 268,915
Vacation, sick, and holiday pay	37,451
Group insurance	782,771
Other benefits	<u>312,718</u>
Total	<u>\$ 1,401,855</u>