



**HUMBOLDT COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
REGULAR SCHEDULED MEETING**

AGENDA

DATE: Tuesday, February 28, 2023

TIME: 5:00 p.m.

LOCATION: *In accordance with Assembly Bill 361 and District Resolution 2023-02, public meetings will be conducted both in person at 5055 Walnut Drive in Eureka, California, and telephonically through Zoom.*

The HCSD Boardroom is open to the public during open session segment(s) of the meeting. If you cannot attend in person and would like to speak on an agenda item including Public Participation, please join through the Zoom website (<https://zoom.us>) entering Meeting ID 859 0606 1251 and Passcode 151317. Access may also be achieved via telephone only by dialing 1-669-900-9128.

A. ROLL CALL

Directors Benzonelli, Gardiner, Hansen, Matteoli, Ryan

B. PLEDGE OF ALLEGIANCE

C. CONSENT CALENDAR

1. Approval of February 28, 2023 Agenda *Pgs 1-2*
2. Approval of Minutes of the Regular Meeting of February 14, 2023 *Pgs 3-8*

D. REPORTS

1. General Manager
 - a) District Update *Pg 9*
2. Engineering Department
 - a) Engineering Status *Pg 11*
3. Superintendent
4. Finance Department
 - a) January 2023 Budget Statement *Pgs 13-22*
5. Legal Counsel

6. Director Reports

7. Other

E. PUBLIC PARTICIPATION **

**Members of the public will be given the opportunity to comment on items not on the agenda. Please use the information set forth above to participate via Zoom. The Board requests that speakers please state their name and where they are from, be clear, concise and limit their communications to 3 to 5 minutes. At the conclusion of all oral communications, the Board or staff may choose to briefly respond with information in response to comments; however, the Brown Act prohibits discussion of matters not on the published agenda. Matters requiring discussion, or action, will be placed on a future agenda.

F. NON-AGENDA

G. NEW BUSINESS

1. Consideration of Accepting Fiscal Year 2020/2021 Draft Basic Financial Statements and Management Report [Pgs 23-70](#)
2. Consideration of Selecting an Auditor for Fiscal Year 2021/2022 Financial Statements [Pgs 71-72](#)
3. Consideration of Approving Resolution 2023-03; Destruction of Records [Pgs 73-76](#)

H. OLD BUSINESS

I. ADJOURNMENT

Next Res: 2023-04
Next Ord: 2023-01

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Brenda Franklin at (707) 443-4558, ext. 210. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102 – 35.104 ADA Title II).

Pursuant to §54957.5(a) of the California Government Code, any public record writings relating to an agenda item for an open session of a regular meeting of the Board of Directors, not otherwise exempt from public disclosure, are available for public inspection upon request at the District offices located at 5055 Walnut Drive, Monday through Friday (holidays excepted) during regular business hours.

DRAFT – MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
HUMBOLDT COMMUNITY SERVICES DISTRICT

The Board of Directors of the Humboldt Community Services District met in Regular Session at 5:00 p.m. on Tuesday, February 14, 2023, in person and via tele/video conference in accordance with AB 361 and HCSD Resolution 2023-01.

A. CALL TO ORDER AND ROLL CALL

Present upon roll call were Directors Benzonelli, Gardiner, Hansen, Matteoli, and Ryan. Staff in attendance: General Manager Williams (GM), District Superintendent Latham, Finance Manager Montag (FM), Assistant Engineer Adams (AE), and Construction Foreman Taylor.

B. PLEDGE OF ALLEGIANCE

President Benzonelli invited those present to join her in the Pledge of Allegiance.

C. CONSENT CALENDAR

1. Approval of the February 14, 2023 Agenda
2. Approval of Minutes of the Regular Meeting of January 24, 2023
3. Consideration of Resolution No. 2023-02 Making Findings Pursuant to Government Code Section 54953, as Amended by Assembly Bill 361, and Authorizing the Continued Use of Virtual Meetings for Another 30 Days

GM commented C.3 represents the final period before the sunset of AB 361 on February 28 at which time AB 2449 will become effective, and requested moving Item G.4 before Item D to accommodate a conflicting appointment of Humboldt Bay Municipal Water District (HBMWD) Director Rupp.

Public Comment: None

DIRECTOR GARDINER MOVED, DIRECTOR RYAN SECONDED, TO ACCEPT AND APPROVE THE FEBRUARY 14, 2023 CONSENT CALENDAR AND AGREEING TO HEAR ITEM G.4 PRIOR TO ITEM D. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE
ABSENT: NONE

G. NEW BUSINESS

4. Consideration of Nominating a Director to Serve on the ACWA (Association of California Water Agencies) Board

GM advised his continuing participation on the ACWA Nominating Committee prevents HCSD Directors from pursuing Board Member nomination to the ACWA Region 1, and introduced HBMWD Director Bruce Rupp who is currently the Chair of Region 1 to answer questions. Mr. Rupp added there are ten ACWA regions throughout California, and Region 1 consists of seven individuals from nine northern counties including himself and Dennis Mayo from McKinleyville CSD.

PUBLIC COMMENT: None

By consensus, the Board agreed that the GM continue on the ACWA Region 1 Nominating Committee.

H. REPORTS

1. General Manager

a) District Update

- Elk River Crossing – After the December 20, 2022 earthquake, the Blue Spruce Tank was losing approximately 1,500 gallons per minute. Staff closed water transmission through the crossing and the loss stopped. After in-depth investigation, staff confirmed the District's infrastructure is not damaged, and attribute the loss to major breaks within a mobile estates facility as well as PG&E.
- District Tour – The GM and Superintendent will provide District facility tours to Directors Gardiner and Matteoli on February 17, 2023, Directors Benzonelli and Ryan on February 24. A date for Director Hansen's tour is not yet set and can accommodate another Director should he/she desire additional touring.

2. Engineering

a) Engineering Status

- District Projects in Design Phase – PGE provided mapped infrastructure information that will enhance design work for various pending projects including Doctor Office Lane, Hartman Sewer Lift Station Reversal, Hemlock Sewer Reversal, and 18th Street Steel Water Main Replacement.
- Coordination with Outside Agencies – staff continues to work with the County for their Pine Hill Road Bridge Replacement Project and with the City of Eureka regarding their Oak & F Street signalization project. The

City approved the District's request to add a new sewer connection to its Intermingled Services Agreement.

3. Superintendent

a) January 2022 Construction Maintenance Report

General business consisted of service line leak repairs, water main line repairs, replacement of broken angle meter stops, installing and moving water services, replacing a broken water main line valve, flushing the Elk River water main line crossing, repairing a sewer lateral line, raising a sewer cleanout, concrete repairs, and various hot paving areas throughout the District. Other tasks included performing vehicle/equipment maintenance, assisting with water meter reading, customer service orders, landscape maintenance, and potholing.

4. Finance Department

a) December 2022 Budget Statement

FM advised the District is performing as anticipated adding that he was able to confirm power consumption has not increased, only PG&E rates. Director Benzonelli commented that any opportunity to invest in renewable energy will be appreciated by the ratepayers.

b) January 2023 Check Register

FM noted two payments to the City of Eureka for sewer services consisted of one for January and one for December.

I. PUBLIC PARTICIPATION - None

J. NON-AGENDA

K. NEW BUSINESS

1. Consideration of Awarding On-Call Engineering Agreements for the One Year Period of March 1, 2023 through March 1, 2024: GHD Inc, Harper & Associates Engineering, Ontiveros & Associates Inc., SHN Engineering, and Whitchurch Engineering, Inc.

GM reviewed the report summarizing the results of the District's solicitation for Statements of Qualifications for On-call Engineering services during the coming year and recommended the Board approve award to each of the five qualified

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OF THE BOARD OF DIRECTORS OF THE
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FEBRUARY 14, 2023

applicants as each specialize in separate areas lending to better flexibility and savings to the District.

PUBLIC COMMENT: None

IT WAS THEN MOVED BY DIRECTOR HANSEN, SECONDED BY DIRECTOR GARDINER TO AUTHORIZE THE GM TO ENTER INTO ON-CALL ENGINEERING AGREEMENTS WITH GHD INC, HARPER & ASSOCIATES ENGINEERING, ONTIVEROS & ASSOCIATES INC., SHN ENGINEERING, AND WHITCHURCH ENGINEERING, INC. FOR THE PERIOD OF MARCH 1, 2023 THROUGH MARCH 1, 2024. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE
ABSENT: NONE

2. Consideration of Approving a Facilities Use Agreement with Redwood Coast Mountain Bike Association (RCMBA)

GM reviewed the RCMBA request to conduct a Trail Building Workshop on March 19, 2023 without question.

PUBLIC COMMENT: None

IT WAS THEN MOVED BY DIRECTOR MATTEOLI, SECONDED BY DIRECTOR HANSEN, TO APPROVE THE RCMBA FACILITY USE AGREEMENT FOR MARCH 19, 2023 BETWEEN THE HOURS OF 8:30 A.M. AND 11:30 A.M. WITHOUT CHARGE, AND AUTHORIZE THE GENERAL MANAGER TO SIGN ON BEHALF OF THE DISTRICT. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE
ABSENT: NONE

3. Consideration of FY 20/21 Audit Agreement Transfer from R.J. Ricciardi to O'Connor & Company

FM reviewed the report emphasizing the necessity to transfer the FY 20/21 Audit Agreement to O'Connor & Company due to the retirement of R.J. Ricciardi.

PUBLIC COMMENT: None

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FEBRUARY 14, 2023

GM added that the District has already paid for the majority of the services needed for the FY 20/21 audit, thus, allowing the transfer will not only eliminate the possibility of starting the process over with a new auditor, but protect the District from double expenses.

IT WAS THEN MOVED BY DIRECTOR HANSEN, SECONDED BY DIRECTOR MATTEOLI, TO ACCEPT THE TRANSFER OF THE FY 20/21 AUDIT AGREEMENT FROM R.J. RICCIARDI TO O'CONNOR & COMPANY. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE
ABSENT: NONE

5. Consideration of Negotiating a Lease Agreement with TowerCo for of a Cell Phone Tower on District Property

GM summarized the Board's previous consensus to evaluate a proposal, and introduced Thomas McMurray to review TowerCo's current lease proposal. Mr. McMurray summarized the proposal to erect a 175 ft. monopole tree-branch tower intended for cell phone carriers and District use, install service buildings, and elaborated upon the inclusion of a 40 ft. setback from the street to better block the view from nearby neighbors.

PUBLIC COMMENT: None

Discussion included GM affirming he will take the lead on speaking to neighbors, coordinating with the Sheriff's Department and Fire Department to learn if their communications would benefit from antenna space on the tower, how the inclusion of tree-branches on the tower limit the number of connections, zoning requirements, verification that the selected location is best suited for the District, and potential revenue stream.

IT WAS THEN MOVED BY DIRECTOR GARDINER, SECONDED BY DIRECTOR HANSEN, TO AUTHORIZE THE GENERAL MANAGER TO ENTER INTO NEGOTIATIONS WITH TOWER CO WITH THE ASSISTANCE OF DISTRICT LEGAL COUNSEL TO DEVELOP A MUTUALLY AGREEABLE LEASE CONTRACT TO ALLOW TOWER CO TO DEVELOP A CELL PHONE TOWER AND ASSOCIATED INFRASTRUCTURE ON DISTRICT PROPERTY. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE
ABSENT: NONE

H. OLD BUSINESS

1. Consideration of Modifying the January 10, 2023 Diversity, Equity, Inclusion (DEI) Training Policy for Board and Staff

President Benzonelli shared her experience with taking all four designated classes concluding with a revised recommendation that staff be required to take only two classes: Workplace Diversity and Diversity, Equity, and Inclusion Skills for Employees while Board and Managers be required to take Workplace Diversity and Diversity, Equity, and Inclusion Skills for Managers. GM stated his belief that one class annually would be tolerable for staff to absorb the material adding each individual comes from a different place and what will penetrate is personal communication, and summarized training already in place. Discussion ensued.

PUBLIC COMMENT: None

IT WAS THEN MOVED BY DIRECTOR HANSEN, SECONDED BY DIRECTOR RYAN, TO REQUIRE ALL STAFF RECEIVE WORKPLACE DIVERSITY AND DIVERSITY, EQUITY, AND INCLUSION SKILLS FOR EMPLOYEES TRAININGS, MANAGERS AND BOARD RECEIVE WORKPLACE DIVERSITY AND DIVERSITY, EQUITY, AND INCLUSION SKILLS FOR MANAGERS TRAINING ALTERNATING EACH YEAR WITH STATE MANDATED SB1343/1825 ANTI-HARASSMENT TRAINING. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE
ABSENT: NONE

J. ADJOURNMENT

There being no further business, IT WAS MOVED BY DIRECTOR MATTEOLI, SECONDED BY DIRECTOR GARDINER, TO ADJOURN. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, MATTEOLI, RYAN
NOES: NONE
ABSENT: HANSEN

THE BOARD ADJOURNED ITS REGULAR MEETING OF FEBRUARY 14, 2023 AT 6:06 P.M.

Submitted, Board Secretary

Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service for our customers

MEMORANDUM

TO: Board of Directors
FROM: Terrence Williams, General Manager
DATE: February 24, 2023
SUBJECT: General Manager Report for February 28, 2023 Board Meeting

SCADA Backup Solar

After the December 20, 2022 earthquake and 17 hour District wide power outage; District staff made evaluations of our emergency response and identified some items that would significantly improve our ability to keep water moving where it needs to go. The highest priority item identified is to develop and implement reliable automatic backup power for the District's critical remote SCADA terminals. These include all of the District's tank sites and most of the lift stations.

With automatic backup SCADA power, District staff will have the ability to see the status of these critical stations when the power is out. This will enable staff to be more effective and focus on responding to those sites that need attention instead of driving from station to station to check the status. I have designed a system that includes large, deep cycle batteries, a 500-watt solar panel and a 30-amp charge controller. This system will not run pumps or lighting, only the components pertinent to operating the controllers, associated sensors and the radio telemetry will be powered.

I have ordered the parts (some have been received) and I am in the process of building a prototype system for testing at the Cummings Road Tank. Once I have determined that the system is reliable, I will be deploying a similar system to every one of the District's critical stations that don't have automatic backup power (approximately 40).

District Tour

On February 17, 2023, Directors Gardiner and Matteoli toured the District with Tim and myself. The tour lasted about four hours and we were able to see about half of the District's most interesting facilities. A longer tour would be beneficial for a more complete picture but, once you have seen a water tank, a well, a booster station and a lift station, the scenery starts to become redundant.

Directors Benzonelli and Ryan were scheduled to take the District tour on Friday, February 24. Both had urgent situations arise and requested that we re-schedule. I will be rescheduling with them this week. I will schedule a final tour with Director Hansen and one other director once Directors Benzonelli and Ryan have seen the District.

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Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service for our customers

Engineering Memorandum

TO: Board of Directors
FROM: Benjamin Adams, Assistant Engineer
DATE: February 24, 2023
SUBJECT: Engineering Dept. Status Report for February 28, 2023 Board Meeting

District Projects in Design Phase

Engineering staff continue to develop the design documents for various Capital Improvement Projects within the District.

The Hartman Lane Sewer Lift Station reversal project includes installation of a new gravity sewer main approximately 900 feet in length, extending from the Hartman station to the City's Martin Slough Interceptor. Proposed alignments and their respective impacts are being evaluated. Additionally, wastewater flows are being reviewed and revised to ensure that the new infrastructure will support the served area, given the potential for Accessory Dwelling Units (ADU's) on each parcel.

District Engineering staff were able to speak with City of Eureka Engineering staff who have recent and local experience with trenchless sewer main rehabilitation projects. Trenchless rehabilitation is one of the options being explored for the District's Doctor Office Lane project. City staff were able to answer preliminary questions about both Cast in place pipe, and "burst and pull" processes, and identified specific items to watch out for during the planning and execution phase of a trenchless rehabilitation project.

Private Projects Within the District

This year to date, Engineering staff have received and reviewed 170 USA tickets, 84% of which required staff to proceed with further research and mark our assets within the proposed work areas.

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HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
FOR ENTIRE DISTRICT

January 2023

	Budgeted 2022-23	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance	Note
OPERATING REVENUE							
Metered Water Sales	5,449,000	421,326	3,100,537	3,178,583	(78,047)	(2.5)	
Water Charges - Pass Through	-	-	-	-	-	-	
Sewer Service Charges	5,280,000	435,764	3,050,471	3,080,000	(29,529)	(1.0)	
Sewer Service Charges - Pass Through	1,500,000	129,878	913,374	875,000	38,374	4.4	
Water & Sewer Construction Fees	47,000	2,500	25,601	27,417	(1,815)	(6.6)	
Account Fees	35,000	1,994	33,626	20,417	13,210	64.7	
Reimbursable Maintenance Fees	1,000	-	25	583	(558)	(95.7)	1
Miscellaneous	2,000	308	1,043	1,167	(124)	(10.6)	1
TOTAL OPERATING REVENUE	12,314,000	991,770	7,124,827	7,183,167	(58,340)	(0.8)	
NON-OPERATING REVENUE							
Capital Connection Fees	180,000	1,218	70,122	105,000	(34,878)	(33.2)	1
Interest/General	30,000	-	-	17,500	(17,500)	(100.0)	1
Discounts Earned	2,000	220	919	1,167	(248)	(21.2)	1
Sales: Fixed Assets/Scrap Metal	15,700	-	43	9,158	(9,116)	(99.5)	1
Bad Debt Recovery	10,000	85	309	5,833	(5,524)	(94.7)	1
Property Taxes & Assessments	354,000	-	-	206,500	(206,500)	(100.0)	1
Insurance Rebate	20,000	-	-	11,667	(11,667)	(100.0)	1
Other Non-Operating Revenue	-	-	237	-	237	-	
TOTAL NON-OPERATING REVENUE	611,700	1,523	71,630	356,825	(285,195)	(79.9)	1
TOTAL DISTRICT REVENUE	12,925,700	993,294	7,196,457	7,539,992	(343,534)	(4.6)	
OPERATING EXPENSES							
Wages Direct	1,635,000	124,813	885,773	953,750	67,977	7.1	
Benefits: PERS	503,000	41,637	289,656	293,417	3,761	1.3	
Group Ins	1,235,000	80,527	599,221	720,417	121,196	16.8	
Workers Comp Ins	23,500	-	15,537	13,708	(1,828)	(13.3)	2
FICA/Medicare	117,000	9,616	68,721	68,250	(471)	(0.7)	
Misc Benefits	500	40	360	292	(68)	(23.4)	
Total Wages and Benefits	3,514,000	256,634	1,859,268	2,049,833	190,566	9.3	
Less: wages & ben charged to Capital Proj.	(175,676)	(25,864)	(193,809)	(102,478)	91,332	(89.1)	
Total Operating Wages and benefits	3,338,324	230,770	1,665,458	1,947,356	281,897		
Water Purchase HBMWD	1,075,000	86,578	618,304	627,083	8,779	1.4	
Water Purchase Eureka	810,000	73,253	493,247	472,500	(20,747)	(4.4)	
Sewage Treatment Operations & Maint.	1,495,000	134,733	943,131	872,083	(71,048)	(8.1)	
Water/Sewer Analysis	15,000	1,776	8,429	8,750	321	3.7	
Supplies/ Construction	159,500	14,578	73,247	93,042	19,794	21.3	
Supplies/ Office-Administration	15,000	3,297	7,821	8,750	929	10.6	
Supplies/ Engineering	2,500	311	527	1,458	932	63.9	
Supplies/ Maintenance	100,000	5,636	43,132	58,333	15,201	26.1	
Invoicing	57,000	4,386	31,821	33,250	1,429	4.3	
Temporary Labor	61,200	17,493	52,422	35,700	(16,722)	(46.8)	3
Repairs & Maintenance/Trucks	55,000	6,670	25,671	32,083	6,413	20.0	
Equipment Rental	5,000	-	-	2,917	2,917	100.0	
Building & Grounds Maintenance	30,000	2,455	15,903	17,500	1,597	9.1	
Electrical Power	295,800	30,332	207,950	172,550	(35,400)	(20.5)	4
Street Lights	70,000	5,697	47,116	40,833	(6,283)	(15.4)	4
Telephone	18,000	1,157	8,538	10,500	1,962	18.7	
Postage	3,000	-	2,521	1,750	(771)	(44.1)	5
Freight	500	3,298	4,466	292	(4,174)	(1,431.2)	6
Chemicals	10,000	-	7,988	5,833	(2,154)	(36.9)	7
Liability Insurance	62,000	-	81,315	36,167	(45,148)	(124.8)	8

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
FOR ENTIRE DISTRICT

January 2023

	Budgeted 2022-23	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance	Note
Legal	70,000	1,623	34,302	40,833	6,531	16.0	
Accounting	13,000	-	9,385	7,583	(1,802)	(23.8)	9
Engineering	1,000	-	570	583	13	2.3	14
Other Professional Services	118,000	-	7,281	68,833	61,552	89.4	
Bank Service Charges	28,000	567	12,836	16,333	3,498	21.4	
Transportation	75,738	8,585	43,829	44,181	351	0.8	
Office Equip. Maintenance	7,000	248	1,481	4,083	2,602	63.7	
Computer Software Maintenance	45,000	301	29,009	26,250	(2,759)	(10.5)	10
Memberships & Subscriptions	24,800	202	20,770	14,467	(6,303)	(43.6)	11
Bad Debts & Minimum Balance Writeoff	50,000	-	175	29,167	28,992	99.4	
Conference & Continuing Ed	34,500	100	10,321	20,125	9,804	48.7	
Certifications	3,500	-	1,811	2,042	231	11.3	
State/County & LAFCO Fees and Charges	40,000	24,808	34,186	23,333	(10,852)	(46.5)	12
Hydraulic Water Model Maintenance	6,000	-	-	3,500	3,500	100.0	
Elections Expense	15,000	-	-	8,750	8,750	100.0	
Human Resources	21,000	30	4,739	12,250	7,511	61.3	
Miscellaneous	12,000	3,927	6,290	7,000	710	10.1	
Director's Fees	16,000	1,100	6,900	9,333	2,433	26.1	
TOTAL OPERATING EXPENSES	8,258,362	663,911	4,562,891	4,817,378	254,487	5.3	
LONG TERM DEBT PAYMENTS							
Safe Drinking Water Bond	177,429	-	-	103,500	103,500	100.0	13
2012 CIP & Refi.	203,766	88,800	203,766	118,864	(84,902)	(71.4)	13
Davis-Grunsky Loan	6,049	-	5,838	3,529	(2,309)	(65.4)	13
VacCon Truck Loan	117,441	-	117,441	68,507	(48,934)	(71.4)	13
2014 Wastewater Revenue Bonds	484,175	-	134,588	282,435	147,848	52.3	13
New Long-Term Debt	(340,000)	-	-	(198,333)	(198,333)	100.0	13
TOTAL LONG TERM DEBT PAYMENTS	648,860	88,800	461,632	378,502	(83,130)	(22.0)	13
CAPITALIZED EXPENDITURES							
Vehicles, Rolling Stock & Equipment	340,000	2,755	36,793	198,333	161,540	81.4	
Building, Yard & Paving Improvements	94,000	-	59,962	54,833	(5,129)	(9.4)	
Capital Improvements Water	1,617,700	37,107	300,718	943,658	642,940	68.1	
Capital Improvements Sewer	865,000	11,848	104,061	504,583	400,522	79.4	
Engineering & Studies	-	5,652	37,621	-	(37,621)	-	14
District Design Standards	-	-	1,840	-	(1,840)	-	
TOTAL CAPITAL EXPENDITURES	2,916,700	57,363	540,997	1,701,408	1,160,412	68.2	
OTHER							
City of Eureka Projects:							
Treatment Plant	1,135,000	-	-	662,083	662,083	100.0	
TOTAL City of Eureka Projects	1,135,000	-	-	662,083	662,083	100.0	
Interfund Transfers In	-	-	-	-	-	-	
Interfund Transfers Out	-	-	-	-	-	-	
BUDGET SURPLUS (DEFICIT)	(33,222)	183,219	1,630,938	(19,380)	1,650,317	8,515.8	

HUMBOLDT COMMUNITY SERVICES DISTRICT
SUMMARY BUDGETARY STATEMENT OF REVENUE AND EXPENSES
FOR ENTIRE DISTRICT

January 2023

	Budgeted 2022-23	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE & EXPENSES						
TOTAL OPERATING REVENUE	12,314,000	991,770	7,124,827	7,183,167	(58,340)	(0.8)
TOTAL OPERATING EXPENSES	<u>(8,258,362)</u>	<u>(663,911)</u>	<u>(4,562,891)</u>	<u>(4,817,378)</u>	<u>254,487</u>	<u>5.3</u>
NET SURPLUS/(DEFICIT) FROM OPERATIONS	4,055,638	327,859	2,561,936	2,365,789	196,147	8.3
NON-OPERATING REVENUE & EXPENSES						
TOTAL NON-OPERATING REVENUE	611,700	1,523	71,630	356,825	(285,195)	(79.9)
TOTAL LONG TERM DEBT SERVICE	<u>(648,860)</u>	<u>(88,800)</u>	<u>(461,632)</u>	<u>(378,502)</u>	<u>(83,130)</u>	<u>(22.0)</u>
SURPLUS/(DEFICIT) BEFORE CAPITAL EXPENDITURES	4,018,478	240,582	2,171,934	2,344,112	(5,918)	(0.3)
HCSD CAPITAL IMPROVEMENT EXPENDITURES	(2,916,700)	(57,363)	(540,997)	(1,701,408)	1,160,412	68.2
CITY of EUREKA PROJECT REIMBURSEMENT	(1,135,000)	-	-	(662,083)	662,083	100.0
NEW DEBT ISSUE						
NET INTERFUND TRANSFERS IN/OUT		-	-			
BUDGET SURPLUS (DEFICIT)	<u>(33,222)</u>	<u>183,219</u>	<u>1,630,938</u>	<u>(19,380)</u>	<u>1,650,317</u>	<u>8,515.8</u>

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Water Fund

January 2023

	Budgeted 2022-23	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE						
Metered Water Sales	5,449,000	421,326	3,100,537	3,178,583	(78,047)	(2.5)
Water Pass Through	-	-	-	-	-	-
Water Construction Fees	35,000	2,500	25,567	20,417	5,150	25.2
Account Fees	19,950	1,136	19,167	11,638	7,529	64.7
Inspection Fees	-	-	-	-	-	-
Reimbursable Maintenance Fees	800	-	25	467	(442)	(94.6)
Miscellaneous	1,000	308	372	583	(211)	(36.2)
TOTAL OPERATING REVENUE	5,505,750	425,271	3,145,668	3,211,688	(66,020)	(2.1)
NON-OPERATING REVENUE						
Water Capital Connection Fees	90,000	1,218	51,511	52,500	(989)	(1.9)
Interest/General	23,547	-	-	13,736	(13,736)	(100.0)
Discounts Earned	1,280	126	524	747	(223)	(29.8)
Sales:Fixed Assets/Scrap Metal	8,844	-	24	5,159	(5,135)	(99.5)
Bad Debt Recovery	5,700	48	176	3,325	(3,149)	(94.7)
FW/MR Assessment	4,000	-	-	2,333	(2,333)	(100.0)
Other Non-Operating Revenue	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	133,371	1,392	52,236	77,800	(25,564)	(32.9)
TOTAL DISTRICT REVENUE	5,639,121	426,663	3,197,903	3,289,487	(91,584)	(2.8)
OPERATING EXPENSES						
Wages Direct	768,450	51,403	402,878	448,263	45,384	10.1
Wages & Benefits: Allocated	623,298	48,041	342,266	363,591	21,325	5.9
Benefits: PERS	181,080	7,039	57,085	105,630	48,546	46.0
Group Ins	382,850	30,538	194,344	223,329	28,985	13.0
Workers Comp Ins	12,690	-	8,587	7,403	(1,184)	(16.0)
FICA/Medicare	54,990	3,922	30,812	32,078	1,266	3.9
Misc Benefits	-	-	-	-	-	-
Total Wages and Benefits	2,023,358	140,944	1,035,971	1,180,292	144,321	12.2
Less: wages & ben charged to Capital Proj.	(130,000)	(5,699)	(110,408)	(75,833)	34,575	(45.6)
Total Operating Wages and benefits	1,893,358	135,244	925,563	1,104,459	178,896	16.2
Water Purchase HBMWD	1,075,000	86,578	618,304	627,083	8,779	1.4
Water Purchase Eureka	810,000	73,253	493,247	472,500	(20,747)	(4.4)
Water Analysis	7,500	1,776	8,429	4,375	(4,054)	(92.7)
Supplies/ Construction	118,030	12,711	59,070	68,851	9,781	14.2
Supplies/Office-Administration	4,500	1,746	3,873	2,625	(1,248)	(47.5)
Supplies/ Engineering	1,425	177	299	831	533	64.1
Supplies/ Maintenance	50,000	4,048	25,156	29,167	4,011	13.8
Temporary Labor	31,744	9,971	29,881	18,517	(11,363)	(61.4)
Repairs & Maintenance/Trucks	30,800	3,781	13,871	17,967	4,096	22.8
Equipment Rental	3,700	-	-	2,158	2,158	100.0
Building & Grounds Maintenance	1,800	296	2,072	1,050	(1,022)	(97.3)
Electrical Power	162,690	16,854	127,821	94,903	(32,918)	(34.7)
Telephone	5,760	-	-	3,360	3,360	100.0
Postage	1,290	-	207	753	546	72.5
Freight	285	-	44	166	122	73.5
Chemicals	10,000	-	7,988	5,833	(2,154)	(36.9)
Engineering	390	-	325	228	(98)	(42.9)
Other Professional Services	23,600	-	-	13,767	13,767	100.0
Transportation	43,171	4,893	24,983	25,183	200	0.8
Office Equip. Maintenance	1,050	-	108	613	504	82.4
Computer Software Maintenance	21,600	-	15,822	12,600	(3,222)	(25.6)
Memberships & Subscriptions	1,488	115	1,402	868	(534)	(61.5)
Bad Debts & Minimum Balance Writeoff	28,500	-	100	16,625	16,525	99.4
Conference & Continuing Ed	12,075	57	1,325	7,044	5,719	81.2
Certifications	1,050	-	331	613	282	46.0
State/County & LAFCO Fees and Charges	13,600	24,808	28,527	7,933	(20,593)	(259.6)
Hydraulic Water Model Maintenance	6,000	-	-	3,500	3,500	100.0

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Water Fund

January 2023

	Budgeted 2022-23	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	%
Human Resources	8,190	-	-	4,778	4,778	100.0
Miscellaneous	2,640	-	68	1,540	1,472	95.6
General & Admin Expense Allocation	262,094	10,472	144,035	152,888	8,853	5.8
TOTAL OPERATING EXPENSES	4,633,330	386,780	2,533,889	2,702,776	168,887	6.2
LONG TERM DEBT PAYMENTS						
Safe Drinking Water Bond	177,429	-	-	103,500	103,500	100.0
2012 CIP & Refi.	26,166	-	-	15,264	15,264	100.0
Davis-Grunsky Loan	6,049	-	5,838	3,529	(2,309)	(65.4)
TOTAL LONG TERM DEBT PAYMENTS	209,644	-	5,838	122,292	116,455	95.2
CAPITALIZED EXPENDITURES						
Vehicles/Rolling Stock/Capital Equipment	-	-	-	-	-	-
Building & Yard Improvements	-	-	-	-	-	-
Capital Improvements Water	1,617,700	10,970	262,039	943,658	681,620	72.2
Engineering & Studies	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURES	1,617,700	10,970	262,039	943,658	681,620	72.2
INTERFUND TRANSFERS IN	-	-	-	-	-	
BUDGET SURPLUS (DEFICIT)	(821,553)	28,913	396,138	(479,239)	875,377	182.7

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Sewer Fund

January 2023

	Budgeted 2022-23	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE						
Sewer Service Charges	5,280,000	435,764	3,050,471	3,080,000	(29,529)	(1.0)
Sewer Service Charges - Pass Through	1,500,000	129,878	913,374	875,000	38,374	4.4
Sewer Construction Fees	12,000	-	34	7,000	(6,966)	(99.5)
Account Fees	15,050	857	14,459	8,779	5,680	64.7
Inspection Fees	-	-	150	-	150	-
Reimbursable Maintenance Fees	200	-	-	117	(117)	(100.0)
Miscellaneous	1,000	-	48	583	(535)	(91.7)
TOTAL OPERATING REVENUE	6,808,250	566,499	3,978,537	3,971,479	7,058	0.2
NON-OPERATING REVENUE						
Sewer Capital Connection Fees	90,000	-	18,611	52,500	(33,889)	(64.6)
Interest/General	6,453	-	-	3,764	(3,764)	(100.0)
Discounts Earned	720	95	395	420	(25)	(5.9)
Sales: Fixed Assets/Scrap Metal	6,856	-	18	3,999	(3,981)	(99.5)
Bad Debt Recovery	4,300	37	133	2,508	(2,375)	(94.7)
Other Non-Operating Revenue	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	108,329	131	19,157	63,192	(44,035)	(69.7)
TOTAL DISTRICT REVENUE	6,916,579	566,631	3,997,694	4,034,671	(36,977)	(0.9)
OPERATING EXPENSES						
Wages Direct	474,150	27,811	244,709	276,588	31,879	11.5
Wages & Benefits: Allocated	623,297	48,041	342,266	363,590	21,324	5.9
Benefits: PERS	115,690	3,769	34,670	67,486	32,815	48.6
Group Ins	234,650	14,663	120,249	136,879	16,630	12.1
Workers Comp Ins	7,755	-	5,137	4,524	(613)	(13.6)
FICA/Medicare	35,100	2,123	18,772	20,475	1,704	8.3
Misc Benefits	-	-	-	-	-	-
Total Wages and Benefits	1,490,642	96,407	765,802	869,541	103,739	11.9
Less: wages & ben charged to Capital Proj.	(45,676)	(881)	(25,907)	(26,644)	(737)	2.8
Total Operating Wages and benefits	1,444,966	95,525	739,895	842,897	103,001	12.2
Sewage Treatment: Operating & Maint.	1,495,000	134,733	943,131	872,083	(71,048)	(8.1)
Sewer Analysis	7,500	-	-	4,375	4,375	100.0
Supplies/ Construction	41,470	1,868	14,177	24,191	10,014	41.4
Supplies/ Office-Administration	4,500	1,317	2,922	2,625	(297)	(11.3)
Supplies/ Engineering	1,075	134	225	627	402	64.1
Supplies/ Maintenance	50,000	1,589	17,976	29,167	11,191	38.4
Temporary Labor	19,456	7,522	22,541	11,349	(11,192)	(98.6)
Repairs & Maintenance/Trucks	24,200	2,889	11,800	14,117	2,317	16.4
Equipment Rental	1,300	-	-	758	758	100.0
Building & Grounds Maintenance	1,500	223	1,563	875	(688)	(78.6)
Electrical Power	70,992	7,223	36,376	41,412	5,036	12.2
Telephone	2,880	-	-	1,680	1,680	100.0
Postage	960	-	170	560	390	69.7
Freight	215	3,298	4,422	125	(4,296)	(3,425.7)
Legal	-	-	-	-	-	-
Engineering	100	-	245	58	(187)	(320.3)
Other Professional Services	23,600	-	519	13,767	13,247	96.2
Transportation	32,567	3,691	18,847	18,997	151	0.8
Office Equip. Maintenance	770	-	82	449	368	81.8

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Sewer Fund

January 2023

	Budgeted 2022-23	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
Computer Software Maintenance	16,200	-	11,936	9,450	(2,486)	(26.3)
Memberships & Subscriptions	992	87	1,058	579	(479)	(82.8)
Bad Debts & Minimum Balance Writeoff	21,500	-	-	12,542	12,542	100.0
Conference & Continuing Ed	15,180	43	948	8,855	7,907	89.3
Certifications	805	-	125	470	344	73.4
State/County & LAFCO Fees and Charges	7,200	-	5,659	4,200	(1,459)	(34.7)
Human Resources	6,090	-	-	3,553	3,553	100.0
Miscellaneous	1,920	-	126	1,120	994	88.7
General & Admin Expense Allocation	262,094	10,472	144,035	152,888	8,853	5.8
TOTAL OPERATING EXPENSES	3,555,032	270,615	1,978,779	2,073,769	94,989	4.6
LONG TERM DEBT PAYMENTS						
2014 Wastewater Revenue Bonds	484,175	-	134,588	282,435	147,848	52.3
2012 CIP & Refi.	177,600	-	-	103,600	103,600	100.0
VacCon Truck Loan	117,441	-	117,441	68,507	(48,934)	(71.4)
Debt Service: Allocated	-	-	-	-	-	-
TOTAL LONG TERM DEBT PAYMENTS	779,216	-	252,028	454,543	202,514	44.6
CAPITALIZED EXPENDITURES						
Vehicles/Rolling Stock/Capital Equipment	-	-	-	-	-	-
Building, Yard& Paving Improvements	-	-	-	-	-	-
Capital Improvements Sewer	865,000	11,848	104,061	504,583	400,522	79.4
Engineering & Studies	-	705	2,284	-	(2,284)	-
TOTAL CAPITAL EXPENDITURES	865,000	12,553	106,345	504,583	398,238	78.9
OTHER						
City of Eureka Projects:						
Treatment Plant	1,135,000	-	-	662,083	662,083	100.0
Martin Slough	-	-	-	-	-	-
TOTAL OTHER	1,135,000	-	-	662,083	662,083	100.0
BUDGET SURPLUS (DEFICIT)	582,331	283,463	1,660,542	339,693	1,320,848	(388.8)

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
General Fund

January 2023

	Budgeted 2022-23	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE						
Interest (will be allocated to w/s @ y/e)	-	-	237	-	237	-
Miscellaneous	-	-	622	-	622	-
TOTAL OPERATING REVENUE	-	-	859	-	859	-
NON-OPERATING REVENUE						
Property Taxes	350,000	-	-	204,167	(204,167)	(100.0)
Insurance Rebate	20,000	-	-	11,667	(11,667)	(100.0)
Miscellaneous Income	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	370,000	-	-	215,833	(215,833)	(100.0)
TOTAL DISTRICT REVENUE	370,000	-	859	215,833	(214,974)	(99.6)
OPERATING EXPENSES						
Wages Direct	392,400	45,599	238,186	228,900	(9,286)	(4.1)
Benefits: PERS	206,230	30,829	197,901	120,301	(77,600)	(64.5)
Group Ins	617,500	35,326	284,627	360,208	75,581	21.0
Workers Comp Ins	3,055	-	1,813	1,782	(31)	(1.7)
FICA/Medicare	26,910	3,571	19,138	15,698	(3,441)	(21.9)
Misc Benefits	500	40	360	292	(68)	(23.4)
Total Wages and Benefits	1,246,595	115,365	742,026	727,180	(14,845)	(2.0)
Less: wages & ben charged to Capital Proj.	-	(19,284)	(57,494)	-	57,494	-
Less: Allocated to Water and Sewer Funds	(1,246,595)	(96,082)	(684,531)	(727,180)	(42,649)	5.9
Total Unallocated Wages and Benefits	-	-	-	-	-	-
Supplies/ Construction	-	-	-	-	-	-
Supplies/ Administration	6,000	234	1,027	3,500	2,473	70.7
Supplies/ Engineering	-	-	3	-	(3)	-
Supplies/ Maintenance	-	-	-	-	-	-
Invoicing	57,000	4,386	31,821	33,250	1,429	4.3
Web Payment Portal	-	-	-	-	-	-
Temporary Labor	10,000	-	-	5,833	5,833	100.0
Repairs & Maintenance/Trucks	-	-	-	-	-	-
Equipment Rental	-	-	-	-	-	-
Building & Grounds Maintenance	26,700	1,935	12,268	15,575	3,307	21.2
Electrical Power	62,118	6,255	43,753	36,236	(7,517)	(20.7)
Street Lights	70,000	5,697	47,116	40,833	(6,283)	(15.4)
Telephone	9,360	1,157	8,538	5,460	(3,078)	(56.4)
Postage	750	-	2,145	438	(1,707)	(390.3)
Freight	-	-	-	-	-	-
Liability Insurance	62,000	-	80,273	36,167	(44,106)	(122.0)
Legal Services	70,000	1,623	34,302	40,833	6,531	16.0
Accounting	13,000	-	9,385	7,583	(1,802)	(23.8)
Engineering	510	-	-	298	298	100.0
Other Professional Services	70,800	-	6,762	41,300	34,538	83.6
Bank Service Charges	28,000	(252)	9,729	16,333	6,604	40.4
Transportation	-	-	-	-	-	-
Office Equip. Maintenance	5,180	248	1,292	3,022	1,730	57.3
Computer Software Maintenance	7,200	301	1,251	4,200	2,949	70.2
Memberships & Subscriptions	22,320	-	18,310	13,020	(5,290)	(40.6)
Bad Debts & Minimum Balance Writeoff	-	-	-	-	-	-
Conference & Continuing Ed	7,245	-	8,048	4,226	(3,822)	(90.4)
Certifications	1,645	-	1,355	960	(395)	(41.2)

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
General Fund

January 2023

	Budgeted 2022-23	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
State/County & LAFCO Fees and Charges	19,200	-	-	11,200	11,200	100.0
Elections Expense	15,000	-	-	8,750	8,750	100.0
Human Resources	6,720	30	4,739	3,920	(819)	(20.9)
Miscellaneous	7,440	3,927	6,171	4,340	(1,831)	(42.2)
Director's Fees	16,000	1,100	6,900	9,333	2,433	26.1
General & Admin Expense Allocation	(524,188)	(20,943)	(288,071)	(305,776)	(17,706)	5.8
TOTAL OPERATING EXPENSES	70,000	5,697	47,116	40,833	(6,283)	(15.4)
LONG TERM DEBT PAYMENTS						
2014 PGE Energy Efficiency Loan	-	-	-	-	-	-
2012 CIP & Refi	-	88,800	203,766	-	(203,766)	-
New Financing	(340,000)	-	-	(198,333)	(198,333)	100.0
Less: Allocated to Water & Sewer Funds	-	-	-	-	-	-
TOTAL LONG TERM DEBT PAYMENTS	(340,000)	88,800	203,766	(198,333)	(402,099)	202.7
CAPITALIZED EXPENDITURES						
Vehicles/Rolling Stock/Capital Equipment	340,000	2,755	36,793	198,333	161,540	81.4
Building, Yard & Paving Improvements	94,000	-	59,962	54,833	(5,129)	(9.4)
Engineering & Studies	-	4,947	35,337	-	(35,337)	-
District Design Standards	-	-	1,840	-	(1,840)	-
TOTAL CAPITAL EXPENDITURES	434,000	7,702	133,933	253,167	119,234	
INTERFUND TRANSFER OUT		-	-	-		
BUDGET SURPLUS (DEFICIT)	206,000	(102,200)	(383,955)	120,167	(504,122)	(419.5)

**Humboldt Community Services District
Notes
January 2023**

Note 1 - Non Operating and Miscellaneous Revenue

Most non-operating and Miscellaneous income occurs occasionally throughout the year, or at the very end of the fiscal year.

Note 2 - Workers Comp insurance

Works comp expenses are billed to the district in quarterly installments. Worker's comp expenses are expected to match budgeted amount for full fiscal year.

Note 3 - Temprary Labor

Temporary labor costs have increased due to difficulties in finding suitable permanent applicants. Increased temprary labor costs have been more than offset by reductions in regular District wage expenses

Note 4 - Electrical Power (District use and Street Ligting)

District electrical usage is consistent with previous annual usage (2.2% increase in power consumed). Increase in costs are due to rates increases from PGE.

Note 5 - Postage

Postage is purchased in bulk. Purchase of \$2,500 in postage in October is expected to be only bulk postage purchahse for the fiscal year.

Note 6 - Freight

Shipping cost for sewer pump for repair. Not anticipated in budget

Note 7 - Chemicals

Large order of treatment chemicals ordered to ensure adequete stock on hand with anticipated future shipping delays.

Note 8 - Liability Insurance

While The District has anticipated an increase in Liability insurance premiums due to general inflationary and COLA increses, insurance premiums have increased more than originally anticipated. In a letter sent by ACWA/JPIA in October, it was explained that ACWA/JPIA has been able to keep such insurance increases to a minimum over the years, cost increases have necessitated an increase in rates at this time. Staff has confirmed that Liability insurance costs from ACWA/JPIA have remainig suprisingly stable over the past 15 years, even at times when increases would be expected.

Note 9 - Accounting

Accounting expenses are due to expenses from the regualr annual audit..

Note 10 - Computer software maintenance

Annual software maintenance fee for the District's utility billing software was paid in July, which is the majority of the budgeted expense for the year. Remaining budgeted software maintenance expenses will occur throughout the year are expected to be in line with budget amount.

Note 11 - Memberships and subscriptions

Annual Annual membership dues for JPIA. Expenses for reaminder of year will be minimal and total expense for the year are expected to be in line with budget amount.

Note 12 - State/County & LAFCO Fees and Charges

Annual water system fees to State Water Resources control board paid in January. Total expenditures for year will be in line with budgeted amount.

Note 13 - Debt Service

Loan Payments are made throughout the year. The total expendutres by the end of the year will match budget amounts.

Note 13 - Engineering

Engineering Expense - a/c 6810 - Operating Expense
Water Fund

Eng Bid Advertising			
Times Standard	570		570
Total posted to 6810	570		570

Engineering & Studies - a/c 9040 - Capital Improvement Projects

Non Engineering Costs Posted to 9040			
Rate Study			
	4,947		35,337
Hartman SLS		705	2,284
Grand Total posted to 9040	5,652		37,621

Note 1 - Non Operating and Mis: YTD

Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service to our customers

AGENDA REPORT

For HCSD Board of Directors Regular Meeting of: February 28, 2023

AGENDA ITEM: G.1 (New Business)

TITLE: Consideration of FY 2020-21 Draft Basic Financial Statements and Management Report.

Presented by: Michael Montag, District Finance Manager

Recommendation:

Receive and approve the Draft Basic Financial Statements and auditors reports for the fiscal year ending June 30, 2021.

Summary:

The accounting firm of R.J. Ricciardi, Inc., Certified Public Accountants, was engaged by Humboldt Community Services District to perform an audit of the District's financial records and financial statements as of and for the fiscal year ending June 30, 2020. During the audit period, services of the Audit were transferred to O'Connor & Company, comprised of the same staff that had already been performing the district's audit. This transfer was approved by the District Board of Directors at the February 14, 2023 meeting.

The CPA firm's examinations were made in accordance with auditing standards generally accepted in the United States, the standards applicable to financial audits contained in Government Auditing Standards, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require the auditors to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

The audit also includes assessing the accounting principles followed by management as well as evaluating the overall financial statement presentation.

The District has received an "Unqualified Opinion" from O'Connor & Company for the fiscal year ended June 30, 2021, verifying that our financial statements are free from material misstatements, that District financial personnel have followed proper accounting principles, and that the financial statements have been presented in accordance with generally accepted accounting principles.

Management's Discussion and Analysis of the financial statements can be found in pages 3-6 of the Basic Financial Statements. The MD&A provides a brief overview of the financial statements as well as providing a summary of financial highlights.

The Auditor's Management Letter's purpose is to present observations and recommendations related to internal controls on transactions. There have been no observations since fiscal years prior to June 30, 2013. These observations were responded to and implemented in prior years.

The Audit Committee met on February 14th, 2023 to review and approve the Draft Basic Financial Statements and auditors reports as well as the Fraud Risks Questionnaire. All items were approved, with the recommendation that the Draft Basic Financial Statements and auditor's reports be presented to the full Board of Directors for final review and approval.

Fiscal Impact:

None.

Attachments:

- 1) Fiscal Year Ending 06/30/2021 Draft Audit Report
- 2) Fiscal Year Ending 06/30/2021 Draft Management Report

DRAFT

1/31/2023

To be used only for management discussion purposes; engagement is incomplete; this draft is subject to final review and possible revision. **Report/Letter date is TENTATIVE-TBD**

**HUMBOLDT COMMUNITY SERVICES
DISTRICT**

EUREKA, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Humboldt Community Services District
Eureka, California

Report on the Financial Statements

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, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to Humboldt Community Services District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Humboldt Community Services District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, and the respective changes in financial position 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-6), and the required supplementary information (page 29-31), as listed in the table of contents, be presented to supplement the basic financial statements.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying combining schedules of water and sewer department revenues, expenses, and changes in net position, allocated general and administrative expenses, and salaries and wages are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated XX/XX/XX, on our consideration of Humboldt Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing Humboldt Community Services District's internal control over financial reporting and compliance.

O'Connor & Company

San Rafael, California

Humboldt Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

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, 2021. Please read it in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities at the close of June 30, 2021 by \$17,280,032. Of this amount, \$(5,647,306) (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors. Unrestricted net position increased primarily due to the actuarial calculation of GASB 68 & 75, as discussed below.
- The District's net position increased by \$2,870,000 in FY June 30, 2021. The unrestricted net position increased by \$1,527,643, primarily due to the OPEB and pension actuarial calculations.
- The District's total assets increased by \$2,524,130 in FY June 30, 2021 due to an increase in charges for water and related services and an increase in capital purchases related to water and sewer lines.
- The District's long-term debt increased by \$1,895,073 due to the increase in the other post-employment benefits and a new vehicle and equipment loan.
- During the year the District's operating revenues increased \$118,415 or 1.05%, while operating expenses increased \$590,173 or 7.12%. The increase in operating revenues is due to new capital connection fees related to construction. The increase in expenses is due to an increase in water purchases related to construction projects and demand from customers as well as increases in retiree health post-employment benefits.

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 of 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 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.

Humboldt Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2021

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, 2021 and June 30, 2020.

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.

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, representing 3% of 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

	2021	2020
Assets:		
Current and other assets	\$ 10,053,102	\$ 8,632,015
Capital assets, net of accumulated depreciation	<u>32,519,643</u>	<u>31,416,600</u>
Total assets	<u>42,572,745</u>	<u>40,048,615</u>
Deferred outflows	<u>2,194,635</u>	<u>1,225,215</u>
Liabilities:		
Other liabilities	1,479,227	1,833,239
Long-term debt outstanding	<u>24,965,592</u>	<u>23,070,519</u>
Total liabilities	<u>26,444,819</u>	<u>24,903,758</u>
Deferred inflows	<u>1,042,529</u>	<u>1,960,040</u>
Net Position:		
Invested in capital assets, net of related debt	22,442,817	21,161,336
Restricted	484,521	423,645
Unrestricted	<u>(5,647,306)</u>	<u>(7,174,949)</u>
Total net position	<u>\$ 17,280,032</u>	<u>\$ 14,410,032</u>

Humboldt Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2021

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 \$118,415 in 2021 as compared to 2020. Other Non-Operating Revenue increased primarily due to an increase in interest rates on investments and property tax revenues.

Expenses – Operating expenses increased \$590,173. Non-operating expenses decreased by \$18,995. Changes include:

- Salaries & Benefits (primarily benefit increases, including PERS & OPEB) \$ 185,883 increase
- Water purchases \$ 153,260 increase
- Joint treatment costs \$ 131,004 increase

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

Table 2
Changes in Net Position

	2021	2020	Change
Operating revenues	\$ 11,373,420	\$ 11,255,005	\$ 118,415
Operating expenses	8,875,690	8,285,517	(590,173)
Net operating income (loss)	\$ 2,497,730	\$ 2,969,488	\$ (471,758)
Investment and other income	\$ 517,499	\$ 484,600	\$ 32,899
Interest and other expenses	385,008	404,003	18,995
Non-operating net income	\$ 132,491	\$ 80,597	\$ 51,894

CAPITAL ASSETS AND DEBT ADMINISTRATION

Table 3
Capital Assets at Year End

	2021	2020
Land	\$ 685,868	\$ 685,868
Buildings and improvements	1,009,028	1,009,028
Water Plant and System	23,652,046	23,584,004
Sewer Collection System	27,679,721	27,034,328
Vehicles and equipment	4,033,528	3,683,285
Construction in progress	2,878,809	1,517,861
Subtotal	59,939,000	57,514,374
Accumulated depreciation	(27,419,357)	(26,097,774)
Net capital assets	\$ 32,519,643	\$ 31,416,600

Capital Assets - At June 30, 2021, the District had \$32,519,643 (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 \$10,076,826 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.

Humboldt Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

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 2020/2021 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.

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Humboldt Community Services District
STATEMENT OF NET POSITION
June 30, 2021

ASSETS

Current assets:	
Cash and investments	\$ 8,005,364
Restricted cash and investments:	
Debt service	66,184
Capital projects	418,337
Total cash and investments	<u>8,489,885</u>
Accounts receivable	1,027,451
Assessments receivable	123,580
Prepaid items	208,942
Inventory	203,244
Total current assets	<u>10,053,102</u>
Capital assets:	
Non-depreciable assets	3,564,677
Depreciable assets (net of depreciation)	<u>28,954,966</u>
Total assets	<u>42,572,745</u>

DEFERRED OUTFLOWS

Deferred outflows related to OPEB	1,535,832
Deferred outflows related to pensions	658,803
Total deferred outflows	<u>2,194,635</u>

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	998,871
Compensated absences	239,390
Customer deposits	115,564
Accrued expenses	125,402
Total current liabilities	<u>1,479,227</u>
Long-term liabilities:	
Due within one year	651,802
Due in more than one year	9,425,024
Net OPEB liability	11,428,776
Net pension liability due in more than one year	3,459,990
Total long-term liabilities	<u>24,965,592</u>
Total liabilities	<u>26,444,819</u>

DEFERRED INFLOWS

Deferred inflows related to OPEB	945,491
Deferred inflows related to pensions	97,038
Total deferred inflows	<u>1,042,529</u>

Net position:	
Net investment in capital assets	22,442,817
Restricted	484,521
Unrestricted	(5,647,306)
Total net position	<u>\$ 17,280,032</u>

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, 2021

Operating revenues:	
Water sales	\$ 5,648,020
Sewer service fees	5,692,316
Other operating	33,084
Total operating revenues	<u>11,373,420</u>
Operating expenses:	
Salaries and benefits	2,725,265
General and administration	641,636
Joint treatment costs	1,456,791
Purchases power	280,913
Water purchases	1,834,186
Repairs and maintenance	124,147
Supplies	211,713
Other expenses	279,456
Depreciation	1,321,583
Total operating expenses	<u>8,875,690</u>
Operating income (loss)	<u>2,497,730</u>
Non-operating revenues (expenses):	
Interest revenue	18,872
Interest expense	(385,008)
Taxes and assessments	420,048
Other income	78,579
Total non-operating revenues (expenses)	<u>132,491</u>
Income (loss) before capital contributions	2,630,221
Capital contributions and connection fees	239,779
Changes in net position	<u>2,870,000</u>
Net position, beginning of period	<u>14,410,032</u>
Net position, end of period	<u>\$ 17,280,032</u>

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, 2021

Cash flows from operating activities:	
Receipts from customers	\$ 11,173,669
Payments to suppliers	(3,323,684)
Payments to employees	(4,387,720)
Net cash provided (used) by operating activities	<u>3,462,265</u>
Cash flows from non-capital financing activities:	
Taxes and assessments	546,335
Other revenue (expense)	79,213
Net cash provided (used) by non-capital financing activities	<u>625,548</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(2,424,626)
Interest expense	(385,008)
Capital connection fees received	239,779
Payment on current portion of bonds	(178,438)
Net cash provided (used) by capital and related financing activities	<u>(2,748,293)</u>
Cash flows from investing activities:	
Interest earned	18,872
Net cash provided by investing activities	<u>18,872</u>
Net increase (decrease) in cash and cash equivalents	1,358,392
Cash and cash equivalents - beginning of period	<u>7,131,493</u>
Cash and cash equivalents - end of period	<u>\$ 8,489,885</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:	
Operating income (loss)	\$ 2,497,730
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	1,321,583
Changes in certain assets and liabilities:	
Accounts receivable	(199,751)
Prepaid items	4,388
Inventory	5,747
Accounts payable	(375,156)
Accrued expenses	6,956
Deferred outflows	(969,420)
Deferred inflows	(917,511)
Net pension liability	202,572
Net OPEB liability	1,870,939
Compensated absences	14,948
Customer deposits	(760)
Net cash provided (used) by operating activities	<u>\$ 3,462,265</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, 2021

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 with *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, 2021

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.

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs - other than quoted prices included within level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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 on the basis of 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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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. 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.

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

<u>Assets</u>	<u>Years</u>
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, 2021 was \$239,390. 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.

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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

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.

NOTE 2 - DETAILED NOTES

A. Cash Equivalents and Investments

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

	2021
Cash and investments:	
Demand accounts	\$ 5,326,777
Humboldt County pool	3,163,108
Total cash and investments	\$ 8,489,885
	2021
Restricted cash:	
Humboldt County pool	\$ 484,521
Total restricted cash and investments	\$ 484,521

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 investments is the risk that, in the event of the failure of counter-party (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.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits.

Under California Law this collateral is held in the District's name and places the District ahead of general creditors of the institution. The District has waived collateral requirements for the portion of deposits covered by federal depository insurance.

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 644 days.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 2 - DETAILED NOTES (continued)

A. Cash Equivalents and Investments (concluded)

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2021:

<u>Investment Type</u>	<u>Level 1</u>	<u>Exempt or Amortized Cost</u>	<u>Total</u>
Demand Accounts	\$ 5,326,777	\$ -	\$ 5,326,777
Humboldt Co. Treasurer's Investment Pool	-	3,163,108	3,163,108
Total Investments	<u>\$ 5,326,777</u>	<u>\$ 3,163,108</u>	<u>\$ 8,489,885</u>

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Humboldt County Treasurer's Pool was an uncategorized input and not defined as a Level 1-3 input. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2021 are provided by Standard and Poor's except as noted.

<u>Investment Type</u>	<u>Total</u>
Money Market Mutual Funds	\$ -
Not rated:	
Demand Accounts	5,326,777
Humboldt County Treasurer's Investment Pool	<u>3,163,108</u>
Total cash and investments	<u>\$ 8,489,885</u>

Credit Risk - State law limits investments in various securities to certain levels of risk ratings issued by nationally recognized statistical rating organizations. It is the District's policy to comply with those requirements. The Humboldt County Treasurer's Pool was unrated.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - DETAILED NOTES (continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

<u>Business-type Activities - Water</u>	<u>Balance 6/30/20</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/21</u>
Capital assets, not being depreciated:				
Land	\$ 391,458	\$ -	\$ -	\$ 391,458
Construction in progress	<u>850,326</u>	<u>1,315,949</u>	<u>-</u>	<u>2,166,275</u>
Total capital assets, not being depr.	<u>1,241,784</u>	<u>1,315,949</u>	<u>-</u>	<u>2,557,733</u>
Capital assets, being depreciated:				
General buildings and structures	575,146	-	-	575,146
Water plant and distribution system	23,584,004	68,042	-	23,652,046
Vehicles	1,323,375	-	103,773	1,219,602
Equipment	<u>829,408</u>	<u>-</u>	<u>-</u>	<u>829,408</u>
Total capital assets, being depreciated	<u>26,311,933</u>	<u>68,042</u>	<u>103,773</u>	<u>26,276,202</u>
Less accumulated depreciation for:				
General buildings and structures	(360,848)	(11,739)	-	(372,587)
Water plant and distribution system	(13,957,068)	(563,798)	-	(14,520,866)
Vehicles	(848,395)	(77,578)	(66,990)	(858,983)
Equipment	<u>(566,891)</u>	<u>(31,453)</u>	<u>-</u>	<u>(598,344)</u>
Total accumulated depreciation	<u>(15,733,202)</u>	<u>(684,568)</u>	<u>(66,990)</u>	<u>(16,350,780)</u>
Total capital assets being depr. – net	<u>10,578,731</u>	<u>(616,526)</u>	<u>36,783</u>	<u>9,925,422</u>
Capital assets – net	<u>\$ 11,820,515</u>	<u>\$ 699,423</u>	<u>\$ 36,783</u>	<u>\$ 12,483,155</u>
<u>Business-type Activities - Sewer</u>	<u>Balance 6/30/20</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/21</u>
Capital assets, not being depreciated:				
Land	\$ 294,410	\$ -	\$ -	\$ 294,410
Construction in progress	<u>667,535</u>	<u>44,999</u>	<u>-</u>	<u>712,534</u>
Total capital assets, not being depr.	<u>961,945</u>	<u>44,999</u>	<u>-</u>	<u>1,006,944</u>
Capital assets, being depreciated:				
General buildings and structures	433,882	-	-	433,882
Sewer collection system	27,034,328	645,393	-	27,679,721
Vehicles	871,551	532,301	78,285	1,325,567
Equipment	<u>658,951</u>	<u>-</u>	<u>-</u>	<u>658,951</u>
Total capital assets, being depreciated	<u>28,998,712</u>	<u>1,177,694</u>	<u>78,285</u>	<u>30,098,121</u>
Less accumulated depreciation for:				
General buildings and structures	(295,663)	(25,120)	(14,588)	(306,195)
Sewer collection system	(9,013,917)	(620,618)	-	(9,634,535)
Vehicles	(596,438)	(99,075)	(50,537)	(644,976)
Equipment	<u>(458,554)</u>	<u>(24,317)</u>	<u>-</u>	<u>(482,871)</u>
Total accumulated depreciation	<u>(10,364,572)</u>	<u>(769,130)</u>	<u>(65,125)</u>	<u>(11,068,577)</u>
Total capital assets being depr. – net	<u>18,634,140</u>	<u>408,564</u>	<u>13,160</u>	<u>19,029,544</u>
Capital assets – net	<u>\$ 19,596,085</u>	<u>\$ 453,563</u>	<u>\$ 13,160</u>	<u>\$ 20,036,488</u>

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 2 - DETAILED NOTES (continued)

C. Long-Term Debt

Long-term debt activity for the year ended June 30, 2021 was as follows:

<u>Business-Type Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
State water loan	\$ 582,956	\$ -	\$ 160,004	\$ 422,952	\$ 165,149
State loan	33,761	-	5,153	28,608	5,283
2021 Van Con loan	-	549,085	-	549,085	109,864
2012 loan & installments	1,955,806	-	280,859	1,674,947	158,037
2014 WW Revenue Bonds	7,520,000	-	200,000	7,320,000	210,000
2014 WW Revenue Bonds premium, net	84,703	-	3,469	81,234	3,469
VanCon loan	78,038	-	78,038	-	-
Other post-employment benefits	9,557,837	1,870,939	-	11,428,776	-
Total	<u>\$19,813,101</u>	<u>\$ 2,420,024</u>	<u>\$ 727,523</u>	<u>\$21,505,602</u>	<u>\$ 651,802</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 installment agreement was paid in full in fiscal year 2017. 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 operation of the system for each year so as to yield system net revenues equal to at least 120 percent of annual debt service.

<u>Year End June 30</u>	<u>Loan #1</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 110,684	\$ 66,916	\$ 177,600
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>\$ 1,601,879</u>	<u>\$ 439,667</u>	<u>\$ 2,041,546</u>

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 2 - DETAILED NOTES (continued)

C. Long-Term Debt (continued)

Year End June 30	Loan #4		
	Principal	Interest	Total
2022	\$ 47,353	\$ 2,147	\$ 49,500
2023	25,716	450	26,166
Total	\$ 73,069	\$ 2,597	\$ 75,666

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:

Years	Principal	Interest	Total
2022	\$ 165,149	\$ 12,280	\$ 177,429
2023	170,499	6,930	177,429
2024	87,304	1,407	88,711
Totals	\$ 422,952	\$ 20,617	\$ 443,569

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:

Years	Principal	Interest	Total
2022	\$ 5,283	\$ 694	\$ 5,977
2023	5,415	562	5,977
2024	5,551	426	5,977
2025	5,689	288	5,977
2026	6,668	144	6,812
Totals	\$ 28,606	\$ 2,114	\$ 30,720

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, 2021

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>
2022	\$ 210,000	\$ 277,576	\$ 487,576
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>\$ 7,320,000</u>	<u>\$ 3,845,222</u>	<u>\$ 11,165,222</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>
2022	\$ 109,864	\$ 7,577	\$ 117,441
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>\$ 549,085</u>	<u>\$ 38,120</u>	<u>\$ 587,205</u>

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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 in regard to 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 2021 as regards the aggregate limits on excess coverage.

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

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 reevaluated 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, 2021.

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.

Coronavirus Pandemic - In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, declared a state of emergency and issued shelter-in-place orders in response to the outbreak. The immediate impact to the District's operations includes restrictions on employees' and volunteers' ability to work, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

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

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

The Plan provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
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 - 55	52 - 67
Monthly benefits, as a % of eligible compensations	2.0% to 2.7%	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 rate 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, 2021, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions - employer	<u>Miscellaneous</u> \$351,498
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Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

As of June 30, 2021, 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	\$ 3,459,990

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, 2020, 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, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension 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, 2019 and 2020 was as follows:

	Miscellaneous
Proportion - June 30, 2019	.032%
Proportion - June 30, 2020	.032%
Change – Increase (Decrease)	.000%

For the year ended June 30, 2020, the District recognized pension expense of \$542,424. On June 30, 2021, 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 subsequent to measurement date	\$ 351,498	\$ -
Differences between actual and expected experience	178,304	-
Changes in assumptions	-	24,678
Net differences between projected and actual earnings on plan investments	102,784	-
Change in employer's proportion and differences Between the employer's contributions and the employer's proportionate share of contributions	26,217	72,360
Total	\$ 658,803	\$ 97,038

\$351,498 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, 2022. 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>		
2022	\$	5,293
2023		83,951
2024		71,724
2025		49,299
Thereafter		-

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

Actuarial Assumptions - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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

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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (concluded)

<u>Asset Class (1)</u>	New Strategic Allocation	Real Return Years 1-10 (2)	Real Return Years 11+ (3)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92)%
Total	<u>100%</u>		

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.0% used for this period.

(3) An expected inflation of 2.92% used for this period.

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:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$5,176,911
Current Discount Rate	7.15%
Net Pension Liability	\$3,459,990
1% Increase	8.15%
Net Pension Liability	\$2,041,353

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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 3 - OTHER INFORMATION (continued)

E. Segment Information (concluded)

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

	Water Department	Sewer Department
Operating revenues (pledged)	\$ 5,648,020	\$ 5,725,400
Depreciation expense	(684,568)	(637,015)
Other operating expenses	(3,970,507)	(3,222,818)
Operating income (loss)	992,945	1,865,567
Non-operating revenues (expenses)		
Investment income	11,984	1,464
Interest expense	(22,059)	(362,949)
Other revenue (expense)	55,656	-
Capital contributions	133,177	106,602
Change in net position	\$ 1,171,703	\$ 1,610,684

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.

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 into 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 – At July 1, 2018, membership consisted of the following:

Active plan members	19
Inactive employees or beneficiaries currently receiving benefit payments	20
Total	39

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 3 - OTHER INFORMATION (continued)

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

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, 2021, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation dated July 1, 2018 (June 30, 2020). 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	5.90% for 2019 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 the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2018 valuation were based on a review of plan experience during the period July 1, 2016 to June 30, 2018.

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.

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, 2019	June 30, 2019	4.00%	3.13%	3.13%
June 30, 2020	June 30, 2020	4.00%	2.45%	2.45%

The components of the net OPEB liability were as follows:

Total OPEB liability	\$ 11,428,776
Plan fiduciary net position	-
Net OPEB liability	<u>\$ 11,428,776</u>
Measurement date	June 30, 2020
Reporting date	June 30, 2021

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 3 - OTHER INFORMATION (continued)

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

Covered payroll	\$ 1,285,202
Net OPEB liability (asset) as a percentage of covered payroll	889.26%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

Schedule of Changes in Net OPEB Liability (July 1, 2019 to June 30, 2020):

Total OPEB Liability	
Service cost	\$ 241,041
Interest	301,819
Changes of benefit terms	-
Differences between actual and expected experience	143,183
Changes of assumptions	1,499,485
Benefit payments	(314,589)
Net change in total OPEB liability	<u>1,870,939</u>
Total OPEB Liability – July 1, 2019 (a)	<u>9,557,837</u>
Total OPEB Liability – June 30, 2020 (b)	<u>\$ 11,428,776</u>
 Plan Fiduciary Net Position	
Contributions – employer ¹	\$ 314,589
Net investment income	-
Benefit payments ¹	(314,589)
Trustee fees	-
Administrative expense	-
Net Change in Plan Fiduciary Net Position	<u>-</u>
Plan Fiduciary Net Position – July 1, 2017 (c)	<u>-</u>
Plan Fiduciary Net Position – June 30, 2018 (d)	<u>\$ -</u>
 Total OPEB Liability – July 1, 2019 (c) – (a)	 <u>\$ 9,557,837</u>
Total OPEB Liability – June 30, 2020 (d) – (b)	<u>\$ 11,428,776</u>

¹ Amount includes implicit subsidy associated with benefits paid.

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 (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
(1.45%)	(2.45%)	(3.45%)
\$ 13,261,027	\$ 11,428,776	\$ 9,939,765

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 (4.90 percent decreasing to 4.00 percent) or 1-percentage-point higher (6.90 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 3 - OTHER INFORMATION (concluded)

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

Plan's Net OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease (4.90% decreasing to 4.00%)	Trend Rates (5.90% decreasing to 5.00%)	1% Increase (6.90% decreasing to 6.00%)
\$ 9,823,136	\$ 11,428,776	\$ 13,427,232

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, 2021, 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
Differences between actual and expected experience ^{3,4}	\$ 108,260	\$ 471,306
Changes in assumptions or other inputs ^{3,4}	1,427,572	474,185
Net differences between projected and actual earnings on OPEB plan investments ^{3,4}	-	-
Total	\$ 1,535,832 ⁵	\$ 945,491

³ Measured at June 30, 2020.

⁴ See Schedule of Deferred Outflows and Inflows of Resources for additional information;

⁵ Does not include District contributions (plus associated implicit subsidy) made after the measurement, which will be recognized as a reduction of the Net OPEB Liability in the year ending June 30, 2022.

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

<u>Fiscal Year Ended</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
6/30/22	\$ 555,290	\$ (787,907)
6/30/23	539,827	(157,584)
6/30/24	400,651	-
6/30/25	40,064	-
Thereafter	-	-

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, 2021

Measurement Date, June 30	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.03180%	0.03179%	0.03163%	0.03172%	0.03194%	0.03184%	0.03388%
Proportion share of the net pension liability	\$ 3,459,990	\$ 3,257,418	\$ 3,047,642	\$ 3,145,531	\$ 2,763,721	\$ 2,185,093	\$ 2,108,429
Covered - employee payroll	\$ 1,261,614	\$ 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	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	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, 2021

Fiscal Year Ending June 30	Miscellaneous Plan						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 351,498	\$ 383,662	\$ 337,870	\$ 292,343	\$ 262,346	\$ 236,976	\$ 136,802
Contributions in relation to the actuarially determined contributions	<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>\$ (24)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 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	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, 2021

Total OPEB Liability	2021	2020	2019	2018
Service cost	\$ 241,041	\$ 215,891	\$ 375,038	\$ 364,115
Interest	301,819	318,491	359,659	347,573
Difference between expected and actual experience	143,183	-	(1,649,568)	-
Changes of assumptions	1,499,485	603,093	(1,659,644)	-
Benefit payments, included refunds of employee contributor	(314,589)	(320,844)	(347,274)	(304,176)
Implicit rate subsidy fulfilled	-	-	-	-
Net change in total OPEB liability	1,870,939	816,631	(2,921,789)	407,512
Total OPEB liability - beginning of year	9,557,837	8,741,206	11,662,995	11,255,483
Total OPEB liability - end of year	\$ 11,428,776	\$ 9,557,837	\$ 8,741,206	\$ 11,662,995
Plan Fiduciary Net Position				
Net investment income	\$ -	\$ -	\$ -	\$ -
Contributions				
Employer - explicit subsidy	314,589	320,844	347,274	304,176
Employer - implicit subsidy	-	-	-	-
Benefit payments, included refunds of employee contributor	(314,589)	(320,844)	(347,274)	(304,176)
Implicit rate subsidy fulfilled	-	-	-	-
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning of year	-	-	-	-
Plan fiduciary net position - end of year	\$ -	\$ -	\$ -	\$ -
District's net OPEB liability - end of year	\$ 11,428,776	\$ 9,557,837	\$ 8,741,206	\$ 11,662,995
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 1,261,614	\$ 1,297,388	\$ 1,345,918	\$ 1,232,490
Net OPEB liability as a percentage of covered-employee payroll	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, 2021

<u>ASSETS</u>	Admin & Street Lights	Water System	Sewer System	Totals
Current assets:				
Cash and investments	\$ 1,180,777	\$ 4,461,467	\$ 2,363,120	\$ 8,005,364
Restricted cash and investments:				
Debt service	-	-	66,184	66,184
Capital projects	-	418,337	-	418,337
Total cash and investments	<u>1,180,777</u>	<u>4,879,804</u>	<u>2,429,304</u>	<u>8,489,885</u>
Accounts receivable	49,066	497,570	480,815	1,027,451
Assessments receivable	-	123,580	-	123,580
Prepaid items	144,149	-	64,793	208,942
Inventory	-	152,275	50,969	203,244
Total current assets	<u>1,373,992</u>	<u>5,653,229</u>	<u>3,025,881</u>	<u>10,053,102</u>
Capital assets:				
Non-depreciable assets	-	2,557,733	1,006,944	3,564,677
Depreciable assets (net of depreciation)	-	9,925,422	19,029,544	28,954,966
Total assets	<u>1,373,992</u>	<u>18,136,384</u>	<u>23,062,369</u>	<u>42,572,745</u>
<u>DEFERRED OUTFLOWS</u>				
Deferred outflows related to OPEB	-	875,424	660,408	1,535,832
Deferred outflows related to pensions	-	375,518	283,285	658,803
Total deferred outflows	<u>-</u>	<u>1,250,942</u>	<u>943,693</u>	<u>2,194,635</u>
<u>LIABILITIES AND NET POSITION</u>				
Current liabilities:				
Accounts payable	41,105	243,763	714,003	998,871
Compensated absences	239,390	-	-	239,390
Customer deposits	115,564	-	-	115,564
Accrued expenses	37,329	18,455	69,618	125,402
Total current liabilities	<u>433,388</u>	<u>262,218</u>	<u>783,621</u>	<u>1,479,227</u>
Long-term liabilities:				
Due within one year	-	333,922	317,880	651,802
Due in more than one year	-	190,707	9,234,317	9,425,024
Net OPEB liability	-	6,514,402	4,914,374	11,428,776
Net pension liability due in more than one year	-	1,971,054	1,488,936	3,459,990
Total long-term liabilities	<u>-</u>	<u>9,010,085</u>	<u>15,955,507</u>	<u>24,965,592</u>
Total liabilities	<u>433,388</u>	<u>9,272,303</u>	<u>16,739,128</u>	<u>26,444,819</u>
<u>DEFERRED INFLOWS</u>				
Deferred inflows related to OPEB	-	538,930	406,561	945,491
Deferred inflows related to pensions	-	55,312	41,726	97,038
Total deferred inflows	<u>-</u>	<u>594,242</u>	<u>448,287</u>	<u>1,042,529</u>
Net position:				
Net investment in capital assets	-	11,958,526	10,484,291	22,442,817
Restricted	-	418,337	66,184	484,521
Unrestricted	940,604	(2,856,082)	(3,731,828)	(5,647,306)
Total net position	<u>\$ 940,604</u>	<u>\$ 9,520,781</u>	<u>\$ 6,818,647</u>	<u>\$ 17,280,032</u>

Humboldt Community Services District
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
 June 30, 2021

	Water System	Sewer System	Admin & Street Lights	Totals
Operating revenues:				
Water sales	\$ 5,648,020	\$ -	\$ -	\$ 5,648,020
Sewer service fees	-	5,692,316	-	5,692,316
Other operating	-	33,084	-	33,084
Total operating revenues	<u>5,648,020</u>	<u>5,725,400</u>	<u>-</u>	<u>11,373,420</u>
Operating expenses:				
Salaries and benefits	1,486,201	1,239,064	-	2,725,265
General and administration	170,496	170,202	300,938	641,636
Joint treatment costs	-	1,456,791	-	1,456,791
Purchases power	164,805	56,264	59,844	280,913
Water purchases	1,834,186	-	-	1,834,186
Repairs and maintenance	69,292	54,855	-	124,147
Supplies	141,500	70,213	-	211,713
Other expenses	104,027	175,429	-	279,456
Depreciation	684,568	637,015	-	1,321,583
Total operating expenses	<u>4,655,075</u>	<u>3,859,833</u>	<u>360,782</u>	<u>8,875,690</u>
Operating income (loss)	<u>992,945</u>	<u>1,865,567</u>	<u>(360,782)</u>	<u>2,497,730</u>
Non-operating revenues (expenses):				
Interest revenue	11,984	1,464	5,424	18,872
Interest expense	(22,059)	(362,949)	-	(385,008)
Taxes and assessments	12,970	-	407,078	420,048
Other income	42,686	-	35,893	78,579
Total non-operating revenues (expenses)	<u>45,581</u>	<u>(361,485)</u>	<u>448,395</u>	<u>132,491</u>
Income (loss) before transfers	<u>1,038,526</u>	<u>1,504,082</u>	<u>87,613</u>	<u>2,630,221</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions	1,038,526	1,504,082	87,613	2,630,221
Capital Contributions and connection fees	133,177	106,602	-	239,779
Changes in net position	1,171,703	1,610,684	87,613	2,870,000
Net position, beginning of period	8,349,078	5,207,963	852,991	14,410,032
Net position, end of period	<u>\$ 9,520,781</u>	<u>\$ 6,818,647</u>	<u>\$ 940,604</u>	<u>\$ 17,280,032</u>

Humboldt Community Services District
WATER DEPARTMENT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
June 30, 2021

	Original Water System	Humboldt Hill Water System	Mitchell Road Water System	Totals
Operating revenues:				
Water sales	\$ 4,113,840	\$ 1,072,710	\$ 461,470	\$ 5,648,020
Total operating revenues	<u>4,113,840</u>	<u>1,072,710</u>	<u>461,470</u>	<u>5,648,020</u>
Operating expenses:				
Salaries and benefits	999,324	373,204	113,673	1,486,201
General and administration	122,455	37,790	10,251	170,496
Purchases power	69,236	87,185	8,384	164,805
Water purchases	1,247,247	458,546	128,393	1,834,186
Repairs and maintenance	46,409	18,023	4,860	69,292
Supplies	77,361	50,422	13,717	141,500
Other expenses	62,351	38,737	2,939	104,027
Depreciation	374,393	179,853	130,322	684,568
Total operating expenses	<u>2,998,776</u>	<u>1,243,760</u>	<u>412,539</u>	<u>4,655,075</u>
Operating income (loss)	<u>1,115,064</u>	<u>(171,050)</u>	<u>48,931</u>	<u>992,945</u>
Non-operating revenues (expenses):				
Interest revenue	5,408	1,989	4,587	11,984
Interest expense	(3,931)	(1,445)	(16,683)	(22,059)
Other income (expense)	28,573	11,189	2,924	42,686
Taxes and assessments	-	-	12,970	12,970
Total non-operating revenues (expenses)	<u>30,050</u>	<u>11,733</u>	<u>3,798</u>	<u>45,581</u>
Income (loss) before transfers	<u>1,145,114</u>	<u>(159,317)</u>	<u>52,729</u>	<u>1,038,526</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions	1,145,114	(159,317)	52,729	1,038,526
Capital contributions and connection fees	<u>113,274</u>	<u>12,789</u>	<u>7,114</u>	<u>133,177</u>
Changes in net position	<u>\$ 1,258,388</u>	<u>\$ (146,528)</u>	<u>\$ 59,843</u>	<u>\$ 1,171,703</u>

Humboldt Community Services District
SEWER DEPARTMENT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
June 30, 2021

	General Sewer System	Humboldt Hill Sewer System	Totals
Operating revenues:			
Sewer service fees	\$ 4,503,563	\$ 1,188,753	\$ 5,692,316
Other	24,598	8,486	33,084
Total operating revenues	<u>4,528,161</u>	<u>1,197,239</u>	<u>5,725,400</u>
Operating expenses:			
Salaries and benefits	964,185	274,879	1,239,064
General and administration	132,659	37,543	170,202
Joint treatment costs	1,149,328	307,463	1,456,791
Purchases power	41,496	14,768	56,264
Repairs and maintenance	38,253	16,602	54,855
Supplies	51,909	18,304	70,213
Other expenses	162,410	13,019	175,429
Depreciation	514,789	122,226	637,015
Total operating expenses	<u>3,055,029</u>	<u>804,804</u>	<u>3,859,833</u>
Operating income (loss)	<u>1,473,132</u>	<u>392,435</u>	<u>1,865,567</u>
Non-operating revenues (expenses):			
Interest revenue	1,054	410	1,464
Interest expense	(261,323)	(101,626)	(362,949)
Total non-operating revenues (expenses)	<u>(260,269)</u>	<u>(101,216)</u>	<u>(361,485)</u>
Income (loss) before transfers	<u>1,212,863</u>	<u>291,219</u>	<u>1,504,082</u>
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions	1,212,863	291,219	1,504,082
Capital contributions and connection fees	102,436	4,166	106,602
Changes in net position	<u>\$ 1,315,299</u>	<u>\$ 295,385</u>	<u>\$ 1,610,684</u>

Humboldt Community Services District
SCHEDULE OF ALLOCATED GENERAL AND ADMINISTRATIVE EXPENSES
 June 30, 2021

Allocated general and administrative expenses:	
Insurance	\$ 57,083
Purchases power	58,531
Repairs and maintenance	34,447
Supplies	7,262
Other expenses	<u>182,830</u>
Subtotal for allocated general and administrative expenses	340,153
Allocated to salaries and benefits	<u>1,236,469</u>
Total	<u>\$ 1,576,622</u>

General and administrative expenses were allocated to the following departments:

General water	\$ 122,455
Humboldt Hill Water	37,417
Freshwater/Mitchell Road	10,205
General sewer	132,659
Humboldt Hill sewer	<u>37,417</u>
Total	<u>\$ 340,153</u>

Salaries and benefits breakdown:

Salaries and wages	\$ 230,049
Vacation, sick, and holiday pay	35,331
Group insurance	707,830
Other benefits	<u>263,259</u>
Total	<u>\$ 1,236,469</u>

DRAFT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Humboldt Community Services District
Eureka, California

We have audited the basic financial statements, as listed in the table of contents, of Humboldt Community Services District as of and for the year ended June 30, 2021, and have issued our report thereon dated XX/XX/XX. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Humboldt Community Services District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humboldt Community Services District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Humboldt Community Services District's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humboldt Community Services District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of Humboldt Community Services District in a separate letter.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Humboldt Community Services District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humboldt Community Services District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor & Company

San Rafael, California

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DRAFT

1/31/2023

To be used only for management discussion purposes; engagement is incomplete; this draft is subject to final review and possible revision. ****Report/Letter date is TENTATIVE-TBD****

**HUMBOLDT COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS & MANAGEMENT REPORT**

**For the Year Ended
JUNE 30, 2021**

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DRAFT

Board of Directors
Humboldt Community Services District
Eureka, California

In planning and performing our audit of the basic financial statements of Humboldt Community Services District for the fiscal year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Humboldt Community Services District's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist Humboldt Community Services District in implementing the recommendations.

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

We thank Humboldt Community Services District's staff for its cooperation during our audit.

O'Connor & Company

San Rafael, California

To the Board of Directors
Humboldt Community Services District
Eureka, California

We have audited the financial statements of Humboldt Community Services District for the year ended June 30, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 6, 2021, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Humboldt Community Services District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Humboldt Community Services District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered by Humboldt Community Services District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The most sensitive estimates affecting the financial statements were:

- Accrual and disclosure of compensated absences.
- Capital asset lives and depreciation expense.
- Pension plan and post employment health benefits actuarial valuations.
- Fair value of investments and financial instruments.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements (Audit Adjustments)

Professional standards require us to accumulate all known and likely audit adjustments identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated XX/XX/XX .

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Humboldt Community Services District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Humboldt Community Services District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management’s Discussion and Analysis and the other required supplementary information listed in the table of contents to the financial statements, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Humboldt Community Services District
BOARD OF DIRECTORS & MANAGEMENT REPORT
For the Year Ended June 30, 2021

Current Year Observations

Approval of Bank Statements and Related Reconciliations

Observation:

During the course of our audit we noted that the District Manager's review of Humboldt Community Services District's monthly bank reconciliation and related statement was not documented.

Recommendation:

We recommend the review of the monthly bank statements and related reconciliations by the District Manager be documented by initialing or signing the reconciliation.

Prior Year Observations

There were no prior year observations.

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Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service for our customers

AGENDA REPORT

For HCSD Board of Directors Regular Meeting of: February 28, 2023

AGENDA ITEM: G.2 (New Business)

TITLE: Consideration of Extending Auditing Services Contract with O'Connor and Company for Fiscal Year 2021/2022 Financial Statements

PRESENTED BY: Terrence Williams, General Manager

Recommendation:

Staff recommends the Board extend the transferred agreement with O'Connor and Company for auditing services for the Fiscal Year 2021-22 and authorize the General Manager to sign an agreement.

Summary:

The accounting firm of R.J. Ricciardi, Inc., Certified Public Accountants, was originally engaged by Humboldt Community Services District to perform audits of the District's financial records and financial statements for five years beginning June 30, 2012 and ending June 30, 2016.

This term was extended by three years to include the fiscal year ending June 30, 2017, 2018 & 2019 and twice again for each of the FYs 2019-20 and 2020-21.

In the past, the District has issued Request for Proposals for audit procurement for five-year terms.

In the Government Finance Officers Association's Best Practices for audit procurement, the recommendation is that "Governmental Entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such agreements allow for greater continuity and help to minimize the potential for disruption in connection with the independent audit. Multiyear agreements can also help to reduce the audit costs by allowing auditors to recover certain startup costs over several years, rather than a single year." Continuity and institutional knowledge of the District are primary advantages of retaining the current audit firm of O'Connor and Company.

The primary purpose of an auditor's "Unqualified Opinion" is to provide reasonable assurance that the District's financial statements are free from material misstatements, that District financial personnel have followed proper accounting principles, and that the

financial statements have been presented in accordance with generally accepted accounting principles for the year audited.

Primary users of the audited financial statements include rating agencies such as Standard and Poor, municipal bond insurers, bond holders, and citizen and taxpayer groups.

Over the past twenty years, the pool of CPA firms conducting audits of municipal and other local governmental agency audits has decreased to the point where local auditors have declined to submit bids when Requests for Proposals have circulated for audit services. The last several firms the District engaged to provide audit services have been from out of the area, with the nearest firm located in Santa Rosa.

While there are certainly benefits of rotating auditors, primarily the appearance of auditor independence, which is mitigated due to the Sarbanes-Oxley Act, which became law after the Enron scandal, which prevents auditors from providing other financial services to the entity being audited.

During the February 14, 2023 Board Meeting, the Board of Directors approved transferring the existing contract with R.J. Ricciardi Inc. to O'Connor and Company as R.J. Ricciardi retired and transferred the company to O'Connor.

The 2020-21 audited financial report was due to the State of California on September 30, 2022 and is on the current agenda for approval. The FY 2021-22 financial report is due to the State on March 31, 2023. Considering the short amount of time before the FY 2021-22 audited financial report is due, staff recommends that we extend the agreement with the O'Connor and Company for the FY 2021-22 financials and solicit for professional services for the FY 2022-23 audit.

Should the Board wish to pursue new auditing services at this time for FY 2021-22, the District could proceed with one of the following options:

- 1) Prepare and send out Requests for Proposals for a five-year term to qualified CPA firms not including the current auditor (O'Connor and Company), with the Audit Committee selecting a new auditor at a future meeting of the Committee.
- 2) Prepare and send out Requests for Proposals for a five-year term to qualified CPA firms including the current auditor (O'Connor and Company) with the Audit Committee selecting an auditor at a future meeting of the Committee.

FISCAL IMPACT:

Estimated \$15,000 in professional fees.

Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service to our customers

AGENDA REPORT

For HCSD Board of Directors Regular Meeting of: February 28, 2023

AGENDA ITEM: G.3 (New Business)

TITLE: Consideration of Approving Resolution 2023-03: Authorizing Destruction of Records

Presented by: Michael Montag, District Finance Manager

Recommendation:

Motion to adopt Resolution 2023-03 by title only Authorizing the Destruction of Records.

Summary:

Review of District records has resulted in the attached list of records selected for destruction. The Finance Manager and Administrative Services Manager have compiled the records and reviewed the list. District's Attorney has reviewed the list and determined they are appropriate for destruction. Records selected for destruction meet the criteria of California Government Code Sections 34090 and 60200 et.seq. and are in conformance with the retention schedule established by the Humboldt Community Services District Records Management Policy dated April 9, 2002 and amended February 25, 2003.

State law provides that these records may be destroyed with the approval of the Board by resolution and the approval of the District's Attorney.

Fiscal Impact:

Less than \$2,000 for confidential & secure destruction of selected records.

HCSD RESOLUTION NO. 2023-03

**A RESOLUTION OF THE
HUMBOLDT COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
AUTHORIZING THE DESTRUCTION OF RECORDS**

WHEREAS, Humboldt Community Services District staff have determined that certain records are no longer needed for the operation of District business, nor required by statute; and

WHEREAS, records selected for destruction meet the criteria of Government Code Sections 34090 and 60200 et.seq. and are in conformance with the retention schedule established by the District's Records Management Policy dated April 9, 2002 and amended February 25, 2003; and

WHEREAS, Government Code Sections 34090 and 60200 et.seq. authorize the destruction of District records upon approval of the Board of Directors by resolution and approval by the District's Attorney.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Humboldt Community Services District hereby declares the attached District records to be no longer needed and may therefore be destroyed.

PASSED, APPROVED AND ADOPTED this 28th day of February 2023 by the following roll call vote:

AYES:
NOES:
ABSENT:

Heidi Benzonelli, Board President

ATTEST:

Brenda K. Franklin, Board Secretary

HCSD Resolution 2023-03 Attachment

Records Destruction
 Finance and Administration
 2/6/2023 Preliminary schedule - **Updated 2/15/2023**

The following Finance/Customer Service and Administration records are submitted for destruction:

RECORD DESCRIPTION	RETENTION SCHEDULE	TIME PERIOD
Finance - Accounting		
Bank Statements & Reconciliations	AU+4	Pre 2017
Allocation Journals	AU+4	Pre 2017
Work in Progress, Job Cost Summaries	AU+4	Pre 2017
Cash A/P & A/R Control Reports	AU+4	Pre 2017
Cash Journals	AU+4	Pre 2017
Monthly CIP budget reports	AU+4	Pre 2017
Meter Inventory Journals	AU+4	Pre 2017
Depreciation Journals	AU+4	Pre 2017
General Journal	AU+4	Pre 2017
<u>Accounts Receivable</u>		
AR - Aged Trial Balance	AU+4	Pre 2017
AR controll reports	AU+4	Pre 2017
Misc AR Register	AU+4	Pre 2017
Utility Billing Register	CU+2	Pre 2019
<u>Accounts Payable</u>		
Vouchers	AU+4	Pre 2017
Invoices	AU+4	Pre 2017
Check copies	AU+4	Pre 2017
Cash Disbursements, open payables	AU+4	Pre 2017
Check registers	AU+4	Pre 2017
AP journal, transaction register, edit reports	AU+4	Pre 2017
Purchase Order lists	CL+2	Pre 2019
<u>Utility Billing</u>		
UB pmt stubs, direct debit pmt batches, bill consolidator reports	AU+2	Pre 2019
UB Cash Receipts update reports	AU+4	Pre 2017
Vacancy / Missing Cycle Reports	CU+2	Pre 2019
Closing Bill Register	CU+2	Pre 2019
Final Notice Register	CU+2	Pre 2019
Lock List Report	CU+2	Pre 2019
Deposit Verification & Refunds Reports	AU+4	Pre 2017
Collection / Bad Debt reports	CU+2	Pre 2019
Vacant & Abnormal Reads reports	CU+2	Pre 2019
<u>Payroll</u>		
Registers: time sheet edit repot, deductions	AU+4	Pre 2017
Registers: employer tax reports, workers comp reports	AU+4	Pre 2017
Registers: check register, check history	AU+4	Pre 2017

HCSD Resolution 2023-03 Attachment

Data Sheets	AU+4	Pre 2017
Employee Accrual Registers	AU+4	Pre 2017
Administration & Personnel		
Oaths of Office	T +6	Pre 2015
Form 700 Statements	T +7	Pre 2014
Board Agendas	CU +2	Pre 2019
Agenda Reports	CU +2	Pre 2019
Legal Advertising	CU +4	Pre 2017
Notices, Meeting	CU +2	Pre 2015
CCR (publications)	S +2 (DOH 3 yrs)	Pre 2018
General Correspondence	CU +2	Pre 2019
Accident Reports	CL +7	Pre 2014
Claims, Damage	CL +5	Pre 2015
Incident Reports	CL +7	Pre 2014
Public Records Request	CL +2	Pre 2019
Contracts-Equipment/Services	T+5	Pre 2016
Legal Advertising	CU +4	Pre 2017
Time Sheets	AU + 6	Pre 2015
Recruitment	CL +3	Pre 2018
Negotiations (MOU's)	S +3	Pre 2018
Salary Surveys/Studies	CU +2	Pre 2019
Training Records	CU +7	Pre 2014
Personnel Files (Personal)	T +3	Pre 2018
Personnel Files (Financial)	T +5	Pre 2016
I9 (Immigration)	T +3	Pre 2018
Motor Vehicle Pulls (DMV)	CL +7	Pre 2014
CalOSHA Form 300, 300A,301	CU +5	Pre 2016

Reviewed by:

Michael Montag, Finance Manager: _____

Brenda Franklin, Administrative Services Manager: _____

Legend

- CL = Closed or Completion
- CU = Current year.
- AU = Audit year.
- T = Terminated.
- S = Superseded