



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

AGENDA

DATE: Tuesday, May 25, 2021

TIME: 5:00 p.m.

LOCATION: *In accordance with the Governor's Executive Orders N-25-20 and N-29-20 HCSD Board of Directors shall conduct the District's business via teleconference.*

The open session segment(s) of the meeting, including Public Participation, may be joined through the Zoom Website (<https://zoom.us>) by clicking on "Join A Meeting" and entering the following Meeting ID then follow the prompts for Passcode and audio. Access may also be achieved by telephone only by dialing 1-669-900-9128 followed by the Meeting ID and Passcode below:

Meeting ID: 868 6321 5930

Passcode: 159209

Participation protocol:

- Please use the MUTE function when not speaking*
- Please use the "RAISE HAND" feature when wishing to be acknowledged for participation. Raise Hand feature is located in the lower right portion of the screen via the "REACTIONS" icon.*
- Please do not speak out of turn; wait for the Board President to call upon you to share.*

A. CALL TO ORDER AND ROLL CALL

B. CONSENT CALENDAR

1. Approval of May 25, 2021 Agenda Pgs 1-2
2. Approval of Minutes of the Regular Meeting of May 11, 2021 Pgs 3-6

C. REPORTS

1. General Manager
 - a) Status Report Pgs 7-8
2. Community Services
3. Superintendent
 - a) April 2021 Operations/Maintenance Report Pg 9
4. Finance Department
 - a) April 2021 Budget Report Pgs 10-21
5. Legal Counsel

6. Director Reports

7. Other

D. PUBLIC PARTICIPATION **

**Members of the public will be given the opportunity to comment on items not on the agenda by way of a Zoom meeting. Please use the information set forth above to participate. 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.

E. NON-AGENDA

F. NEW BUSINESS

1. Consideration of Adopting Resolution 2021-04 Honoring Michael L. Hulstrom Upon Retirement Pgs 22-23
2. Consideration of Accepting Fiscal Year 2019/2020 Draft Basic Financial Statements and Management Report Pgs 24-74
3. Consideration of Fiscal Year 2021/2022 Sewer Pass-Through Rate Pgs 75-78
4. Consideration of Fiscal Year 2021/2022 Draft Budget Pgs 79-92

G. OLD BUSINESS

H. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: (one case)

I. ADJOURNMENT

Next Res: 2021-05

Next Ord: 2021-01

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, May 11, 2021, via tele/video conference in accordance with the Governor's Executive Orders N-25-20 and N-29-20.

A. CALL TO ORDER AND ROLL CALL

Present upon roll call were Directors Benzonelli, Bongio, Gardiner, Hansen, and Matteoli. Staff in attendance: General Manager Williams (GM), Legal Counsel Plotz (LC), Superintendent Latham, Finance Manager Montag (FM), Community Services Manager Hulstrom (CSM), Assistant Engineer Adams (AE), Water Worker Utility III McNeill, and Employee Association President Noga.

B. CONSENT CALENDAR

1. Approval of May 11, 2021 Agenda
2. Approval of Minutes of the Meeting of April 27, 2021

President Bongio advised due to a commitment conflict; Legal Counsel was not available for the Closed Session therefore Item H. was removed from the Agenda. It was then MOVED BY DIRECTOR BENZONELLI, SECONDED BY DIRECTOR HANSEN, TO ACCEPT AND APPROVE THE APRIL 27, 2021 CONSENT CALENDAR WITH ELIMINATION OF ITEM H. CLOSED SESSION FROM THE AGENDA. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

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

C. REPORTS

1. General Manager

a) Status Report

GM reviewed his May 7, 2021 Memorandum summarizing:

- State Water Resources Control Board – The GM passed the Grade III Wastewater Treatment Plant Operator Certification Exam on April 30.
- Ridgewood Tank – Operational testing of the temporary tank system is going well. Staff continues to fine-tune the performance to ensure reliable water delivery throughout the rehab process beginning in June.
- \$3.41 Billion Drought and COVID-19 Water Debt Relief Package – The proposed assistance package is now on its way to the Senate Budget Committee for consideration. \$1 Billion is earmarked to help ratepayers, community water system, wastewater treatment works, and public utilities recover from COVID-19 economic impacts.

DRAFT – MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
HUMBOLDT COMMUNITY SERVICES DISTRICT
Continued; May 11, 2021

3. Superintendent

a) April 2021 Construction Operations Report

Superintendent reviewed the activities of the Construction Department for the month of April without question.

4. Finance Department

a) April 2021 Check Register

FM reviewed the report adding that other than the Revenue Bond payment of \$342,000, all expenses were as expected.

5. Legal Counsel

a) Brown Act Training Presentation

LC reviewed the basic responsibilities and procedures of the Board as required by the Brown Act from its inception in 1953 to the Constitutional Amendment in 2004 without question.

E. PUBLIC PARTICIPATION

President Bongio invited the public to address the Board on any item not listed on the agenda or issues generally affecting District operations, which are within the jurisdiction of the Board.

Jerry Martien – Expressed appreciation to the GM for the status-update on the CA Senate Relief Bill. Referring to the City of Eureka Elk River Estuary Enhancement and Enclosed Bay and Estuaries Exemption, Mr. Martien expressed his belief the enhancement for the Elk River Estuary will be nice, but it will not fix the affluent problems and is hopeful the COE will address the problem as well as including the District and Wyott to participate in the decision process.

G. NEW BUSINESS

1. Consideration of Ratepayer Petition for Exception to District Code 4.05.140 (Ordinance 2015-1) Cross Connection Control Program at 7058 Humboldt Hill Road

CSM reviewed the agenda report summarizing the history and District efforts put forth to encourage Mr. Hendricks' compliance. Discussion identified rate-payer costs for implementation of back-flow devices range from \$150-500 dependent upon the

DRAFT – MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
HUMBOLDT COMMUNITY SERVICES DISTRICT
Continued; May 11, 2021

complexity of the property owner system, and annual inspections are required by State law costing the homeowner approximately \$100 per year.

IT WAS THEN MOVED BY DIRECTOR BENZONELLI, SECONDED BY DIRECTOR HANSEN, TO DENY THE RATE-PAYER REQUEST AND UPHOLD THE DISTRICT'S CROSS-CONNECTION CONTROL POLICY. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

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

2. Consideration of Approval of Cost-of-Living Allowance (COLA) and Fiscal Year 2021/2022 Memorandum of Understanding (MOU) with the HCSD Employees Association (EA)

GM reviewed the corresponding Agenda report summarizing the employee wage and benefit negotiation recommendations to provide EA members a 1.7% COLA for Fiscal Year 2021/2022.

IT WAS THEN MOVED BY DIRECTOR MATTEOLI, SECONDED BY DIRECTOR GARDINER, TO APPROVE THE FISCAL YEAR 2021/2022 MOU WITH THE HCSD EMPLOYEES ASSOCIATION, AND AUTHORIZE THE GENERAL MANAGER TO SIGN. MOTION CARRIED UPON THE FOLLOWING ROLL-CALL VOTE:

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

3. Consideration of Fiscal Year 2021/2022 Salary Adjustment for HCSD's Non-Represented (Management) Employees

GM reviewed the Agenda Report advocating for a 1.7% Cost of Living Allowance (COLA) for the District's non-represented exempt employee staff effective July 1, 2021.

IT WAS THEN MOVED BY DIRECTOR MATTEOLI, SECONDED BY DIRECTOR HANSEN, TO APPROVE A 1.7% COST OF LIVING ALLOWANCE SALARY INCREASE FOR NON-REPRESENTED EXEMPT EMPLOYEE STAFF EFFECTIVE JULY 1, 2021 AND CONTINUATION OF ALL OTHER BENEFITS. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

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

DRAFT – MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
HUMBOLDT COMMUNITY SERVICES DISTRICT
Continued; May 11, 2021

4. Consideration of Approving Fiscal Year 2021/2022 Capital Improvement Program (CIP)

GM summarized the draft CIP emphasizing the necessity to improve upon critical infrastructure replacement at a more rapid rate, potential grant funding goals, and a 2021/2022 fiscal year impact of \$3,410,600. Discussion included increasing staff in lieu of hiring contractors, developing a grant funding program to minimize customer rate increases.

IT WAS THEN MOVED BY DIRECTOR HANSEN, SECONDED BY DIRECTOR BENZONELLI TO APPROVE THE FISCAL YEAR 2021/2022 CAPITAL IMPROVEMENT PROGRAM (CIP). MOTION CARRIED UPON THE FOLLOWING ROLL-CALL VOTE:

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

I. ADJOURNMENT

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

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

THE BOARD ADJOURNED ITS REGULAR MEETING OF May 12, 2021 AT 6:17 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: May 21, 2021
SUBJECT: General Manager Report for May 25, 2021 Board Meeting

Drought:

There will be a discussion at the County Board of Supervisor's meeting on Tuesday, May 25, 2021 (the same day as the HCSD Board Meeting) regarding the Emergency Drought Declaration for Humboldt County. The Humboldt Bay Municipal Water District (HBMWD) will be presenting at this meeting. One of the topics for discussion will be water security and options for emergency supply for dryer parts of the County.

Meeting details, including agenda and access information, will be posted to the following website (<https://humboldt.legistar.com/Calendar.aspx>). This agenda item is anticipated for 9:15 am.

HBMWD is planning and preparing for dry conditions. The operation of Mathews Dam power generation has been reduced to levels commensurate with summer conditions to conserve water. The downstream tributaries are already contributing less water than usual so dam releases are necessary to maintain groundwater levels at the Ranney Collector wells. HCSD enacts emergency conservation measures based on HBMWD's conservation policies which are based on levels at Ruth Lake. The good news is that Ruth Lake is currently at 99% of capacity and HBMWD does not expect levels to drop to the point that mandatory conservation is necessary. As always, conservation is promoted and appreciated by all.

Ridgewood Tank:

The Ridgewood Temporary Tank system has been under ongoing testing for the past two weeks. Full automated testing and failure mode effects analysis begins Monday, May 24. These tests will be performed during the day with full system supervision. The system is scheduled to go online June 2 with close monitoring by District staff and the Ridgewood Tank for backup. The Ridgewood Tank will be taken offline and drained on June 7. Contractors are scheduled to arrive to rehabilitate the Ridgewood Tank on June 14.

Mailing: Post Office Box 158 • Cutten, CA 95534 • tel (707) 443-4558 • fax (707) 443-1490
Physical Address: 5055 Walnut Drive, Eureka, CA 95503

General Manager's Report to the Board of Directors for
May 25, 2021 Board Meeting

Pine Hill Bridge HDD:

The new main has passed all tests for functionality and public health. The District's construction crew has been working to install the final tie into the system. The East end is scheduled to be connected to the system on Tuesday, May 25. The west end is scheduled to be tied in on Thursday May 27. Some people in the immediate vicinity may experience brief water outages during the week of May 24.

Humboldt Community Services District

Post Office Box 158 Cutten, CA 95503 (707) 443-4558 Fax (707) 443-1490

To: H.C.S.D. Board of Directors

Date: May 20, 2021

From: Tim Latham, District Superintendent TL

Subject: April 2021 Operations/Maintenance Report

The Operations/Maintenance Department was busy in April with a variety of projects. In addition to the standard operation and maintenance of District facilities, crews continued to do station maintenance, vehicle and equipment maintenance and assisted with customer service. All of the stationary and portable generators were tested in order to insure proper operation in the time of need.

Sewer related maintenance included cleaning 15,626 feet of sewer main line and 1,121 feet of sewer lateral line as well as filming 4,796 feet of sewer main line and 181 feet of sewer lateral line all in various areas throughout the District.

Other business included continued work on the Ridgewood Tank Off-line Project, continued testing of the South Bay well, performing manhole inspections in various areas and responding to a power outage in the Mitchell Road area.

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

April 2021

	Budgeted 2020-21	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	5,078,311	439,647	4,440,518	4,231,926	208,592	4.9	
Water Charges - Pass Through	236,395	20,598	184,286	196,996	(12,710)	(6.5)	1
Sewer Service Charges	4,952,219	410,232	4,007,525	4,126,849	(119,324)	(2.9)	
Sewer Service Charges - Pass Through	1,018,622	71,516	639,176	848,852	(209,676)	(24.7)	1
Water & Sewer Construction Fees	32,000	5,114	47,273	26,667	20,606	77.3	
Account Fees	150,000	9,496	115,585	125,000	(9,415)	(7.5)	
Inspection Fees	5,000	-	-	4,167	(4,167)	(100.0)	
Reimbursable Maintenance Fees	1,000	-	25	833	(808)	(97.0)	
Miscellaneous	10,000	-	1,428	8,333	(6,905)	(82.9)	
TOTAL OPERATING REVENUE	11,483,547	956,603	9,435,814	9,569,623	(133,808)	(1.4)	
NON-OPERATING REVENUE							
Capital Connection Fees	158,000	12,243	239,578	131,667	107,911	82.0	2
Interest/General	30,000	-	-	25,000	(25,000)	(100.0)	2
Discounts Earned	2,000	123	1,486	1,667	(180)	(10.8)	
Sales:Fixed Assets/Scrap Metal	75,400	-	9,145	62,833	(53,689)	(85.4)	2
Bad Debt Recovery	2,200	407	5,869	1,833	4,036	220.1	
Property Taxes & Assessments	490,000	-	14,580	408,333	(393,753)	(96.4)	2
Insurance Rebate	-	34,184	34,184	-	34,184	-	
TOTAL NON-OPERATING REVENUE	757,600	46,956	304,842	631,333	(326,491)	(51.7)	2
TOTAL DISTRICT REVENUE	12,241,147	1,003,560	9,740,656	10,200,956	(460,299)	(4.5)	
OPERATING EXPENSES							
Wages Direct	1,500,000	118,345	1,155,042	1,250,000	94,958	7.6	
Benefits: PERS	450,000	35,004	344,527	375,000	30,473	8.1	
Group Ins	1,130,000	88,640	829,977	941,667	111,689	11.9	
Workers Comp Ins	36,000	4,535	19,899	30,000	10,101	33.7	
FICA/Medicare	120,000	9,098	88,741	100,000	11,259	11.3	
Misc Benefits	1,200	20	130	1,000	870	87.0	
Total Wages and Benefits	3,237,200	255,641	2,438,316	2,697,667	259,350		
Less: wages & ben charged to Capital Proj.	(161,800)	(25,064)	(167,631)	(134,833)	32,798	(24.3)	
Total Operating Wages and benefits	3,075,400	230,577	2,270,685	2,562,833	292,148		
Water Purchase HBMWD	1,086,800	89,441	896,239	905,667	9,428	1.0	3
Water Purchase Eureka	673,920	49,621	608,642	561,600	(47,042)	(8.4)	3
Sewage Treatment Operations & Maint.	1,529,995	119,525	1,195,250	1,274,996	79,746	6.3	
Water/Sewer Analysis	10,000	890	5,879	8,333	2,454	29.5	
Supplies/ Construction	170,000	8,651	90,089	141,667	51,578	36.4	
Supplies/ Office-Administration	16,000	315	13,740	13,333	(407)	(3.0)	
Supplies/ Engineering	2,500	251	743	2,083	1,340	64.3	
Supplies/ Maintenance	100,000	2,351	68,234	83,333	15,099	18.1	
Invoicing	52,476	4,509	44,847	43,730	(1,117)	(2.6)	
Web Payment Portal	6,000	-	-	5,000	5,000	100.0	
Temporary Labor	27,200	-	-	22,667	22,667	100.0	
Repairs & Maintenance/Trucks	60,000	1,280	33,950	50,000	16,050	32.1	
Equipment Rental	8,000	16,784	17,084	6,667	(10,417)	(156.3)	4
Building & Grounds Maintenance	24,000	1,331	19,898	20,000	102	0.5	
Electrical Power	290,000	21,350	234,080	241,667	7,587	3.1	
Street Lights	70,000	5,256	52,542	58,333	5,792	9.9	
Telephone	14,250	912	11,368	11,875	507	4.3	
Postage	3,000	13	2,511	2,500	(11)	(0.5)	
Freight	1,600	-	149	1,333	1,185	88.8	
Chemicals	12,000	544	7,555	10,000	2,445	24.4	
Liability Insurance	65,000	-	54,488	54,167	(322)	(0.6)	

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

April 2021

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance	Note
Legal	30,000	192	4,619	25,000	20,382	81.5	
Accounting	16,000	-	10,479	13,333	2,854	21.4	
Engineering	15,000	-	523	12,500	11,978	95.8	8
Other Professional Services	18,000	2,280	12,343	15,000	2,657	17.7	
Bank Service Charges	42,000	4,315	39,556	35,000	(4,556)	(13.0)	5
Transportation	66,000	3,289	40,638	55,000	14,362	26.1	
Office Equip. Maintenance	22,500	352	9,056	18,750	9,694	51.7	
Computer Software Maintenance	36,000	3,726	30,573	30,000	(573)	(1.9)	
Memberships & Subscriptions	21,200	-	17,101	17,667	565	3.2	
Bad Debts & Minimum Balance Writeoff	12,000	-	9,622	10,000	378	3.8	
Conference & Continuing Ed	17,000	190	944	14,167	13,223	93.3	
Certifications	5,400	-	1,027	4,500	3,473	77.2	
State/County & LAFCO Fees and Charges	40,000	-	27,305	33,333	6,028	18.1	
Hydraulic Water Model Maintenance	5,000	-	5,869	4,167	(1,702)	(40.8)	6
Elections Expense	3,500	-	-	2,917	2,917	100.0	
Human Resources	24,300	2,176	8,138	20,250	12,113	59.8	
Miscellaneous	12,000	(316)	3,176	10,000	6,824	68.2	
Director's Fees	16,000	1,000	9,650	13,333	3,683	27.6	
TOTAL OPERATING EXPENSES	7,700,041	570,805	5,858,590	6,416,701	558,111	8.7	
LONG TERM DEBT PAYMENTS							
Safe Drinking Water Bond	177,429	88,715	177,558	147,858	(29,701)	(20.1)	9
2012 CIP & Refi.	359,220	-	359,220	299,350	(59,870)	(20.0)	9
Davis-Grunsky Loan	6,051	-	5,707	5,043	(665)	(13.2)	9
VacCon Truck Loan	80,341	-	80,341	66,951	(13,390)	(20.0)	9
2014 Wastewater Revenue Bonds	485,575	342,787	485,572	404,646	(80,927)	(20.0)	9
TOTAL LONG TERM DEBT PAYMENTS	1,108,616	431,502	1,108,398	923,847	(184,552)	(20.0)	9
CAPITALIZED EXPENDITURES							
Vehicles, Rolling Stock & Equipment	456,000	532,301	533,772	380,000	(153,772)	(40.5)	7
Building, Yard & Paving Improvements	72,500	2,573	19,472	60,417	40,945	67.8	
Capital Improvements Water	1,525,000	293,811	1,203,115	1,270,833	67,719	5.3	
Capital Improvements Sewer	220,000	411	51,790	183,333	131,543	71.8	
Engineering & Studies	133,750	268	5,433	111,458	106,025	95.1	8
TOTAL CAPITAL EXPENDITURES	2,407,250	829,364	1,813,582	2,006,042	192,460	9.6	
OTHER							
City of Eureka Projects:							
Treatment Plant	1,030,095	-	5,502	858,413	852,911	99.4	10
Martin Slough	-	-	1,653	-	(1,653)	-	
TOTAL City of Eureka Projects	1,030,095	-	7,155	858,413	851,258	99.2	
Interfund Transfers In	-	-	-	-	-	-	
Interfund Transfers Out	-	-	-	-	-	-	
BUDGET SURPLUS (DEFICIT)	(4,855)	(828,112)	952,931	(4,046)	956,977	23,653.4	11

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

April 2021

	Budgeted 2020-21	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	11,483,547	956,603	9,435,814	9,569,623	(133,808)	(1.4)
TOTAL OPERATING EXPENSES	(7,700,041)	(570,805)	(5,858,590)	(6,416,701)	558,111	8.7
NET SURPLUS/(DEFICIT) FROM OPERATIONS	3,783,506	385,798	3,577,224	3,152,922	424,303	13.5
NON-OPERATING REVENUE & EXPENSES						
TOTAL NON-OPERATING REVENUE	757,600	46,956	304,842	631,333	(326,491)	(51.7)
TOTAL LONG TERM DEBT SERVICE	(1,108,616)	(431,502)	(1,108,398)	(923,847)	(184,552)	(20.0)
SURPLUS/(DEFICIT) BEFORE CAPITAL EXPENDITURES	3,432,490	1,253	2,773,668	2,860,408	282,363	9.9
HCSD CAPITAL IMPROVEMENT EXPENDITURES	(2,407,250)	(829,364)	(1,813,582)	(2,006,042)	192,460	9.6
CITY of EUREKA PROJECT REIMBURSEMENT	(1,030,095)	-	(7,155)	(858,413)	851,258	99.2
NEW DEBT ISSUE						
NET INTERFUND TRANSFERS IN/OUT		-	-			
BUDGET SURPLUS (DEFICIT)	(4,855)	(828,112)	952,931	(4,046)	956,977	23,653.4

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

April 2021

	Budgeted 2020-21	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	5,078,311	439,647	4,440,518	4,231,926	208,592	4.9
Water Pass Through	236,395	20,598	184,286	196,996	(12,710)	(6.5)
Water Construction Fees	20,000	5,114	32,808	16,667	16,141	96.8
Account Fees	85,500	5,413	65,883	71,250	(5,367)	(7.5)
Inspection Fees	2,150	-	-	1,792	(1,792)	(100.0)
Reimbursable Maintenance Fees	800	-	25	667	(642)	(96.3)
Miscellaneous	5,000	-	670	4,167	(3,496)	(83.9)
TOTAL OPERATING REVENUE	5,428,156	470,772	4,724,190	4,523,463	200,727	4.4
NON-OPERATING REVENUE						
Water Capital Connection Fees	80,000	4,463	132,977	66,667	66,310	99.5
Interest/General	23,547	-	-	19,623	(19,623)	(100.0)
Discounts Earned	1,280	70	847	1,067	(219)	(20.6)
Sales: Fixed Assets/Scrap Metal	42,918	-	5,212	35,765	(30,553)	(85.4)
Bad Debt Recovery	1,254	232	3,346	1,045	2,301	220.1
FW/MR Assessment	140,000	-	-	116,667	(116,667)	(100.0)
TOTAL NON-OPERATING REVENUE	288,999	4,765	142,382	240,833	(98,451)	(40.9)
TOTAL DISTRICT REVENUE	5,717,155	475,537	4,866,572	4,764,296	102,276	2.1
OPERATING EXPENSES						
Wages Direct	705,000	63,867	559,055	587,500	28,445	4.8
Wages & Benefits: Allocated	571,490	43,720	394,391	476,242	81,851	17.2
Benefits: PERS	162,000	9,920	86,533	135,000	48,467	35.9
Group Ins	350,300	31,435	261,607	291,917	30,309	10.4
Workers Comp Ins	19,440	2,035	9,248	16,200	6,952	42.9
FICA/Medicare	56,400	4,871	42,613	47,000	4,387	9.3
Misc Benefits	-	-	-	-	-	-
Total Wages and Benefits	1,864,630	155,849	1,353,447	1,553,858	200,412	12.9
Less: wages & ben charged to Capital Proj.	(119,732)	(22,226)	(107,817)	(99,777)	8,040	(8.1)
Total Operating Wages and benefits	1,744,898	133,622	1,245,630	1,454,082	208,452	14.3
Water Purchase HBMWD	1,086,800	89,441	896,239	905,667	9,428	1.0
Water Purchase Eureka	673,920	49,621	608,642	561,600	(47,042)	(8.4)
Water Analysis	5,000	890	5,879	4,167	(1,712)	(41.1)
Supplies/ Construction	125,800	5,934	59,771	104,833	45,063	43.0
Supplies/Office-Administration	4,800	180	4,180	4,000	(180)	(4.5)
Supplies/ Engineering	1,425	143	143	1,188	1,044	87.9
Supplies/ Maintenance	50,000	975	44,805	41,667	(3,138)	(7.5)
Temporary Labor	11,288	-	-	9,407	9,407	100.0
Repairs & Maintenance/Trucks	33,600	729	19,338	28,000	8,662	30.9
Equipment Rental	5,920	-	171	4,933	4,762	96.5
Building & Grounds Maintenance	1,440	-	159	1,200	1,042	86.8
Electrical Power	159,500	11,976	137,083	132,917	(4,167)	(3.1)
Telephone	4,560	-	2,573	3,800	1,227	32.3
Postage	1,290	13	224	1,075	851	79.1
Freight	912	-	4	760	756	99.4
Chemicals	12,000	544	7,555	10,000	2,445	24.4
Liability Insurance	-	-	-	-	-	-
Engineering	5,850	-	268	4,875	4,608	94.5
Other Professional Services	3,600	2,280	4,208	3,000	(1,208)	(40.3)
Transportation	37,620	1,875	23,164	31,350	8,186	26.1
Office Equip. Maintenance	3,375	70	1,919	2,813	893	31.8
Computer Software Maintenance	17,280	-	14,061	14,400	339	2.4
Memberships & Subscriptions	1,272	-	977	1,060	83	7.8
Bad Debts & Minimum Balance Writeoff	-	-	9,494	-	(9,494)	-
Conference & Continuing Ed	5,950	-	654	4,958	4,304	86.8
Certifications	1,620	-	892	1,350	458	33.9
State/County & LAFCO Fees and Charges	13,600	-	21,204	11,333	(9,871)	(87.1)
Hydraulic Water Model Maintenance	5,000	-	5,869	4,167	(1,702)	(40.8)

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

April 2021

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
Human Resources	9,477	-	419	7,898	7,479	94.7
Miscellaneous	2,640	-	-	2,200	2,200	100.0
General & Admin Expense Allocation	225,130	11,288	145,920	187,608	41,688	22.2
TOTAL OPERATING EXPENSES	4,255,567	309,581	3,261,443	3,546,306	284,863	8.0
LONG TERM DEBT PAYMENTS						
Safe Drinking Water Bond	177,429	88,715	177,558	147,858	(29,701)	(20.1)
2012 CIP & Refi.	115,560	-	115,560	96,300	(19,260)	(20.0)
Davis-Grunsky Loan	6,051	-	5,707	5,043	(665)	(13.2)
VacCon Truck Loan	60,256	-	60,256	50,213	(10,042)	(20.0)
Debt Service: Allocated	-	-	-	-	-	-
TOTAL LONG TERM DEBT PAYMENTS	359,296	88,715	359,081	299,413	(59,667)	(19.9)
CAPITALIZED EXPENDITURES						
Vehicles/Rolling Stock/Capital Equipment	111,720	-	1,471	93,100	91,629	98.4
Building & Yard Improvements	41,325	-	-	34,438	34,438	100.0
Capital Improvements Water	1,525,000	293,811	1,203,115	1,270,833	67,719	5.3
Engineering & Studies	54,150	-	(2,083)	45,125	47,208	104.6
TOTAL CAPITAL EXPENDITURES	1,732,195	293,811	1,202,503	1,443,496	240,993	16.7
INTERFUND TRANSFERS IN	-	-	-	-	-	-
BUDGET SURPLUS (DEFICIT)	(629,903)	(216,569)	43,545	(524,919)	568,464	108.3

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

April 2021

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	%
					Variance	Variance
OPERATING REVENUE						
Sewer Service Charges	4,952,219	410,232	4,007,525	4,126,849	(119,324)	(2.9)
Sewer Service Charges - Pass Through	1,018,622	71,516	639,176	848,852	(209,676)	(24.7)
Sewer Construction Fees	12,000	-	14,465	10,000	4,465	44.6
Account Fees	64,500	4,083	49,701	53,750	(4,049)	(7.5)
Inspection Fees	2,850	-	-	2,375	(2,375)	(100.0)
Reimbursable Maintenance Fees	200	-	-	167	(167)	(100.0)
Miscellaneous	5,000	-	758	4,167	(3,409)	(81.8)
TOTAL OPERATING REVENUE	6,055,391	485,831	4,711,625	5,046,159	(334,535)	(6.6)
NON-OPERATING REVENUE						
Sewer Capital Connection Fees	78,000	7,780	106,602	65,000	41,602	64.0
Interest/General	6,453	-	-	5,378	(5,378)	(100.0)
Discounts Earned	720	53	639	600	39	6.5
Sales:Fixed Assets/Scrap Metal	32,482	-	3,932	27,068	(23,136)	(85.5)
Bad Debt Recovery	946	175	2,524	788	1,735	220.1
TOTAL NON-OPERATING REVENUE	118,601	8,008	113,697	98,834	14,862	15.0
TOTAL DISTRICT REVENUE	6,173,992	493,839	4,825,321	5,144,993	(319,672)	(6.2)
OPERATING EXPENSES						
Wages Direct	435,000	29,844	382,049	362,500	(19,549)	(5.4)
Wages & Benefits: Allocated	571,490	43,720	394,391	476,242	81,851	17.2
Benefits: PERS	103,500	4,451	56,427	86,250	29,823	34.6
Group Ins	214,700	15,011	194,700	178,917	(15,783)	(8.8)
Workers Comp Ins	11,880	1,919	8,476	9,900	1,424	14.4
FICA/Medicare	36,000	2,274	29,103	30,000	897	3.0
Misc Benefits	-	-	-	-	-	-
Total Wages and Benefits	1,372,570	97,220	1,065,146	1,143,808	78,662	6.9
Less: wages & ben charged to Capital Proj.	(42,068)	(265)	(40,091)	(35,057)	5,034	(14.4)
Total Operating Wages and benefits	1,330,502	96,955	1,025,055	1,108,752	83,696	7.5
Sewage Treatment: Operating & Maint.	1,529,995	119,525	1,195,250	1,274,996	79,746	6.3
Sewer Analysis	5,000	-	-	4,167	4,167	100.0
Supplies/ Construction	44,200	2,717	30,319	36,833	6,515	17.7
Supplies/ Office-Administration	4,800	136	3,153	4,000	847	21.2
Supplies/ Engineering	1,075	108	303	896	593	66.2
Supplies/ Maintenance	50,000	1,376	23,388	41,667	18,279	43.9
Temporary Labor	5,912	-	-	4,927	4,927	100.0
Repairs & Maintenance/Trucks	26,400	551	14,612	22,000	7,388	33.6
Equipment Rental	2,080	16,784	16,913	1,733	(15,180)	(875.7)
Building & Grounds Maintenance	1,200	-	120	1,000	880	88.0
Electrical Power	69,600	4,871	47,857	58,000	10,143	17.5
Telephone	2,280	-	1,941	1,900	(41)	(2.2)
Postage	960	(0)	159	800	641	80.1
Freight	688	-	144	573	429	74.8
Legal	-	-	-	-	-	-
Engineering	1,500	-	-	1,250	1,250	100.0
Other Professional Services	3,600	-	2,885	3,000	115	3.8
Transportation	28,380	1,414	17,474	23,650	6,176	26.1
Office Equip. Maintenance	2,475	53	1,448	2,063	615	29.8
Computer Software Maintenance	12,960	-	10,607	10,800	193	1.8

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

April 2021

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
Memberships & Subscriptions	848	-	737	707	(31)	(4.3)
Bad Debts & Minimum Balance Writeoff	-	-	129	-	(129)	-
Conference & Continuing Ed	7,480	190	190	6,233	6,044	97.0
Certifications	1,242	-	135	1,035	900	86.9
State/County & LAFCO Fees and Charges	7,200	-	5,550	6,000	450	7.5
Human Resources	7,047	-	316	5,873	5,556	94.6
Miscellaneous	1,920	-	(1)	1,600	1,601	100.1
General & Admin Expense Allocation	225,130	11,288	145,920	187,608	41,688	22.2
TOTAL OPERATING EXPENSES	3,374,474	255,968	2,544,606	2,812,062	267,456	9.5
LONG TERM DEBT PAYMENTS						
2014 Wastewater Revenue Bonds	485,575	342,787	485,572	404,646	(80,927)	(20.0)
2012 CIP & Refi.	243,660	-	243,660	203,050	(40,610)	(20.0)
VacCon Truck Loan	20,085	-	20,085	16,738	(3,348)	(20.0)
Debt Service: Allocated	-	-	-	-	-	-
TOTAL LONG TERM DEBT PAYMENTS	749,320	342,787	749,317	624,433	(124,884)	(20.0)
CAPITALIZED EXPENDITURES						
Vehicles/Rolling Stock/Capital Equipment	344,280	532,301	532,301	286,900	(245,401)	(85.5)
Building, Yard & Paving Improvements	31,175	-	-	25,979	25,979	100.0
Capital Improvements Sewer	220,000	411	51,790	183,333	131,543	71.8
Engineering & Studies	79,600	268	6,989	66,333	59,344	89.5
TOTAL CAPITAL EXPENDITURES	675,055	532,981	591,081	562,546	(28,535)	(5.1)
OTHER						
City of Eureka Projects:						
Treatment Plant	1,030,095	-	5,502	858,413	852,911	99.4
Martin Slough	-	-	1,653	-	(1,653)	-
TOTAL OTHER	1,030,095	-	7,155	858,413	851,258	99.2
BUDGET SURPLUS (DEFICIT)	345,048	(637,897)	933,163	287,540	645,623	(224.5)

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

April 2021

	Budgeted 2020-21	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)	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
TOTAL OPERATING REVENUE	-	-	-	-	-	-
NON-OPERATING REVENUE						
Property Taxes	350,000	-	14,580	291,667	(277,087)	(95.0)
Insurance Rebate	-	34,184	34,184	-	34,184	-
Other Non-Operating Revenue	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	350,000	34,184	48,764	291,667	(242,903)	(83.3)
TOTAL DISTRICT REVENUE	350,000	34,184	48,764	291,667	(242,903)	(83.3)
OPERATING EXPENSES						
Wages Direct	360,000	24,633	213,939	300,000	86,061	28.7
Benefits: PERS	184,500	20,633	201,567	153,750	(47,817)	(31.1)
Group Ins	565,000	42,194	373,670	470,833	97,163	20.6
Workers Comp Ins	4,680	580	2,175	3,900	1,725	44.2
FICA/Medicare	27,600	1,953	17,025	23,000	5,975	26.0
Misc Benefits	1,200	20	130	1,000	870	87.0
Total Wages and Benefits	1,142,980	90,013	808,505	952,483	143,978	15.1
Less: wages & ben charged to Capital Proj.	-	(2,573)	(19,723)	-	19,723	-
Less: Allocated to Water and Sewer Funds	(1,142,980)	(87,441)	(788,782)	(952,483)	(163,702)	17.2
Total Unallocated Wages and Benefits	-	-	-	-	-	-
Supplies/ Construction	-	-	-	-	-	-
Supplies/ Administration	6,400	-	6,407	5,333	(1,073)	(20.1)
Supplies/ Engineering	-	-	297	-	(297)	-
Supplies/ Maintenance	-	-	42	-	(42)	-
Invoicing	52,476	4,509	44,847	43,730	(1,117)	(2.6)
Web Payment Portal	6,000	-	-	5,000	5,000	-
Temporary Labor	10,000	-	-	8,333	8,333	100.0
Repairs & Maintenance/Trucks	-	-	-	-	-	-
Equipment Rental	-	-	-	-	-	-
Building & Grounds Maintenance	21,360	1,331	19,620	17,800	(1,820)	(10.2)
Electrical Power	60,900	4,503	49,140	50,750	1,610	3.2
Street Lights	70,000	5,256	52,542	58,333	5,792	9.9
Telephone	7,410	912	6,853	6,175	(678)	(11.0)
Postage	750	-	2,128	625	(1,503)	(240.4)
Freight	-	-	-	-	-	-
Liability Insurance	65,000	-	54,488	54,167	(322)	(0.6)
Legal Services	30,000	192	4,619	25,000	20,382	81.5
Accounting	16,000	-	10,479	13,333	2,854	21.4
Engineering	7,650	-	255	6,375	6,120	96.0
Other Professional Services	10,800	-	5,250	9,000	3,750	41.7
Bank Service Charges	42,000	4,315	39,556	35,000	(4,556)	(13.0)
Transportation	-	-	-	-	-	-
Office Equip. Maintenance	16,650	228	5,689	13,875	8,186	59.0
Computer Software Maintenance	5,760	3,726	5,905	4,800	(1,105)	(23.0)
Memberships & Subscriptions	19,080	-	15,387	15,900	513	3.2
Bad Debts & Minimum Balance Writeoff	12,000	-	-	10,000	10,000	100.0
Conference & Continuing Ed	3,570	-	100	2,975	2,875	96.6
Certifications	2,538	-	-	2,115	2,115	100.0

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

April 2021

	Budgeted 2020-21	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	-	551	16,000	15,449	96.6
Elections Expense	3,500	-	-	2,917	2,917	100.0
Human Resources	7,776	2,176	7,403	6,480	(923)	(14.2)
Miscellaneous	7,440	(316)	3,176	6,200	3,024	48.8
Director's Fees	16,000	1,000	9,650	13,333	3,683	27.6
General & Admin Expense Allocation	(450,260)	(22,576)	(291,840)	(375,217)	(83,377)	22.2
TOTAL OPERATING EXPENSES	70,000	5,256	52,542	58,333	5,792	9.9
LONG TERM DEBT PAYMENTS						
2014 PGE Energy Efficiency Loan	-	-	-	-	-	-
2012 CIP & Refi	-	-	-	-	-	-
Less: Allocated to Water & Sewer Funds	-	-	-	-	-	-
TOTAL LONG TERM DEBT PAYMENTS	-	-	-	-	-	-
CAPITALIZED EXPENDITURES						
Vehicles/Rolling Stock/Capital Equipment	-	-	-	-	-	-
Building, Yard & Paving Improvements	-	2,573	19,472	-	(19,472)	-
Engineering & Studies	-	-	527	-	(527)	-
Less: Allocated to Water & Sewer Funds	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURES	-	2,573	19,999	-	(19,999)	
INTERFUND TRANSFER OUT		-	-	-		
BUDGET SURPLUS (DEFICIT)	280,000	26,355	(23,777)	233,333	(257,110)	(110.2)

Humboldt Community Services District
Notes
April 2021

Note 1 - Pass-Through Water & Sewer Charges

Pass-Through charges were not in effect in July. Prior year pass-through rates expired in June and the new rates went into effect in August. Additionally, sewer pass-through rates were set lower than what would be needed to achieve the desired pass-through income as budgeted. Usage, as set according to customer Winter Average, has also been lower than originally estimated, resulting in further reduction in income compared to budget.

See FM memo in Nov 24 Board Packet for further info.

Note 2 - Total Non Operating Revenue

Non Operating Revenue typically does not come in evenly throughout the year. Property tax and General Interest revenues, for example, are usually paid out in one or two deposits, and usually not until the middle and end of the fiscal year. Fixed Asset and scrap sales occur sporadically.

Capital Connection fee income is higher than budget primarily due to a large amount of connection fees collected for two large development projects.

Note 3 - Water Purchases - City of Eureka and HBMWD

While the 1MG tank at Walnut Drive was off line, water for areas normally served by this tank and sourced from HBMWD was instead sourced from City of Eureka Water. The City charges based on actual usage, while HBMWD charges based on annual amortized usage. As a result of this difference in billing methodology, charges from City of Eureka increased, while charges from HBMWD remained unchanged. It is expected that the District will see reduced billing from HBMWD reflecting the reduced usage when HBMWD next calculates amortized usage.

Note 4 - Equipment Rental

The primary Equipment rental expense for FY 2021 was the rental of the temporary VacCon Truck unit used while awaiting delivery of the District's new VacCon truck.

Note 5 - Bank Service Charges

As a greater number of District ratepayers utilize credit and debit cards to pay their utility bills, bank service charges increase proportionately. This will be alleviated with the implementation of a credit card payment system that allows for pass-through of processing fees.

Note 6 - Hydraulic Water Model Maintenance

All expected Water Model Maintenance charges for the year have occurred, so no further expenses are expected in the current FY. Final expenses for the year will be within 10% of budget amount.

Note 7 - Vehicles, Rolling Stock & Equipment

The primary expenditure for Vehicles, Rolling Stock & Equipment was the purchase of a new VacCon Truck unit to replace the previous failed unit.

Note 8 - Engineering

Engineering Expense - a/c 6810 - Operating Expense

4/30/2021 YTD

General Fund			
	SHN Consulting Engineers	268	523
Water Fund			
	Water Model Calibration		
	SHN Consulting Engineers		1,349
	MacKay-Sposito		4,520
Sewer Fund			
	none	-	-
	Total posted to 6810	268	6,391

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

Water Fund			
	McKay Ranch Water Study		
	SHN Consulting Engineers	-	10,484
Sewer Fund			
	So Broadway FM Test/Dsgn		
	SHN Consulting Engineers	-	1,431
	Total Engineering posted to 9040	-	11,915
Non Engineering Costs Posted to 9040			
	McKay Annexation	-	396
	McKay Ranch Water Study	-	2,261
	McKay Ranch Water Study-Billed to Kramer	-	(19,879)
	Eitzen Annexation (to be reimbursed)	-	5,000
	So Broadway FM Test/Dsgn	268	3,043
		268	(9,179)
	Grand Total posted to 9040	268	2,736

Engineering Costs charged to other CIPs:

Pine Hill Bridge Water Line			
	SHN Consulting Engineers	7,130	19,585
Ridgewood WBS			
	SHN Consulting Engineers	-	1,710
Ridgewood Tank Rehab			
	SHN Consulting Engineers	-	965
Sea Ave FM Reversal			
	SHN Consulting Engineers	-	2,574
Walnut 1MG Tank			
	North Coast Labs	-	355
	Haper and Associates	-	59,564
Tower Lane SMR			
	SHN Consulting Engineers	-	85
Christian Ln Water Main			
	SHN Consulting Engineers	-	363
Golf Course Sewer Slough Xing			
	SHN Consulting Engineers	-	3,978
	Total Engineering costs charged to other CIPs	7,130	89,179

Note 9 - Loan Payments

All loan payments occur either annually or semi-annually. The total loan payment for the full year will match the budgeted amount.

Note 10 - City of Eureka Wastewater CIP

The District receives an invoice from the City of Eureka for wastewater treatment CIP costs late in the fiscal year. This small August payment is for the prior year billing which we received complete documentation.

Note 11 - Budget Surplus

For the month of April the district shows a deficit (negative net). The primary expenditures during the month of April were the purchase of the new VacCon Unit, Payment on the Wastewater Revenue Bonds, and expenditures for the Pine Hill Bridge drilling project. The VacCon unit was purchased via a financing agreement, so will not have an immediate effect on District Cash flow. Bond payment and PHB project expenditures were expected and included in the budget. The district currently shows a YTD surplus (positive net income), this surplus is expected to be utilized for Capital Improvement projects in the current fiscal year, as included in the Budget amounts.

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: May 25, 2021

AGENDA ITEM: F.1

TITLE: Consideration of Adopting Resolution 2021-04 Honoring Michael L. Hulstrom Upon His Retirement After 32 Plus Years of Service

PRESENTED BY: Terrence Williams, General Manager

Recommendation:

Motion to adopt Resolution No. 2021-04 Recognizing Michael L. Hulstrom for His Service to the District. Public Comment. Roll-Call vote.

Summary:

This resolution expresses the gratitude that HCSD staff and ratepayers feel for all of Mickey's contributions to the district in the past 32-plus years of service.

The District also congratulates Mickey on his well-earned retirement; we all hope that the future brings new and rewarding adventures for him and his family.

Congratulations Mickey ... and THANK YOU!

Fiscal Impact:

None

**RESOLUTION NO. 2021-04
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE HUMBOLDT COMMUNITY SERVICES DISTRICT
RECOGNIZING MICHAEL L. HULSTROM
FOR HIS SERVICE TO THE DISTRICT**

WHEREAS, Michael L. Hulstrom (Mickey) was hired on with the Humboldt Community Services District on January 30, 1989; and

WHEREAS, during his 32-plus years of service, Mickey faithfully and conscientiously performed the duties required of him as a member of the Engineering staff from Assistant District Planner, to District Planner, and finally to Community Services Manager of the Humboldt Community Services District; and

WHEREAS, Mickey has always made treating the customer courteously and fairly his number one priority to the extent that he has gone beyond expectations by assisting customers with their water and sewer issues at all times while protecting District assets; and

WHEREAS, since 1989 while Mickey has been a part of the Engineering Department, the District has more than doubled in size from approximately 3,700 water services to over 7,600 water connections; and

WHEREAS, the District, its customers, and staff have all benefited from Mickey's knowledge, commendable work ethic, compassion, and positive attitude.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Humboldt Community Services District, by adoption of this resolution, acknowledge and express appreciation to Mickey Hulstrom for his service and dedication to the District and further wish him well in his retirement.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the Board of Directors of the Humboldt Community Services District held this 25th day of May 2021, by the following roll call vote:

AYES:

NOES:

ABSENT:

ATTEST:

Alan Bongio, President

Brenda K. Franklin, Board Secretary

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: May 25, 2021

AGENDA ITEM: F.2 (New Business)

TITLE: Consideration of FY 2019/20 Draft Basic Financial Statements and Management Report.

PRESENTED BY: Michael Montag, Finance Manager

Recommendation:

Receive the Draft Basic Financial Statements and auditor reports for the fiscal year ending June 30, 2020. Receive public comment. Motion to accept the report, followed by roll call vote.

Summary:

The Audit Committee met on May 13, 2021 to review the Draft Basic Financial Statement and auditor reports. All items were accepted, 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 acceptance.

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.

R.J. Ricciardi'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 R.J. Ricciardi for the fiscal year ended June 30, 2020, 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 (MD&A) of the financial statements can be found in pages 1-3 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.

Fiscal Impact:

None.

DRAFT

3/4/2021

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, 2020**

TABLE OF CONTENTS

	<u>PAGE</u>
Report on Internal Controls	1
Required Communications	2-3
Management Observations	4

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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, 2020, 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.

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.

R.J. Ricciardi, Inc.
Certified Public Accountants

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, 2020. 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 June 22, 2020, 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 into 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 March XX, 2021.

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, 2020

Current Year Observations

There were no current year observations.

Prior Year Observations

There were no prior year observations.

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3/4/2021

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

BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION:	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Fund Net Position	8
Statement of Cash Flows	9
Notes to Basic Financial Statements	10-31
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of the Proportionate Share of Net Pension Liability (Asset)	32
Schedule of Contributions	33
Schedule of Change in the Net OPEB Liability and Related Ratios	34
OTHER SUPPLEMENTARY INFORMATION:	
Combining Statement of Net Position	35
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	36
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position - Water Department	37
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position - Sewer Department	38
Schedule of Allocated General and Administrative Expenses	39
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40-41

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, 2020, 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, 2020, 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 32-34), 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 [DATE], 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.

R. J Ricciardi, Inc.
Certified Public Accountants

San Rafael, California

Humboldt Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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, 2020. 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, 2020 by \$14,410,032. Of this amount, \$(7,174,949) (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 \$3,236,920 in FY June 30, 2020. The unrestricted net position increased by \$1,666,920, primarily due to the OPEB and pension actuarial calculations.
- The District's total assets increased by \$3,387,274 in FY June 30, 2020 due to an increase in charges for water and related services.
- The District's long-term debt increased by \$322,856 due to the increase in the other post-employment benefits and pension liabilities.
- During the year the District's operating revenues increased \$813,896 or 7.8%, while operating expenses increased \$230,381 or 2.86%.

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, 2020

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, 2020 and June 30, 2019.

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

	2020	2019
Assets:		
Current and other assets	\$ 8,632,015	\$ 6,045,758
Capital assets, net of accumulated depreciation	31,416,600	30,615,583
Total assets	40,048,615	36,661,341
Deferred outflows	1,225,215	832,308
Liabilities:		
Other liabilities	1,833,239	806,714
Long-term debt outstanding	23,070,519	22,747,663
Total liabilities	24,903,758	23,554,377
Deferred inflows	1,960,040	2,766,159
Net Position:		
Invested in capital assets, net of related debt	21,161,336	19,656,768
Restricted	423,645	358,214
Unrestricted	(7,174,949)	(8,841,869)
Total net position	\$ 14,410,032	\$ 11,173,113

Humboldt Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

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 \$813,896 in 2020 as compared to 2019. Other Non-Operating Revenue increased primarily due to an increase in interest income and property tax revenues.

Expenses – Operating expenses increased \$230,381. Non-operating expenses decreased by \$24,504. Changes include:

- Salaries & Benefits (primarily benefit increases, including PERS & OPEB) \$ 153,800 increase
- Repairs and maintenance \$ 56,578 increase
- Depreciation \$ 32,474 increase

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

Table 2
Changes in Net Position

	2020	2019	Change
Operating revenues	\$ 11,255,005	\$ 10,441,109	\$ 813,896
Operating expenses	8,285,517	8,055,135	230,382
Net operating income (loss)	\$ 2,969,488	\$ 2,385,974	\$ 583,514
Investment and other income	\$ 484,600	\$ 467,485	\$ 17,115
Interest and other expenses	404,003	428,507	24,504
Non-operating net income	\$ 80,597	\$ 38,978	\$ 41,619

CAPITAL ASSETS AND DEBT ADMINISTRATION

Table 3
Capital Assets at Year End

	2020	2019
Land	\$ 685,868	\$ 685,868
Buildings and improvements	1,009,028	1,009,028
Water Plant and System	23,584,004	23,388,057
Sewer Collection System	27,034,328	25,894,687
Vehicles and equipment	3,683,285	3,159,795
Construction in progress	1,517,861	1,208,408
Subtotal	57,514,374	55,345,843
Accumulated depreciation	(26,097,774)	(24,730,258)
Net capital assets	\$ 31,416,600	\$ 30,615,585

Capital Assets - At June 30, 2020, the District had \$31,416,600 (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 \$10,255,264 in long term obligations. 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, 2020

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 2019/2020 budget. The Board assessed the available reserves, the operating and capital needs of the District, potential customer growth, and potential regulatory impacts.

The adopted fiscal year 2019/20 budget includes a 3.3% cost of living increase for employees and forecasts a 14% increase in health insurance. It also anticipates a 4% increase in sewer treatment costs. Purchased water costs from Humboldt Bay Municipal Water District and the City of Eureka are each projected to increase 3.5%.

The District passed a five-year water and sewer rate increase, which will allow the District to cover costs of service for both the water and sewer enterprise funds. Approved rates were increased by 3% for water and 2% for sewer for fiscal year 2019-20.

The District does not include depreciation expense in its cash basis budget. The District's cash basis budget includes a capital improvement budget of \$1,294,450 for FY 19/20, which will be funded by cash reserves. The budget also includes \$323,000 to reimburse the City of Eureka for the District's share of the wastewater treatment plant CIP, which will be funded with cash reserves.

Pledged Revenues - The District has pledged future water and wastewater revenues, net of specified operating expenses and exclusive of certain expenses such as depreciation, to repay an original amount of \$16,921,015 in bonds, loans, and agreements issued in the current and prior years to obtain financing for system improvements and equipment. Total principal and interest remaining to be paid on these obligations is \$15,971,052. Annual principal and interest payments on these obligations are expected to require less than the net revenues as defined.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Humboldt Community Services District
STATEMENT OF NET POSITION
 June 30, 2020

ASSETS

Current assets:	
Cash and investments	\$ 6,707,848
Restricted cash and investments:	
Debt service	65,933
Capital projects	357,712
Total cash and investments	7,131,493
Accounts receivable	827,700
Assessments receivable	249,867
Prepaid items	213,330
Inventory	209,625
Total current assets	8,632,015
Capital assets:	
Non-depreciable assets	1,536,195
Depreciable assets (net of depreciation)	29,880,405
Total assets	40,048,615

DEFERRED OUTFLOWS

Deferred outflows related to OPEB	448,454
Deferred outflows related to pensions	776,761
Total deferred outflows	1,225,215

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	1,374,027
Compensated absences	224,442
Customer deposits	116,324
Accrued expenses	118,446
Total current liabilities	1,833,239
Long-term liabilities:	
Due within one year	724,054
Due in more than one year	9,531,210
Net OPEB liability	9,557,837
Net pension liability due in more than one year	3,257,418
Total long-term liabilities	23,070,519
Total liabilities	24,903,758

DEFERRED INFLOWS

Deferred inflows related to OPEB	1,733,398
Deferred inflows related to pensions	226,642
Total deferred inflows	1,960,040

Net position:	
Invested in capital assets, net of related debt	21,161,336
Restricted	423,645
Unrestricted	(7,174,949)
Total net position	\$ 14,410,032

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, 2020

Operating revenues:	
Water sales	\$ 5,226,502
Sewer service fees	6,024,027
Other operating	<u>4,476</u>
Total operating revenues	<u>11,255,005</u>
Operating expenses:	
Salaries and benefits	2,539,382
General and administration	389,884
Joint treatment costs	1,325,787
Purchases power	267,298
Water purchases	1,680,926
Repairs and maintenance	234,819
Supplies	243,161
Other expenses	236,743
Depreciation	<u>1,367,517</u>
Total operating expenses	<u>8,285,517</u>
Operating income (loss)	<u>2,969,488</u>
Non-operating revenues (expenses):	
Interest revenue	63,775
Interest expense	(404,003)
Taxes and assessments	404,470
Other income	<u>16,355</u>
Total non-operating revenues (expenses)	<u>80,597</u>
Income (loss) before transfers	<u>3,050,085</u>
Transfers in	-
Transfers out	<u>-</u>
Total other financing sources (uses)	<u>-</u>
Income (loss) before capital contributions	3,050,085
Capital contributions and connection fees	<u>186,835</u>
Changes in net position	3,236,920
Net position, beginning of period	<u>11,173,112</u>
Net position, end of period	<u>\$ 14,410,032</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, 2020

Cash flows from operating activities:	
Receipts from customers	\$ 11,198,492
Payments to suppliers	(2,524,161)
Payments to employees	(3,528,875)
Net cash provided (used) by operating activities	<u>5,145,456</u>
Cash flows from non-capital financing activities:	
Taxes and assessments	525,351
Other revenue (expense)	16,355
Net cash provided (used) by non-capital financing activities	<u>541,706</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(2,168,534)
Interest expense	(404,003)
Capital connection fees received	186,835
Payment on current portion of bonds	(703,551)
Net cash provided (used) by capital and related financing activities	<u>(3,089,253)</u>
Cash flows from investing activities:	
Interest earned	63,775
Net cash provided by investing activities	<u>63,775</u>
Net increase (decrease) in cash and cash equivalents	2,661,684
Cash and cash equivalents - beginning of period	<u>4,469,809</u>
Cash and cash equivalents - end of period	<u>\$ 7,131,493</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:	
Operating income (loss)	\$ 2,969,488
Prior period adjustment	-
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	1,367,517
Changes in certain assets and liabilities:	
Accounts receivable	(56,513)
Prepaid items	29,548
Inventory	(18,489)
Accounts payable	1,032,862
Accrued expenses	(7,262)
Deferred outflows	(392,907)
Deferred inflows	(806,120)
Net pension liability	209,776
Net OPEB liability	816,631
Compensated absences	7,020
Customer deposits	(6,095)
Net cash provided (used) by operating activities	<u>\$ 5,145,456</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, 2020

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, 2020

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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

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, 2020 was \$224,442. 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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The District obtains insurance coverage for property and equipment, fidelity bonds, automobile liability and general liability, and workers compensation insurance through its membership in the Association of California Water Agencies Joint Powers Insurance Authority. The risk of loss is transferred from the District to the Authority in exchange for the District's payment of annual premiums. Incurred and unbilled claims, if any, are accrued as a liability when it is probable that an asset has been impaired, the amount of the obligation can be reasonably estimated, and the claim is not covered by insurance.

Deferred Outflows and Inflows of Resources

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

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

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:

- Invested in capital assets, net of related debt - 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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

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.

NOTE 2 - DETAILED NOTES

A. Cash Equivalents and Investments

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

	2020	2019
Cash:		
Demand accounts	\$ 4,329,309	\$ 2,047,160
County pool	2,802,184	2,064,435
Total cash	\$ 7,131,493	\$ 4,111,595
	2020	2019
Restricted cash:		
County pool	\$ 423,645	\$ 358,214
Total restricted cash	\$ 423,645	\$ 358,214

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, 2020

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, 2020:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Uncategorized</u>	<u>Total</u>
Demand Accounts	\$ -	\$ 4,329,309	\$ -	\$ 4,329,309
Humboldt Co. Treasurer's Investment Pool	-	-	2,802,184	2,802,184
Total Investments	<u>\$ -</u>	<u>\$ 4,329,309</u>	<u>\$ 2,802,184</u>	<u>\$ 7,131,493</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, 2020 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	4,329,309
Humboldt County Treasurer's Investment Pool	<u>2,802,184</u>
Total cash and investments	<u>\$ 7,131,493</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, 2020

NOTE 2 - DETAILED NOTES (continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

<u>Business-type Activities - Water</u>	Balance 6/30/19	Increase	Decrease	Balance 6/30/20
Capital assets, not being depreciated:				
Land	\$ 391,458	\$ -	\$ -	\$ 391,458
Construction in progress	<u>769,009</u>	<u>233,859</u>	<u>152,542</u>	<u>850,326</u>
Total capital assets, not being depreciated	<u>1,160,467</u>	<u>233,859</u>	<u>152,542</u>	<u>1,241,784</u>
Capital assets, being depreciated:				
General buildings and structures	575,146	-	-	575,146
Water plant and distribution system	23,388,057	195,947	-	23,584,004
Vehicles	1,162,156	161,219	-	1,323,375
Equipment	<u>693,917</u>	<u>135,491</u>	-	<u>829,408</u>
Total capital assets, being depreciated	<u>25,819,276</u>	<u>492,657</u>	-	<u>26,311,933</u>
Less accumulated depreciation for:				
General buildings and structures	(348,298)	(12,550)	-	(360,848)
Water plant and distribution system	(13,396,327)	(560,741)	-	(13,957,068)
Vehicles	(763,899)	(84,496)	-	(848,395)
Equipment	<u>(533,469)</u>	<u>(33,422)</u>	-	<u>(566,891)</u>
Total accumulated depreciation	<u>(15,041,993)</u>	<u>(691,209)</u>	-	<u>(15,733,202)</u>
Total capital assets being depreciated – net	<u>10,777,283</u>	<u>(198,552)</u>	-	<u>10,578,731</u>
Capital assets – net	<u>\$ 11,937,750</u>	<u>\$ 35,307</u>	<u>\$ 152,542</u>	<u>\$ 11,820,515</u>

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 - DETAILED NOTES (continued)

B. Capital Assets (concluded)

<u>Business-type Activities - Sewer</u>	<u>Balance</u> 6/30/19	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> 6/30/20
Capital assets, not being depreciated:				
Land	\$ 294,410	\$ -	\$ -	\$ 294,410
Construction in progress	<u>439,397</u>	<u>438,167</u>	<u>210,029</u>	<u>667,535</u>
Total capital assets, not being depreciated	<u>733,807</u>	<u>438,167</u>	<u>210,029</u>	<u>961,945</u>
Capital assets, being depreciated:				
General buildings and structures	433,882	-	-	433,882
Sewer collection system	25,894,687	1,139,641	-	27,034,328
Vehicles	749,930	121,621	-	871,551
Equipment	<u>553,792</u>	<u>105,159</u>	-	<u>658,951</u>
Total capital assets, being depreciated	<u>27,632,291</u>	<u>1,366,421</u>	-	<u>28,998,712</u>
Less accumulated depreciation for:				
General buildings and structures	(284,520)	(11,143)	-	(295,663)
Sewer collection system	(8,426,103)	(587,814)	-	(9,013,917)
Vehicles	(545,374)	(51,064)	-	(596,438)
Equipment	<u>(432,268)</u>	<u>(26,286)</u>	-	<u>(458,554)</u>
Total accumulated depreciation	<u>(9,688,265)</u>	<u>(676,307)</u>	-	<u>(10,364,572)</u>
Total capital assets being depreciated – net	<u>17,944,026</u>	<u>690,114</u>	-	<u>18,634,140</u>
Capital assets – net	<u>\$ 18,677,833</u>	<u>\$ 1,128,281</u>	<u>\$ 210,029</u>	<u>\$ 19,596,085</u>

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 2 - DETAILED NOTES (continued)

C. Long-Term Debt

Long-term debt activity for the year ended June 30, 2020 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	\$ 737,861	\$ -	\$ 154,905	\$ 582,956	\$ 160,004
State loan	38,930	-	5,169	33,761	5,154
2012 loan & installments	2,230,013	-	274,207	1,955,806	280,858
2014 WW Revenue Bonds	7,710,000	-	190,000	7,520,000	200,000
2014 WW Revenue Bonds premium, net	88,172	-	3,469	84,703	-
VanCon loan	153,839	-	75,801	78,038	78,038
Other post-employment benefits	<u>8,741,206</u>	<u>816,631</u>	<u>-</u>	<u>9,557,837</u>	<u>-</u>
Total	<u>\$19,700,021</u>	<u>\$ 816,631</u>	<u>\$ 703,551</u>	<u>\$19,813,101</u>	<u>\$ 724,054</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>
2021	\$ 106,126	\$ 71,474	\$ 177,600
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	<u>86,116</u>	<u>1,830</u>	<u>87,946</u>
Total	<u>\$ 1,708,005</u>	<u>\$ 511,141</u>	<u>\$ 2,219,146</u>

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 2 - DETAILED NOTES (continued)

C. Long-Term Debt (continued)

Loan #3			
Year End June 30	Principal	Interest	Total
2021	\$ 128,995	\$ 3,125	\$ 132,120
Total	\$ 128,995	\$ 3,125	\$ 132,120

Loan #4			
Year End June 30	Principal	Interest	Total
2021	\$ 45,738	\$ 3,762	\$ 49,500
2022	47,353	2,147	49,500
2023	25,716	450	26,166
Total	\$ 118,807	\$ 6,359	\$ 125,166

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
2021	\$ 160,004	\$ 17,426	\$ 177,430
2022	165,149	12,280	177,429
2023	170,499	6,930	177,429
2024	87,304	1,407	88,711
Totals	\$ 582,956	\$ 38,043	\$ 620,999

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:

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 2 - DETAILED NOTES (continued)

C. Long-Term Debt (continued)

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,155	\$ 822	\$ 5,977
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	<u>\$ 33,761</u>	<u>\$ 2,936</u>	<u>\$ 36,697</u>

2014 Wastewater Revenue Bonds

The District issued Wastewater Revenue bonds through the California Municipal Finance Authority in order to complete financing of the District's share of the Martin Slough Wastewater Interceptor Project. Interest on the bonds is payable semiannually on June 1 and December 1 in each year, commencing June 1, 2015, and matures on June 1, 2044. 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>
2021	\$ 200,000	\$ 285,576	\$ 485,576
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>\$ 7,520,000</u>	<u>\$ 4,130,798</u>	<u>\$ 11,650,798</u>

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 2 - DETAILED NOTES (concluded)

C. Long-Term Debt (concluded)

VacCon Loan

The District entered into a loan agreement with Santander Leasing, LLC with an original amount of \$368,452 for the purpose of obtaining financing to purchase a VacCon Model VX312LHE/1100 Hydro-Excavator. The loan bears interest at 2.95 percent, is payable in annual installments each November 1 through November 1, 2020. Future debt service on the original lease amount is as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 78,038	\$ 2,303	\$ 80,341
Totals	\$ 78,038	\$ 2,303	\$ 80,341

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 2020 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, 2020.

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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System

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

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

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

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

The Plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

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, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous
Contributions - employer	\$383,662

As of June 30, 2020, 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	\$ 3,257,418

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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

	Miscellaneous
Proportion - June 30, 2018	.032%
Proportion - June 30, 2019	.032%
Change - Increase (Decrease)	.000%

For the year ended June 30, 2019, the District recognized pension expense of \$630,772. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 383,662	\$ -
Differences between actual and expected experience	226,241	17,529
Changes in assumptions	155,329	55,063
Net differences between projected and actual earnings on plan investments	-	56,950
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	<u>11,529</u>	<u>97,100</u>
Total	<u>\$ 776,761</u>	<u>\$ 226,642</u>

\$383,662 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30

2021	\$ 191,362
2022	(57,312)
2023	20,900
2024	11,507
Thereafter	-

Actuarial Assumptions - The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

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

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

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

<u>Asset Class (1)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (2)</u>	<u>Real Return Years 11+ (3)</u>
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:

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (concluded)

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$4,933,736
Current Discount Rate	7.15%
Net Pension Liability	\$3,047,642
1% Increase	8.15%
Net Pension Liability	\$1,873,737

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

D. Wastewater Contract with the City of Eureka

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

E. Segment Information

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

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

	Water Department	Sewer Department
Operating revenues (pledged)	\$ 5,226,502	\$ 6,028,503
Depreciation expense	(691,210)	(676,307)
Other operating expenses	(3,876,689)	(2,979,193)
Operating income (loss)	658,603	2,373,003
Non-operating revenues (expenses)		
Investment income	18,203	4,208
Interest expense	(33,257)	(370,746)
Other revenue (expense)	17,270	-
Capital contributions	94,395	92,440
Change in net position	\$ 755,215	\$ 2,098,905

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 3 - OTHER INFORMATION (continued)

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	20
Inactive employees or beneficiaries currently receiving benefit payments	<u>20</u>
Total	<u>40</u>

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

Net OPEB Liability - The District's Net OPEB Liability was measured as of June 30, 2020, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation dated July 1, 2018 (June 30, 2019). 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.

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 3 - OTHER INFORMATION (continued)

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

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:

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Long-Term Expected return on Plan Investments (if any)</u>	<u>Municipal Bond 20-Year High Grade Rate Index</u>	<u>Discount Rate</u>
June 30, 2019	June 30, 2018	4.00%	3.62%	3.62%
June 30, 2020	June 30, 2019	4.00%	3.13%	3.13%

The components of the net OPEB liability were as follows:

Total OPEB liability	\$ 9,557,837
Plan fiduciary net position	<u>-</u>
Net OPEB liability	<u>\$ 9,557,837</u>
Measurement date	June 30, 2019
Reporting date	June 30, 2020
Covered payroll	\$ 1,297,388
Net OPEB liability (asset) as a percentage of covered payroll	736.70%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2020

NOTE 3 - OTHER INFORMATION (continued)

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

Schedule of Changes in Net OPEB Liability (July 1, 2017 to June 30, 2018):

Total OPEB Liability	
Service cost	\$ 215,891
Interest	318,491
Changes of benefit terms	-
Differences between actual and expected experience	-
Changes of assumptions	603,093
Benefit payments	<u>(320,844)</u>
Net change in total OPEB liability	<u>816,631</u>
Total OPEB Liability – July 1, 2018 (a)	<u>8,741,206</u>
Total OPEB Liability – June 30, 2019 (b)	<u>\$ 9,557,837</u>
Plan Fiduciary Net Position	
Contributions – employer ¹	\$ 320,844
Net investment income	-
Benefit payments ¹	(320,844)
Trustee fees	-
Administrative expense	<u>-</u>
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, 2018 (c) – (a)	<u>\$ 8,741,206</u>
Total OPEB Liability – June 30, 2019 (d) – (b)	<u>\$ 9,557,837</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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
(2.13%)	(3.13%)	(4.13%)
\$ 10,988,632	\$ 9,557,837	\$ 8,385,197

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, 2020

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%)
\$ 8,222,086	\$ 9,557,837	\$ 11,209,090

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 \$(98,886). At June 30, 2019, 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}	\$ -	\$ 864,060
Changes in assumptions or other inputs ^{3,4}	448,454	869,338
Net differences between projected and actual earnings on OPEB plan investments ^{3,4}	-	-
Total	\$ 448,454 ⁵	\$ 1,733,398

³ Measured at June 30, 2019.

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, 2020.

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

<u>Fiscal Year Ended</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
6/30/21	\$ 154,639	\$ (787,907)
6/30/22	154,639	(787,907)
6/30/23	139,176	(157,584)
6/30/24	-	-
Thereafter	-	-

Humboldt Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 4 - SUBSEQUENT EVENT - 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, have 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.

DRAFT

Humboldt Community Services District
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)
MISCELLANEOUS
 June 30, 2020

Measurement Date, June 30	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.03179%	0.03163%	0.03172%	0.03194%	0.03184%	0.03388%
Proportion share of the net pension liability	\$ 3,257,418	\$ 3,047,642	\$ 3,145,531	\$ 2,763,721	\$ 2,185,093	\$ 2,108,429
Covered - employee payroll	\$ 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	249.73%	240.77%	260.21%	235.82%	201.50%	237.41%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	79.76%

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

DRAFT

Humboldt Community Services District
SCHEDULE OF CONTRIBUTIONS - MISCELLANEOUS
 June 30, 2020

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

DRAFT

Humboldt Community Services District
SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS
 For the Year Ended June 30, 2020

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

<u>ASSETS</u>	Admin & Street Lights	Water System	Sewer System	Totals
Current assets:				
Cash and investments	\$ 1,099,164	\$ 4,389,212	\$ 1,219,472	\$ 6,707,848
Restricted cash and investments:				
Debt service	-	-	65,933	65,933
Capital projects	-	357,712	-	357,712
Total cash and investments	<u>1,099,164</u>	<u>4,746,924</u>	<u>1,285,405</u>	<u>7,131,493</u>
Accounts receivable	31,468	378,782	417,450	827,700
Assessments receivable	-	249,867	-	249,867
Prepaid items	125,509	-	87,821	213,330
Inventory	-	157,219	52,406	209,625
Total current assets	<u>1,256,141</u>	<u>5,532,792</u>	<u>1,843,082</u>	<u>8,632,015</u>
Capital assets:				
Non-depreciable assets	-	1,241,784	294,411	1,536,195
Depreciable assets (net of depreciation)	-	10,578,731	19,301,674	29,880,405
Total assets	<u>1,256,141</u>	<u>17,353,307</u>	<u>21,439,167</u>	<u>40,048,615</u>
<u>DEFERRED OUTFLOWS</u>				
Deferred outflows related to OPEB	-	255,619	192,835	448,454
Deferred outflows related to pensions	-	442,754	334,007	776,761
Total deferred outflows	<u>-</u>	<u>698,373</u>	<u>526,842</u>	<u>1,225,215</u>
<u>LIABILITIES AND NET POSITION</u>				
Current liabilities:				
Accounts payable	28,907	399,313	945,807	1,374,027
Compensated absences	224,442	-	-	224,442
Customer deposits	116,324	-	-	116,324
Accrued expenses	33,478	22,819	62,149	118,446
Total current liabilities	<u>403,151</u>	<u>422,132</u>	<u>1,007,956</u>	<u>1,833,239</u>
Long-term liabilities:				
Due within one year	-	333,922	390,132	724,054
Due in more than one year	-	524,629	9,006,581	9,531,210
Net OPEB liability	-	5,447,967	4,109,870	9,557,837
Net pension liability due in more than one year	-	1,856,728	1,400,690	3,257,418
Total long-term liabilities	<u>-</u>	<u>8,163,246</u>	<u>14,907,273</u>	<u>23,070,519</u>
Total liabilities	<u>403,151</u>	<u>8,585,378</u>	<u>15,915,229</u>	<u>24,903,758</u>
<u>DEFERRED INFLOWS</u>				
Deferred inflows related to OPEB	-	988,037	745,361	1,733,398
Deferred inflows related to pensions	-	129,186	97,456	226,642
Total deferred inflows	<u>-</u>	<u>1,117,223</u>	<u>842,817</u>	<u>1,960,040</u>
Net position:				
Invested in capital assets, net of related debt	-	10,961,964	10,199,372	21,161,336
Restricted	-	357,712	65,933	423,645
Unrestricted	852,991	(2,970,598)	(5,057,342)	(7,174,949)
Total net position	<u>\$ 852,991</u>	<u>\$ 8,349,078</u>	<u>\$ 5,207,963</u>	<u>\$ 14,410,032</u>

Humboldt Community Services District
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
 June 30, 2020

	Water System	Sewer System	Admin & Street Lights	Totals
Operating revenues:				
Water sales	\$ 5,226,502	\$ -	\$ -	\$ 5,226,502
Sewer service fees	-	6,024,027	-	6,024,027
Other operating	-	4,476	-	4,476
Total operating revenues	<u>5,226,502</u>	<u>6,028,503</u>	<u>-</u>	<u>11,255,005</u>
Operating expenses:				
Salaries and benefits	1,414,078	1,125,304	-	2,539,382
General and administration	194,943	194,942	(1)	389,884
Joint treatment costs	-	1,325,787	-	1,325,787
Purchases power	157,847	47,332	62,119	267,298
Water purchases	1,680,926	-	-	1,680,926
Repairs and maintenance	134,449	100,370	-	234,819
Supplies	165,861	77,300	-	243,161
Other expenses	128,585	108,158	-	236,743
Depreciation	691,210	676,307	-	1,367,517
Total operating expenses	<u>4,567,899</u>	<u>3,655,500</u>	<u>62,118</u>	<u>8,285,517</u>
Operating income (loss)	<u>658,603</u>	<u>2,373,003</u>	<u>(62,118)</u>	<u>2,969,488</u>
Non-operating revenues (expenses):				
Interest revenue	18,203	4,208	41,364	63,775
Interest expense	(33,257)	(370,746)	-	(404,003)
Taxes and assessments	13,761	-	390,709	404,470
Other income	3,509	-	12,846	16,355
Total non-operating revenues (expenses)	<u>2,216</u>	<u>(366,538)</u>	<u>444,919</u>	<u>80,597</u>
Income (loss) before transfers	<u>660,819</u>	<u>2,006,465</u>	<u>382,801</u>	<u>3,050,085</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions	660,819	2,006,465	382,801	3,050,085
Capital Contributions and connection fees	94,395	92,440	-	186,835
Changes in net position	755,214	2,098,905	382,801	3,236,920
Net position, beginning of period	<u>7,593,864</u>	<u>3,109,058</u>	<u>470,190</u>	<u>11,173,112</u>
Net position, end of period	<u>\$ 8,349,078</u>	<u>\$ 5,207,963</u>	<u>\$ 852,991</u>	<u>\$ 14,410,032</u>

Humboldt Community Services District
WATER DEPARTMENT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
June 30, 2020

	Original Water System	Humboldt Hill Water System	Mitchell Road Water System	Totals
Operating revenues:				
Water sales	\$ 3,819,338	\$ 994,579	\$ 412,585	\$ 5,226,502
Total operating revenues	<u>3,819,338</u>	<u>994,579</u>	<u>412,585</u>	<u>5,226,502</u>
Operating expenses:				
Salaries and benefits	989,292	329,654	95,132	1,414,078
General and administration	140,359	42,887	11,697	194,943
Purchases power	66,763	84,654	6,430	157,847
Water purchases	1,143,030	420,231	117,665	1,680,926
Repairs and maintenance	89,646	35,384	9,419	134,449
Supplies	111,279	48,095	6,487	165,861
Other expenses	84,268	36,730	7,587	128,585
Depreciation	378,830	181,503	130,877	691,210
Total operating expenses	<u>3,003,467</u>	<u>1,179,138</u>	<u>385,294</u>	<u>4,567,899</u>
Operating income (loss)	<u>815,871</u>	<u>(184,559)</u>	<u>27,291</u>	<u>658,603</u>
Non-operating revenues (expenses):				
Interest revenue	6,890	2,543	8,770	18,203
Interest expense	(8,422)	(2,790)	(22,045)	(33,257)
Other income (expense)	2,340	923	246	3,509
Taxes and assessments	-	-	13,761	13,761
Total non-operating revenues (expenses)	<u>808</u>	<u>676</u>	<u>732</u>	<u>2,216</u>
Income (loss) before transfers	<u>816,679</u>	<u>(183,883)</u>	<u>28,023</u>	<u>660,819</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions	816,679	(183,883)	28,023	660,819
Capital contributions and connection fees	76,125	15,225	3,045	94,395
Changes in net position	<u>\$ 892,804</u>	<u>\$ (168,658)</u>	<u>\$ 31,068</u>	<u>\$ 755,214</u>

Humboldt Community Services District
SEWER DEPARTMENT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
June 30, 2020

	General Sewer System	Humboldt Hill Sewer System	Totals
Operating revenues:			
Sewer service fees	\$ 4,759,599	\$ 1,264,428	\$ 6,024,027
Other	3,384	1,092	4,476
Total operating revenues	<u>4,762,983</u>	<u>1,265,520</u>	<u>6,028,503</u>
Operating expenses:			
Salaries and benefits	879,767	245,537	1,125,304
General and administration	152,055	42,887	194,942
Joint treatment costs	1,045,167	280,620	1,325,787
Purchases power	34,049	13,283	47,332
Repairs and maintenance	71,892	28,478	100,370
Supplies	55,988	21,312	77,300
Other expenses	79,976	28,182	108,158
Depreciation	571,029	105,278	676,307
Total operating expenses	<u>2,889,923</u>	<u>765,577</u>	<u>3,655,500</u>
Operating income (loss)	<u>1,873,060</u>	<u>499,943</u>	<u>2,373,003</u>
Non-operating revenues (expenses):			
Interest revenue	3,046	1,162	4,208
Interest expense	(266,937)	(103,809)	(370,746)
Total non-operating revenues (expenses)	<u>(263,891)</u>	<u>(102,647)</u>	<u>(366,538)</u>
Income (loss) before transfers	<u>1,609,169</u>	<u>397,296</u>	<u>2,006,465</u>
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before capital contributions	1,609,169	397,296	2,006,465
Capital contributions and connection fees	80,608	11,832	92,440
Changes in net position	<u>\$ 1,689,777</u>	<u>\$ 409,128</u>	<u>\$ 2,098,905</u>

Humboldt Community Services District
SCHEDULE OF ALLOCATED GENERAL AND ADMINISTRATIVE EXPENSES
 June 30, 2020

Allocated general and administrative expenses:	
Insurance	\$ 60,805
Purchases power	57,144
Repairs and maintenance	41,475
Supplies	3,334
Other expenses	<u>227,127</u>
Subtotal for allocated general and administrative expenses	389,885
Allocated to salaries and benefits	<u>1,174,387</u>
Total	<u>\$ 1,564,272</u>

General and administrative expenses were allocated to the following departments:

General water	\$ 140,359
Humboldt Hill Water	42,887
Freshwater/Mitchell Road	11,697
General sewer	152,055
Humboldt Hill sewer	<u>42,887</u>
Total	<u>\$ 389,885</u>

Salaries and benefits breakdown:

Salaries and wages	\$ 166,546
Vacation, sick, and holiday pay	52,699
Group insurance	641,629
Other benefits	<u>313,513</u>
Total	<u>\$ 1,174,387</u>

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, 2020, and have issued our report thereon dated [DATE]. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. 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.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California

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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: **May 25, 2021**

Agenda Item: F.3 (New Business)

TITLE: FY 2021/22 Pass-through fees

Presented by: Michael Montag, Finance Manager/District Treasurer

Recommendation:

Staff recommends the Board of Directors:

1. Review and discuss proposed FY 2021/2022 Pass-through fees.
2. Discuss any changes to the proposed FY 2021/22 pass-through fees and provide direction.
3. Direct staff to prepare resolution regarding FY 2021/2022 pass-through fees for approval at a future Board meeting.

Summary:

Proposed FY 2021/22 Water Pass-through

A water pass-through was implemented for FY 2020/21, however Water expenses were below original estimates for FY 2020/2021, so no water pass-through is recommended for FY 2021/22.

Proposed FY 2021/22 Sewer Pass-through

Since 1982, the District has agreed to pay a portion of the City of Eureka's wastewater treatment costs to use the City's treatment plant so the District would not have to build and maintain a separate facility. When District sewer rates are developed, they rely on cost estimates provided by the City for both the "use" of the City's wastewater system (O&M) and a proportional share of the capital improvements to the wastewater treatment plant and major conveyances.

A "pass-through" recovers increased charges to the District by the City of Eureka above those expected when the District calculated its current sewer rates. Eligible costs for a sewer pass-through are the "wholesale charges for wastewater treatment" which is defined as including those costs for the wastewater treatment plant capital improvements, operation and maintenance.

The District is authorized to pass these costs on to our ratepayers by Government Code section 53756, through a volumetric surcharge.

A sewer pass-through charge was approved by the Board of Directors for FY 2018/19, 2019/20 and 2020/21. In 2018/19 the District Board of Directors also mandated that any proposed water or sewer pass-through must be considered for approval each year.

FY 2021/22 Sewer Pass through Calculations

The City of Eureka wastewater O&M and capital improvement charges indicate there is the necessity to continue the sewer pass-through in FY 2021/22 as detailed below.

District staff received information confirming that pass-through fees may be set at rates adequate to recover previous City of Eureka Wastewater Treatment Plant costs that exceeded estimates and where prior pass-through revenues did not fully cover the shortage. It was also confirmed that it is allowable for such charges to recover excess costs from previous years in addition to the most recent year. For FY 2017/2018 through FY 2020/2021(projected), City of Eureka WWTP Operating and CIP costs have exceeded the original estimates from the 2017 rate study by \$4,347,410. During this time period, the district has collected \$2,540,794 in Sewer Pass-through revenue, leaving \$1,806,616 in City of Eureka expenditures not covered by rate revenue or pass-through revenue.

The District has the authority to implement pass-through rates to recover this entire amount in one fiscal year, however doing so would result in a significant year-to-year increase in rates. Staff instead recommends implementing Sewer Pass-through rates equivalent to the combined FY 2020/2021 Water and Sewer pass-through rates. This will recover \$1,075,000 of the previous unfunded expenditures, with the remaining amount to be recovered in subsequent year(s).

Several factors must be taken into account when considering a potential FY 2021/22 Sewer Pass through, namely:

1. The City has charged the District more than the rate study projected making the pass-through necessary for FY 2021/22;
2. The rate study used estimates provided by the City of Eureka for sewer O&M and WWTP capital expenses;
3. Because the City charged the District more for sewer expenses than the rate study projected, any funds used to pay the increased City costs come from District sewer reserves;
4. The pass-through allows the District to recover the funds spent out of District reserves that were not covered by the rates established through the rate study;
5. As noted above, increased costs that should be recovered through a pass-through currently total \$1,806,616;
6. The District must balance the need to make up for prior unfunded expenditures with the potential burden imposed upon ratepayers from increased rates.
7. The following calculations and recommendations assume that the Water and Sewer base rates for FY 2021/2022, as determined in the previously approved 2017 rate study, will be approved for implementation for FY 2021/2022.

Table 1: FY 2021/22 Sewer Volumetric Surcharge Calculation

Volumetric Surcharge	2020-21 Base Rate	2020-2021 Pass-through Rate	2021-22 Base Rate	Recommended Pass-through rate	Maximum Pass-through rate
Residential:					
Single Family Residential	\$5.82	\$1.79	\$5.94	\$2.28	\$3.85
Multi-Family Residential	\$5.82	\$1.79	\$5.94	\$2.28	\$3.85
Mobile homes/Trailer Parks	\$5.82	\$1.79	\$5.94	\$2.28	\$3.85
Commercial					
Commercial - Light Strength	\$6.96	\$2.14	\$7.10	\$2.73	\$4.61
Commercial - Medium Strength	\$9.22	\$2.83	\$9.41	\$3.61	\$6.10
Commercial - Heavy Strength	\$11.66	\$3.58	\$11.89	\$4.56	\$7.71

Based upon the above considerations, the following details four pass-through options for FY 2021/22 and Staff's recommendation.

FY 2021/22 Sewer Pass through Alternatives

1. *Sewer Pass-through equivalent to 2020/21 combined water and sewer pass-through (Recommended):*

For this alternative, the District implements the volumetric sewer surcharge at rates equivalent to the combined Water and Sewer Pass-through rates from 2020/21. This will result in a \$220,000 increase in Sewer Pass-through revenue compared to 2020/21, which will be offset by a \$220,000 reduction in Water Pass-through revenue. The total combined Water/Sewer charges for the average District Customer will only increase by 2%, in accordance with the annual increases from the 2017 rate study. With this option, Sewer revenues for 2021/22 are projected to exceed Expenditures by \$330,000, which will go towards replenishing reserves utilized for prior years' deficits for WWTP Operation, Maintenance and CIP.

2. *No Sewer Pass Through (Not Recommended):*

For this alternative, the District does not activate any sewer pass-through for FY 2021/22. The result is that the District's sewer customers will see a 22% reduction in sewer rates compared to 2020/21. Without a sewer pass-through, the District's sewer Expenditures would exceed Revenues by approximately \$700,000, reducing available sewer reserves that are currently projected at nearly \$800,000 below target reserve levels for the end of FY 2020/2021.

3. *Sewer Pass through based upon continuation of FY 2020/21 surcharge only (Not Recommended):*

For this alternative Sewer Pass-through rates would remain at the same rates as implemented in FY 2020/21, Base consumption rates in FY 2021/22 will increase over the current amount by the 2% amount approved through the 2017 rate study. The net result is that ratepayers would see an overall 5% decrease in their total Water/Sewer

charges, since the elimination of the Water pass-through would not be offset. With this option, Sewer revenues for 2021/22 are projected to exceed Expenditures by \$110,000, which will go toward replenishing reserves utilized for prior years' deficits for WWTP Operation, Maintenance and CIP.

4. *Sewer pass through based upon collecting all prior uncovered expenditures (Not Recommended):*

Under this alternative, the District will increase pass-through rates in order to recover the full \$1,806,616 in previously uncovered WWTP O&M and CIP expenditures. This will increase total volumetric sewer rates for District ratepayers by 28.6%. With this option, Sewer revenues for 2021/22 are projected to exceed Expenditures by \$1,061,616, which will go towards replenishing reserves utilized for prior years' deficits for WWTP Operation, Maintenance and CIP.

FY 2021/22 Sewer Pass-Through Staff Recommendation

Staff recommendation is option 1, to approve a Sewer Pass-Through equivalent to the combined Sewer and Water pass-through from FY 2020/21.

If Staff's recommendation is accepted by the Board, the following steps will need to be taken to approve the surcharge.

1. Direct staff to proceed with pass-through
2. Staff prepares a Resolution (per the Board's pass-through process requiring annual approval of pass-through)
3. Approval of Resolution by Board
4. Public notice
5. Implementation of FY 2021/22 pass-through surcharge

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: **May 25, 2021**

Agenda Item: **F.4** (New Business)

TITLE: FY 2021/22 Budget Presentation

Presented by: Michael Montag, Finance Manager/District Treasurer

Recommendation:

Staff recommends the Board of Directors:

1. Review and discuss proposed FY 2021-2022 Budget
2. Provide direction to staff to proceed with the process of finalizing the 2021/2022 budget, or identify desired modifications.

Summary:

Attached for the Board's review and consideration is the initial draft of the FY 2021/2022 District Budget. Notable highlights are listed below.

Highlights of significance within the proposed FY 2021/2022 Budget:

Water Rate Revenue: Water expenditures for 2020/2021 are projected to be less than the budgeted amount, removing the need for pass-through charges for FY 2021/2022. Water rate revenue has been tracking with the original Rate Study estimates in all other applicable years. Water revenue budget for FY 2021/2022 is set to the amount projected from the Rate Study, which is the same revenue as projected for FY 2020/2021.

Sewer Rate Revenue: Sewer rate revenue from Base rates is projected at a 2% increase due to a corresponding increase in rates, per the approved 2017 rate study. Additionally, Sewer Pass-through revenue is projected to increase by 34% due to an increase in Sewer Pass-through fees.

Wage and Benefit expenses: District wages are projected to increase by 1.7% due to an approved Cost of Living Allowance increase, as well as other small changes due to expected staff changes. Associated employee benefit and insurance expenses are projected to increase by a corresponding amount.

Water Purchases: Water purchases from City of Eureka are expected to remain at elevated levels due to continued Water tank projects. Budget amounts have been set accordingly.

Water/Sewer Analysis: In addition to normal annual water quality analysis testing, the 2021/2022 Budget includes an additional \$10,000 for expected analysis and testing of the South Bay Well.

Building/Grounds Maintenance: Staff identified expenses associated with garbage pickup and disposal that had previously been attributed to Maintenance Supply. For 2021/2022, it is recommended that such expenses be instead attributed to Building/Grounds maintenance. Budgeted amount has been adjusted accordingly.

Telephone: Budgeted telephone expenses include cost of 3 replacement cell phones.

Computer Software Maintenance: Computer software maintenance budget amount includes an estimated \$10,000 necessary to update the District's utility billing software to the most current version. The software version currently utilized by the District has been superseded by multiple newer versions, and the update will provide the District with improved capabilities.

Bad Debts & Minimum Balance write-off: Staff expects that restrictions associated with the Covid-19 pandemic will be lifted before or during FY 2021/2022. When such restrictions are removed, the District will once again have the ability to discontinue service to customers with excessive delinquency. When this occurs, staff anticipates that the District will experience a large number of accounts discontinued for non-payment, with a corresponding increase in Bad Debts.

Conferences & Continuing Education: With the anticipated lifting of restrictions related to the Covid-19 pandemic, conferences, continuing education, and associated expenses are expected to return to pre-pandemic levels.

Long Term Debt: Final payment for the loan that originated from the 2014 VacCon purchase was made in FY 2020/2021. A new loan is now in place for the purchase of the 2021 VacCon unit, with the first payment scheduled to occur at the start of FY 2021/2022. The 2012 Refinance loan payments are reduced for 2021/2022 due to a portion of that loan being paid off in 2020/2021.

Capital Expenditures: Capital expenditures have been previously presented in detail by the District General Manager. Please refer to the FY 2021/2022 Capital Improvement Program that was approved during the May 11, 2021 regular business meeting.

Working Capital Reserve Summaries:

On June 9, 2015 the Board adopted resolution 2015-08 establishing minimum reserves of not less than Sixty Days of Operating Expenses. The 2017 Rate Study recommended reserve amounts consisting of the combined amount of 60 days Operating Expenses, 3% of Net asset values related to Capital Rehabilitation and Replacement, and 1 year of debt service. The following chart compares the reserve balances according to these formulas against the

projected reserves under the current proposed budget. Under this projection, the Water Fund, and General fund will be at or above the necessary reserve amount, and the Sewer Fund will make progress towards achieving the necessary reserve amount.

	Recommended reserves		Projected reserves	
	Res 2015-08 Reserve amount	2017 Rate Study reserve amount	Projected reserves as of 6/30/2021	Projected reserves as of 6/30/2022
Water Fund	\$737,000	\$1,754,654	\$4,796,610	\$4,187,716
Sewer Fund	\$570,000	\$2,218,151	\$1,589,142	\$1,920,083
General Fund	\$11,000	\$11,000	\$1,418,368	\$1,723,368
Total	\$1,318,000	\$3,983,805	\$7,804,119	\$7,831,166

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

	2019-20 Actual	2020-21 Budget	2020-21 Est Actual	2021-22 Budget req
OPERATING REVENUE				
Metered Water Sales	5,096,727	5,078,311	5,200,000	5,200,000
Water Charges - Pass Through	-	236,395	220,000	-
Sewer Service Charges	4,864,074	4,952,219	4,820,000	5,015,000
Sewer Service Charges - Pass Through	1,085,457	1,018,622	800,000	1,075,000
Water & Sewer Construction Fees	43,622	32,000	45,000	32,000
Account Fees	149,237	150,000	140,000	140,000
Inspection Fees	1,900	5,000	-	-
Reimbursable Maintenance Fees	2,091	1,000	1,000	1,000
Miscellaneous	9,247	10,000	2,000	2,000
TOTAL OPERATING REVENUE	11,252,356	11,483,547	11,228,000	11,465,000
NON-OPERATING REVENUE				
Capital Connection Fees	186,835	158,000	245,000	180,000
Interest/General	60,570	30,000	30,000	42,000
Discounts Earned	2,089	2,000	2,000	2,000
Sales:Fixed Assets/Scrap Metal	86	75,400	70,700	15,700
Bad Debt Recovery	3,981	2,200	7,000	10,000
Property Taxes & Assessments	525,380	490,000	490,000	490,000
Insurance Robatc	12,846	-	34,150	20,000
Other Non-Operating Revenue	6,675	-	6,500	6,500
TOTAL NON-OPERATING REVENUE	798,462	757,600	885,350	766,200
TOTAL DISTRICT REVENUE	12,050,818	12,241,147	12,113,350	12,231,200
OPERATING EXPENSES				
Wages Direct	1,337,209	1,500,000	1,400,000	1,510,000
Benefits: PERS	451,957	450,000	430,000	460,000
Group Ins	1,179,888	1,130,000	1,150,000	1,210,000
Workers Comp Ins	19,223	36,000	20,000	23,000
FICA/Medicare	102,352	120,000	106,176	117,000
Misc Benefits	610	1,200	200	600
Total Wages and Benefits	3,091,238	3,237,200	3,106,376	3,320,600
Less: wages & ben charged to Capital Proj.	(174,119)	(161,800)	(155,309)	(166,000)
Total Operating Wages and benefits	2,917,119	3,075,400	2,951,067	3,154,600
Water Purchase HBMWD	1,039,901	1,086,800	1,075,000	1,075,000
Water Purchase Eureka	641,025	673,920	765,000	810,000
Sewage Treatment Operations & Maint.	1,325,787	1,529,995	1,434,300	1,465,000
Water/Sewer Analysis	8,986	10,000	8,000	20,000
Supplies/ Construction	140,208	170,000	120,000	134,000

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

	2019-20 Actual	2020-21 Budget	2020-21 Est Actual	2021-22 Budget req
Supplies/ Office-Administration	16,554	16,000	16,000	19,000
Supplies/ Engineering	1,117	2,500	800	2,500
Supplies/ Maintenance	88,617	100,000	100,000	97,500
Invoicing	52,538	52,476	52,476	52,476
Temporary Labor	3,200	27,200	-	25,600
Repairs & Maintenance/Trucks	55,137	60,000	55,000	55,000
Equipment Rental	11,005	8,000	17,000	5,000
Building & Grounds Maintenance	25,023	24,000	24,000	32,000
Electrical Power	262,324	290,000	290,000	295,800
Street Lights	62,119	70,000	63,000	65,000
Telephone	12,418	14,250	14,000	19,000
Postage	246	3,000	3,000	3,000
Freight	177	1,600	400	500
Chemicals	8,842	12,000	10,000	12,000
Liability Insurance	62,224	65,000	55,000	65,000
Legal	22,220	30,000	7,000	30,000
Accounting	13,160	16,000	13,000	15,000
Engineering	18,482	15,000	1,000	1,000
Other Professional Services	17,970	18,000	18,000	38,000
Bank Service Charges	39,626	42,000	42,000	35,000
Transportation	52,463	66,000	50,000	60,000
Office Equip. Maintenance	13,510	22,500	15,000	14,000
Computer Software Maintenance	30,357	36,000	33,375	45,000
Memberships & Subscriptions	16,809	21,200	18,000	22,300
Bad Debts & Minimum Balance Writeoff	57,797	12,000	12,000	200,000
Conference & Continuing Ed	3,782	17,000	1,500	20,000
Certifications	884	5,400	1,500	5,400
State/County & LAFCO Fees and Charges	50,752	40,000	47,000	50,000
Hydraulic Water Model Maintenance	276	5,000	6,000	6,000
Elections Expense	-	3,500	-	-
Human Resources	31,987	24,300	8,000	20,000
Miscellaneous	33,363	12,000	3,000	9,000
Director's Fees	12,000	16,000	11,400	16,000
TOTAL OPERATING EXPENSES	7,150,005	7,694,041	7,341,818	7,994,676
 LONG TERM DEBT PAYMENTS				
Safe Drinking Water Bond	177,429	177,429	177,429	177,429
2012 CIP & Refi.	362,700	359,220	359,220	227,100
Davis-Grunsky Loan	6,055	6,051	6,051	5,912
VacCon Truck Loan(2014)	80,341	80,341	80,341	-
VacCon Truck Loan(2021)	-	-	-	117,441
2014 Wastewater Revenue Bonds	483,175	485,575	485,575	487,575
TOTAL LONG TERM DEBT PAYMENTS	1,109,700	1,108,616	1,108,616	1,015,457

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

	2019-20 Actual	2020-21 Budget	2020-21 Est Actual	2021-22 Budget req
CAPITALIZED EXPENDITURES				
Vehicles, Rolling Stock & Equipment	499,489	456,000	465,016	58,000
Building, Yard & Paving Improvements	10,298	72,500	20,000	170,000
Capital Improvements Water	269,781	1,525,000	1,292,645	1,260,000
Capital Improvements Sewer	456,617	220,000	165,000	275,000
Engineering & Studies	24,840	133,750	10,000	100,000
TOTAL CAPITAL EXPENDITURES	1,261,025	2,407,250	1,952,661	1,863,000
City of Eureka Projects:				
CoE WWTP CIP	908,825	1,030,095	1,030,095	1,336,000
CoE MS	1,501	-	2,000	-
TOTAL City of Eureka Projects	910,326	1,030,095	1,032,095	1,336,000
BUDGET SURPLUS (DEFICIT)	1,619,761	1,145	678,159	22,067

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

	2019-20 Actual	2020-21 Budget	2020-21 Est Actual	2021-22 Budget req
OPERATING REVENUE & EXPENSES				
TOTAL OPERATING REVENUE	11,252,356	11,483,547	11,228,000	11,465,000
TOTAL OPERATING EXPENSES	(7,150,005)	(7,694,041)	(7,341,818)	(7,994,676)
NET SURPLUS/(DEFICIT) FROM OPERATIONS	<u>4,102,350</u>	<u>3,789,506</u>	<u>3,886,182</u>	<u>3,470,324</u>
NON-OPERATING REVENUE & EXPENSES				
TOTAL NON-OPERATING REVENUE	798,462	757,600	885,350	766,200
TOTAL LONG TERM DEBT SERVICE	(1,109,700)	(1,108,616)	(1,108,616)	(1,015,457)
SURPLUS/(DEFICIT) BEFORE CAPITAL EXPENDITURES	<u>3,791,112</u>	<u>3,438,490</u>	<u>3,662,916</u>	<u>3,221,067</u>
HCSD CAPITAL IMPROVEMENT EXPENDITURES	(1,261,025)	(2,407,250)	(1,952,661)	(1,863,000)
CITY of EUREKA PROJECT REIMBURSEMENT	(910,326)	(1,030,095)	(1,032,095)	(1,336,000)
BUDGET SURPLUS (DEFICIT)	<u>1,619,761</u>	<u>1,145</u>	<u>678,159</u>	<u>22,067</u>

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

	2019-20 Actual	2020-21 Budget	2020-21 Est Actual	2021-22 Budget req
OPERATING REVENUE				
Metered Water Sales	5,096,727	5,078,311	5,200,000	5,200,000
Water Pass Through	-	236,395	220,000	-
Water Construction Fees	35,700	20,000	30,000	20,000
Account Fees	85,065	85,500	79,800	79,800
Inspection Fees	1,434	2,150	-	-
Reimbursable Maintenance Fees	154	800	800	800
Miscellaneous	7,421	5,000	1,000	1,000
TOTAL OPERATING REVENUE	5,226,501	5,428,156	5,531,600	5,301,600
NON-OPERATING REVENUE				
Water Capital Connection Fees	94,395	80,000	135,000	90,000
Interest/General	15,785	23,547	23,547	32,966
Discounts Earned	1,191	1,280	1,209	1,280
Sales:Fixed Assets/Scrap Metal	49	42,918	29,885	8,844
Bad Debt Recovery	2,269	1,254	3,991	5,700
FW/MR Assessment	134,671	140,000	140,000	140,000
Other Non-Operating Revenue	2,418	-	2,200	2,200
TOTAL NON-OPERATING REVENUE	250,778	288,999	335,832	280,990
TOTAL DISTRICT REVENUE	5,477,279	5,717,155	5,867,432	5,582,590
OPERATING EXPENSES				
Wages Direct	632,023	705,000	658,000	709,700
Wages & Benefits: Allocated	587,194	571,490	557,260	594,160
Benefits: PERS	92,981	162,000	154,800	165,600
Group Ins	304,189	350,300	356,500	375,100
Workers Comp Ins	6,248	19,440	10,800	12,420
FICA/Medicare	47,866	56,400	49,903	54,990
Misc Benefits	-	-	-	-
Total Wages and Benefits	1,670,501	1,864,630	1,787,263	1,911,970
Less: wages & ben charged to Capital Proj.	(29,018)	(119,732)	(114,929)	(122,840)
Total Operating Wages and benefits	1,641,483	1,744,898	1,672,334	1,789,130
Water Purchase HBMWD	1,039,901	1,086,800	1,075,000	1,075,000
Water Purchase Eureka	641,025	673,920	765,000	810,000
Water Analysis	8,986	5,000	4,000	15,000
Supplies/ Construction	103,036	125,800	88,800	99,160
Supplies/Office-Administration	7,582	4,800	4,800	5,700
Supplies/ Engineering	602	1,425	456	1,425
Supplies/ Maintenance	54,642	50,000	50,000	48,750
Temporary Labor	1,824	11,288	-	11,544

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

	2019-20 Actual	2020-21 Budget	2020-21 Est Actual	2021-22 Budget req
Repairs & Maintenance/Trucks	31,428	33,600	30,800	30,800
Equipment Rental	6,577	5,920	12,580	3,700
Building & Grounds Maintenance	294	1,440	1,440	1,920
Electrical Power	157,848	159,500	159,500	162,690
Telephone	3,420	4,560	4,480	6,080
Postage	137	1,290	1,290	1,290
Freight	101	912	228	285
Chemicals	8,842	12,000	10,000	12,000
Engineering	7,512	5,850	390	390
Other Professional Services	3,885	3,600	3,600	7,600
Transportation	29,904	37,620	28,500	34,200
Office Equip. Maintenance	1,068	3,375	2,250	2,100
Computer Software Maintenance	15,682	17,280	16,020	21,600
Memberships & Subscriptions	1,346	1,272	1,080	1,338
Bad Debts & Minimum Balance Writeoff	27,545	6,840	6,840	114,000
Conference & Continuing Ed	2,145	5,950	525	7,000
Certifications	524	1,620	450	1,620
State/County & LAFCO Fees and Charges	25,233	13,600	15,980	17,000
Hydraulic Water Model Maintenance	276	5,000	6,000	6,000
Human Resources	-	9,477	3,120	7,800
Miscellaneous	168	2,640	660	1,980
General & Admin Expense Allocation	195,653	216,130	174,758	214,581
TOTAL OPERATING EXPENSES	4,018,669	4,253,407	4,140,881	4,511,683
LONG TERM DEBT PAYMENTS				
Safe Drinking Water Bond	177,429	177,429	177,429	177,429
2012 CIP & Refi.	117,300	115,560	115,560	49,500
Davis-Grunsky Loan	6,055	6,051	6,051	5,912
VacCon Truck Loan	60,256	60,256	60,256	-
Debt Service: Allocated	-	-	-	-
TOTAL LONG TERM DEBT PAYMENTS	361,040	359,296	359,296	232,841
CAPITALIZED EXPENDITURES				
Vehicles/Rolling Stock/Capital Equipment	216,648	-	1,471	-
Building & Yard Improvements	-	-	-	-
Capital Improvements Water	269,781	1,525,000	1,292,645	1,260,000
Engineering & Studies	-	-	-	-
General Fund Allocation	180,769	207,195	20,464	186,960
TOTAL CAPITAL EXPENDITURES	667,198	1,732,195	1,314,581	1,446,960
BUDGET SURPLUS (DEFICIT)	430,371	(627,743)	52,674	(608,894)

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

	2019-20 Actual	2020-21 Budget	2020-21 Est Actual	2021-22 Budget req
OPERATING REVENUE				
Sewer Service Charges	4,864,074	4,952,219	4,820,000	5,015,000
Sewer Service Charges - Pass Through	1,085,457	1,018,622	800,000	1,075,000
Sewer Construction Fees	7,922	12,000	15,000	12,000
Account Fees	64,172	64,500	60,200	60,200
Inspection Fees	466	2,850	-	-
Reimbursable Maintenance Fees	1,937	200	200	200
Miscellaneous	1,826	5,000	1,000	1,000
TOTAL OPERATING REVENUE	6,025,855	6,055,391	5,696,400	6,163,400
NON-OPERATING REVENUE				
Sewer Capital Connection Fees	92,440	78,000	110,000	90,000
Interest/General	3,421	6,453	6,453	9,034
Discounts Earned	898	720	791	720
Sales:Fixed Assets/Scrap Metal	37	32,482	40,815	6,856
Bad Debt Recovery	1,712	946	3,009	4,300
Other Non-Operating Revenue	4,257	-	4,300	4,300
TOTAL NON-OPERATING REVENUE	102,765	118,601	165,368	115,210
TOTAL DISTRICT REVENUE	6,128,620	6,173,992	5,861,768	6,278,610
OPERATING EXPENSES				
Wages Direct	424,221	435,000	406,000	437,900
Wages & Benefits: Allocated	587,194	571,490	557,260	594,160
Benefits: PERS	60,066	103,500	98,900	105,800
Group Ins	208,684	214,700	218,500	229,900
Workers Comp Ins	8,588	11,880	6,600	7,590
FICA/Medicare	32,733	36,000	31,853	35,100
Misc Benefits	-	-	-	-
Total Wages and Benefits	1,321,486	1,372,570	1,319,113	1,410,450
Less: wages & ben charged to Capital Proj.	(45,850)	(42,068)	(40,380)	(43,160)
Total Operating Wages and benefits	1,275,636	1,330,502	1,278,733	1,367,290
Sewage Treatment: Operating & Maint.	1,325,787	1,529,995	1,434,300	1,465,000
Sewer Analysis	-	5,000	4,000	5,000
Supplies/ Construction	37,172	44,200	31,200	34,840
Supplies/ Office-Administration	5,720	4,800	4,800	5,700
Supplies/ Engineering	454	1,075	344	1,075
Supplies/ Maintenance	33,954	50,000	50,000	48,750
Temporary Labor	1,376	5,912	-	4,056
Repairs & Maintenance/Trucks	23,709	26,400	24,200	24,200
Equipment Rental	4,428	2,080	4,420	1,300

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

	2019-20 Actual	2020-21 Budget	2020-21 Est Actual	2021-22 Budget req
Building & Grounds Maintenance	171	1,200	1,200	1,600
Electrical Power	47,332	69,600	69,600	70,992
Telephone	2,580	2,280	2,240	3,040
Postage	103	960	960	960
Freight	76	688	172	215
Legal	12,091	-	-	-
Engineering	-	1,500	100	100
Other Professional Services	2,885	3,600	3,600	7,600
Transportation	22,559	28,380	21,500	25,800
Office Equip. Maintenance	806	2,475	1,650	1,540
Computer Software Maintenance	9,394	12,960	12,015	16,200
Memberships & Subscriptions	1,016	848	720	892
Bad Debts & Minimum Balance Writeoff	30,252	5,160	5,160	86,000
Conference & Continuing Ed	591	7,480	660	8,800
Certifications	40	1,242	345	1,242
State/County & LAFCO Fees and Charges	5,286	7,200	8,460	9,000
Human Resources	-	7,047	2,320	5,800
Miscellaneous	30,146	1,920	480	1,440
General & Admin Expense Allocation	195,653	216,130	174,758	214,581
TOTAL OPERATING EXPENSES	3,069,217	3,370,634	3,137,937	3,413,013
LONG TERM DEBT PAYMENTS				
2014 Wastewater Revenue Bonds	483,175	485,575	485,575	487,575
2012 CIP & Refi.	245,400	243,660	243,660	177,600
VacCon Truck Loan(2014)	20,085	20,085	20,085	-
VacCon Truck Loan(2021)	-	-	-	117,441
Debt Service: Allocated	-	-	-	-
TOTAL LONG TERM DEBT PAYMENTS	748,660	749,320	749,320	782,616
CAPITALIZED EXPENDITURES				
Vehicles/Rolling Stock/Capital Equipment	-	260,000	452,643	-
Building, Yard& Paving Improvements	-	-	-	-
Capital Improvements Sewer	456,617	220,000	165,000	275,000
Engineering & Studies	840	38,750	5,000	-
General Fund Allocation	136,370	156,305	15,438	141,040
TOTAL CAPITAL EXPENDITURES	593,827	675,055	638,081	416,040
City of Eureka Projects:				
CoE WWTP CIP	908,825	1,030,095	1,030,095	1,336,000
CoE MS	1,501	-	2,000	-

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

	2019-20 Actual	2020-21 Budget	2020-21 Est Actual	2021-22 Budget req
TOTAL OTHER	910,326	1,030,095	1,032,095	1,336,000
BUDGET SURPLUS (DEFICIT)	806,590	348,888	304,335	330,941

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

	2019-20 Actual	2020-21 Budget	2020-21 Est Actual	2021-22 Budget req
OPERATING REVENUE				
Interest (will be allocated to w/s @ y/e)	41,364	-	-	-
Miscellaneous	-	-	-	-
TOTAL OPERATING REVENUE	41,364	-	-	-
NON-OPERATING REVENUE				
Property Taxes	390,709	350,000	350,000	350,000
Insurance Rebate	12,846	-	34,150	20,000
Other Non-Operating Revenue	-	-	-	-
TOTAL NON-OPERATING REVENUE	403,555	350,000	384,150	370,000
TOTAL DISTRICT REVENUE	444,919	350,000	384,150	370,000
OPERATING EXPENSES				
Wages Direct	280,965	360,000	336,000	362,400
Benefits: PERS	298,910	184,500	176,300	188,600
Group Ins	667,015	565,000	575,000	605,000
Workers Comp Ins	4,387	4,680	2,600	2,990
FICA/Medicare	21,753	27,600	24,420	26,910
Misc Benefits	610	1,200	200	600
Total Wages and Benefits	1,273,639	1,142,980	1,114,520	1,186,500
Less: wages & ben charged to Capital Proj.	(99,251)	-	-	-
Less: Allocated to Water and Sewer Funds	(1,174,388)	(1,142,980)	(1,114,520)	(1,188,320)
Total Unallocated Wages and Benefits	0	-	-	(1,820)
Supplies/ Construction	-	-	-	-
Supplies/ Administration	3,252	6,400	6,400	7,600
Supplies/ Engineering	61	-	-	-
Supplies/ Maintenance	21	-	-	-
Invoicing	52,538	52,476	52,476	52,476
Temporary Labor	-	10,000	-	10,000
Repairs & Maintenance/Trucks	-	-	-	-
Equipment Rental	-	-	-	-
Building & Grounds Maintenance	24,558	21,360	21,360	28,480
Electrical Power	57,144	60,900	60,900	62,118
Street Lights	62,119	70,000	63,000	65,000
Telephone	6,418	7,410	7,280	9,880
Postage	6	750	750	750
Freight	-	-	-	-
Liability Insurance	62,224	65,000	55,000	65,000
Legal Services	10,129	30,000	7,000	30,000
Accounting	13,160	16,000	13,000	15,000

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

	2019-20 Actual	2020-21 Budget	2020-21 Est Actual	2021-22 Budget req
Engineering	10,970	7,650	510	510
Other Professional Services	11,200	10,800	10,800	22,800
Bank Service Charges	39,626	42,000	42,000	35,000
Transportation	-	-	-	-
Office Equip. Maintenance	11,636	16,650	11,100	10,360
Computer Software Maintenance	5,281	5,760	5,340	7,200
Memberships & Subscriptions	14,447	19,080	16,200	20,070
Bad Debts & Minimum Balance Writeoff	-	-	-	-
Conference & Continuing Ed	1,046	3,570	315	4,200
Certifications	320	2,538	705	2,538
State/County & LAFCO Fees and Charges	20,233	19,200	22,560	24,000
Elections Expense	-	3,500	-	-
Human Resources	31,987	7,776	2,560	6,400
Miscellaneous	3,049	7,440	1,860	5,580
Director's Fees	12,000	16,000	11,400	16,000
General & Admin Expense Allocation	(391,306)	(432,260)	(349,516)	(434,142)
TOTAL OPERATING EXPENSES	62,119	70,000	63,000	65,000
 CAPITALIZED EXPENDITURES				
Vehicles/Rolling Stock/Capital Equipment	282,841	196,000	10,902	58,000
Building, Yard & Paving Improvements	10,298	72,500	20,000	170,000
Engineering & Studies	24,000	95,000	5,000	100,000
Less: Allocated to Water & Sewer Funds	(317,139)	(363,500)	(35,902)	(328,000)
TOTAL CAPITAL EXPENDITURES	-	-	-	-
BUDGET SURPLUS (DEFICIT)	382,800	280,000	321,150	305,000

