



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

**AGENDA**

**DATE: Tuesday, November 12, 2024**

**TIME: 5:00 p.m.**

**LOCATION: 5055 Walnut Drive, Eureka, CA**

*The HCSD Boardroom is open to the public during open session segment(s) of the meeting. This meeting will also be held by Zoom video/teleconference, per Government Code Section 54953(b). If a member of the public cannot attend in person and would like to speak on an agenda item including Public Participation, please join through the Zoom website (<https://zoom.us>) by entering Meeting ID 867 4479 5850 and Passcode 197244. Access may also be achieved via telephone only by dialing 1-669-900-9128.*

**A. ROLL CALL**

Directors Benzonelli, Gardiner, Hansen, Matteoli, Ryan

**B. PLEDGE OF ALLEGIANCE**

**C. CONSENT CALENDAR**

1. Approval of November 12, 2024 Agenda *Pgs. 1-2*
2. Approval of Minutes of the Regular Meeting of October 22, 2024 *Pgs. 3-7*

**D. REPORTS**

1. General Manager
  - a) District Update *Pgs. 9-10*
2. Finance Department
  - a) October 2024 Check Register *Pgs. 11-22*
3. Engineering
  - a) Update *Pgs. 23*
4. Planning
  - a) Update *Pgs. 25*
5. Legal Counsel

6. Director Reports

7. Other

**E. PUBLIC PARTICIPATION**

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

**F. NEW BUSINESS**

1. Presentation: ACWA JPIA Update; Adrienne Beatty ACWA JPIA Chief Executive Officer *Pgs. 27*
2. Consideration of Accepting Fiscal Year 2021/2022 Draft Basic Financial Statements and Management Report *Pgs. 29-80*
3. Consideration of Cancelling the Regular Meetings of November 26, and December 24, 2024 *Pgs. 81*

**G. OLD BUSINESS**

1. Consideration of Adopting Ordinance No 2024-02 Adopting Chapter Section 2.01.090 Exhaustion of Administrative Remedies for Challenges to Fees, Charges, and Assessments on Real Property; Second Reading and Public Hearing *Pgs. 83-90*

**H. CLOSED SESSION**

1. Pursuant to Government Code Section 54954.5(e) PUBLIC EMPLOYEE PERFORMANCE EVALUATION – General Manager

**I. ADJOURNMENT**

Next Res: 2024-10

Next Ord: 2024-03

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Robert Christensen at (707) 443-4558, ext. 210 or by email at [asm@humboldtcsd.org](mailto:asm@humboldtcsd.org). 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 Humboldt Community Services District Board of Directors met in Regular Session at 5:01 p.m. on Tuesday, October 22, 2024, at 5055 Walnut Drive, Eureka, California with public participation available via Zoom tele/video conference.

**A. CALL TO ORDER AND ROLL CALL**

Present upon roll call were Directors Benzonelli, Hansen, Gardiner, Matteoli and Ryan. Staff in attendance: General Manager Williams (GM), Finance Manager Montag (FM), Assistant Engineer Rawal (AE), and Utility Services Planner McNeill (USP)

**B. PLEDGE OF ALLEGIANCE**

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

**C. CONSENT CALENDAR**

1. Approval of October 22, 2024 Agenda
2. Approval of Minutes of the Regular Meeting of October 8, 2024

DIRECTOR MATTEOLI MOVED, SECONDED BY DIRECTOR HANSEN TO ACCEPT AND APPROVE THE OCTOBER 22, 2024 CONSENT CALENDAR. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

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

**D. REPORTS**

1. General Manager
  - a) District Update

GM reported that October 17th was the 10<sup>th</sup> annual *Imagine a Day Without Water*. ACWA and Marin Water will be hosting a water infrastructure tour on October 30<sup>th</sup>. The Association of California Water Agencies (ACWA) Membership Conference and Expo will be December 3-5, and a membership business meeting of ACWA will occur at the conference on December 4<sup>th</sup>. The ACWA JPIA CEO, Adrienne Beatty, will present to the HCSD Board of Directors at the November 12<sup>th</sup> meeting on the state of the JPIA risk pool.

MINUTES OF THE REGULAR MEETING  
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2. Finance Department

a) September 2024 Budget Statement

FM reviewed the Budget Statement and noted the District had large expenses in temporary labor due to currently vacant utility worker positions. The District has begun to receive bank service charges, in an amount \$1,306.09 in September, due to a reduction in balance held with the District's bank. The District's transfer of balances to CA CLASS JPA offsets the banks service charges through additional gains in interest earned. In the first quarter of FY 2024/25 the District earned \$109,991.

Director Gardiner requested a report on the service fee charged by the District's bank and suggested the District meet with local credit unions and banks to compare banking services.

3. Engineering

a) Update

AE Reported that the District completed the Roth Court rehabilitation and pump replacement project. The Brier Lane Tank rehabilitation project was completed in October 2023 and the District coordinated the one-year warranty evaluation and inspection of the tank. The inspection of the tank revealed necessary repairs to the tank that will be completed by the construction contractor.

4. Planning

a) Update

USP reported that the EPA Lead and Cooper Rule revision required the District to develop a service line inventory. Through the use of maps, historical records, and physical inspections the District was able to submit an inventory database to the US EPA by the October 16, 2024 deadline. The District will be sending out letters by November 14<sup>th</sup>, to ratepayers who's service line material was not identified due to District staff not having time to make the physical inspections yet. The District's goal is that by March of 2025 all outstanding private lines will be inspected and their material identified and inventoried. Results of PFAS testing have been provided to the District, showing that no PFAS chemicals were detected in District wells.

**E. PUBLIC PARTICIPATION**

None.

**F. NEW BUSINESS**

1. Consideration of Adopting Ordinance No 2024-02 Adopting Chapter Section 2.01.090 Exhaustion of Administrative Remedies for Challenges to Fees, Charges, and Assessments on Real Property; First Reading and Public Hearing

GM reported that Assembly Bill (AB) 2257 was recently signed into law and protects water agencies and local governments from exposure to risk by requiring a potential litigant to exhaust all administrative remedies prior to initiating litigation against an agency in regards to set fees, charges and assessments of real property. AB 2257 was supported by ACWA and the California Special District Association (CSDA). Ordinance 2024-02 codify an administrative process for challenges to fee, charges and assessments on real property.

Director Benzonelli opened the Public Hearing at 5:37 p.m.

Director Matteoli stated that adopting the ordinance may reduce the burden on rate payers by limiting legal costs to the District. Director Benzonelli noted that AB 2257 reinforces the public process and would require challenges to the adjustments of rates to be made during the Prop 218 rate setting process.

There was no Public Comment.

Director Benzonelli closed the Public Hearing at 5:47 p.m.

IT WAS THEN MOVED BY DIRECTOR RYAN, SECONDED BY DIRECTOR HANSEN, TO INTRODUCE, WAIVE READING AND PLACE ON AGENDA FOR ADOPTION ORDINANCE 2024-02 ADOPTING CHAPTER SECTION 2.01.090 EXHAUSTION OF ADMINISTRATIVE REMEDIES FOR CHALLENGES TO FEES, CHARGES, AND ASSESSMENTS ON REAL. MOTION CARRIES UPON THE FOLLOWING ROLL CALL VOTE:

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

**D. REPORTS (continued)**

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5. Legal Counsel

No report.

6. Director Reports

Director Gardiner reported that the Garberville Sanitation District (GSD), the County of Humboldt and local businesses in Garberville have settled a lawsuit after the litigant miss-stepped because of some broken pavement that was alleged to be the result of a backfilled trench where water infrastructure repairs had previously been conducted by GSD and was not properly maintained or marked as hazardous.

Director Benzonelli reported that she attended an executive committee meeting of the Redwood Region Economic Development Commission and multiple loans were approved for projects.

**F. NEW BUSINESS (continued)**

2. Consideration of Bid Results and Award of Contract for the Rehabilitation of the Donna Drive Water Storage Tank Project.

AE reported that on October 1, 2024 the District conducted a public bid opening for the Donna Drive Tank Rehabilitation project. Four bids were submitted and Viking Industrial was identified as the apparent lowest bidder at \$894,000. Viking's qualifications were analyzed by district staff and Harper and Associates Engineering. The original budget for the project was \$770,000, with \$420,000 scheduled for fiscal year (FY) 2024/25 and \$350,000 scheduled for FY 2025/26. Upon consultation with the FM, the District will be able to accommodate the additional project expense in FY 2025/26.

The Board discussed the bid. GM noted that the \$770,000 budget was determined based on the cost of the Brier Lane Tank Rehabilitation Project. The base bid provided by Viking Industrial was \$662,800 and was comparable to the cost of the Brier Lane Project. The Donna Drive tank is located adjacent to residences and additional costs were included in the additive bid items for costs associated with containment during the tanks refurbishing.

IT WAS THEN MOVED BY DIRECTOR RYAN, SECONDED BY DIRECTOR HANSEN, TO APPROVE THE BID RESULTS AND AWARD THE CONTRACT FOR THE REHABILITATION OF THE DONNA DRIVE WATER STORAGE TANK PROJECT TO VIKING INDUSTRIAL. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, HANSEN, GARDINER, MATTEOLI, RYAN

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NOES: NONE

**G. CLOSED BUSINESS**

AT 6:08 IT WAS THEN MOVED BY DIRECTOR HANSEN, SECONDED BY DIRECTOR MATTEOLI, TO MOVE INTO CLOSED SESSION. MOTION CARRIED UPON THE FOLLOWING ROLL VOTE:

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

*Director Gardiner left the meeting during closed session at 7:46 p.m.*

1. Pursuant to Government Code Section 54954.5(e) PUBLIC EMPLOYEE PERFORMANCE EVALUATION – General Manager

The Board returned to open session at 8:06 p.m. wherein President Benzonelli reported that the Board took no action.

**H. ADJOURNMENT**

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

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

THE BOARD ADJOURNED ITS REGULAR MEETING OF OCTOBER 22, 2024 AT 8:0P.M.

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Submitted, Board Secretary

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# 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: November 8, 2024  
SUBJECT: General Manager Report for November 12, 2024 Board Meeting

### Election Results

November 5, 2024, marks the 60<sup>th</sup> presidential election in the United States; with a race for the 47<sup>th</sup> US president. The election also includes another, less publicized race. Four people are vying for three seats on the Humboldt Community Services District Board of Directors. The final election night results are tallied below. It appears that the incumbents have been re-elected to their posts. In years past, the ballots are not fully accounted for until about three weeks after the election so please realize that these numbers don't necessarily indicate who will be serving for the next four years.

HUMBOLDT COMMUNITY SERVICES DISTRICT DIRECTOR - Vote for No More than Three							
Choice	Party	Vote Center		Vote by Mail		Total	
Michael Hansen		452	22.38%	2,015	27.06%	2,467	26.06%
Joe Matteoli		603	29.85%	2,111	28.35%	2,714	28.67%
Heidi Benzonelli		478	23.66%	2,107	28.30%	2,585	27.31%
Alan Bongio		487	24.11%	1,213	16.29%	1,700	17.96%
	Cast Votes:	2,020	100.00%	7,446	100.00%	9,466	100.00%
	Undervotes:	2,092		3,733		5,825	
	Overvotes:	1		1		2	
	Unqualified write-ins:	0		0		0	
	Unresolved write-ins:	0		0		0	

### Main Break and Website Alert

On Friday, November 1, 2024, a District watermain in the Humboldt Hill area near the intersection of Burns Drive and London Drive failed at about 12:30 pm. A section of asbestos cement pipe failed catastrophically causing water to rush down the street. When the problem occurred, several rate payers and passersby called into the District office to report the problem. Field staff responded immediately and isolated the failed section of watermain

stopping the water loss. Additionally, as soon as the reports started coming in via phone, District staff initiated an alert on the District's website. As soon as the alert was placed on the website, phone calls about the leak stopped. By 2:30 pm, District staff had repaired the failed section of watermain and were working to restore the road and clean up the mess. A second alert was placed on the website indicating that the problem was resolved and that cleanup effort was expected to continue until 4pm.

# Accounts Payable

## Checks by Date - Detail by Check Date

User: FM  
 Printed: 11/6/2024 2:16 PM

Humboldt Community Services District  
 5055 Walnut Drive – Eureka CA 95503  
 PO Box 158 – Cutten CA 95534 (707) 443-4558

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
57511	UB*02208	JIM / SANDI BLACK ROCK REAL ESTA	10/10/2024	
		Refund Check		5.76
		Refund Check		29.25
		Refund Check		44.11
		Refund Check		3.01
		Refund Check		34.13
Total for Check Number 57511:				116.26
57512	UB*02207	CITY OF EUREKA	10/10/2024	
		Refund Check		23.52
Total for Check Number 57512:				23.52
57513	UB*02209	KEN/ELINOR DRAKE	10/10/2024	
		Refund Check		12.60
		Refund Check		37.52
		Refund Check		56.57
		Refund Check		43.78
Total for Check Number 57513:				150.47
57514	A110 2025	ACWA 2025 Annual Membership Dues	10/10/2024	
Total for Check Number 57514:				20,595.00
57515	A160	ACWA-JPIA	10/10/2024	
	0703895	aMedical Plan - Employees Coverage Period 10/		51,300.02
	0703895	bDental Plan - Employees Coverage Period 10/1-		1,408.28
	0703895	cVision Plan - Employees Coverage Period 10/1-		359.49
	0703895	dLife/AD&D Plan - Employees Coverage Period		342.52
	0703895	eMedical Plan - Board Members Coverage Perio		10,745.23
	0703895	fDental Plan - Board Members Coverage Period		342.64
	0703895	gVision Plan - Board Members Coverage Period		62.52
	0703895	hLife/AD&D Plan -Board Members Coverage Pt		27.47
	0703895	iMedical Plan -Retired Members Coverage Perio		27,038.49
	0703895	jDental Plan - Retired Members Coverage Perio		1,406.48
	0703895	kVision Plan - Retired Members Coverage Perio		390.75
	0703895	lCOBRA - Medical Coverage Period 10/1-31/24		2,830.89
	0703895	mCOBRA - Dental Coverage Period 10/1-31/24		98.92
	0703895	nCOBRA - Vision Coverage Period 10/1-31/24		31.26
	0703895	EAP Plan - Employees Coverage Period 10/1-31.		49.60
	0703895	EAP Plan -Board Members Coverage Period 10/		12.40
	0704165	aMedical Plan - Employees Coverage Period 11.		49,969.28
	0704165	bDental Plan - Employees Coverage Period 11/1-		1,374.56
	0704165	cVision Plan - Employees Coverage Period 11/1-		343.86
	0704165	dLife/AD&D Plan - Employees Coverage Period		333.17
	0704165	eMedical Plan - Board Members Coverage Perio		10,745.23
	0704165	fDental Plan - Board Members Coverage Period		342.64

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
	0704165	gVision Plan - Board Members Coverage Period		62.52
	0704165	hLife/AD&D Plan -Board Members Coverage P		27.47
	0704165	iMedical Plan -Retired Members Coverage Perio		27,038.49
	0704165	jDental Plan - Retired Members Coverage Perioc		1,406.48
	0704165	kVision Plan - Retired Members Coverage Perio		390.75
	0704165	ICOBRA - Medical Coverage Period 11/1-30/24		2,830.89
	0704165	mCOBRA - Dental Coverage Period 11/1-30/24		98.92
	0704165	nCOBRA - Vision Coverage Period 11/1-30/24		31.26
	0704165	EAP Plan - Employees Coverage Period 11/1-30.		52.08
	0704165	EAP Plan -Board Members Coverage Period 11/		12.40
Total for Check Number 57515:				191,506.96
57516	A360 446428	AFLAC Supplemental Health Premium - September 2024	10/10/2024	118.74
Total for Check Number 57516:				118.74
57517	A790	Automation Direct	10/10/2024	
	16988084	Spruce Point Well Line Reactor		482.72
	16992338	Electrical circuit breakers,terminals,door switche		316.79
	16992338	Electrical circuit breakers,terminals,door switche		316.78
	16992338	Electrical circuit breakers,terminals,door switche		316.79
	16992632	Electrical circuit breakers,terminals,door switche		1,165.58
	16992632	Electrical circuit breakers,terminals,door switche		1,160.20
	16992632	Electrical circuit breakers,terminals,door switche		1,187.14
	16992632	Electrical circuit breakers,terminals,door switche		1,378.92
	16992632	Electrical circuit breakers,terminals,door switche		1,367.07
	16992632	Electrical circuit breakers,terminals,door switche		1,466.21
	16992632	Electrical circuit breakers,terminals,door switche		1,232.39
	16992632	Electrical circuit breakers,terminals,door switche		1,084.77
	16992632	Electrical circuit breakers,terminals,door switche		1,084.77
	16992632	Electrical circuit breakers,terminals,door switche		1,311.05
	16992632	Electrical circuit breakers,terminals,door switche		2,104.09
	16992632	Electrical circuit breakers,terminals,door switche		1,128.41
	16992632	Electrical circuit breakers,terminals,door switche		1,140.80
	16992632	Electrical circuit breakers,terminals,door switche		1,135.42
	16992632	Electrical circuit breakers,terminals,door switche		1,130.03
	16992632	Electrical circuit breakers,terminals,door switche		1,130.03
	16992632	Electrical circuit breakers,terminals,door switche		1,150.50
	16992632	Electrical circuit breakers,terminals,door switche		1,325.06
	16992632	Electrical circuit breakers,terminals,door switche		1,325.06
	16992632	Electrical circuit breakers,terminals,door switche		1,128.95
	16992632	Electrical circuit breakers,terminals,door switche		1,295.69
	16992632	Electrical circuit breakers,terminals,door switche		1,323.98
	16992632	Electrical circuit breakers,terminals,door switche		1,325.06
	16992632	Electrical circuit breakers,terminals,door switche		1,302.43
	16992632	Electrical circuit breakers,terminals,door switche		1,336.91
	16992632	Electrical circuit breakers,terminals,door switche		1,336.91
	16992632	Electrical circuit breakers,terminals,door switche		1,236.70
	16992632	Electrical circuit breakers,terminals,door switche		1,466.21
	16993929	Electrical circuit breakers,terminals,door switche		162.70
	16993929	Electrical circuit breakers,terminals,door switche		162.70
	16993929	Electrical circuit breakers,terminals,door switche		162.70
	16993929	Electrical circuit breakers,terminals,door switche		162.70
	16993929	Electrical circuit breakers,terminals,door switche		162.71
	16993929	Electrical circuit breakers,terminals,door switche		162.71
Total for Check Number 57517:				38,169.64

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
57518	B296 930570	Brandon Balke Enrollment WTP01 Course	10/10/2024	100.00
Total for Check Number 57518:				100.00
57519	C180 6009447471 6009447471 6009447471	Canon Solutions America Inc. Office/Color Copies WXD03492- 1922 UseTaxRecoveryFee/OfficeCopier Office/Black Copies WXD03492- 1049	10/10/2024	160.01 6.73 13.58
Total for Check Number 57519:				180.32
57520	D910 252652	Don's Rent-All Inc New Jackhammer Bit	10/10/2024	131.09
Total for Check Number 57520:				131.09
57521	E485 09302024 09302024 09302024 09302024 168406/3 168418/3 168459/3 168580/3 168718/3 168879/3 168923/3 168958/3 169158/3 169223/3 169286/3 169301/3 169379/3 169463/3	Cooney Parris and Rieke Corp Discount Earned September Discount Earned September Discount Earned September Discount Earned September Weed & Grass Killer Hardware Screws/ Poly Rope September Roller 4"x1/2" / Roller Frame Rod Round HotRLD/ Rod CR STL/ Rod HR ST Bolt Eye w Nuts/ Round Base Magnet 2x6x8 Lumber/ LOC Stakes Hardware Screws/ File Set/ Red Grnt HMR Bit 2x4 Lumber Adapt Blade to 4 Flat DIAB Recip Various/ MLW Recip 12"/ Met Cutt Lawn Insect Killer Concentrate 32oz Hardware Screws Roundup WD GRS Killer	10/10/2024	-0.46 -2.03 -3.55 -12.65 96.96 33.52 35.09 15.70 20.66 21.31 112.79 45.28 7.46 19.38 89.59 16.15 8.84 107.73
Total for Check Number 57521:				611.77
57522	E650 97723 98012	Eureka Ready Mix Class 2 Base Class 2 Base	10/10/2024	435.04 870.08
Total for Check Number 57522:				1,305.12
57523	E890 31383877	Express Employment Professionals Temporary Personnel - Maintenance PPE 09/29/	10/10/2024	3,608.80
Total for Check Number 57523:				3,608.80
57524	G150 INV000044899 INV000044899	Gaynor Telesystems Inc. Software Assurance 10/26/24 - 12/31/25 Support Plan Billing 10/26/24 - 10/25/25	10/10/2024	370.00 1,353.29
Total for Check Number 57524:				1,723.29
57525	G310 380-0058724	GHD Inc. Hoover St. Lift Station Flood Protection Project	10/10/2024	2,909.89
Total for Check Number 57525:				2,909.89
57526	H010	Keenan Supply	10/10/2024	

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
	09302024	Discount Earned September 2024		-131.23
	S013960851.001	Romac Macro 8 8.60-9.75 2 Bold Wide Range C		1,257.62
	S013984752.001	Concrete Traffic Valve Box/Water CI Lid		710.85
	S014006413.001	PVC BOE Plastic Pipe		61.05
	S014012832.001	PVC BOE Plastic Pipe		30.53
	S014013146.001	Gasket BOE Plastic Pipe Various		2,729.01
	S014025158.001	PEP Mac-Pakxfip/PEP Mac-Pakxmip/IPS SS Ins		1,729.89
	S014028727.001	MipXPep Mac-Pak Brass Ball Corp Stop Lead F		611.73
			Total for Check Number 57526:	6,999.45
57527	H210	Hensell Materials	10/10/2024	
	657617	Parking Bumpers/Bumper Pins		174.80
	657671	#4 Grade 40 Rebar/2" Dobbies/Tie Wire		90.90
			Total for Check Number 57527:	265.70
57528	H410	Humboldt Bay Municipal Water D	10/10/2024	
	22050000	PF-2 Reconciliation Credit from FY 2023-2024		-179.55
	22050000	Water Purchased - September 2024		97,747.46
			Total for Check Number 57528:	97,567.91
57529	I300	Independent Business Forms Inc	10/10/2024	
	43371	Engineering Pads		113.61
			Total for Check Number 57529:	113.61
57530	J937	Michael Jones	10/10/2024	
	169	Claim Payment RE: 9/3/24 Windshield		1,600.71
			Total for Check Number 57530:	1,600.71
57531	L200	Les Schwab Tire Center of Calif Inc.	10/10/2024	
	60900812297	Flat Repair/ PR-120 Radial Repair		58.28
			Total for Check Number 57531:	58.28
57532	M230	Mendes Supply Co	10/10/2024	
	M269898	PSCQcarbacticide 30gal/DrumDep		470.72
	M269899	PSCQcarbacticide 30gal/DrumDep		472.61
	M269928	Credit/Drum deposit		-240.00
			Total for Check Number 57532:	703.33
57533	M350	Mid-City Motor World	10/10/2024	
	5214719	Unit # 19 Repair/Brakes		232.09
			Total for Check Number 57533:	232.09
57534	M450	Mission Linen	10/10/2024	
	522309977	Uniforms/Mats		236.96
	522347944	Uniforms/Mats		399.86
	522394497	Uniforms/Mats		234.93
	522437998	Uniforms/Mats		401.21
			Total for Check Number 57534:	1,272.96
57535	M560	The Mitchell Law Firm LLP	10/10/2024	
	5402	Legal Services - September 2024		640.00
			Total for Check Number 57535:	640.00

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
57536	M780 026742	Municipal Maintenance Equipmen Unit #18 vac repair.	10/10/2024	780.90
Total for Check Number 57536:				780.90
57537	N560 095395	Norman Wright Truesdale Pump	10/10/2024	15,516.00
Total for Check Number 57537:				15,516.00
57538	O460 0924-29 0924-30	OConner & Company Progress Billing Through September 2024 Progress Billing Through September 2024	10/10/2024	4,431.25 3,895.00
Total for Check Number 57538:				8,326.25
57539	P190 221977 222083 222328 222328	Pacific Paper Co HP Bright White Inkjet Bond Paper 8x11 Paper/ 11x17 Paper/ Bic Pens RC Office Chair KR Office Chair	10/10/2024	262.17 138.15 746.43 645.42
Total for Check Number 57539:				1,792.17
57540	P430 09302024 09302024 09302024 09302024 214227 214352 214443 214491 214501 214510 214585 215293 215298 215726 217121 218098 218105 219456	Pierson Building Center Discount Earned September Discount Earned September Discount Earned September Discount Earned September Pencil/Paint Pens/Bulk Fasteners/Hose Adptr/Br Masking Tape Various Milw 3/8x12 Extension/ Milw 10pc Hole Dozer Flashlight/Deep Socket/Crescent Deep Socket 2x4x12 Pressure Treated Fir Asst Hardware/Painters Tape/ Washes/Utility Kn Assorted Hardware/ Utility Knife 2x4x8 Lumber/ 3/8x20ft Rebar Sika Anchor Fix 1 D-Hand Poly Grain Scoop No Parking Arrow x5 Adapter/ Compact Utilty Knife/Diagonal Plier X-Treme Trimmer Line Installer Bit/ Hole Dozer Various/ 18in Extensio	10/10/2024	-7.54 -2.97 -32.90 -0.94 122.28 18.97 151.84 87.36 87.92 101.05 19.87 13.78 54.60 24.02 76.42 60.04 13.10 59.93
Total for Check Number 57540:				846.83
57541	P550 1026023514 1026023514 1026023514	Pitney Bowes Inc Qtrly Rent Base C Series Qtrly Rent Base C Series Equipment Service Agreement	10/10/2024	84.36 40.91 11.20
Total for Check Number 57541:				136.47
57542	P785 4169A 4191A	Powell Landscape Materials 2138 Burns Concrete Repair Landscaping material for 2138 Burns Dr	10/10/2024	266.57 40.97
Total for Check Number 57542:				307.54
57543	R250 32846032	Recology Humboldt County Garbage Service - September	10/10/2024	612.65

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
			Total for Check Number 57543:	612.65
57544	T007 INV103817	TargetSolutions Learning, LLC DOT ELDT Training 24/25 JDD NA	10/10/2024	20.00
			Total for Check Number 57544:	20.00
57545	T285 5479 5480	Thomas R. Bess Hot aspalht mix for Hum Hill Rd & Bret Harte R Hot aspalht mix for Hum Hill Rd & Bret Harte R	10/10/2024	482.72 608.79
			Total for Check Number 57545:	1,091.51
57546	T510 423462-09302	Times-Standard 6 Publication of Donna Drive Bid Solicit	10/10/2024	1,144.56
			Total for Check Number 57546:	1,144.56
57547	U410	United Way of Humboldt PR Batch 00001.10.2024 UNITED WAY PR Batch 00001.10.2024 UNITED WAY PR Batch 00001.10.2024 UNITED WAY	10/10/2024 PR Batch 00001.10.2024 UNI PR Batch 00001.10.2024 UNI PR Batch 00001.10.2024 UNI	1.28 2.50 0.22
			Total for Check Number 57547:	4.00
57548	V700 INV 24-824973A INV 24-828967 INV 24-833243	Valley Pacific Petroleum Services Inc Fuel for South Broadway Generator Fuel Fuel	10/10/2024	1,260.85 2,772.11 2,600.96
			Total for Check Number 57548:	6,633.92
57549	W208 1066	Watt's Cleaning Services Office cleaning September	10/10/2024	1,960.00
			Total for Check Number 57549:	1,960.00
57550	W570 375732 376568	Western Chain Saw 36 GBE Diamond Abrasive Chain Chain/ Round File	10/10/2024	403.78 46.97
			Total for Check Number 57550:	450.75
57551	W700 HCD-246026	Whitchurch Engineering Inc. Dr. Office Lane Sewer Rehab Design Task Order	10/10/2024	1,156.25
			Total for Check Number 57551:	1,156.25
			Total for 10/10/2024:	411,484.71
57552	C036 240113442500001 240113442550000 241157242619000 241164142677446 241374642690013 242042942590017 242049426000000 242316842711013 244309942530832	Corporate Payment Systems TW/ Amazon - GM and AE Cell Phone Case MT/Spartan Tools - Service Line Pulling Cable TW/ ACWA - Region 1 Tour Registration DT/ Full Source - Hard Hats WP/ Tractor Supply - Unit 18 Repair/Hoses. MM/DRI Crash Plan MM/Microsoft DT/ Harbor Freight - Shop Tool Box MM/Microsoft	10/16/2024	60.26 356.30 85.00 280.37 133.40 29.97 100.00 325.49 30.00

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
	244450042580008	DT/Walgreens - Office Temp. Gun		45.24
	244450042765004	DT/Imperial Supplies - Fuel Tank Gauges		181.02
	246921642631058	MM/Amazon - WiFi Access points (2)		280.12
	247333442690290	TW/Cherry Blossom Bakery - Cupcakes for Dist		120.00
	248019742711011	DT/ Humboldt Fasteners - Hard Hat		34.09
	249064142572090	TW - American Society of Civil Engineers 2025		326.00
	249430142640101	MT/Home Depot - Office Siding		53.88
	249430142650101	MT/Home Depot - Office Siding		338.81
	744813142625000	DT/ Astra Cases - On-Call phone case		66.48
			Total for Check Number 57552:	2,846.43
57553	C410 092024 092024	City of Eureka: SW Humboldt Hill 21% General 79%	10/16/2024	35,380.80 133,099.20
			Total for Check Number 57553:	168,480.00
57554	C430 09302024	City of Eureka: WA Water Purchased - September 2024	10/16/2024	60,968.00
			Total for Check Number 57554:	60,968.00
57555	C450 INV06675	City of Eureka: Water Test Microbiological Testing - September 2024	10/16/2024	425.00
			Total for Check Number 57555:	425.00
57556	C495 62328	Colantuono, Highsmith, Whatley, PC Special Legal Services Services through 09/30/2	10/16/2024	350.00
			Total for Check Number 57556:	350.00
57557	D050 1220	Dan Collings Tree Service Cypress Tree Removal September 2024	10/16/2024	7,000.00
			Total for Check Number 57557:	7,000.00
57558	E558 417582 418115 420077 420425 421189	NAPA Auto Parts of Eureka 2.5 Blue Def Unit #19 Oil Filters 46P DP SKT/Trailer Wire/2.5 Blue Def Wiper Blades Unit #18 2.5 Blue Def	10/16/2024	37.12 78.59 56.01 163.74 55.68
			Total for Check Number 57558:	391.14
57559	E890 31406411	Express Employment Professionals Temporary Personnel - Maintenance PPE 10/6/2	10/16/2024	4,111.95
			Total for Check Number 57559:	4,111.95
57560	H045 ENG-8576 ENG-8662 ENG-8734	Harper and Associates Engineering Inc. Harper Invoice ENG-8576 for Coating,Painting, Harper Invoice ENG-8662 for Coating,Painting, Harper Invoice ENG-8734 for Bidding Assistan	10/16/2024	2,800.00 14,200.00 5,200.00
			Total for Check Number 57560:	22,200.00
57561	H810 1000010155 1000010285	Humboldt Waste Management Auth Sewer well debris dry pit yearly clean out Soild Waste - Self Haul	10/16/2024	2,943.88 23.09

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
	1000010435	Solid Waste - Self Haul/ Treated Wood Waste		122.42
			Total for Check Number 57561:	3,089.39
57562	I525 272208	Infosend UB/Process and Mail/Bills - September 2024	10/16/2024	4,973.51
			Total for Check Number 57562:	4,973.51
57563	J800 188337	Johnson's Mobile Rentals LLC Temp fencing Ridgewood Tank	10/16/2024	297.39
			Total for Check Number 57563:	297.39
57564	N050 2024-133082	North Coast Journal Legal Notice Ordinance 2024-01 Publish Date 1	10/16/2024	216.00
			Total for Check Number 57564:	216.00
57565	P785 4236A	Powell Landscape Materials concrete for lentell slabs	10/16/2024	355.61
			Total for Check Number 57565:	355.61
57566	U601 2710738	US Bank DebtService 2014 WasteRevBond	10/16/2024	125,787.51
			Total for Check Number 57566:	125,787.51
57567	U730 INV00494316 INV00503345 INV00510836 INV00510836	USA Bluebook Hoover SLS Rehab Flow Meters, Gate Valves, & Lead Free Brass Gate Valve 2in NPT Spruce Point Well Rehab Flow Meter Hoover SLS Rehab Flow Meters, Gate Valves, &	10/16/2024	4,297.07 226.12 5,258.95 16,541.99
			Total for Check Number 57567:	26,324.13
57568	W872 10162024	Terrence Williams Reimbursement - Office Halloween Candy	10/16/2024	18.98
			Total for Check Number 57568:	18.98
			Total for 10/16/2024:	427,835.04
57569	UB*02210	KEN/KERRY MC CAULEY Refund Check Refund Check Refund Check	10/31/2024	20.86 14.60 26.98
			Total for Check Number 57569:	62.44
57570	UB*02211	SUTTER HEALTH Refund Check Refund Check Refund Check Refund Check	10/31/2024	30.72 101.26 182.58 188.40
			Total for Check Number 57570:	502.96
57571	UB*02212	BRIAN/VALERIE VIALE/RICHARDS Refund Check	10/31/2024	36.36

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
		Refund Check		8.06
		Refund Check		13.17
		Refund Check		6.92
		Refund Check		10.44
			Total for Check Number 57571:	74.95
57572	UB*02213	RENTOR-TC	10/31/2024	
		Refund Check		4.15
		Refund Check		6.54
		Refund Check		19.72
		Refund Check		15.26
			Total for Check Number 57572:	45.67
57573	UB*02214	SUZIE GRANDFIELD	10/31/2024	
		Refund Check		15.57
		Refund Check		34.54
		Refund Check		5.64
		Refund Check		14.81
		Refund Check		44.64
			Total for Check Number 57573:	115.20
57574	A360 782877	AFLAC Supplemental Health Premium - October 2024	10/31/2024	
				118.74
			Total for Check Number 57574:	118.74
57575	E890 31448712 31477375	Express Employment Professionals Temporary Personnel - Maintenance PPE 10/13/ Temporary Personnel - Maintenance PPE 10/20/	10/31/2024	
				3,886.40
				3,044.93
			Total for Check Number 57575:	6,931.33
57576	F049 CAEUR134357 CAEUR134518 CAEUR134518 CAEUR134606 CAEUR134606 CAEUR134815 CAEUR134815	Fastenal Company AAA Batteries/ XL OR Disposable Gloves XL SG-375 PF Gloves/ XL OR Disposable Glov Ear Plugs/ Electric Tape/ 11"x9.4" Towel 55ct XL Lime Vest/ 12oz WD-40/ Power Tape Chrm 9V Battery AAA Batteries/ AA Batteries G9 SlvrM HC Safety Glasses	10/31/2024	
				81.25
				152.67
				39.28
				83.65
				6.62
				11.41
				23.17
			Total for Check Number 57576:	398.05
57577	F050 CAEUR134260 CAEUR134519 CAEUR134613	Fastenal Industrial Razor-Back LHRP OB Centerpull White Paper Towels Tropical Breeze Air Freshener/ White Multifold	10/31/2024	
				82.96
				59.98
				184.53
			Total for Check Number 57577:	327.47
57578	I401 IN51459 IN51784 IN51784 IN51784 IN51784 IN51784 IN51784 IN51784 IN51784	Industrial Electric Arcata Inc misc. electrical parts for solars pnl and chargers Relays for float control bypass RTU Relays for float control bypass RTU	10/31/2024	
				45.13
				89.11
				89.11
				89.11
				89.11
				89.11
				89.11
				89.11

Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.12
	IN51784	Relays for float control bypass RTU		89.12
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51784	Relays for float control bypass RTU		89.11
	IN51862	Panels and controls batterys charger everthing to		622.74
	IN51862	Panels and controls batterys charger everthing to		622.74
	IN51862	Panels and controls batterys charger everthing to		622.74
	IN51862	Panels and controls batterys charger everthing to		622.73
	IN51862	Panels and controls batterys charger everthing to		622.73
	IN51862	Panels and controls batterys charger everthing to		622.73
	IN51862	Panels and controls batterys charger everthing to		622.74
	IN51863	Panels and controls batterys charger everthing to		2,363.06
	IN51863	Panels and controls batterys charger everthing to		904.81
	IN51863	Panels and controls batterys charger everthing to		2,363.06
	IN51863	Panels and controls batterys charger everthing to		2,365.06
	IN51863	Panels and controls batterys charger everthing to		2,365.06
	IN51863	Panels and controls batterys charger everthing to		2,365.06
	IN51863	Panels and controls batterys charger everthing to		2,367.40
	IN51863	Panels and controls batterys charger everthing to		2,367.40
	IN51873	Panels and controls batterys charger everthing to		868.71
	IN51873	Panels and controls batterys charger everthing to		868.71
	IN51873	Panels and controls batterys charger everthing to		868.71
	IN51873	Panels and controls batterys charger everthing to		868.70
	IN51873	Panels and controls batterys charger everthing to		868.70
	IN51873	Panels and controls batterys charger everthing to		868.70
	IN51873	Panels and controls batterys charger everthing to		868.71
	IN51924	Panels and controls batterys charger everthing to		159.68
	IN51924	Panels and controls batterys charger everthing to		75.21
	IN51924	Panels and controls batterys charger everthing to		159.68
	IN51924	Panels and controls batterys charger everthing to		159.68
	IN51924	Panels and controls batterys charger everthing to		159.68
	IN51924	Panels and controls batterys charger everthing to		159.67
	IN51924	Panels and controls batterys charger everthing to		159.67
	IN51980	Panels and controls batterys charger everthing to		299.36
	IN51980	Panels and controls batterys charger everthing to		299.36
	IN51980	Panels and controls batterys charger everthing to		299.36
	IN51980	Panels and controls batterys charger everthing to		299.36
	IN51980	Panels and controls batterys charger everthing to		299.36
	IN51980	Panels and controls batterys charger everthing to		299.36
	IN51980	Panels and controls batterys charger everthing to		299.35

Total for Check Number 57578: 33,640.58



Check No	Vendor No Invoice No	Vendor Name Description	Check Date Reference	Check Amount
	2408226-03	474 RTU		2,986.83
	2408226-03	474 RTU		2,986.83
	2408226-03	474 RTU		2,986.83
	2408226-03	474 RTU		2,986.83
	2408226-03	474 RTU		2,986.83
Total for Check Number 57585:				83,631.24
57586	S750 11012024	Standard Insurance Company Short&Long Term Employee Disability Period: 1	10/31/2024	1,653.19
Total for Check Number 57586:				1,653.19
57587	S850 11152024	Optimum Internet: 10/24/24 - 11/23/2024	10/31/2024	565.96
Total for Check Number 57587:				565.96
57588	S908 27103	SWRCB-DWOCP DWOCP D4 Cert - Renewal/MT	10/31/2024	140.00
Total for Check Number 57588:				140.00
57589	U410	United Way of Humboldt PR Batch 00002.10.2024 UNITED WAY PR Batch 00002.10.2024 UNITED WAY PR Batch 00002.10.2024 UNITED WAY	10/31/2024 PR Batch 00002.10.2024 UNI PR Batch 00002.10.2024 UNI PR Batch 00002.10.2024 UNI	1.55 0.36 2.09
Total for Check Number 57589:				4.00
57590	V500 9976892157	Verizon Wireless Cellular Service - October 2024	10/31/2024	414.43
Total for Check Number 57590:				414.43
57591	W730 124356	Wienhoff Drug Testing Inc Excessive Collection Fee/BB Accurate Drug Tes	10/31/2024	5.00
Total for Check Number 57591:				5.00
Total for 10/31/2024:				166,588.46
Report Total (81 checks):				1,005,908.21

# Humboldt Community Services District

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

## ENGINEERING MEMORANDUM

**To:** Board of Directors  
**From:** Kush Rawal, Assistant Engineer  
**Date:** November 8, 2024  
**Subject:** Assistant Engineer Progress Report for November 12, 2024 Board Meeting

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### Monthly Maintenance Report

During the Month of October, the Operations and Maintenance Department completed 7,530 feet (1.4 miles) of trouble spot main cleaning also cleaning 112 feet of trouble spot sewer laterals. In addition to cleaning, District forces filmed 102 feet of sewer laterals. Furthermore, during the month of October, District forces mowed and performed preventative maintenance on 12 District water booster and sewer lift stations.

### District Infrastructure Improvements Report

Recently, the Ridgewood truck radio repeater was replaced as part of the scheduled 24/25 Capital Improvement Plan. The previous truck radio repeater failed and required replacement because the technology was outdated. The newly installed truck radio repeater system will allow the District to communicate through the localized radio system in District vehicles during regular operations and emergency situations when power-outages disrupt cell service. The radio repeater system installed at Ridgewood is equipped with a back up battery and connected to a small solar array to ensure the radio repeater maintains functionality during events when power is not available.

Since the last Board Meeting, District forces have completed the installation of the second pump and motor at the Pine Hill Sewer Lift Station. The Pine Hill Sewer Lift Station is one of the Districts highest flowing sewer lift stations serving the entire local Pine Hill area and is located near the confluence of Martin Slough and Swain Slough. The original 40-HP Gorman Rupp Dry Well Sewer Pumps were installed in the 1980's serving well beyond their useful life and were beginning to deteriorate to a level that replacement was necessary. The District replaced one of the pumps last year and changed the second pump recently installing new 40-HP Gorman Rupp Pumps with more efficient motors than the previously installed systems.

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# Humboldt Community Services District

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

## MEMORANDUM

TO: Board of Directors  
FROM: Brian McNeill, Utility Services Planner  
DATE: November 8, 2024  
SUBJECT: Utility Services Planner Report for November 12, 2024 Board Meeting

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A meter serving the PG&E power generation facility in King Salmon was vandalized. At the beginning of October, a District technician was unable to read PG&E's 6-inch "smart" water meter at the power plant. The meter was installed in July of 2010 and was one of the first "smart meters" the District installed. Staff went out to investigate the situation, and discovered that a wire had been pulled out of the electronic radio transmitter (ERT). Upon further investigation, staff found that the register had been twisted off of the meter base, and the wires had been pulled out of the meter. The digital register is now completely dead with no old read value available.

PG&E was contacted, in case there had been an emergency which may have required them to access the meter vault and to make them aware of the situation. PG&E confirmed that they had not been in the vault. The meter location is on the side of the road in King Salmon, and this appears to have been an act of vandalism. PG&E requested that District staff meet them on-site, so that they could document the vandalism that occurred. After meeting with staff, PG&E is making a report of the vandalism to the Federal agency that governs them.

A replacement meter has been ordered and staff is looking into options for a lockable and tamper proof lid to prevent unauthorized access in the future.

The State of California requires periodic source water testing for radiation contamination. Samples were recently collected from the District's Spruce Point Well for gross alpha testing. A gross alpha water test measures the amount of radiation in drinking water from naturally occurring radioactive elements like radium, uranium, and radon. Gross alpha radiation is odorless, tasteless, and colorless, so testing is the only way to detect it. Results from this testing came back well below any actionable level and consistent with naturally occurring background radiation levels in the soil. No further action is required and the levels detected are not considered a health concern.

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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:** November 12, 2024

**AGENDA ITEM:** F.1

**TITLE:** Presentation: ACWA JPIA Update, Adrienne Beatty ACWA JPIA Chief Executive Officer

**PRESENTED BY:** Terrence Williams, General Manager

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### **Recommendation:**

Receive presentation from Adrienne Beatty, ACWA JPIA Chief Executive Officer.

### **Summary:**

Humboldt Community Services District is one of 401 California water agencies that are members of the Association of California Water Agencies-Joint Pool Insurance Authority (ACWA JPIA).

The District participates in JPIA's General Liability, Property and Employee Benefits and Workers' Compensation program and Cyber Insurance programs. The presentation will review JPIA's current programs and their performance.

Ms. Beatty began her career with ACWA JPIA in November 2021 and became the Chief Executive Officer in October 2023. She brings over 17 years in risk pooling expertise to her position.

### **Fiscal Impact:**

Unknown

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# **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:** November 12, 2024

**AGENDA ITEM:** **F.2**

**TITLE:** Consideration of FY 2021-22 Draft Basic Financial Statements and Management Report.

**Presented by:** Michael Montag, District Finance Manager

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### **Recommendation:**

Receive and approve the Draft Basic Financial Statements and auditors reports for the fiscal year ending June 30, 2022.

### **Summary:**

The accounting firm of Michael O'Connor, 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, 2022.

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

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

The auditor, Michael O'Connor CPA, has reviewed and verified that the Financial Statements for the fiscal year ended June 30, 2022 are free from material misstatements, that District financial personnel have followed proper accounting principles, and that the financial statements have been presented in accordance with generally accepted accounting principles.

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

The Auditor's Management Report purpose is to present observations and recommendations related to internal controls on transactions. The following observations were noted in the Management report:

- The auditor recommended formalizing a capitalization policy for Leases and IT subscription liabilities. The District has implemented capitalization of the applicable lease (Lease/purchase agreement of the Vac-Con Truck). The District does not have any IT subscription agreements that meet the threshold for such capitalization. Staff will be working to update the District's capitalization policy to bring to the Board at a future meeting.
- The auditor recommended reconciling the District's equity accounts according to the Audited financial statements. This recommendation has been implemented and will be implemented going forward.
- The auditor recommended that the District perform a physical count of supply and material inventory. Such count was not completed for the Fiscal years ending 2022 or 2023, but is currently being implemented and will be completed for future audits.
- The auditor recommended that the monthly bank reconciliations be reviewed and approved by the General manager. Such review is now being implemented each month.

The Audit Committee met on October 23<sup>rd</sup> 2024 to review the Draft Basic Financial Statements and auditors reports. During this meeting, two items were identified requiring further investigation:

- A question was posed regarding the "Compensated Absences" listed on page 6 of the Draft Audit, with a portion under Current liabilities and another amount under long-term liabilities. Upon inquiry with the Auditor, staff received information that the amount listed under current liabilities are accrued compensated absence time that is expected to be paid during employees' employment with the District, while the amount listed under long-term liabilities is the amount expected to be paid upon employee retirements.
- A question was posed regarding the "Salaries and Benefits" amount by system located on pages 33 and 34, which showed a negative amount for this line under the Humboldt Hill Sewer System. Upon inquiry with the Auditor, it was discovered that a reconciliation entry for OPEB (other post-employment benefits) was fully attributed to the Humboldt Hill system, when in actuality it should have been split proportionally between the Original System and the Humboldt Hill system. A similar issue was also found affecting the same entry for the Water system. An adjustment was made properly splitting this entry among the appropriate systems, and an updated Draft Audit report was prepared and sent by the Auditor.

The Audit Committee reconvened on November 5<sup>th</sup> 2024 to review the revised Draft Financial Statement and the responses from the Auditor. The adjustments and explanations were accepted and approved by the Audit Committee, with the recommendation that the Draft Basic Financial Statements and auditor's reports be presented to the full Board of Directors for final review and approval.

**Fiscal Impact:**

None.

**DRAFT**

**10/28/2024**

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

**HUMBOLDT COMMUNITY SERVICES  
DISTRICT**

**EUREKA, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Humboldt Community Services District  
Eureka, California

### Opinions

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

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

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

Required Supplementary Information

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

O'Connor & Company

Novato, California

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT

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

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

NET POSITION

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

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

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

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

Table 1  
Business-type Net Position

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

REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

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

Revenue

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

Expenses

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

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

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

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

Table 2  
Changes in Net Position

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Table 3  
Capital Assets at Year End

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

Capital Assets

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

Long-Term Debt

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

ASSETS

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

DEFERRED OUTFLOWS

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

LIABILITIES AND NET POSITION

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

DEFERRED INFLOWS

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

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

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Financial Statements

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position

Deposits and Investments

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

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

Receivables and Property Taxes

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

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

Inventories and Prepaid Items

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

Restricted Cash Equivalents and Investments

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

Capital Assets

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

<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, 2022 was \$238,086. The District accounts for other post-employment benefits (OPEB), using actuarial information and by accruing as a liability the difference each year between the District's annual required contribution (ARC) and actual contributions made to the Plan for retiree medical benefits.

Limited Risk Pooled Self-Insurance

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

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

Deferred Outflows and Inflows of Resources

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

Pensions

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

Net Position

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

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

Net Position Flow Assumption

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

Long-term Obligations

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

Estimates

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

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

NOTE 2 - DETAILED NOTES

A. Cash Equivalents and Investments

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

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

Custodial Credit Risk - Deposits:

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

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

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

Fair Value Hierarchy

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

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

NOTE 2 - DETAILED NOTES (continued)

B. Capital Assets

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

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

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

NOTE 2 - DETAILED NOTES (continued)

C. Long-Term Debt

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

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

2012 Loans & Installment Sale Agreements

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

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

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

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

NOTE 2 - DETAILED NOTES (continued)

C. Long-Term Debt (continued)

State Water Loan - Safe Drinking Water

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

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

Future debt service on the State Water Loan is:

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

State Loan - Davis Grunsky

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

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

2014 Wastewater Revenue Bonds

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

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

NOTE 2 - DETAILED NOTES (concluded)

C. Long-Term Debt (concluded)

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

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

VacCon Loan

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

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

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

NOTE 3 - OTHER INFORMATION

A. Risk Management

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

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

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

B. Contingencies and Commitments

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

C. Retirement System

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

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

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

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

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

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

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

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

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

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

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

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

	<u>Miscellaneous</u>
Contributions - employer	\$389,637

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

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 2,067,298

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

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

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

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

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

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

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

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

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

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

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

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

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

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

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

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

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

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

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

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

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

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (continued)

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

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

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

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

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

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

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

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

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

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

NOTE 3 - OTHER INFORMATION (continued)

C. Retirement System (concluded)

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

D. Wastewater Contract with the City of Eureka

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

E. Segment Information

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

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

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

F. Other Post-Employment Benefits (OPEB)

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

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

NOTE 3 - OTHER INFORMATION (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

- a) The long-term expected rate of return on OPEB plan investments - to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher— to the extent that the conditions in (a) are not met.

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

NOTE 3 - OTHER INFORMATION (continued)

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

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

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

The components of the net OPEB liability were as follows:

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

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

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

**Plan Fiduciary Net Position**

Contributions – employer <sup>1</sup>	\$ 285,013
Net investment income	-
Benefit payments, including refunds of employee contributions <sup>1</sup>	(285,013)
Implicit rate subsidy fulfilled	-
Administrative expense	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>-</u>
<b>Plan Fiduciary Net Position – July 1, 2020 (c)</b>	<u>-</u>
<b>Plan Fiduciary Net Position – June 30, 2021 (d)</b>	<u>\$ -</u>

<b>Total OPEB Liability – July 1, 2020 (c) – (a)</b>	<u>\$ 11,428,776</u>
<b>Total OPEB Liability – June 30, 2021 (d) – (b)</b>	<u>\$ 12,663,091</u>

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

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

NOTE 3 - OTHER INFORMATION (concluded)

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

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

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

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

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

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

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

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

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

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

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

NOTE 4 - SUBSEQUENT EVENTS

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

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

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

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

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

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

Notes to Schedule:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General and administrative expenses were allocated to the following departments:

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

Salaries and benefits breakdown:

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

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**9/17/2024**

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, 2022**

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Board of Directors  
Humboldt Community Services District  
Eureka, California

In planning and performing our audit of the financial statements of the business-type activities and the major fund of Humboldt Community Services District as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Humboldt Community Services District's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humboldt Community Services District's internal control. Accordingly, we do not express an opinion on the effectiveness of Humboldt Community Services District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

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

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

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

O'Connor & Company

Novato, California

Board of Directors  
Humboldt Community Services District  
Eureka, California

We have audited the financial statements of the business-type activities and the major fund of Humboldt Community Services District for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 10, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Humboldt Community Services District are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2022.

The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 87 – Leases

**Unusual Transactions, Controversial or Emerging Areas**

We noted no transactions entered by Humboldt Community Services District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 and post-employment health benefits actuarial valuations.
- Fair value of investments and financial instruments.

We identified the following significant risk(s) of material misstatement as part of our audit planning: management override of controls, improper revenue recognition, and unallowable and fraudulent expenses. Our audit did not identify any material misstatements.

**Disclosures**

The financial statement disclosures are neutral, consistent, and clear.

**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 potential audit adjustments identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There were 5 material audit adjustments identified and corrected by management during the audit.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether 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 our audit.

**Management Representations**

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

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, like 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 of our retention.

**Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis 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.

**Restriction on Use**

This report is intended solely for the information and use of management and the Board of Directors of Humboldt Community Services District and others within the organization, 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, 2022

**Current Year Observations**

1) Lease and IT Subscription Arrangements Capitalization Policy

Observation:

Humboldt Community Services District (the District) implemented Governmental Accounting Standards Board Statement No. 87, *Leases*, which became effective for the year ended June 30, 2022, and had immaterial effects on the financial statements. The new standards (GASB 87 & 96) require leases and IT subscription arrangements to be capitalized as intangible assets. In compliance with the new accounting statement the District should consider formalizing a capitalization policy for leases similar to their capitalization policy for capital assets.

Recommendation:

We recommend the District consider formalizing a capitalization policy for lease and subscription liabilities and the right to use assets over \$40,000.

2) Reconciliation of Net Position

Observation:

During our audit we identified the District's equity accounts were not reconciled to the prior years audited financial statements. The equity accounts were reconciled during the audit.

Recommendation:

We recommend the District reconcile their equity accounts to the prior year's audited financial statements each year. All balance sheet accounts should be analyzed and reconciled to supporting documentation each month.

3) Materials Inventory

Observation:

During our audit we identified the District did not perform a physical inventory of materials on June 30, 2022.

Recommendation:

We recommend the District consider performing a physical inventory at year end and possibly on a periodic basis. The results of the physical inventory should be reconciled with the perpetual inventory records. Any material discrepancies should be investigated.

**Prior Year Observations**

1) Approval of Bank Statements and Related Reconciliations

Observation:

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

Humboldt Community Services District  
BOARD OF DIRECTORS & MANAGEMENT REPORT  
For the Year Ended June 30, 2022

Recommendation:

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

Recommendation:

This recommendation has not been implemented.

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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:** November 12, 2024

**AGENDA ITEM:** F.3

**TITLE:** Consideration of Canceling the Regular Meetings of November 26, 2024 and December 24, 2024

**PRESENTED BY:** Terrence Williams, General Manager

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### **Recommendation:**

Discuss and determine the necessity of convening for the November 26 and December 24, 2024, regular meetings of the Board of Directors. To cancel the meetings, a motion followed by a roll call vote requested.

### **Summary:**

The District will be closed on Thursday, November 28, and November 29 for the Thanksgiving holiday. The board's next regular meeting is scheduled for Tuesday, November 26. No pressing new or old business is anticipated for the Tuesday, November 26 meeting. Historically, the Board has canceled the meeting that coincides with the Thanksgiving holiday. Please provide direction to staff regarding the November 26 meeting.

The Board of Directors has also traditionally canceled the second meeting in December due to the proximity to the Christmas and New Year holidays. I recommend canceling the December 24, 2024 regular meeting.

If a pressing need arises, The Board President may call a special meeting for that purpose.

### **Fiscal Impact:**

None.

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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:** November 12, 2024

**AGENDA ITEM:** G.1

**TITLE:** Consideration of Adopting Ordinance 2024-02 Adopting Chapter Section 2.01.090 Exhaustion of Administrative Remedies for Challenges to Fees, Charges, and Assessments on Real Property; Second Reading and Public Hearing

**PRESENTED BY:** Terrence Williams, General Manager

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### Recommendation:

Open a public hearing for the second reading of Ordinance 2024-02 Adopting Chapter Section 2.01.090. Make a motion to “waive reading and adopt Ordinance 2024-02 Adopting Chapter Section 2.01.090 Exhaustion of Administrative Remedies for Challenges to Fees, Charges, and Assessments on Real Property.” Hear public comments, close public hearing, and take a roll call vote.

### Summary:

At the October 22, 2024, Board meeting, the Board held the first public hearing, with a unanimous roll call vote to proceed with a second hearing and adopt Ordinance 2024-02.

A proposed ordinance requires two public hearings a minimum of five days apart, a published summary of the ordinance in a newspaper of general circulation a minimum of five days in advance of the second hearing, and a certified copy of the full text of the proposed ordinance at the District’s office at least five days in advance of the second hearing.

The District has met all the statutory requirements for adopting the ordinance. If the Board of Directors adopts Ordinance 2024-02 at this meeting the District will publish a summary of the ordinance in a newspaper of general circulation. The ordinance shall become effective 30 days from the date of final adoption.

Ordinance 2024-02 would require potential litigants to go through all available administrative steps before challenging any fees, charges, or assessments imposed by the District under California's Constitution through a lawsuit. This includes challenges to

how fees are calculated and applied. If someone wants to take legal action about a new, increased, or extended fee, charge, or assessment, they must first submit a written objection, during the public comment period for the rate setting proceedings. The Board of Directors will review these objections and the District will respond in writing, explaining whether the fee, charge, or assessment will be changed or kept as is. This change is now allowed under California Assembly Bill 2257, which gives local governments more flexibility in handling challenges to fees and assessments.

**Fiscal Impact:**

Unknown.

**ORDINANCE NO. 2024-02**

**AN ORDINANCE OF  
THE HUMBOLDT COMMUNITY SERVICES DISTRICT  
ADOPTING CHAPTER SECTION 2.01.090 TO ARTICLE 2 OF THE HUMBOLDT  
COMMUNITY SERVICES DISTRICT CODE ADOPTING AN ADMINISTRATIVE  
REMEDIES PROCEDURE FOR CHALLENGES TO FEES, CHARGES, AND  
ASSESSMENT**

**WHEREAS**, the Humboldt Community Services District (District) provides water and sewer services to the residents of the District; and

**WHEREAS**, pursuant to section 61060 of the Government Code, the Board of Directors of the District has the authority to adopt by ordinance rules and regulations for the administration and operation of water and sewer services provided by the District; and

**WHEREAS**, on September 25, 2024 Assembly Bill (AB) 2257 *Local government: property-related water and sewer fees and assessments: remedies* was chaptered into law which would prohibit, if a local agency complies with specified procedures, a person or entity from bringing a judicial action or proceeding alleging noncompliance with the constitutional provisions for any new, increased, or extended fee or assessment, as defined, unless that person or entity has timely submitted to the local agency a written objection to that fee or assessment that specifies the grounds for alleging noncompliance, as specified; and

**WHEREAS**, the Board of Directors has considered the staff report, supporting documents, public comment, and all appropriate information that has been submitted with this Ordinance; and

**WHEREAS**, all legal prerequisites to the adoption of the Ordinance have occurred.

**NOW THEREFORE, the Board of Directors of the Humboldt Community Services District ordains as follows.**

**Section 1. Recitals.** The above recitals are each incorporated by reference and adopted as findings by the Board of Directors.

**Section 2. Code Amendment.** Chapter 2.01.090 of the District Code is hereby adopted in its entirety as set forth in **Exhibit A** attached hereto and incorporated herein by the reference. Following approval of this Ordinance, without modifying the substance, the Board Secretary shall cause the Code amendments to be consistent in form and style with Article 2 of the District Code.

**Section 3. Limited Repeal.** Any provision of the District Code or appendices thereto that are inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to effect the provisions of this Ordinance.

**Section 4. CEQA.** The ordinance is exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3), in that it can be seen with certainty that there is no possibility that this Ordinance will have a significant adverse effect on the environment.

**Section 5. Severability.** If a section, subsection, sentence, clause, or phrase of this Ordinance is held to be unconstitutional, or contrary to the general or special laws of the United States or the State of California, the invalidity of such section, subsection, sentence, clause, or phrase shall not affect the remaining portions of this Ordinance.

**Section 6. Further Action.** The Board of Directors of the District is hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance.

**Section 7. Effective Date.** This Ordinance shall take effect and be in force thirty (30) days from the date of its passage, and before the expiration of fifteen (15) days of its passage, it or a summary of it, shall be published once, with the names of the members of District Board of Directors voting for and against the same in a newspaper of general circulation published in the County of Humboldt.

**INTRODUCED and FIRST READING CONDUCTED** at a regular meeting of the Board of Directors of the Humboldt Community Services District, on this 22nd day of October 2024 by the following vote:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN  
NAYS:  
ABSENT:  
ABSTAIN:

APPROVED:

  
Heidi Benzonelli, President  
Board of Directors

ATTEST:

  
Robert Christensen, Board Secretary

**SECOND READING CONDUCTED, PASSED, and ADOPTED** at a regular meeting of the Board of Directors of the Humboldt Community Services District, on this \_\_\_\_ day of \_\_\_\_\_, 2024 by the following vote:

AYES:  
NAYS:  
ABSENT:  
ABSTAIN:

APPROVED:

\_\_\_\_\_  
Heidi Benzonelli, President  
Board of Directors

ATTEST:

\_\_\_\_\_  
Robert Christensen, Board Secretary

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## **Chapter 2.01.090 Exhaustion of Administrative Remedies for Challenges to Fees, Charges, and Assessments on Real Property**

2.01.090.1 Scope. The duty to exhaust administrative remedies imposed by this chapter extends to:

1. Any fee or charge subject to article XIII C or XIII D of the California Constitution
2. Any assessment on real property levied by the District, and
3. The methodology used to develop and levy such a fee, charge, or assessment.

2.01.090.2 Definitions. For the purpose of this chapter, the following terms, phrases, words; and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory.

- A. "Hearing" as used in this section means the hearing referenced in paragraph D of subsection 2.01.090.6 in this chapter

2.01.090.3 Duty to Exhaust Issues. No person may bring a judicial action or proceeding alleging noncompliance with the California Constitution or other applicable law for any new, increased, or extended fee, charge, or assessment levied by the District unless that person submitted to the Board Secretary a timely, written objection to that fee, charge, or assessment specifying the grounds for alleging noncompliance. The issues raised in any such action or proceeding shall be limited to those raised in such an objection unless a court finds the issue could not have been raised in such an objection by those exercising reasonable diligence.

2.01.090.4 Procedures. The District shall:

- A. Make available to the public any proposed fee, charge, or assessment to which this section is to apply no less than 45 days before the deadline for a ratepayer or assessed property owner to submit an objection pursuant to paragraph 4 of this subsection D.
- B. Post on its internet website a written basis for the fee, charge, or assessment, such as a cost of service analysis or an engineer's report, and include a link to the internet website in the written notice of the Hearing, including, but not limited to, a notice pursuant to subdivision (c) of Section 4 or paragraph (1) of subdivision (a) of Section 6 of Article XIII D of the California Constitution.
- C. Mail the written basis described in paragraph 2 of this subsection D to a ratepayer or property owner on request.

- D. Provide at least 45 days for a ratepayer or assessed property owner to review the proposed fee or assessment and to timely submit to the Board Secretary a written objection to that fee, charge, or assessment that specifies the grounds for alleging noncompliance. Any objection shall be submitted before the end of the public comment portion of a Hearing on the rate, charge, or assessment.
- E. Include in a written notice of the Hearing, a statement in bold-faced type of 12 points or larger that:
  - (1) All written objections must be submitted to the Board Secretary by the end of the public comment period at the Hearing and that a failure to timely object in writing bars any right to challenge that fee, charge, or assessment in court and that any such action will be limited to issues identified in such objections.
  - (2) All substantive and procedural requirements for submitting an objection to the proposed fee, charge, or assessment such as those specified for a property-related fee under California Constitution, article XIII D, section 6(a) or for an assessment on real property under California Constitution, article XIII D, section 4(e).

2.01.090.5 Board Consideration. District Responses: Before or during the Hearing, the Board of Directors shall consider and the District shall respond in writing to, any timely written objections. The Board may adjourn the Hearing to another date if necessary to respond to comments received after the agenda is posted for the meeting at which the Hearing occurs. The District's responses shall explain the substantive basis for retaining or altering the proposed fee, charge, or assessment in response to written objections, including any reasons to reject requested amendments.

2.01.090.6 Board Determinations. The Board of Directors, in exercising its legislative discretion, shall determine whether:

- A. The written objections and the District's response warrant clarifications to the proposed fee, charge, or assessment.
- B. To reduce the proposed fee, charge or assessment.
- C. To further review the proposed fee, charge, or assessment before determining whether clarification or reduction is needed.
- D. To proceed with the Hearing, to continue it, or to abandon the proposal.