



Mission statement of McKinleyville Community Services District:
"Provide McKinleyville with safe and reliable water, wastewater, lighting, open space, parks and recreation, and library services in an environmentally and fiscally responsible manner."

**NOTICE IS HEREBY GIVEN THAT A REGULAR MEETING OF THE
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS
WILL BE HELD
WEDNESDAY, FEBRUARY 3, 2016 AT 7:00pm
Azalea Hall, 1620 Pickett Road
McKinleyville, California**

AGENDA

A. CALL TO ORDER

A.1 Roll Call

A.2 Pledge of Allegiance

A.3 Additions to the Agenda

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code (Brown Act), upon a determination by two-thirds vote of the members of the legislative body present at the time of the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the McKinleyville Community Services District after the Agenda was posted.

A.4 Approval of the Agenda

A.5 Closed Session Discussion

At any time during the regular session, the Board may adjourn to closed session to consider existing or anticipated litigation, liability claims, real property negotiations, license and permit determinations, threats to security, public employee appointments, personnel matters, evaluations and discipline, labor negotiations, or to discuss with legal counsel matters within the attorney-client privilege.

NO CLOSED SESSION SCHEDULED

B. PUBLIC HEARINGS

These are items of a Quasi-Judicial or Legislative nature. Public comments relevant to these proceedings are invited.

NO PUBLIC HEARING SCHEDULED

C. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS

*Any person may address the Board at this time upon any subject not identified on this Agenda but within the jurisdiction of the McKinleyville Community Services District; however, any matter that requires action will be referred to staff for a report of action at a subsequent Committee or Board meeting. As to matters on the Agenda, an opportunity will be given to address the Board when the matter is considered. **Comments are limited to 3 minutes.** Letters should be used for complex issues.*

D. CONSENT CALENDAR

Consent Calendar items are expected to be routine and non-controversial, to be acted upon by the Board of Directors at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it shall be removed so that it may be acted upon separately.

- D.1 Consider Approval of the Minutes of the Board of Directors Regular Meeting of January 6, 2016 **Pg. 4**
Attachment 1 – Draft Minutes from January 6, 2016 **Pg. 5**
- D.2 Consider approval of December 2015 Treasurer's Report **Pg. 11**
- D.3 Compliance with State Double Check Valve (DCV) Law – Violations **Pg. 30**
- D.4 Consider approval of 2016 Spring/Summer Recreation Activity Guide and Recreation Program Fees **Pg. 31**
Attachment 1 – 2016 Spring/Summer Recreation Activity Guide **Pg. 32**

E. CONTINUED AND NEW BUSINESS

- E.1 Accept FY2014-15 Audited Financial Statements **Pg. 39**
Attachment 1 – MCSD Basic Financial Statements with the report of the independent auditor for Fiscal Year 2014-15 **Pg. 40**
- E.2 Consider Approval of Resolution 2016-02 Naming the New Facility at 1705 Gwin Road "The McKinleyville Teen & Community Center" **Pg. 100**
Attachment 1 – Resolution 2016-02 **Pg. 102**
- E.3 Review Information for the Draft Capital Improvement Plan for the Parks & General Fund, FY2016-17 **Pg. 103**
Attachment 1 – Draft Capital Improvement Plan for the Fiscal Years ending June 30, 2017-2026 for the Parks and General Fund **Pg. 104**
Attachment 2 – Draft Capital Improvement Plan Narrative for Fiscal Year 2016-17 **Pg. 107**
- E.4 Consider Attendance to Association of California Water Agencies (ACWA) 2016 Legislative Symposium in Sacramento, CA on March 9, 2016 **Pg. 109**
Attachment 1 – Pricing Reference Sheet **Pg. 110**
Attachment 2 – Registration Terms & Conditions **Pg. 111**

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| E.5 | Approve Resolution 2016-03 to endorse a plan to Achieving Full Funding of McKinleyville Community Services District's Unfunded Pension Obligations | Pg. 112 |
| | Attachment 1 – Resolution 2016-03 | Pg. 114 |
| E.6 | Consider a Nomination for Special District Member Candidate for Humboldt Local Agency Formation Commission (LAFCo) | Pg. 116 |
| | Attachment 1 – Call for Nominations Letter, Schedule & Terms | Pg. 118 |
| | Attachment 2 – Nomination Form | Pg. 120 |
| | Attachment 3 – Candidate Information Sheet | Pg. 121 |

F. REPORTS

No specific action is required on these items, but the Board may discuss any particular item as required.

F.1 ACTIVE COMMITTEE REPORTS

- a. Recreation Advisory Committee (Wheeler/Couch)
- b. Area Fund (John Kulstad/Edwards)
- c. Redwood Region Economic Development Commission (Mayo/Edwards)
- d. McKinleyville Senior Center Advisory Committee (Edwards, Mayo)
- e. Audit (Corbett/Edwards)
- f. Employee Negotiations (Couch/Edwards)
- g. Water Task Force (Wheeler/Corbett)
- h. AdHoc No Drugs & Toxics Down the Drain (Wheeler/Couch)
- i. McKinleyville Municipal Advisory Committee (Edwards/Corbett)
- j. Cornerstone Committee (Couch)
- k. Groundwater Sustainability Committee (Edwards/Corbett, Mayo)

F.2 STAFF REPORTS

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|----|--|----------------|
| a. | Support Services Department (Colleen M.R. Trask) | Pg. 122 |
| b. | Operations Department (James Henry) | Pg. 124 |
| c. | Parks & Recreation Department (Lesley Frisbee) | Pg. 130 |
| | Attachment 1 – MCSD-BGCR Partnership Plans | Pg. 133 |
| | Attachment 2 – RAC Meeting Notes 1/21/16 | Pg. 151 |
| d. | General Manager (Greg Orsini) | Pg. 154 |
| | Attachment 1 – WWMF Monthly Self Monitoring Report | Pg. 157 |

F.3 PRESIDENT'S REPORT

F.4 BOARD MEMBER COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEMS REQUESTS

G. ADJOURNMENT

Posted 5:00 pm on January 29, 2016

McKinleyville Community Services District will, on request, make agendas available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Individuals who need this agenda in an alternative format or who need a disability-related modification or accommodation in order to participate in the meeting should contact the Board Secretary at (707) 839-3251. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements for accommodations.

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: **ACTION**

ITEM: D.1 **Approve the Minutes of the Board of Directors' Regular Meeting on January 6, 2016**

PRESENTED BY: **Becky Schuette, Board Secretary**

TYPE OF ACTION: **Roll Call Vote – Consent Calendar**

Recommendation:

Staff recommends that the Board review the draft minutes from the January 3, 2016 Regular Board Meeting; recommend edits and adopt.

Discussion:

The Draft Minutes are attached for the above listed meeting.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Draft Minutes from January 3, 2016 Regular Board Meeting

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES
DISTRICT HELD ON WEDNESDAY, JANUARY 6, 2016 AT 7:00PM
AZALEA HALL, 1620 PICKETT ROAD, MCKINLEYVILLE, CA**

AGENDA ITEM A CALL TO ORDER

A.1 ROLL CALL: The regular meeting of the Board of Directors of McKinleyville Community Services District convened at 7:02 pm with President Wheeler, Director Corbett, Director Couch and Director Mayo present. Vice President Edwards was absent.

George Wheeler, President
John Corbett, Director
David Couch, Director
Dennis Mayo, Director

Gregory Orsini, General Manager
Colleen M.R. Trask, Finance Director
James Henry, Operations Director
Lesley Frisbee, Recreation Director
Becky Schuette, Board Secretary

A.2 Pledge of Allegiance: The Pledge of Allegiance was led by Director Corbett.

A.3 Additions to the Agenda: There were no additions to the agenda.

A.4 Approval of Agenda:

MOTION: It was moved to approve the agenda.

Motion: John Corbett; Second: Dennis Mayo

ROLL CALL: Ayes; Corbett, Couch, Mayo and Wheeler. Absent; Edwards

MOTION SUMMARY: Motion Passed

A.5 Closed Session Discussion: No Closed Session

AGENDA ITEM B PUBLIC HEARINGS: There were no public hearings scheduled.

AGENDA ITEM C PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: Vice President Wheeler opened public comment and the following members of the public spoke:

Greg Orsini, McKinleyville advised that the two most important ladies in his life were present tonight, his mother and significant other.

Kyle Stone, McKinleyville queried the Board about the Central Avenue Safety Improvement Project. He was advised that the plans for the project have been finalized, that there had been many meetings about it and the project was being handled by County Public Works.

Supervisor Ryan Sundberg stepped forward and commented on the final plans and some of the specifics that resulted for the final project compared to how the project started.

AGENDA ITEM D CONSENT CALENDAR:

D.1 Approve the minutes of the Board of Directors' Regular Meeting on December 2, 2015 and the Special Meetings on December 9 and 21, 2015

D.2 Approve the November 2015 Treasurer's Report

D.3 Compliance with State Double Check Valve (DCV) Law – No Violations

Prior to the motion, General Manager Orsini proposed a change to item D.1 of the consent calendar. On page 8 of the Board packet, within the meeting minutes on December 2, 2015, Agenda Item G Adjournment, President Corbett was changed to Vice President Wheeler.

MOTION: It was moved to adopt the consent calendar items D.1 – D.3., with the corrections recommended by the General Manager, subject to public comment.

Motion: Dennis Mayo; Second: John Corbett

There were no objections and no comments by the public.

ROLL CALL: Ayes; Corbett, Couch, Mayo and Wheeler. Absent; Edwards

MOTION SUMMARY: Motion Passed

AGENDA ITEM E CONTINUED AND NEW BUSINESS:

E.1 McKinleyville Community Services District Employee of the Year Award Presentation to Diane Sloane: General Manager Orsini reviewed the staff note with the qualifications for Employee of the Year, the past recipients and praised this year's winner, Diane Sloane. The gift award was presented and photos of the winner with the GM and Board were conducted. Director Mayo also offered Diane words of praise.

This item was information only, no action taken.

E.2 Presentation of the Community Builder Award to Supervisor Ryan Sundberg: Recreation Director Lesley Frisbee provided the staff note and explained the history behind the award and why Supervisor Sundberg was deserving of the award. He was then presented with a plaque and photos were taken with the Board and General Manager. The Supervisor offered his gratitude and introduced his family who was also present with him for the presentation. Each of the Directors offered appreciation as well.

This item was information only, no action taken.

At this time, General Manager Orsini requested that the President consider calling item E.5, followed by E.7 and then back to agenda items E.3, E.4, E.6 and finally E.8, as there were a number of persons from the public present for items E.5 and E.7. President Wheeler obliged and called agenda item E.5.

E.5 Consider Approval of Resolution 2016-01 Approving Changes in Health Care Plans Offered to Employees of the District Hired After January 1, 2016: General Manager Orsini reviewed the agenda item and explained the impact of healthcare costs to the District. He went on to explain the new option that will be offered to employees hired by the District after January 1, 2016. He further explained the fiscal impact of the change and the savings that will be the result of the changes if the Resolution is approved. The Directors took turns speaking about their dislike of needing to have something like this be done, but also explained why it may be necessary. President Wheeler opened the topic to public comment and the following members of the public spoke:

Bill McBroom, McKinleyville, offered applause to the General Manager for the innovative proposal. He explained his stance against the change as the good benefit package offered by the District is what brings and retains good employees to the District.

There were no further comments from the public and President Wheeler returned the topic to the Board. A lengthy discussion among the Board and Staff continued and Bill McBroom returned to the podium for reiteration of his comments. The Directors were all reluctant to have to move in this direction, but each explained why it was necessary in their opinion. Director Couch commended the employees for coming and for Bill for speaking concerns as this showed how the District employees look out for each other, even those that are not hired yet.

MOTION: It was moved to approve Resolution 2016-01.

Motion: John Corbett; Second: Dennis Mayo

ROLL CALL: Ayes; Corbett, Couch, Mayo and Wheeler. Absent; Edwards

MOTION SUMMARY: Motion Passed

E.7 Integrated Pest Management Plan (Plan) Update: General Manager Orsini reviewed the item and read aloud the Policy from the draft document. He then proposed several changes to the draft in the Board packet:

On page 100 of the Board packet, Section C, it was requested that the Directors recommend the order of importance from most to least for the seven (7) criteria items.

On page 102, Line 358, strike the word “may” and change it to “will,” and strike “yearly” to “case by case.” The new sentence will read, *“This will be done on a case by case basis for specific pest treatments.”* This same language will be applicable to line 373 on page 103, striking “may” and adding “will” and replacing “yearly” with “case by case.” The sentence will now read: *This will be done on a case by case basis.”*

On page 105, line 455, strike “with” and add “after considering.” The new sentence will read: *“Any modification to this Plan may be granted only by the Board of Directors after considering the recommendations of the General Manager.”*

GM Orsini then made his recommendation and asked that Board review the information, air questions and take public comment after they prioritized the seven above mentioned criteria.

Director Mayo requested clarification on the “level” of importance for the list and the General Manager explained that the most critical and important would be number one and least important would be number seven, relative to the Board’s policy in order to capture the Boards intent on how we move forward.

This was followed by a lengthy discussion of the items listed in section C, Treatment Selection Criteria, the order they should be listed in and if some of the criteria were redundant or needed to be removed. It was decided that each of the Directors present would number the criteria in order of importance and that the IPM committee would work on putting them in order and reducing the numbers to be presented to the Board at the February meeting.

President Wheeler had additional suggestions regarding language and the IPM Coordinator. He was asking that the word “encourage” on line 200 be changed to “require” so that the contractors be held to the same standards as the District staff. There was back and forth discussion about requiring contractors to follow our policies when we could simply not accept bids that were not consistent with the policy. President Wheeler also indicated that the IPM Coordinator should have a state license and he was advised that Operations Director Henry already had his license and there was intent for the IPM coordinator to have state certification.

The following members of the public commented:

Meighan O'Brien asked for clarification on if there were any designated no pesticide zones laid out specifically in the plan.

Ken Miller had a question about contractors being used and when they would be called in to assist. It was clarified that contractors here was referring to general contractors, not pesticide contractors, however clarifying language would probably be important so that there is no further confusion.

This item will be returned to the February agenda for further review of the changes and recommendations made during tonight's meeting and there was no action taken.

E.3 Consider Approval of the Strategic Plan 2016-2020: The agenda item was reviewed by the Board Secretary, Becky Schuette. President Wheeler had a question about having heard that the HSU students may be able to do the public survey mentioned at the RAC and in the Strategic Plan. Recreation Director Frisbee advised that she had already reached out to HSU but the students and faculty are on break, therefore she had not heard anything yet. If this idea is not a possibility, then she will be looking into alternatives. Director Corbett had a question about infrastructure and also believes that the State Water Resources Control Board should be added to the list of agencies under section 5.2 of the Plan.

There were no public comments.

MOTION: It was moved to approve the Strategic Plan 2016-20 with the noted modifications.

Motion: David Couch; Second: Dennis Mayo

ROLL CALL: Ayes; Corbett, Couch, Mayo and Wheeler. Absent; Edwards

MOTION SUMMARY: Motion Passed

E.4 Discuss and Consider Committee Assignments and Appointment of Committee Chairs by the Board President for the 2016 Calendar Year: President Wheeler advised that the topic had been discussed at the December meeting and that everyone had reported being happy with their current committee assignments. On his authority as President, the current 2015 list of assignments will remain in effect for the 2016 calendar year.

E.6 Presentation and Recommendation of Potential Teen Center Names: Recreation Supervisor Frisbee reviewed the item and provided the suggestions from the Naming Committee to the Board. There were a few brief comments from the Board and no public comment. The item was information only and will return to the February meeting agenda for a vote by the Board.

E.8 Consider authorization for Director Mayo to Attend ACWA 2016 DC Conference in Washington D.C. February 23-25, 2016: Board Secretary Becky Schuette reviewed the item and Director Mayo advised that he had only missed one DC Conference since he had been in ACWA. He indicated that he pays for his own flight and room and asks that the District pay for his conference registration and per diem. As a Board member for ACWA, he will receive a 20% discount on his conference registration, thereby reducing the costs. General Manager reminded everyone that aside from conferences or special events, the travel expenses related to his seat on ACWA are already approved.

MOTION: It was moved to pay the conference registration fees.

Motion: David Couch; Second: Dennis Mayo

ROLL CALL: Ayes; Corbett, Couch, Mayo and Wheeler. Absent; Edwards

MOTION SUMMARY: Motion Passed

AGENDA ITEM F REPORTS:

F1. Active Committee Reports

- a. **Recreation Advisory Committee (Wheeler/Couch (alternate)):** Did not meet.
- b. **Area Fund (John Kulstad/Edwards):** No report.
- c. **Redwood Region Economic Development Commission (Mayo/Edwards (alternate)):** Did not meet.
- d. **McKinleyville Senior Center Advisory Committee (Edwards):** Did not meet, however, there is a meeting scheduled for January 14, 2016.
- e. **Audit (Corbett/Edwards):** Meeting scheduled for January 21, 2016.
- f. **Employee Negotiations (Couch/Edwards):** Met and had discussed the health care item that was on the agenda earlier.
- g. **Water Task Force (Wheeler/Corbett (alternate)):** Did not meet.
- h. **AdHoc No Drugs & Toxics Down the Drain (Wheeler/Couch (alternate)):** Did not meet.
- i. **McKinleyville Municipal Advisory Committee (Edwards/Corbett (alternate)):** General Manager Orsini reported that they had received a presentation on and discussed the new marijuana ordinance for Humboldt County. He advised that the MMAC had sent a letter of support, but recommended a cap for the number of permits that can be issued in Humboldt County, as well as some sort of fee system or tax be put in place to support the enforcement. There was also a recommendation to the Board of Supervisors regarding allowing the MCSD General Manager be allowed to become a voting member of the MMAC. This topic will be going back to the Board of Supervisors for a decision and a change to the by-laws
- j. **Cornerstone Committee (Couch):** Did not meet.
- k. **Groundwater Sustainability Committee (Edwards/Corbett, Mayo):** Did not meet.

F.2 Staff Reports:

- a. **Support Services Department:** Finance Director Colleen Trask reported on the reserves account and that we are expected to be able to remove the surcharge by the end of December 2017. Budget scheduling can begin now that we have an approved Strategic Plan. The next regularly scheduled adjustments to the water rates began January 1, 2016, as well as an adjustment of an additional \$20 to the required security deposits. Regular publication of unclaimed checks has begun and if they are not claimed after publication, they can be voided and removed from the books.

- b. Operations Department:** Operations Director James Henry reported that Azalea Hall and the Activity Center had been closed, as they are each year, for repairs and cleaning.
- c. Parks and Recreation Department:** Recreation Director Lesley Frisbee had nothing further to add.
- d. General Manager:** General Manager Orsini reviewed the inclement weather portion of his report. Director Mayo added that he had heard GM Orsini on Talk Shop with Karen Diemer, that he had done a great job and thanked him.

F.3 President's Report: President Wheeler commented that he had read that PG & E continues to raise power rates and asked where the District was with the solar power situation. General Manager Orsini advised that we are simply in a holding pattern at this time.

F.4 Board comments, announcements, reports and agenda item requests: The other Directors present had nothing further to add.

AGENDA ITEM G ADJOURNMENT:

Director Corbett moved to adjourn the meeting and the motion was seconded by Director Couch.

President Wheeler adjourned the meeting at 9:46 pm

Becky Schuette, Board Secretary

**McKinleyville Community Services District
Treasurer's Report
Dec 2015**

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Page 12	Summary of Long-Term Debt Report
Page 13	Reserves Graph
Page 14	Cash Disbursement Report

McKinleyville Community Services District
Investments & Cash Flow Report
As of Dec 31, 2015

Petty Cash & Change Funds		940.00
<u>Cash</u>		
Operating & Money Market - Beginning Balance		884,270.88
Cash Receipts:		
Utility Billings	493,624.78	
Money Market Account Interest	170.90	
Transfers from County Funds #2560, #4240, CalTRUST	-	
Other Cash Receipts	40,396.85	
Total Cash Receipts		534,192.53
Cash Disbursements:		
Payroll Related Expenditures	(195,191.15)	
Debt Service	(133,449.16)	
Capital & Other Expenditures	(669,790.37)	
Total Cash Disbursements		(998,430.68)
Operating & Money Market - Ending Balance		420,032.73
Total Cash		420,972.73
<u>Investments</u>	<i>(Interest and Market Valuation will be re-calculated as part of the year-end close, if material)</i>	
LAIF - Beginning Balance	128,845.04	
Interest Income	-	
LAIF - Ending Balance		128,845.04
Humboldt Co. #2560 - Beginning Balance	1,520,439.46	
Property Taxes and Assessments	399,575.50	
Transfer to/from Operating Cash	-	
Interest Income	1,128.87	
Humboldt Co. #2560 - Ending Balance		1,921,143.83
Humboldt Co. #4240 - Beginning Balance	3,309,606.85	
Property Taxes	-	
Transfer to/from Operating Cash	-	
Transfer to/from Biosolids Reserve	20,000.00	
Interest Income	5,891.48	
Humboldt Co. #4240 - Ending Balance		3,335,498.33
Humboldt Co. #9390 - Beginning Balance	610,306.24	
Reserves Recovery Deposits	24,102.93	
Interest Income	-	
Humboldt Co. #9390 - Ending Balance		634,409.17
USDA Bond Reserve Fund - Beginning Balance	124,384.00	
Bond Reserve Payment	7,979.17	
Debt Service Payment	-	
Interest Adjustment	52.01	
USDA Bond Reserve Fund - Ending Balance		132,415.18
Market Valuation Account		(180.00)
Meas.B Loan Proceeds, Umpqua - Beginning Balance	203,239.43	
Net Transfer to/from Loan Cash Holding Acct	-	
Interest Income	69.27	
Meas.B Loan Proceeds, Umpqua - Ending Balance		203,308.70
CalTRUST - Beginning Balance	1,195,427.49	
Net Transfer to/from Meas. B Loan Umpqua Acct	-	
Net Transfer to/from Water Fund Capacity Fees Acct	-	
Interest Income/Unrealized Gain/Loss	(1,357.44)	
CalTRUST - Ending Balance		1,194,070.05
Total Investments		7,549,510.30
Total Cash & Investments - Current Month		7,970,483.03
Total Cash & Investments - Prior Month		7,977,279.39
Net Change to Cash & Investments This Month		(6,796.36)
<u>Cash & Investment Summary</u>		
Cash & Cash Equivalents		7,077,212.99
Davis-Grunsky Loan Reserve		600,473.90
Waste Water Capital Reserve		100,380.96
USDA Bond Reserve		132,415.18
I-Bank Loan Reserve		60,000.00
Total Cash & Investments		7,970,483.03

McKinleyville Community Services District
Consolidated Balance Sheet by Fund
As of Dec 31, 2015

	Governmental Funds			Proprietary Funds		
	Parks & General	Measure B	Streetlights	Water	Wastewater	Total (Memorandum Only)
ASSETS						
Current Assets						
Unrestricted cash & cash equivalents	\$ 814,555.49	\$ 772,620.08	\$ (32,293.51)	\$ 2,495,936.35	\$ 3,109,960.23	\$ 7,160,778.64
Accounts receivable	10,228.79	-	3,687.13	244,614.21	211,929.51	470,459.64
Prepaid expenses & other current assets	28,782.14	-	1,248.79	88,056.11	40,776.43	158,863.47
Total Current Assets	853,566.42	772,620.08	(27,357.59)	2,828,606.67	3,362,666.17	7,790,101.75
Noncurrent Assets						
Restricted cash & cash equivalents	181,234.07	-	-	660,473.90	232,796.14	1,074,504.11
Other noncurrent assets	-	-	-	44,530.00	48,704.00	93,234.00
Capital assets (net)	-	-	-	7,911,186.79	13,403,417.59	21,314,604.38
Total Noncurrent Assets	181,234.07	-	-	8,616,190.69	13,684,917.73	22,482,342.49
TOTAL ASSETS	\$ 1,034,800.49	\$ 772,620.08	\$ (27,357.59)	\$ 11,444,797.36	\$ 17,047,583.90	\$ 30,272,444.24
LIABILITIES & FUND BALANCE/NET ASSETS						
Current Liabilities						
Accounts payable & other current liabilities	\$ 19,366.14	\$ 255,799.30	\$ 297.80	\$ 223,204.67	\$ 77,864.91	\$ 576,532.82
Accrued payroll & related liabilities	19,685.30	-	-	37,695.90	37,778.35	95,159.55
Total Current Liabilities	39,051.44	255,799.30	297.80	260,900.57	115,643.26	671,692.37
Noncurrent Liabilities						
Long-term debt	-	-	-	2,924,134.73	740,507.10	3,664,641.83
Other noncurrent liabilities	-	-	-	837,118.87	885,399.61	1,722,518.48
Total Noncurrent Liabilities	-	-	-	3,761,253.60	1,625,906.71	5,387,160.31
TOTAL LIABILITIES	39,051.44	255,799.30	297.80	4,022,154.17	1,741,549.97	6,058,852.68
Fund Balance/Net Assets						
Fund balance	282,616.51	516,820.78	(27,655.39)	-	-	771,781.90
Net assets	713,132.54	-	-	2,435,591.13	2,643,123.44	5,791,847.11
Investment in capital assets, net of related debt	-	-	-	4,987,052.06	12,662,910.49	17,649,962.55
Total Fund Balance/Net Assets	995,749.05	516,820.78	(27,655.39)	7,422,643.19	15,306,033.93	24,213,591.56
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	\$ 1,034,800.49	\$ 772,620.08	\$ (27,357.59)	\$ 11,444,797.36	\$ 17,047,583.90	\$ 30,272,444.24
Difference in Reclass from Cap Assets to Net Assets:						
Investment in General Capital Assets	\$ 4,512,345.97					
General Long-term Liabilities						
PG&E Streetlights Loan	79,458.95					
Meas. B Loan: Teen/Community Center	1,393,420.00					
OPEB Liability	276,539.23					
CalPERS Pension Liability/Deferred Inflows-Outflows	542,861.00					
Accrued Compensated Absences	61,161.36					
TOTAL GENERAL LONG-TERM LIABILITIES	\$ 2,353,440.54					

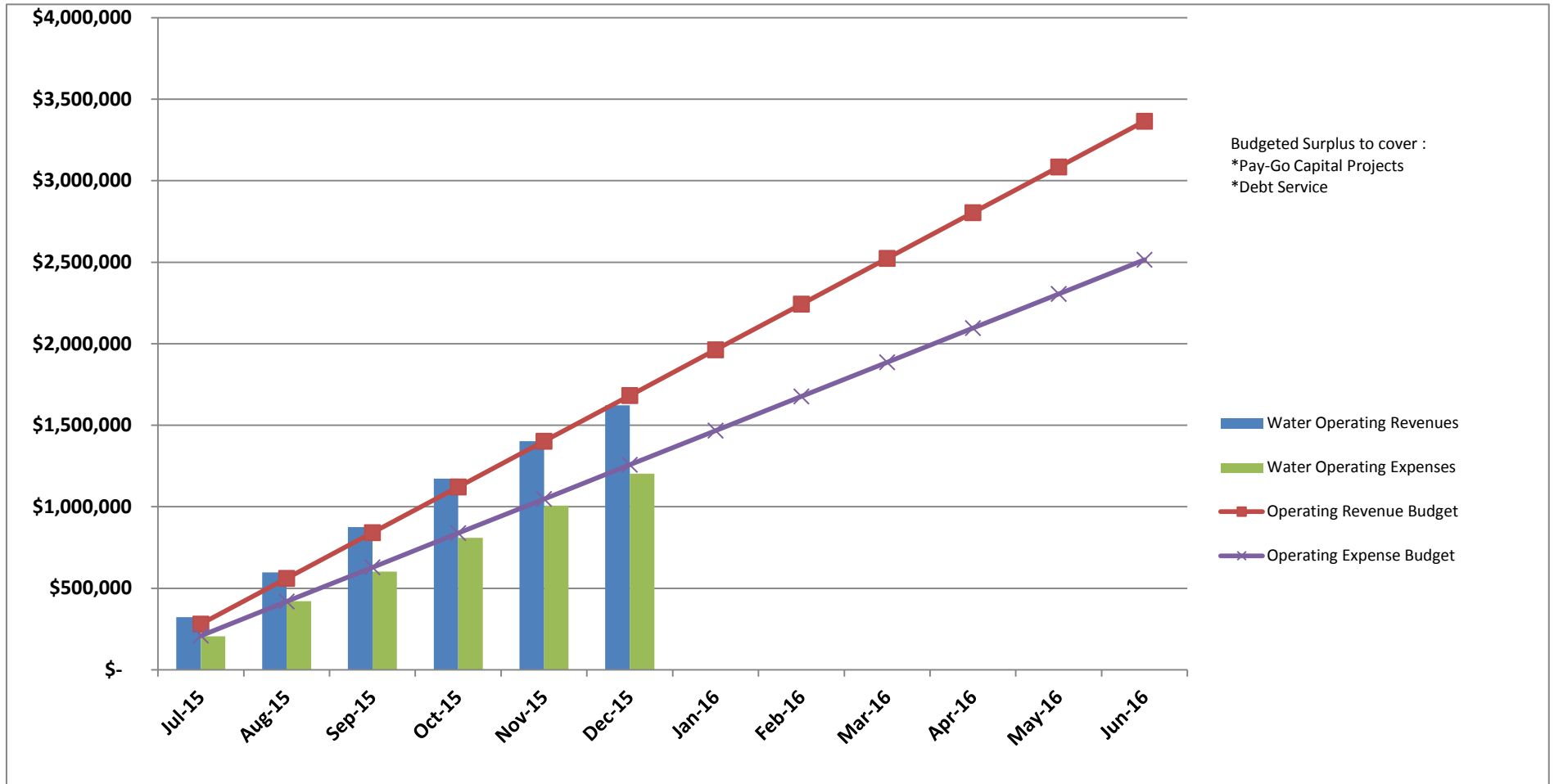
McKinleyville Community Services District
Activity Summary by Fund, Original Budget
Dec 2015

Department Summaries	December	% of Year 50.00% YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
<u>Water</u>						
Water Sales	210,095	1,538,102	1,484,604	53,498	3.60%	Budget spread evenly over 12 months - actual water sales vary seasonally
Other Revenues	10,650	386,096	197,730	188,366	95.26%	Includes YTD Capacity Fees of \$44,433 and Contrib. Construction of \$256,860
Total Operating Revenues	220,745	1,924,198	1,682,334	241,864	14.38%	
Salaries & Benefits	72,630	441,077	417,706	23,371	5.60%	
Water Purchased	72,938	433,479	478,676	(45,197)	-9.44%	
Other Expenses	23,444	165,810	203,693	(37,883)	-18.60%	Budget spread evenly over 12 months - actual expenses vary per schedule
Depreciation	27,200	163,200	157,500	5,700	3.62%	
Total Operating Expenses	196,211	1,203,566	1,257,575	(54,009)	-4.29%	
Net Operating Income	24,534	720,632	424,759	187,855		
Interest Income	2,001	7,151	4,156	2,995	72.06%	Interest rate higher than originally estimated
Interest Expense	(6,109)	(36,771)	(36,801)	(30)	-0.08%	
Net Income (Loss)	20,425	691,012	392,114	298,898		
<u>Sewer</u>						
Sewer Service Charges	197,876	1,271,417	1,196,611	74,806	6.25%	Budget spread evenly over 12 months - actual sewer charges vary seasonally
Other Revenues	4,524	429,478	197,634	231,844	117.31%	Includes YTD Capacity Fees of \$78,821 and Contrib. Construction of \$310,090
Total Operating Revenues	202,400	1,700,896	1,394,245	306,651	21.99%	
Salaries & Benefits	75,923	447,509	467,221	(19,712)	-4.22%	
Other Expenses	37,022	222,674	278,960	(56,286)	-20.18%	Budget spread evenly over 12 months - actual repair/maintenance expenses vary
Depreciation	39,150	234,900	240,000	(5,100)	-2.13%	
Total Operating Expenses	152,095	905,083	986,181	(81,098)	-8.22%	
Net Operating Income	50,305	795,813	408,064	387,749		
Interest Income	3,183	10,266	10,000	266	2.66%	
Interest Expense	(2,759)	(17,362)	(20,886)	(3,524)	-16.87%	
Net Income (Loss)	50,728	788,716	397,178	391,538		
Enterprise Funds Net Income (Loss)	71,153	1,479,728	789,292	690,436		

McKinleyville Community Services District

Dec 2015

Comparison of Water Fund Operating Revenues & Expenses to Budget

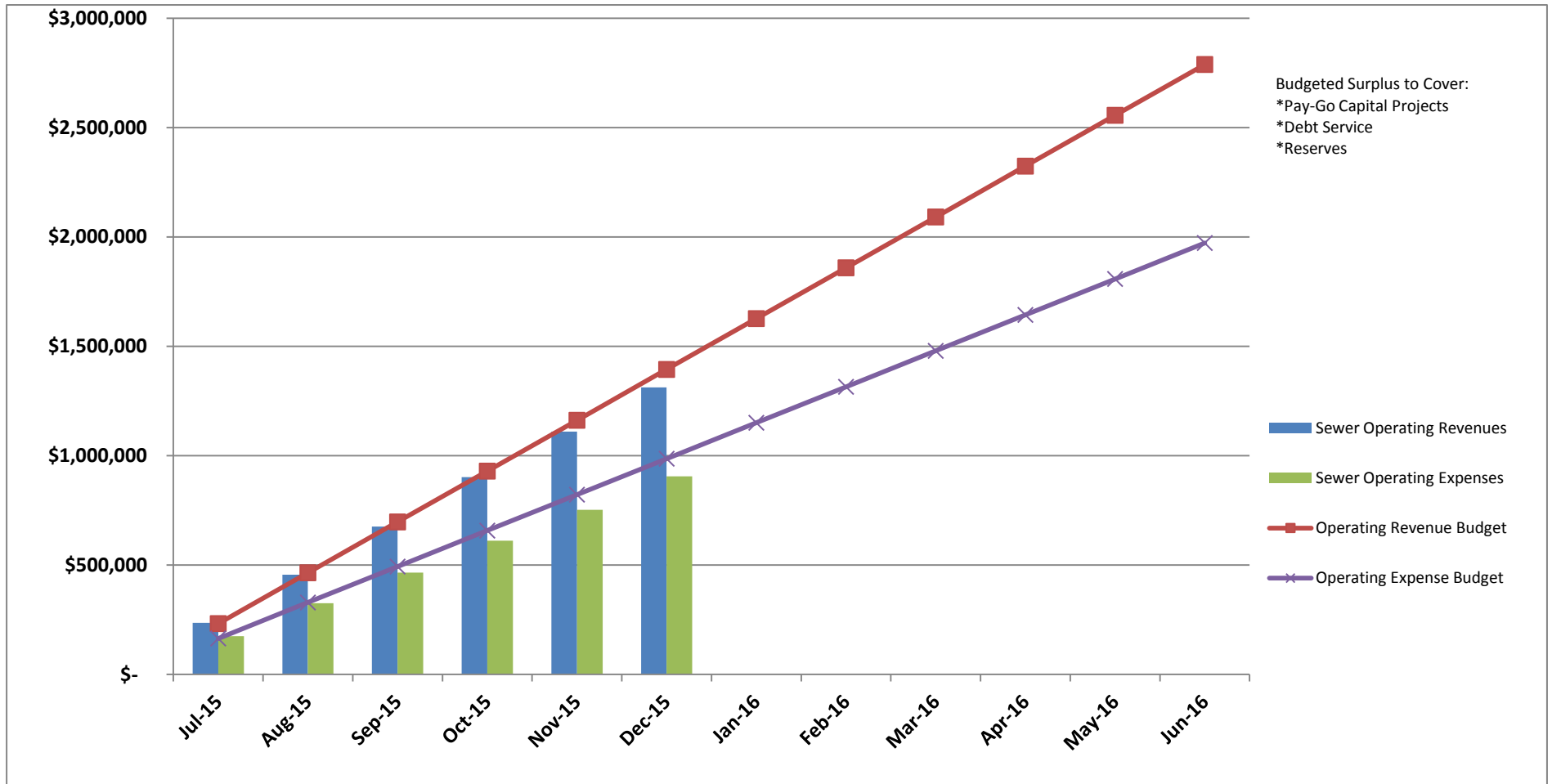


Treasurer's Report Page 5, Selected Graphic Comparisons

McKinleyville Community Services District

Dec 2015

Comparison of Sewer Fund Operating Revenues & Expenses to Budget



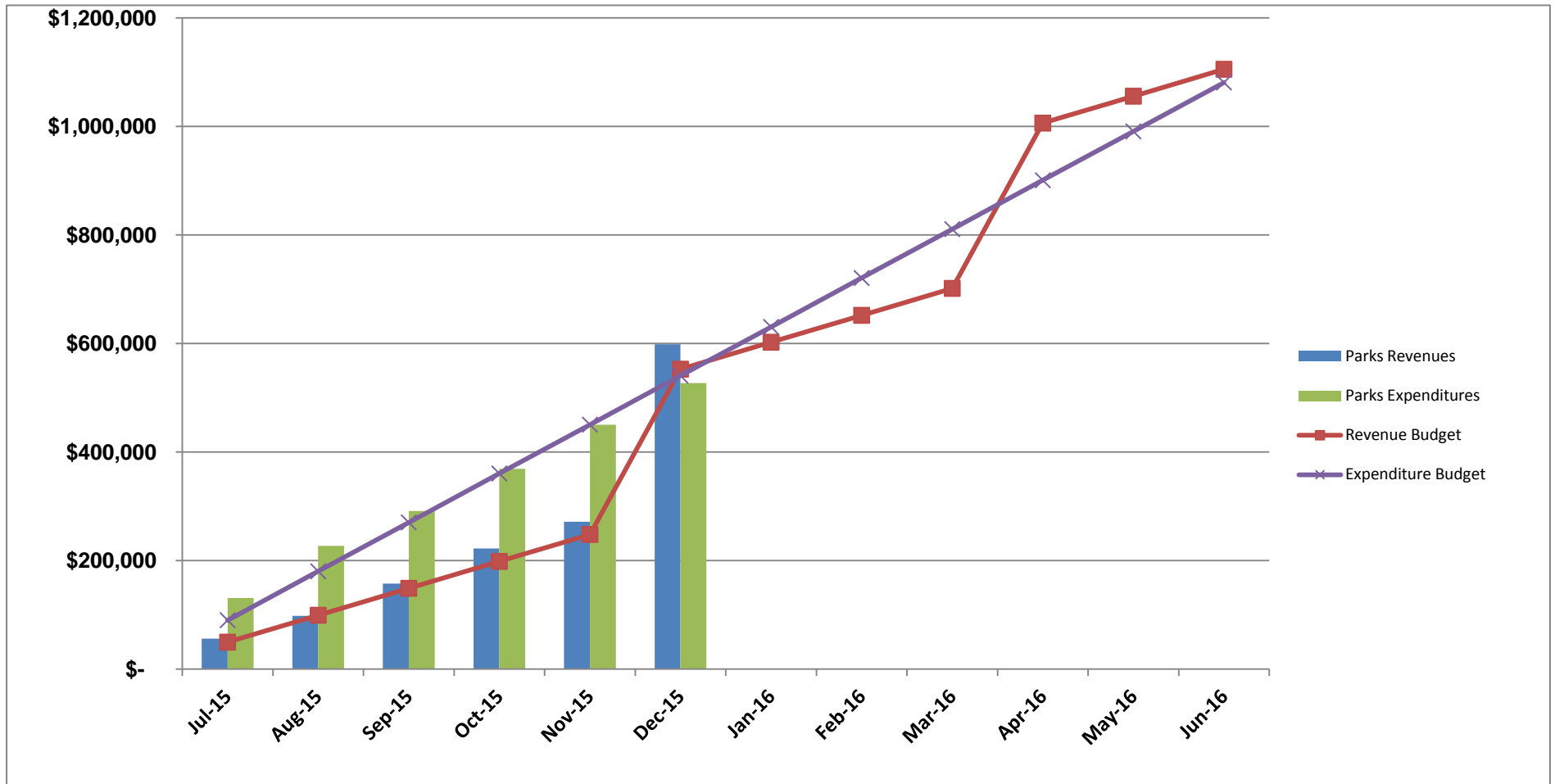
Treasurer's Report Page 6, Selected Graphic Comparisons

McKinleyville Community Services District
Activity Summary by Fund, Original Budget
Dec 2015

	December	% of Year 50.00% YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
Department Summaries						
<u>Parks & Recreation</u>						
Program Fees	28,524	202,082	177,175	24,907	14.06%	Budget is spread evenly across 12 months, but actuals vary with programs
Rents & Related Fees	2,506	31,117	37,611	(6,494)	-17.27%	Budget is spread evenly across 12 months, but actuals vary with rentals
Property Taxes	279,472	279,472	255,000	24,472	9.60%	County Tax remittance scheduled in December and April
Other Revenues	15,817	80,340	78,750	1,590	2.02%	
Interest Income	901	5,595	4,100	1,495	36.45%	Interest rate higher than originally estimated
Total Revenues	327,221	598,605	552,636	45,969	8.32%	
Salaries & Benefits	60,881	391,079	406,200	(15,121)	-3.72%	
Other Expenditures	15,517	105,930	106,081	(151)	-0.14%	
Capital Expenditures	-	29,830	28,160	1,670	5.93%	
Total Expenditures	76,398	526,839	540,441	(13,602)	-2.52%	
Excess (Deficit)	250,823	71,766	12,195	59,571		
<u>Measure B Assessment</u>						
Draw from Restricted Reserves	147,904	883,141	700,000	183,141	26.16%	Draw on Restricted Reserves to cover Teen Center Construction costs
Total Revenues	120,371	129,966	325,000	(195,034)	-60.01%	County Tax remittance scheduled in December, April
Salaries & Benefits	8,099	44,974	54,854	(9,880)	-18.01%	Revenue total includes unrealized gains/losses on cash assets
Other Expenditures	358	5,287	69,239	(63,952)	-92.36%	Salaries post with repairs and maintenance, not spread over 12 months
Capital Expenditures	565,951	1,197,359	900,000	297,359	33.04%	Includes periodic payments of Meas. B debt, not spread over 12 months
Total Expenditures	574,408	1,247,620	1,024,093	223,527	21.83%	Construction costs not spread evenly over 12 months
Excess (Deficit)	(454,038)	(234,514)	907	(235,421)		
<u>Street Lights</u>						
Total Revenues	7,939	46,866	46,919	(53)	-0.11%	
Salaries & Benefits	3,324	19,861	20,217	(356)	-1.76%	
Other Expenditures	2,652	14,765	15,620	(855)	-5.47%	
Capital Expenditures/Loan Repayment	1,655	9,932	11,052	(1,120)	-10.13%	LED Project Debt repayment - final loan amount less than originally budgeted
Total Expenditures	7,631	44,558	46,889	(2,331)	-4.97%	
Excess (Deficit)	308	2,308	30	(2,278)		
Governmental Funds Excess (Deficit)	(202,907)	(160,440)	13,132	(173,572)		

McKinleyville Community Services District Dec 2015

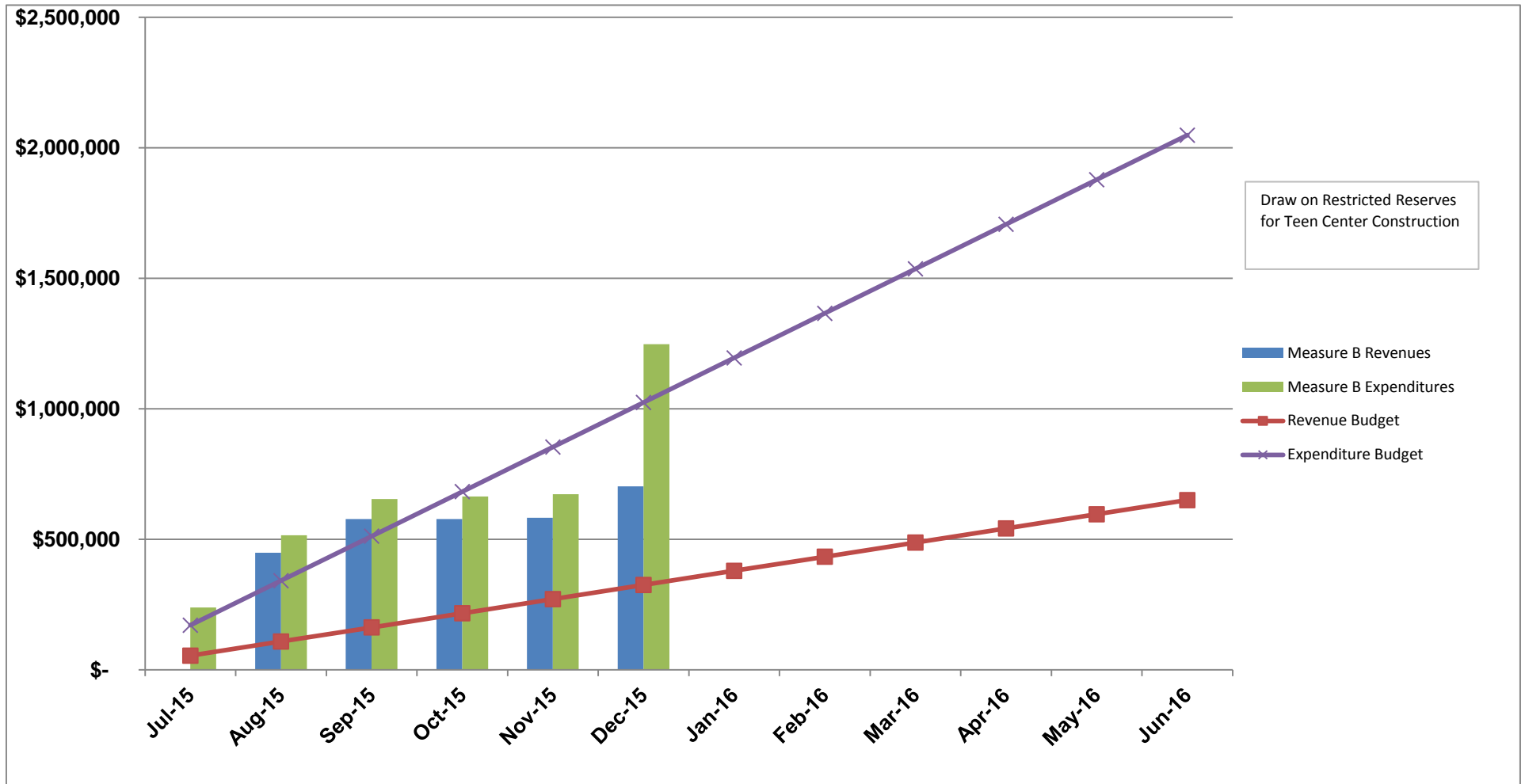
Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



Treasurer's Report Page 8, Selected Graphic Comparisons

McKinleyville Community Services District Dec 2015

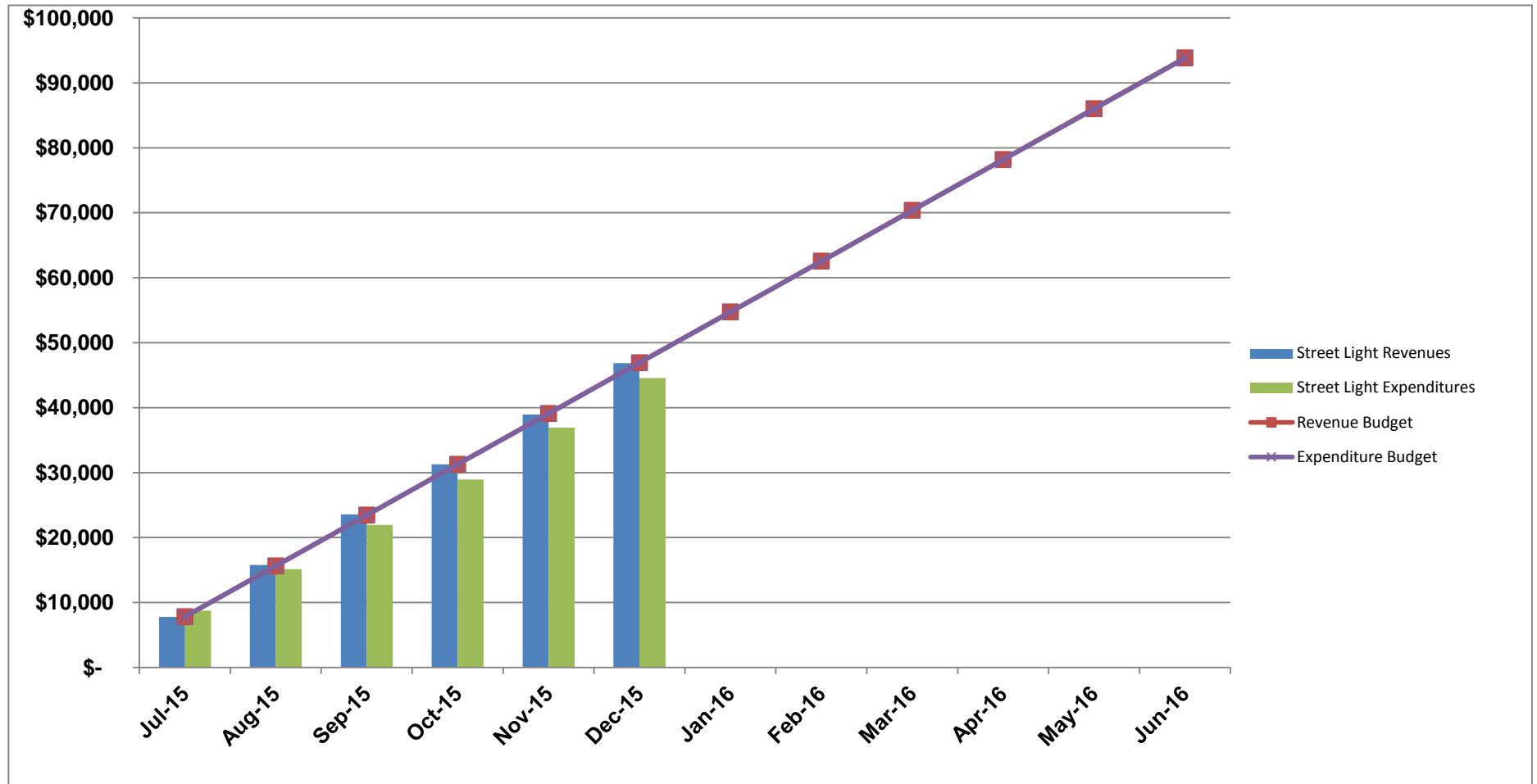
Comparison of Measure B Fund Total Revenues & Expenditures to Budget



Treasurer's Report Page 9, Selected Graphic Comparisons

McKinleyville Community Services District Dec 2015

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



Treasurer's Report Page 10, Selected Graphic Comparisons

McKinleyville Community Services District
Capital Expenditure Report
As of Dec 31, 2015

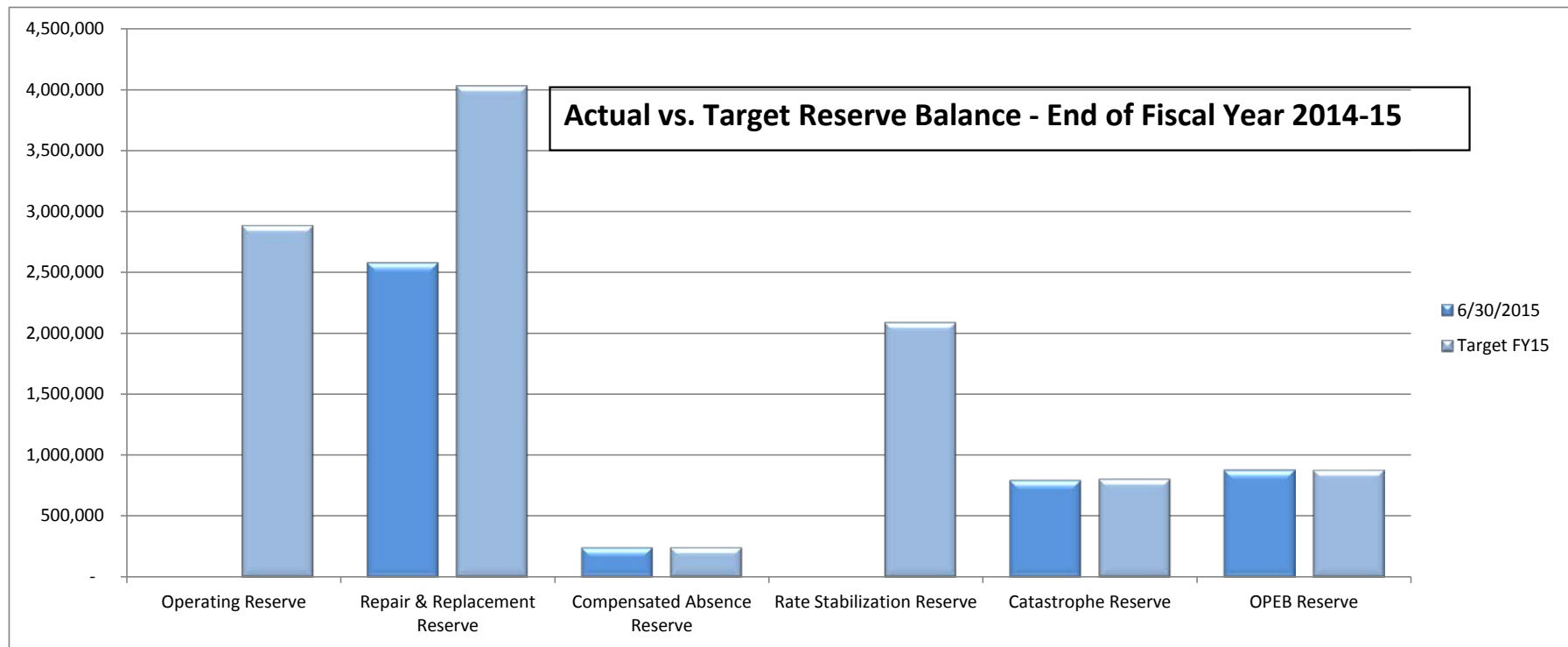
	YTD		FY 15-16	Remaining		
	December	Total	Budget	Budget \$	Budget %	Notes
<u>Water Department</u>						
Water Tank Upgrade	-	-	350,000	350,000	100%	Tank Painting
4.5m New Water Tank	-	-	30,000	30,000	100%	Drilling, LACO Assoc.
Emergency Water Supply	-	8,881	40,000	31,119	78%	Emergency Water Supply
Fire Hydrant System Upgrade	-	-	13,000	13,000	100%	Fire Hydrant System Upgrade
Customer Radio Meter Replacements	5,778	123,010	131,000	7,990	6%	Radio meters purch/install
Water Main Rehab & Replacement	-	-	100,000	100,000	100%	Water Main Rehab
Property Purchase & Improvements	-	-	200,000	200,000	100%	Property Purch/Improvements
Subtotal	5,778	131,891	864,000	732,109	85%	
<u>Sewer Department</u>						
Sewer Main Rehab & Replacement	-	-	50,000	50,000	100%	Sewer Main Rehab
WWMF & Fischer Lift Stn Grinder Upgrade	-	-	15,000	15,000	100%	WWMF/Fischer Lift Stn Grinder
Sewer Main Camera Unit	-	-	30,000	30,000	100%	
WWMF Upgrade/CEQA/Permitting	22,586	170,448	13,000,000	12,829,552	99%	WWMF design & start construction
Radio Telemetry Upgrade	-	-	30,000	30,000	100%	Radio Telemetry upgrade
Sewer Lift Station Pump/Gen Upgrades	-	-	175,000	175,000	100%	
Customer Radio Meter Replacements	5,579	119,091	131,000	11,909	9%	Radio meters purch/install
Underground Locator Pipe & Camera	-	-	5,000	5,000	100%	
SCBA Apparatus and Bottles	-	-	6,000	6,000	100%	
Subtotal	28,165	289,539	13,442,000	13,152,461	98%	
<u>Water & Sewer Operations</u>						
Heavy Equipment	-	-	100,000	100,000	100%	Dump Truck, Tractor attachmts
Utility Vehicles	-	-	62,000	62,000	100%	Car, 3/4 or 1-ton Pickup Truck
Office, Corporate Yard & Shops	-	-	-	-	#DIV/0!	Facilities upgrade/sealcoat
Computers & Software	-	-	19,000	19,000	100%	File Server, Office13, Projector
GIS/SEMS/CADD Equipment/Software	-	-	4,000	4,000	100%	SCADA, AutoCAD, GIS computers
Fischer Ranch - Barn & Fence upgrades, Und	-	-	5,000	5,000	100%	Barn & Fence upgrades
Fischer Ranch -Disposal Site Upgrade	-	-	1,500,000	1,500,000	100%	Disposal Site Upgrade
Small Equipment & Other	-	-	15,000	15,000	100%	Ops Office Eq./Emergency Eqp
Subtotal	-	-	1,705,000	1,705,000	100%	
Enterprise Funds Total	33,943	421,431	16,011,000	15,589,570	97%	
<u>Parks & Recreation Department</u>						
Hiller Park & Sports Complex	-	2,072	9,000	6,928	77%	Signage & Landscaping
Pierson Park Upgrades	-	-	-	-	#DIV/0!	
Washington Avenue Park Project	-	-	-	-	#DIV/0!	
Azalea Hall Projects	-	3,971	5,000	1,029	21%	PA system - Audio/Visual
McKinleyville Activity Center Upgrades	-	3,971	13,000	9,029	69%	Flooring replacement
Law Enforcement Facility Improvements	-	-	-	-	#DIV/0!	
Projects Funded by Quimby/Other Funds	-	-	-	-	#DIV/0!	Covered Picnic Area
Projects Funded by Measure B Renewal	565,951	1,197,359	115,000	(1,082,359)	-941%	Teen Center Project
Other Parks Projects & Equipment	-	19,815	29,000	9,185	32%	Vehicles and Equipment
Subtotal	565,951	1,227,189	171,000	(1,056,189)	-618%	
<u>Streetlights</u>						
Pole Replacement	-	-	2,000	2,000	100%	Pole Replacement
Subtotal	-	-	2,000	2,000	100%	
Governmental Funds Total	565,951	1,227,189	173,000	(1,054,189)	-609%	
All Funds Total	599,894	1,648,619	16,184,000	14,535,381	90%	

McKinleyville Community Services District
Summary of Long-Term Debt Report
As of Dec 31, 2015

Principal Maturities and Scheduled Interest

			Maturity	Balance - Nov	Balance - Dec 31,		
	%		Date	30, 2015	2015	FY-16	Thereafter
Water Fund:							
I-Bank			8/1/30 P	801,513.49	801,513.49	-	801,513.53
Interest	3.37%		I			13,505.50	219,225.52
State of CA Energy Commission (ARRA)			12/22/26 P	129,383.64	129,383.64	5,583.93	123,806.70
Interest	1.0%		I			648.52	6,926.83
State of CA (Davis Grunsky)			1/1/33 P	1,703,645.91	1,703,645.91	-	1,703,645.91
State of CA (Davis Grunsky) Deferred Interest			1/1/33 P	289,591.69	289,591.69	-	289,591.69
Interest	2.5%		I			22,108.11	408,486.72
Total Water Fund-Principal				2,924,134.73	2,924,134.73	5,583.93	2,918,557.83
Total Water Fund-Interest						36,262.13	634,639.07
Total Water Fund				2,924,134.73	2,924,134.73	41,846.06	3,553,196.90
Sewer Fund:							
State of CA WRCB (SCEP I)			4/15/16 P	40,920.10	40,920.10	40,920.10	-
Interest	0.0%		I			-	
State of CA WRCB (SCEP II)			3/27/18 P	79,524.80	79,524.80	25,838.70	53,686.60
Interest	2.6%		I			2,067.64	2,102.41
Umpqua Bank			12/4/17 P	109,215.46	105,062.20	25,184.97	79,721.79
Interest	5.5%		I			2,681.91	3,506.57
USDA (Sewer Bond)			8/1/22 P	515,000.00	515,000.00	-	515,000.00
Interest	5.0%		I			13,575.00	90,875.00
Total Sewer Fund-Principal				744,660.36	740,507.10	91,943.77	648,408.39
Total Sewer Fund-Interest						18,324.55	96,483.98
Total Sewer Fund				744,660.36	740,507.10	110,268.32	744,892.37
Meas. B Fund: Teen/Comm Center Loan			11/1/29 P	1,393,420.00	1,393,420.00	36,227.00	1,357,193.00
	3.55%		I			24,787.38	362,864.53
Streetlights Fund: LED Proj Loan, PG&E			P	81,114.35	79,458.95	12,943.20	69,526.55
	0.0%		I				-
Total Principal				5,143,329.44	5,137,520.78	146,697.90	4,993,685.77
Total Interest						79,374.06	1,093,987.58
Total				5,143,329.44	5,137,520.78	226,071.96	6,087,673.35

McKinleyville Community Services District
Board Designated Reserve Balances
As of Dec 31, 2015



- Utility Accounts Receivable Turnover Days As of Dec 31, 2015 13.0 Days
- YTD Breakeven Revenue, Water Fund: 1,072,286.78 - YTD Actual Water Sales: 1,538,102.10
- Days of Cash on Hand - Operations Checking Account 32.2 Days

McKinleyville Community Services District
Cash Disbursement Report
For the Period December 1 through December 31, 2015

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
Accounts Payable Disbursements						
30437	12/7/2015	*0011	REC PROGRAM REFUND - PP	70.00	B51204	REC PROGRAM REFUND - PP
30438	12/7/2015	COA01	COASTAL BUSINESS SYSTEMS	342.09	B51130	COPIER MAINTENANCE AGREEMENT
30439	12/7/2015	COR01	CORBIN WILLITS SYSTEMS, INC	858.42	B511151	MOMS MAINTENANCE AGREEMENT
30440	12/7/2015	COR07	JOHN W. CORBETT	125.00	B51123	BOARD MTG ON 11/4/2015
30441	12/7/2015	COU09	DAVID R. COUCH	125.00	B51123	BOARD MTG ON 11/4/2015
30442	12/7/2015	EDW01	HELEN L. EDWARDS	125.00	B51123	BOARD MTG ON 11/04/2015
30443	12/7/2015	HAR13	The Hartford - Priority A	383.98	B51124	GRP LIFE INSURANCE
30444	12/7/2015	HUM01	HUMBOLDT BAY MUNICIPAL WATER DISTR	71,510.26	B51204	WATER PURCHASED FOR NOV 2015
30445	12/7/2015	HUM08	HUMBOLDT SANITATION	1,087.60	B51204	TRASH SERVICE FOR NOV 2015
30446	12/7/2015	MAN01	MANNING ENVIRONMENTAL,INC	28.00	6071	REPAIRS/ SUPPLIES
30447	12/7/2015	MAR01	ERIC MARTIN	195.72	B51204	SAFETY SUPPLIES PURCHASED
30448	12/7/2015	MAY02	DENNIS MAYO	125.00	B51123	BOARD MTG ON 11/4/2015
30449	12/7/2015	MCK11	MCKINLEYVILLE SENIOR CENTER	80.70	B51201	DISTRICT SHARE OF INTERNET SERVICE
30450	12/7/2015	NAP02	NAPA AUTO PARTS	130.37	B51207	REPAIRS/ SUPPLIES
30451	12/7/2015	NAT06	NATIONAL METER & AUTOMATION	5,513.83	S1066107	REPIARS/ SUPPLIES
				79,920.00	S1066108	RADIO READ METER UPGRADE
				840.00	S1066547	CONNECT SOFTWARE
Check Total:				<u>86,273.83</u>		

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
30452	12/7/2015	NEC01	NEC FINANCIAL SERVICES,LLC	375.66	1856157	PHONE SERVICE FOR DEC 2015
30453	12/7/2015	SAF04	SAFEWAY INC. FILE # 72905	96.19	B51207	OFFICE SUPPLIES/REC PROGR
30454	12/7/2015	STA09	S.W.R.C.B.	60.00	B51124	CERT RENWAL
30455	12/7/2015	STA13	S.W.R.C.B.	170.00	B51124	CERT RENEWAL
30456	12/7/2015	USB01	U.S. BANK TRUST N.A.	7,979.17	B51124	SEWER BOND PAYMENT
30457	12/7/2015	USP02	USPS: ARCATA BMEU	1,500.00	B51201	PERMIT 202-BULK MAIL
30458	12/7/2015	VER01	VERIZON WIRELESS	65.54	B51207	CELL PHONES FOR NOV 2015
30459	12/7/2015	WES02	WES GREEN	225.00	59049	PROFESSIONAL SERVICES
30460	12/7/2015	WHE02	GEORGE A. WHEELER JR.	125.00	B51123	BOARD MTG ON 11/4/2015
30461	12/7/2015	YP001	YP	288.00	B51124	12MTH ADVERTISING IN YELLOW PAGES
30462	12/7/2015	\A003	MQ CUSTOMER REFUND FOR AN	64.89	000B51201	MQ CUSTOMER REFUND FOR AN
30463	12/7/2015	\B029	MQ CUSTOMER REFUND FOR BE	12.43	000B51201	MQ CUSTOMER REFUND FOR BE
30464	12/7/2015	\G014	MQ CUSTOMER REFUND FOR GR	76.39	000B51201	MQ CUSTOMER REFUND FOR GR
30465	12/7/2015	\H012	MQ CUSTOMER REFUND FOR HA	27.18	000B51201	MQ CUSTOMER REFUND FOR HA
30466	12/7/2015	\J015	MQ CUSTOMER REFUND FOR JL	454.21	000B51201	MQ CUSTOMER REFUND FOR JL
30467	12/7/2015	\R006	MQ CUSTOMER REFUND FOR RE	91.20	000B51201	MQ CUSTOMER REFUND FOR RE
30468	12/14/2015	*0012	AZALEA HALL DEPOSIT REFUND YM	100.00	B51214	AZALEA HALL DEPOSIT REFUND YM
30469	12/14/2015	ACW01	CB&T/ACWA-JPIA	10,449.99	B51214	GRP. HEALTH INS
30470	12/14/2015	ACW02	ASSOC. OF CALIFORNIA WATER AGENCIES	9,335.00	B51109	ANNUAL MEMBERSHIP
30471	12/14/2015	ADV01	ADVANCED SECURITY SYSTEMS	12.64	319721	MAC KEYS-REPAIRS/ SUPPLIES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
30472	12/14/2015	ARC02	Arcata Stationers	769.02	B51201	OFFICE SUPPLIES
30473	12/14/2015	BAN01	BANKCARD CENTER	626.58	NOV 2015	TRAVEL/MEALS/OFFICE SUPPL
30474	12/14/2015	COA01	COASTAL BUSINESS SYSTEMS	912.05	17957231	SHARP COPIER PAYMENT
30475	12/14/2015	COS03	COSTCO WHOLESALE	201.28	B51204	OFFICE AND REC PROGRAM SUPPLIES
30476	12/14/2015	DEL02	DELFINO, MADDEN, O'MALLEY	792.00	4458	LEGAL SERVICES
30477	12/14/2015	DOA01	NIKKI DOAN	125.00	B51214	MCSD XMAS PARTY SUPPLIES
30478	12/14/2015	EUR05	Eureka Oxygen Co	124.60	A518625	INV BO69173-SAFETY SUPPLIES
				114.00	A518815	PROFESSIONAL SERVICES
			Check Total:	<u>238.60</u>		
30479	12/14/2015	FLE01	FLEET PRIDE	69.26	73652528	VEHICLE REPAIRS
30480	12/14/2015	GHD01	GHD	302.00	55274	PROFESSIONAL SERVICES
30481	12/14/2015	HAR03	HARVEY M. HARPER CO.	105.32	B51204	VEHICLE REPAIRS
30482	12/14/2015	IND02	Industrial Electric Serv	184.86	IN17625	REPAIRS/SUPPLY
				716.71	IN17627	REPAIRS/SUPPLY
			Check Total:	<u>901.57</u>		
30483	12/14/2015	KEN03	KEN'S AUTO PARTS	985.40	B51209	VEHICLE REPAIRS/SUPPLIES
30484	12/14/2015	LDA01	LDA PARTNERS	1,609.34	31/635-1-	MCK TEEN CENTER
30485	12/14/2015	MAD02	MAD RIVER UNION	30.00	38364	ADVERTISEMENT
30486	12/14/2015	MCK04	MCK ACE HARDWARE	435.04	B51207	REPAIRS/SUPPLY
30487	12/14/2015	MEN01	MENDES SUPPLY CO.	837.61	B51204	REPAIRS/SUPPLY
30488	12/14/2015	MER03	MERCER, FRASER COMPANY	82.82	50009	REPAIRS/ SUPPLIES
30489	12/14/2015	MIL01	Miller Farms Nursery	479.03	B51204	REPAIRS/SUPPLY
30490	12/14/2015	MIL03	THE MILL YARD	106.28	B51204	REPAIRS/SUPPLIES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
30491	12/14/2015	NOR01	NORTH COAST LABORATORIES	2,701.00	B51207	LAB TESTING
30492	12/14/2015	NYL01	NYLEX.NET	1,539.00	1315	SUBSCRIPTION TO SECURITY
30493	12/14/2015	ORE01	O'REILLY AUTOMOTIVE, INC.	135.43	B51207	REPAIRS/SUPPLY
30494	12/14/2015	PGE01	PG & E (Office & Field)	13,582.19	B51209	GAS & ELECTRIC
30495	12/14/2015	REN01	RENNER PETROLEUM	2,840.80	B51207	FUEL FOR NOV 2015
30496	12/14/2015	SEQ01	Sequoia Gas Co.	119.57	B51207	FUEL FOR HILLER SPORTS SITE
30497	12/14/2015	SIE02	SIERRA CHEMICAL CO.	704.64	B51207	CHLORINE/CONTAINER DEPOSIT
30498	12/14/2015	STA01	STATEWIDE TRAFFIC	91.21	9001031	REPAIRS/ SUPPLIES
30499	12/14/2015	STA03	STATE OF CALIFORNIA	17,035.12	4	DAVIS GRUNSKY LOAN PMT
				102,134.99	1601D5016	DAVIS GRUNSKY LOAN PMT
			Check Total:	<u>119,170.11</u>		
30500	12/14/2015	STA09	S.W.R.C.B.	105.00	B51207	CERT RENEWAL
30501	12/14/2015	THO01	THOMAS & ASSOCIATES	3,978.25	28064	REISSUE OF VOIDED CHECK
30502	12/14/2015	THO02	Thomas Home Center	217.52	B51207	REPAIRS/SUPPLY
30503	12/14/2015	UNI05	UNITED RENTALS NORTHWEST,	555.32	133190394	PROFESSIONAL SERVICES
30504	12/28/2015	*0013	REFUND PAVING DEPOSIT-KI	22.71	B51228	REFUND PAVING DEPOSIT-KI
30505	12/28/2015	*0014	AZALEA HALL DEPOSIT REFUND HA	100.00	B51228	AZALEA HALL DEPOSIT REFUND HA
30506	12/28/2015	ATT01	AT&T	637.62	B51228	PHONE SERVICES FOR DEC 2015
30507	12/28/2015	GAN02	GANSON	290.00	98496	OFFICE SUPPLIES
30508	12/28/2015	HAY01	BRAD HAYMAN	97.86	B51228	SAFETY SUPPLIES-WORK BOOT
30509	12/28/2015	IND01	INDEPENDENT BUS. FORMS	124.05	31307	TAX FORMS-OFFICE SUPPLIES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
30510	12/28/2015	MAY03	DENNIS MAYO	60.49	B51228	ACWA FALL CONFERENCE-PARK
30511	12/28/2015	NAT06	NATIONAL METER & AUTOMATION	11,340.00	S10064367	RADIO READ METERS
30512	12/28/2015	ORS01	GREG ORSINI	16.00	B51228	CSDA BOARD MTG-PARKING
30513	12/28/2015	PGE02	PACIFIC GAS & ELECTRIC	2,920.50	B51228	STREETLIGHTS DEC 2015
30514	12/28/2015	PIT01	PITNEY BOWES	374.07	DC-15	POSTAGE METER LEASE
30515	12/28/2015	RES05	RESERVE ACCOUNT	1,500.00	B51228	POSTAGE METER
30516	12/28/2015	SIX03	SIX RIVERS MECHANICAL	151.89	481	VEHICLE REPAIRS
30517	12/28/2015	USP02	USPS: ARCATA BMEU	1,500.00	B51228	PERMIT 202-BULK MAIL
30518	12/30/2015	ADA01	ADAMS COMMERCIAL GC	147,903.58	005P	MCK TEEN CENTER
				515,356.47		
Total Disbursements, Accounts Payable:				515,356.47		

Payroll Related Disbursements

13316-13345	12/9/2015	Various Employees	15,714.41	Payroll Checks		
13346	12/9/2015	CAL12	CalPERS 457 Plan	5,152.85	B51209	RETIREMENT
				503.86	1B51209	PERS 457 LOAN PMT
		Check Total:	5,656.71			
13347	12/9/2015	DIR01	DIRECT DEPOSIT VENDOR- US	26,965.11	B51209	Direct Deposit
13348	12/9/2015	EMP01	Employment Development	1,413.30	B51209	STATE INCOME TAX
				482.03	1B51209	SDI
		Check Total:	1,895.33			
13349	12/9/2015	HUM29	UMPQUA BANK--PAYROLL DEP.	5,186.00	B51209	FEDERAL INCOME TAX
				7,282.94	1B51209	FICA
				1,703.28	2B51209	MEDICARE
		Check Total:	14,172.22			
13350	12/9/2015	ACW01	CB&T/ACWA-JPIA	46,929.00	B51130	MED & DENTAL INSURANCE

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
13351	12/9/2015	PUB01	Public Employees PERS	15,152.47	B51130	PERS PAYROLL REMITTANCE
13352-13381	12/22/2015		Various Employees	18,309.70		Payroll Checks
13382	12/22/2015	CAL12	CalPERS 457 Plan	5,199.13	B51222	RETIREMENT
				503.86	1B51222	PERS 457 LOAN PMT
			Check Total:	<u>5,702.99</u>		
13383	12/22/2015	DIR01	DIRECT DEPOSIT VENDOR- US	27,878.40	B51222	Direct Deposit
13384	12/22/2015	EMP01	Employment Development	1,559.77	B51222	STATE INCOME TAX
				519.36	1B51222	SDI
			Check Total:	<u>2,079.13</u>		
13385	12/22/2015	HUM29	UMPQUA BANK--PAYROLL DEP.	5,597.36	B51222	FEDERAL INCOME TAX
				7,314.72	1B51222	FICA
				1,823.60	2B51222	MEDICARE
			Check Total:	<u>14,735.68</u>		
				<u>195,191.15</u>		
			Total Disbursements, Payroll:	<u>195,191.15</u>		
			Total Check Disbursements:	710,547.62		

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: **ACTION**

ITEM: D.3 **Compliance with State Double Check Valve (DCV) Law**

PRESENTED BY: **James Henry, Operations Director**

TYPE OF ACTION: **Roll Call Vote – Consent Calendar**

Recommendation:

Staff recommends that the Board authorize staff to provide the listed customers with formal notice that their water service will be discontinued in one month if they have not come into compliance with state law regarding water service cross-connection in accordance with MCSD Rules 7 and 10.

Discussion:

Customers listed below are currently not in compliance with State Law regarding cross connection control for water customers with an alternate water supply. These customers have been notified of their respective violations, as noted, and have been provided notification of this meeting.

1st Notice	December 11, 2015
10 Day Notice	January 20, 2016
Board Meeting	February 3, 2016
Lock	March 7, 2016
ROUTE 19	

Account #	Address	Model of DCV	Date s/o out
19-868-008	1402 Tantara	Febco	
19-360-002	4760 Kemp	Watts	

Updated 1/25/16

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: **ACTION**

ITEM: D.4 **Approve Recreation Program Fees for Spring-Summer Programs**

PRESENTED BY: **Lesley Frisbee, Recreation Director**

TYPE OF ACTION: **Roll Call Vote – Consent Calendar**

Recommendation:

Staff recommends that the Board review the draft Spring-Summer 2016 Activity Guide and approve upcoming recreation programs and fees.

Discussion:

From the MCSD Rules and Regulations:

Rule 45.03.d. RECREATION PROGRAM FEES - the District shall charge participants program fees based on the direct expenses associated with each individual program. Program fees shall be determined each year and as programs are added to the Department's current services index. Program fees shall be adopted by the Board within two months of the inception or change of fees.

Staff prepares a Recreation Activity Guide three (3) times annually. The guide is distributed each February, June and October and is distributed throughout the community as well as with the McKinleyville Newsletter.

Staff determined the best way for the Board to approve recreation program fees is to ask the Board to approve the Recreation Activity Guide, which includes program fees in the document.

Exhibits/Attachments:

- Draft 2016 Spring-Summer Activity Guide

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Fees for leisure and recreation programs are designed to cover the cost of the program. Staff routinely audit's recreation program fees to make sure they are set accurately. Staff is recommending fee increases for several recreation programs given the minimum wage increases that have impacted all of the program budgets in the last year and a half.

Parks & Recreation Activity Guide

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Registration Information

Register in person at the Parks & Recreation Office at 1656 Sutter Road. Registration forms are also available on our website: www.mckinleyvillecsd.com. **Residents (R) are those persons living or owning property inside the MCSD Boundary. All others pay a non-resident (NR) fee.*

Online Registration Available

Look for the “mouse” to find out which of our programs offer online registration! Click on the links to **Online Registration** on our website or go to rec.mckinleyvillecsd.com to register!

Facilities & Facility Rentals

We have facilities available to rent for all your special event or meeting needs. For information regarding rental policies and procedures, please contact the Parks and Recreation office at 839-9003, or check out our website at www.mckinleyvillecsd.com/facility-rentals.



Parks & Picnic Area Rentals

We have park picnic areas available to rent for all your party needs. Each picnic area is equipped with tables and a BBQ. For more information please contact the Parks and Recreation office at 839-9003, or check out our website at www.mckinleyvillecsd.com/park-rentals.



Birthday Parties

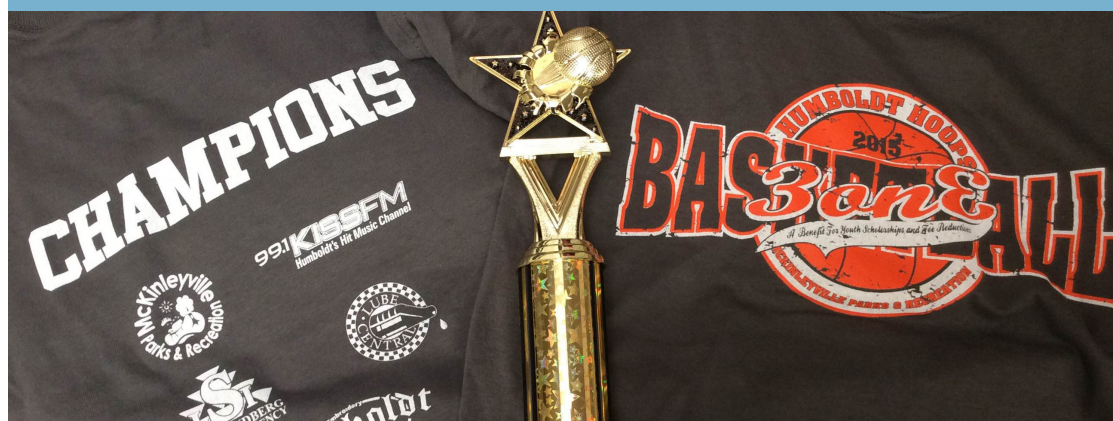
Book your child's next birthday party with us! Private parties are scheduled around other programs at the Activity Center. Choose from a roller skating, basketball, indoor soccer, dodgeball, floor hockey or a Playgroup Toddler Party!

McKinleyville Activity Center | Call for scheduling
Starting at \$150 for 20 Participants

IIth Annual Humboldt Hoops Youth 3 on 3 Basketball Tournament

Sign up NOW for our 11th Annual Humboldt Hoops Youth 3 on 3 Basketball Tournament!!! This tournament is a Benefit for Youth Scholarships and Fee Reductions. The Tournament fee is \$125 per team if signed up by March 11, 2016. After March 11th the fee is \$140 per team. All teams must sign up on or before March 18, 2016.

The tournament Kick Off Meeting happens on Friday, April 1, 2016 at 4:00 pm. Games will take place after that meeting and through Saturday, April 2, 2016. The Divisions are Boys: 3rd & 4th grade, 5th & 6th grade, 7th & 8th grade, 9th & 10th



grade, 11th & 12th grade; and Girls: 3rd & 4th grade, 5th & 6th grade, 7th & 8th grade, 9th & 10th grade, 11th & 12 grade. Teams must have at least 3 and no more than 5 players on the roster. Games will be played at the McKinleyville Activity Center, Morris Elementary Gym and McKinleyville Middle School Gym.

PeeWee Basketball League 🖱️

Our PeeWee Basketball League offers boys and girls in K-2nd grades a chance to play in a fun recreational basketball league this spring. We offer separate divisions for Kindergarten and for 1st-2nd. Games and practices are on Saturdays, the practice is the first half hour followed by a half hour game. **The Registration Deadline is Friday, April 1st.** A \$15 late fee will apply after April 1st, if space is still available. Sign Up Early!!!

Volunteer Coaches are encouraged to contact the Recreation Department early in the registration period.

Boys & Girls K-2nd Grade | McKinleyville Activity Center
League Begins April 16 | Sa | Various Times | \$65R/\$70NR

All Star Basketball Camp 🖱️

This basketball camp is for boys and girls in K to 2nd grades. Each player will go through a progression of skills focusing on the triple threat: shooting, passing, and dribbling. Please bring a snack! Space is limited in this great camp that helps warm you up for the Pee Wee Basketball League, so register early!

Girls & Boys K-2nd Grade | Sa | April 9
McK Activity Center | 9:30am-noon
\$20R/\$25NR per Child

Hot Shots Competition

This unique basketball competition pits two player teams against each other in a seven spot shoot out! Each team has one minute to score as many points as possible from seven different shooting spots each with a different point value. Teams will be divided by gender and grade. **Register by Friday, Feb. 26!**

Girls and Boys 3rd-8th Grade | McK Activity Center
Feb. 26 | F | 6:30pm-9:30pm | \$15/team

KinderSports Soccer

This co-ed introductory program introduces your child to the basic skills of Soccer. Build up your child's sense of teamwork and sportsmanship by signing them up for this fantastic program.

Age: 2-3 | McK Activity Center | April 9-May 14
Sa | 9:30am-10:30am | \$55R/\$60NR

Age: 3-5 | McK Activity Center | April 9-May 14
Sa | 11:00am-12:00pm | \$55R/\$60NR

Youth Football Skills Camp

Join our youth football coaches for this opportunity to learn fundamental football skills. Get in shape for the upcoming football season while learning safe and proper techniques to improve your game! "It's the journey that matters. Learning is more important than the test. Practice well, and the games will take care of themselves." – Tony Dungy.

Boys & Girls aged 7-14 | Hiller Sports Complex
W-F | **May 4-June 1 | 5:30-7:30pm | \$65R/\$70NR**

Youth Flag Football League

McKinleyville Parks & Recreation is excited to offer a youth coed flag football league this Summer. This is a great opportunity for our youth to play football and learn fundamental skills in a safe and supervised environment. Skills assessments are on June 16-June 17. Games will be played at Hiller Sports Complex. Team Practices are 1 hour. Games are two 20 minute halves. **Registration deadline is June 10, 2016.**

Boys & Girls aged 7-14 | Hiller Sports Complex | 5:30-7:30pm | \$75R/\$80NR
Games: T, Th from July 5-July 28 | Practices: M, W from June 27-July 27



Mark Your Calendars: KinderSports T-Ball

This co-ed introductory program introduces your child to the basic skills of T-Ball. Build up your child's sense of teamwork and sportsmanship by signing them up for this fantastic program.

Age: 2-3 | McK Activity Center | Sa
**July 9-Aug. 13 | 9:30am-10:30am
\$55R/\$60NR**

Age: 3-5 | McK Activity Center | Sa
**July 9-Aug. 13 | 11am-12pm
\$55R/\$60NR**

Summer Basketball Program

Sign up for our summer youth basketball program as early as April 1st! This co-ed program offers divisions for players entering 3rd-4th grade, 5th-6th grade, and 7th-8th grade. Registration Deadline is June 17, 2016. (Registration after this date will include a \$15 late fee)

Girls & Boys entering 3rd-8th Grade | T or Th
**June 28-Aug. 11 | McK Activity Center
6:00-7:30pm | \$40R/\$45NR (7 Days)**



McKinleyville Little League

LAST CHANCE Registration & Skills Assessment:
McKinleyville High School Softball Field
Saturday, Feb. 27, 2016 10 am - 4 pm
Sunday, Feb. 28, 2016 noon - 2 pm
www.mckinleyvillelittleleague.com
707-845-6661 mckinleyville.llbaseball@gmail.com

Kids Club

Kids Club is an after-school enrichment program for students attending Dow's Prairie and Morris Elementary Schools. A variety of activities such as games, arts and crafts, sports and homework time are offered each day. A healthy snack is provided each day.

Grades K-2nd | \$13 per day | M-F | Pick up by 6:00pm

Grades 3rd-5th | \$11 per day | M-F | Pick up by 6:00pm

Breakout

Breakout is a school vacation day camp program offered during President's Week and Spring Break to TK to 5th graders at the McKinleyville Activity Center. Join us for a fun week filled with active games, arts and crafts, sports, and skating. Participants need to bring a lunch and two snacks each day. Space is limited so register early!!!

Full Day:

TK-5th Grade | \$125/week or \$30/day | NR +\$1/day
Feb. 15-19 & April 11-15 | M, T, W, Th, F | 7:30am - 6:00pm

AM Half Day:

TK-5th Grade | \$90/week or \$20/day | NR +\$1/day
Feb. 15-19 & April 11-15 | M, T, W, Th, F | 7:30am - 12:30pm

PM Half Day:

TK-5th Grade | \$90/week or \$20/day | NR +\$1/day
Feb. 15-19 & April 11-15 | M, T, W, Th, F | 12:30pm - 6:00pm

Playgroup

Playgroup is a great opportunity for children 0-5 years old and their parents to meet new people and make new friends. A variety of toys and activities for young children are provided. Playgroup is closed the weeks of Thanksgiving, Christmas and New Years. Come check it out! **A \$3 donation is greatly appreciated!**

Families with 0-5 year olds | McK Activity Center
Ongoing | T, Th, F | 10:00am-12:00pm | Free

Kids Camp

Registration Opens May 2, 2016!!! Join McKinleyville Parks & Recreation for a dynamic summer day camp program in which youth ages 6-12 years old will have the opportunity to make the most out of their summer. Participants will have a choice between a variety of options for each "Activity" segment of the daily schedule. Summer is a time for fun and freedom, so we like to provide each participant the opportunity for freedom of choice whenever possible. We offer opportunities for free play both indoors and outdoors each day. Roller Skating is a weekly activity. Participants are welcome to bring their own skates or borrow some of ours!

Field trips are each week on Wednesday. Field trips are available ONLY for Full Day camp participants, fees are included in the Full Day Registration cost.

Girls & Boys aged 6*-12 | M-F | June 20-Aug. 19
McKinleyville Activity Center
***May be 5 if they completed Kindergarten**

Full Day: 7:30am - 5:30pm
\$140/week or \$35/day | NR +\$1/day**
****Wednesday is \$40/day**

AM Half Day: 7:30am - 12:30pm
\$90/week or \$20/day | NR +\$1/day

PM Half Day: 12:30pm - 5:30pm
\$90/week or \$20/day | NR +\$1/day

Payment for first week of attendance is due in full at time of registration.

A \$3 per day deposit can be placed on all future dates to reserve your child's spot.

Youth Driven

Teens check out the place to be on Saturday nights! Drop by to participate in various activities like shooting some hoops, playing board games, playing on the Xbox and Wii, or just to hang out with friends and make new ones!

6th-12th Grade | McK Activity Center
7:00pm-9:30pm | Sa | Free

Feb. 13, 27; Mar. 5, 12, 19;

April 9, 23, 30; May 7, 14, 21, 28

f facebook.com/youthdrivenmcscd

Junior High Dances

Join us for an evening of fun and dancing! A student body ID card and legible dance contract are REQUIRED. Admission fees are collected at the door. Pre-sale tickets are HIGHLY Recommended!!! Pre-sale tickets are \$10. Tickets purchased at the door are \$15 dollars.

6th-8th Grade | McK Activity Center
7:00pm-9:30pm | F | Mar. 18, May 20

Pre-sale: \$10, At the Door: \$15

Leader-in-Training

Get a jumpstart on developing leadership skills in this great work experience program for teens age 13 to 15. LIT's serve at the Kids' Camp Summer Day Camp program as assistants to our Recreation Leaders; helping lead games, teaching arts & crafts, leading song circles, and more. The LIT Program is a great way for teens to gain valuable work experience in a fun and supportive atmosphere. Pre-registration is required. LIT's must commit to a minimum of 3 full weeks of camp. Full day or half day scheduling is available. LIT's must attend pre-camp training in order to be eligible to be scheduled for shifts.

Service and Leadership look great on resumés and job applications. Several former LIT's have become paid Recreation Leaders at McKinleyville Parks & Recreation. Take advantage of this great learning opportunity. Pick up your application at the Parks & Recreation office or download it from our website!

Boys & Girls 13-15 years old | McK Activity Center | M-F | Free
June 20-August 19 | LIT Applications must be turned in by May 20, 2016

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- CHECK ALL FLUIDS

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new heart
community church

Sundays 8:30am @ Azalea Hall &
10:30am @ The Activity Center
Pierson Park, McKinleyville

(707) 839-8015
www.newheart.com

PONY EXPRESS DAYS

JUNE 1 - JUNE 5, 2016

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FOR A SCHEDULE OF
COMMUNITY EVENTS
ASSOCIATED WITH
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DAYS INCLUDING:
CHILI COOK
OFF, GYMKHANA,
CHILDREN'S EVENTS,
FESTIVAL, PONY
EXPRESS PARADE
AND MORE!!!**



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HUMBOLDT STATE UNIVERSITY

3 on 3 Basketball

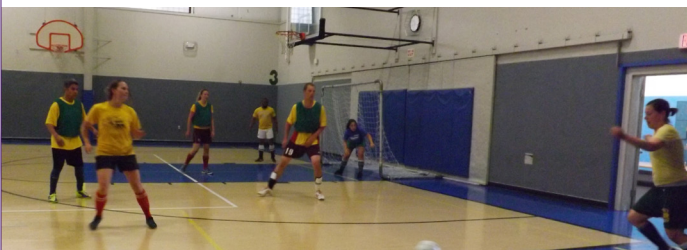
Join us Thursday evenings at the MAC for this fun Coed Adult 3 on 3 Basketball League. All games are half court and self-officiated. Team rosters may include 3 to 8 players. Registration begins January 4, 2016. Registration deadline is March 21, 2016. No games April 14th.

16 years+ | March 24-May 26 | Th
McK Activity Center | **6:30pm-9:30pm**
\$120/team

Hoop @ Night

Our Drop-in Basketball program happens almost every Sunday evening at the Activity Center. Bring your friends and get a workout that is also fun!

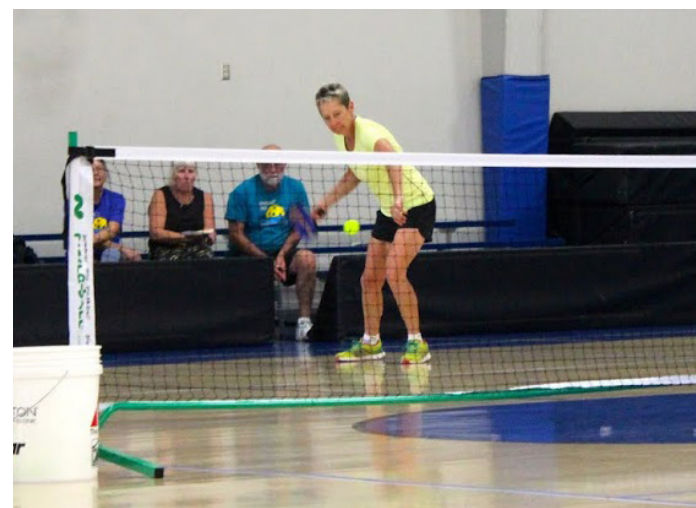
Adults 18 years+ | McK Activity Center
Su | 7:00pm-10:00pm | \$4/Day



Adult Futsal

Join our fastest growing co-ed adult sports league. Futsal is a style of indoor soccer played with a slightly smaller and denser ball. Drop in play is also available for \$10 per day per player. Summer season schedule TBD.

Adults 18 years+ | McK Activity Center
Mar. 16-May 25 | W | 6:00pm-9:30pm
\$60R/\$65NR



Pickleball Drop In

Pickleball is a fun, fast paced paddle sport sometimes described as a cross between tennis & ping pong. Drop In to play one of the fastest growing sports in America.

Adults 18 years+ | McK Activity Center
W | 9:00am-12:30pm | \$3/person

Simply Fit

Increase your fitness by doing simple movements with lo-tech equipment to strengthen muscles and improve balance in this Lo-Impact Aerobics & Strength Stretch Class with instructor Gayle Patrice, P.T.

Adults 18 years + | Azalea Hall | M, W
Ongoing | 10am-11am | \$6/Day

Community Garden

Call us today to see about reserving your very own garden space at the Pierson Park Community Garden. This is a great opportunity to grow your own produce, especially if you don't have a yard of your own. \$20 annually for 3' by 10' plot.

Lawn Games in the Park

Join us every Thursday evening in July & August at Pierson Park with your family to play classic and new Lawn Games, such as Cornhole & Spikeball! Bring a picnic dinner and the whole family to these fun, free evenings in the Park!

North Coast Agility & Dog Training

Instructor Sally Dunn competes at the “Excellent” level and has taught obedience, both formal and family, for over 20 years. The Rally Obedience class is for those looking to or already are competing in the sport of Rally Obedience. The class is a great way to sharpen your dog’s skills in the obedience ring and beyond!

Rally Obedience | Azalea Hall | T | 5:30pm-6:30pm
Feb. 23-March 29 | \$75R/\$80NR
April 12-May 17 | \$75R/\$80NR

The Freestyle Dance class is for dogs who have a knack for dance! Taught by Sally Dunn, dog and master will learn how to move together in this freestyle dance class. **No classes on the 1st Wednesday of each month.*

Freestyle Dance | Azalea Hall | W | 6:00pm-7:00pm
Ongoing Class | \$75R/\$80NR

In instructor Jennifer Eichstedt’s class your dog learns special tricks such as rollover, high five, sit up, crawl, and bow in the Dog Tricks for Treats class. In the Feisty Fido class learn how to help your dog behave and relax in the presence of other dogs and people. In the Doggie House Manners class dogs learn how to play games, go to their bed, and other house manners.

Doggie House Manners | Azalea Hall | T | 6:30pm-7:30pm
Feb. 23-March 29 | \$75R/\$80NR

Delilah’s Top Dog

Instructor Delilah Huck has been teaching people to train their dogs for over 30 years. The Basic Dog and Puppy Training class is perfect for new puppy owners to learn the tools for solving problems like digging and chewing, as well as teaching your puppy to come, sit down, stand, walk on loose lead, not jumping, and go to bed. The Basic Dog and Puppy Training class helps to teach owners to become the leader in their relationships with their dogs, by teaching them to heel on a leash, down stay, sit stay, and keep your dog’s attention around distractions.

Basic Dog & Puppy Training | Azalea Hall | M | 6pm-7pm
March 7-April 11 | \$75R/\$80NR

Advertisements

Place your Advertisement Today! We direct mail this full color guide to over 5,000 McKinleyville Residents and it is available to pick up at many locations throughout McKinleyville. It is also viewed on our website and is emailed to over 1,500 of our customers. Three Newsletter and Activity Guides come out each year and you can advertise in all three for as little \$160!!! Call the office today to place your ad at 707-839-9003.

Leisure Class Instructors

Programs can be offered for all ages; including toddlers, children, teens, young adults, adults, and seniors. We are typically seeking the following programs... arts, crafts, cooking, dog obedience, dancing, martial arts, yoga, music and more. If you have an idea but aren’t sure we’ll be able to use it, call us at the Parks & Recreation Office at 839-9003 and ask!

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: **ACTION**

ITEM: E.1 **Accept FY2014-15 Audited Financial Statements**

PRESENTED BY: **Colleen M. R. Trask, Finance Director**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board listen to the auditor's presentation, discuss, take public comment, and accept the District's audited financial statements for Fiscal Year 2014-15.

Discussion:

The District's annual audit for Fiscal Year 2014-15 is complete. It has been presented and discussed with the MCSD Audit Committee and staff.

The independent auditor issued an unqualified opinion on the District's FY2014-15 financial statements.

The Audit Committee has reviewed and accepted the auditor's report.

The Board will be provided with bound copies of the finalized audit and an electronic copy of the audit will be posted on the MCSD website.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 - MCSD Basic Financial Statements with the report of the independent auditor for Fiscal Year 2014-15.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BASIC FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
McKinleyville Community Services District
McKinleyville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McKinleyville Community Services District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the McKinleyville Community Services District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each

major fund, and the aggregate remaining fund information of McKinleyville Community Services District, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Note 1 of the financial statements, the District adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9; the budgetary comparison information on pages 47 through 49; and the schedules of the District's proportionate share of the net pension liability, pension contributions, and funding progress – other post employment benefits on pages 50 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2016, on our consideration of McKinleyville Community Services District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering McKinleyville Community Services District's internal control over financial reporting and compliance.

Hunter, Hunter & Hunt

January 21, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

Management offers to the readers of the McKinleyville Community Services District's (the District) basic financial statements this narrative overview and analysis of the District's financial activities for the year ended June 30, 2015. This discussion and analysis should be read in conjunction with the accompanying basic financial statements and the notes thereto.

Overview of the Basic Financial Statements

The District's basic financial statements and required supplementary information consist of the following:

- Government-Wide Financial Statements (accrual basis of accounting):
 - 1) Statement of Net Position
 - 2) Statement of Activities
- Governmental Fund Financial Statements (modified accrual basis of accounting):
 - 1) Balance Sheet
 - 2) Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position
 - 3) Statement of Revenues, Expenditures, and Changes in Fund Balances
 - 4) Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Proprietary Fund Financial Statements (accrual basis of accounting):
 - 1) Statement of Net Position
 - 2) Statement of Revenues, Expenses, and Changes in Fund Net Position
 - 3) Statement of Cash Flows
- Notes to Basic Financial Statements
- Required Supplementary Information:
 - 1) Budgetary Comparison Schedule – General Fund (Parks & Recreation)
 - 2) Budgetary Comparison Schedule – Measure B Fund
 - 3) Budgetary Comparison Schedule – Streetlighting Fund
 - 4) Schedule of the District's Proportionate Share of the Net Pension Liability
 - 5) Schedule of Pension Contributions
 - 6) Schedule of Funding Progress – Other Post Employment Benefits

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The statement of net position presents the District's financial position at a point in time, June 30, and includes information on all of the District's assets, liabilities, and deferred outflows and inflows with the difference between the total of recorded assets and deferred outflows and the total of liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining. The statement of activities presents information showing how the District's net position changed during the most recent fiscal year.

The statement of net position and the statement of activities divide District operations into two types of activities:

- **Governmental Activities** – Included are the District's parks, recreation programs, open space zones and streetlight zones. This also accounts for management of the District's buildings at Pierson Park (Azalea Hall, activity center, library, and law enforcement facility), Hiller Park (sports fields, playgrounds, dog park, etc.), Larissa Park, trails and open spaces. These activities are funded by property taxes, the Measure B Assessments (for recreational facility development and maintenance), zone assessments, grants, donations, and user fees.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

- **Business-Type Activities** – These are activities in which the District charges fees to customers to cover the cost of services it provides. The District's water and wastewater systems are reported herein.

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant funds which include: (1) general fund, including parks and recreation, (2) Measure B fund, (3) streetlighting fund, (4) water fund, and (5) wastewater fund. Additionally, the proprietary fund financial statements provide cash flow information for the District's water and wastewater funds. The District's fund financial statements encompass two fund types as follows:

- **Governmental Funds** - Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating the District's near-term financing requirements.
- **Proprietary Funds** - Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail.

Financial Highlights

- Total current assets increased by approximately \$101,000 or 1.9% in comparison to the prior year while capital assets and other non-current assets increased by approximately \$3,608,000 or 14.9%.
- Pension related deferred outflows increased by approximately \$27,000 or 24.1%.
- Current liabilities increased by approximately \$134,000 or 13.5% in comparison to the prior year while long-term liabilities increased by approximately \$821,005 or 13.0%.
- Pension related deferred inflows increased by \$383,000 or 100%.
- Overall, the District's net position increased by approximately \$2,398,000 or 10.7% as a result of this year's operations.
- Total program revenues increased by approximately \$1,410,000 or 23.9% over the prior year while program expenses increased by approximately \$56,000 or 1.0%.
- The District's general revenues increased by approximately \$48,000 over the prior year or 8.3%.
- The District implemented Governmental Accounting Standards Board (GASB) Statement No. 68 and recorded its proportionate share of the net pension liability (\$1,541,230) applicable to its defined benefit pension plan as well as related deferred outflows of resources (\$112,178). This resulted in an adjustment to the District's previously reported net position as of June 30, 2014 in the amount of \$1,429,052.

Government-Wide Financial Statement Analysis

The discussion and analysis of the District's overall financial position and results of operations will focus on the following condensed statement of net position (Tables 1 and 2) and condensed statement of revenues, expenses, and changes in net position (Tables 3 and 4) for both governmental and business-type activities. Note in Tables 1 and 2 that deferred outflows, non-current liabilities, deferred inflows, and unrestricted net position, were restated to reflect the recognition of the District's net pension liability. See Note 12 for further discussion of the restatement.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

**Table 1 - Condensed Statement of Net Position
(Governmental Activities)**

	Fiscal Year Ended June 30,		
	2015	2014	Change
Assets and Deferred Outflows			
Current	\$ 1,063,106	\$ 1,135,252	\$ (72,146)
Non-Current			
Net Capital Assets	3,419,248	3,410,403	8,845
Other	1,614,434	184,238	1,430,196
Deferred Outflows	45,920	37,018	8,902
Total Assets and Deferred Outflows	6,142,708	4,766,911	1,375,797
Liabilities and Deferred Inflows			
Current	295,788	198,074	97,714
Non-Current	2,101,531	822,286	1,279,245
Deferred Inflows	126,235	-	126,235
Total Liabilities and Deferred Inflows	2,523,554	1,020,360	1,503,194
Net Position			
Net Investment in Capital Assets	3,329,857	3,312,222	17,635
Restricted	206,234	176,827	29,407
Unrestricted	83,063	257,502	(174,439)
Total Net Position	\$ 3,619,154	\$ 3,746,551	\$ (127,397)

**Table 2 - Condensed Statement of Net Position
(Business-Type Activities)**

	Fiscal Year Ended June 30,		
	2015	2014	Change
Assets and Deferred Outflows			
Current	\$ 4,465,694	\$ 4,292,961	\$ 172,733
Non-Current			
Net Capital Assets	20,720,068	18,750,640	1,969,428
Other	2,075,364	1,875,808	199,556
Deferred Outflows	93,234	75,160	18,074
Total Assets and Deferred Outflows	27,354,360	24,994,569	2,359,791
Liabilities and Deferred Inflows			
Current	834,219	797,551	36,668
Non-Current	5,014,895	5,473,136	(458,241)
Deferred Inflows	256,297	-	256,297
Total Liabilities and Deferred Inflows	6,105,411	6,270,687	(165,276)
Net Position			
Net Investment in Capital Assets	16,827,946	14,540,233	2,287,713
Restricted	1,974,548	1,777,362	197,186
Unrestricted	2,446,455	2,406,287	40,168
Total Net Position	\$21,248,949	\$18,723,882	\$ 2,525,067

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

As can be seen from Table 1 on the previous page (Condensed Statement of Net Position – Governmental Activities), the following can be noted when comparing the current year to the prior year:

- Non-capital assets increased by \$1,358,050 or 103%;
- Net capital assets increased by \$8,845 or 0.3%;
- Pension related deferred outflows increased by \$8,902 or 24.0%;
- Total liabilities increased by \$1,376,959 or 135%;
- Pension related deferred inflows increased by \$126,235 or 100%;
- Net investment in capital assets increased by \$17,635 or 0.5%;
- Restricted net position increased by \$29,407 or 16.6%;
- Unrestricted net position decreased by \$174,439 or 67.7%.

As can be seen from Table 2 on the previous page (Condensed Statement of Net Position – Business-Type Activities), the following can be noted when comparing the current year to the prior year:

- Non-capital assets increased by \$372,289 or 6.0%;
- Net capital assets increased by \$1,969,428 or 10.5%;
- Pension related deferred outflows increased by \$18,074 or 24.0%;
- Total liabilities decreased by \$421,573 or 6.7%;
- Pension related deferred inflows increased by \$256,297 or 100%;
- Net investment in capital assets increased by \$2,287,713 or 15.7%;
- Restricted net position increased by \$197,186 or 11.1%;
- Unrestricted net position increased by \$40,168 or 1.7%.

As can be seen from Table 3 below (Condensed Statement of Revenues, Expenses, and Changes in Net Position – Governmental Activities), the following can be noted when comparing the current year to the prior year:

- Total revenues increased by \$42,567 or 3.1%;
- Total expenses increased by \$100,271 or 7.0%;
- Net position decreased by \$127,397 or 3.4%.

**Table 3 - Condensed Statement of Revenues, Expenses, and Changes in Net Position
(Governmental Activities)**

	Fiscal Year Ended June 30,		
	2015	2014	Change
Revenues			
Program			
Charges for Services and Facilities	\$ 772,727	\$ 777,963	\$ (5,236)
Operating Grants and Contributions	20,083	33,252	(13,169)
Capital Grants and Contributions	25,000	-	25,000
General			
Property Taxes	523,969	516,221	7,748
Other Income	49,842	25,735	24,107
Unrestricted Investment Earnings	10,872	6,755	4,117
Total Revenues	1,402,493	1,359,926	42,567
Expenses			
Recreation, Parks, Open Space, Facilities, and Other Activities	1,443,086	1,332,874	110,212
Streetlighting	86,804	96,745	(9,941)
Total Expenses	1,529,890	1,429,619	100,271
Change in Net Position	(127,397)	(69,693)	(57,704)
Net Position - Beginning of Year	3,746,551	4,287,831	(541,280)
Restatement - Pension	-	(471,587)	471,587
Net Position - End of Year	\$ 3,619,154	\$ 3,746,551	\$ (127,397)

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

As can be seen from Table 4 below (Condensed Statement of Revenues, Expenses, and Changes in Net Position – Business-Type Activities), the following can be noted when comparing the current year to the prior year:

- Total revenues increased by \$1,415,951 or 27.6%;
- Total expenses decreased by \$44,340 or 1.1%;
- Net position increased by \$2,525,067 or 13.5%.

**Table 4 - Condensed Statement of Revenues, Expenses, and Changes in Net Position
(Business-Type Activities)**

	Fiscal Year Ended June 30,		
	2015	2014	Change
Revenues			
Program			
Charges for Services - Water	\$ 2,974,203	\$ 2,378,985	\$ 595,218
Charges for Services - Wastewater	2,143,217	1,865,547	277,670
Capital Grants and Contributions - Water	1,123,276	411,611	711,665
Capital Grants and Contributions - Wastewater	254,027	435,099	(181,072)
General			
Gain (Loss) on Sale of Asset	8,500	1,124	7,376
Unrestricted Investment Earnings	36,006	30,912	5,094
Total Revenues	6,539,229	5,123,278	1,415,951
Expenses			
Water	2,259,154	2,270,950	(11,796)
Wastewater	1,755,008	1,787,552	(32,544)
Total Expenses	4,014,162	4,058,502	(44,340)
Change in Net Position	2,525,067	1,064,776	1,460,291
Net Position - Beginning of Year	18,723,882	18,616,571	107,311
Restatement - Pension	-	(957,465)	957,465
Net Position - End of Year	\$ 21,248,949	\$ 18,723,882	\$ 2,525,067

Fund Financial Statement Analysis

Governmental Funds

Detailed information about the District's governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances can be found on pages 12 and 14, respectively, of the District's basic financial statements. The following can be noted when comparing the current governmental fund financial statements to the prior year:

- Total assets (excluding the change in due to/due from other funds) increased by \$1,358,050 or 103% primarily due an increase in restricted cash related to the Teen and Community Center financing;
- Total liabilities (excluding the change in due to/due from other funds) decreased by \$12,264 or 7.2% primarily due to a decrease in accounts payable;
- Total due to/due from other funds increased by \$128,259 resulting from the General Fund's coverage of the Streetlighting Fund's cash deficit;
- Total fund balance increased by \$1,370,314 or 119% primarily due to the receipt of debt proceeds in advance of capital outlays for the Measure B Fund;
- Total revenues increased by \$51,475 or 3.8% primarily due to one-time capital grant funds and an increase in Quimby Fees in the General Fund;
- Total expenditures decreased by \$111,940 or 6.9% primarily due to a decrease in capital outlays and an increase in debt service;
- Total other financing sources increased by \$1,368,580 or 1,393% primarily due to the receipt of debt proceeds related to the Teen and Community Center Project.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

Proprietary Funds

Detailed information about the District's proprietary funds statement of net position and statement of revenues, expenditures, and changes in net position can be found on pages 16 and 17, respectively, of the District's basic financial statements. Note in comparing the current proprietary fund financial statements to the prior year that deferred outflows, non-current liabilities, deferred inflows, and unrestricted net position were restated to reflect the recognition of the District's net pension liability. See Note 12 for further discussion of the restatement. The following can be noted when comparing the current proprietary fund financial statements to the prior year:

- Total water fund assets increased by \$1,800,038 or 19.7% primarily due to an increase in cash and net capital assets;
- Total wastewater fund assets increased by \$541,679 or 3.4% primarily due to an increase in cash and net capital assets;
- Water fund pension related deferred outflows increased by \$8,635 or 24.0% due to the implementation of *GASB Statement No. 68*;
- Wastewater fund pension related deferred outflows increased by \$9,439 or 24.0% due to the implementation of *GASB Statement No. 68*;
- Total water fund liabilities decreased by \$171,823 or 4.0% primarily due to changes in the OPEB and pension liabilities and the principal repayment on debt;
- Total wastewater fund liabilities decreased by \$249,750 or 12.5% primarily due to changes in the OPEB and pension liabilities and the principal repayment on debt ;
- Water fund pension related deferred inflows increased by \$122,411 or 100% due to the implementation of *GASB Statement No. 68* ;
- Wastewater fund pension related deferred inflows increased by \$133,886 or 100% due to the implementation of *GASB Statement No. 68* ;
- Total water fund net position increased by \$1,858,085 or 38.1%;
- Total wastewater fund net position increased by \$666,982 or 4.8%;
- Total water fund operating revenues increased by \$595,218 or 25.0% as the phased water rate increases were implemented;
- Total wastewater fund operating revenues increased by \$277,670 or 14.9% as the phased wastewater rate increases were implemented;
- Total water fund operating expenses decreased by \$5,691 or 0.3% as increased personnel costs were offset by a reduction in contracted services. All other costs remained relatively stable;
- Total wastewater operating expenses decreased by \$25,727 or 1.5% primarily due to a reduction in contracted services. All other costs remained relatively stable;
- Water fund non-operating revenues and expenses experienced no significant changes except for state grant revenue which decreased \$74,226 due a one-time capital asset related grant;
- Wastewater fund non-operating revenues and expenses experienced no significant changes;
- Water fund capital contributions increased by \$785,891 or 237% primarily due to the Mad River Bridge Emergency Water Supply Project;
- Wastewater fund capital contributions decreased by \$181,072 or 41.6% primarily due to no contributed infrastructure in fiscal year 2014-15.

General Fund Budgetary Highlights

General Fund actual revenues were lower than budgetary estimates by approximately \$93,000 primarily due to lower than anticipated program and Quimby fees which were somewhat offset by higher than anticipated property taxes and other revenues. General Fund actual expenditures were lower than budgetary estimates by approximately \$60,000 primarily due to lower salaries and benefits.

Capital Assets

As of June 30, 2015, the District's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities equaled \$3,419,248 and \$20,720,068, respectively. Detailed information about the components of capital assets is included in Note 3 to the basic financial statements. Net capital assets increased by \$8,845 (0.3%) for governmental activities as capital asset purchases exceeded depreciation. Similarly, net capital assets increased by \$1,969,428 (10.5%) for business-type activities as capital asset acquisitions exceeded depreciation.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

Debt

As of June 30, 2015, the District's debt for its governmental and business-type activities totaled \$1,522,092 and \$3,892,122, respectively. Governmental activities experienced a net increase in its debt balance from the prior year equal to \$1,423,911 due to the new debt on the Teen and Community Center Project. Business-type activities experienced a net decrease in its debt balance from the prior year equal to \$318,285 as a result of principal repayment with no new debt. Detailed information about the components of debt is included in Note 4 to the basic financial statements.

Currently Known Facts, Decisions, or Conditions of Future Significance

- The District continues to plan for the replacement and upgrade of its water and wastewater infrastructure as outlined in its Capital Improvement Plan.
- The District has completed the design phase of a major upgrade to its Wastewater Management Facility. This upgrade is required by the State of California so that the District will be able to meet future State water quality standards and continue to serve the greater population of McKinleyville. The project has secured debt funding, and has also drawn on reserves to complete design and initial phases. The upgraded facility's increased operating costs and debt service will affect both the District's financial position and results of operations in the future.
- With the completion of the Streetlighting LED Project, the District will continue to realize reduced energy costs into the future for its Streetlighting Fund.
- Despite reduced water use mandated by the Governor's Office in response to the drought, the District expects continued increases in its water and wastewater revenues as it continues to implement phased water and wastewater rate increases.
- Purchased water costs are expected to continue to increase as the District's wholesale water supplier continues to raise rates.
- The Affordable Care Act has brought significant rate increases to many health insurance policies. While health insurance rates are expected to continue to rise sharply, the District does not anticipate the level of increase that many organizations are now experiencing.
- CalPERS pension costs were less than expected during fiscal year 2014-15, due to reported better-than-anticipated investment performance. CalPERS still forecasts pension costs to increase significantly over the next three years as it seeks to achieve fully funded status statewide. CalPERS' new cost model still expects to adjust employer costs upwards to offset fluctuations in the stock market. This is anticipated to have a materially adverse effect on the District's financial position and result of operations, but the level of affect will not be known until CalPERS provides more information.
- In accordance with Generally Accepted Accounting Principles (GAAP), loan proceeds for the Teen and Community Center Project were recognized in fiscal year 2014-15, even though construction expenditures did not begin until fiscal year 2015-16. This will materially affect the Measure B Fund in both fiscal years. Once construction is complete, the portion of Measure B that is allocated for capital projects will be used for repayment of the construction loan.

Contacting the District

This financial report is designed to provide the District's customers, creditors and the public with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Additional information about the District is available at www.mckinleyvillecsd.com. Questions concerning any of the information provided in this report should be sent to the District Finance Director at ctrask@mckinleyvillecsd.com or to the following: McKinleyville Community Services District Finance Director, PO Box 2037, McKinleyville, CA 95519.

BASIC FINANCIAL STATEMENTS

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 999,458	\$ 3,718,231	\$ 4,717,689
Accounts Receivable	6,426	507,311	513,737
State Grants Receivable	-	84,971	84,971
Interest Receivable	3,552	8,032	11,584
Inventory	-	97,197	97,197
Prepays and Deposits	53,670	49,952	103,622
Total Current Assets	<u>1,063,106</u>	<u>4,465,694</u>	<u>5,528,800</u>
Non-Current Assets			
Restricted Cash and Investments	1,614,434	2,075,364	3,689,798
Net Capital Assets	3,419,248	20,720,068	24,139,316
Total Non-Current Assets	<u>5,033,682</u>	<u>22,795,432</u>	<u>27,829,114</u>
Total Assets	<u>6,096,788</u>	<u>27,261,126</u>	<u>33,357,914</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	45,920	93,234	139,154
LIABILITIES			
Current Liabilities			
Accounts Payable	66,576	266,026	332,602
Accrued Liabilities	83,568	-	83,568
Interest Payable	8,477	24,320	32,797
Unearned Revenues	-	24,136	24,136
Customer Deposits	8,200	100,816	109,016
Compensated Absenses, Due Within One Year	33,594	93,964	127,558
Bonds and Loans, Due Within One Year	95,373	324,957	420,330
Total Current Liabilities	<u>295,788</u>	<u>834,219</u>	<u>1,130,007</u>
Non-Current Liabilities			
Compensated Absenses, Due Beyond One Year	27,567	90,932	118,499
Revenue Bonds, Due Beyond One Year	-	515,000	515,000
Loans, Due Beyond One Year	1,426,719	3,052,165	4,478,884
Net Other Post Employment Benefit Obligation	276,539	604,153	880,692
Net Pension Liability	370,706	752,645	1,123,351
Total Non-Current Liabilities	<u>2,101,531</u>	<u>5,014,895</u>	<u>7,116,426</u>
Total Liabilities	<u>2,397,319</u>	<u>5,849,114</u>	<u>8,246,433</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	126,235	256,297	382,532
NET POSITION			
Net Investment in Capital Assets	3,329,857	16,827,946	20,157,803
Restricted for:			
Capital Outlay	206,234	1,155,054	1,361,288
Debt Service	-	819,494	819,494
Unrestricted	83,063	2,446,455	2,529,518
Total Net Position	<u>\$ 3,619,154</u>	<u>\$ 21,248,949</u>	<u>\$ 24,868,103</u>

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges For Services and Facilities	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Functions/Programs							
Governmental Activities							
Parks and Recreation Services	\$ 1,223,230	\$ 476,450	\$ 20,083	\$ 25,000	\$ (701,697)	\$ -	\$ (701,697)
Measure B	219,856	202,749	-	-	(17,107)	-	(17,107)
Streetlighting	86,804	93,528	-	-	6,724	-	6,724
Total Governmental Activities	1,529,890	772,727	20,083	25,000	(712,080)	-	(712,080)
Business-Type Activities							
Water	2,259,154	2,974,203	-	1,123,276	-	1,838,325	1,838,325
Wastewater	1,755,008	2,143,217	-	254,027	-	642,236	642,236
Total Business-Type Activities	4,014,162	5,117,420	-	1,377,303	-	2,480,561	2,480,561
Total	\$ 5,544,052	\$ 5,890,147	\$ 20,083	\$ 1,402,303	(712,080)	2,480,561	1,768,481
General Revenues							
Property Taxes					523,969	-	523,969
Other Income					49,842	-	49,842
Gain on Sale of Capital Assets					-	8,500	8,500
Unrestricted Investment Earnings					10,872	36,006	46,878
Total General Revenues					584,683	44,506	629,189
Change in Net Position					(127,397)	2,525,067	2,397,670
Net Position - Beginning of Year, As Restated					3,746,551	18,723,882	22,470,433
Net Position - End of Year					\$ 3,619,154	\$ 21,248,949	\$ 24,868,103

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General (Parks and Recreation)	Measure B	Streetlighting	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 764,502	\$ 234,956	\$ -	\$ 999,458
Accounts Receivable	2,609	-	3,817	6,426
Due From Other Funds	46,025	-	-	46,025
Interest Receivable	3,552	-	-	3,552
Prepays and Deposits	51,172	-	2,498	53,670
Restricted Cash and Investments	214,434	1,400,000	-	1,614,434
Total Assets	\$ 1,082,294	\$ 1,634,956	\$ 6,315	\$ 2,723,565
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 65,909	\$ 481	\$ 186	\$ 66,576
Due To Other Funds	-	-	46,025	46,025
Accrued Liabilities	83,568	-	-	83,568
Customer Deposits	8,200	-	-	8,200
Total Liabilities	157,677	481	46,211	204,369
Fund Balance				
Nonspendable:				
Prepays	42,972	-	2,498	45,470
Restricted for:				
Capital Outlay	206,234	1,400,000	-	1,606,234
Committed	675,411	-	-	675,411
Assigned	-	234,475	-	234,475
Unassigned	-	-	(42,394)	(42,394)
Total Fund Balance	924,617	1,634,475	(39,896)	2,519,196
Total Liabilities and Fund Balance	\$ 1,082,294	\$ 1,634,956	\$ 6,315	\$ 2,723,565

See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2015**

Total Fund Balance - Governmental Funds (page 12)	\$ 2,519,196
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Amounts reported for governmental activities in the statement of net position (page 10) are different because:

Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the governmental funds balance sheet but are reported in the governmental activities in the statement of net position. In the current period, these amounts were as follows:

Capital Assets	6,307,623
Accumulated Depreciation	(2,888,375)

Deferred outflows (inflows) of resources are not financial resources (uses), and therefore are not reported in governmental funds. These are as follows:

Deferred Outflows - Pension	45,920
Deferred Inflows - Pension	(126,235)

Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds balance sheet but are reported in the governmental activities in the statement of net position. These liabilities include:

Compensated Absences	(61,161)
Other Postemployment Benefit Obligation	(276,539)
Loans Payable and Accrued Interest	(1,530,569)
Net Pension Liability	(370,706)

Net Position - Governmental Activities (page 10)	\$ <u>3,619,154</u>
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See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015**

	General (Parks and Recreation)	Measure B	Streetlighting	Total Governmental Funds
REVENUES				
General Revenues				
Property Taxes	\$ 523,969	\$ -	\$ -	\$ 523,969
Special Assessments	-	202,749	-	202,749
Total General Revenues	523,969	202,749	-	726,718
Charges for Services and Facilities	476,450	-	93,528	569,978
Grants and Contributions	45,083	-	-	45,083
Other Income	36,546	-	17,750	54,296
Unrestricted Investment Earnings	8,743	2,116	13	10,872
Total Revenues	1,090,791	204,865	111,291	1,406,947
EXPENDITURES				
Current				
Recreation Programs, Parks, Open Space, Facilities, and Other Cultural Activities	990,211	112,900	67,672	1,170,783
Debt Service				
Principal	-	36,228	6,622	42,850
Cost of Issuance	-	68,929	-	68,929
Interest	-	29,550	-	29,550
Capital Outlay	132,357	56,696	2,229	191,282
Total Expenditures	1,122,568	304,303	76,523	1,503,394
Excess (Deficiency) of Expenditures over Revenues	(31,777)	(99,438)	34,768	(96,447)
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	-	1,468,929	(2,168)	1,466,761
Total Other Financing Sources (Uses)	-	1,468,929	(2,168)	1,466,761
Net Change in Fund Balance	(31,777)	1,369,491	32,600	1,370,314
Fund Balance - Beginning of Year	956,394	264,984	(72,496)	1,148,882
Fund Balance - End of Year	\$ 924,617	\$ 1,634,475	\$ (39,896)	\$ 2,519,196

See accompanying notes.

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015**

Change in Fund Balance - Governmental Funds (page 14)	\$ 1,370,314
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Amounts reported for governmental activities in the statement of activities (page 11)
are different because:

Governmental funds report capital outlays as expenditures since they consume the current financial resources of governmental funds. Conversely, in the government-wide statement of activities, the cost of those assets is capitalized and expensed over the assets estimated useful lives as depreciation expense. This is the amount by which capital outlays were less than depreciation in the current period.	8,845
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Proceeds from long-term debt provides current financial resources, and therefore are reported as other financing sources of governmental funds. Conversely, the proceeds from long-term debt have no impact on net position.	(1,466,761)
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The repayment of principal of long-term debt consumes the current financial resources, and therefore are reported as debt service principal payments of governmental funds. However, these payments have no impact on net position.	42,850
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Unearned revenues that became available in the current period were recognized as revenue in the governmental funds during the current year; however, such amounts were recognized as revenue in the statement of activities in the prior year.	(4,454)
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Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not accrued as expenditures in governmental funds. In the current period, these expenses are as follows:

Interest on Long-Term Debt	(8,477)
Compensated Absences	(20,378)
Other Postemployment Benefits	(69,902)
Pension Benefits	20,566

Change in Net Position - Governmental Activities (page 11)	\$ (127,397)
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See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and Investments	\$ 1,568,735	\$ 2,149,496	\$ 3,718,231
Accounts Receivable	280,368	226,943	507,311
State Grants Receivable	84,971	-	84,971
Interest Receivable	4,512	3,520	8,032
Inventory	72,281	24,916	97,197
Prepays and Deposits	24,976	24,976	49,952
Total Current Assets	<u>2,035,843</u>	<u>2,429,851</u>	<u>4,465,694</u>
Non-Current Assets			
Restricted Cash and Investments	1,200,599	874,765	2,075,364
Net Capital Assets	7,679,681	13,040,387	20,720,068
Total Non-Current Assets	<u>8,880,280</u>	<u>13,915,152</u>	<u>22,795,432</u>
Total Assets	<u>10,916,123</u>	<u>16,345,003</u>	<u>27,261,126</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	44,530	48,704	93,234
LIABILITIES			
Current Liabilities			
Accounts Payable	162,548	103,478	266,026
Interest Payable	11,824	12,496	24,320
Unearned Revenues	12,068	12,068	24,136
Customer Deposits	100,816	-	100,816
Compensated Absences, Due Within One Year	46,929	47,035	93,964
Bonds and Loans, Due Within One Year	148,392	176,565	324,957
Total Current Liabilities	<u>482,577</u>	<u>351,642</u>	<u>834,219</u>
Non-Current Liabilities			
Compensated Absences, Due Beyond One Year	45,410	45,522	90,932
Revenue Bonds, Due Beyond One Year	-	515,000	515,000
Loans, Due Beyond One Year	2,918,559	133,606	3,052,165
Net Other Post Employment Benefit Obligation	300,592	303,561	604,153
Net Pension Liability	359,472	393,173	752,645
Total Non-Current Liabilities	<u>3,624,033</u>	<u>1,390,862</u>	<u>5,014,895</u>
Total Liabilities	<u>4,106,610</u>	<u>1,742,504</u>	<u>5,849,114</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	122,411	133,886	256,297
NET POSITION			
Net Investment in Capital Assets	4,612,730	12,215,216	16,827,946
Restricted for:			
Capital Outlay	440,389	714,665	1,155,054
Debt Service	659,394	160,100	819,494
Unrestricted	1,019,119	1,427,336	2,446,455
Total Net Position	<u>\$ 6,731,632</u>	<u>\$ 14,517,317</u>	<u>\$ 21,248,949</u>

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
Operating Revenues			
Sale of Water	\$ 2,838,484	\$ -	\$ 2,838,484
Sewer Charges	-	2,055,906	2,055,906
Other Revenues	135,719	87,311	223,030
Total Operating Revenues	<u>2,974,203</u>	<u>2,143,217</u>	<u>5,117,420</u>
Operating Expenses			
Personnel Services	800,770	843,935	1,644,705
Purchased Water	795,098	-	795,098
Contracted Services	32,992	30,860	63,852
Utilities	43,390	119,234	162,624
Insurance	26,223	26,223	52,446
Repairs, Supplies, and Other Expenses	159,303	225,455	384,758
Depreciation and Amortization	325,895	469,397	795,292
Total Operating Expenses	<u>2,183,671</u>	<u>1,715,104</u>	<u>3,898,775</u>
Operating Income (Loss)	<u>790,532</u>	<u>428,113</u>	<u>1,218,645</u>
Non-Operating Revenues (Expenses)			
Interest Expense	(75,483)	(39,904)	(115,387)
Unrestricted Investment Earnings	15,510	20,496	36,006
Gain on Sale of Capital Assets	4,250	4,250	8,500
State Grants	5,349	-	5,349
Total Non-Operating Revenues (Expenses)	<u>(50,374)</u>	<u>(15,158)</u>	<u>(65,532)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>740,158</u>	<u>412,955</u>	<u>1,153,113</u>
Transfers and Capital Contributions			
Capital Contributions - Capacity Fees	170,786	254,027	424,813
Capital Contributions - Infrastructure	947,141	-	947,141
Total Transfers and Capital Contributions	<u>1,117,927</u>	<u>254,027</u>	<u>1,371,954</u>
Change in Net Position	1,858,085	666,982	2,525,067
Net Position - Beginning of Year, Restated	<u>4,873,547</u>	<u>13,850,335</u>	<u>18,723,882</u>
Net Position - End of Year	<u>\$ 6,731,632</u>	<u>\$ 14,517,317</u>	<u>\$ 21,248,949</u>

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Water	Wastewater	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 2,933,070	\$ 2,106,563	\$ 5,039,633
Receipts from Interfund Services Provided	16,796	-	16,796
Payments to Suppliers of Goods and Services	(1,150,681)	(515,719)	(1,666,400)
Payments to Employees for Services	(742,626)	(786,622)	(1,529,248)
Payments for Interfund Services Used	-	(9,759)	(9,759)
Net Cash Provided (Used) by Operating Activities	<u>1,056,559</u>	<u>794,463</u>	<u>1,851,022</u>
Cash Flows from Capital and Related Financing Activities			
Capital Contributions Received (Capacity Fees)	170,786	254,027	424,813
Proceeds from the Sale of Capital Assets	4,250	4,250	8,500
Principal Payments on Long-Term Debt	(145,020)	(173,265)	(318,285)
Acquisition and Construction of Capital Assets	(29,116)	(1,634,983)	(1,664,099)
Interest and Fees Paid on Long-Term Debt	(76,034)	(41,545)	(117,579)
Net Cash Provided (Used) in Capital Financing Activities	<u>(75,134)</u>	<u>(1,591,516)</u>	<u>(1,666,650)</u>
Cash Flows from Investing Activities			
Interest Received on Investments	14,243	20,769	35,012
Net Cash Provided (Used) by Investing Activities	<u>14,243</u>	<u>20,769</u>	<u>35,012</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>995,668</u>	<u>(776,284)</u>	<u>219,384</u>
Unrestricted Cash - Beginning of Year	747,834	2,950,569	3,698,403
Restricted Cash - Beginning of Year	1,025,832	849,976	1,875,808
Total Restricted and Unrestricted Cash and Cash Equivalents - Beginning of Year	<u>1,773,666</u>	<u>3,800,545</u>	<u>5,574,211</u>
Unrestricted Cash - End of Year	1,568,735	2,149,496	3,718,231
Restricted Cash - End of Year	1,200,599	874,765	2,075,364
Total Restricted and Unrestricted Cash and Cash Equivalents - End of Year	<u>\$ 2,769,334</u>	<u>\$ 3,024,261</u>	<u>\$ 5,793,595</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities			
Operating Income (Loss)	\$ 790,532	\$ 428,113	\$ 1,218,645
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:			
Depreciation	325,895	469,397	795,292
(Increase) Decrease in Accounts Receivable	(38,728)	(48,722)	(87,450)
(Increase) Decrease in Inventory	(7,955)	(1,158)	(9,113)
(Increase) Decrease in Prepaids and Deposits	(24,976)	(24,976)	(49,952)
Increase (Decrease) in Accounts Payable	(60,744)	(97,572)	(158,316)
Increase (Decrease) in Unearned Revenues	12,068	12,068	24,136
Increase (Decrease) in Customer Deposits	2,370	-	2,370
Increase (Decrease) in Payroll Related Liabilities	58,144	57,313	115,457
Net Cash Flows from Operating Activities	<u>\$ 1,056,606</u>	<u>\$ 794,463</u>	<u>\$ 1,851,069</u>
Noncash Capital and Related Financing Activities			
Contribution of Capital Assets	\$ 947,141	\$ -	\$ 947,141
Purchase of Capital Assets on Account	91,379	93,482	184,861

See accompanying notes.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of McKinleyville Community Services District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This summary of significant accounting policies of the District is presented to assist in understanding the financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Reporting Entity

The McKinleyville Community Services District is an independent governmental unit organized under the Community Services District Law, pursuant to Title 6 Division 3 of the California Government Code Section 61000, et seq. The District is governed by an elected five-member Board of Directors which maintains the District's highest level of decision-making authority. There are several other governmental agencies that provide services within the District's boundaries, including the McKinleyville Union School District, Northern Humboldt Union High School District, and the County of Humboldt. These other entities have independently elected boards and the District has no oversight or financial responsibility for these entities. Accordingly, the financial information for these agencies is not included in the basic financial statements of the District.

Nature of Activities

The District operates a water and wastewater utility and provides streetlighting, open space maintenance, and recreational services to the unincorporated community of McKinleyville in the County of Humboldt, State of California. The governmental activities are funded by property taxes, assessments, grants, donations and user fees. The District charges fees to utility customers to cover the cost of the services it provides.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (the statement of net position and statement of activities) report information about the District as a whole and include all funds of the District. These statements distinguish between governmental activities, which normally are financed by taxes and other non-exchange revenues, and business-type activities, which are financed in whole or in part by fees charged to external parties for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. While the direct costs of providing services to the District's customers are charged directly to the function or segment benefited, joint costs of providing such services, or costs that are not identifiable with any specific function or program, are allocated to functions or programs based on Management's estimate of the benefits received by each function or program. Program revenues include: (1) charges to customers

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the governmental and proprietary funds of the District. Each major fund is presented in a separate column of the appropriate fund-type (governmental, proprietary) financial statement.

The District reports the following major governmental funds:

The General Fund is used to account for the general operations of the District, including parks and recreation services, and all financial resources except those required to be in another fund.

The Measure B Fund is a special revenue fund used to account for the assessments collected and used in accordance with Measure B.

The Streetlighting Fund is a special revenue fund used to account for the fees collected and used to fund streetlighting services.

The District reports the following major proprietary funds:

The Water Fund is used to account for the water utility operations of the District.

The Wastewater Fund is used to account for the wastewater utility operations of the District.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements, in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred or asset used, regardless of the timing of related cash flows.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District's water and wastewater functions and other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 operating revenues of the water and wastewater utility funds are charges to customers for sales and services. In the current fiscal year, these amounts are reported net of discounts and allowances of \$16,767 and \$6,365 for the water and wastewater funds, respectively. Operating expenses for proprietary 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 non-operating revenues and expenses.

Cash, Cash Equivalents, and Investments

For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, cash deposited in external investment pools are considered to be cash equivalents as deposits and withdrawals may be made at any time without prior notice or penalty.

Under its investment policy, the District is authorized to invest in the State of California Local Agency Investment Fund (LAIF), obligations of the U.S. Treasury, bankers' acceptances, repurchase agreements, time deposits, savings and demand accounts, the Humboldt County Treasurer's Investment Fund, and CalTrust Investment Funds.

Investments in the Humboldt County Treasurer's Investment Fund and the State of California LAIF are carried at cost as this approximates fair value. Investments in money market accounts are carried at cost and all other investments are carried at fair value based on quoted market information obtained from fiscal agents or other sources.

Receivables

Receivables at year-end consist of revenues earned but not yet received. Major receivable balances include accounts receivable from customers, interest receivable related to cash and investment earnings, and receivables from state grants. Management considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations as a bad debt expense.

Interfund Transactions and Balances

Interfund transactions are reflected as either loans, services provided and used, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

and are subject to elimination upon consolidation. They are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the governmental fund financial statements, are offset by a nonspendable portion of fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

The due to/from other funds account balance, as presented in the governmental funds balance sheet, resulted from interfund loans to eliminate cash deficits at June 30, 2015, for reporting purposes only.

Services provided and used, deemed to be at market or near market rates, are treated as revenues in the provider funds and expenditures or expenses in the user funds.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

Transfers are when one fund provides assets (such as cash, goods, or services) to another fund without the requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when used or consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Cash and Cash Equivalents

The use of certain cash balances are limited as follows: (1) to comply with financing agreements, (2) to offset new development related capital projects (capacity fees, Quimby fees), or (3) to satisfy deposits held on behalf of District customers.

Deferred Outflows/Inflows of Resources

In the government-wide and proprietary funds financial statements, deferred outflows/inflows of resources represent amounts related to pension contributions and expenses.

Capital Assets

Non-depreciable capital assets, which include land, rights of way, easements, water rights, and construction in progress, are reported in the applicable governmental or business-type activities column in the government-wide financial statements, as well as in the proprietary funds financial statements.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Depreciable capital assets, which include buildings and improvements, parking lots and other land improvements, tools and equipment, distribution and collection systems, and infrastructure are reported in the applicable governmental or business-type activities column in the government-wide financial statements, as well as in the proprietary funds financial statements. Capital assets are defined by the District as assets with a cost of more than \$5,000 and an estimated useful life in excess of one year. Major outlays for capital assets and improvements, including internal labor, are capitalized as assets are purchased, constructed, or improved. Cost for routine maintenance and repairs are expensed as incurred. Interest incurred during the construction phase of business-type capital assets is added to the capitalized value of the asset constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10-50	years
Water and Wastewater Systems	10-50	years
Other Infrastructure	10-50	years
Land Improvements	10-30	years
Machinery and Equipment	5-20	years
Vehicles	5-10	years

Unearned Revenues

Unearned revenues in the governmental fund financial statements arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues in the government-wide and proprietary funds financial statements arise when resources are received prior to the District's right of use (i.e. grant funds received in advance of qualifying expenditures or customer payments received in advance of services).

Compensated Absences and Other Postemployment Benefit Obligations

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and vested sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental fund financial statements, a liability for these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements, otherwise, an expenditure is recognized in the applicable fund when the obligation is liquidated with current resources. Other post employment benefit obligations are reported as incurred in the government-wide and proprietary fund financial statements using the accrual basis of accounting. In the governmental fund financial statements, an expenditure is recognized in the applicable fund when the obligation is liquidated with current resources.

Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees Retirement System (CalPERS) Plan and additions to/deductions from the Plan's 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 currently due and payable in accordance with the

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
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benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publically available reports that can be obtained at the CalPERS' website.

Long-Term Obligations

In the government-wide and the proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net assets.

Net Position and Fund Balance

The difference between fund assets and liabilities is called "net position" in the government-wide and proprietary funds financial statements and it is called "fund balance" in the governmental funds financial statements.

Government-wide and proprietary funds financial statements have the following categories of net position:

Net investment in capital assets represents capital assets, net of accumulated depreciation reduced by the outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position includes amounts that can be spent only for specific purposes as stipulated by law, external resource providers, contract, or through enabling legislation.

Unrestricted net position is neither restricted nor invested in capital assets, net of related debt.

In accordance with the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the governmental funds financial statements have the following categories of fund balance:

Nonspendable fund balance includes amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balance includes amounts that can be spent only for specific purposes as stipulated by law, external resource providers, contract, or through enabling legislation.

Committed fund balance includes amounts that can be spent only for specific purposes determined by a formal action of the District's governing body. Commitments may be changed or lifted only by the District's governing body taking the same formal action.

Assigned fund balance includes amounts that are intended to be spent for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the District's governing body or by an official or body to which the governing body delegates authority.

Unassigned fund balance represents the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
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When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned, and unassigned resources as they are needed.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and proprietary funds including capital projects. Appropriations lapse at fiscal year end. The appropriated budget is prepared by fund, function, and department. The General Manager of the District may make transfers of appropriations within a department. Transfers between departments and other changes require approval by the District's Board of Directors. The legal level of control is the department and fund level. No supplemental appropriations were made during the fiscal year. Encumbrance accounting is not employed in governmental funds.

The General Manager submits a proposed operating budget for the fiscal year commencing on July 1 to the District's Board of Directors. Public comment is elicited during Board meetings to obtain taxpayer and ratepayer comments. A final budget is legally adopted on or before June 30.

The budget is prepared on a detailed line-item basis. Revenues are budgeted by source per the California Government Code Section 61110, as amended by Senate Bill 135. In accordance with GASB Statement No. 34, only the general and special revenue fund budgets are presented as required supplementary information to the basic financial statements.

New Governmental Accounting Standards Implemented

The following accounting standards issued by the Government Accounting Standards Board (GASB) were implemented by the District during the fiscal year:

- *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* and *GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment to GASB Statement No. 68)* improve accounting and financial reporting for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. Simultaneous adoption of GASB No. 68 and No. 71 required the District to recognize a liability for its proportionate share of the collective net pension liability related to its CalPERS pension plan.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
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- *GASB Statement No. 69, Government Combinations and Disposals of Government Operations* establishes accounting and financial reporting standards related to government combinations and disposals of government operations. It requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. Adoption of GASB No. 69 had no impact on the basic financial statements of the District.

Upcoming Governmental Accounting Standards Implementation

Management will be evaluating the potential impacts of the following accounting standards issued by the Government Accounting Standards Board (GASB), if applicable, on the District's future basic financial statements. Detailed information about each of these standards can be obtained at the GASB website.

- *GASB Statement No. 72, Fair Value Measurement and Application*
- *GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*
- *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- *GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- *GASB Statement No. 77, Tax Abatement Disclosures*

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2015, consisted of the following:

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Cash on Hand	\$ -	\$ 760	\$ 760
Checking Accounts	-	273,909	273,909
Investment in Money Market Accounts	361,516	377,302	738,818
Investment in Humboldt County Treasurer's Fund	2,129,698	3,937,068	6,066,766
Investment in State of California LAIF	-	128,650	128,650
Investment in CalTrust Funds	1,198,584	-	1,198,584
Total Cash and Investments	<u>\$ 3,689,798</u>	<u>\$ 4,717,689</u>	<u>\$ 8,407,487</u>

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
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The Humboldt County Treasurer's Investment Fund is administered by the County of Humboldt Treasurer's Office and conforms to the California Government Code. At June 30, 2015, a majority of the County's portfolio consisted of U.S. Treasury and U.S. Agency securities, certificates of deposit as well as the State of California Local Agency Investment Fund (LAIF). All cash invested by the County in demand deposit accounts is collateralized to 110% with approved U.S. Government securities, such as Treasury Bills and other U.S. Treasury issues. The value of the pool shares, which may be withdrawn at anytime, is determined on an amortized cost basis. At June 30, 2015, the District reported its investment in the pool at cost which approximated fair value.

LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the State in addition to those deposited in LAIF. All PMIA funds are managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. The LAIF Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members designated by State statute. The value of the pool shares, which may be withdrawn at anytime, is determined on an amortized cost basis. At June 30, 2015, the District reported its investment in the pool at cost which approximated fair value.

Investment Trust of California (CalTrust) is a public joint power authority formed to pool and invest the funds of public agencies. CalTrust is governed by a Board of Trustees made up of local agency treasurers and investment officers. The Board supervises and administers the investment program of CalTrust. The CalTrust investment funds are not registered with the Securities and Exchange Commission as an investment company, but are required to invest according to California Government Code. The value of the pool shares is determined on an amortized cost basis. At June 30, 2015, the District reported its investment in the pool at the fair value based upon the fair value provided by CalTrust.

At June 30, 2015, the District had the following investments:

	Cost	Fair Value	Maturities
Investment in Money Market Accounts	\$ 738,818	\$ 738,818	N/A
Investment in Humboldt County Treasurer's Fund	6,066,766	6,066,766	Average 764 Days
Investment in State of California LAIF	128,650	128,650	Average 239 Days
Investment in CalTrust Short-Term Fund	200,092	199,893	Average 489 Days
Investment in CalTrust Medium-Term Fund	1,000,676	998,691	Average 734 Days
Total Investments	<u>\$ 8,135,002</u>	<u>\$ 8,132,818</u>	

Custodial Credit Risk

For cash deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to the District. The District's policy for deposits is that they will be made only in institutions located in California, they shall be insured or collateralized with United States backed securities, and time certificates of deposit shall have a maturity of less than five years. At June 30, 2015, the District's cash in bank had a carrying balance of

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
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\$1,012,727 and a bank balance of \$1,185,305. The District had no custodial credit risk exposure since its deposits were either insured or collateralized as required by State law.

For an investment, custodial credit risk is the risk that, in the event of the failure of a financial institution or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District participates in three external investment pools: the Humboldt County Treasurer's Investment Fund, LAIF, and CalTrust. The District also invests in money market funds. These investments are not subject to custodial credit risk.

Interest Rate Risk

This is the risk of receiving less than optimal interest earnings, or a decline in market value of securities held, due to fluctuations in interest rates. As a means of limiting its exposure to interest rate risk, the District limits its investments to securities having maturities of less than five years at the time of purchase.

Credit Risk

This is the risk of loss due to the issuer of the security. In mitigation of this risk, the District requires investment in high grade securities. The Humboldt County Treasurer's Investment Fund, LAIF, and CalTrust are not rated.

At June 30, 2015, cash and investment balances for governmental and business-type activities were restricted, reserved in accordance with District policy, or unrestricted as follows:

	Governmental Activities	Business-Type Activities	Total
Restricted for:			
Customer Deposits	\$ 8,200	\$ 100,816	\$ 109,016
Capital Outlay	1,606,234	1,155,054	2,761,288
Debt Service	-	819,494	819,494
Total Restricted Cash	<u>\$ 1,614,434</u>	<u>\$ 2,075,364</u>	<u>\$ 3,689,798</u>
Unrestricted:			
Petty Cash	\$ 220	\$ 540	\$ 760
Measure B	234,956	-	234,956
Reserved for:			
Operations	-	-	-
Capital Asset Repair and Replacement	341,911	2,216,357	2,558,268
Catastrophe	84,671	712,285	796,956
Compensated Absences	61,161	184,896	246,057
Other Postemployment Benefits	276,539	604,153	880,692
Total Unrestricted Cash	<u>\$ 999,458</u>	<u>\$ 3,718,231</u>	<u>\$ 4,717,689</u>

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 CAPITAL ASSETS

The change in the governmental activities capital assets for the year ended June 30, 2015, is as follows:

	Balance 6/30/2014	Additions	Dispositions	Transfers	Balance 6/30/2015
Capital Assets Not Depreciated					
Land	\$ 1,553,731	\$ -	\$ -	\$ -	\$ 1,553,731
Construction in Progress	190,427	57,691	-	(15,384)	232,734
Total Capital Assets Not Depreciated	1,744,158	57,691	-	(15,384)	1,786,465
Capital Assets Being Depreciated					
Buildings and Parking Lots	2,352,538	-	-	-	2,352,538
Furniture and Equipment	241,671	21,203	(4,000)	-	258,874
Park Improvements	1,232,318	98,897	-	15,384	1,346,599
Vehicles	43,058	13,491	-	-	56,549
Streetlighting	506,598	-	-	-	506,598
Total Capital Assets Being Depreciated	4,376,183	133,591	(4,000)	15,384	4,521,158
Accumulated Depreciation	(2,709,938)	(182,437)	4,000	-	(2,888,375)
Capital Assets Being Depreciated, Net	1,666,245	(48,846)	-	15,384	1,632,783
Governmental Activities Capital Assets, Net	\$ 3,410,403	\$ 8,845	\$ -	\$ -	\$ 3,419,248

The change in business-type activities capital assets for the year ended June 30, 2015, is as follows:

	Balance 6/30/2014	Additions	Dispositions	Transfers	Balance 6/30/2015
Capital Assets Not Depreciated					
Land, Easements, and Water Rights	\$ 3,410,931	\$ -	\$ -	\$ -	\$ 3,410,931
Construction in Progress	1,005,816	1,772,602	-	(473,240)	2,305,178
Total Capital Assets Not Depreciated	4,416,747	1,772,602	-	(473,240)	5,716,109
Capital Assets Being Depreciated					
Buildings and Parking Lots	467,095	-	-	-	467,095
Water Infrastructure	11,709,960	914,783	-	420,007	13,044,750
Wastewater Infrastructure	17,843,841	-	-	53,233	17,897,074
Tools and Equipment	1,051,085	24,619	-	-	1,075,704
Vehicles	795,978	52,716	(24,258)	-	824,436
Total Capital Assets Being Depreciated	31,867,959	992,118	(24,258)	473,240	33,309,059
Accumulated Depreciation	(17,534,066)	(795,292)	24,258	-	(18,305,100)
Capital Assets Being Depreciated, Net	14,333,893	196,826	-	473,240	15,003,959
Business-Type Activities Capital Assets, Net	\$ 18,750,640	\$ 1,969,428	\$ -	\$ -	\$ 20,720,068

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities

Parks and Recreation	\$ 163,304
Streetlighting	19,132
Total Depreciation	<u>\$ 182,436</u>

Business-Type Activities

Water	\$ 325,895
Wastewater	469,397
Total Depreciation	<u>\$ 795,292</u>

NOTE 4 LONG-TERM LIABILITIES

Governmental Activities- Measure B

PPFCC Lease

For the purpose of financing the construction of the District's Teen and Community Center Project, the District, in October 2014, leased the site of the Teen and Community Center Project, and the improvements thereon, to the Public Property Financing Corporation of California (PPFCC) who then leased the property back to the District while assigning all of its rights, title and interest in the lease agreement, including its rights to receive lease payments, to Umpqua Bank. The aggregate principal component of the payments is \$1,468,929. Semi-annual lease payments include interest at 3.55% per annum and are due each May and November through November 2029. The District's repayment obligation is secured by a pledge of 50% of the Measure B Assessment revenues received by the District each fiscal year. Future lease payments are as follows:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 75,508	\$ 50,218	\$ 125,726
2017	79,968	47,483	127,451
2018	82,831	44,620	127,451
2019	85,798	41,653	127,451
2020	88,872	38,579	127,451
2021 - 2025	494,444	142,819	637,263
2026 - 2030	525,280	47,710	572,990
Total	1,432,701	413,082	1,845,783
Due Within One Year	(75,508)	(50,218)	(125,726)
Due Beyond One Year	<u>\$ 1,357,193</u>	<u>\$ 362,864</u>	<u>\$ 1,720,057</u>

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Governmental Activities - Streetlights

PG&E Loan

The District, in 2014, entered into a loan agreement with the Pacific Gas and Electric Company (PG&E) to finance improvements to the District's streetlights. The original loan amount was \$98,181 and bears no interest. In January 2015, the loan amount was reduced to \$96,013 resulting from a change in net project costs to be financed. At the same time, monthly principal payments increased from \$1,423 to \$1,655 through December 2020. Future debt service on the loan is as follows:

Year Ending				
June 30	Principal	Interest	Total	
2016	\$ 19,865	\$ -	\$ 19,865	
2017	19,865	-	19,865	
2018	19,865	-	19,865	
2019	19,865	-	19,865	
2020	9,931	-	9,931	
Total	89,391	-	89,391	
Due Within One Year	(19,865)	-	(19,865)	
Due Beyond One Year	\$ 69,526	\$ -	\$ 69,526	

Business-Type Activities – Water Fund

Davis-Grunsky Act Loan

The District, in 1971, entered into a loan agreement with the State of California for a construction loan to finance improvements to the District's water system. The original loan amount was not to exceed \$3,673,000 and was to bear interest at 2.5% per annum. Under the arrangement, the District was permitted to defer payment of interest on the loan for the first 10 years with such interest to be repaid over the remaining 50 year term of the loan. Payments are due each January (principal and interest) and July (interest only) through January 2033. The District was required to establish a reserve fund in an amount specified by the State. The District as an entity is obligated for the repayment of this loan and a specific revenue source is not pledged for its repayment. The District is obligated to levy taxes or assessments for the loan repayments should it not have sufficient resources available to make the scheduled payments.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
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June 30, 2015

Future debt service on the loan is as follows:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 96,695	\$ 44,583	\$ 141,278
2017	98,687	42,591	141,278
2018	100,728	40,550	141,278
2019	102,821	38,457	141,278
2020	104,965	36,313	141,278
2021- 2025	558,920	147,470	706,390
2026 - 2030	621,174	85,216	706,390
2031 - 2033	405,943	17,890	423,833
Total	2,089,933	453,070	2,543,003
Due Within One Year	(96,695)	(44,583)	(141,278)
Due Beyond One Year	<u>\$ 1,993,238</u>	<u>\$ 408,487</u>	<u>\$ 2,401,725</u>

ARRA Loan

The District, in 2011, entered into a loan agreement with the California Energy Resources Conservation and Development Commission for the purpose of financing water system improvements. The original loan was \$165,100 and bears interest at 1% per annum. Semi-annual principal and interest payments of \$6,225 are due each June and December. Repayment began in December 2012 and will continue through December 2026. The District as an entity is obligated for the repayment of this loan and a specific revenue source is not pledged for its repayment. Future debt service on the loan is as follows:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 11,126	\$ 1,325	\$ 12,451
2017	11,241	1,210	12,451
2018	11,353	1,098	12,451
2019	11,467	984	12,451
2020	11,580	871	12,451
2021 - 2025	59,675	2,580	62,255
2026 - 2027	18,491	184	18,675
Total	134,933	8,252	143,185
Due Within One Year	(11,126)	(1,325)	(12,451)
Due Beyond One Year	<u>\$ 123,807</u>	<u>\$ 6,927</u>	<u>\$ 130,734</u>

I-Bank Loan

The District, in 2012, entered into a loan agreement with the California Infrastructure and Economic Development Bank for the purpose of financing water system improvements. The original loan was \$956,034 and bears interest at 3.37% per annum. Semi-annual payments are due each February (interest only) and August (principal and interest) and continue through August 2030. The District's repayment obligation is secured by a pledge of and lien on all the

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
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net system revenues and all amounts in the water enterprise fund, subject and subordinate solely to any lien securing senior debt. Future debt service on the loan is as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 40,571	\$ 30,221	\$ 70,792
2017	41,939	28,709	70,648
2018	43,352	27,146	70,498
2019	44,813	25,530	70,343
2020	46,323	23,860	70,183
2021 - 2025	256,111	92,212	348,323
2026 - 2030	302,274	41,162	343,436
2031	66,702	1,324	68,026
Total	842,085	270,164	1,112,249
Due Within One Year	(40,571)	(30,221)	(70,792)
Due Beyond One Year	\$ 801,514	\$ 239,943	\$ 1,041,457

Business-Type Activities - Wastewater Fund

State Revolving Fund Loans

The District, in 1996, entered into a loan agreement with the State Water Resources Control Board for the purpose of financing wastewater treatment plant improvements. The original loan was \$810,628 and bears no interest. Annual principal payments are due each April and continue through April 2016. The District as an entity is obligated for the repayment of this loan and a specific revenue source is not pledged for its repayment. The District is obligated to levy taxes or assessments for the repayment of this loan should it not have other revenues available for repayment of this obligation. Future debt service on the loan is as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 40,920	\$ -	\$ 40,920
Total	40,920	-	40,920
Due Within One Year	(40,920)	-	(40,920)
Due Beyond One Year	\$ -	\$ -	\$ -

The District, in 1998, entered into a second loan agreement with the State Water Resources Control Board for the purpose of financing phase 2 of a wastewater capacity expansion project. The original loan was \$430,293 and bears interest at 2.6% per annum. Annual principal and interest payments are due each March and continue through March 2018. The District as an entity is obligated for the repayment of this loan and a specific revenue source is not pledged for its repayment. The District is obligated to levy taxes or assessments should it not have other revenues available for repayment of the obligation.

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Future debt service on the loan is as follows:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 25,839	\$ 2,067	\$ 27,906
2017	26,510	1,396	27,906
2018	27,176	706	27,882
Total	79,525	4,169	83,694
Due Within One Year	(25,839)	(2,067)	(27,906)
Due Beyond One Year	<u>\$ 53,686</u>	<u>\$ 2,102</u>	<u>\$ 55,788</u>

USDA Revenue Bonds

The District, in 1982, issued \$1,575,000 in 1982 Sewer Revenue Bonds which were purchased by the Rural Development Division of the United States Department of Agriculture. Under the arrangement, the District was to construct wastewater system improvements. The bonds bear interest at 5.0% per annum with semi-annual principal and interest payments due each August and February and continue through August 2022. The District's repayment obligation is secured by a pledge of the net revenues of its wastewater enterprise. Future debt service is as follows:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 60,000	\$ 28,750	\$ 88,750
2017	70,000	25,750	95,750
2018	70,000	22,250	92,250
2019	70,000	18,750	88,750
2020	80,000	15,250	95,250
2021 - 2023	225,000	21,750	246,750
Total	575,000	132,500	707,500
Due Within One Year	(60,000)	(28,750)	(88,750)
Due Beyond One Year	<u>\$ 515,000</u>	<u>\$ 103,750</u>	<u>\$ 618,750</u>

Annual principal and interest payments on the bonds are expected to require less than 17% of system net revenues.

Umpqua Bank Loan

The District, in fiscal year 1998, obtained a \$675,000 loan from Umpqua Bank for the purpose of financing wastewater system improvements. The loan bears interest at 5.5% per annum with principal and interest payments of \$4,644 due monthly through December 2017. The District as an entity is obligated for the repayment of this loan and a specific revenue source is not pledged for its repayment.

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Future debt service on the loan is as follows:

Year Ending			
June 30	Principal	Interest	Total
2016	\$ 49,806	\$ 5,928	\$ 55,734
2017	52,664	3,070	55,734
2018	27,256	595	27,851
Total	129,726	9,593	139,319
Due Within One Year	(49,806)	(5,928)	(55,734)
Due Beyond One Year	<u>\$ 79,920</u>	<u>\$ 3,665</u>	<u>\$ 83,585</u>

Long-term debt activity for the year ended June 30, 2015, was as follows:

	Balance			Balance	Due Within
	6/30/2014	Increases	Decreases	6/30/2015	One Year
<u>Governmental Activities</u>					
PPFCC Lease	\$ -	\$ 1,468,929	\$ (36,228)	\$ 1,432,701	\$ 75,508
PG&E Loan	98,181	-	(8,790)	89,391	19,865
Total Governmental-Type Activities	<u>\$ 98,181</u>	<u>\$ 1,468,929</u>	<u>\$ (45,018)</u>	1,522,092	<u>\$ 95,373</u>
Due Within One Year				(95,373)	
Due Beyond One Year				<u>\$ 1,426,719</u>	
<u>Business-Type Activities</u>					
Water Fund					
Davis-Grunsky Act Loan	\$ 2,184,686	\$ -	\$ (94,753)	\$ 2,089,933	\$ 96,695
ARRA Loan	145,951	-	(11,018)	134,933	11,126
I-Bank Loan	881,334	-	(39,249)	842,085	40,571
Total Water Fund	<u>3,211,971</u>	<u>-</u>	<u>(145,020)</u>	3,066,951	<u>148,392</u>
Wastewater Fund					
State Revolving Fund Loan #1	81,840	-	(40,920)	40,920	40,920
State Revolving Fund Loan #2	104,696	-	(25,171)	79,525	25,839
USDA Revenue Bonds	635,000	-	(60,000)	575,000	60,000
Umpqua Bank Loan	176,900	-	(47,174)	129,726	49,806
Total Wastewater Fund	<u>998,436</u>	<u>-</u>	<u>(173,265)</u>	825,171	<u>176,565</u>
Total Business-Type Activities	<u>\$ 4,210,407</u>	<u>\$ -</u>	<u>\$ (318,285)</u>	3,892,122	<u>\$ 324,957</u>
Due Within One Year				(324,957)	
Due Beyond One Year				<u>\$ 3,567,165</u>	

Interest expense included in the direct functional expenses of governmental and business-type activities was \$38,027 and \$115,387, respectively.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Other long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance 6/30/2014	Increases	Decreases	Balance 6/30/2015	Due Within One Year
<u>Governmental Activities</u>					
Compensated Absences	\$ 40,783	\$ 20,378	\$ -	\$ 61,161	\$ 33,594
Net OPEB Obligation	206,637	69,902	-	276,539	-
Net Pension Liability	508,605	-	(137,899)	370,706	-
Total	<u>\$ 756,025</u>	<u>\$ 90,280</u>	<u>\$ (137,899)</u>	<u>\$ 708,406</u>	<u>\$ 33,594</u>
<u>Business-Type Activities</u>					
Compensated Absences					
Water	\$ 84,195	\$ 8,144	\$ -	\$ 92,339	\$ 46,929
Wastewater	84,195	8,362	-	92,557	47,035
Total	<u>\$ 168,390</u>	<u>\$ 16,506</u>	<u>\$ -</u>	<u>\$ 184,896</u>	<u>\$ 93,964</u>
Net OPEB Obligation					
Water	\$ 230,648	\$ 69,944	\$ -	\$ 300,592	\$ -
Wastewater	232,796	70,765	-	303,561	-
Total	<u>\$ 463,444</u>	<u>\$ 140,709</u>	<u>\$ -</u>	<u>\$ 604,153</u>	<u>\$ -</u>
Net Pension Liability					
Water	\$ 493,194	\$ -	\$ (133,722)	\$ 359,472	\$ -
Wastewater	539,431	-	(146,258)	393,173	-
Total	<u>\$ 1,032,625</u>	<u>\$ -</u>	<u>\$ (279,980)</u>	<u>\$ 752,645</u>	<u>\$ -</u>

NOTE 5 FUND BALANCE

Restricted Fund Balance

At June 30, 2015, the fund balance of the general fund has been restricted to reflect unexpended Quimby fees (collected in accordance with the Quimby Act) paid by developers as follows:

	Balance
Park & Recreation Capital Projects - Coastal	\$ 41,528
Park & Recreation Capital Projects - Inland	164,706
Total Restricted Fund Balance	<u>\$ 206,234</u>

At June 30, 2015, the fund balance of the Measure B fund has been restricted to reflect unexpended loan proceeds of \$1,400,000 related to the construction of the Teen and Community Center Project.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Committed Fund Balance

At June 30, 2015, in accordance with the District's reserve policy, the fund balance of the general fund has been committed (see Note 1 for more information about committed fund balance) as follows:

<u>Reserve Description</u>	<u>Target Reserve Balance</u>	<u>Reserve Balance</u>
Capital Asset Repair and Replacement	10% of Capital Asset Replacement Cost	\$ 253,040
Catastrophe	2% of Capital Assets	84,671
Compensated Absences	Equal to Compensated Absences Liability	61,161
Other Postemployment Benefits (OPEB)	Equal to OPEB Liability	276,539
Total Committed Fund Balance		<u>\$ 675,411</u>

NOTE 6 PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous 2% at 55 cost-sharing multiple-employer defined benefit pension plan (the Plan) administered by the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and District resolution. A full description of the pension plan benefit provisions, assumptions, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report 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 based on earnings and service credits. 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.

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 are determined annually on an actuarial basis as of June 30 by CalPERS. For public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to finance the Plan's allocated share of the risk pool's 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.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

The District's contractually required contribution rate for the year ended June 30, 2015 was 10.432% of annual payroll actuarially determined as an amount that when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District has elected to fund the employees required 7% contribution. Contributions to the pension plan by the District for the fiscal year ended June 30, 2015 were \$207,563 (\$126,683 employer share and \$80,880 employee share paid by the District).

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

The District's net pension liability for the Plan is measured as it's proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability of the Plan as of June 30, 2013 and 2014 was \$1,541,230 and \$1,123,351, respectively.

For the year ended June 30, 2015, the District recognized pension expense of \$145,237. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 126,683	\$ -
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	12,471	-
Net differences between projected and actual earnings on plan investments	-	(382,532)
Total	<u>\$ 139,154</u>	<u>\$ (382,532)</u>

\$126,683 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, 2016.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be included in pension expense as follows:

Year Ended June 30	Increase (Decrease) to Pension Expense
2016	\$ (91,179)
2017	(91,179)
2018	(92,070)
2019	(95,633)
Total	<u>\$ (370,061)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2013 actuarial valuation was determined based upon the following methods and assumptions:

Actuarial Cost Method

Entry Age Normal in Accordance with the Requirements of GASB Statement No. 68

Actuarial Assumptions

Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses (includes inflation)
Mortality Rate Table	Derived using CalPERS Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained at CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate, 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, 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 fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for 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 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 geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10*	Real Return Years 11+ **
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

* An expected inflation of 2.5% used for this period.

** An expected inflation of 3.0% used for this period.

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

The following presents the District's net pension liability (proportionate share of the net pension liability of the Plan) as of the measurement date, calculated using the discount rate of the Plan

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

(7.50 percent), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	<u>Discount Rate</u> <u>-1% (6.5%)</u>	<u>Discount Rate</u> <u>(7.5%)</u>	<u>Discount Rate</u> <u>+1% (8.5%)</u>
Net Pension Liability	\$ 2,011,184	\$ 1,123,351	\$ 386,534

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the District's GASB No. 68 accounting valuation report may differ from the plan assets reported in District's funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance, and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early closing and final reconciled reserves.

Payable to the Pension Plan

At June 30, 2015, the District reported a payable of \$8,772 (\$5,187 employer share and \$3,585 employee share paid by the District) for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Public Employee Pension Reform Act

The CalPERS Public Employee Pension Reform Act (PEPRA) changes the way CalPERS retirement benefits are applied and places compensation limits on members. PEPRA took effect in January 2013. The District had no employees in the PEPRA Plan as of the CalPERS valuation date (June 30, 2013), and therefore no unfunded liability related to PEPRA employees is included within these financial statements. The District's contribution rate for employees in the PEPRA Plan is 6.25%.

NOTE 7 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District sponsors and administers a single-employer defined benefit postemployment health care plan (the Plan) to provide healthcare benefits to eligible retired employees and their dependents. District resolutions and regulations assign responsibility to establish and amend benefit provisions to the District. Although the District has not yet established a separate postemployment benefit (OPEB) trust fund, the District has set aside funds in accordance with its reserve policy equal to its OPEB liability at June 30, 2015 (\$880,692).

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing, with additional amounts to prefund benefits as determined annually by the District's Board of Directors. For the fiscal year ended June 30, 2015, the District contributed \$95,767 of its annual cost of \$306,378. As a result, the net OPEB liability increased by \$210,611 during the fiscal year.

Annual OPEB Costs and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year, the amounts actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan.

Annual Required Contribution (ARC)	\$ 302,553
Interest on Net OPEB Obligation	33,504
Adjustments to the ARC	<u>(29,679)</u>
Annual OPEB Cost	306,378
Contributions Made	<u>(95,767)</u>
Change in Net OPEB Obligation	210,611
Net OPEB Obligation - Beginning of Year	<u>670,081</u>
Net OPEB Obligation - End of Year	<u><u>\$ 880,692</u></u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation at June 30, 2015, and the two preceding fiscal years, were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/13	\$ 251,047	37.6%	\$ 492,757
06/30/14	\$ 275,685	35.7%	\$ 670,081
06/30/15	\$ 306,378	31.3%	\$ 880,692

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

Funded Status

The funded status of the Plan as of the most recent actuarial valuation is as follows:

			(C)			(F)
	(A)	(B)	Excess	(D)	(E)	Unfunded
	Actuarial	Entry Age	Assets/	Funded	Annual	Actuarial Accrued
	Value of	Actuarial	(Unfunded	Ratio	Covered	Liability as a
	Assets	Liability	Liability) [(A)	[(A)/(B)]	Payroll	Percentage of
Actuarial			- (B)]			Covered Payroll
Valuation						[(C)/(E)]
Date						
06/01/13	\$ -	\$ 2,692,157	\$ (2,692,157)	0.0%	\$ 1,249,028	215.5%

A valuation of the District's OPEB obligation must be performed on a triennial basis. Actuarial valuations of an ongoing plan involve an estimate of the value of expected benefit payments and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplemental information following the notes to these financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations. In the June 1, 2013, valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return, a 3.0% rate of inflation, annual healthcare trend rate of 4%, and a 3% payroll increase. There were no plan assets at the valuation date.

NOTE 8 PROPERTY TAXES

The County of Humboldt (the County) is responsible for assessing, collecting, and apportioning property taxes within the County. Assessed values as of the preceding January 1 become a lien on real property as of January 1. Property taxes are due and payable November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales and construction and the next normal assessment date.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

In accordance with State law (Proposition 13), property taxes are based either on a 1% rate applied to the 1975-76 assessed value of the real property or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. The County can also increase the assessed valuation (exclusive of increases related to sales transactions and improvements) for cost of living increases up to a maximum of 2% per year. The District receives a share of the county-wide property tax revenue based on State formula which provides \$1/\$100 of assessed value, the maximum allowable under Proposition 13.

During fiscal year 1993-94, an alternate method of property tax allocation (the "Teeter Plan") was adopted by the County of Humboldt. Under this plan, the County distributes 100% of current secured taxes billed to taxing entities during the current year, whether collected or not. The District recognizes property tax revenues (including tax increment revenues) to the extent of each year's tax allocation received or to be received within 60 days after the end of each fiscal year.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Capital Project Commitments

The District has active capital projects, as outlined in its Capital Improvement Plan, in which it has entered or will enter into significant agreements for the design and construction of these projects. The Capital Improvement Plan is available on the District website as part of both the budget and the strategic plan. Additional information on the upgrade of the Wastewater Management Facility and the Teen and Community Center Project can be found in the accompanying Management's Discussion and Analysis (page 9).

Grants and Allocations

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Wastewater Discharge Permit and the California Toxic Rule

The District was issued a discharge permit by the State which contains compliance provisions that will require the District to expend considerable sums of money in order to fulfill compliance requirements. Similar compliance and financing issues surround the District's ability to meet present and future effluent standards regarding nutrient removal.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries insurance. The District, due to the costs of available coverage, participates as a member of the Special District Risk Management Authority (SDRMA). The District's obligations under the arrangement are to pay billed premiums for the specified

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

coverages. The SDRMA may pay dividends to members or may make additional assessments depending on loss experience, but no dividends have been declared and no additional assessments have been levied. Financial information pertaining to SDRMA can be obtained from its administrative offices at 1112 I Street, Suite 300, Sacramento, California 95814.

Below is a summary of the District's insurance coverage for the year ended June 30, 2015:

<u>Type of Coverage</u>	<u>Coverage per Occurrence</u>
General Liability	\$ 5,000,000
Public Officials and Employees Errors	5,000,000
Personal Liability - Board Members	500,000
Employment Practices Liability	5,000,000
Employee Benefits Liability	5,000,000
Employee Dishonesty Coverage	400,000
Auto Liability	5,000,000
Auto Physical Damage	Actual Value
Uninsured/Underinsured Motorists	750,000
Trailer Coverage	Actual Value
Property Coverage	Replacement Cost up to \$1 Billion
Boiler and Machinery Coverage	Replacement Cost up to \$100 Million
Workers' Compensation	Statutory
Employers' Liability Coverage	5,000,000

There have been no significant changes in insurance coverage during the fiscal year other than disclosed in the above paragraphs. Settlements have not exceeded coverage for each of the past three fiscal years. The District had no material uninsured claim liabilities at June 30, 2015.

NOTE 11 WATER PURCHASE CONTRACT

The District has a contract with Humboldt Bay Municipal Water District (HBMWD) to purchase water. Under the contract, the District pays HBMWD a rate that includes cost allocations of various factors designed to cover costs associated with the operation, maintenance, repair and replacement of the HBMWD's base water facilities and drinking water treatment facilities.

NOTE 12 PRIOR PERIOD ADJUSTMENT

The District recorded a prior period adjustment in recognition of its net pension liability in accordance with the implementation of *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* (as amended by *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*). The prior period adjustment

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

resulted in a decrease of \$471,587 to the beginning net position of the District's governmental activities. Similarly, the beginning net position of the District's water and wastewater activities decreased by \$457,299 and \$500,166, respectively.

NOTE 13 SUBSEQUENT EVENTS

The District's management has evaluated subsequent events through January 21, 2016, which is the date the financial statements were available to be issued, and concluded that no additional adjustments to the financial statements or disclosures, except as subsequently noted, are required for fiscal year 2014-15.

Subsequent to fiscal year-end, the District received updated cost information in relation to the Water Fund's Mad River Intertie Capital Project. Updated information revealed that the District's capitalized cost and contributed capital related to the project would increase by approximately \$75,000. Due to the immaterial impact on the fiscal year 2014-15 financial statements, management has decided to postpone recognition of these additional capital costs and contributed capital until fiscal year 2015-16.

REQUIRED SUPPLEMENTARY INFORMATION

**MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (PARKS AND RECREATION)
For the Fiscal Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Over (Under)</u>
Fund Balance - July 1	\$ 956,394	\$ 956,394	\$ 956,394	\$ -
Resources (Inflows)				
Property Taxes	510,000	510,000	523,969	13,969
Program Fees	393,040	393,040	323,009	(70,031)
Facility and Open Space Fees	168,400	168,400	153,441	(14,959)
Other Revenues	16,000	16,000	53,556	37,556
Quimby Fees	93,000	93,000	28,073	(64,927)
Unrestricted Investment Earnings	3,000	3,000	8,743	5,743
Amounts Available for Appropriations	<u>2,139,834</u>	<u>2,139,834</u>	<u>2,047,185</u>	<u>(92,649)</u>
Charges to Appropriations (Outflows)				
Salaries and Benefits	851,855	851,855	777,207	(74,648)
Other Expenditures	215,879	215,879	213,004	(2,875)
Capital Outlay	115,000	115,000	132,357	17,357
Total Charges to Appropriations	<u>1,182,734</u>	<u>1,182,734</u>	<u>1,122,568</u>	<u>(60,166)</u>
Fund Balance - June 30	<u>\$ 957,100</u>	<u>\$ 957,100</u>	<u>\$ 924,617</u>	<u>\$ (32,483)</u>

Note 1 - An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Resources (Inflows):

Actual amounts available for appropriations from the budgetary comparison schedule	\$ 2,047,185
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(956,394)
Total revenues and other financing sources as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	1,090,791

Charges to Appropriations (Outflows):

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	1,122,568
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Net Change in Fund Balance	<u>\$ (31,777)</u>
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MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
MEASURE B FUND
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
Fund Balance - July 1	\$ 264,984	\$ 264,984	\$ 264,984	\$ -
Resources (Inflows)				
Special Assessments	214,024	214,024	202,749	(11,275)
Proceeds from Long-Term Debt	-	-	1,468,929	1,468,929
Unrestricted Investment Earnings	-	-	2,116	2,116
Amounts Available for Appropriations	<u>479,008</u>	<u>479,008</u>	<u>1,938,778</u>	<u>1,459,770</u>
Charges to Appropriations (Outflows)				
Salaries and Benefits	101,059	101,059	97,613	(3,446)
Other Expenditures	6,000	6,000	149,994	143,994
Capital Outlay	105,000	105,000	56,696	(48,304)
Total Charges to Appropriations	<u>212,059</u>	<u>212,059</u>	<u>304,303</u>	<u>92,244</u>
Fund Balance - June 30	<u>\$ 266,949</u>	<u>\$ 266,949</u>	<u>\$ 1,634,475</u>	<u>\$ 1,367,526</u>

Note 1 - An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Resources (Inflows):

Actual amounts available for appropriations from the budgetary comparison schedule	\$ 1,938,778
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(264,984)</u>
Total revenues and other financing sources as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	1,673,794

Charges to Appropriations (Outflows):

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>304,303</u>
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Net Change in Fund Balance

\$ 1,369,491

Note 2 - Significant variances between the final budgeted and actual amounts is directly related to debt issuance, debt service, and capital expenditure activity for the Teen and Community Center Project.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
BUDGETARY COMPARISON SCHEDULE
STREETLIGHTING FUND
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Over (Under)</u>
Fund Balance - July 1	\$ (72,496)	\$ (72,496)	\$ (72,496)	\$ -
Resources (Inflows)				
Streetlight Charges & Fees	72,958	72,958	93,528	20,570
Proceeds from Long-Term Debt	-	-	(2,168)	(2,168)
Other Revenues	16,800	16,800	17,750	950
Unrestricted Investment Earnings	-	-	13	13
Amounts Available for Appropriations	<u>17,262</u>	<u>17,262</u>	<u>36,627</u>	<u>19,365</u>
Charges to Appropriations (Outflows)				
Salaries and Benefits	41,573	41,573	35,866	(5,707)
Electricity	18,000	18,000	16,443	(1,557)
Other Expenditures	18,070	18,070	17,592	(478)
Debt Service	<u>12,000</u>	<u>12,000</u>	<u>6,622</u>	<u>(5,378)</u>
Total Charges to Appropriations	<u>89,643</u>	<u>89,643</u>	<u>76,523</u>	<u>(13,120)</u>
Fund Balance - June 30	<u>\$ (72,381)</u>	<u>\$ (72,381)</u>	<u>\$ (39,896)</u>	<u>\$ 32,485</u>

Note 1 - An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Resources (Inflows):

Actual amounts available for appropriations from the budgetary comparison schedule	\$ 36,627
Differences - Budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>72,496</u>
Total revenues and other financing sources as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	109,123

Charges to Appropriations (Outflows):

Total expenditures as reported in the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>76,523</u>
--	---------------

Net Change in Fund Balance	<u>\$ 32,600</u>
-----------------------------------	------------------

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Years*
June 30, 2015

	<u>6/30/2014</u>
Portion of the Net Pension Liability	0.01805%
Proportionate Share of the Net Pension Liability	\$1,123,351
Covered-Employee Payroll	\$1,084,395
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	103.59%
Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	83.21%
Proportionate Share of Aggregate Employer Contributions	\$ 150,596

* **Note (1)** The District participates in the Miscellaneous 2% at 55 cost-sharing multiple-employer defined benefit plan (the Plan) administered by the California Public Employees Retirement System. The above schedule presents information about the District's proportionate share of the Plan's net pension liability as of the measurement date (June 30, 2014). The proportionate share of the net pension liability is reflected in the District's financial statements at June 30, 2015. Fiscal year 2014-15 was the first year of implementation, thus this schedule reflects only one year. Additional information regarding the Plan can be found at Note 6 to the basic financial statements.

Note (2) No changes in benefits or assumptions.

Note (3) CalPERS Actuarial Services Unit calculates pensionable earnings on an actuarial basis using average full time equivalents and pay rates. These calculation methods reduce the volatility caused by employee turnover and changes in pay rates or work schedule. Therefore, actuarial pensionable earnings will vary from actual earnings reported by the District. Management considers this variance to have an insignificant effect on annual pension cost.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Years*
June 30, 2015

	<u>6/30/2015</u>
Actuarially Determined Contribution	\$ 126,683
Contributions in Relation to the Actuarially Determined Contribution	<u>(126,683)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>
Covered-Employee Payroll	\$1,214,369
Contributions as a Percentage of Covered-Employee Payroll	10.432%

* **Note (1)** The District participates in the Miscellaneous 2% at 55 cost-sharing multiple-employer defined benefit plan (the Plan) administered by the California Public Employees Retirement System. The above schedule presents information about the District's contributions to the Plan for fiscal year 2014-15. Fiscal year 2014-15 was the first year of implementation, thus this schedule reflects only one year. Additional information regarding the Plan can be found at Note 6 to the basic financial statements.

Note (2) CalPERS Actuarial Services Unit calculates pensionable earnings on an actuarial basis using average full time equivalents and pay rates. These calculation methods reduce the volatility caused by employee turnover and changes in pay rates or work schedule. Therefore, actuarial pensionable earnings will vary from actual earnings reported by the District. Management considers this variance to have an insignificant effect on annual pension cost.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS
June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Excess Assets/ (Unfunded Liability)	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
05/01/10	\$ -	\$ 1,710,113	\$ (1,710,113)	0.00%	\$1,131,599	151.12%
06/01/13	\$ -	\$ 2,692,157	\$ (2,692,157)	0.00%	\$1,249,028	215.54%

Note (1) The District sponsors and administers a single-employer defined benefit postemployment healthcare plan (the Plan) to provide healthcare benefits to eligible retired employees and their dependents. The above schedule presents information about the funded status for the Plan's two actuarial valuations (in thousands).

Note (2) Actuarial valuations of an on-going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Information regarding the actuarial methods and assumptions for the above actuarial valuation can be found in Note 7 to the basic financial statements. The next actuarial valuation will be performed during fiscal year 2015-16.

**REPORT ON INTERNAL CONTROL AND COMPLIANCE
AND OTHER MATTERS**

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

To the Board of Directors
McKinleyville Community Services District
McKinleyville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McKinleyville Community Services District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the McKinleyville Community Services District's basic financial statements, and have issued our report thereon dated January 21, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the McKinleyville Community Services District's internal control over financial reporting (internal control) to determine the 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 McKinleyville Community Services District's internal control. Accordingly, we do not express an opinion on the effectiveness of the McKinleyville 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McKinleyville Community Services District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hunter, Hunter & Hunt

January 21, 2016

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: Action

ITEM: E.2 **Consider Approval of Resolution 2016-02 Naming the New Facility at 1705 Gwin Road “The McKinleyville Teen & Community Center”**

PRESENTED BY: **Lesley Frisbee, Recreation Director**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the material and take public comment on the naming recommendation of the new facility currently referred to as the Teen & Community Center and adopt Resolution 2016-02 naming the new facility at 1705 Gwin Road “The McKinleyville Teen and Community Center” as recommended by the Naming Committee.

Discussion:

In September and October 2015 a Request for Proposals of possible names for the Teen & Community Center was made to the public. Staff received six (6) proposals from the public. A Naming Committee was created which is comprised of MCSD Recreation Director, Lesley Frisbee; two McKinleyville High School students, Mary Elise Conzelmann & Coco Lyell; one member of the Recreation Advisory Committee, Chad Sefcik; and two community members, Joe Wahlund and Mark Rynearson. The Naming Committee met to review the proposals submitted. One proposal suggested the McKinleyville Recreation Center as a name and the remaining proposals submitted by the public recommended naming the facility in memory of Eleanor Sullivan with a variety of suggested names.

The Committee discussed these options and agreed that it is important to commemorate and recognize Eleanor Sullivan in some way. To this point, and with the support of the Naming Committee, District staff intends to name the commercial kitchen within the new facility “Gram’s Kitchen” with the intent to recognize and commemorate Eleanor Sullivan.

The Committee also discussed the importance of “branding” and how the Teen and Community Center project has already developed a level of branding in the community. This became evident when McKinleyville High School students were asked to provide input on the naming of the new facility and a majority of teen responses indicated that the facility was already branded and named as the McKinleyville Teen & Community Center or the McKinleyville Teen Center.

Informally, through the long process of making this facility a reality, a name for it has been adopted by much of the community.

The Naming Committee considered the feedback from the high school students very seriously. We also discussed the criteria in the naming policy and the extent to which a facility name should be timeless and meaningful for generation after generation. It was agreed by the committee that names after individuals have the potential of losing meaning and relevance over time. Geographic identifiers have a longer lasting relevance.

After thoughtful consideration, the Naming Committee recommends naming the new facility the McKinleyville Teen and Community Center.

Alternative names the Naming Committee considered include:

- The Teen Center at Pierson Park
- Eleanor Sullivan Teen Center
- The Azalea Teen & Family Center (based on the proposals submitted and feedback from committee member polls of their peers).

As per the Policy for Naming & Dedication of District Facilities, this is the second time this item has been brought before the board. The first time it was presented on January 6, 2016 as an information item providing opportunity for the public to comment; this second time is for the Board to vote on the recommendation and adopt the Resolution.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Resolution 2016-02

RESOLUTION 2016 - 02

A RESOLUTION NAMING THE NEW FACILITY AT 1705 GWIN ROAD THE MCKINLEYVILLE TEEN & COMMUNITY CENTER

WHEREAS, the McKinleyville Community Services District has adopted a policy for naming new facilities; and

WHEREAS, the process for naming new facilities as outlined in the adopted policy was followed; and

WHEREAS, the recommended name for the new facility adheres to the guidelines and criteria set forth in the adopted policy.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the McKinleyville Community Services District does hereby name the new District facility at 1705 Gwin Road the McKinleyville Teen & Community Center.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on February 3, 2016 by the following polled vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

George Wheeler, Board President

Attest:

Becky Schuette, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.3 **Review information for the Draft Capital Improvement Plan for the Parks & General Fund, FY2016-17**

PRESENTED BY: **Colleen M. R. Trask, Finance Director**

TYPE OF ACTION: **Information Only**

Recommendation:

Staff recommends that the Board review and discuss the Draft Capital Improvement Plan for the Parks and General Fund and take public comment.

Discussion:

The draft of the Fiscal Year 2016-17 Capital Improvement Plan (CIP) is attached (Attachment 1), covering the next ten fiscal years. The majority of budgeted expenditures for the Parks and General Fund are anticipated to be covered by assessments and user fees. The smaller projects are anticipated to be paid from operating funds. This will allow a structured approach to future user fees as these projects are undertaken.

The attached Narrative (Attachment 2) further explains the underlying details. The final CIP will be brought back to the Board for review and approval with the complete Fiscal Year 2016-17 Budget document in June 2016.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 - Draft Capital Improvement Plan for the Fiscal Years ending June 30, 2017-2026 for the Parks and General Fund.
- Attachment 2 - Draft Capital Improvement Plan Narrative for Fiscal Year 2016-17.

McKinleyville Community Services District
General Fund (Parks & Recreation) Capital Improvement Plan
For the Fiscal Years Ending June 30, 2017 - 2026

(All numbers in \$000s)

1 2 3 4 5 6 7 8 9 10

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
1. Hiller Park & Sports Complex Projects										
Park landscaping & signage	9	9	9	9	9					
Other Park equipment & signage	5	5	5	6	6	6	6	6	7	7
Totals:	14	14	14	15	15	6	6	6	7	7
2. Pierson Park Projects										
Park landscaping & signage										
Other Park equipment & signage										
Totals:	0	0	0	0	0	0	0	0	0	0
3. Azalea Hall Projects										
Furnace replacement						6				
Replace flooring										
Miscellaneous equipment	5	9	5	5	5	5	5	5	5	5
Roof replacement										
Parking lot resurfacing	10									
Roof replacement										
Hot water Heater			6							
Kitchen equipment replacement		5				5				
Replace tables & chairs										
P/A system and audio-visual	1	7								
Floor scrubber										
Totals:	16	21	11	5	5	16	5	5	5	5
4. McKinleyville Activity Center Projects										
Park landscaping & signage										
Flooring replacement										
Roof replacement										
Misc. equipment replacement	5	5	5	5	6	6	6	6	6	6
Parking lot resurfacing										
Bleacher replacement					11					
Hot water heater				6						
Tables & chairs										
Furnace replacement							6			

Attachment 1

McKinleyville Community Services District
General Fund (Parks & Recreation) Capital Improvement Plan
For the Fiscal Years Ending June 30, 2017 - 2026

(All numbers in \$000s)

1 2 3 4 5 6 7 8 9 10

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Saber floor scrubber										
Totals:	5	5	5	11	17	6	12	6	6	6

5. Other Park Projects & Equipment

Computers & software & copiers							5	5	5	5
Playground equipment replacement										
Mower & landscaping equipment	6			14			16			
Light duty utility truck/van/car	9		10			10		11		11
Mobile Radio Upgrade										
Emergency response equipment/supplies										
Miscellaneous/replacement equipment	8	8	8	8	8	8	9	9	9	9
Land Acquisition			120							
Totals:	23	8	138	22	8	18	30	25	14	25

6. Law Enforcement Facility Projects

Furnace replacement									6	
Hot water heater					6					
Roof replacement										
LEF/Library sealing/paving	5						5			
Totals:	5	0	0	0	6	0	5	0	6	0

7. McKinleyville Library Projects

Carpet replacement		8								
Furnace replacement								6		
Hot water heater replacement										
Roof replacement										
Totals:	0	8	0	0	0	0	0	6	0	0

8. Projects Funded With Measure B Renewal

Payment for Construction of Teen Ctr Facilities	127	127	127	127	127	127	127	127	127	115
Other Measure B projects + O&M										
Totals:	127	127	127	127	127	127	127	127	127	115

9. Projects Contingent Upon Grant Funding

Covered Picnic Area at Pierson Park										
Community Forest										

McKinleyville Community Services District
General Fund (Parks & Recreation) Capital Improvement Plan
For the Fiscal Years Ending June 30, 2017 - 2026

(All numbers in \$000s)	1	2	3	4	5	6	7	8	9	10
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Totals:	0	0	0	0	0	0	0	0	0	0

10. Projects Funded by Quimby & Other Funds										
Library expansion project										
Hiller dog park										
Playground equipment replacement										
Pole Barn										
Skate park										
Hewitt Ranch improvements										
New Park Improvements										
Mad River Property										
Playground equipment replacement										
Covered Picnic Area at Pierson Park										
Land acquisition										
Totals:	0	0	0	0	0	0	0	0	0	0

Total Planned Capital Expenditures	190	183	295	180	178	173	185	175	165	158
------------------------------------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

***Draft Capital Improvement Plan
Parks and General Fund
Fiscal Year 2016-17***

General Fund capital asset purchases and projects are significantly dependent upon property tax revenues and assessments. The Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities was renewed in FY2012-13 for 20 years.

CAPITAL IMPROVEMENT PROGRAM PROJECT DISCUSSION

Utility Vehicles and Equipment

In 1998, the Board adopted a Fleet Replacement Plan to insure that MCSD's aging fleet of service vehicles would be replaced in an approximately ten-year cycle. The Parks & General Fund is planning to replace a utility truck this next fiscal year by purchasing a truck from the Operations Department. The District has started to exchange some of the heavier utility vehicles with light compact trucks for savings in capital and operating costs. Parks is also planning to replace an aging mower in FY2016-17.

Facility Projects

The parking lot at Azalea Hall, the Law Enforcement Facility and the McKinleyville Library will be resurfaced and painted.

Construction and interior furnishing of the Teen and Community Center is planned to be complete in FY2015-16. The only capital-level budget for the Teen Center is \$127,000 construction debt service scheduled to be paid in FY2016-17.

A new sound system is scheduled for Azalea Hall next year, now that the new projector has been installed.

Parks and Trails Projects

Staff will conduct annual reconditioning of the turf at Hiller Sports Complex. Miscellaneous equipment purchases are planned for Pierson Park and Hiller Sports Complex.

Staff has committed to greater use of MCSD's Quimby Funds, which are held in trust by the County. The majority of Quimby Funds are planned for use in the Teen Center.

The District will continue to pursue additional grant funding for new projects, which may be included in the budget in future years, but are contingent upon successfully receiving grants. No specific dollars have yet been allocated for the proposed Community Forest. As more information becomes available for that project, more accurate projections for required funding will be possible. If McKinleyville continues to grow as anticipated, other

regular acquisitions of new parkland are planned throughout the 10-20 year planning horizon.

Small Equipment, Contingency and Other

Smaller and less expensive (more than \$500 but less than \$5,000) new equipment and emergency replacement of existing equipment cannot generally be anticipated. These are considered expenditures, rather than capital assets, and will be included in the repairs/maintenance/supplies line of the Parks & General Fund Operating Budget.

Note on Attachment 1 – Parks & General Fund Draft Capital Improvement Plan

Exhibit 10 contains the summaries of the Parks and General Fund Capital Improvement Program's planned capital expenditures (in thousands: 10 = \$10,000). The planning horizon for the Program is 10 years. It should be noted that all estimated replacement costs are in current year dollars, since future inflation is unknown. Since the CIP is a dynamic plan that is updated annually, future costs will be regularly evaluated.

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: **ACTION**

ITEM: E.4 **Consider Attendance to Association of California Water Agencies (ACWA) 2015 Legislative Symposium in Sacramento on March 9, 2016**

PRESENTED BY: **Becky Schuette, Board Secretary**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the information, allow public comment and consider attendance to the Association of California Water Agencies Legislative Symposium on March 9, 2016 at the Sacramento Convention Center in Sacramento for interested Board members.

Discussion:

The Association of California Water Agencies (ACWA) 2016 Legislative Symposium will be held on March 9, 2016 at the Sacramento Convention Center. This annual event, popular with ACWA members throughout the state, includes informative panels as well as discussions exploring issues and challenges. There is also an opportunity to schedule a meeting with our own State Senator or State Assembly member in their Sacramento offices.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Registration cost is \$225 per attendee. An overnight stay at the Hyatt Regency Sacramento is approximately \$189, excluding taxes, if registration is made prior to February 16th. A second night may be necessary if attendees are unable to return home after the symposium ends. Per Diem is \$128 per person for two days and the District car can be utilized for interested attendees. An approximate total will be between \$550-\$750 per attendee.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Pricing Reference Sheet
- Attachment 2 – Registration Terms & Conditions

2016 LEGISLATIVE SYMPOSIUM

March 9, 2016 • Sacramento Convention Center
Register Online at www.acwa.com

REGISTRATION & CANCELLATION DEADLINE IS FEBRUARY 26, 2016

PRICING REFERENCE SHEET

REGISTRATION FEES

Advantage (For ACWA public agency members, affiliates & associates **ONLY**)

Standard (Applies to non-members of ACWA)

Your registration fee includes: continental breakfast, lunch and materials.

REGULAR (ends 2/26/16)

\$225

\$335

ONSITE

\$245

\$355

HOTEL INFORMATION

You must be registered for the ACWA Legislative Symposium in order to make hotel reservations at the special room rate.

Hyatt Regency Sacramento
1209 L Street, Sacramento, CA
800-223-1234

Special Hotel Rate: \$189 per night + taxes & fees **(The cut-off date to receive this special rate is February 16, 2016)**

Reservations can be made by one of the following ways:

ONLINE: <https://resweb.passkey.com/go/2016ACW6>

PHONE: Call 888-421-1442 **(Please identify yourself as part of the Association of California Water Agencies)**

Any reservation made after February 16, 2016 is subject to the hotel's regular room rate and based on availability.

Hotel Questions, Cancellation or Changes: Contact hotel directly at 888-421-1442

PAYMENT INFORMATION

☒ Check payable to ACWA – 910 K Street, Ste. 100 • Sacramento, CA 95814

☒ Bill me

☒ Charge credit card: MasterCard or Visa

If you select check or bill me payment option, to expedite the check-in process onsite, ACWA must receive payment two weeks prior to the event.

Questions? Contact us at 916.441.4545, toll free 888.666.2292 (Event terms and conditions available at acwa.com in the event section.)

REGISTRATION TERMS & CONDITIONS

ACWA 2016 Legislative Symposium

Sacramento Convention Center

MAR
9
2016

Register online @ acwa.com

Regular registration and cancellation deadline is February 26, 2016 • 4:30 p.m. (PST)

WHO IS ELIGIBLE FOR "ACWA ADVANTAGE" PRICING?

ACWA Advantage pricing is available to the following registrants:

- An officer or director of an ACWA member agency.
- A person directly employed by an ACWA public agency member, affiliate or associate organization. This does not include independent contractors, service providers, or third-party vendors.
- Any ACWA board member whose fee is paid for by member agency.
- Any state or federal administrative or legislative personnel in elected, appointed or staff positions.
- Staff of ACWA/JPIA and Water Education Foundation.
- Any individual or honorary life member of ACWA.

MEMBERSHIP INFORMATION – *Become a Member & Save on ACWA Events*

If you are interested in learning more about becoming an Associate Friend of ACWA, contact Jacob Rowe at jacobr@acwa.com. For public agency membership, please contact Tiffany Giammona at tiffanyg@acwa.com.

CANCELLATIONS & CHANGES

All registration changes and cancellations must be made in writing by the event registration deadline. Valid cancellation requests will receive a refund of any registration fees paid minus a \$50 processing charge. For payments originally made by credit card, refunds can be issued back onto the credit card within 60 days. Otherwise, a refund will be issued by check. No refunds or registration changes will be granted after the registration deadline. Submit request in writing to Teresa Taylor at TeresaT@acwa.com.

SUBSTITUTIONS

Event registrations are transferable from one participant to another within the same organization. Please submit your request in writing before the event registration deadline to Teresa Taylor at TeresaT@acwa.com. Include the original registrant's name, the new person's name, title and email address with your request. After the registration deadline, substitutions will be handled on-site. Only one substitution is permitted per original registrant. The individual submitting the substitution request is responsible for all financial obligations (including any balance due) associated with the original registration. There is no fee to transfer an eligible registration.

SPECIAL REQUESTS & ACCOMMODATIONS

Special requests must be submitted in writing to Teresa Taylor at TeresaT@acwa.com. Participants are encouraged to submit changes and special requests as soon as possible.

If you have a disability that requires an accommodation, please contact Teresa Taylor at TeresaT@acwa.com or call toll free at (888) 666-2292 to discuss your needs.

REFUNDS

Except as otherwise provided in this document, all payments and fees are nonrefundable after the registration deadline.

NONATTENDANCE

Registrants who fail to attend the event, in part or in whole, are not eligible for a refund or credit and will be billed for any balance due.

McKinleyville Community Services District

BOARD OF DIRECTORS

December 2, 2015

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.5 **Approve Resolution 2016-03 to endorse a plan to Achieving Full Funding of McKinleyville Community Services District's Unfunded Pension Obligations**

PRESENTED BY: **Colleen M. R. Trask and Greg Orsini**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the information provided, discuss, take public comment, and arrive at a consensus for the overall strategy the District should pursue to achieve full funding of its unfunded pension obligations.

Discussion:

In response to GASB 68, CalPERS has substantially changed the information provided to pension plan participants regarding the total amount of their estimated future pension obligations. For McKinleyville Community Services District, these were recorded and reported on the District's financial statements at the close of fiscal year 2014-15.

CalPERS has now begun to include a separate invoice for the District's Annual Required Contribution (ARC), starting in fiscal year 2015-16. The ARC is designed to fully fund the District's unfunded pension obligation over a specified amortization period of fifteen years. The District has already paid this year's ARC invoice in full.

Between the CalPERS ARC and the District's own set-asides, staff recommends that the District seek to achieve 110% funding of the total pension obligation. This goal would allow the District to absorb variations in the market performance of CalPERS portfolio with less negative impact to the cash flow required to fund the District's regular operations.

Staff further recommends that funds designated for pension obligations be segregated outside of operating capital accounts. Placement in a medium-to-long-term government-grade investment account or with a legal trust fund, if an acceptable one is available, is recommended.

It is feasible for the District to set aside funds from its regular working or operating capital with the objective of achieving full funding of the unfunded pension obligations ahead of CalPERS' timeline. For the Water and Wastewater Funds, staff has proposed a ten-year amortization schedule, starting in fiscal year 2016-17. For the Parks Fund, staff has proposed a fifteen-year amortization

schedule. The longer time suggested for the Parks Fund is due to the less-controllable nature of the property tax collections that supply the majority of Parks operating funds.

Progress on setting aside cash sufficient to fund the total pension obligations would be reported to the Board annually, with the other reserves and restricted funds.

Alternatives:

Take No Action

Fiscal Analysis:

	Annual Set-asides for Pension Liabilities			
	Water Fund	Sewer Fund	Parks/Gov'tl	MCSD Total
10-Year amort. (15 for Parks)	42,246.12	46,206.70	32,105.59	120,558.41

Pension obligation set-asides would be included as part of the budget process. These funds would be listed below the Debt Principal for the Water and Wastewater Funds, and shown as expenditures in the Governmental Funds (Parks and Streetlights).

Staff recommends that the Board approve a percentage range of funding, from 75% to 105% of the annual suggested set-aside for each Fund. This would allow management a limited lee-way to accommodate situations not anticipated in the regular budget. For example, in a year with fewer major repairs than budgeted, the Water Fund might set aside 105% of its pension obligation set-aside. On the other hand, if the County remitted substantially less property tax revenue than originally budgeted, the Parks Fund might set aside only 80% of its pension obligation set-aside. Any cash-flow or economic situation requiring funding of the pension obligation at less than 75% must be brought back to the Board for approval.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 - Resolution 2016-03

RESOLUTION 2016 - 03**A RESOLUTION FOR ACHIEVING FULL FUNDING OF MCKINLEYVILLE
COMMUNITY SERVICES DISTRICT'S UNFUNDED PENSION OBLIGATIONS**

WHEREAS, In response to GASB 68, CalPERS has substantially changed the information provided to pension plan participants regarding the total amount of their estimated future pension obligations; and

WHEREAS, CalPERS has begun to include a separate invoice for the District's Annual Required Contribution (ARC), starting in fiscal year 2015-16. The ARC is designed to fully fund the District's unfunded pension obligation over a specified amortization period of fifteen years; and

WHEREAS, The MCSD Board of Directors directed staff to develop a plan to fully fund the MCSD Retiree Pension Obligation by creating a reserve account, segregated outside of operating capital accounts; and

WHEREAS, The MCSD Board of Directors approved Resolution 2015-29 Modifying the Designated Funds Policy to Create the Pension Fund at the November 2015 Board of Directors Meeting; and

WHEREAS, It is feasible for the District to set aside funds in addition to CalPERS ARC from its regular working or operating capital with the objective of achieving full funding of the unfunded pension obligations ahead of CalPERS' timeline; and

WHEREAS, A percentage range of funding, from 75% to 105% of the annual suggested set-aside for each fund would allow management limited lee-way to accommodate situations not anticipated in the regular budget.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the McKinleyville Community Services District does hereby approve a percentage range of funding, from 75% to 105% of the annual suggested set-aside for each Fund and direct staff to create a ten-year amortization schedule for Enterprise Funds, starting in fiscal year 2016-17 and for the General Fund, a fifteen-year amortization schedule starting in 2017-18 per the included table.

**First Annual Recommended Set-asides
for Pension Liabilities**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Parks/Gov'tl</u>	<u>MCSD Total</u>
10-Year amort. (15 for Parks)	42,246.12	46,206.70	32,105.59	120,558.41

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on February 3, 2016 by the following polled vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

George Wheeler, Board President

Attest:

Becky Schuette, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: **ACTION**

ITEM: E.6 **Consider a Nomination for Special District Member Candidate for Humboldt Local Agency Formation Commission (LAFCo)**

PRESENTED BY: **Becky Schuette, Board Secretary**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the information provided, take public comment and consider a nomination for a special district member candidate to the Humboldt Local Agency Formation Commission (LAFCo).

Discussion:

Humboldt LAFCo is comprised of seven regular and four alternate members representing the county, cities, independent special districts, and general public. All terms are four years and end on June 30. Regular meetings are held at 9:00 a.m. on the third Wednesday of every other month in the Humboldt County Board of Supervisors Chamber, with special meetings held as needed.

The term of office for on the of the special district members on LAFCo, currently held by Bruce Rupp of the Humboldt Bay Municipal Water District, expires on June 30, 2016.

The District is encouraged to participate in this election process. A schedule is enclosed together with a list of the 48 independent special districts in Humboldt County that are eligible to participate. If your district wishes to nominate a Board member to be a candidate for t he LAFCo district member, the nomination procedures are as follows:

1. Each district may nominate one person; Nominees must be board members, not staff.
2. All nominations must be accompanied with a completed nomination form approved by a majority of your Board.
3. The nomination form and a candidate's statement or letter of interest and qualifications must be returned to Humboldt LAFCo, 1125 16th Street, Suite 202, Arcata, CA 95521, or faxed 707-825-9181.
4. Upon receipt of nominations, LAFCo will prepare and send a ballot to each district. The ballot will state the return date and how successful candidates will be notified.

The deadline for submitting nominations is Friday, February 19, 2016. Any nomination that is submitted after the deadline will not be considered.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Call for Nominations Letter, Schedule & Terms
- Attachment 2 – Nomination Form
- Attachment 3 – Candidate Information Sheet

DEC 22 2015

McK. C.S.D.



Date: December 18, 2015
To: Board of Directors of Independent Special Districts
From: George Williamson, Executive Officer
Subject: CALL FOR NOMINATIONS – Humboldt LAFCo Independent Special District Member

The term of office for one of the special district members on LAFCo, currently held by Bruce Rupp of the Humboldt Bay Municipal Water District, expires on June 30, 2016. The basic process for selecting special district members to LAFCo is set forth in Government Code Section 56332. This provides for a meeting to be convened among representatives from each of the 48 independent special districts in Humboldt County, unless the Executive Officer determines that a meeting is not feasible. Based on Government Code Section 56332, it has been determined that a meeting of this "Independent Special District Selection Committee" for the purpose of selecting a special district member is not feasible due to the likelihood that a quorum would not be achieved. As such, both the nominating process and the election itself will be conducted by mail.

Your district is encouraged to participate in this election process. A schedule is enclosed together with a list of the 48 independent special districts in Humboldt County that are eligible to participate. If your district wishes to nominate a Board member to be a candidate for the LAFCo district member, the nomination procedures are as follows:

1. Each district may nominate one person; Nominees must be board members, not staff.
2. All nominations must be accompanied with a completed nomination form approved by a majority of your Board (enclosed).
3. The nomination form and a candidate's statement or letter of interest and qualifications must be returned to Humboldt LAFCo, 1125 16th Street, Suite 202, Arcata, CA 95521, or faxed 707-825-9181.
4. Upon receipt of nominations, LAFCo will prepare and send a ballot to each district. The ballot will state the return date and how successful candidates will be notified.

The deadline for submitting nominations is Friday, February 19, 2016. Any nomination that is submitted after the deadline will not be considered.

General information about LAFCo is available at the Humboldt LAFCo website at www.humboldtlaoco.org. The Commission is comprised of seven regular and four alternate members representing the county, cities, independent special districts, and general public. All terms are four years and end on June 30. Regular meetings are held at 9:00 a.m. on the third Wednesday of every other month in the Humboldt County Board of Supervisors Chamber, with special meetings held as needed.

If you have any questions, please contact LAFCo staff at 707-445-7508.

Election Schedule

LAFCo call for nominations letter mailed via certified mail	Friday, December 18, 2015
Nominations due to LAFCo	By 5:00 p.m., Friday, February 19, 2016
Ballots mailed from LAFCo via certified mail	No later than Friday, March 4, 2016
Election Day – Ballots due to LAFCo	By 5:00 p.m., Friday, May 6, 2016
Election results mailed from LAFCo via certified mail	No later than Friday, May 20, 2016

Current Special District Terms

Designation	Current Member	Term of Office (ends on June 30)
Regular Member	Bruce Rupp, Humboldt Bay Municipal Water District	2012 - 2016
Regular Member	Troy Nicolini, Samoa Peninsula Fire District	2014 - 2018
Alternate Member	Frank Scolari, Humboldt Community Services District	2014 - 2018

Independent Special Districts

Big Lagoon Community Services District	Arcata Fire Protection District
Briceland Community Services District	Blue Lake Fire Protection District
Carlotta Community Services District	Briceland Fire Protection District
Fieldbrook-Glendale Community Services District	Bridgeville Fire Protection District
Humboldt Community Services District	Ferndale Fire Protection District
Loleta Community Services District	Fruitland Ridge Fire Protection District
Manila Community Services District	Garberville Fire Protection District
McKinleyville Community Services District	Humboldt No. 1 Fire Protection District
Miranda Community Services District	Kneeland Fire Protection District
Orick Community Services District	Myers Flat Fire Protection District
Orleans Community Services District	Petrolia Fire Protection District
Palmer Creek Community Services District	Redway Fire Protection District
Patrick Creek Community Services District	Rio Dell Fire Protection District
Phillipsville Community Services District	Samoa Peninsula Fire District
Redway Community Services District	Telegraph Ridge Fire Protection District
Riverside Community Services District	Willow Creek Fire Protection District
Scotia Community Services District	
Weott Community Services District	Humboldt Bay Harbor, Recreation and Conservation District
Westhaven Community Services District	Humboldt County Resource Conservation District
Willow Creek Community Services District	
Alderpoint County Water District	North Humboldt Recreation and Park District
Hydesville County Water District	Southern Humboldt Community Healthcare District
Jacoby Creek County Water District	
Humboldt Bay Municipal Water District	Fortuna Cemetery District
Garberville Sanitary District	Petrolia Cemetery District
Resort Improvement District No. 1	



Special District Member Nomination Form

Name of District: _____

Address: _____

Telephone: _____

The Board hereby nominates _____ to fill the term beginning on June 30, 2016 and expiring June 30, 2020 as a regular member of the Humboldt Local Agency Formation Commission representing independent special districts of Humboldt County.

Board action taken on the _____ day of _____, 2016, by the following vote:

AYES: _____

NOSE: _____

ABSTAIN: _____

ABSENT: _____

District Representative:

Signature

Printed Name



Special District Member Candidate Information Sheet

Providing this form or a letter of interest and qualifications is voluntary. It will be kept on file at the LAFCo offices and made available on request. It will not be distributed with the ballots.

Candidate Name: _____

Address: _____

Phone: _____

E-mail: _____

District: _____

Title: _____

Length of service with District:

Present Occupation:

Personal and Professional Background:

Summarize your interest in serving on LAFCo:

Summarize your qualifications for serving on LAFCo:

List local government and/or civic organization involvement:

List special interests:

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.A. Support Services - February 2016 Report

PRESENTED BY: Colleen M. R. Trask, Finance Director

TYPE OF ACTION: None

FINANCIAL, AUDIT, & BUDGET INFORMATION

The District has deposited \$523,824.69 to date into the Trust Account for reserves recovery as of December 31, 2015.

The District has \$80,278.01 to date into the Trust Account for the next Biosolids Disposal project.

Audit Update: The Audit Committee met with the auditors in January 2016. With a few minor adjustments to the notes, the auditors have issued a clean opinion on the District's financial statements for FY2014-15.

Budget Update: The Draft Capital Improvements budget for Parks is part of this month's Board Packet. Operations Department Draft Capital Improvement budget will be presented next month. The Board approved Strategic Plan provides the basis for creating the Capital budgets for each department.

Treasurer's Report Highlights: No capacity fees for either the Water or Wastewater Funds were received in December 2015. Neither Capital Contributions nor Capacity fees are included in the income vs. expenses graphs.

The Investment and Cash Flow report shows the balances and activity in each major cash account held by the District. The operating accounts are listed first, followed by each investment account (LAIF, Humboldt County Trust Accounts, the USDA Bond Sinking Fund account, and CalTRUST.) At the end of the report, the total cash and investments from the prior month is listed so users can see the change from month to month. The current month total is also broken down at the very bottom of the page. Cash and Cash Equivalents contains working capital and reserves designated by Board policy. Other legally required cash reserves for various loans are stated separately.

For the current month, the total disbursements from the Operating account is considerably higher than the total listed on the Cash Disbursements report. This is due to a timing adjustment of a large hand-check that was cut to Adams General Commercial Contracting for construction on the Teen & Community Center.

OTHER UPDATES

The next regularly scheduled adjustment of the water rates approved by the Board have gone into effect on January 1, 2016. Notice of the scheduled increase was included on the utility bills as required. Streetlights and Open Space charges will be increased by the appropriate inflation rate percentage as of February 2016.

Blanket Purchase Orders for certain high-volume vendors have been created for 2016. W-2s and 1099s are also complete.

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.B **Operations Department – December 2015 Report**

PRESENTED BY: **James Henry, Operations Director**

TYPE OF ACTION: **None**

Water Department:

Water Statistics:

The district pumped 29.9 million gallons of water in December.
Four water quality complaints were investigated and rectified.
Daily, weekly and monthly inspections of all water facilities were conducted.

Double Check Valve Testing:

Retesting was conducted in December along with sending the test kit out for the annual inspection and calibration.

Average and Maximum Water Usage:

The maximum water usage day was 1.5 million gallons and the average usage per day was .960 million gallons.

Water Distribution Maintenance:

Weekly Bacteria Samples were collected on Schedules 2, 3, 4 and 5 which represent different locations in the water system. The schedules are made up of a sample taken in each pressure zone. Phase 3 of the meter replacement program is near completion (90% completed). The remainder of that phase will be completed in the next 3 months. Phase 4 will be developed and will start after July 1st. The annual Hydrant Inspection program has started and will run into January (15% completed). Hydrants will be exercised, inspected and documented in a log book. Any discrepancies will be flagged to generate work orders for repairs. An angle-stop was replaced on Bel Nor due to being unable to operate when changing out the meter. A service line leak developed on the Waters Avenue right of way. The customer was notified to move his cars to make access to repair the leak. Staff cleared brush and repaired the leaking service line that was split from tree roots. The property owner will be notified to clear trees to prevent future root damage.

Water Station Maintenance:

The generator at the Hewitt Tank site was experiencing run failure due to a faulty speed sensor. Troubleshooting and repairs were made in house.

As of July 2014, the District is required to submit a Public Water Monthly Monitoring Report to compare water usage to last year's usage in the same month. I will keep the Board updated each month using the Table below.

Water Usage Comparison in Million Gallons

	2013	2014	% Reduction	2014 Recycled	R- GPCD
July	54.757	50.668	7	14.297	
August	55.908	46.600	17	13.040	
September	45.702	40.619	12	17.434	
October	39.439	36.393	8	16.077	
November	34.879	30.795	12	13.807	
December	35.203	33.146	6	0	
	2013	2015	% Reduction	2015 Recycled	R- GPCD
January	38.263	32.781	14	0	52
February	33.751	29.867	12	0	52
March	36.244	33.456	8	0	51
April	39.755	33.238	16	0	52
May	49.407	38.200	23	15.1	57
June	51.337	41.847	19	15.6	64
July	54.757	44.946	18	11.7	69
August	55.908	41.747	25	16.1	61
September	45.702	41.670	9	15.7	69
October	39.439	37.320	6	12.3	59
November	34.879	28.939	17	9.6	52
December	35.203	29.937	15	5.2	50

*Recycled water is reclaimed water that is used for irrigating crops.

New Construction Inspections:

CVS – Corrected as-builts were turned in to complete this project.

Sewer Department:**Waste Water Statistics:**

34.8 million gallons of wastewater were collected and pumped to the W.W.M.F. 47 million gallons of wastewater were treated and discharged to land disposal or reclamation in December.

Daily, weekly and monthly inspections of all sewer facilities were conducted.

Sewer Station Maintenance:

Wet well washing was conducted at the Hiller sewer lift station. This is done to prevent grease and rags from plugging up the pumps. The new rotating assembly was installed on pump 2 at Fischer due to staff conducting a pump rundown test. The test showed that the pump was logging more hours compared to the recently rebuilt pump 1. The circuit board for the Fischer flow meter arrived and was installed and then calibrated.

Sewer Collection System:

Grease traps were inspected at required facilities. Customers that are out of compliance were notified to have their traps pumped and possibly shorten their pumping schedule. The collection system is monitored during wet weather conditions for flow discrepancies. If an increase in flow is noticed, then staff breaks into teams and starts lifting manhole lids to try to locate the reason for the increase. If a problem is found before the storm event ends, then staff either corrects the problem or informs their supervisor to schedule repairs. The annual manhole inspection is also being performed by staff (30% completed). Staff lifts each manhole cover and takes a depth reading. They compare that information with the level from last year to see if there has been an increase. The information and condition of the manhole is entered onto an inspection sheet. During this time staff looks for infiltration, such as ground water, leaking in through manhole riser seems etc. Any discrepancies are flagged to generate a work order for repairs. The flow tote has also been installed in selected manholes to collect data to compare wet weather flow to dry weather flow in the same locations. The data collected will show if there is infiltration or inflow in the collection system.

Wastewater Management Facility:

The Chlorine Contact Basin was drained and cleaned with fire hoses. String trimming and pressure washing was completed around the WWMF. The annual vacuum regulator rebuild was completed in the SO₂ and CL₂ rooms. This is done to prevent leaks from worn out or corroded parts. A new SO₂ sensor was replaced in the storage room due to the inability to calibrate.

Daily Irrigation and Observation of Reclamation Sites:

Weekly well monitoring was conducted along with the Fischer Ranch tree farm as part of the tree farm pilot study. New wells were installed as part of the tree farm pilot study. They will be monitored weekly along with our existing wells. Due to river CFS going up

and wet weather, discharge is now going to the river instead of land application, which complies with our NPDES permit.

Street Light Department:

One streetlight complaint was reported in December due to bad power. Repairs were made in house.

Promote Staff Training and Advancement: Weekly tailgate meetings and training associated with job requirements. Seth attending CPR and First Aid refresher training.

Special Notes:

Unit 14 is being outfitted to mount a hoist in the bed.

Tractors, Dump Truck and Vac-con were greased and lubed to prevent wear.

An IPM meeting was held with staff to review and work on the Plan.

Siding replacement and painting is ongoing on the East Shop.

Quarterly samples were conducted as per our NPDES permit.

Monthly river samples were completed.

Monthly Self Monitoring Reports (DMR/SMR) were submitted.

Public Water Monthly Monitoring report was submitted.

Monthly Water Quality report was sent to the Dept. of Health.

Monthly Pesticide applicator report was submitted to Department of Agriculture.

Daily inspections were conducted on the Teen Center construction project.

Staff met with Little League to discuss field changing requests.

Staff met with the soccer group to discuss field rehab.

Interviews were held to select new employees for Maintenance, Utility and Seasonal.

WWMF upgrade status:

Rain water was pumped from pond 1A to pond 1B in order to keep the pond floor dry for construction. The time lapse camera footage is still being collected and will continue through the construction phase. A preconstruction meeting along with a ribbon cutting ceremony was held in January. Submittals have been rolling in from the contractors as they prepare to start construction.

Parks:

Several open space zones received mowing, hedging and maintenance as part of the Open Space Maintenance Zone agreement. The Facilities were mowed and cleaned as part of the weekly schedule along with rental events. Swap was used to install weed cloth along the 1000 foot trench that was dug as part of the gopher eradication plan. Little league volunteers assisted in backfilling the trench. The posts that are used to prevent cars from driving onto the turf at Pierson Park were replaced due to rot. The circuit board for the Library heater was replaced due to heater not turning on when being called for. Graffiti was cleaned of the Midtown trail fence. This is an ongoing issue and possible solutions are being discussed.

Teen Center:

The Teen Center construction is progressing nicely. On the exterior, nearly all of the exterior finishes are in place, with just a bit of flashing needed to be installed. The hardi-plank style siding needs to be painted along the west side and the adjoining north and south sections. Most of the exterior doors are in place, but still need the latching

mechanisms installed. The rear roll-up door is scheduled to be installed within the next few weeks. The cement crew is back at it this week, having poured the steps at the north east corner of the MAC, that should complete that portion of the construction. The only thing left to do in that area is the block construction of the dumpster enclosure, with the included gates. They are pouring some of the sidewalk area on the south side of the teen center this week.

Wes Green's crew is cutting in the water line, intercepting the line feeding the MAC. Once completed, the teen centers plumbing can be charged from one isolation valve.

On the interior, the sheetrock contractor has the majority of the rock hung, taped, mudded and sanded, with only the kitchen left to do. The painters have followed behind them and have laid down a coat of primer in preparation of painting. The bathrooms have the upper walls and ceilings painted, and the tile contractor is in the process of laying the mortar bed that is the sloped foundation for the tile floor.

The Glu Lam beams were delivered and will receive a natural coat of stain prior to being hung in the lobby / game room section of the teen center.

The pass throughs from the teen center to the MAC are in place, with only the hanging of doors and a bit of flashing left to install.

The T-Bar is scheduled to be installed next week in the appropriate rooms to support the suspended ceiling.

GIS:

Sewer Model:

Extracted flow data from the laptop.

Organized and renamed files associated with flow data.

Began exporting flow data into excel spreadsheets for further analysis.

Urban Water Management Plan UWMP 2015

Reviewed Guidebook and appendices.

Trouble shot Population tool results; tool had McKinleyville population decreasing over time. Sent information to Gwen Huff; she met with population tool developers to figure out why. Awaiting response.

Began reviewing data for and calculating water loss.

Used bulk sales information.

Filled out AWWA form.

Plans and Programs Update:

Central Avenue Pedestrian Project:

Reviewed project details to identify all/any MCSD facilities affected, or within the project.

Submitted maps with current facility conflicts

Received and reviewed revised plans.

NPDES Drinking Water Permit

Finalized application and information

Mailed Completed permit to state with \$500 check.

Maps:

Sewer Wall Map

Created a new reference wall map of sewer facilities.

Park Open Space Zone 77

Created map and information for zone 77 and added to OSMZ binder

Maps Completed

New Flow data collection location map

Heartwood Dr Facilities Map

Central Ave Facilities Map for Grocery Outlet

Central Ave Safety Improvement Map

Cal Trans Hwy 101 project map

Botanical Garden Wind Break Map

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.C Parks & Recreation Director's Report for January 2016

PRESENTED BY: Lesley Frisbee, Recreation Director

TYPE OF ACTION: None

PARKS & RECREATION MASTER PLAN UPDATE:

The Parks & Recreation Master Plan Update has been added to the MCSD Strategic Plan. Staff will be working with Professor Laurie Richmond's Graduate class in Research Methods this semester on designing a community survey for McKinleyville. The survey will be implemented before the end of 2016 and will assess McKinleyville's Parks & Recreation opportunities and what kinds of recreation and leisure the residents of McKinleyville value and desire in the community. The Plan update will be completed in 2017.

TEEN & COMMUNITY CENTER:

Staff has been focused on fundraising for the furnishings and equipment for the interior of the Teen & Community Center. Paver bricks are being sold for \$200 - \$500 each depending on the size selected. The deadline to purchase bricks is February 17, 2016. Giving Tree recognition leaves are available for donations ranging from \$100 - \$1000 or more. Brochures and written materials are being distributed to the public.

To date, the following funding has been secured for the Teen & Community Center:

Organization	Amount	Purpose
Mad River Rotary-Donation	\$25,000	Commercial Kitchen
Mad River Rotary-Grant	\$2,000	Commercial Kitchen
McKinleyville Area Fund	\$3,000	Audio-Sound System
Humboldt Area Foundation	\$10,000	Tables & Chairs for Classrooms
Legacy Path & Giving Tree donations	\$2,100	Unrestricted
TOTAL:	\$42,100	

MCSD Staff and Boys & Girls Club of the Redwoods (BGCR) staff met with the SH Cowell Youth Development Program Officer, Jamie Allison, on January 12, 2016. A draft business plan and draft financial plan (see attachment 1) for the partnership between MCSD and BGCR was presented at the meeting. Jamie was pleased and impressed with the presentation and encouraged BGCR to submit a request for 50% of the overall operating expenses for the first year. Jamie had some concerns around fundraising, and requested that the planning team develop a comprehensive fundraising plan to address the funding needs to cover operating expenses.

HUMBOLDT STATE UNIVERSITY RECREATION ADMINISTRATION PROGRAM PROJECTS:

This semester students will work with Recreation Coordinator, Jens Andersen in the planning and implementation of the Humboldt Hoops 3 on 3 Basketball Tournament. This is a large event and Jens is excited to have the opportunity to work with students, and get a little extra help in coordinating the tournament.

RECREATION ADVISORY COMMITTEE:

The Recreation Advisory Committee met on January 21, 2016. The notes from the meeting can be read in attachment 2.

COMMUNITY GARDEN:

Rentals of garden plots have dropped significantly in the last two years. We consistently get feedback and requests for more maintenance and upgrades to the garden. The Community Garden does not have the revenue to provide upgrades or maintenance. It was intended to be a community driven and community maintained opportunity, but that vision has become lost over the years. Staff is seeking more community members to take an active role in making the community garden a sustainable and long lasting amenity for our community.

Staff has hosted two public meetings to discuss the future of the Community Garden at Pierson Park, the first on December 7, 2015 and the second on Monday, January 25, 2016. All current and past users were invited to the discussion. The first meeting hosted only 3 participants, and the second had 6. The six people present on January 25, 2016 are committed to re-forming a committee to maintain the garden as originally planned in 2010 when it was approved by the MCSD Board. A plan for rehabilitating the garden was outlined and the next meeting of the committee will be on Tuesday, March 1, 2016.

RECREATION UPDATES:

Activity Guide: Staff have been planning and scheduling activities to be published in the Spring-Summer Activity Guide scheduled to be mailed on February 16, 2016. As part of the planning process program budgets were reviewed and analyzed and fees adjusted to address increasing costs in the administration of several programs.

Jr. High Dance: The last dance on January 22, 2016 hosted 410 students from throughout Humboldt County in the 6th, 7th and 8th grades. Advanced ticket sales sold over 250 tickets which were \$10 each. Tickets sold at the door were \$15. Encouraging advanced ticket purchases by increasing the at the door price, helped staff better plan and implement crowd control at the event, and also increased ticket sale revenues.

Youth Basketball League- 219 participants in 3rd-8th grades. We did not have enough registration to run a high school division. However enrollment in other divisions is up slightly from last year.

Kids' Club After School Program- currently serving 121 students per week. Staff turnover continues to challenge the program.

Playgroup- First 5 has funded a Music and Movement instructor to attend playgroup every other week and provide music education to participants.

KinderSports- The next session of KinderSports is Basketball. The program originally scheduled to begin January 23rd, is being postponed until February 13th due to the need for hiring and training of new program coaches.

Breakout Vacation Day Camp-We are currently accepting registration for our Breakout Day camps for both February 15-19 and April 11-15, 2016

Drop in Pickleball-Pickleball has begun! We had our first drop-in session Wednesday from 9:00am-12:00pm. 13 people showed up. We anticipate attendance will grow as more people learn that it is happening.

Drop in Basketball-Sunday night drop in basketball continues to have steady attendance of 20-30 participants

Adult Futsal-The next adult futsal league will be scheduled once we secure referees for the season. Staff has reached out to the various soccer communities including the HSU intramural office and is currently accepting applications from interested individuals.

Humboldt Hoops 3 on 3-The Youth 3 on 3 Basketball tournament will take place on Friday April 1 and Saturday, April 2, 2016. We will have a group of HSU Rec. Admin students helping us put this event on this year.

OTHER UPDATES:

Staff attended the McKinleyville Senior Center Board meeting on Friday, January 22, 2016. The following was reported during the meeting:

- The Senior Center held a meeting of the Advisory Committee on January 14th. They are looking for a few more members to join the committee so that they have at least 12. The committee will meet on a quarterly basis.
- The Spaghetti dinner fundraiser was a success and netted approximately \$1000 for the Senior Center.
 - The kitchen at the church where the dinner was held was too small and future such fundraisers will have to be held in a better facility.
 - A question regarding the use of Azalea Hall for such events was posed and the Chair responded that it would be addressed in the schedule of use request as part of the annual renewal of the Use Agreement with MCSD.
- There was a discussion about grant funding and the need for a grant writer to submit an application for the current request from McKinleyville Area Fund for proposals.
 - MSC will submit a proposal for computer upgrades and cooking equipment.
- MSC is still looking for volunteers to serve as desk hosts as well as someone to serve in the capacity of correspondence secretary.
- Next meeting is on Friday, February 26, 2016 at 10:00am

MCSD / BGCR McKinleyville Teen & Community Center Business Plan Outline

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History of the Boys & Girls Club of the Redwoods

The Boys & Girls Club of the Redwoods is part of a national network of 4,400 Boys & Girls Clubs, which reside nationally and on military bases overseas. Although we have a national affiliation, each Club is autonomous in nature, paying less than 1% of our annual budget to use the Boys & Girls Club moniker and receive the benefits of training and world-class resources that only a large network could attain.

The Boys & Girls Club of the Redwoods, originally coined the Boys' Club of Humboldt got its start in 1938. Two Eureka Policemen: Captain Thomas Rutledge and Chief John McKenzie, wanted to create a safe space for the "neglected" boys of Eureka. The Club experienced numerous changes in volunteer and professional leadership and a history of site instability, resulting in several closings. In 1972, through the dedication of a 12-person steering committee and a fund of \$30,000, the Club was able to gain the stability it needed to move forward. The Boys & Girls Club of the Redwoods has been in continuous operation since 1972.

The Boys & Girls Club of the Redwoods is a youth-development organization, providing after-school and summer programs and services to youth ages 6-18. Our vision states that "we envision healthy, empowered and engaged youth who appreciate and respect themselves, each other, their families, the community and the environment." We call ourselves a youth-development organization because we provide programs that fall under five core areas of development: health & life skills development; education & career development; character & life skills development; sports, fitness and recreation and the arts. The five core program areas provide the basic tenets for program delivery, however our Youth Development Strategy guides our programming philosophy. This strategy defines how our youth development professionals and volunteers interact with young people. All programs and activities are designed to maximize opportunities for young people to acquire four basic "senses" which help them build self-esteem and grow into responsible and caring citizens. These four "senses" are:

- A Sense of Competence- the feeling there is something boys and girls can do well.
- A Sense of Usefulness-the opportunity to do something of value for other people.
- A Sense of Belonging- a setting where young people know they “fit” and are accepted.
- A Sense of Power of Influence- a chance to be heard and to influence decisions.

When this strategy is fully implemented, self-esteem is enhanced and an environment is created which helps boys and girls achieve their full potential.

The Boys & Girls Club of the Redwoods currently has three stand-alone sites in Humboldt County: The Eureka Club House, serving elementary school youth; the Eureka Teen Center, serving youth in middle school and high school and the Loleta Club House, serving Loleta Elementary School students in grades K-8. In addition to these sites, the Boys & Girls Club of the Redwoods has three core programs that serve youth county-wide: T-ball, an instructional baseball program for youth ages 4-8; Teen Court, a juvenile diversion program that serves middle school and high school age youth; and ChildSpree, a program that provides back-to-school clothing and school supplies for impoverished youth ages 6-18. In addition to the aforementioned programs, the Boys & Girls Club of the Redwoods co-sponsors all of Humboldt State University’s Youth Educational Services (Y.E.S.) Programs, including: the Alternative Mentoring Program; Hand-in-Hand; Homelessness Network; Juvenile Hall Recreation; Leadership Education Adventure Program; New Games; North Coast Music Mentors and the Youth Mentoring Program. All of these Y.E.S. Programs help match college students with our county’s youth who are most in need of positive guidance, those living in foster/adoptive homes, youth living in motels, or youth whose poor choices have landed them in juvenile hall. The Boys & Girls Club of the Redwoods and Y.E.S. have been co-sponsoring programs since 2006, providing a stronger partnership between community needs and the university’s incredible pool of talent and energy!

Key Milestones for Teen & Community Center:

2011-2012

- Community surveys were conducted regarding the future community needs for recreation opportunities
- Determined that a Teen & Community Center was needed to meet the needs as determined from surveys

2013-2014

- Teen & Community Center design process completed
- BGCR & MCSD begin Youth Engagement and leadership development
 - Work with Youth Leadership Institute and conducted a 4 day Teen Leadership Summit
 - Youth from the Leadership Summit create McKinleyville Youth Leadership Society (MYLS)
- November of 2014 the first bid process for construction came in \$260,000 over the estimated project budget

December 2014-June 2015

- Architect re-worked the design to remove square footage and bring the project within MCSD's budget for construction
- Second bid process came back on budget and construction bid was awarded to Adams Commercial General Contracting
- Engage Fumarelli Associates as leadership and business advisory consultant

July-September 2015

- Groundbreaking
- Cornerstone (Fundraising) Committee development
 - Identify Prospects
- Capital Campaign initiated
- MYLS (teen) recruitment
 - Stakeholder Relationship Building
 - The "hook" for students to be drawn in
- Defined Asset list
- Planned for collaboration with HSU finalized
- Engaged HSU interns and Undergraduate Class
- Planning and Development request discussed with SH Cowell

October-December 2015

- First DRAFT of MOU concepts developed
- Business Plan Framework completed
- Initial meeting with Board Representatives from both organizations
- Completed first year operating Budget
- Presented Operating Budget to MCSD Board
- Completed 3 to 5 year financial plan
- Presentation from HSU's Strategic Management Class

- Fee Structures defined
 - membership
 - facility use/rental fees
 - class fees
- Governance structure
 - Roles & Responsibilities Defined
 - Relation to boards

January-March 2016

- Operations request to SH Cowell
- MOU documented and prepared for Boards review
- Legal & Indemnifications review
- Inclusive staffing policy developed (staff culture)
- BGCR Unit Director Recruited
- MYLS 2.0 Re-building

April-June 2016

- Staff Recruitment
- Staff Training
- Grand Opening Social Media Blitz
- Facility Operations Manual
- Staff Operations Manual
- Grand Opening—First Fundraiser
- Opening of facility

The Need for a Teen and Community Center in McKinleyville

In 1984, the McKinleyville Chamber of Commerce and the McKinleyville Area Foundation petitioned the McKinleyville Community Services District (MCSD) to provide recreational facilities for the Community. After forming an advisory committee, regarding feasibility, the Board of Directors sought a vote to determine if the Community wanted the District to develop and operate parks and recreation centers. The 1985 vote passed with 83% support for activating recreation powers. The District then researched community needs, adopted a twenty-year Parks and Recreation Plan, and proposed funding for implementation of this plan through Measure B on the November 1991 ballot. McKinleyville voters, in approving Measure B by a vote of 1393 "yes" to 837 "no", authorized the Board to build Azalea Hall and the Activity Center at Pierson Park and to buy the 58-acre Hiller Sports Site.

Then in 1995, with a vote of 2189 "yes" to 480 "no", MCSD's Library Powers were activated, which allowed the District to build the McKinleyville Library at Pierson Park. Today, the District owns and operates four parks: Pierson Park, Hiller Park, Larissa Park, and Hiller Sports Complex. Other properties have been acquired, which will allow for future park development. MCSD's Parks & Recreation Department also coordinates and runs a variety of recreation programs serving youth of all ages. The largest programs run by the MCSD Parks & Recreation Department are the After School Program serving both of McKinleyville's K-5th elementary schools and the enrichment day camps offered during school vacation breaks and summer. As part of the summer day camp program, Parks & Recreation runs a "Leaders In Training" or "LIT" program in which youth 13 years and older are trained and mentored in the art of recreational leadership. Participants in the LIT program, learn how to engage a group of young children and lead them through a variety of activities including group games, sports, arts, drama, and more through hands on experience within the Kids'Camp Summer Day Camp serving children 5-12 years old.

In addition to the after school and day camp programs, MCSD's Parks & Recreation also runs youth basketball leagues for youth in Kindergarten through 12th grades, a Playgroup program that serves children 0-5 years old and their parents, a toddler sports program for youth 2-5 years old and Middle School Dances for youth in 6th-8th grades. These dances are averaging attendance of 350 students per dance over the last 5 years. Service to the adolescent and teen age groups is an area that MCSD Parks & Recreation

is seeking to improve upon and increase, as it is apparent by the number of youth attending the dances that there is a need to provide healthy and safe opportunities for this demographic.

McKinleyville Parks and Recreation and the Boys & Girls Club of the Redwoods endeavor to partner and open a top notch Teen & Community Center that is not only for teens but also governed by teens. Key Boys & Girls Club and McKinleyville Parks and Recreation Staff have been meeting on a regular basis and most recently, three staff participated in the Boys & Girls Clubs of America Pacific Region Professional Leadership Conference in Reno, Nevada.

Both the Boys & Girls Club of the Redwoods and McKinleyville Parks and Recreation have a long history of providing quality programs for children and youth. Together we want to ensure the best possible success in combining efforts, expertise and energies to open the Teen & Community Center.

Market Landscape

Research completed by students at Humboldt State University in Fall 2015 yielded the following information important to the market landscape of the McKinleyville community. Complete findings are available in the students' final report and PowerPoint presentation.

- The McKinleyville community has a population of just over 16,000 with more than 1,000 of those in the 13-18 year old age group.
- McKinleyville has relatively low racial diversity compared to other parts of California, with an 80% Caucasian population.
- Median income in McKinleyville is higher than the Humboldt County average, but \$20,000 lower than the state's median income.
- 15% of the population lives below the poverty line.
- 72% of the families in poverty are single mothers.

Structure & Governance

Roles & Responsibilities of Each Organization

McKinleyville Community Services District:

MCSD is the owner of the Teen & Community center and as such is responsible for the following:

- Providing facility space and seeing the facility stays in good working order and the costs associated with maintenance of that facility
- Participating in collaborative fundraising efforts to support the operation of the Teen & Community Center including BGCR program operations.
- Participating in collaborative staff training for frontline staff of both MCSD and BGCR
- Promoting BGCR programs in the facility
- Maintaining use schedule for facility and overseeing renter's use of space/rental agreements

Boys & Girls Club of the Redwoods:

BGCR is leader in providing enrichment programs to teens and as such is responsible for the following:

- Staffing the Teen Center Club according to established Club hours and staffing policies
- Developing and implementing programs for teens during established Club hours
- Participating in collaborative fundraising efforts to support the operation of the Teen & Community Center including facility maintenance costs
- Participating in collaborative staff training for frontline staff of both MCSD and BGCR
- Promoting MCSD programs in the facility
- Providing basic janitorial service for Club space and shared spaces as they are used (i.e. sweeping, mopping, cleaning countertops, stocking restroom supplies, etc.)

Financial Model

Revenue sources

Facility Rentals: Estimated rental use 4-5 hours per week. (Average based on Azalea Hall data)

- Entire building: Includes access to multi-purpose room, quiet room, lobby/common area and commercial kitchen
 - Estimated Hourly Rate \$80-\$75
 - Estimated Half day (6 hours) Rate \$315-\$350
 - Estimated Full day (12 hours) Rate \$585-\$600
- Multi-purpose room only
 - Estimated Hourly Rate \$45-\$50
- Commercial Kitchen only
 - Estimated Hourly Rate \$25-\$30
- Vendors and non-profits are eligible for a 20% reduced rate.

Classes and Programs: Depending on instructor availability and participant interest class/program hours will vary from 4 to 12 hours per week.

- Leisure and enrichment classes for various ages. (Any teen offerings would be in compliment or addition to BGCR programs, not in competition with)
 - Revenues from classes will vary as classes are typically taught by Independent Contractors.
 - MCSD's goal for revenue from leisure classes is \$20-\$25 per class hour
- Youth Party Program
 - Parties for children in which MCSD staff lead games and activities.
 - Fees for the Party program are flat rate of \$150-\$185 providing for a 2 hour party for 20 participants.

Special Events: Events sponsored by MCSD and/or BGCR that are unique and not offered on a weekly or monthly basis. Annual events such as dinners, dances, auctions fall in this category. Such events are typically for the purpose of fundraising.

Fundraising

- **Capital Fundraising:** campaign currently underway.
 - MCSD is selling commemorative paver bricks to raise money for facility amenities and furnishings.
 - MCSD is actively seeking grant funds for capital items as well.

- Operational (on-going) Fundraising
 - On-going fundraising will occur throughout the year to support operations of the McKinleyville Teen & Community Center. Methods will include: individual, business and institutional giving; grants; pass-through funding from BGCA; and capital project solicitations. The Memorandum of Understanding outlines how BGCR and MCSD will share and separate these fundraising responsibilities.

Operations

Schedules of Use

- Defined in the Memorandum of Understanding

Types of Use

- BGCR Programs: All programs planned and implemented by BGCR staff, scheduled during the hours designated for BGCR facility use. BGCR programs will be teen oriented programs and special events
- MCSD Programs: All programs planned and implemented by MCSD staff, scheduled during any available time frames outside of hours designated to BGCR programs. MCSD programs may include adult classes, youth classes and special events.
- Public Use: Any use by individual community members, organizations, and businesses. Such use will be managed by MCSD and granted according to established facility rental policies.
- Vendor Use: Use scheduled on a repetitive and consistent basis. Vendors are granted use on a contractual basis, in accordance with the established facility use policies.

Facility Use Policies

Facility use will be governed by MCSD. BGCR access will be determined by an agreed upon schedule. All other use will be managed and scheduled by the MCSD Parks & Recreation Administrative office.

- All facility use will be bound by the Rules & Regulations Governing Facility Use as adopted by the MCSD Board of Directors.

Marketing & Media Plan

Target Market for Use of Teen Center

- Primary - Teen Members and Parents
- Secondary - Teen & Youth Non-Members and Parents
 - Pricing Strategy
 - \$55.00 yearly membership
 - Key Offerings
 - Entertaining messages following teen trends and news. Loaded content spreading awareness for parents showing the value for the teens and parents. Information that would naturally entice secondary audience to get involved with the teen center.
 - Marketing Message
 - Primary: Keep members and parents informed and connected to what is going on at the Teen Center
 - Secondary: Show value to teens (non-members) and parents to drive them to get involved with Teen Center.

Target Market for Community Engagement

- Primary - Volunteers supporting teen events and daily programs
- Secondary - Donors supporting activity of the Center
 - Pricing Strategy
 - Donations and Fundraising
 - Key Offerings
 - Announcement of volunteer opportunities, gain experience and give back to the local community.
 - Deliverables and info graphics for donors (How are my donations making an impact?) Legacy bricks/tree!
 - Marketing Message
 - Express value from volunteering, post upcoming opportunities; Volunteers in action (tagging! sharing! connecting!)
 - Call to action! Give back to the youth in the community; see what your donations are doing; Thank you's, legacy tree/bricks, highlighting partnerships etc.

Target Market for Facility Usage

- Primary - Community groups and special events
- Secondary - Other on-going partnerships (i.e. Chamber of Commerce, Service Clubs, Church)
 - Pricing Strategy
 - Pricing strategy to be determined and approved by MCSD board and staff first quarter 2016.
 - Key Offerings
 - Content that features all of the amenities Teen Center has to offer; Benefits and value from renting out the space. Possibilities for special occasions, Brand New Facility close by!
 - Marketing Message
 - Advertise to local community groups that align with demographic/psychographic analysis. Appeal to most popular and frequent groups that would naturally seek rental facilities to rent.
 - Promote to all on-going partnerships and spread word of mouth through local community. Rental facilities should be well known amongst local organizations, appeal to special and momentous occasions.

Boys & Girls Club of the Redwoods
McKinleyville Teen and Community Center
Estimated Financial Plan of Revenues and Expenditures ; CASH BASIS
April 1, 2016 - December 31, 2016 - YEAR 1

Description	Estimate with Normal Hours	Estimate with Extended Hours	Notes
Budgeted Revenues			
Government Grants	\$ 12,750	\$ 12,750	Estimate per LS
Total Government Grants	\$ 12,750	\$ 12,750	
Foundation Grants			
Cowell Foundation	\$ 46,768	\$ 59,416	50% of Operating Expenses
Other	\$ 4,824	\$ 4,824	Avg of all 2015 foundation grants for Teen Center - prorated
Total Foundation Grants	\$ 51,592	\$ 64,240	
Total Grants	\$ 64,342	\$ 76,990	
Description			
Program Income inc. Rental, Prog.			
Facility Rentals	\$ 9,720	\$ 9,720	Estimate based on existing MCSD facility
Class fee Revenues	\$ 2,940	\$ 2,940	Estimate based on existing MCSD facility
Event Services	\$ 1,567	\$ 1,567	Estimate based on existing MCSD facility
Total Rental & Service Income	\$ 14,227	\$ 14,227	
Sponsorships, Member Fees			
Annual Fundraiser	\$ 2,475	\$ 2,475	\$55 per year x 150 members at 30% paid memberships
Miscellaneous Revenues	\$ 375	\$ 375	Estimate per LS
Total Fees & Misc Revenue	\$ 14,850	\$ 14,850	Amount based on BGCR Teen Center 2015 Budget - prorated
Total Revenues	\$ 93,419	\$ 106,067	
Total Revenues without Cowell	\$ 46,651	\$ 46,651	
Description			
Budgeted Expenses			
Payroll	\$ 43,605	\$ 67,538	
Fringe Benefits	\$ 2,485	\$ 3,850	Based on 2015 BGCR Teen Center fringe benefits equalling 5.7% of payroll
Subtotal	\$ 46,090	\$ 71,387	
Description			
Facilities and Equipment			
Maintenance Staff	\$ 10,238	\$ 10,238	Allocation based on estimate from MCSD - prorated
Building Repairs and Supplies	\$ 3,000	\$ 3,000	Allocation based on estimate from MCSD - prorated
Utilities			
Trash	\$ 4,253	\$ 4,253	Avg of last 3 years at Azalea Hall - prorated
Telephone and Internet	\$ 1,350	\$ 1,350	Estimate from MCSD - prorated
PG&E	\$ 3,896	\$ 3,896	Avg of last 4 years at Azalea Hall - prorated
Security	\$ 261	\$ 261	Amount based on BGCR Teen Center 2015 Budget - prorated
Facilities Subtotal	\$ 22,998	\$ 22,998	
Program Costs			
Programs	\$ 7,500	\$ 7,500	Estimate from BGCR - prorated
Tech Lab	\$ 8,000	\$ 8,000	Estimate from BGCR
Staff Development	\$ 3,750	\$ 3,750	Estimate from BGCR - prorated
Youth Leadership Development	\$ 1,500	\$ 1,500	Estimate from BGCR - prorated
Program Costs Subtotal	\$ 20,750	\$ 20,750	
Other Expenses			
National Membership & Dues	\$ 675	\$ 675	Amount based on BGCR Teen Center 2015 Budget - prorated
Membership Tracking	\$ 147	\$ 147	Amount based on BGCR Teen Center 2015 Budget - prorated
Volunteer Appreciation	\$ 375	\$ 375	Amount based on BGCR Teen Center 2015 Budget - prorated
Fundraising Expenses			
Grand Opening	\$ 2,500	\$ 2,500	Estimate from BGCR
Subtotal	\$ 3,697	\$ 3,697	
Staff & Program costs	\$ 70,537	\$ 95,834	
Total Expenses	\$ 93,535	\$ 118,832	
Net Loss with SH Cowell	\$ (117)	(\$12,765)	
Net Loss without SH Cowell	(\$46,884)	(\$72,181)	
Note:			
Imputed Rent provided by MCSD	\$ 10,571	\$ 16,443	
50% Program Development Director	\$ 20,000		

Boys & Girls Club of the Redwoods
McKinleyville Teen and Community Center
Estimated Financial Plan of Revenues and Expenditures ; CASH BASIS
January 1, 2017 - December 31, 2017 - YEAR 2

Description	Estimate with Normal Hours	Estimate with Extended Hours	Notes
Budgeted Revenues			
Government Grants	\$ 17,000	\$ 17,000	Avg of all 2015 gov. grants for Teen Center
Total Government Grants	\$ 17,000	\$ 17,000	
Foundation Grants			
Cowell Foundation	\$ 59,050	\$ 80,974	50% of Operating Expenses
Other	\$ 10,000	\$ 10,000	Estimate per LS
Total Foundation Grants	\$ 69,050	\$ 90,974	
Total Grants	\$ 86,050	\$ 107,974	
Budgeted Expenses			
Program Income inc. Rental, Prog.			
Facility Rentals	\$ 10,012	\$ 10,012	includes 3% increase from Year 1
Class fee Revenues	\$ 3,028	\$ 3,028	includes 3% increase from Year 1
Event Services	\$ 1,614	\$ 1,614	includes 3% increase from Year 1
Total Rental & Service Income	\$ 14,654	\$ 14,654	
Sponsorships, Member Fees	\$ 3,600	\$ 3,600	\$60 per year x 200 members at 30% paid memberships
Annual Fundrasier	\$ 15,000	\$ 15,000	
Miscellaneous Revenues	\$ 500	\$ 500	Amount based on BGCR Teen Center 2015 Budget
Total Fees & Misc Revenue	\$ 19,100	\$ 19,100	
Total Revenues	\$ 119,803	\$ 141,727	
Total Revenues without Cowell	\$ 60,754	\$ 60,754	
Budgeted Expenses			
Payroll	\$ 64,740	\$ 101,790	
Fringe Benefits	\$ 3,690	\$ 5,802	Based on 2015 BGCR Teen Center fringe benefits equalling 5.7% of payroll
Subtotal	\$ 68,430	\$ 107,592	
Facilities and Equipment			
Maintenance Staff	\$ 14,060	\$ 18,746	
Building Repairs and Supplies	\$ 4,000	\$ 4,000	Allocation based on estimate from MCSD
Utilities			
Trash	\$ 5,670	\$ 5,670	Avg of last 3 years at Azalea Hall
Telephone and Internet	\$ 1,800	\$ 1,800	Estimate from MCSD
PG&E	\$ 5,195	\$ 5,195	Avg of last 4 years at Azalea Hall
Security	\$ 348	\$ 348	Amount based on BGCR Teen Center 2015 Budget
Facilities Subtotal	\$ 31,073	\$ 35,759	
Program Costs			
Programs	\$ 10,000	\$ 10,000	Estimate from BGCR
Tech Lab	\$ -	\$ -	Estimate from BGCR
Staff Development	\$ 5,000	\$ 5,000	Estimate from BGCR
Youth Leadership Development	\$ 2,000	\$ 2,000	Estimate from BGCR
Program Costs Subtotal	\$ 17,000	\$ 17,000	
Other Expenses			
National Membership & Dues	\$ 900	\$ 900	Amount based on BGCR Teen Center 2015 Budget
Membership Tracking	\$ 196	\$ 196	Amount based on BGCR Teen Center 2015 Budget
Volunteer Appreciation	\$ 500	\$ 500	Amount based on BGCR Teen Center 2015 Budget
Fundraising Expenses			
	\$ -	\$ -	
Subtotal	\$ 1,596	\$ 1,596	
Staff & Program costs	\$ 87,026	\$ 126,188	
Total Expenses	\$ 118,099	\$ 161,947	
Net with SH Cowell	\$ 1,704	\$ (20,220)	
Net Loss without SH Cowell	\$ (57,345)	\$ (101,193)	

Boys & Girls Club of the Redwoods
McKinleyville Teen and Community Center
Estimated Financial Plan of Revenues and Expenditures ; CASH BASIS
January 1, 2018 - December 31, 2018 - YEAR 3

Description	Estimate with Normal Hours	Notes
Budgeted Revenues		
Government Grants	\$ 25,000	Estimate per LS
Total Government Grants	\$ 25,000	
Foundation Grants		
Cowell Foundation	\$ 60,287	50% of Operating Expenses
Other	\$ 15,000	Estimate per LS
Total Foundation Grants	\$ 75,287	
Total Grants	\$ 100,287	
Description		
Program Income inc. Rental, Prog.		
Facility Rentals	\$ 10,312	includes 3% increase from Year 2
Class fee Revenues	\$ 3,119	includes 3% increase from Year 2
Event Services	\$ 1,662	includes 3% increase from Year 2
Total Rental & Service Income	\$ 15,093	
Sponsorships, Member Fees	\$ 4,500	\$65 per year x 250 members at 30% paid memberships
Annual Fundraiser	\$ 22,000	
Miscellaneous Revenues	\$ 500	Amount based on BGCR Teen Center 2015 Budget
Total Fees & Misc Revenue	\$ 27,000	
Total Revenues	\$ 142,381	
Total Revenues without Cowell	\$ 82,093	
Description		
Budgeted Expenses		
Payroll	\$ 66,682	includes 3% pay increase from Year 2
Fringe Benefits	\$ 3,801	Based on 2015 BGCR Teen Center fringe benefits equalling 5.7% of payroll
Subtotal	\$ 70,483	
Description		
Facilities and Equipment		
Maintenance Staff	\$ 14,482	Allocation based on estimate from MCSD - includes 3% pay increase from Year 2
Building Repairs and Supplies	\$ 4,000	Allocation based on estimate from MCSD
Utilities		
Trash	\$ 5,670	Avg of last 3 years at Azalea Hall
Telephone and Internet	\$ 1,800	Estimate from MCSD
PG&E	\$ 5,195	Avg of last 4 years at Azalea Hall
Security	\$ 348	Amount based on BGCR Teen Center 2015 Budget
Facilities Subtotal	\$ 31,495	
Program Costs		
Programs	\$ 10,000	Estimate from BGCR
Tech Lab	\$ -	Estimate from BGCR
Staff Development	\$ 5,000	Estimate from BGCR
Youth Leadership Development	\$ 2,000	Estimate from BGCR
Program Costs Subtotal	\$ 17,000	
Other Expenses		
National Membership & Dues	\$ 900	Amount based on BGCR Teen Center 2015 Budget
Membership Tracking	\$ 196	Amount based on BGCR Teen Center 2015 Budget
Volunteer Appreciation	\$ 500	Amount based on BGCR Teen Center 2015 Budget
Fundraising Expenses		
	\$ -	
Subtotal	\$ 1,596	
Staff & Program costs	\$ 89,079	
Total Expenses	\$ 120,574	
Net with SH Cowell	\$ 21,806	
Net Loss without SH Cowell	\$ (38,481)	
Note:		
Imputed Rent provided by MCSD	\$ 21,924	
50% Program Development Director	\$ 21,218	

Boys & Girls Club of the Redwoods
McKinleyville Teen and Community Center
Estimated Financial Plan of Revenues and Expenditures ; CASH BASIS
January 1, 2019 - December 31, 2019 - YEAR 4

Description	Estimate with Normal Hours	Notes
Budgeted Revenues		
Government Grants	\$ 30,000	Estimate per LS
Total Government Grants	\$ 30,000	
Foundation Grants		
Cowell Foundation	\$ -	
Other	\$ 20,000	Estimate per LS
Total Foundation Grants	\$ 20,000	
Total Grants	\$ 50,000	
Program Income inc. Rental, Prog.		
Facility Rentals	\$ 10,621	includes 3% increase from Year 3
Class fee Revenues	\$ 3,213	includes 3% increase from Year 3
Event Services	\$ 1,712	includes 3% increase from Year 3
Total Rental & Service Income	\$ 15,546	
Sponsorships, Member Fees	\$ 5,880	\$70 per year x 280 members at 30% paid memberships
Annual Fundraiser	\$ 30,000	Estimate per LS
Miscellaneous Revenues	\$ 500	Amount based on BGCR Teen Center 2015 Budget
Total Fees & Misc Revenue	\$ 36,380	
Total Revenues	\$ 101,926	
Budgeted Expenses		
Payroll	\$ 68,683	includes 3% pay increase from Year 3
Fringe Benefits	\$ 3,915	Based on 2015 BGCR Teen Center fringe benefits equalling 5.7% of payroll
Subtotal	\$ 72,598	
Facilities and Equipment		
Maintenance Staff	\$ 14,916	Allocation based on estimate from MCSD - includes 3% pay increase from Year 3
Building Repairs and Supplies	\$ 4,000	Allocation based on estimate from MCSD
Utilities		
Trash	\$ 5,670	Avg of last 3 years at Azalea Hall
Telephone and Internet	\$ 1,800	Estimate from MCSD
PG&E	\$ 5,195	Avg of last 4 years at Azalea Hall
Security	\$ 348	Amount based on BGCR Teen Center 2015 Budget
Facilities Subtotal	\$ 31,930	
Program Costs		
Programs	\$ 10,000	Estimate from BGCR
Tech Lab	\$ 500	Estimate from BGCR
Staff Development	\$ 5,000	Estimate from BGCR
Youth Leadership Development	\$ 2,000	Estimate from BGCR
Program Costs Subtotal	\$ 17,500	
Other Expenses		
National Membership & Dues	\$ 900	Amount based on BGCR Teen Center 2015 Budget
Membership Tracking	\$ 196	Amount based on BGCR Teen Center 2015 Budget
Volunteer Appreciation	\$ 500	Amount based on BGCR Teen Center 2015 Budget
Fundraising Expenses		
	\$ -	
Subtotal	\$ 1,596	
Staff & Program costs	\$ 91,694	
Total Expenses	\$ 123,623	
Net Loss	\$ (21,697)	
(Carry over excess from Year 3)	\$ 21,806	
Net	\$ 109	
Note:		
Imputed Rent provided by MCSD	\$ 21,924	
50% Program Development Director	\$ 21,855	

Boys & Girls Club of the Redwoods
McKinleyville Teen and Community Center
Estimated Financial Plan of Revenues and Expenditures ; CASH BASIS
January 1, 2020 - December 31, 2020 - YEAR 5

Description	Estimate with Normal Hours	Notes
Budgeted Revenues		
Government Grants	\$ 30,000	Estimate per LS
Total Government Grants	\$ 30,000	
Foundation Grants		
Cowell Foundation	\$ -	
Other	\$ 25,000	Estimate per LS
Total Foundation Grants	\$ 25,000	
Total Grants	\$ 55,000	
Description		
Program Income inc. Rental, Prog.		
Facility Rentals	\$ 10,940	includes 3% increase from Year 4
Class fee Revenues	\$ 3,309	includes 3% increase from Year 4
Event Services	\$ 1,764	includes 3% increase from Year 4
Total Rental & Service Income	\$ 16,013	
Sponsorships, Member Fees	\$ 6,750	\$75 per year x 300 members at 30% paid memberships
Annual Fundraiser	\$ 40,000	Estimate per LS
Miscellaneous Revenues	\$ 500	Amount based on BGCR 2015 Budget
Total Fees & Misc Revenue	\$ 47,250	
Total Revenues	\$ 118,263	
Description		
Budgeted Expenses		
Payroll	\$ 70,743	includes 3% pay increase from Year 4
Fringe Benefits	\$ 4,032	Based on 2015 BGCR Teen Center fringe benefits equalling 5.7% of payroll
Subtotal	\$ 74,776	
Description		
Facilities and Equipment		
Maintenance Staff	\$ 15,364	Allocation based on estimate from MCSD - includes 3% pay increase from Year 4
Building Repairs and Supplies	\$ 4,000	Allocation based on estimate from MCSD
Utilities		
Trash	\$ 5,670	Avg of last 3 years at Azalea Hall
Telephone and Internet	\$ 1,800	Estimate from MCSD
PG&E	\$ 5,195	Avg of last 4 years at Azalea Hall
Security	\$ 348	Amount based on BGCR Teen Center 2015 Budget
Facilities Subtotal	\$ 32,377	
Program Costs		
Programs	\$ 6,000	Estimate from BGCR
Tech Lab	\$ 8,000	Estimate from BGCR
Staff Development	\$ 5,000	Estimate from BGCR
Youth Leadership Development	\$ 2,000	Estimate from BGCR
Program Costs Subtotal	\$ 21,000	
Other Expenses		
National Membership & Dues	\$ 900	Amount based on BGCR Teen Center 2015 Budget
Membership Tracking	\$ 196	Amount based on BGCR Teen Center 2015 Budget
Volunteer Appreciation	\$ 500	Amount based on BGCR Teen Center 2015 Budget
Fundraising Expenses		
	\$ -	
Subtotal	\$ 1,596	
Staff & Program costs	\$ 97,372	
Total Expenses	\$ 129,749	
Net without SH Cowell	\$ (11,486)	
Note:		
Imputed Rent provided by MCSD	\$ 21,924	
50% Program Development Director	\$ 22,510	

Thursday, January 21, 2016

6:30pm

Recreation Advisory Committee Meeting

NOTES

Members Present: Bill Prescott, Jeff Dunk, Cad Sefcik, George Wheeler, Addison O'Hanen, Charlie Caldwell.

Members Absent: Mary Burke, Jim Fritz, John Kulstad, Stephanie Hartley

Meeting Notes:

- Communications:
 - Staff distributed Form 700 to all members present. The completed forms are due by February 29, 2016
 - Staff informed the committee that the Parks & Recreation Dept. was awarded a \$50,220 grant for the purchase of recycled tire playground surfacing for Pierson, Hiller and Larissa parks.
- Public Comment:
 - None
- Election of Officers:
 - The election of offices was postponed to the February meeting as the current vice-chair was absent.
- Master Plan Update:
 - Staff reported that Professor Laurie Richmond's Research Methods this semester class will design a Community Survey to help with the Master Plan update.
- Botanical Garden:
 - Jeff Dunk reported that mulching is needed around some of the small plants at the garden.
 - George Wheeler reported having access to Redwood sawdust but didn't know if that was good for mulching.
- Community Garden:
 - Staff reported on the meeting held on December 7th and that a second meeting to address the need for a volunteer Community Garden Committee is scheduled for Monday, January 25, 2016.
 - Jeff Dunk expressed the interest in knowing what it would cost the District to repair and maintain the community garden. He suggested the possibility of a tiered fee structure for plot rentals.
 - Staff encouraged Jeff Dunk to attend the meeting on Jan. 25th to discuss possibilities with the other community gardeners.
 - George Wheeler suggested contacting the IB program and MHS as those students are required to complete a specific number of community service hours and could potentially put in time to repair the existing garden plots.
- Teen Center Update:
 - Staff reported on the partnership development work with the Boys & Girls Club of the Redwoods. The completion of a 1-5 year DRAFT financial plan and business

- plan. A comprehensive fundraising plan needs to be added and then staff will bring the Plan to the RAC for review.
 - Construction at the Teen Center is moving along according to schedule.
 - Capital fundraising continues. Commemorative brick pavers are still available for purchase. The deadline to purchase is February 17, 2016.
- Proposed Fee increases for Spring & Summer 2016:
 - The committee reviewed and discussed the proposed fee changes.
 - Bill Prescott wondered if \$10-\$15 for the Jr. High Dance wasn't a little bit too high a price. Staff reported that the attendance at the dances has been increasingly steadily, to the extent that staff has had to put a cap on the number of tickets available. Raising the fee at the door is to help us control the crowd.
- Review of Draft Program Budgets for 2016-2017:
 - Staff presented drafts of budgets for recreation programs only for the committee to review (see attachments).
 - Jeff Dunk requested to see budgets for facilities and parks as well.
 - Staff reported that this is the beginning of the budget process and that the other components of the budget will be presented at future meetings.
- Update on Recreation Programs:
 - *Youth Basketball League*- 219 participants in 3rd-8th grades. We did not have enough registration to run a high school division. Enrollment is up slightly from last year.
 - *Kids' Club After School Program*- currently serving 121 students per week.
 - *Playgroup*- First 5 has funded a Music and Movement instructor to attend playgroup every other week and provide music education to participants.
 - *KinderSports*- The next session of KinderSports is Basketball. The program originally scheduled to begin January 23rd, is being postponed until February 13th due to the need for hiring and training of new program coaches.
 - *Breakout Vacation Day Camp*-We are currently accepting registration for our Breakout Day camps for both February 15-19 and April 11-15, 2016
 - *Drop in Pickleball*-Pickleball has begun! We had our first drop-in session Wednesday from 9:00am-12:00pm. 13 people showed up. We anticipate attendance will grow as more people learn that it is happening.
 - *Drop in Basketball*-Sunday night drop in basketball continues to have steady attendance of 20-30 participants
 - *Adult Futsal*-The next adult futsal league will be scheduled once we secure referees for the season. Staff have reached out to the various soccer communities including the HSU intramural office
 - *Humboldt Hoops 3 on 3*-The Youth 3 on 3 Basketball tournament will take place on Friday April 1 and Saturday, April 2, 2016. We will have a group of HSU Rec. Admin students helping us put this event on this year.
- Ad Hoc Committee Reports:
 - Charlie Caldwell reported on the recent work of the Humboldt Skate Park Collaborative.
- Agenda topics for next meeting:
 - Election of officers
 - Facilities Draft Budget review

- RAC vacancies
- Adjournment:
 - Bill Prescott made a motion
 - Charlie Caldwell seconded
 - Meeting adjourned at 7:54pm

McKinleyville Community Services District

BOARD OF DIRECTORS

February 3, 2016

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.D General Manager's Report for February 2016 Meeting

PRESENTED BY: Gregory Orsini, General Manager

TYPE OF ACTION: Information Only

A summary of activity for the month of January 2016

Cost Savings Related to District Activities – The following is a review of some of the recent cost savings opportunities District staff identified for the previous month:

- | | |
|--|----------|
| • Office Supplies | \$60 |
| • New Vender for Basketball League Shirts | \$110 |
| • Grant for Playground Safety Surface - Recycled Tires | \$50,220 |
| • SWAP | \$3,944 |
| • Northern Humboldt Employment Services | \$5,336 |
| • Community Service Workers | \$2,146 |
| • Fischer LS Pump Rehab | \$560 |
| • In House Flow Meter Repair/ Recalibration at Fischer | \$640 |
| • Furnace Repair at Azalea Hall | \$160 |
| • Street Light Wiring Repair | \$120 |
| • In house Mapping | \$400 |
| • Urban Water Management Plan Update | \$500 |

Total cost savings for January are \$64,196

The cumulative cost saving to the District to date from July 1, 2015 is \$147,128

District staff are recognized and commended for their continued efforts in looking for cost savings, the use of internal labor and grant opportunities that result in real savings for the District, rate payers, and the community.

Measure B – Annually, the assessment for Measure B must be reinitiated through a series of actions. Staff will be working with our consultant to ensure the most accurate accounting of the assessment is carried out and that the District remains Prop. 218 compliant. Staff has provided draft financial information and updated parcel lists for this process. Our consultant will provide an engineer's report that meets the 218 requirements along with a parcel

assessment list for McKinleyville. The initiation process will be before the board in March with the public hearing scheduled for April. This process will ultimately produce just over \$200,000 in revenue this fiscal year.

Central Avenue Open Space Zone (OSZ) MOU – Management met with the county public works and Supervisor Sundberg twice and once with the sheriff's department (SD) in order to get a commitment on the county's previous obligation to provide in kind labor for the OSZ maintenance. This pledge was part of the original agreement drafted in 1994 between MCSD and the County of Humboldt. The difficulty is that the in kind labor was provided by the Sheriff's Work Alternative Program (SWAP). Public works can not commit the SD to an agreement with MCSD and with alternative sentencing, manpower shortages at the SD and new legislation, it has been difficult to get the SD to commit the SWAP crews. I believe we have finally been able to come to an agreement on terms that will be satisfactory to all involved.

WWMF Improvement Project – As the Board is aware our ground breaking ceremony for the project was held Tuesday January 19 in the rain. The turnout was light but this was a major milestone in the progress for upgrading the facility. The preconstruction meeting was also held earlier that day with the GM, Operations Director and future Chief Plant Operator representing MCSD; the Project Managers for Auburn Constructors and Kennedy Jenks and Construction Manager from Stover Engineering were also present to discuss lines of communication during the construction phase. The main effort at this time is submittals from the contractor for material and process that require approval from the design engineer prior to construction. This effort will continue for the next month prior to actual mobilization on site. Weekly construction meetings are scheduled for Wednesday mornings and began January 27th.

Teen and Community Center construction – As of January 26th completion of the project is on schedule for April. During the walkthrough it was evident that things are moving at a brisk pace. The interior sheetrock is completed and painting was taking place. The flooring in the bathrooms was being floated and other interior work is proceeding. The exterior siding is completed and forming of concrete is taking place with concrete pouring scheduled when the weather permits. Refer to the Recreation Director's Report for information of progress with Cowell and the Boys and Girls Club.

Park and Recreation Facility Agreements – In the coming months multiple facility agreements will be presented to the board for approval. At this time staff is reviewing and updating the agreement. If changes are made the agreements are reviewed by district counsel and our liability insurance provider.

IPM – The list of priorities that were addressed at the January meeting were condensed and prioritized per Board direction and the definitions were reviewed and updated also. The results of the priority reconfiguration will be presented to the Board in March. Staff is now taking public comment on suggested matrix structure at this time.

Employee Negotiations – Management met with staff in January to discuss potential modifications to give staff additional options for their health care insurance. Representatives for the staff have been chosen and will meet prior to meeting with the board negotiating committee.

Meetings – The General Manager attended various meetings this month, including the first CSDA Board Meeting of 2016 in Sacramento. Staff had a meeting with the Little League this month to discuss possible modifications they would like to make at Hiller SS. The GM also participated in Operations Department interviews for the recently vacated Utility position. A meeting was held to discuss updating the MCSD website to modernize it to be more mobile friendly and to utilize updates to HTML. The MMAC meeting was held on January 27 and was attended by the GM and Director Edwards.

Exhibits/Attachments

- Attachment 1 – WWMF Monthly Self Monitoring Report

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



mckinleyvillecsd.com

MAIN OFFICE:

PHONE: (707) 839-3251
FAX: (707) 839-8456

PARKS & RECREATION OFFICE:

PHONE: (707) 839-9003
FAX: (707) 839-5964

R.W.Q.C.B. NORTH COAST REGION
5550 SKYLANE BLVD., SUITE A
SANTA ROSA, CA 95403

January 25, 2016

RE: MONTHLY MONITORING REPORT

Dear Justin:

Enclosed is the Monthly Monitoring Report for December 2015 for McKinleyville Community Services District Wastewater Management Facilities WDID NO. 1B82084OHUM, operating under Order Number WQ 2011-0008-DWQ.

The normal discharge of effluent was 31 days to Discharge Point 002, 004 and 001. The required monitoring and water quality constituents that were tested and reported were in compliance in December.

The requirement for BOD is 45 mg/L, 604 lbs/day and 65% removal for the monthly average with five weekly tests in December that represent thirteen criteria. The BOD results for December are in compliance.

The requirement for TSS is 83 mg/L, 1108 lbs/day and 65% removal for the monthly average with five weekly tests in December which represent three criteria. The TSS results for December are in compliance.

The requirement for Nitrate as Nitrogen in the effluent is a monthly average of 10 mg/L. One test was conducted in December and was in compliance.

Total Coliform Organisms MPN/100 ml. The Monthly Median not to exceed MPN of 23 and the daily maximum not to exceed MPN of 230. The reported results for the month of December are as follows. Median was <1.8 and a Maximum of 2. Four samples were collected in the month of December and were in compliance.

Monthly River Monitoring was conducted in December.

Acute testing for December was conducted using Rainbow Trout and C.Dubia. Rainbow Trout had an 85% survival and C.Dubia had a 100% survival.

Semi-annual testing was conducted in December

WWMF Upgrade Status: The District entered into contract with Auburn Constructors as the General on the Upgrade Project. The State Revolving Fund has accepted the qualifications in the bids received. A ground breaking ceremony was held in January. Contractors have 521 days to complete the project. Staff and engineers are still working on the NPDES permit renewal.

**McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
EFFLUENT DISCHARGE DISPOSAL**

DECEMBER 2015

Discharge Monitoring	002 M-003	002 M-003	004 M-005	003 M-004	006 M-007	005 M-006	001 M-002				
DATE	INFLUENT MGD	EFFLUENT MGD	MAXIMUM GPM	N.POND MGD	S.POND MGD	FISCHER MGD UPPER	FISCHER MGD LOWER	PIALORSI MGD	HILLER MGD	IRRGATE TOTAL MGD	RIVER MGD
1	0.775	1.542	1082			1.542				1.542	0.000
2	0.792	1.524	1206			1.524				1.524	0.000
3	0.850	1.477	1038			1.477				1.477	0.000
4	0.836	1.132	1030		0.424	0.708				0.708	0.000
5	0.837	0.756	533		0.756					0.000	0.000
6	0.896	0.738	519		0.738					0.000	0.000
7	0.821	0.992	848		0.296					0.000	0.696
8	0.810	0.954	842							0.000	0.954
9	0.968	0.834	655							0.000	0.834
10	0.961	0.849	726							0.000	0.849
11	1.089	1.203	1091							0.000	1.203
12	1.094	1.552	1089							0.000	1.552
13	1.525	1.643	1224							0.000	1.643
14	1.230	1.695	1240							0.000	1.695
15	1.088	1.664	1179							0.000	1.664
16	1.021	1.663	1176							0.000	1.663
17	1.045	1.291	1161							0.000	1.291
18	1.345	1.575	1540							0.000	1.575
19	1.332	2.186	1538							0.000	2.186
20	1.270	2.028	1540							0.000	2.028
21	1.411	1.895	1423							0.000	1.895
22	1.389	1.904	1389							0.000	1.904
23	1.322	2.060	1500							0.000	2.060
24	1.467	2.106	1479							0.000	2.106
25	1.406	2.111	1492							0.000	2.111
26	1.267	2.133	1504							0.000	2.133
27	1.254	2.137	1497							0.000	2.137
28	1.259	1.631	1491							0.000	1.631
29	1.177	1.043	758							0.000	1.043
30	1.219	1.291	1176							0.000	1.291
31	1.129	1.459	1141							0.000	1.459
TOTAL	34.885	47.068		0.000	2.214	5.251	0.000	0.000	0.000	5.251	39.603
AVERAGE	1.125	1.518	1165	0.000	0.554	0.000	0.000	0.000	0.000	0.169	1.278
MAXIMUM	1.525	2.186	1540	0.000	0.756	1.542	0.000	0.000	0.000	1.542	2.186
MINIMUM	0.775	0.738	519	0.000	0.296	0.708	0.000	0.000	0.000	0.000	0.000
DAYS	31	31		0	4	4	0	0	0	4	25
DAYS WITH NO DISCHARGE = 0											

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
RIVER CFS - EFFLUENT FLOWS -

M-004

RIVER DILUTION

M-005

M-006

DECEMBER 2015

DATE	M-INF INFLUENT MGD	M-001 EFFLUENT MGD	EFFLUENT MAXIMUM GPM	M-003 PERK PONDS MGD	M-007 IRRIGATE MGD	M-002 RIVER MGD	RIVER DILUTION 100:1	MAXIMUM G.P.M. DISCHARGE FOR 100:1	RIVER FLOW IN CFS	RIVER FLOW IN GPS
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1	0.775	1.542	1082		1.542					
2	0.792	1.524	1206		1.524					
3	0.850	1.477	1038		1.477					
4	0.836	1.132	1030	0.424	0.708					
5	0.837	0.756	533	0.756						
6	0.896	0.738	519	0.738						
7	0.821	0.992	848	0.296		0.696	521	4417	984	7361
8	0.810	0.954	842			0.954	301	2532	564	4219
9	0.968	0.834	655			0.834	685	4489	1000	7481
10	0.961	0.849	726			0.849	2387	17326	3860	28877
11	1.089	1.203	1091			1.203	1823	19884	4430	33141
12	1.094	1.552	1089			1.552	1521	16563	3690	27605
13	1.525	1.643	1224			1.643	2886	35325	7870	58875
14	1.230	1.695	1240			1.695	2052	25450	5670	42417
15	1.088	1.664	1179			1.664	1020	12029	2680	20049
16	1.021	1.663	1176			1.663	702	8259	1840	13765
17	1.045	1.291	1161			1.291	599	6957	1550	11596
18	1.345	1.575	1540			1.575	1055	16249	3620	27081
19	1.332	2.186	1538			2.186	1976	30388	6770	50646
20	1.270	2.028	1540			2.028	968	14902	3320	24837
21	1.411	1.895	1423			1.895	1025	14588	3250	24313
22	1.389	1.904	1389			1.904	4847	67329	15000	112215
23	1.322	2.060	1500			2.060	3591	53863	12000	89772
24	1.467	2.106	1479			2.106	2692	39814	8870	66356
25	1.406	2.111	1492			2.111	2163	32273	7190	53788
26	1.267	2.133	1504			2.133	1322	19884	4430	33141
27	1.254	2.137	1497			2.137	956	14319	3190	23864
28	1.259	1.631	1491			1.631	864	12882	2870	21470
29	1.177	1.043	758			1.043	1457	11042	2460	18403
30	1.219	1.291	1176			1.291	828	9740	2170	16234
31	1.129	1.459	1141			1.459	724	8259	1840	13765

TOTAL	34.885	47.068		2.214	5.251	39.603				
AVERAGE	1.125	1.518	1165	0.554	1.313	1.584	1559	19951	4445	33251
MAXIMUM	1.525	2.186	1540	0.756	1.542	2.186	4847	67329	15000	112215
MINIMUM	0.775	0.738	519	0.296	0.708	0.696	301	2532	564	4219
DAYS	31	31	31	4	4					

DAYS WITH NO DISCHARGE TO THE MAD RIVER = 6

McKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
MONITORING DATA

YEAR: 2015

MONTH: DECEMBER

DATE	INFLUENT FLOW M.G.D.	EFFLUENT FLOW M.G.D.	EFFLUENT MAXIMUM GPM	RIVER CFS	INFLUENT MONITORING B.O.D. mg/L	INFLUENT MONITORING N.F.R. mg/L	PH	TEMP (C°)	B.O.D. mg/L	N.F.R. mg/L	AMMONIA	CL ₂ RES.	RIVER CL ₂ RES.	SETTLABLE SOLIDS	3X5 TOTAL COLIFORM
1	0.775	1.542	1082				7.0	10.9			32	6.5			
2	0.792	1.524	1206				7.2	11.3			36	6.7			
3	0.850	1.477	1038				7.3	12.5			34	5.8			
4	0.836	1.132	1030		270	190	7.1	11.3	38	31	34	5.7		<0.1	
5	0.837	0.756	533												
6	0.896	0.738	519												
7	0.821	0.992	848	984	Started discharge to River		7.2	13.2			32	2.8	0.00		<1.8
8	0.810	0.954	842	564			7.1	13.7			34	6.9	0.00		
9	0.968	0.834	655	1000			7.2	13.7			32	1.6	0.00		
10	0.961	0.849	726	3860			7.1	13.0			34	1.4	0.00		
11	1.089	1.203	1091	4430	250	160	7.0	13.0	19	15	32	2.0	0.00	<0.1	
12	1.094	1.552	1089	3690			7.4	12.4				0.2	0.00		
13	1.525	1.643	1224	7870			7.2	12.2				0.5	0.00		
14	1.230	1.695	1240	5670			7.4	12.2			32	2.0	0.00		<1.8
15	1.088	1.664	1179	2880			7.2	11.0			32	2.8	0.00		
16	1.021	1.663	1176	1840			7.3	10.6			32	2.4	0.00		
17	1.045	1.291	1161	1550			7.4	11.0			32	3.0	0.00		
18	1.345	1.575	1540	3620	170	220	7.2	12.1	40	41	34	2.1	0.00	<0.1	
19	1.332	2.186	1538	6770			7.3	11.2				3.8	0.00		
20	1.270	2.028	1540	3320			7.3	10.7				3.4	0.00		
21	1.411	1.895	1423	3250			7.4	11.8			28	3.3	0.00		<1.8
22	1.389	1.904	1389	15000	160	96	7.3	11.1	29	23	32	3.3	0.00		
23	1.322	2.060	1500	12000			7.4	11.3			32	3.0	0.00	<0.1	
24	1.467	2.106	1479	8870			7.6	11.2				1.6	0.00		
25	1.406	2.111	1492	7190			7.5	11.3				0.9	0.00		
26	1.267	2.133	1504	4430			7.1	11.0				1.5	0.00		
27	1.254	2.137	1497	3190			7.0	10.5				1.8	0.00		
28	1.259	1.631	1491	2870			6.9	10.6			28	2.8	0.00		2
29	1.177	1.043	758	2460	180	160	7.0	10.3	28	30	28	2.2	0.00		
30	1.219	1.291	1176	2170			7.3	9.9			28	0.7	0.00		
31	1.129	1.459	1141	1840			7.4	9.6			28	1.5	0.00	<0.1	

SPILLS:

None to report

DATE	TDS	AMMONIA	NITRATE	BORON
12/31/2015	290	44.0	ND	250

Quarterly Tests	Value in ug/l
Dichlorobromomethane	N/A
Bromomethane	N/A
Chlorodibromomethane	N/A
Chloroform	N/A

30 DAY AVERAGE

BOD mg/L	31	BOD LBS/DAY	376	BOD % Removal	84	NFR mg/L	28	NFR LBS/DAY	337	NFR % Removal	83
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ACUTE TOXICITY

DATE	% Survival
12/9/2015	85%
12/9/2015	100%

CHRONIC TOXICITY

TESTED	SURVIVAL
Minnow	N/A
C. Dubia	N/A
Algae	N/A
La	TUc

Total Coliform Monthly MEDIAN	<1.8
Daily Maximum	2

SIGNATURE:

Indicates Permit Exceedance

REMARKS: Lab error on EPA 625 SVOCS. A new sample was sent overnight and they had error in that sample also. La
We have sent a 3rd sample but have not received results.