



McCloud Community Services District

220 West Minnesota Avenue P.O. Box 640

McCloud, California 96057

Phone (530) 964-2017 Fax (530) 964-3175 e-mail mcsd@ci.mccloudcsd.ca.us

REGULAR MEETING OF THE BOARD OF DIRECTORS

SCOUT HALL - 405 E. COLOMBERO DRIVE

April 26, 2021 at 6:00 PM

AGENDA

The McCloud Community Services District welcomes you to this meeting. This agenda contains brief general descriptions of each item to be considered at this meeting by the Board of Directors. If you wish to speak on an item on the agenda, you will be provided the opportunity to do so prior to consideration of the item by the Board. If you wish to speak on an item that is not on the agenda, you are welcome to do so during the Public Comment portion of the meeting. Persons addressing the Board will be asked to step up to the podium and will be limited to three minutes or depending on the number of persons wishing to speak, it may be reduced to allow all members of the public the opportunity to address the Board. When addressing the Board, please state your name for the record prior to providing your comments. Please address the board as a whole through the President. Comments to individual Board members or staff are not permitted.

All documentation supporting the items on this agenda are available for public review in the District office, 220 W. Minnesota Avenue, McCloud CA 96057, during normal business hours of 9:00 a.m. to 12noon and 1:00 pm to 4:00 p.m. Monday through Friday.

In compliance with the Americans with Disabilities Act, those requiring accommodations for this meeting should notify the District office 48 hours prior to the meeting at (530) 964-2017.

1. Call to Order

2. Pledge of Allegiance

3. Approval of Minutes:

A. Discussion/possible action regarding approval of the minutes of the Regular Meeting of the Board on March 22, 2021

B. Discussion/possible action regarding the approval of the minutes of the Special Meeting of the Board on March 29, 2021

C. Discussion/possible action regarding the approval of the minutes of the Special Meeting of the Board on April 12, 2021

4. Announcement of Events:

5. Communications:

A. Letter from Diane Lowe

B. Letter from Angelina Cook

6. Reports:

A. Finance Officer

B. Directors

C. Committees

7. Consent Agenda:

A. Approval of expenses in the amount of \$3,285.30

B. Approval of expenses in the amount of \$19,360.72

C. Second and final reading of MCS D Policy 2420 Unlawful Harassment Including Sexual Harassment

8. Old Business:

- A. Discussion/possible action** regarding the Shift Firefighter Program Proposal
- B. Community letters and emails** in support of Z.I.B./CSA4 Contract
- C. Discussion/possible action** regarding Z.I.B./ CSA4 (Zone of Increased Benefits/California Service Area 4) Program, and possible contract for service.

9. New Business:

- A. Discussion** of MCSD Policy 2093-D istrict Cellular Phones
- B. Discussion** of MCSD Policy 2094-Personal Cellular Phone and PDA Policy
- C. Discussion/possible action** regarding the first reading of MCSD Ordinance No. 2 Collection of Service Charges
- D. Discussion/possible action** regarding the first reading of MCSD Policy 3025-District Financial Reserves
- E. Discussion** of the 2018-19 MCSD Audit
- F. Discussion/possible action** regarding approval of additional cost in the amount of \$2,750.00 to have James Marta personally present the 2018-19 audit at a MCSD Board meeting.
- G. Discussion/possible action** of interest in renting the Old McCloud courthouse.
- H. Discussion** regarding the rental of the Scout Hall and re-opening the District Office with current Covid-19 restrictions.
- I. Discussion/possible action** regarding interest in the purchase of boulders located at the sewer pond property.

- 10. Public Comment:** This time is provided to receive information from the public regarding issues that **do not** appear on the agenda (persons addressing the Board will be asked to step up to the podium and will be limited to three minutes or depending on the number of persons wishing to speak, it may be reduced to allow all members of the public the opportunity to address the Board).

11 Adjourn

MCSD Mission Statement

McCloud Community Services District will strive to provide the full range of municipal services, at a reasonable cost applied consistently to all customers, while maintaining a healthy infrastructure and environmental integrity.

**MINUTES OF A
REGULAR MEETING OF THE BOARD OF DIRECTORS
March 22, 2021**

A Regular meeting of the Board of Directors of the McCloud Community Services District was called to order at 6:00 p.m. at the Scout Hall. Three Directors (Richey, Young, Zanni) were present. Rorke and Hanson were absent. Public Works Superintendent Richie Fesler, Finance Officer Michael Quinn were present. General Manager Amos McAbier and Board Secretary Andrea Mills were absent.

- 1. Pledge of Allegiance**
- 2. Approval of Minutes: Discussion/action** regarding approval of the minutes of the Regular Meeting of March 8, 2021
Tabled for changes.
- 3. Announcement of Events:** *None*
- 4. Communications:** *None*
- 5. Reports:**
 - A. Finance Officer**
Mike Quinn discussed issues with the Audit regarding the MDMA. He is working on reconciling. Insurance policies were discussed regarding replacement estimates.
- 6. Consent Agenda:**
 - A.** Approval of Expenses in the amount of \$11,349.28
 - B.** Second and final reading of MCSD Policy 1060 Miscellaneous Fee Schedule.
Item C was erroneously placed onto the consent agenda and removed at the meeting.
 - C.** *Richey made a motion to approve the Consent Agenda. R. Zanni seconded; Motion passed with 3 Ayes (Richey, Young, Zanni) 2 absent (Rorke, Hanson)*
- 8. Public Comment:** This time is provided to receive information from the public regarding issues that **do not** appear on the agenda (persons addressing the Board will be asked to step up to the podium and will be limited to three minutes or depending on the number of persons wishing to speak, it may be reduced to allow all members of the public the opportunity to address the Board).
- 9. Adjourn at 6:29 p.m.**

Catherine Young/President of the Board

Andrea Mills/Secretary of the Board

DRAFT

**MINUTES OF A
SPECIAL MEETING OF THE BOARD OF DIRECTORS
March 29, 2021 at 6:00PM**

A Special meeting of the Board of Directors of the McCloud Community Services District was called to order at 6:00 p.m. at Scout Hall. Five Directors (Hanson, Richey, Young, Zanni, Rorke) were present. Also present were Finance Officer Michael Quinn, Public Works Superintendent Richie Fesler, Fire Captain Nate Girard and Board Secretary Andrea Mills. General Manager, Amos McAbier was absent.

1. Call to Order

- 2. Public Comment:** This time is provided to receive information from the public regarding issues that **do** appear on the agenda.

Accusations of Brown act violations were made by two audience members.

Public comment included concern as to why MCSD Board needed a Special Meeting to discuss hiring an attorney and Ordinance No. 27. Stating that she felt it was a concerted effort to deny public involvement. It was explained that a local parcel has been sold and will now house a beverage company that will have rights to use McCloud water.

A public records request was also discussed.

- 3. Discussion/possible action** regarding the selection of an attorney specializing in water services. *R. Zanni made a motion to hire an Attorney (Andrew Ramos) specializing in Water services to give legal advice on MCSD Ordinance No. 27-Rules and Regulations Relating to Water Service up to \$10,000.00 to be used from the Operating Account. M. Hanson seconded; motion passed with 3 Ayes (Rorke, Zanni, Hanson), 2 Nays (Young, Richey)*

- 4. Discussion** of Ordinance No. 27 Rules and Regulations Relating to Water Service. *Necessary changes to the Ordinance were gone over and discussed. This Ordinance will go to the attorney for approval then back to the Board for a First Reading.*

- 5. Discussion/possible action** regarding Z.I.B./ CSA4 (Zone of Increased Benefits/California Service Area 4) Program, and possible contract for service. *Chief Miller went over a contract with Cal Fire which states that MVFD will guarantee response to a percentage of calls in Zone 4, with this contract MVFD would be paid \$24,000.00 annually for their service.*
R. Zanni made a motion for Fire Chief Miller to renegotiate the contract and make a change to the notification process of the Z.I.B. contract. M. Hanson seconded; motion passed with 5 Ayes (Young, Richey, Rorke, Hanson, Zanni)

- 6. Adjourn** open session at 9:07PM

- 7. Convene a Closed Session:** Pursuant to California Government Code §54957.8- Gain direction from the Board pertaining to Union Negotiations

- 8. Reconvene 9:52 PM** Direction was given to the negotiators to go back to the Union for more negotiations

- 9. Adjourn 9:52PM**

Catherine Young/President of the Board

Andrea Mills/Secretary of the Board

MCSD Mission Statement

McCloud Community Services District will strive to provide the full range of municipal services, at a reasonable cost applied consistently to all customers, while maintaining a healthy infrastructure, environmental integrity and promoting the economic development of our community.

DRAFT

**MINUTES OF A
REGULAR MEETING OF THE BOARD OF DIRECTORS
April 12, 2021**

A regular meeting of the Board of Directors of the McCloud Community Services District was called to order at 6:00 p.m. at the Scout Hall. All five Directors (Richey, Hanson, Rorke Young, Zanni) were present, as were General Manager Amos McAbier, Public Works Superintendent Richie Fessler, Fire Chief Charlie Miller, and District Secretary Andrea Mills. Finance Officer Mike Quinn was absent.

1. Call to Order

2. Pledge of Allegiance.

3. Approval of Minutes: Discussion/action regarding approval of the corrected minutes of the Regular Board Meeting of March 8, 2021

*M. Rorke made a motion to approve the corrected minutes of Regular Meeting of March 8, 2021.
C. Richey seconded; motion passed with 5 Ayes (Richey, Hanson, Rorke, Young, Zanni)*

4. Announcement of Events: None

5. Communications:

A. Email from Mary Lingsch

Comment was made that the issues within the letter are under Siskiyou County Jurisdiction.

6. Reports:

A. General Manager-*No report, discussion items are within the agenda*

B. Finance Officer- *Tabled as Finance Officer Mike Quinn was absent*

C. Fire Chief- *Chief Miller added to his report stating that he and Cindy Miller are working diligently to collect funds due from our billing contractor Wittman. In the past, funds were not collected in a timely manner and many were lost due to lack of follow through. Concern with staffing of the Volunteer Fire Department was expressed as well as praise for our Fire Chief for his job well done.*

D. Public Works Superintendent- *See written report with comment regarding non-residents illegally dumping at our green waste site.*

E. Directors-*None*

F. Committees-*Finance and Audit committee met and discussed Budget, alleys, and streetlights. Public Works committee did not meet. Will discuss Courthouse project later in Agenda. Nothing to report from other committees.*

7. Consent Agenda:

A. Approval of Expenses in the amount of \$12,079.29

B. Second and Final Reading of MCSD Policy 7100 Fire Department Explorer Program.

R. Zanni made a motion to approve the Consent Agenda. C. Richey seconded; motion passed with 4 Ayes(Zanni, Hanson, Rorke, Richey) one Nay (Young)

8. Old Business:

A. Discussion from Cal Fire representative concerning Vegetation issues in McCloud including MCSD Ordinance 28.

Discussion of Ordinance 28 and the responsibility to enforce it. Cal Fire goes by their policy and form 4291-Defensible Space regarding inspection of properties within the District. Cal Fire will inspect properties within the 30- or 100-foot distance to a dwelling, or the property line if closer. Cal Fire will not inspect vacant lots or larger properties that have met the 100-foot defensible space guidelines but have other combustibles that are further away from the dwellings. Cal Fire will rarely issue fines however if Ordinance 28 is enforced by MCSD in the future, a lien may be placed on the property for non-compliance if MCSD must abate the property.

B. Discussion/possible action regarding Z.I.B./ CSA4 (Zone of Increased Benefits/California Service Area 4) Program, and possible contract for service.

Chief Miller renegotiated with Cal Fire and made changes requested previously by the Board as well as increased the payment to \$30,000.00 annually. He also reassured the Board that MCSD is already responding to these calls and will continue if in an agreement or not. R. Zanni made a motion to enter the service area 4, Z.I.B. (Zone of Increased Benefits) agreement, M. Hanson seconded; motion failed with 2 Ayes (Hanson, Zanni) and three Nays(Young, Rorke, Richey)

C. Discussion/possible action regarding the floor plan at the Old McCloud Court House including power, sewer, and water and general discussion of the Courthouse project.

R. Zanni made a motion to approve the ADA bathroom in cell #3 and the electrical panel not to exceed \$1,000.00 for the electrical panel. M. Rorke seconded; motion passed with 5 Ayes (Zanni, Hanson, Richey, Young, Rorke)

9. New Business:

A. Discussion/possible action regarding the first reading of MCSD Policy 3280 Door Yard Burns.

Tabled until further discussion in Committee and corrected Policy wording.

B. Discussion/possible action regarding the first reading of MCSD Policy 2420 Unlawful Harassment Including Sexual Harassment

C. Young mad a motion to approve the first reading of MCSD Policy 2420 Unlawful Harassment Including Sexual Harassment. C. Richey seconded; motion passed with 4 Ayes (Zanni, Rorke, Young, Richey) one Nay (Hanson).

C. Discussion/possible action regarding the purchase of phones and phone plans for District employees

C. Richey made a motion to approve the purchase of cell phones and phone plans for some MCSD staff. R. Zanni seconded; motion passed with 5 Ayes(Zanni, Hanson, Young, Richey, Rorke)

D. Discussion regarding the Safer Grant for the MCSD Fire Department-

Discussion by Chief Miller regarding the purpose and benefit of the Safer Grant.

E. Discussion/possible action regarding the receipt of a 2006 Chevy Tahoe staff vehicle donated from the Southern Marin Fire District

C. Young expressed dissatisfaction with the process of receiving this donation stating that this should have come to the Board for prior approval. If this donation were to be rejected, Weed Fire Department would accept this truck.

R. Zanni made a motion to accept the donation of the 2006 Chevy Tahoe staff vehicle and send letter of thanks to Marin Fire Department. With a one year test of expenses and income from this vehicle. M. Hanson seconded; motion passed with 5 Ayes (Zanni, Hanson, Young, Richey, Rorke)

F. Discussion/possible action regarding the need for a Shift Firefighter Program at MCFD to provide fire and EMS services during the daytime when volunteers are at work.

Discussion of starting a shift Firefighter Program which would allow non-residents to work and receive training at MCFD if committing to regular shifts which would benefit our community. Topic was tabled pending changes to the contract and further discussion of MCSD Policy regarding Classification of Personnel.

G. Discussion/possible action regarding GIS system Mapping program opportunity for water and sewer through RCAC (Rural Community Assistance Corporation)

General Manager, Amos McAbier discussed the opportunity to participate in a trial for a new pipe mapping device. This would allow MCSD staff to accurately locate the old pipe system easily. This item was Tabled pending further information.

H. Discussion/possible action regarding the retrieval of lost MCSD board meeting recordings.

Discussion of the failure of the recording device used to record Board meetings. One full meeting and half of another were possibly deleted during upload and have been unretrievable. Mount Shasta IT services states there is a company that may be able to retrieve the data from the recorder but will cost between \$1,500-\$2,500. Tabled pending more information.

10. Public Comment: This time is provided to receive information from the public regarding issues that **do not** appear on the agenda (persons addressing the Board will be asked to step up to the podium and will be limited to three minutes or depending on the number of persons wishing to speak, it may be reduced to allow all members of the public the opportunity to address the Board).

11. Adjourn open session at 8:57 PM

12. Convene a Closed Session: Pursuant to California Government Code §54957.8- Gain direction from the Board pertaining to Union Negotiations

13. Reconvene. at 9:08 PM.

The Board has agreed to the Union Negotiations which is a two-year contract at 2% each year effective July 1, 2021. Sick leave will now be fiscal year, not calendar year. Wording will now state will abide by FMLA rules regarding sick leave.

14. Adjourn 9:09PM

DRAFT

McCloud Community Services District
Attn. Amos McAbier, General Manager
Members of the Board of Directors
Sent via email
For inclusion in the 4/26
/21 Board Packet Material
4/20/21

Dear Mr. McAbier and members of the Board of Directors,

I am writing in reference to District Policy 5020.90 and other transparency issues. Policy 5020.90. states "... Recordings of regular and special meetings will be made to facilitate the accurate development of minutes and recordings will be maintained for one year. "

The MCSD website has had numerous uncorrected issues for years but things are getting worse as now meeting tapes are not available.

But what is going on?

As of today, tapes of the March 22, March 29 and April 12th board meetings are not available to the public on the website and the first two meeting tapes may be lost trying to upload. Clearly, the MCSD website has not been maintained properly for years but policies matter. Minutes are not available yet for the first two meetings and may not have been manually taken.

The public deserves an agency that is transparent and open to observation.

Additionally, you the board made a decision on March 8th to reject the use of zoom at your public meetings. With zoom, the public could listen and/or view these meetings. Almost worse at the March 22 meeting, the public was initially told to not tape record a meeting, obviously a violation of public meetings code.

A few years ago the board rejected an offer by a citizen to film meetings for apparently a local tv station, which was rejected by staff and board members who were concerned about how they looked!

The public is now and has been interested in what you are doing. Please respect the public as well.

Sincerely,

Dlane Lowe
McCloud CA

4/12/2021

Dear McCloud Community Service District (MCS D) Board of Directors,

In response to the proceedings that took place at the Special Meeting held on Monday, March 29, 2021, I am filing this formal complaint as defined in MCS D Policy 1030.

As a local resident and businessperson of McCloud, I am deeply concerned with the way you are negotiating with Food For Athletes (FFA). When FFA, aka Blackwater, approached our town, soon after McCloud Artesian Spring Water (MASWC) failed, their introduction was clearly coming from another outside, shell corporation/developer, trying to take advantage of our disadvantaged community. MCS D, nevertheless, agreed to continue spending public funds on private water negotiations, and discussed Blackwater's proposal behind closed doors. You state that amending our water law (Ordinance 27) is to protect McCloud, but your actions on 3/29/21 and prior indicate otherwise.

This complaint highlights three primary concerns:

1. Approving changes to Ordinance 27, and hiring an attorney to advise the amendments at a Special Meeting when the General Manager was not present, created a false sense of urgency, and lead to the poorly informed, hostile discourse that took place on 3/29. In addition to placing time for Public Comments at the end of your agendas, your choice to conduct initial Blackwater negotiations in an Ad Hoc committee behind close doors, makes it appear as though you are subverting informed participation in an important decision-making process, that will significantly impact the future of McCloud.
2. Many of the amendments recommended for Ordinance 27 came directly from the MASWC contract. After excluding public participation in the Ad Hoc meetings, you disregarded public comment in the revised amendments, illustrating your tendency to accept direction from private interests, while rejecting guidance from public interests.
3. Over the past couple of weeks, you stated that once Blackwater closes escrow, all they have to do is request a hook-up and MCS D will be obligated to turn on the spigot. If this is true, amendments to Ordinance 27 effectively serve as their contract. This underscores our need to slow down, proceed cautiously, engage public input, and not rush the process of changing our water laws to accommodate new industrial users.

Many community groups and citizens have been defending the small rural communities of southern Siskiyou County against the predatory tactics of the water industry for two decades. Amidst rising risks of drought and wildfire throughout the region, we should honor, not squander, our water. Especially considering how many rely upon us (Mount Shasta) to continue providing headwaters to the thirstiest state in the nation.

The McCloud Watershed Council (MWC) and others have been working to restore ecosystems, repair water infrastructure, and accelerate alternatives to the resource extraction industries. Restoration promises more high-quality, living-wage jobs than water-bottling could ever produce. To maximize our potential in the restorative industries, and

maintain sufficient supplies for fire protection, McCloud and every source water community in California, must prioritize alternatives to new, unnecessary, consumptive uses of water.

The MCS D declines to participate in comprehensive planning that addresses adjacent mill site and rail yard properties, claiming that such activities are beyond your jurisdiction. In 2018, the MCS D denied endorsing a grant application for Panther Creek flood mitigation, also claiming that such an action would exceed your jurisdiction. In 2020, MCS D was awarded half a million in grant funds to upgrade McCloud's water infrastructure, which MWC was instrumental in obtaining. I am curious, what gives you the jurisdiction to engage in the economic development activity of negotiating with industrial water corporations? And what will it take for the MCS D to support local organizations working to address real needs in McCloud?

Mount Shasta is the crown jewel of California's water, and the water-bottling industry knows it. They arrived in Siskiyou County in the 1990s, and they have been writing our water laws ever since. In the past 20 years there have been many attempts to exploit Mount Shasta communities by privatizing massive quantities of clean, cold spring water flowing through the McCloud, Upper Sacramento and Shasta River watersheds. Industry tactics have been divisive, and our capacity to generate genuine prosperity has been stifled. Look no further than Weed to see how expensive doing business with the water industry can be. McCloud is the only one of Mount Shasta's three watersheds that hasn't been depleted by water-profiteers, so far.

McCloud residents and businesses deserve to know what Blackwater proposes. And we need to ask if industrial water bottling could compromise superior economic rejuvenation opportunities that minimize impacts to the environment? Elected officials must stop enabling corporate bullies to take advantage of our retired timber towns. When local government stops favoring private over public interests, it will encourage informed participation in local decision-making processes.

When deliberating critical issues of common concern, please consider a more conservative approach that engages citizens along the way. Only then will we know; what are our shared priorities, and what is truly in the best interest of our strategic source water community. Our town relies upon MCS D to stand strong, and uphold the long-term interests of local businesses and residents already invested in McCloud.

Sincerely,

Angelina Cook

McCloud Watershed Council, Director
Great Exchange Thrift Shop, President
(530) 859-2083
PO Box 1117
McCloud, CA 96057
www.mccloudwatershedcouncil.org

MCSO BOARD OF DIRECTORS
April 26, 2021

AGENDA SUPPORTING DOCUMENT
Agenda Item No. 6B
Finance Officer's Report

1. Insurance Values

The attached spread sheets show the actual billing from the 2020/21 year and an estimate of the 2021/22 year based on the current asset values and a projected rate increase. SDRMA gave us a preliminary estimate of \$84,000 for the 2020/21 year for the current assets and District liability.

Our assets are based on original costs with a COLA adjustment each year that comes from SDRMA.

Vehicles are only allowed to be insured for current fair market value and not replacement costs. It is important to discuss the amount and type of coverage including comprehensive and collision for the vehicles considering the age and actual replacement values.

Replacement value for the buildings and nonvehicle content is allowed and a discussion as to the level of coverage is also necessary.

One factor to consider in this discussion is the set-aside funds that are for the replacement of assets and how that is expected to affect the valuation of said assets for insurance purposes.

Inventory ID	Description	Address/Identifier	2020-21 Asset Value	2020-21 Contents Value	2020-21 Total Asset Value	2020-21 SDRMA Premium	2021-22 Asset Value	2021-22 Contents Value	2021-22 Total Asset Value	2021-22 SDRMA Premium	Estimated Replacement Cost	Estimated Replacement Premium
12	Ditch Witch RT45	11278471	\$44,909.00	N/A	\$44,909.00	\$800.90	\$44,909.00	N/A	\$44,909.00	\$800.90	\$49,909.00	\$890.07
13	John Deere	T0410GX960225	\$110,000.00	N/A	\$110,000.00	\$1,961.72	\$110,000.00	N/A	\$110,000.00	\$1,961.72	\$150,000.00	\$2,675.07
14	John Deere 624K Loader	1DW624KZECE648986	\$220,000.00	N/A	\$220,000.00	\$3,923.44	\$220,000.00	N/A	\$220,000.00	\$3,923.44	\$280,000.00	\$4,993.47
16	Mounted Wacker Neuson Generator G:	20000249/5943240	\$15,000.00	N/A	\$15,000.00	\$267.51	\$15,000.00	N/A	\$15,000.00	\$267.51	\$15,000.00	\$267.51
17	Pipehunter Sewer Vac	1T9P32128BP391677	\$116,877.00	N/A	\$116,877.00	\$2,084.36	\$116,877.00	N/A	\$116,877.00	\$2,084.36	\$180,000.00	\$3,210.08
23	John Deere Lawnmower Mower and Dt	40341/10501	\$10,000.00	N/A	\$10,000.00	\$178.34	\$10,000.00	N/A	\$10,000.00	\$178.34	\$20,000.00	\$356.68
10	Ditch WitchJT922	SS	\$117,865.00	N/A	\$117,865.00	\$2,101.98	\$117,865.00	N/A	\$117,865.00	\$2,101.98	\$122,865.00	\$2,191.15
11	Ditch Witch RT12 Trencher	JC0001729	\$11,310.00	N/A	\$11,310.00	\$201.70	\$11,310.00	N/A	\$11,310.00	\$201.70	\$16,310.00	\$290.87
2	#2 S2B Single Axle Trailer 2013	T-1200B	\$3,095.00	N/A	\$3,095.00	\$57.14	\$3,095.00	N/A	\$3,095.00	\$57.14	\$5,000.00	\$92.31
3	Single Axle trailer 2013		\$600.00	N/A	\$600.00	\$11.08	\$600.00	N/A	\$600.00	\$11.08	\$1,000.00	\$18.47
15	2007 Kenworth 4x4 Wildland Fire Eng	1954	\$334,869.00	N/A	\$334,869.00	\$2,196.25	\$334,869.00	N/A	\$334,869.00	\$2,343.59	\$390,000.00	\$2,729.43
18	2000 Ford F-350 P/up Utility	2399	\$31,944.00	N/A	\$31,944.00	\$1,661.08	\$31,944.00	N/A	\$31,944.00	\$1,759.30	\$85,000.00	\$4,681.33
20	1946 Federal Fire Truck	3847	\$4,501.00	N/A	\$4,501.00	\$753.85	\$4,501.00	N/A	\$4,501.00	\$1,022.61	\$4,501.00	\$1,022.61
21	2012 Dodge	16630	\$99,476.00	N/A	\$99,476.00	\$1,794.42	\$99,476.00	N/A	\$99,476.00	\$1,892.64	\$150,000.00	\$2,853.91
23	2007 Dodge Ram 1500/ F Chief	4949	\$25,000.00	N/A	\$25,000.00	\$1,176.17	\$25,000.00	N/A	\$25,000.00	\$1,244.93	\$50,000.00	\$2,489.86
28	2001 Ford Super Duty P/up 600	5417	\$26,224.00	N/A	\$26,224.00	\$1,504.19	\$26,224.00	N/A	\$26,224.00	\$1,572.90	\$11,000.00	\$659.77
90	1977 Mack Fire Truck	1160	\$102,200.00	N/A	\$102,200.00	\$2,196.25	\$102,200.00	N/A	\$102,200.00	\$2,343.59	\$390,000.00	\$8,943.25
page 1 of 3	2005 Chevy Horton Ambulance	520	\$114,706.00	N/A	\$114,706.00	\$1,794.42	\$114,706.00	N/A	\$114,706.00	\$1,892.64	\$170,000.00	\$2,804.99
122	2019 International 7400	64629	\$169,992.00	N/A	\$169,992.00	\$4,996.13	\$169,992.00	N/A	\$169,992.00	\$5,143.47	\$220,000.00	\$6,656.57
123	2019 International Durastar 44	64652	\$204,148.00	N/A	\$204,148.00	\$6,515.41	\$204,148.00	N/A	\$204,148.00	\$6,760.97	\$220,000.00	\$7,285.96
124	2006 Ford F-150	57919	\$11,000.00	N/A	\$11,000.00	\$993.52	\$11,000.00	N/A	\$11,000.00	\$1,062.28	\$11,000.00	\$1,062.28
127	2004 Ford CC 4x4 flat bed	677	\$50,109.00	N/A	\$50,109.00	\$2,083.06	\$50,109.00	N/A	\$50,109.00	sold	sold	sold

Inventory ID	Description	Address/Identifier	2020-21 Asset Value	2020-21 Contents Value	2020-21 Total Asset Value	2020-21 SDRMA Premium	2021-22 Asset Value	2021-22 Contents Value	2021-22 Total Asset Value	2021-22 SDRMA Premium	Estimated Replacement Cost	Estimated Replacement Premium
128	2020 International CV 4X4	96510	N/A	N/A	N/A	N/A	\$95,934.00	N/A	\$95,934.00	5143.47	\$110,000.00	\$5,897.61
			2020-21 Total Asset Value	2020-21 Total Contents Value	2020-21 Total Assets Value	2020-21 Total SDRMA Premium	2021-22 Total Asset value	2021-22 Total Contents value	2021-22 Total Assets value	2021-22 Total SDRMA Premium	Total Estimated Replacement Cost	Total Estimated replacement premium
TOTALS			\$6,169,236.00	\$540,375.00	\$6,709,611.00	\$52,814.92	\$6,539,365.00	\$553,559.00	\$7,092,924.00	\$58,130.27	\$11,050,585.00	\$85,388.23
	Umbrella costs (estimate)					\$39,000.00				\$25,900.00		\$25,900.00
	Total Insurance Costs (estimate)					\$91,814.92				\$84,030.27		\$111,288.23

* ... Over spent expenditure

Claim/	Check	Invoice #/Inv Date/Description	Vendor #/Name/	Document \$/ Line \$	Disc \$	PO #	Fund	Org	Acct	Object	Proj	Cash
10013	First	1158 Benjamin Garcia	1158 Benjamin Garcia	40.00								
		03/31/21 First Quarter 2021 Points	Points	40.00*			1040	402000	380			101000
		Total for Vendor:		40.00								
		*** Claim from another period (3/21) ****		190.00								
10018	First	1132 Bob Masciola	1132 Bob Masciola	190.00*								
		03/31/21 First Quarter 2021 Points	Points	190.00*			1040	402000	380			101000
		Total for Vendor:		190.00								
		*** Claim from another period (3/21) ****		431.85								
10019	First	1135 Cindy Miller	1135 Cindy Miller	431.85*								
		03/31/21 First Quarter 2021 Points	Points	431.85*			1040	402000	380			101000
		Total for Vendor:		431.85								
		*** Claim from another period (3/21) ****		387.90								
10012	First	1140 Dan Fay	1140 Dan Fay	387.90*								
		03/31/21 First Quarter 2021 Points	Points	387.90*			1040	402000	380			101000
		Total for Vendor:		387.90								
		*** Claim from another period (3/21) ****		50.00								
10024	First	1162 David Wolfe	1162 David Wolfe	50.00*								
		03/31/21 First Quarter 2021 Points	Points	50.00*			1040	402000	380			101000
		Total for Vendor:		50.00								
		*** Claim from another period (3/21) ****		10.00								
10010	First	1155 Elizabeth Buckley	1155 Elizabeth Buckley	10.00*								
		03/31/21 First Quarter 2021 Points	Points	10.00*			1040	402000	380			101000
		Total for Vendor:		10.00								
		*** Claim from another period (3/21) ****		283.95								
10008	First	1136 Jack Borden	1136 Jack Borden	283.95*								
		03/31/21 First Quarter 2021 points	points	283.95*			1040	402000	380			101000
		Total for Vendor:		283.95								

* ... Over spent expenditure

Claim/	Check	Invoice #/Inv Date/Description	Vendor #/Name/	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
10015		1137 Jeff Gray		123.95					
First		Quarter 2021 Points							
		03/31/21 First Quarter Points		123.95*			1040 402000	380	101000
		Total for Vendor:		123.95					
		*** Claim from another period (3/21) ****		410.00					
10016		1121 Jessie Gray		410.00*					
First		Quarter 2021 Points							
		03/31/21 First Quarter 2021 Points		410.00*			1040 402000	380	101000
		Total for Vendor:		410.00					
		*** Claim from another period (3/21) ****		240.00					
10021		1152 JOSHUA J. STREY		240.00*					
First		Quarter 2021 Points							
		03/31/21 First Quarter 2021 Points		240.00*			1040 402000	380	101000
		Total for Vendor:		240.00					
		*** Claim from another period (3/21) ****		100.00					
10022		1131 Kirk Thomsen		100.00*					
First		Quarter 2021 Points							
		03/31/21 First Quarter 2021 Points		100.00*			1040 402000	380	101000
		Total for Vendor:		100.00					
		*** Claim from another period (3/21) ****		60.00					
10011		1156 Matthew Dalleske		60.00*					
First		Quarter 2021 Points							
		03/31/21 First Quarter 2021 Points		60.00*			1040 402000	380	101000
		Total for Vendor:		60.00					
		*** Claim from another period (3/21) ****		70.00					
10025		1163 Mike Worthington		70.00*					
First		Quarter 2021 Points							
		03/31/21 First Quarter 2021 Points		70.00*			1040 402000	380	101000
		Total for Vendor:		70.00					
		*** Claim from another period (3/21) ****		163.95					
10014		1159 Nate Girard		163.95*					
First		Quarter 2021 Points							
		03/31/21 First Quarter 2021 Points		163.95*			1040 402000	380	101000
		Total for Vendor:		163.95					

* ... Over spent expenditure

Claim/	Check	Invoice #/Inv Date/Description	Vendor #/Name/	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
10017		1153 SHANE HARRIS		120.00					
		First Quarter 2021 Points							
		03/31/21 First Quarter 2021 Points		120.00*			1040 402000	380	101000
		Total for Vendor:		120.00					
		*** Claim from another period (3/21) ****		181.85					
10020		1160 Steve Richardson		181.85*					
		First Quarter 2021 Points							
		03/31/21 First Quarter 2021 Points		181.85*			1040 402000	380	101000
		Total for Vendor:		181.85					
		*** Claim from another period (3/21) ****		10.00					
10009		1150 TERRY BORDEN		10.00*					
		First Quarter 2021 points							
		03/31/21 First Quarter 2021 points		10.00*			1040 402000	380	101000
		Total for Vendor:		10.00					
		*** Claim from another period (3/21) ****		411.85					
10023		1161 Trent Vogus		411.85*					
		First Quarter 2021 Points							
		03/31/21 First Quarter 2021 Points		411.85*			1040 402000	380	101000
		Total for Vendor:		411.85					
		# of Claims		18					
		Total:		3,285.30					

Fund/Account	Amount
1040 FIRE 101000 Operating Cash	\$3,285.30
Total:	\$3,285.30

The foregoing claims are approved for payment in the manner provided by Resolution #3, dated November 8, 1965."

Prepared by: _____

Reviewed by: _____

Claims Total: \$12,079.29

Signature #1 _____

Signature #2 _____

Signature #3 _____

Signature #4 _____

Signature #5 _____

Claim/	Check	Invoice #/Name/ Vendor #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
9995		117 NORTHLAND CABLE - MCSD DISTRICT OFFICE PHONE, INTERNET, EQUIPMENT	298.33					
		APR 2021 04/02/21 OFFICE PHONE, INTERNET, EQUI	298.33			1010 402000	320	101000
		Total for Vendor:	298.33					
9996		1143 NORTHLAND APRIL PHONE & INTERNET	137.14					
		APR 2021 04/02/21 OFFICE PHONE & INTERNET	137.14*			1020 402000	320	101000
		Total for Vendor:	137.14					
		*** Claim from another period (3/21) ****						
9992		126 PACIFIC POWER - 007 4 STREET MARCH STREET LIGHTS	1,348.13					
		MAR2021 04/02/21 MAR STREET LIGHTS	1,348.13			1060 403000	450	101000
		Total for Vendor:	1,348.13					
		*** Claim from another period (2/21) ****						
10026		1092 Prentice, Long & Epperson Audit letter	35.00					
		4223 04/01/21 Audit letter	35.00			1010 402000	390	101000
		Total for Vendor:	35.00					
9991		1048 Silver Rockets MONTHLY WEBSITE MAINTENANCE	50.00					
		000806 04/10/21 MONTHLY WEBSITE MAINTENANCE	50.00*			1010 402000	396	101000
		Total for Vendor:	50.00					
9990		255 VERIZON WIRELESS - MCSD MONTHLY CELL PHONE SERVICE	320.65					
		APR2021 04/23/21 CELL PHONES	120.03			1010 402000	320	101000
		APR2021 04/23/21 PWS, ON CALL, GM PHONE	100.50			1010 402000	320	101000
		APR2021 04/23/21 FIRE CHIEF AMBULANCE	100.12*			1040 402000	320	101000
		Total for Vendor:	320.65					
		# of Claims	21					
		Total:	19,360.72					

BANNER BANK
* ... Over spent expenditure

Claim/	Check	Invoice #/Inv Date/Description	Vendor #/Name/	Document #/	Disc \$	PO #	Fund Org Acct	Object Proj	Cash
				Line \$					Account
10028		1046 James Marta & Company LLP		4,300.00					
	Final	2018/19 Audit Billing							
		1900 04/16/21 Final 2018/19 Audit Billing		4,300.00		725016	1010 402000	391	101000
		Total for Vendor:		13,300.00					
10000		1173 JOE DEWITT		23.00					
	Re-imb	bursement for Live-Scan							
		S.C. Shriff 04/04/21 Live Scan Reimbursement		23.00*			1040 402000	345	101000
		Total for Vendor:		23.00					
10036		396 JW WOOD		453.64					
	Water	Repair Inventory							
		R712531 04/13/21 Galvanized Coupling (2)		18.32			3000 403000	400	101000
		R712531 04/13/21 Ball Valve (2)		137.44			3000 403000	400	101000
		R712531 04/13/21 Rector Seal (2)		45.24			3000 403000	400	101000
		R712531 04/13/21 G05 Box (5)		252.64			3000 403000	400	101000
		Total for Vendor:		453.64					
		*** Claim from another period (3/21) ****							
9999		1172 MEMMER, JETTUS		92.00					
	Reimburse	ment for DMV & Live Scan							
		UPS Store 04/05/21 REIMBURSE FOR DMV & LIVE SC		92.00*		724689	1040 402000	345	101000
		Total for Vendor:		92.00					
9988		1171 MILLS, ANDREA		127.73					
	VOICE	RECORDER FOR DISTRICT SECRETARY							
		BESTBUY 04/11/21 VOICE RECORDER FOR SEC'Y		127.73		724963	1020 403000	410	101000
		Total for Vendor:		127.73					
9994		116 NORTHLAND CABLE - FIRE		92.72					
	APR	FIRE PHONE & INTERNET							
		APR 2021 04/02/21 APRIL PHONE & INTERNET		92.72*		1040	402000	320	101000
		Total for Vendor:		92.72					

BANNER BANK
* ... Over spent expenditure

Claim/	Check	Invoice #/Name/ Vendor #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
		0365529 03/09/21 (12) District Pad Locks	168.56		724976	1010 403000	400	101000
		DmpTrk 03/10/21 26.745 gal @ \$3.73 3,252 mi	100.00		724978	1090 403000	420	101000
		03/16/21 EE Comm'l Permit-Physical+DMV	38.98*		725004	2000 402000	345	101000
		03/16/21 EE Comm'l Permit-Physical+DMV	38.98*		725004	3000 402000	345	101000
		03/16/21 EE Comm'l Permit-Physical+DMV	19.49*		725004	1050 402000	345	101000
		03/16/21 EE Comm'l Permit-Physical+DMV	97.46*		725004	1090 402000	345	101000
		Dmp Trk 03/17/21 26.048 gal @ \$3.839 3,458 mi	100.00		724980	1090 403000	420	101000
		PrsnCarRei 03/23/21 6.25 gal @ \$3.99 Mar Wtr S	25.01*		724980	3000 403000	430	101000
		DmpTrk 04/02/21 26.048 gal @ \$3.839 3,593 mi	100.00		724981	1090 403000	420	101000
		SvcTrk 04/02/21 26.603 gal @ \$3.759 656,441 mi	100.00		724981	1010 403000	420	101000
		SLvr FL50 04/02/21 15.977 gal @ \$3.759 77,22	60.06		724981	1010 403000	430	101000
		Total for Vendor:	1,037.37					
		*** Claim from another period (3/21) ****						
10034		70 FIRST BANKCARD - DISTRICT CARD	229.00					
IT Billings								
		03/07/21 Enplan	29.00*			1010 402000	396	101000
		03/21/21 Microsoft	200.00*			1010 402000	396	101000
		Total for Vendor:	229.00					
		*** Claim from another period (3/21) ****						
10033		69 FIRST BANKCARD - FIRE DEPT	488.37					
Parts for Donated Radio; Safety Supplies (Elec & Gas); Batteries (Radio, SCBA);		Headlamps for Firefighters-ChargeMcCloud River Club Donation						
		Amzn 03/08/21 Radio Microphone	74.00*		724684	1040 403000	400	101000
		Amzn 03/08/21 Radio Cable	14.64*		724684	1040 403000	400	101000
		Amzn 03/08/21 Radio Case	15.86*		724684	1040 403000	400	101000
		Amzn 03/10/21 Calibration Gas	180.18		724904	1040 402000	365	101000
		Amzn 03/10/21 (3) Red/White Flagging	28.89		724904	1040 402000	365	101000
		Amzn 03/10/21 Flagging - (10) Pink,(3) Yellow	57.79		724904	1040 402000	365	101000
		Batteries+ 03/14/21 Case of AA Batteries	63.27*		724685	1040 403000	400	101000
		Costco 03/14/21 (4) C-Battery Packs	23.76*		724907	1040 403000	400	101000
		Costco 03/14/21 (2) Headlamps for Firefighters	29.98*		725005	1040 403000	400	101000
		Total for Vendor:	488.37					
		*** Claim from another period (3/21) ****						
10027		1046 James Marta & Company LLP	9,000.00					
Audit progress billing								
725016		1743 03/01/21 2018/19 audit progress billing	9,000.00			1010 402000	391	101000

BANNER BANK

* ... Over spent expenditure

Claim/	Check	Invoice #/Inv Date/Description	Vendor #/Name/	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object Proj	Cash Account
10001		1138 BDI - M&S Redding		135.16					
	Work Gloves								
		9501789529 04/07/21 LARGE WORK GLOVES		68.18		724982	1010 402000	365	101000
		9501797585 04/12/21 XLARGE WORK GLOVES		66.98		724982	1010 402000	365	101000
		Total for Vendor:		135.16					
9997		277 CROSS PETROLEUM		445.50					
	HEATING-SCOUT HALL AND LIBRARY								
		1463313-IN 04/05/21 LIBRARY 50 @ \$2.93		158.54			1080 403000	440	101000
		1463313-IN 04/05/21 SCOUT HALL 90.5 @ \$2.93		229.57			1070 403000	440	101000
		1463313-IN 04/05/21 SCOUT HALL 90.5 @ \$2.93		57.39*			1010 403000	440	101000
10037		277 CROSS PETROLEUM		451.02					
	Vehicle Fuel 4/1-15/21								
		CL07461 04/15/21 Rear Loader 4/2/16 14,213 mi		110.96			1090 403000	420	101000
		CL07461 04/15/21 Rear Loader 4/6/21 14,305 mi		100.18			1090 403000	420	101000
		CL07461 04/15/21 Side Loader 4/13/21 17,360 mi		62.62			1090 403000	420	101000
		CL07461 04/15/21 Fire Command 1700 4/5/21		33.23*			1040 403000	430	101000
		CL07461 04/15/21 Fire Command 1700 4/13/21		76.17*			1040 403000	430	101000
		CL07461 04/15/21 Medic 17 4/8/21		67.86*			1040 403000	420	101000
		Total for Vendor:		896.52					
		*** Claim from another period (3/21) ****		64.00					
9998		460 DEPT. OF JUSTICE							
	MARCH FINGERPRINT APPS								
		504891 04/05/21 MARCH FINGERPRINT APPS		64.00			1040 402000	392	101000
		Total for Vendor:		64.00					
10035		42 DON R ERICKSON OIL		231.96					
	District Office Heating								
		177923 04/06/21 78 gal @ \$2.77 Dyed Diesel		231.96			1010 403000	420	101000
		Total for Vendor:		231.96					
		*** Claim from another period (3/21) ****		1,037.37					
10032		71 FIRST BANKCARD - DIRECTORS 2							
	Vehicle Fuel, Employee Commercial Permit Application Costs								
		SvcTrk 03/08/21 27.556 gal @ \$3.629 65,520 mi		100.00		724978	1010 403000	420	101000
		0365529 03/09/21 (6) Refuse Pad Locks		88.83		724976	1090 403000	400	101000

Fund/Account	Amount
1010 GENERAL	
101000 Operating Cash	\$14,985.99
1020 DIRECTORS	
101000 Operating Cash	\$264.87
1040 FIRE	
101000 Operating Cash	\$1,037.47
1050 ALLEYS	
101000 Operating Cash	\$19.49
1060 LIGHTS	
101000 Operating Cash	\$1,348.13
1070 PARKS	
101000 Operating Cash	\$229.57
1080 LIBRARY	
101000 Operating Cash	\$158.54
1090 REFUSE	
101000 Operating Cash	\$760.05
2000 SEWER	
101000 Operating Cash	\$38.98
3000 WATER	
101000 Operating Cash	\$517.63
Total:	\$19,360.72

The foregoing claims are approved for payment in the manner provided by Resolution #3, dated November 8, 1965."

Prepared by: 

Reviewed by: _____

Claims Total: \$19,360.72

Signature #1 _____

Signature #2 _____

Signature #3 _____

Signature #4 _____

Signature #5 _____

McCLOUD COMMUNITY SERVICES DISTRICT
Policy and Procedure Manual

POLICY TITLE: Unlawful Harassment Including Sexual Harassment
POLICY NUMBER: 2420
ADOPTED: May 8, 2017
REVIEWED: April 11, 2017
AMENDED:

2420.10 Policy Statement

2420.11 The District strictly prohibits unlawful harassment. All employees, applicants, and independent contractors (“workers”) working with the District are to be treated with respect and dignity. The District is committed to providing an atmosphere free of harassment and discrimination. This includes harassment on the basis of sex, sexual orientation, race, color, ancestry, religious creed, disability, pregnancy or related medical condition, medical condition, age, genetic characteristic, national origin or ancestry, military or veteran status, marital status, gender, gender identity, gender expression, or any other protected class under applicable law.

2420.20 Application

2420.21 This policy applies to all phases of the employment relationship, including recruitment, testing, hiring, upgrading, promotion/demotion, transfer, layoff, termination, rates of pay, benefits, and selection for training.

2420.22 This policy applies to all officers and employees of the District, including, but not limited to, full- and part-time employees, per diem employees, temporary employees, *un-paid Interns, volunteers* and persons working under contract for the District. It prohibits co- workers, third parties, supervisors, and managers from engaging in discrimination, harassment, or retaliatory conduct toward workers.

2420.30 Harassment Defined

2420.31 Harassment may consist of offensive verbal, physical, or visual conduct when such conduct is based on or related to an individual’s sex and/or membership in one of the above-described protected classifications, and:

2420.311 Submission to the offensive conduct is an explicit or implicit term or condition of employment;

2420.312 Submission to or rejection of the offensive conduct forms the basis for an employment decision affecting the employee; or

2420.313 The offensive conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creates an intimidating, hostile, or offensive working environment.

2420.40 Examples

2420.41 Examples of what may constitute prohibited harassment include, but are not limited to the following:

2420.411 Kidding or joking about sex or membership in one of the protected classifications;

2420.412 Hugs, pats, and similar physical contact;

2420.413 Assault, impeding or blocking movement, or any physical interference with normal work or movement;

2420.414 Cartoons, posters, e-mails and other materials referring to sex or membership in one of the protected classifications;

2420.415 Threats intended to induce sexual favors;

2420.416 Continued suggestions or invitations to social events outside the workplace after being told such suggestions are unwelcome;

2420.417 Degrading words or offensive terms of a sexual nature or based on the individual's membership in one of the protected classifications;

2420.418 Prolonged staring or leering at a person;

2420.419 Similar conduct directed at an individual on the basis of race, color, ancestry, religious creed, disability, medical condition, age (over 40), marital status, sexual orientation, gender identity, *gender expression, transgender and sexual stereotyping* or any other protected classification under applicable law.

2420.50 Procedure

2420.51 Internal Reporting Procedure

2420.511 Any employee who believes that he or she or any co-worker has been the victim of sexual or other prohibited harassment by coworkers, supervisors, clients or customers, visitors, vendors, or others must immediately notify his or her supervisor or, in the alternative, the General Manager, depending on which individual the employee feels most comfortable in contacting.

2420.512 Additionally, supervisors who observe or otherwise become aware of harassment that violates this policy have a duty to take steps to investigate and remedy such harassment and prevent its recurrence.

2420.60 Investigation

2420.61 Upon the filing of a complaint with the District, the complainant will be provided with a copy of this policy. The General Manager is the person designated by the District to investigate complaints of harassment. The General Manager may, however, delegate the investigation at his/her discretion. In the event the harassment complaint is against the General Manager, an investigator shall be appointed by the Board of Directors and the Board will assume the role of the General Manager throughout the process. The District will ensure that a prompt and thorough investigation is undertaken and will track progress to ensure timely closure.

2420.70 Internal Documentation Procedure

2420.71 When an allegation of harassment is made by an employee, the person to whom the complaint is made shall immediately prepare a report of the complaint according to the preceding section and submit it to the General Manager.

2420.711 The investigator shall make and keep a written record of the investigation, including notes of verbal responses made to the investigator by the person complaining of harassment, witnesses interviewed during the investigation, the person against whom the complaint of harassment was made, and any other person contacted by the investigator in connection with the investigation. The investigator's notes shall be made at the time the verbal interview is in progress. Any other documentary evidence shall be retained as part of the record of the investigation. Upon completion of the investigation, the results (i.e., the finding only) shall be given to the complainant, the alleged harasser, and the General Manager. All information obtained in connection with the investigation shall remain confidential to the extent possible.

2420.712 Based on the report and any other relevant information, the General Manager shall, within a reasonable period of time, determine whether the conduct of the person against whom a complaint has been made constitutes harassment. In making that determination, the General Manager shall look at the record as a whole and at the totality of circumstances, including the nature of the conduct in question; the context in which the conduct, if any, occurred; and the conduct of the person complaining of harassment. The determination of whether harassment occurred will be made on a case-by-case basis by the General Manager.

2420.80 Remedies

2420.81 Disciplinary Action:

2420.811 If the General Manager determines that the complaint of harassment is founded, the General Manager, in connection with appropriate management, shall take immediate and appropriate disciplinary action consistent with the requirements of law and any personnel rules or regulations pertaining to employee discipline. Other steps may be taken to the extent reasonably necessary to prevent recurrence of the harassment.

2420.812 Disciplinary action shall be consistent with the nature and severity of the offense, the rank of the harasser, and any other factors relating to the fair and efficient administration of the District's operations.

2420.90 Confidentiality

2170.91 All records and information relating to the investigation of any alleged harassment and resulting disciplinary action shall be confidential, except to the extent disclosure is required by law, as part of the investigatory or disciplinary process, or as otherwise reasonably necessary.

2420.100 Reports to DFEH

2420.110 In addition to this policy, the State of California Department of Fair Employment and Housing ("DFEH") provides additional information regarding the legal remedies and complaint process available through government agencies. If a worker thinks he or she has been harassed, discriminated against, or that he or she has been retaliated against for complaining, that person may file a complaint or obtain additional information from DFEH at (800) 884-1684. Charges filed with the DFEH are investigated by the DFEH.

2420.110 Retaliation

2420.111 Retaliation against anyone for opposing conduct prohibited by this policy or for filing a complaint with or otherwise participating in an investigation, proceeding or hearing conducted by the District, DFEH, or FEHC is strictly prohibited by the District and state regulations. It may subject the offending person to, among other things, disciplinary action, up to and including, termination of employment.

2420.120 Employee Obligation

2420.121 Employees are not only encouraged to report instances of harassment; they are obligated to report instances of harassment.

2420.122 Employees are obligated to cooperate in every investigation of harassment, including, but not necessarily limited to:

2420.123 Coming forward with evidence, both favorable and unfavorable to a person accused of harassment; and

2420.124 Fully and truthfully making a written report or verbally answering questions when required to do so during the course of a District investigation of alleged harassment.

2420.125 Knowingly, falsely accusing someone of harassment or otherwise knowingly giving false or misleading information in an investigation of harassment shall be grounds for disciplinary action, up to and including, termination of employment.

McCloud Volunteer Fire Department

PO Box 640 McCloud, CA 96057

(530) 964-2017

“Always Ready – Always Willing”



SHIFT FIREFIGHTER PROGRAM PROPOSAL

SHIFT FIREFIGHTER PROGRAM

Objectives and Overview

The McCloud Fire Department Shift Firefighter Program will strive to provide at least ten (10) trained firefighter/emergency medical service staff on a shift schedule as part of the McCloud Volunteer Fire Department. This program is necessary to ensure the that the mission of the fire department is achieved.

The program is intended to address two major objectives:

- The first focuses on providing a level of service to the community that will meet emergency response needs, as well as day to day station responsibilities without becoming a financial hardship to the citizens of the community.
- The Shift Firefighter Program provides an opportunity for interested individuals to further their fire service professional development by becoming affiliated with the agency. Program members will regularly participate in fire and EMS training and education that assists them in potentially becoming a professional firefighter/EMS provider. Shift Firefighters can also expect to participate in special projects, meetings, personal development, and public education/relation work within the community, alongside staff and volunteers. Shift Firefighters will also respond to emergency incidents and work under the direct supervision of the on-duty Chief Officer (Duty Chief).

Shift Program Benefits to Shift Firefighters

The Shift Program is designed to offer program members the opportunity for training and response experience in a firehouse setting. For those that are seeking a career in the fire service or emergency medical services fields, the program provides the opportunity for advanced fire service training and incident response experience. Another major benefit to program members is that the MCFD Administrative staff are qualified to sign off CA State Fire Marshal's Firefighter 2 Taskbooks. Successful candidates also can receive letters of recommendation from our department that can greatly aid them in their pursuit of employment.

Application and Requirements

To ensure quality of the program it is essential that all participants have a good understanding of the requirements and expectations of the program. Volunteers that choose to participate will be required to read and sign the "Shift Program Agreement" and attend a program orientation. This program will follow Equal Opportunity Policies. The Shift Program offers opportunity to both male and female alike, promoting a co-ed environment. It is expected that all participants will have the utmost respect for one-another.

There are three levels of eligibility.

- Graduation from an approved fire academy.
 - Must possess Firefighter 1 certification.
 - Must possess a minimum of Title 22 First Responder medical certification.
 - Possess a valid class C driver license.
 - **Must provide live scan, fit test and NFPA 1583 Medical Physical.**
 - Approval from the MCSD General Manager and the MCFD Fire Chief.

- Be a currently enrolled student in good standing at an approved Firefighter 1 academy or an approved EMS program.
 - Must possess a minimum of Title 22 First Responder medical certification.
 - Valid class C driver license.
 - **Must provide live scan, fit test and NFPA 1583 Medical Physical.**
 - Approval from the MCSD General Manager and the MCFD Fire Chief.

- Be a member of another fire department.
 - Program member must provide a letter from their Fire Chief confirming position requirements (Live Scan, NFPA 1583 Medical Physical and fit test) are met and the outside agency will provide workers compensation insurance for the participant.
 - Must provide their home department personal protective equipment.
 - Approval from the MCSD General Manager and the MCFD Fire Chief.

Shift scheduling

A Shift Firefighter will be required to work at least four 8-hour shifts per month (Minimum 36 hours). Scheduling of a shift by a program member is a commitment to the fire department and to the community we serve. It must be taken very seriously. While allowances can and will be made for special circumstances, continued disregard, and failure to keep scheduling commitments or not follow policies will result in termination from the program. In the case of sickness or a family emergency, a minimum 24-hour notice requesting a schedule change is acceptable. The Duty Chief will assist the Shift Firefighter in finding a replacement.

Shift duty assignments

The priority for duty crews is to be ready and available for response as needed. The maintaining of crew integrity is essential. In addition, it is the responsibility of all members of a duty crew to participate in all daily assignments including but not limited to

- Station duties assignments
- Training assignments
- Apparatus and equipment maintenance/cleaning assignments,
- Public education and fire prevention assignments
- Community events as scheduled

The Duty Chief will communicate the shift activities to all crew members at the beginning of each shift and will update the Duty Chief (next shift) of the status of assignments.

Each duty crew is required to complete a minimum of one hour of training per shift. Training can be tailored to match current department training topics, EMS related topics and can be assigned as computer-based training as weather dictates.

Station maintenance and cleanliness

Fire Department property should be in a condition that is presentable to the public at all times. Personnel participating in the Shift Program are expected to take pride and ownership in the duty quarters being provided as well as all fire Department property. The Duty Chief is responsible for the overall daily maintenance of duty quarters and will see that the following station maintenance plan is strictly adhered to.

- Ensure all kitchen areas are clean and neat All foods shall be purged when expired.
- All shared duty spaces are to be kept clean of debris, waste, garbage, clothing items and general clutter.
- Trash cans in all areas are to be emptied daily or as needed.
- Bathroom areas, showers, sinks and toilets are to be kept clean at all times.
- Floors in all areas of the duty quarters are to be maintained as needed.
- Occasional repairs and or additional maintenance of the facility will be assigned as needed as part of a shift assignment by the Duty Chief.

Dress code and hygiene requirements

All Shift Program members are expected to maintain a high level of personal hygiene. Uniforms are required to be clean and in good condition; rips, tears and holes in clothing is unacceptable. While on duty, identifiable McCloud Fire Department t-shirts are to be worn. Uniform shirts and pants are to be worn during any community presentation or event and during fire inspection, shopping, or other department activities.

Response guidelines

On-duty Shift Firefighters are expected to be always available during their assigned shift for emergency response to incidents with-in the McCloud Fire Department response policies (MCSD Policy 7080). The duty crew is not to re-assign themselves to another response while on a response without a direct order to do so by the Duty Chief.

Program Costs

Program Year July 1, 2021 to June 30, 2022

Item	Quantity	Cost	Total
Worker's Compensation	10/Year	\$309.00 could increase per Mike Q.	\$3,000.00
Worker's compensation could be offset if a program member qualifies for the COS work experience program.			
Department Uniform & T Shirt	10	\$24.00	\$240.00
Utility Costs	12 (Months)	\$50.00 increase	\$600.00
Vehicle fuel (drivers training)	12 (Months)	\$50.00/month	\$600.00

Above costs can be offset by donations, grants and revenue generation.

Shift firefighters will provide Live Scan, NFPA 1583 Medical Physical and Fit test prior to being allowed to participate.

Personal Protective Equipment (PPE)

The average cost of a full set of Structural Firefighter Turnout Gear is \$2664.90.

- The CA State Firefighters Association (CSFA) has grant programs that reimburse departments for full sets of personal protective equipment to program members that possess a Firefighter 1 certificate and an NFPA 1583 Medical Physical. We will strive to recruit members that meet these requirements, and we will apply for this grant for every member that meets the requirements.

To begin the program, we will utilize current structural firefighter PPE that is NFPA approved. We propose to buy additional sets of PPE for this program through a donation drive.

Shift Program Agreement

Upon selection for the Shift Program, each firefighter will be required to sign an agreement (see Appendix B) with McCloud Fire Department. The signed agreement will be retained by the Fire Department and kept in the firefighter's personnel file.

Appendix B Shift Program Agreement

It is hereby agreed between _____ (Shift Firefighter) and the McCloud Fire Department (“Department”) as follows:

1. Acceptance

The Department accepts the firefighter named above as a volunteer firefighter/EMS responder member of the Department and participant in the Shift Program subject to the terms and conditions of this agreement.

2. Status

Shift Firefighter understands and agrees to the status of volunteer only, without expectation of compensation for services.

3. Termination

Shift Firefighters are at will and may be terminated at any time with or without cause.

4. Rules and Procedures

Shift Firefighters shall comply with all Department rules, policies, and procedures, and with the terms and conditions of this agreement at all times. Non-compliance may subject firefighter to discipline up to and including suspension or termination. Outside agency participants are required to comply as stated above. Any disciplinary action regarding an outside agency participant will include determination from the participants’ Fire Chief and/or his/her designee. The Department has the right to and may alter, amend, or in any way change the rules and procedures or any aspect of Department operations at any time without prior notice to the firefighter.

5. Status of Quarters

The Department shall retain custody and control of the resident quarters, which is public property subject to visitation and inspection by Department personnel and shall establish rules for its condition and use which shall be complied with by the resident.

6. Performance and Duty Schedule

The Shift Firefighter understands and acknowledges that the essence of the Shift Program is to maintain qualified firefighter/EMS personnel in the station for emergency response. Compliance with predetermined standards of training attendance, task performance abilities, alarm response, and maintenance of program participation requirements are reasonable and necessary.

Signed; _____ (Shift Firefighter) Date: _____

Signed; _____ (Fire Chief) Date: _____

The following pages will be utilized to advise prospective program candidates what to expect as well as be a guide for them when they are performing duties at the station.

MCLOUD FIRE DEPARTMENT

SHIFT FIREFIGHTER GUIDE



Shift Firefighter

Name: _____

Start Date: _____

MCLOUD FIRE DEPARTMENT

SHIFT FIREFIGHTER GUIDE

- **Glossary** **Page 2**
- **Shift Firefighter Orientation** **Page 3**
- **Firefighter Priorities** **Page 4**
- **Firehouse Etiquette** **Page 5**
- **Fire Department Rules and Responsibilities** **Pages 7 & 8**
- **Daily Cleaning List** **Page 9 & 10**
- **Items Loaned/Inventory** **Page 11**
- **Shift Firefighter Guide Acknowledgement** **Page 13**
- **Apparatus/Equipment Check Off List** **Page (add)**
- **Work Experience Minimum Safety Training: 4300** **Page (add)**
- **Shift Firefighter Evaluation Form** **Page (add)**

SHIFT FIREFIGHTER ORIENTATION

The position you have earned as Shift Firefighter for the McCloud Fire Department is well-respected position. The McCloud Fire Department is a professional, highly respected, and valued fire department. The citizens of McCloud that you now serve, view you as a professional in the fire service. They call on the McCloud Fire Department to be there for them 24/7/365. The McCloud Fire Department demands that each Shift Firefighter respects every single member of the community. We strive to make our department one of the finest in the county. In order to maintain this high standard, we require a truly professional attitude from you at all times. We will accept nothing less.

We expect 100% from you all the time. **A strong work ethic, positive attitude, and genuine interest in performing this job at your highest level are the keys to developing the teamwork that allows a crew to function at its highest level and will make you successful in your career.** Heart is the number one trait that separates real firefighters than those who just do the minimum to get by. Take pride in being part of this department, take the initiative to be a top performer. By having pride and taking the initiative, you will no doubt have success with the McCloud Fire Department and it turn this will assist you in your chosen path to a lifelong career in the fire service. Be the best firefighter you can be. You will quickly gain respect from your superiors as well as your fellow firefighters. Former McCloud firefighters now work throughout the State of California and we hope to have a very successful hiring rate out of this Fire Department. Take advantage of this opportunity and make the best of it.

Our department goals & expectations are attached. Refer to them often. They include performing all duties in a safe manner, providing the highest quality of service to the public, and continuously maintaining the equipment and facilities. Through training and extra effort from everyone, we shall maintain a skilled, efficient, and honorable Fire Department.

SHIFT FIREFIGHTER FIREHOUSE ETIQUETTE

1. Always address officers by their proper title unless instructed otherwise.
2. Notify your supervisor when guests enter the station.
3. Never leave the station without approval of the officer in charge; always notify the officer in charge when you return to the station.
4. RESPECT CLOSED OFFICE DOORS. Knock and wait for acknowledgement before entering.
5. Ask for clarification on information that you do not understand.
6. STUDY! STUDY! STUDY! You must take care of your school matters. Notify the Fire Chief or Duty Chief if you are having difficulty with studies. School comes first at all times!
7. Show the utmost RESPECT to fellow firefighters.
8. Take the initiative. Find things to do. Don't wait to be told what to do.
9. The following are rules concerning your turnout gear.
 - ALWAYS know the location of your gear.
 - Keep turnout gear in your locker if not at the station or on duty.
 - Check your turnout gear daily for readiness.
 - Turnouts are expensive keep them clean and in good condition.
 - NEVER leave your gear on the fire apparatus when going off duty, and ALWAYS bring it with you.
 - Practical jokes involving turnout gear is not acceptable and will not be tolerated.
10. Be aware of your riding assignment, the duties, tasks, and responsibilities.
11. Make a special effort to notify anyone in the station when guests are present.
12. The Driver is the Operator and Company Officer of the apparatus unless told otherwise.
13. Maintain a professional appearance. Clean, neat uniform, clean boots, clean shaven.

14. Do not leave personal belongings around. Store them in their proper place.
15. Answer the station phone as quickly as possible. Take detailed messages and initial after the message.
16. Turn off unused lights, televisions, radios, etc.
17. "Do Dirty Work!" Take the initiative, keep yourself busy all day.
18. Lounging or watching television during work hours is unacceptable without prior authorization.
19. Clean up after yourself AT ALL TIMES. You are responsible for your own mess.
20. If you are the last one at the station, lock all doors and windows prior to leaving.
21. Be considerate of using profanity.
22. Clean up after each meal. No dishes should be left in the sink.
23. Purchase extra uniform clothing. You may be on shift unexpectedly. Wash your clothes regularly.
24. Stay physically fit! Work out for at least 1 hour of each duty day.
- 25. Don't talk negatively or spread rumors about others. EVER!**
26. Follow HIPPA laws. Don't talk about victims or patients of calls outside of the firehouse.
27. Be polite, respectful, and civil to the public. In order to remain a member of McCloud Fire Department you must maintain its valued public image.
28. Always have your pager on and listen to the radio. Keep a writing utensil with you to write down addresses and vital dispatch information.

You will occasionally see your fellow workers and officers do things that you have been told not to do. Do not assume that anyone else's wrong actions make it right for you to act in the same manner. You must be mature and follow your conscience. Always conduct yourself in a professional manner and it will be seen by other firefighters.

SHIFT FIREFIGHTER RULES

1. If it is your duty day, you will be clean shaven by 0800 hours ready to begin morning cleanup and daily engine checkouts. Do not come to the station unshaven.
2. School comes first. You must maintain at least a 2.50 GPA in your classes.
3. Business hours are from 08:00 to 17:00; keep personal phone use from little to none during business hours.
4. There will be no phone calls on the Fire Department telephones unless for Fire Department business.
5. Washing personal vehicles will be done after 17:00 and will be permitted as long as it is not abused.
6. Drugs and/or alcohol will not be tolerated nor permitted. Zero Tolerance.
7. Report injuries, unsafe practices, safety concerns to the Duty Chief.
8. Work as a team always.

SHIFT FIREFIGHTER RESPONSIBILITIES

1. Maintain the Station in a clean, orderly fashion.
 - A. Floors swept and mopped as needed
 - B. Bathrooms cleaned daily
 - C. Kitchen and dishes clean and put away at all times

2. Personal property and rooms
 - A. Beds made daily
 - B. Clothes hung up and put away
 - C. Rooms will be cleaned and orderly at all times

3. Daily inspections of Engines and Rescue vehicle equipment
 - A. A daily checkout will be done on all equipment (SCBA's, power equip, etc.) A check out sheet will be provided.
 - B. Emergency equipment will be clean at all times

4. Required duty days
 - A. Four (4) eight-hour shifts per month are required if not currently enrolled in a full load of classes at COS.
 - B. At least one eight-hour shift(s) per week is required if currently enrolled in a full load of classes at COS.
 - C. Appropriate uniform is required on duty days or fire department functions

5. It shall be the responsibility of Shift Firefighters to represent the department in a responsible manner at all times.
 - A. Courteous response to visitors at the station, handling incoming phone calls in the absence of the Chief or other volunteers.
 - B. You will show professionalism and respect to the department at all times.

6. Fire Department functions
 - A. Shift Firefighters will be responsible to attend and participate in all Fire Department functions (Prevention Programs, training, etc.)

DAILY CLEANING LIST

ALL CLEANING WILL BE DONE EVERY MORNING

BATHROOMS

- Use gloves to clean the toilet, showers and urinals. Clean Toilet with provided cleaning products. Clean behind the toilet and the toilet seat. A lot of people use these toilets throughout the day, so clean it right the first time. Even if you are not on duty it is still your job to leave it clean.
- It is everyone's responsibility (on or off duty) to remove their soap and other shower materials after taking a shower. It is a daily responsibility to wash the showers with Tilex or a comparable product. Make sure to scrub the tile thoroughly and rinse well afterwards. Shower mats are to be hung after each use on the shower curtain rod. Take pride in our showers, since the upstairs bathroom had just been remodeled.
- The sinks and countertop need to be cleaned thoroughly with the bleach/water mix. Don't forget to clean the bathroom mirror prior to leaving the restroom after washing. Ensure that all of the soap dispensers are full.
- All cabinets need to be organized and clean in appearance. It is the on-duty personnel that is responsible for re-complimenting the storage of paper towels, toilet paper, cleaning supplies, etc. It is everyone's responsibility to replace paper towels and toilet paper if they used the last of it.
- Empty the trash cans and replace with a new trash bag. Ensure that a knot is tied at the top of the bag so it is secure to the trash can.
- **THERE SHOULD BE NO LAUNDRY LEFT IN OR ON TOP OF THE WASHER AND DRYER!**

DUTY/DAYROOM/TRAINING ROOM

- Empty the trash cans and replace with a new trash bag. Ensure that a knot is tied at the top of the bag so it is secure to the trash can.
- Vacuum and dust as needed.

KITCHEN

- Ensure dishes are washed and THERE ARE NO DISHES IN THE SINK THROUGHOUT THE DAY.
- Wipe down/Disinfect the counters, stools, stove, oven, refrigerator, microwave, and windows/window sill.
- Clean out the sink with disinfectant (Ajax/Comet...)
- Throw out expired or rotten food.
- Empty Trash.
- Sweep and Mop.

ENGINE BAYS

- Sweep Daily. Mop/Hose down and squeegee any water out of the bay.
- Ensure every piece of equipment is clean and presentable. This includes inside the compartments.
- Wax the equipment often.
- Clean up work bench (put tools away)
- Clean the workout area (no weights left out)
- Sharpen and clean the wildland tools
- If the apparatus leaves the bay, it must be rinsed off before parked back in the engine bay regardless of time of day. **NO EXCEPTIONS.**
- Make a list of cleaning supplies needed and present them to Sleeper Captain.
- During the Winter:
- Snow must be shoveled in front of the engine and squad bays.

IF YOU ARE AT THE STATION BUT NOT ON SHIFT, STILL HELP OUT WITH CLEANUP. MAKE ARRANGEMENTS IF YOU HAVE CLASS ON YOUR SHIFT DAY SO THAT EVERYTHING IS CLEANED DAILY.

MC CLOUD FIRE DEPARTMENT ITEMS LOANED

- I HAVE RECEIVED THE FOLLOWING EQUIPMENT FROM THE MC CLOUD VOLUNTEER FIRE DEPARTMENT.
- IN THE EVENT THAT ANY EQUIPMENT IS LOST OR DAMAGED IN RESPONSE TO AN EMERGENCY CALL, SUCH LOSS OR DAMAGE MUST BE REPORTED TO THE OFFICER IN CHARGE UPON RETURN TO THE FIRE HALL TO RECEIVE REPLACEMENT ITEMS.
- ALL ITEMS ISSUED WILL BE RETURNED TO THE MC CLOUD FIRE DEPARTMENT UPON COMPLETION OF VOLUNTEER TIME OR SHIFT FIREFIGHTER TIME.

ITEM LOANED	SIZE OR #	DATE ISSUED/INITIALS	DATE RETURNED/INITIALS
STRUCTURE COAT			
STRUCTURE PANTS			
STRUCTURE HELMET			
STRUCTURE BOOTS			
FLASH HOOD			
GLOVES			
BADGE			
WEB GEAR			
NOMEX PANTS			
NOMEX SHIRT			
WILDLAND GLOVES			
WILDLAND HELMET			
PAGER/CHARGER			

I HERE BY ACKNOWLEDGE RECEIPT OF THE LISTED ITEMS OF EQUIPMENT.
**I UNDERSTAND & AGREE THAT I AM RESPONSIBLE FOR THE SAFE KEEPING OF THIS EQUIPMENT & FOR
 MAINTAINING IT IN SERVICEABLE CONDITION.**

NAME: _____

ADDRESS _____

PHONE: _____

SIGNATURE: _____

DATE: _____

A copy of this form is to be kept in the Shift Firefighter personnel file

McCloud Fire Department
P.O. Box 640
McCloud, CA 96057
Phone. (530) 964-2017

Shift Firefighter Guide Acknowledgement

I have read, understand, and agree to the fire department rules and responsibilities, fire house etiquette, firefighter priorities, and guidelines in the Shift Firefighter guide as shown by my signature below:

Shift Firefighter

NAME: _____

ADDRESS _____

PHONE: _____

SIGNATURE: _____

DATE: _____

WITNESSED BY:

NAME: _____

SIGNATURE: _____

DATE: _____

A copy of this form is to be kept in the Shift Firefighter personnel file

MCS D BOARD OF DIRECTORS
April 26, 2021

AGENDA SUPPORTING DOCUMENT
Agenda Item No. 8B1

The following 9 letters or emails were submitted to the MCS D office requesting the Board revisit their decision regarding the Z.I.B./CSA4 Contract. Per MCS D Policy 5020.41, the agenda deadline is 2:00 p.m. on the Tuesday prior to the date of the meeting.

We received 12 additional letters after the deadline which are not included in this agenda but will be given to Board members as well as any others received, prior to the Board meeting on April 26, 2021.

One letter was removed from the Agenda because of profanities but was given to the Board members with profanities redacted.

McCloud Fireman's Association

P.O. 551
McCloud, Ca 96057

April 13, 2021

Amos McAbier, General Manger
McCloud Community Service District
220 West Minnesota Ave
McCloud, California 96057

RE: item B. Discussion/possible action regarding Z.I.B. / CSA4(Zone of increased Benefits/California Service Area 4) program, and possible contract for services.

Amos;

Thank you for taking time to receive and read this correspondence.

I would like to let you know that the McCloud Fireman's Association would like to see this item returned to the agenda in the next Board meeting for further consideration. We are not sure that the Board fully understood this item.

The thought of a volunteer Fire Department not being compensated for a service they are required to do anyway seems to be a no brainer.

We feel that the Community is being let down. We have a group of quality individual volunteers that could benefit from some additional funding.

The sole function of our Association is to support the Fire Department and any help that we can get be it donations or a contract like this should be welcomed.



LeRoy Scarbrough, President
McCloud Fireman's Association
McCloud, Ca

Amos McAbier

From: Sue Warhaftig <tabernash@aol.com>
Sent: Tuesday, April 13, 2021 1:04 PM
To: Amos McAbier
Subject: ZIB contract

To Whom is May Concern,

I would like the ZIB contract be brought back to the board on April 26th 2021 for a discussion and action.

I was very disappointed in the lack of discussion amongst the board, its constituents, it's staff and contract representatives. How did they come to a decision without finding out the facts? The vote was a blind side vote.

If it's public knowledge, I'd like to inquire why they voted the way they did for GRANT money. It will help me decide who to vote for the upcoming election.

From everything the professionals tell us, we are in a serious, fire hazard season without adequate support needed for our town. Please consider bringing back the ZIB contract for adequate review and discussion.

With appreciation,

Sue Warhaftig
McCloud Partner
909 Mill Rd, McCloud, CA 96057

Amos McAbier

From: M Worthington Jr. <mworthingjr@icloud.com>
Sent: Tuesday, April 13, 2021 2:06 PM
To: Amos McAbier
Subject: ZIB & 4/26 MCSD board meeting

Good Afternoon Mr McAbier;

Sir

I am respectfully requesting that the ZIB contract be added to the board meeting agenda for April 26, 2021. I am concerned this issue has been hastily addressed.

With underdeveloped dialog and premature votes, it seems as if discussions and decisions on the ZIB contract were reached with predetermined intentions.

I feel this result is NOT in the best interest of the constituents of the service district, nor does it represent the McCloud Fire Department (and larger community) in a beneficial manner as it portends we maybe in doubt over our intention to honor county mutual aid agreements and services because of this decision.

Respectfully
Michael C. Worthington Jr.

Registered property owner/ Resident AND registered local voter

1012 Firenze st
McCloud 96057

Sent from my iPhone

Amos McAbier

From: Quentin Zahara <quentinzahara75@gmail.com>
Sent: Wednesday, April 14, 2021 2:17 PM
To: Amos McAbier
Subject: AGENDA

Amos, first I like to say that your little man is adorable. Second I would not want to be in your shoes right now with this recent denial of the contract for the fire department. If possible, it does need to go back onto the agenda and the 3 board members need to explain their reasons for saying no. This contract would greatly benefit the department and the community. Plus surrounding areas. Anyways, hope you and Jess are well. Talk to you soon

Quentin

Gabriel Olson
PO Box 882
McCloud, CA 96057

Mc Cloud Community Services District Board
PO Box 640
McCloud, CA 96057

April 19, 2021

I am writing this letter to express my concerns about the way that the board handled District business on the night of April 12, 2021. I do not feel that the board acted in good faith in considering the contract with the Greater McCloud Fire Response Zone/Zone of Increased Benefits.

Unfortunately, I was not in town for the meeting due to my work schedule. I have however spoken personally to friends that were in person at the board meeting. From their recounts, the board only asked two questions of the Fire Chief concerning the contract and none of the County Fire Warden who was in person to field questions. I do not believe that the board acted in good faith and not in the best interest of the town of McCloud or the area as a whole.

It is my understanding the CALFIRE will no longer be guaranteed to be in the McCloud area. If this is the case, I believe that this contract should be taken over by the McCloud Fire Department. In the past six months, I have seen the McCloud Fire Department make great strides in their ability to provide services to the area. I believe that this contract would have brought in much needed funding that would have assisted with fire department in their continued growth.

In closing, I would like to see this matter come before the board again, so that the community can have a say.



Gabriel Olson

McCloud Community Services District Constituent

April 20, 2021

As a longtime McCloud Community Services District Resident, I am writing this letter to express my concerns about the way that the board acted in the matter of the contract to provide fire services to the Z.I.B. area the night of April 12, 2021.

Unfortunately, I was not at the meeting due to my health. I have however spoken to family members that were in person at the board meeting. From their first-hand accounts, it does not seem the board considered the matter fully and to my satisfaction. I am told that there were only two questions raised about the contract. How could the board have made a decision of this magnitude with only two questions? It is my understanding that the State of California Fire Department will no longer be assisting in the area after July. Why would the board not take this matter more seriously?

I cannot make the meetings but, I believe that this contract should be heard again.



Diane Kerttula
PO Box 246
McCloud, CA 96057

To the MCSD Board,

My family has owned a house on Oak Street for as long as I can remember. As a resident of the town of McCloud, I am writing this letter to express my concerns about the way that the board handled District business on the night of April 12, 2021. I do not feel that the board acted in good faith in considering the contract with the Greater McCloud Fire Response Zone/Zone of Increased Benefits.

My son Matt has recently become a member of the fire department. He is in the process of becoming an EMT for the department. He is told all the time that there is little to no money for training the fire department members. This money could help train him and others in the fire department to protect the town and the area in general.

In closing, I would like to see this matter come before the board again, so that the community can have a say.

Rolfe Dalleske
PO Box 22
McCloud, CA 96057

A handwritten signature in black ink that reads "Rolfe Dalleske". The signature is written in a cursive style and is followed by a long, horizontal, slightly wavy line that extends to the right.

April 20, 2021

To the Board of Directors, McCloud Services District:

I am writing to request the ZIB contract come before the board again for reconsideration and hopefully a yes vote. I was at the meeting where the board voted 3 to 2 against the contract. It was totally unclear why the board voted no.

Our fire department would benefit greatly from this revenue. As I said in that meeting, we need to be thinking outside the box for ways to sustain our fire department and keep it viable to serve this community.

If the board had concerns about this contract, they sure did not express it in the meeting. These issues are critical and need to be discussed thoroughly and transparently during the meetings. Voting no was a disservice to our fire department and to our residents.

Sincerely,

Sybil Stewart

Amos McAbier

From: Kristine Wyckoff <kawalak2@gmail.com>
Sent: Tuesday, April 20, 2021 4:47 PM
To: Amos McAbier
Subject: ZIB Contract

Hello Amos,

I live in Mt Shasta Forest and am so concerned about the loss of fire support from CalFire. I voted for Measure G and was shocked to learn that it was defeated. Perhaps many people did not realize how crucial this measure was for our community. Most of us are willing to pay more for increased fire protection. With a severe drought and fire season ahead we need as much help as we can get.

Thank you for your time.

Kristine Wyckoff
4911 McCloud Drive
McCloud

**AGREEMENT FOR EMERGENCY RESPONSE SERVICE BETWEEN
COUNTY SERVICE AREA NO. 4 – GREATER MCCLOUD FIRE AND EMERGENCY
RESPONSE ZONE AND THE MCCLOUD COMMUNITY SERVICES DISTRICT**

This agreement is entered into on this 1st day of July, 2021 between County Service Area No. 4 (CSA-4) – Greater McCloud Fire and Emergency Response Zone (“GMFZ”), a special District formed under the laws of the State of California and the McCloud Community Services District – McCloud Fire Department (“Department”), a community services district formed under the laws of the State of California, collectively, the “Parties” and individually a “Party”, for the purpose of providing emergency response services within the Greater McCloud Fire and Emergency Response Zone.

1. DEFINITIONS

- A. McCloud Community Services District: The district and governmental entity of McCloud.
- B. Emergency Response Service: Services required to obtain, furnish, operate, and maintain fire suppression equipment, apparatus, and related services for the protection of life and property for emergency fire protection, medical and rescue response: services include commercial and residential, prevention and investigation; hazardous materials incident response; emergency vehicle extrication; hazardous conditions response (flooding, downed power lines, earthquake, terrorist incident, etc.); emergency medical and rescue response; and public service assistance.
- C. Fire Chief: Fire Chief of the McCloud Fire Department.
- D. Fire Warden: The Siskiyou County Fire Warden serves as the Department Head of CSA-4 and Fire Chief of the McCloud Fire Zone.
- E. Greater McCloud Fire and Emergency Response Zone (GMFZ): The area established by the County of Siskiyou, Board of Supervisors Resolution Number 94-175 to provide emergency response service for the protection of life and property.

2. RESPONSIBILITIES AND RIGHTS

- A. Department shall provide emergency response service to the unincorporated area of the GMFZ as depicted in Attachment 1, attached hereto and incorporated herein, as follows:
 - 1) Structure Fires, Commercial and Residential: Department will provide one (1) engine to all Structure Fires.
 - 2) Vehicle Fires, Passenger or Commercial: Department will provide one (1) engine to all Vehicle Fires.
 - 3) Traffic Collisions/Traffic Collisions with extrication or fire: Department will provide one (1) engine or one (1) rescue with extrication equipment to all Traffic Collisions.
 - 4) Medical Aid: Department will provide one (1) engine or one (1) rescue or one (1) ambulance to all Medical Aids.
 - 5) Public Assist: Department will provide one (1) engine or one (1) rescue to all Public Assists.
 - 6) Fire/Menace/Stand-By: Department will provide one (1) engine or one (1) rescue to all Fire/Menace/Stand-By incidents.
 - 7) Water/Low Angle Rescues: Department will provide one (1) engine or one (1) rescue to all Water/Low Angle Rescues.
 - 8) Hazardous Materials Incidents: Department will provide one (1) engine or one (1) rescue to all Hazardous Materials incidents.

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- B. Department shall be responsible to ensure that responding personnel are provided protective clothing and equipment as required by California Code of Regulations, Title 8, Section 3410, Article 10.1, Section 3401, et. Seq.
- C. Department shall be responsible to ensure that the responding equipment and personnel meet the minimum typing standards of the National Wildfire Coordinating Group.
- D. Department fire personnel shall train regularly on standard operating procedures and to maintain operational efficiency. See Performance Standards, Section 16.
- E. Department will maintain training qualification standards, licenses and records. Department personnel will only perform to their level of certification.
- F. When any significant change occurs to the Departments available equipment and/or personnel which may last more than thirty (30) days, the Department shall notify the Fire Warden in writing.
- G. Department will utilize the Yreka Interagency Command Center (YICC) for command, control and as the single ordering point for all emergencies within the County of Siskiyou.
- H. Department will follow standard operating procedures outlined in SKU ECC Dispatching SOP and Frequency Management procedure document.
- I. Department shall be responsible for completing all incident reports as required by California Health and Safety Code 13110.5 using the system of record.
- J. Department may utilize the GMFZ facility, equipment, and infrastructure to support emergency response services provided to the area.
- K. GMFZ shall maintain the facility, equipment, and infrastructure in support of emergency response services.

3. COMPENSATION

- A. \$2,500.00 per month, not to exceed \$30,000.00 each fiscal year.
- B. Paid to the Department on a quarterly basis, in arrears, for services rendered during the periods of:
 - 1) July 1 through September 30
 - 2) October 1 through December 31
 - 3) January 1 through March 31
 - 4) April 1 through June 30

4. TERM OF AGREEMENT

This agreement shall commence as of July 1, 2021 and shall end June 30, 2022.

5. TERMINATION OF AGREEMENT

- A. If either Party materially fails to perform its responsibilities under this agreement, or if either Party fails to fulfill in a timely and professional manner its responsibilities under this agreement, or if either Party violates any of the terms or provisions of this agreement, then the other Party shall have the right to terminate this agreement for cause effective immediately upon the giving written notice thereof.
- B. Either Party may terminate this agreement without cause upon 30 days' written notice to other Party.
- C. GMFZ's right to terminate this agreement may be exercised by the Fire Warden or his/her designee.
- D. Department's right to terminate this agreement may be exercised by the Fire Chief or his/her designee.

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6. ENTIRE AGREEMENT; AMENDMENTS; HEADINGS; EXHIBITS/APPENDICES

- A. This agreement supersedes all previous agreements relating to the subject of this agreement and constitutes the entire understanding of the Parties hereto. Parties shall be entitled to no other benefits other than those specified herein. Parties specifically acknowledge that in entering into and executing this agreement, Parties rely solely upon the provisions contained in this agreement and no others.
- B. No changes, amendments or alterations to this agreement shall be effective unless in writing and signed by both Parties. However, minor amendments that do not result in a substantial or functional change to the original intent of this agreement may be agreed to in writing between both Parties, provided that the amendment is in substantially the same format as the GMFZ's standard format amendment.
- C. The headings that appear in this agreement are for reference purposes only and shall not affect the meaning or construction of this agreement.
- D. If any ambiguity, inconsistency, or conflict exists or arises between the provisions of this agreement and the provisions of any of this agreement's exhibits or appendices, the provisions of this agreement shall govern.

7. NONASSIGNMENT OF AGREEMENT; NON-WAIVER

Since this agreement is intended to secure the specialized services of each of the Parties to this agreement, neither Party may assign, transfer, delegate, or sublet any interest herein without the prior written consent of the other Party. The waiver by Parties of any breach of any requirement of this agreement shall not be deemed to be a waiver of any other breach.

8. EMPLOYMENT STATUS OF PARTIES

Each of the Parties to this agreement shall, during the entire term of this agreement, be construed to be an independent contractor, and nothing in this agreement is intended nor shall be construed to create an employer-employee relationship, a joint venture relationship, a separate legal entity, or to allow either Party to exercise discretion or control over the professional manner in which the other Party performs the work or services that are the subject matter of this agreement; provided, however, that the work or services to be provided by each of the Parties shall be provided in a manner consistent with the professional standards applicable to such work or services in the state of California. No additional benefits arise due to participation in assistance under this agreement.

9. MUTUAL INDEMNIFICATION

The Parties shall defend, indemnify, and hold harmless each other, their respective elected officials, officers, employees, agents, and volunteers against all claims, suits, actions, costs, expenses (including, but not limited to, reasonable attorneys' fees of a Party and counsel retained by a Party, expert fees, litigation costs, and investigation costs), damages, judgments, or decrees arising from the work or the provision of services undertaken pursuant to this agreement by any person employed by either Party, but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of the respective Party, its officials, officers, employees, agents, or volunteers. There shall be no liability imposed on any Party or its personnel for failure to respond to requests for aid. All damages or repairs to any equipment or apparatus that occur in the normal operation during the provision of aid under this Agreement shall be the responsibility of the owner jurisdiction. The provisions of this paragraph are intended to be interpreted as broadly as permitted by applicable law. This provision shall survive the termination, expiration, or cancellation of this agreement.

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10. INSURANCE

The Parties either carry commercial insurance or are self-insured public entities. Each Party will maintain General Liability, Property and Workers' Compensation Insurance coverage through its self-insured program. The Parties either carry commercial insurance or are self-insured for Automobile Liability.

11. NOTICE OF CLAIM/APPLICABLE LAW/VENUE

- A. If any claim for damages is filed with Department or if any lawsuit is instituted concerning Department's performance under this agreement and that in any way, directly or indirectly, contingently or otherwise, affects or might reasonably affect GMFZ, Department shall give prompt and timely notice thereof to GMFZ. Notice shall be prompt and timely if given within 30 days following the date of receipt of a claim or 10 days following the date of service of process of a lawsuit. This provision shall survive the termination, expiration, or cancellation of this agreement.
- B. If any claim for damages is filed with GMFZ or if any lawsuit is instituted concerning GMFZ's performance under this agreement and that in any way, directly or indirectly, contingently or otherwise, affects or might reasonably affect Department, GMFZ shall give prompt and timely notice thereof to Department. Notice shall be prompt and timely if given within 30 days following the date of receipt of a claim or 10 days following the date of service of process of a lawsuit.
- C. Any dispute between the Parties, and the interpretation of this agreement, shall be governed by the laws of the State of California. Any litigation shall venue in the County of Siskiyou.

12. COMPLIANCE WITH LAWS; NON-DISCRIMINATION

- A. Parties shall observe and comply with all applicable federal, state, and local laws, ordinances, and codes that relate to the work or services to be provided pursuant to this agreement.
- B. Parties shall not discriminate in employment practices or in the delivery of services on the basis of race, color, creed, religion, national origin, sex, age, marital status, sexual orientation, medical condition (including cancer, HIV and AIDS) physical or mental disability, use of family care leave under either the Family & Medical Leave Act or the California Family Rights Act, or on the basis of any other status or conduct protected by law.
- C. Parties represent that they are in compliance with and agree that they shall continue to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. sections 12101, *et seq.*), the California Fair Employment and Housing Act (Government Code sections 12900, *et seq.*), and regulations and guidelines issued pursuant thereto.

13. ACCESS TO RECORDS; RECORDS RETENTION.

County, federal, and state officials shall have access to any book, documents, papers, and records of the Department that are directly pertinent to the subject matter of this agreement for the purpose of auditing or examining the activities of the Department or GMFZ. Except where longer retention is required by federal or state law, the Department shall maintain all record for five years after GMFZ makes final payment hereunder. This provision shall survive the termination, expiration, or cancellation of this agreement. Department and GMFZ shall maintain appropriate records to insure proper documentation pertaining to the work performed or the services provided pursuant to this agreement. Access to these records shall be provided during working days, 8:00 a.m. to 5:00 p.m. and

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at other times upon reasonable notice, and upon request of state and federal agencies charged with the administration of programs related to the work or services to be provided pursuant to this agreement. Department agrees to accept responsibility for receiving, replying to, and/or complying with any audit exception by appropriate federal, state, or County audit directly related to the provisions of this agreement.

14. COMPLIANCE WITH CHILD, FAMILY, AND SPOUSAL SUPPORT REPORTING OBLIGATIONS.

Department's failure to comply with state and federal child, family, and spousal support reporting requirements regarding Department's employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment relating to child, family, and spousal support obligations shall constitute a default under this agreement. Department's failure to cure such default within 90 days of notice by GMFZ shall be grounds of termination of this agreement.

15. LICENSES AND PERMITS

Department, their officers, employees, and agents performing the work or services required by this agreement, shall possess and maintain all necessary licenses, permits, certificates, and credentials required by the laws of the United States, the State of California, the County of Siskiyou, and all other appropriate governmental agencies, including any certification and credentials required by County. Failure to maintain the licenses, permits, certificates, and credentials shall be deemed a breach of this agreement and constitutes grounds for the termination of this agreement by either Party.

16. PERFORMANCE STANDARDS

Department shall perform the services required by this agreement in accordance with the industry and/or professional standards applicable to Parties' services to be evaluated by the Fire Warden.

17. CONFLICTS OF INTEREST

Department's officers and employees shall not have a financial interest, or acquire any financial interest, direct or indirect, in any business, property, or source of income that could be financially affected by or otherwise conflict in any manner or degree with the performance of the work or services required under this agreement.

18. NOTICES

A. Any notices required or permitted pursuant to the terms and provisions of this agreement shall be in writing and shall be given to the appropriate Party at the address specified below or at such other address as the Party shall specify in writing:

If to GMFZ: County of Siskiyou
Fire Warden
1809 Fairlane Road
P.O. Box 128
Yreka, CA. 96097

If to Department: McCloud Community Services District
Fire Chief and General Manager
220 W. Minnesota Avenue
P.O. Box 640
McCloud, CA. 96057

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B. Written notice shall be deemed to be effective upon personal delivery, or if sent by first class mail, postage prepaid, three days after the date of mailing.

19. AGREEMENT PREPARATION

It is agreed and understood by the Parties that this agreement has been arrived at through negotiation and that neither Party is to be deemed the Party which created any uncertainty in this agreement within the meaning of section 1654 of the California Civil Code.

20. COMPLIANCE WITH POLITICAL REFORM ACT

Parties shall comply with the California Political Reform Act (Government Code, sections 81000, *et seq.*), with all regulations adopted by the Fair Political Practices Commission pursuant thereto, and with the County's Conflict of Interest Code, with regard to any obligation on the part of the Parties to disclose financial interests and to recuse from influencing any Parties' decision which may affect Parties' financial interests. If required by the County's Conflict of Interest Code, Parties shall comply with the ethics training requirements of California Government Code sections 53234, *et seq.*

21. SEVERABILITY

If any portion of this agreement or application thereof to any person or circumstance is declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal or state statute or regulation or county ordinance, the remaining provisions of this agreement, or the application thereof, shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this agreement are severable.

22. USE OF PROPERTY

Department shall not use GMFZ premises or property (including equipment, instruments and supplies) for any purpose other than in the performance of Department's obligations under this agreement.

23. COST OF OPERATING AND MAINTAINING EQUIPMENT AND PROPERTY

The cost of maintaining, operating, and replacing any and all property and equipment, real or personal, furnished by the parties hereto for fire protection purposes, shall be borne by the party owning or furnishing such property or equipment unless otherwise provided for herein or by separate written agreement.

SIGNATURE PAGE FOLLOWS

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IN WITNESS, WHEREOF, the Parties have executed this agreement on the dates set forth below. By their signatures below, each signatory represents that he/she has the authority to execute this agreement and to bind the Party on whose behalf his/her execution is made.

COUNTY SERVICE AREA NO. 4

Date: _____

RAY A. HAUPT
Chair, County of Siskiyou Service Area No. 4

MCCLOUD COMMUNITY SERVICES DISTRICT

Date: _____

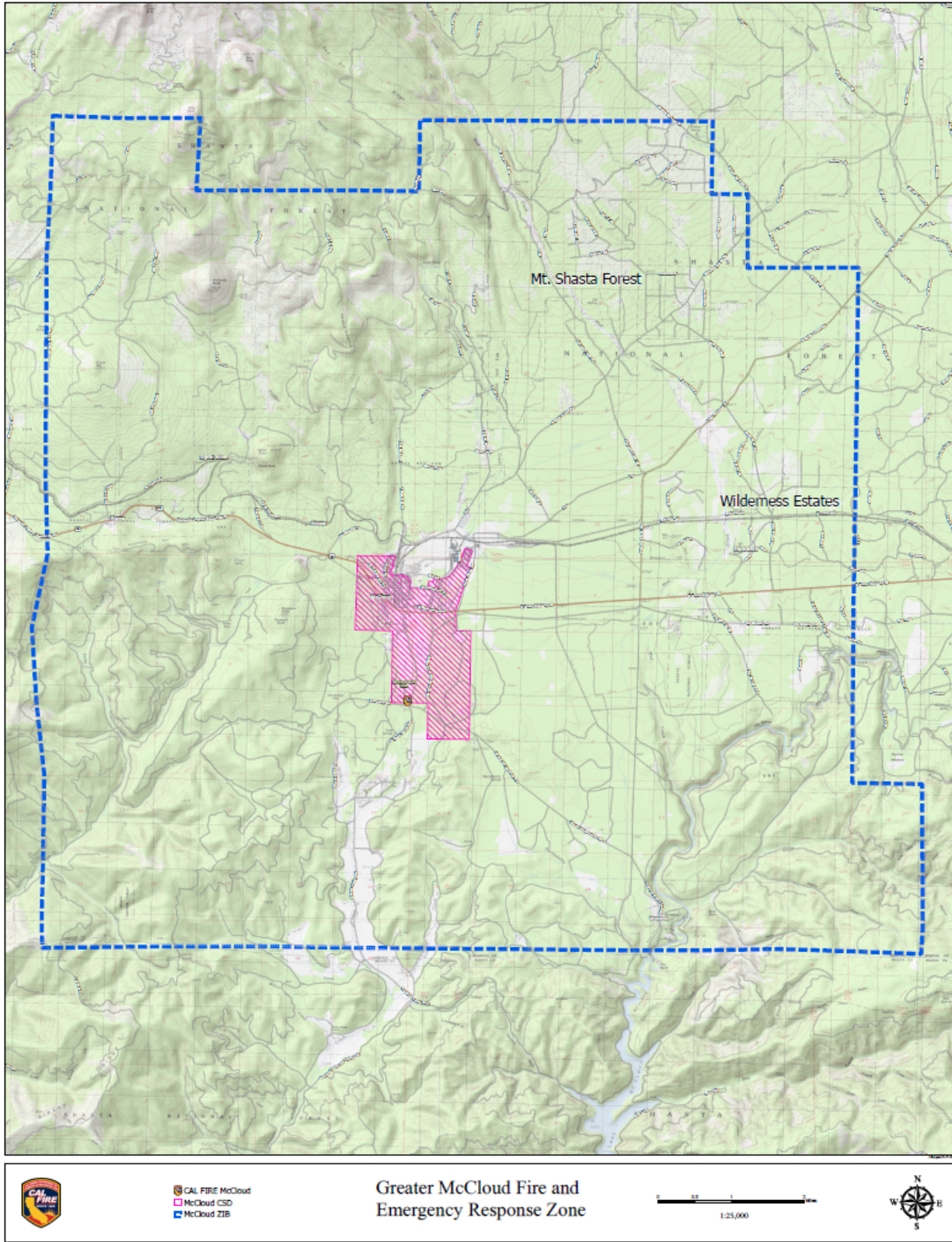
CATHERINE YOUNG
President, Board of Directors

Attest:
LAURA BYNUM
Clerk, County of Siskiyou Service Area No. 4

By: _____

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ATTACHMENT 1



Greater McCloud Fire and Emergency Response Zone - 19/20 Expenditures

Fund 2552 CC 204036

Account	Description	GMFZ
623100	Worker's Comp	\$ 3,000.00
711000	Clothing & Personal	\$ 3,000.00
712000	Communications (Phone/Internet)	\$ 700.00
713000	Food	
714000	Household (Garbage)	
715000	Insurance	\$ 3,000.00
717000	Maintenance of Equipment	\$ 7,000.00
718000	Maintenance-Building & Improvements	\$ 1,500.00
719000	Medical, Dental & Lab Supplies	
720000	Memberships	\$ 500.00
722000	Office Supplies	\$ 300.00
723000	Professional & Specialized Services (Phone/Internet)	
725000	Rents & Leases Equipment (Phone/Internet)	
727000	Small Tools & Instruments	
728000	Special Departmental Expense	
729000	Transportation & Travel	\$ 1,000.00
729100	Gas & Diesel	\$ 2,000.00
729200	Training	\$ 1,000.00
730000	Utilities (Power/Fuel Oil)	\$ 7,000.00
		\$ 30,000.00
		-
	TOTAL	\$ 30,000.00

What is a County Fire Warden?

- The Fire Warden supports and coordinates all public fire services agencies in a County, with an emphasis on special fire districts. Activities include fire prevention and plan review, training, fire and rescue mutual aid management.
 - The Siskiyou County Fire Warden is Phil Anzo of the State of California. For all intents and purposes is the Fire Chief of the entirety of Siskiyou County (with the exception of incorporated cities) and has the ultimate authority for fire response.

What if Volunteers firefighters in Siskiyou County are not available?

- As most agencies in Siskiyou County are staffed by volunteers, this is a distinct possibility. It does occur from time to time **across Siskiyou County**.
 - This responsibility lies solely with the County Fire Warden. If for some reason the Agency Having Jurisdiction (AHJ) units do not respond in a reasonable amount of time, the Yreka ECC will **automatically** dispatch other agencies to handle the call.

Who dispatches and coordinates the fire departments in Siskiyou County to provide resources?

- 911 calls enter the system at a Public Safety Answering Point (PSAP) at the Siskiyou County Sheriff's Office. (911 cell phone calls are answered and routed by CHP dispatch)
 - EMS and Fire calls are transferred to the Yreka Emergency Command Center.
 - CalFire and the United States Forest Service staff a multijurisdictional Emergency Command Center (dispatch center) at the CalFire Headquarters in Yreka.
 - Agencies having Jurisdiction (AHJ's) and Auto Aid agencies are dispatched to calls via radio, pager and cell phone via computer aided dispatch (CAD) texts.
 - The ECC coordinates with on scene resources to assist Incident Commanders at an emergency scene.
 - Incident Commanders utilize the ECC to order additional resources utilizing a pre-designated system call the Master Mutual Aid Agreement.

What is Auto Aid?

Auto Aid (Automatic aid) is assistance dispatched automatically by contractual agreement between two or more communities or fire districts to calls.

Who currently provides Auto Aid (Automatic Aid) to the McCloud CSD Fire Department?

- CalFire
- Mount Shasta City Fire Department
- Mount Shasta Fire District
- USDA Forest Service

What type of calls garner Auto Aid (Automatic Aid) to the MCSDFD?

- EMS calls inside and outside of McCloud (CalFire responds automatically at this time).
- All fires.
- Vehicle accidents on Highway 89

What is Mutual Aid?

- In systems of mutual aid, communities take on the responsibility for caring for one another, rather than forcing individual agencies to fend for themselves.
 - Mutual aid is also not charity: rather than creating a centralized organization where one agency is giving to someone else, forcing them to become dependent on yet another relationship negotiating their access to material resources, mutual aid creates a symbiotic relationship, where all agencies offer assistance to one another.

Who provides Mutual Aid to the MCSDFD?

- Through the Master Mutual Aid Agreement, the MCSDFD has access to all agencies in the State of California that participate in the agreement. It is also possible to request national agencies to respond in large disasters.
 - The MCSDFD routinely asks for mutual aid from the Dunsmuir Fire Department, Weed City Fire Department, and Lake Shastina Fire Department
 - **Mount Shasta agencies are already at these calls.**

What is the Master Mutual Aid Agreement?

The California Fire Service and Rescue Emergency Mutual Aid Plan (Mutual Aid Plan) provides for assistance without reimbursement prior to declaration of a local emergency, as defined in the California Emergency Services Act. A local government entity may request this assistance once it determines its ability to control an incident is unlikely. State resources, regardless of type or kind, may be used to provide this assistance.

Requests for resources, for response to an emergency that is beyond the ability of a local government entity to control, will normally be filled by the closest available resources and initiated through proper mutual aid channels. (in Siskiyou County this is handled by the Yreka ECC)

- Local government agencies receiving mutual aid are responsible for providing logistical support to mutual aid personnel and equipment.
- Mutual aid shall not be used as a mechanism to shift the costs of mitigating an emergency to another entity.
- The requesting entity should make maximum use of its own equipment, facilities and services during the period of the emergency.
- The period of emergency constitutes the time during which mutual aid resources are necessary to prevent imminent threat to life and property.
- Once the emergency condition is mitigated, mutual aid resources should be released.

Who is responsible to respond to wildland fires in the town of McCloud?

- CalFire has the singular responsibility for all wildland fires in the McCloud CSD and surrounding areas. (This is also true in the Mount Shasta Fire District response area).
 - McCloud CSDFD does have trained personnel to respond, but we have no mandate to respond, as all of the McCloud area is State Responsibility Area (SRA) or Federal Responsibility Area (FRA).
 - McCloud CSDFD will respond to these calls to assist, but the agency has no jurisdiction in any wildland response.

What is a State Responsibility Area (SRA)?

- State Responsibility Area (SRA) is the area of the state where the State of California is financially responsible for the prevention and suppression of wildfires. SRA does not include lands within city boundaries or in federal ownership.

What is a Federal Responsibility Area (FRA)?

- Federal Responsibility Area (FRA) is the area of the state where the United States Department of Agriculture Forest Service or other federal agency is financially responsible for the prevention and suppression of wildfires. FRA does not include lands within city boundaries or in state ownership.

Why does the McCloud CSDFD respond outside of McCloud?

- The McCloud CSDFD responds to fire and rescue calls to areas outside of the town for all of the reasons stated above.
 - We also respond to medical aid calls with our equipment as per agreement with the Siskiyou County Service Area 3 (CSA3). The McCloud CSDFD “Sphere of Influence” covers from Snowman’s Summit on Highway 89 to Dead Horse Summit, which is past the Shasta County line to the East.
 - Please see Siskiyou County and State of California Emergency Medical Service Information document for information about CSA3.

What is Siskiyou County Service Area 4 (CSA4)

Note: This area is also known as the Zone of Increased Benefits (Z.I.B.) and the Greater McCloud Fire Response Zone or Area (GMFRZ/GMFRA).

- This area extends West to East from Snowman’s Summit to just east of Espiranza Road. It includes the area north of the CSD to Mount Shasta and south to the Shasta County Line near Fridays Resort.
 - CSA4 is a special tax or Zone of increased Benefits (Z.I.B.) that taxpayers have approved to pay an increased amount of property taxes for fire and rescue response (EMS response is covered by CSA3.)
 - CSA4 is governed by the County Fire Warden (Phil Anzo).
 - There is a ZIB Advisory Board that makes recommendations to the County Fire Warden to how these funds will be spent.

How much does the CSA4 area generate in tax dollars?

- The County Fire Warden says that the ZIB has generated on average \$45,000.00 to \$48,000.00 per year since it’s formation.

What does Z.I.B. tax money pay for?

- Contractual fire and rescue response.
- Water system improvements in the Z.I.B. areas for fire protection.

- **Who sits on the ZIB Advisory Board?**

- The Hearst Corporation
- Hancock Forest Properties
- Cascade Timberlands
- Sierra Pacific Industries
- South Squaw Valley Homeowners
- Shasta Forest Homeowners
- Wilderness Estates Homeowners

Why is the CSA4/ZIB/GMFRZ contract being offered to the McCloud CSDFD?

- In 2020 the ZIB Advisory Board and the County Fire Warden asked for a special tax increase from the voters in the ZIB area (Siskiyou County 2020 Measure G) to pay for CalFire to continue to provide an Amador Contract providing fire and rescue services to the ZIB?
 - This special tax would have needed a 66.6% vote of yes to be instituted. The special tax was voted down by 2 votes.
- When Measure G failed, CalFire advised the County Fire Warden that they would no longer be able to provide fire and rescue (Amador services) to the ZIB as of June 30, 2021.

What is an Amador Contract?

- The Amador Plan, authorized by Public Resources Code 4144, allows local government to contract with Cal Fire to provide year-round fire protection services, provided by Cal Fire stations which would normally be closed during the “non-fire” season.

Do other CA Community Services Districts Contract to provide fire and rescue services?

- Yes
 - Per Fire Chief Avilla of the Anderson Valley Fire Department (Mendocino County), a division of the Anderson Valley Community Services District, provides fire and rescue response to citizens outside of their CSD through private contracts for service with each homeowner on an annual basis. This process is completed through the Mendocino Local Area Formation Commission (MLAFCO). They will be providing copies of documents for review, but due to agenda preparation timelines, they have not been included in this packet.
 - Per Chief Noyer at the Brooktrails CSD Fire Department (Mendocino County), the Brooktrails CSD contracts with the subdivisions of Springreek and Sylvandale for fire response.
 - Per the Cosumnes Community Services District Fire Department Chief, the Cosumnes Fire Department (Elk Grove/Gault in Sacramento County) contracts for a great deal of services that are provided outside of the Cosumnes CSD. They will be providing copies of documents for review, but due to agenda preparation timelines, they have not been included in this packet.

MEMO TO: TERRY BARBER, DIRECTOR OF PUBLIC HEALTH
AND COMMUNITY DEVELOPMENT
ROB ROWLEY, OFFICE OF EMERGENCY SERVICES

FROM: OFFICE OF SISKIYOU COUNTY COUNSEL
THOMAS P. GUARINO, COUNTY COUNSEL

RE: AMBULANCE SERVICES – CSA #3

Question Presented:

To what extent can the CSA#3 ambulance service fees be utilized to provide emergency services and equipment?

Short Answer:

CSA#3 funds may be used for ambulance, emergency care equipment and supplies and any equipment or supplies carried for use in providing emergency medical care.

Discussion:

In 1981, the County adopted Ordinance No.1, Book 1, which was an uncodified ordinance of the County authorizing County Service Area #3 to collect charges in the nature of a special tax under Government Code Section 25210.77a. The ordinance identifies that the special tax is to provide the extended service "which in this case is ambulance service."

There is not an extensive history available from which to analyze the scope of the original intended services. However, in August 1974, it appears this matter was initially discussed in the context of extended service to be provided by CSA #3. A Resolution of Formation for the Service Area was adopted in December 1974 and that Resolution No. 128, Book 6, specifically identifies that the Service Area "would provide ambulance service to Southern Siskiyou County and a specific area of northern Shasta County. . . ." That Resolution further identified public hearings that had taken place with respect to a hearing to create CSA #3 "for the sole purpose of providing ambulance service to Southern Siskiyou County." A few years after that, the next indication we have in County records is a March 1978 set of specifications for "Siskiyou County Ambulance Service Area No. 3." They identify that they are for "Ambulance Service Specifications."

A project objective identified in the 1978 document specifically states:

"County Service Area No. Three was formed to insure and improve the quality and availability of emergency medical services in southern Siskiyou County."

It is further identified that the "establishment of an ambulance service district which will provide quality emergency medical response to ninety (90%) percent of the resident(s) . . ." as a goal of the Service Area. The balance of the document goes on to describe specific bid requirements and identify with specificity the type of equipment and other criteria for the services to be provided.

Current County Code at Section 3-15.1.01 and 3-15.2.01 provide and identify what the County means by "ambulance service." In subsection (c) of Section 3-15.2.01, ambulance service is identified to mean the private or public organization or entity or individual providing an ambulance for use in emergency service (Section 1100.2(c)) of Title 13 of the California Code of Regulations)." It goes on to define what an emergency medical service provider agency is and the scope of services provided by such emergency medical service providers, including such things as basic life support, limited advanced life support, and advanced life support, including ambulance provider agencies and first responder provider agencies.

We are providing with this memorandum copies of the referenced provisions.

Instructive in the analysis is Section 1103.2, which we have previously mentioned. This identifies what is considered ambulance emergency care equipment and supplies. This code section goes on to state that they are "any equipment or supplies carried for use in providing emergency medical care." Essential supplies are listed, but they are minimum requirements for such services rather than an exclusive list of what can be considered ambulance emergency care equipment or supplies.

It does not appear that the intention of the provisional CSA formation would permit the purchase of any type of emergency service equipment without restriction. However, as long as the equipment purchased and utilized was for provision of the type of emergency services recognized in Section 1100.2(c) of the California Code of Regulations and as further identified in Section 1103.2, the purchase of such equipment and supplies appears to be within the scope of the intended purpose of the tax.

Conclusion:

Accordingly, it appears that CSA#3 funds may be used for ambulance, emergency care equipment and supplies and equipment or supplies carried for use in providing emergency medical care.

TPG:rh

Encls: CCR, Section 1100.2
CCR, Section 1103
CCR, Section 1103.2
Siskiyou County Code, Chapter 15, Emergency Medical Services,
pages 124-8, 124-9
CSA#3 Map
Siskiyou County Ambulance Service Area No. 3,
Ambulance Service Specifications, March 1978
Resolution of Formation of Siskiyou County Service Area No. 3
(South Siskiyou Ambulance Service), Resolution No. 128, Book 6
Board minutes, August 13, 1974
An Uncodified Ordinance of the County of Siskiyou Authorizing
County Service Area #3 to Collect Charges in the Nature
of a Special Tax Pursuant to Government Code Section 25210.77a
Ordinance No. 1, Book 1

///

Are calls for Emergency Medical Services afforded the same Auto and Mutual Aid responses as for fire and rescue responses?

- Yes, calls are dispatched and coordinated the same as fire and rescue calls by the Yreka ECC.

What happens if volunteers are not able to respond to an emergency medical aid call?

- This does happen from time to time across Siskiyou County. The Yreka ECC is adept at handling this and automatically dispatches other agencies to handle the emergency.

What is Siskiyou County Service Area 3 (CSA3)?

- CSA3 is a special tax area that brings in tax dollars to assist with emergency medical responses in Southern Siskiyou County.
 - Please see Ambulance Services-CSA#3 letter.
 - Agencies that benefit from CSA3
 - McCloud FD and Ambulance
 - Mount Shasta Fire District
 - Mount Shasta City Fire Department
 - Dunsmuir-Castella Fire Department
 - Weed City Fire Department
 - Lake Shastina Fire Department
 - Mount Shasta Ambulance Company

Why does McCloud CSDFD have an ambulance?

- The town of McCloud Fire Department has provided ambulance service to the area for a great many years, well before the Community Services District was formed.
- McCloud sits in a remote part of Siskiyou County. The nearest alternative ambulances are stationed in Mount Shasta and Weed respectively.
 - The ambulance units that are run by Mount Shasta Ambulance Company serve (a private for-profit company) as 911 response and sometimes are used to transport between hospitals out of the area leaving the area without immediate 911 ambulance coverage.
 - Due to the geography of the county and the remoteness, no other agency could feasibly respond to calls to the east or south of McCloud.

How is the McCloud CSDFD Ambulance funded?

- Siskiyou County Property/McCloud CSD taxes and fees.
- Siskiyou County Service Area 3 (CSA3).
- Private donations.
- Fees for services rendered from insurance companies and private citizens.

How much does CSA3 pay the McCloud CSDFD to service the McCloud area?

- At this time the fire department is paid an \$11,000.00 per year stipend to provide EMS response to the area east of Snowman's Summit to Dead Horse Summit past the Shasta County line. South of town to well past Lake McCloud.
- The fire department Chief has advised the CSA3 Advisory Board that the fire department intends to negotiate an increased yearly stipend.
 - Mount Shasta Ambulance is paid an annual stipend of \$75,000.00.
 - They provide 3 first out ambulances per the agreement with CSA3.
 - $75,000.00/3 = \$25,000.00$ per ambulance per year.

Who staffs the McCloud Fire Department Ambulance?

- McCloud Volunteer Fire Department members
 - Volunteers are paid a stipend of \$10.00 per call to respond to calls, special meetings, department functions and trainings.
 - Emergency Medical Technicians/Paramedics are paid an extra \$10.00 stipend to transport patients to Mercy Medical Center Mount Shasta.
 - Transports can take up to 3 hours round trip if a call is at the eastern end of our sphere of influence.

McCLOUD COMMUNITY SERVICES DISTRICT
Policy and Procedure Manual

POLICY TITLE: District Cellular Telephones
POLICY NUMBER: 2093
ADOPTED: November 22, 2004
REVIEWED: June 21, 2016, September 11, 2020
AMENDED: January 27, 2014; January 25, 2021

2093.10 The purpose of this policy is to establish uniform guidelines for the purchase and use of cellular telephones and the appropriate use of the phone and plan.

2093.20 The District's business needs ~~shall~~ *have* determined ~~which~~ *that all* employees are required to possess *and use* cellular phones to enhance normal and emergency operations. The General Manager, ~~or designee~~, *and Public Works Superintendent has* ~~shall~~ *determined that if* cellular telephone service is required, *and provided by the District*, based on reviewing the following guidelines:

2093.21 Safety/Emergency Response: The employee's duties involve monitoring, responding or performing other duties or activities that are essential to the safe operation of the District facilities, such that making mobile communication with a cellular telephone is necessary.

2093.22 On-Call: The employee's job assignment involves being on-call, either on a formal assignment basis or as an inherent level of responsibility based on the responsibilities of the position.

2093.23 Fieldwork: The employee's normal work duties involve the need to communicate from the field with non-District and District employees. Typically, this will involve working in locations where no public telephone is reasonably available or practical.

2093.30 The District reserves the right to monitor usage of all District provided cellular telephones. Employees shall be familiar with the required protocol and skill set for effective usage of a cellular telephone.

2093.31 Employees shall use discretion in relaying confidential information over cellular telephones. Care shall be exercised to prevent equipment theft or vandalism.

2093.32 Employees shall not use a cell phone, smartwatch or any other mobile device while driving.

2093.33 The General Manager, or designee, shall approve the purchase and/or installation of cellular telephones. It shall be the responsibility of the General Manager to ensure that sufficient funds are budgeted for the purchase and monthly operational costs associated with such equipment prior to its use.

2093.40 It is the responsibility of the General Manager and Finance Officer to determine which cellular plan is appropriate based on estimated phone usage. The plan should address the amount of airtime and other features needed to effectively perform assigned duties. Plans should not be inflated to simply make sure they are sufficient.

2093.50 A District-provided wireless telephone and wireless telephone airtime service are to be used for official District business only. However, it is understood that incidental personal calls will sometimes be necessary. *Field staff cell phones shall remain, plugged in, at the District office during non-business hours.*

2093.51 The District recognizes that work related situations, such as the necessity to work unanticipated overtime or family emergencies may require the use of a cellular telephone by an employee for personal business. Cellular telephones shall not be used when a less costly alternative is safe, convenient, and readily available. Employees should keep personal calls brief and use a *personal cell phone or* landline (standard telephone service) when available.

2093.511 Cellular telephone charges for all calls, whether personal or business related, are included in the monthly statement from the District's cellular service provider. Employees are required to reimburse the District for the cost of personal calls in excess of the employee's predetermined plan threshold, including all applicable taxes. Records shall be maintained to monitor the usage of cellular telephones and shall be reviewed by the General Manager or designee.

2093.52 Personal use should not exceed 10% of the total airtime.

2093.60 Cellular telephones that are District property shall not be misused. Employees using or having access to cellular telephone equipment shall be held accountable for their misuse of this equipment and shall be subject to appropriate disciplinary action for misuse. Examples of cellular telephone misuse may include, but are not limited to, use for personal profit or to transmit an inappropriate message to another party, continual use as a primary means communication for non-District purposes.

McCLOUD COMMUNITY SERVICES DISTRICT
Policy and Procedure Manual

POLICY TITLE: Personal Cellular Phone and PDA Policy
POLICY NUMBER: 2094
ADOPTED: November 9, 2015
COMMITTEE REVIEW: October 13, 2015, June 21, 2016
AMENDED:

2094.10 The purpose of this policy is to establish uniform guidelines for the use of personal cell phones and PDA's (Personal Digital Assistant), *cell phones, smartwatches or any other digital devices* while at work and the safe use of personal cell phones and PDA's by employees while driving.

2094.20 Use of Personal Cell Phones, PDA's, Tablets, etc.: Employees are prohibited from making and responding to personal calls, texts, emails, etc. during working hours. Such activities should be limited to lunch and break periods.

2094.21 The District will not be liable for the loss or damage of personal devices brought to the workplace.

2094.30 Safety: All employees are expected to follow applicable state and federal laws or regulations regarding the use of cell phones or PDA's at all times.

2094.31 Employees are strictly prohibited from using personal cell phones while driving a vehicle on District time or driving a District vehicle anytime.

2094.311 Employees who are charged with traffic violations resulting from the use of a cellular phone/PDA while driving will be solely responsible for and may be subject to disciplinary action and personal liability resulting from such traffic violations, while on District business.

2094.32 The use of camera phones, PDA's and other audio or video recording devices within the District may constitute not only an invasion of employees personal privacy, but may breach confidentiality of MCSD protected information. Therefore, the use of camera or other video-capable recording devices within the District is prohibited without the express prior permission of the employee's supervisor and the person(s) present at the time.

McCLOUD COMMUNITY SERVICES DISTRICT

ORDINANCE NO. 2

AN ORDINANCE REGULATING THE COLLECTION OF SERVICE CHARGES

BE IT ORDAINED by the Board of Directors of the McCloud Community Services District as follows:

ADMINISTRATION: The administration of this ordinance shall be the responsibility of the General Manager of the District and all service charges due the District shall be paid to the ~~Finance Officer.~~ *McCloud Community Services District.*

MONTHLY SERVICE CHARGE: The Board of Directors shall, by resolution, fix the rates to be charged for services rendered.

PAYMENT OF CHARGES: Service charges due the District may be paid at the District office, ~~or~~ by mail, *or electronically.* Service charges may be paid in advance of due date.

COLLECTION OF DELINQUENT CHARGES: The Finance Officer *or designee* shall maintain a ~~roster~~ *record* of delinquent charges and penalties due the District, and at least once each six (6) months, said ~~roster~~ *record* together with a description of the premises, *address or APN,* ~~served~~ shall be signed by the Finance Officer ~~and the President of the Board or General Manager~~ and recorded with the Siskiyou County Recorder as a lien upon the properties served. Such lien shall have the same force, effect, priority and duration as to the property described as would the lien or abstract of judgment against the owner of the real property at the time such list is recorded and may be enforced in like manner.

I HEREBY CERTIFY that the foregoing Ordinance #2 was introduced and read at a regular meeting of the Board of Directors of the McCloud Community services District on the 29th day of March 1966 and was duly adopted by the following vote:

AYES: Bishop, Cattuzzo, Hicklin, McArdle, Memeo

NOES: None

ABSENT: None

Dated: March 29, 1966

Duly signed by A.A. Memeo, President of the Board and Harry Hicklin, Secretary of the Board.

Ordinance 2 – Collection of Service Charges

Effective 29 March 1966

Page 1 of 1

McCLOUD COMMUNITY SERVICES DISTRICT

Policy and Procedure Manual

POLICY TITLE: District Financial Reserves
POLICY NUMBER: 3025
ADOPTED: April 14, 2003
COMMITTEE REVIEW: March 10, 2015, October 13, 2015, May 9, 2017
AMENDED: June 12, 2017

3025.10 The goal of this policy is to increase public awareness of the reserve funding requirements of the District and to limit the use of such reserve funds to only those purposes for which they are intended and approved. The Board of Directors of the District believe that the public is more likely to support development of, understand the need for, and appropriate usage of such reserve funds if the District reserve accounts, approval requirements and limitations are clearly detailed in policy.

3025.20 The objective of this policy is to develop budgeted reserve categories and acceptable expenditures for each and to set into policy reserve funds and amounts that, once adopted, can only be modified through action of the board in public session. The reserve categories detailed herein will be established for every service delivered by the District and for the District administrative office and equipment maintenance facility. The development of fully funded reserve categories will ultimately provide for rate stabilization, District funded capital improvement projects and equipment purchases, and funding for unplanned events and emergencies.

3025.30 Expenditure of reserve funds for purposes not specifically contained within the annual budget shall require approval of the Board of Directors.

3025.31 Amendment or adoption of the annual budget which effects the Capital Reserve and/or Contingency Reserve funding levels as detailed herein shall require amendment of this policy, conducted in accordance with McCloud Community Services District Policy 1010.

3025.32 The District's Finance and Audit Committee shall review any proposed amendment to the financial provisions of this policy prior to review by the Policy Review Committee and/or Board of Directors.

3025.33 For the purposes of this policy, operating expenses such as salaries and other

employee related costs, insurances, supplies, vehicle maintenance, training, publications, fuel, electrical power and similar costs shall **not** be considered eligible expenses for Capital Outlay or Capital Reserve funds. Contingency Reserves may be used to fund operating expenses on a short term basis, not to exceed one Fiscal year and only following exhausting all available operating cost reducing measures.

3025.40 The following standard terminology shall be used when listing reserve accounts in all budgets, reports, financial statements and audits. Reserve account terminology and definitions:

3025.41 Reserve Fund Types: GASB 54 adopted a rule establishing five subcategories of fund balance: Nonspendable, Restricted, Committed, Assigned and Unassigned Fund Balances. Of the five, four apply to our reserve fund balances. The fifth fund type, Nonspendable, does not apply to reserve fund balances. All five are defined below:

3025.411 Nonspendable fund balances are fund balances that are associated with inventories and does not apply to our reserve balances.

3025.412 Restricted Reserves have restrictions imposed by an outside source, such as bond covenants, contractual obligations, loan requirements, etc.

3025.413 Committed Reserves are set aside for a specific purpose as determined by the Board of Directors. The Board of Directors has the authority to redirect the use of these reserves as the needs of the District change. The Capital Outlay and Capital Reserve funds are Committed Reserves.

3025.414 Assigned Reserves are set aside with the intention to use them for a specific purpose; intent can be expressed by the Board of Directors or by an official designated to do so. Contingency Reserves for a specific service category are considered Assigned reserves.

3025.415 Unrestricted Reserves are available for any purpose and reported as Contingency Reserves in the General Fund.

3025.42 Capital Outlay: Board Designated Funding budgeted for expenditure in each service category and for the District administrative office, facility and equipment maintenance within the fiscal year for tools, equipment, facilities or infrastructure. As a guideline for the purposes of this policy, Capital Outlay expenditures shall be those which have a value in excess of five hundred dollars (\$500) and a life expectancy of greater than 3 years.

3025.43 Capital Reserves: Board Designated Funding budgeted in each service category and for the District administrative office, facility and equipment maintenance for accumulation from fiscal year to fiscal year, over a set period of years, for the sole

purpose of funding future tool and equipment purchases, facilities and infrastructure replacement, improvement or expansion. The purposes for which the Capital Reserves are established shall be referenced separately in the budget during each fiscal year that the Capital Reserve fund is maintained. All Capital Reserve funds established shall be substantiated by reference to Master Plans, Capital Improvement Plans or specific funding agency requirements.

3025.431 Capital Reserve funding accumulation shall be limited to the amount set upon its establishment or as amended by the Board of Directors and shall include up to 100% of the value of the depreciated fixed assets related to such service, including a proportionate share of fixed assets relative to the District administrative office and equipment maintenance.

3025.432 For the purposes of this policy, budgeted amounts for repayment of debt service shall not be considered Capital Reserves. Such debt service payment amounts shall be listed separately in each Fiscal year budget during which the payments are applicable.

3025.433 Once the total funding required, as established or amended in any Capital Reserve Account is attained, funding agency requirements met or term limit reached, the Capital Reserve accumulation in that account shall cease unless the term or funding limit is amended by action of the Board of Directors. The total approved amount of that Capital Reserve amount shall be transferred to Capital Outlay budget line in the fiscal year during which the capital purchase or project is to be implemented.

3025.434 The amount of the Capital Reserve funding approved in any fiscal year budget shall be the amount planned for additional accumulation in that account for that year. The total amount of accumulated Capital Reserves for each service category and account shall be publicly reported pursuant to section 3025.53 of this policy.

3025.44 Contingency Reserves: Funding budgeted in each service category and for the District administrative office, facility and equipment maintenance for accumulation from fiscal year to fiscal year, with no specific term of such accumulation, for the sole purpose of funding Capital Outlay projects in future years and funding unbudgeted items on an emergency or unplanned basis. Contingency Reserves may also be used for expenditures related to short term revenue shortages as detailed in 3025.32 above, rate stabilization or to fund cost overruns from previous fiscal years.

3025.441 A General Provision Contingency Reserve account was established upon the passage and implementation of Propositions 218 in 1996, which modified Article XIID of the California Constitution. Upon its establishment,

the General Contingency Reserve reflected the total amount of reserve funding in all service accounts. The General Contingency Reserve account shall continue to be maintained and reported by the District.

3025.4411 Other than interest on the investment of the General Contingency Reserve fund, no additional funding shall be budgeted to accumulate in this account.

3025.4412 The General Contingency Reserve shall be available for expenditure in any service delivered by the District and as approved for expenditure in accordance with the provisions of this section.

3025.442 The amount of the Contingency Reserve funding approved in any Fiscal year budget shall be the amount planned for additional accumulation in that account for that year. The total amount of accumulated Contingency Reserves for each service category and account shall be publicly reported pursuant to section 3025.53 of this policy.

3025.443 Contingency Reserve total funding accumulation shall be limited to one year's operating budget for the service.

3025.444 Purchases from Contingency Reserves, other than purchases for emergencies declared by the General Manager pursuant to Board Policy 3080, shall require approval of the Board of Directors.

3025.445 Capital Outlay funding approved but not expended during the fiscal year shall be accumulated in a Capital Reserve fund for that service, in the amount of and for the specific purpose previously established.

3025.446 Operating Budget carry over funding (revenue over expenditures) shall be accumulated in the Contingency Reserve fund for that service.

3025.447 Contingency Reserve funding approved for expenditure during any fiscal year shall be detailed in the budget as follows:

3025.448 The budget line item to which the Contingency Reserve funding is transferred shall detail the amount of transfer from Contingency Reserve and the duration of the transfer.

3025.449 The Contingency Reserve fund for that year shall reflect the total fund upon establishment less the amount transferred. A description of the amount transferred and its

duration shall be detailed in the fiscal year budget for each year during which the transfer occurs.

3025.50 The Capital Reserve and Contingency Reserve funding levels listed *below in Appendix A* shall be contained in the annual budget for each service department and for the District administrative office, facility and equipment maintenance. Amendment of this policy is required for the establishment of a new reserve fund, modification or termination of previously established reserve funds. The fiscal year budget shall clearly identify the expenditure of reserve funds.

3025.51 Capital Reserve Accounts

Service	Account Title	Annual Amount	Year Established or Revised	Term Years	Purpose
General	Administrative Office, Equipment, Facility and Maintenance	\$0.00	Rev.2015-16	3	Replacement of office computers and related equipment on a 3-4 year rotating basis. No term was adopted for this fund.
Fire/Ambulance	Ambulance Equipment Repair and Replacement	\$6,667.00	Rev.2015-16	15	Replacement and repair of ambulance and related equipment. Replacement is estimated to be on a 15 year basis.
Alleys	-	\$0.00	-	-	-
Street Lights	-	\$0.00	-	-	-
Park	Lawnmower	\$6,000.00	Rev.2015-16	20	Future Purchase of a new Lawnmower
Library	Building Maintenance	\$50.00	Rev.2015-16	3	Building Maintenance on a 3-4 year rotating basis. No term was adopted for this fund.
Refuse	-	\$0.00	Rev.2015-16	-	-
Sewer	Future Camera	\$0.00	Rev.2015-16	-	Future Purchase of a State Required Sewer Camera
Water	Equipment Replacement	\$0.00	Est.1997-98 Rev. 2015-16	5	Begin building reserves to replace water system equipment
Water	Equipment Replacement	\$0.00	Est.1998-99 Rev. 2002-03	1	Water Reserve Funding at a faster rate due to failing water system tools, fire hydrants, equipment and service connections, main valves, etc.
Water	Water Main Replacements	\$0.00	Est.1998-99 Rev. 2002-03	1	Water Reserve Funding at a faster rate due to failing water mains, possible upcoming major replacement projects.

Service	Account Title	Annual Amount	Year Established or Revised	Term Year	Purpose
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				FS	
Fire/Ambulance	Future Loader Payment	\$66.00	Est. 2014-15 Rev. 2015-16	5	Set Aside at 1% allocation of purchase option at lease end for John Deere Loader
Alleys	Future Loader Payment	\$825.00	Est. 2014-15 Rev. 2015-16	5	Set Aside at 12.5% allocation of purchase option at lease end for John Deere Loader
Park	Future Loader Payment	\$165.00	Est. 2014-15 Rev. 2015-16	5	Set Aside at 2.5% allocation of purchase option at lease end for John Deere Loader
Refuse	Future Loader Payment	\$264.00	Est. 2014-15 Rev. 2015-16	5	Set Aside at 4% allocation of purchase option at lease end for John Deere Loader
Sewer	Future Loader Payment	\$1,980.00	Est. 2014-15 Rev. 2015-16	5	Set Aside at 30% allocation of purchase option at lease end for John Deere Loader
Water	Future Loader Payment	\$3,300.00	Est. 2014-15 Rev. 2015-16	5	Set Aside at 50% allocation of purchase option at lease end for John Deere Loader

Service	Account Title	Annual Amount	Year Established or Revised	Term Years	Purpose
Fire/Ambulance	Future Dump Truck	\$0.00	Est. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Alleys	Future Dump Truck	\$2,250.00	Est. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Park	Future Dump Truck	\$1,500.00	Est. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Library	Future Dump Truck	\$25.00	Est. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Refuse	Future Dump Truck	\$1,500.00	Est. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Sewer	Future Dump Truck	\$0.00	Est. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Water	Future Dump Truck	\$0.00	Est. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck

Service	Account Title	Annual Amount	Year Established or Revised	Term Years	Purpose
Fire/Ambulance	Future Trucks	\$0.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks
Alleys	Future Trucks	\$2,250.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks
Park	Future Trucks	\$1,500.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks

Library	Future Trucks	\$25.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks
Refuse	Future Trucks	\$1,500.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks
Sewer	Future Trucks	\$0.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks
Water	Future Trucks	\$0.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks

~~3025.52 Contingency Reserve Accounts~~

Service	Account Title	Annual Amount	Year Established or Revised	Purpose
General	-	\$36,150.00	Revised 2015-16	Budgeted funding level of all general revenue, rate stabilization at current level
General	OPEB	\$25,000.00	Revised 2015-16	Budgeted set aside to fund future Other Post-Employment Benefits
Fire/Ambulance	Revenue Over Expenses	\$1,435.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Alleys	Revenue Over Expenses	\$217.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Street Lights	Revenue Over Expenses	\$977.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Park	Revenue Over Expenses	\$232.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Library	Revenue Over Expenses	\$47.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Refuse	Revenue Over Expenses	\$4,174.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Sewer	Revenue Over Expenses	\$0.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Water	Revenue Over Expenses	\$3.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level

~~3025.53 Restricted Reserve Accounts~~

Service	Account Title	Annual Amount	Year Established or Revised	Term Years	Purpose
Fire/Ambulance	Future Loader Payment	\$66.00	Est. 2014-15 Rev. 2015-16	5	Set Aside at 1% allocation of purchase option at lease end for John Deere Loader

Alleys	Future Loader Payment	\$825.00	Est.. 2014-15 -Rev. 2015-16	5	Set Aside at 12.5% allocation of purchase option at lease end for John Deere Loader
Park	Future Loader Payment	\$165.00	Est.. 2014-15 -Rev. 2015-16	5	Set Aside at 2.5% allocation of purchase option at lease end for John Deere Loader
Refuse	Future Loader Payment	\$264.00	Est.. 2014-15 -Rev. 2015-16	5	Set Aside at 4% allocation of purchase option at lease end for John Deere Loader
Sewer	Future Loader Payment	\$1,980.00	Est.. 2014-15 -Rev. 2015-16	5	Set Aside at 30% allocation of purchase option at lease end for John Deere Loader
Water	Future Loader Payment	\$3,300.00	Est.. 2014-15 -Rev. 2015-16	5	Set Aside at 50% allocation of purchase option at lease end for John Deere Loader

3025.5451 Reserve Account Reporting

3025.541511 This policy shall be considered annually by the Board of Directors in conjunction with the adoption of the annual budget.

3025.542512 The Capital Reserve and Contingency Reserve Fund balances and Capital Expenditures shall be reported with the quarterly Financial Statements and contained within an Annual Reserve Report delivered to the Board of Directors and available for public review following the close of each fiscal year.

3025.543513 The Annual Reserve Report shall list each service provided by the District and the District administrative office, facility and equipment maintenance separately by Account Title. The report shall be prepared in a manner easily understood by the layperson, available free of charge to the public and posted on the District's website and distributed in the District's newsletter.

APPENDIX A- Capital Reserve Accounts. Living document. This will be revised as needed by District staff. Please request the latest version from the District Finance Officer.



APPENDIX A

CAPITAL RESERVE ACCOUNTS-Living Document- Revised

Service	Account Title	Annual Amount	Year Established or Revised	Term Years	Purpose
General	Administrative Office, Equipment, Facility and Maintenance	\$0.00	Rev.2015-16	3	Replacement of office computers and related equipment on a 3-4 year rotating basis. No term was adopted for this fund.
Fire/Ambulance	Ambulance Equipment Repair and Replacement	\$6,667.00	Rev.2015-16	15	Replacement and repair of ambulance and related equipment. Replacement is estimated to be on a 15 year basis.
Alleys		\$0.00			
Street Lights		\$0.00			
Park	Lawnmower	\$6,000.00	Rev.2015-16	20	Future Purchase of a new Lawnmower
Library	Building Maintenance	\$50.00	Rev.2015-16	3	Building Maintenance on a 3-4 year rotating basis. No term was adopted for this fund.
Refuse		\$0.00	Rev.2015-16		
Sewer	Future Camera	\$0.00	Rev.2015-16		Future Purchase of a State Required Sewer Camera
Water	Equipment Replacement	\$0.00	Est.1997-98 Rev. 2015-16	5	Begin building reserves to replace water system equipment
Water	Equipment Replacement	\$0.00	Est.1998-99 Rev. 2002-03	1	Water Reserve Funding at a faster rate due to failing water system tools, fire hydrants, equipment and service connections, main valves, etc.
Water	Water Main Replacements	\$0.00	Est.1998-99 Rev. 2002-03	1	Water Reserve Funding at a faster rate due to failing water mains, possible upcoming major replacement projects.

Service	Account Title	Annual Amount	Year Established or Revised	Term Years	Purpose
Fire/Ambulance	Future Loader Payment	\$66.00	Est.. 2014-15 Rev. 2015-16	5	Set Aside at 1% allocation of purchase option at lease end for John Deere Loader
Alleys	Future Loader Payment	\$825.00	Est.. 2014-15 Rev. 2015-16	5	Set Aside at 12.5% allocation of purchase option at lease end for John Deere Loader
Park	Future Loader Payment	\$165.00	Est.. 2014-15 Rev. 2015-16	5	Set Aside at 2.5% allocation of purchase option at lease end for John Deere Loader
Refuse	Future Loader Payment	\$264.00	Est.. 2014-15 Rev. 2015-16	5	Set Aside at 4% allocation of purchase option at lease end for John Deere Loader
Sewer	Future Loader Payment	\$1,980.00	Est.. 2014-15 Rev. 2015-16	5	Set Aside at 30% allocation of purchase option at lease end for John Deere Loader
Water	Future Loader Payment	\$3,300.00	Est.. 2014-15 Rev. 2015-16	5	Set Aside at 50% allocation of purchase option at lease end for John Deere Loader

Service	Account Title	Annual Amount	Year Established or Revised	Term Years	Purpose
Fire/Ambulance	Future Dump Truck	\$0.00	Est.. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Alleys	Future Dump Truck	\$2,250.00	Est.. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Park	Future Dump Truck	\$1,500.00	Est.. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Library	Future Dump Truck	\$25.00	Est.. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Refuse	Future Dump Truck	\$1,500.00	Est.. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Sewer	Future Dump Truck	\$0.00	Est.. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck
Water	Future Dump Truck	\$0.00	Est.. 2014-15 Rev. 2015-16	5	For the future purchase of a District Dump Truck

Service	Account Title	Annual Amount	Year Established or Revised	Term Years	Purpose
Fire/Ambulance	Future Trucks	\$0.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks
Alleys	Future Trucks	\$2,250.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks
Park	Future Trucks	\$1,500.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks
Library	Future Trucks	\$25.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks
Refuse	Future Trucks	\$1,500.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks
Sewer	Future Trucks	\$0.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks
Water	Future Trucks	\$0.00	Est. 2014-15 Rev. 2015-16	5	For the purchase of District Trucks

Contingency Reserve Accounts

Service	Account Title	Annual Amount	Year Established or Revised	Purpose
General		\$36,150.00	Revised 2015-16	Budgeted funding level of all general revenue, rate stabilization at current level
General	OPEB	\$25,000.00	Revised 2015-16	Budgeted set aside to fund future Other Post-Employment Benefits
Fire/Ambulance	Revenue Over Expenses	\$1,435.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Alleys	Revenue Over Expenses	\$217.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Street Lights	Revenue Over Expenses	\$977.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Park	Revenue Over Expenses	\$232.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Library	Revenue Over Expenses	\$47.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Refuse	Revenue Over Expenses	\$4,174.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Sewer	Revenue Over Expenses	\$0.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level
Water	Revenue Over Expenses	\$3.00	Revised 2015-16	Budgeted revenue over expenses, rate stabilization at current level

Restricted Reserve Accounts

Service	Account Title	Annual Amount	Year Established or Revised	Term Years	Purpose
Sewer	USDA RD Debt Service Reserve Account	\$4,345.45	Est. 2002-03 Rev. 2016-17	40	Deposits made annually years 1-10 to ensure cash available for loan payments. Years 11-40 funds may be used for emergency maintenance, extensions, replacement of short lived components. Required by March 2002 RD Letter of Conditions. 2003-2042
Sewer	SWRCB WW Cap Reserve Fund	\$4,057.50	Est. 2002-03 Rev. 2016-17	20	Deposits made annually as a loan condition by SWRCB 2002-2023
Sewer	CDBG Grant Req	\$5,583.00	Est. 1998-99 Rev. 2016-17	40	Deposits made annually as Grant Req from user charge of \$1.17/user (.64 water & .53 sewer) 07/01/98 - 06/30/38 for depreciation for replacement or repair costs
Water	CDBG Grant Req	\$6,917.00	Est. 1998-99 Rev. 2016-17	40	Deposits made annually as Grant Req from user charge of \$1.17/user (.64 water & .53 sewer) 07/01/98 - 06/30/38 for depreciation for replacement or repair costs



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

April 16, 2021

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

We have audited the financial statements of McCloud Community Services District as of and for the year ended June 30, 2019 and have issued our report thereon dated April 16, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 26, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of McCloud Community Services District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope we previously communicated to you. The timing of the audit was delayed due to delays in receiving requested audit documentation and difficulties reconciling certain account balances.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by McCloud Community Services District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the collectability of accounts receivable, other postemployment benefit liabilities, the net pension liability and related deferred inflows and outflows.

Management's estimate of the collectability of accounts receivable is based on a historical analysis of collections and bad debt. Management's estimate of other postemployment benefits liabilities, the net pension liability and related deferred inflows and outflows are based on actuarial studies performed by independent third parties. We evaluated the key factors and assumptions used to develop the estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements are those related to the net pension and net OPEB liability.

Significant Difficulties Encountered during the Audit

We encountered numerous delays in completing the audit due to accounts not being fully reconciled. There were also numerous delays in receiving information requested for the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached (See attachment B) schedule of audit adjustments were identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to McCloud Community Services District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated April 16, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

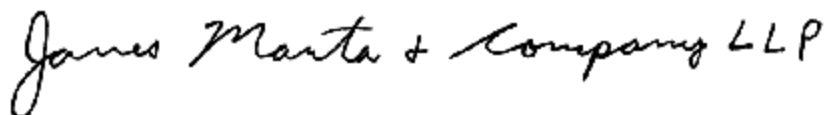
Other Significant Matters, Findings, or Issues

In the normal course of our professional association with McCloud Community Services District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as McCloud Community Services District's auditors.

New Accounting Standards

See Attachment A

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



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 16, 2021

Attachment A – New and Upcoming Changes in Accounting Standards

GASB Statement No. 84, Fiduciary Activities

Effective for the fiscal year ending June 30, 2020

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB Statement No. 87, Leases

Effective for the fiscal year ending June 30, 2021

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period

Effective for the fiscal year beginning after December 15, 2019.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61

Effective for the fiscal year beginning after December 15, 2018.

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

GASB Statement No. 91, Conduit Debt Obligations

Effective for the fiscal year beginning after December 15, 2020.

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

Attachment B – Journal Entry Report

Adjusting Journal Entries

Adjusting Journal Entries JE # 1			
To adjust beginning net position to match prior year report			
1010.209000	Fund Balance - Unreserved	1,691.00	
1040.209000	Fund Balance - Unreserved	1,074.00	
1050.209000	Fund Balance - Unreserved	717.00	
1090.209000	Fund Balance - Unreserved	293.00	
2000.299999	Conversion Balancing Account	15,000.00	
1010.405000.700	Miscellaneous		1,691.00
1040.405000.700	Miscellaneous		1,074.00
1050.406000.830	Equipment		717.00
1090.403000.400	Supplies		293.00
2000.201220	Debt - LT		15,000.00
Total		18,775.00	18,775.00
Adjusting Journal Entries JE # 2			
To adjust net pension liability and related inflows/outflows			
1090.104001	Deferred Outflows - NPL	6,505.00	
1090.401100.230	PERS	19,582.00	
2000.104001	Deferred Outflows - NPL	2,655.00	
2000.204000	OPEB Liability	103,418.00	
2000.214001	Deferred Inflows - NPL	2,815.00	
3000.214000	Net Pension Liability	19,547.00	
3000.214001	Deferred Inflows - NPL	10,570.00	
1090.214000	Net Pension Liability		22,076.00
1090.214001	Deferred Inflows - NPL		4,011.00
2000.214000	Net Pension Liability		3,825.00
2000.214000	Net Pension Liability		103,418.00
2000.401100.210	Social Security		1,645.00
3000.104001	Deferred Outflows - NPL		2,703.00
3000.401100.230	PERS		27,414.00
Total		165,092.00	165,092.00
Adjusting Journal Entries JE # 3			
To adjust OPEB liability and related inflows/outflows			
1090.104000	Deferred Outflows OPEB	11,291.00	
1090.401100.230	PERS	97,723.00	
2000.104000	Deferred Outflows OPEB	9,842.00	
2000.204000	OPEB Liability	118,343.00	
3000.204000	OPEB Liability	302,548.00	
3000.401100.230	PERS	52,161.00	
1090.204000	OPEB Liability		53,503.00
1090.204001	Deferred Inflows - OPEB		55,512.00
2000.204001	Deferred Inflows - OPEB		106,155.00
2000.401100.230	PERS		22,030.00
3000.104000	Deferred Outflows OPEB		22,191.00
3000.204001	Deferred Inflows - OPEB		143,880.00
3000.401100.230	PERS		188,637.00
3000.104000	Deferred Outflows OPEB		
Total		591,908.00	591,908.00
Adjusting Journal Entries JE # 5			
To record entry to net out cost allocation between funds			
1040.405000.799	General Fund/Directors Allocation	334.00	
1050.405000.799	General Fund/Directors Allocation	69.00	
1060.405000.799	General Fund/Directors Allocation	51.00	
1070.405000.799	General Fund/Directors Allocation	92.00	
1080.405000.799	General Fund/Directors Allocation	24.00	
1090.405000.799	General Fund/Directors Allocation	531.00	
2000.405000.799	General Fund/Directors Allocation	786.00	
3000.405000.799	General Fund/Directors Allocation	847.00	
1040.101000	Operating Cash		334.00
1050.101000	Operating Cash		69.00
1060.101000	Operating Cash		51.00
1070.101000	Operating Cash		92.00
1080.101000	Operating Cash		24.00
1090.101000	Operating Cash		531.00
2000.101000	Operating Cash		786.00
3000.101000	Operating Cash		847.00
Total		2,734.00	2,734.00

Reclassifying Journal Entries

Reclassifying Journal Entries JE # 4				
To true up AP balances				
1010.101000	Operating Cash		2,772.00	
1040.101000	Operating Cash		13,094.00	
1050.201000	Accounts Payable		2,055.00	
1070.201000	Accounts Payable		1,716.00	
1080.101000	Operating Cash		4.00	
1090.201000	Accounts Payable		10,012.00	
2000.201000	Accounts Payable		96.00	
3000.201000	Accounts Payable		1,991.00	
1010.201000	Accounts Payable			2,772.00
1040.201000	Accounts Payable			13,094.00
1050.101000	Operating Cash			2,055.00
1070.101000	Operating Cash			1,716.00
1080.201000	Accounts Payable			4.00
1090.101000	Operating Cash			10,012.00
2000.101000	Operating Cash			96.00
3000.101000	Operating Cash			1,991.00
Total			31,740.00	31,740.00



MCCLLOUD COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

701 HOWE AVENUE, E3
SACRAMENTO, CA

(916) 993-9494
(916) 993-9489 FAX
WWW.JMCPA.COM

MCCLLOUD COMMUNITY SERVICES DISTRICT

JUNE 30, 2019

BOARD OF DIRECTORS

Catherine Young - President

Mick Hanson – Vice President

Raymond Zanni - Director

Michael Rorke – Director

Christine Richey – Director

* * * *

Amos McAbier – General Manager

Michael Quinn – Finance Officer

MCCLLOUD COMMUNITY SERVICES DISTRICT

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MCCLLOUD COMMUNITY SERVICES DISTRICT

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JUNE 30, 2019

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
McCloud Community Services District
McCloud, 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 McCloud Community Services District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the McCloud Community Services District as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Emphasis of Matter

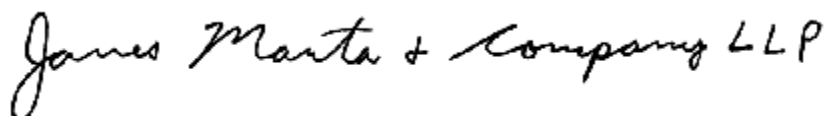
As discussed in Note 10 to the financial statement, the prior year fund balance and net position have been restated to reflect assets that were not appropriately presented in the June 30, 2018 financial statement. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Fire Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions and Schedule of Changes in the Net OPEB Liability and Related Ratios 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 April 16, 2021 on our consideration of the 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 the District's internal control over financial reporting and compliance.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

MCCLOUD COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

This discussion and analysis section of the McCloud Community Services District's (District or MCSD) Financial Statements provides a narrative overview of the basic financial activities of the District as of and for the year ended June 30, 2019.

It is important to note that this Audit was performed for the Y/E of June 30, 2019 based on the audit of June 30, 2018 which was finalized without the prior audits of 2012/13 through 2016/17 being completed. It was at the recommendation of the Finance Officer and General Manager with approval of the Board of Directors that the consecutive audit pattern be passed over with the intent that the Audit of 2017/18 and subsequent years be completed allowing the District to continue operations with knowledge of an accurate financial position and allow audited information for the grant processes. This does not represent an abandonment of the requirements of those prior years to be audited.

LIABILITIES

The 2017/18 Audit introduced the liabilities of GASB Statement No. 75 and GASB Statement No. 68 to the financial position of the MCSD. These liabilities were addressed in the 2018/19 year with the establishment of a California Employers' Retiree Benefit Trust (CERBT) account for GASB 75.

GASB Statement No. 75, which recognizes the Postemployment Benefits Other Than Pensions (OPEB), as actuarially accounted for was prepared and posted to the liabilities of the District. This represents a significant future outflow to the District funds which was addressed through investment of prior set aside funds to a new CERBT account in the 2018/19 year with the approval of the Board. It is important to note that the current portion of the OPEB liability has been a part of the MCSD annual budget and has been paid in full every year.

The District opened their CERBT account with the actuarial calculated amount of \$109,827 on June 26, 2019.

GASB Statement No. 68, which recognizes the District's Net Pension Liability, was posted to the liabilities of the District in the 2017/18 Audit, addressing the previously unstated future liability for retirement benefits of the MCSD. The required annual minimum payment for the 2018/19 year was budgeted and paid. The ability for the District to establish a CEPPT account to reduce that liability was enacted by law in the 2019/20 fiscal year but the District lacked the funds needed to depend on additional sources of revenue that will be addressed in future budgets. Again, the District has handled the current portion of this liability within the annual MCSD budgets.

ASSETS

The Asset and Depreciation Schedule added the assets of the Refuse Fund's initial purchase of two collection trucks and dumpsters and cans necessary for the District's transition to its internal servicing of accounts.

The John Deere loader purchased in 2014 and originally recorded as a leased vehicle was converted to an asset with the purchase of the lease with the full purchase price and accumulated depreciation booked.

MCCLLOUD COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements present an overview of the MCSD's finances with the funds categorized and reported as governmental or business-type activities. This government-wide statement is presented in a business style to provide a comparative overview of the District.

The Statement of Activities presents a view of the revenue, whether from tax based sources or activity based sources, and expenses to determine the degree that the funds are self-supporting or requiring of general revenue support.

Statement of Activities

	Current Year		Prior Year
Total Net Position Restated at June 30, 2018	\$12,731,172	June 30, 2017	\$15,065,533
Prior Period Restatement	218,465		-2,103,670
Total Revenue	1,710,885		1,543,498
Total Expense	1,168,124		1,328,221
Total Depreciation Expense	495,488		445,968
 Total Net Position at June 30, 2019	 \$12,996,910	 June 30, 2018	 \$12,731,172

Business Type Activities

	Current Year		Prior Year
Net Position at June 30, 2018	\$12,178,615	June 30, 2017	\$13,875,421
 Prior Period Restatement	 129,220		 -1,370,479
	\$12,307,835		\$12,504,942
 Water			
Total Revenue	445,156		442,908
 Total Operating Expense	 138,252		 229,351
Total Depreciation Expense	174,206		168,287
Total Cost Allocations and Misc.	81,632		125,061
 Sewer			
Total Revenue	403,723		420,902
Total Operating Expense	250,232		207,146
Total Depreciation Expense	298,407		277,681
Total Cost Allocations and Misc.	58,000		83,223
 Refuse			
Total Revenue	260,088		257,892
Total Operating Expense	267,827		342,406
Total Depreciation Expense	22,875		0
 Total Cost Allocations and Misc.	 50,403		 14,874
 Net Position at June 30, 2019	 \$12,074,968	 Note 1 June 30, 2018	 \$12,178,615

MCCLLOUD COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Governmental Activities

Net Position at June 30, 2018	\$552,557	June 30, 2017	\$1,190,112
Prior Period Restatement	89,245		-733,191
Total Revenue	565,599	Note 2	421,796
Total Operating Expense	511,813	Note 3	549,318
Total Cost Allocations and Misc	226,964		223,158
Net Position at June 30, 2019	\$921,942	June 30, 2018	\$552,557

Note 1 The District has entered into an agreement with RCAC to perform a Rate Study beginning in February, 2019 which was substantiated by the decrease in Net Position of \$103,647 in the Business Activities.

Note 2 Amount includes nonbudgeted onetime revenues of \$87,458 from services provided to the Hirtz/Delta Fire Camp and \$90,730 for FLSA Fire Revenue.

Note 3 Amount includes \$83,452 for FLSA Fire Payouts for wages and related expenses.

Statement of Net Position

The Statement of Net Position places total assets over total liabilities to compute the net difference which is then categorized into net investment in capital assets, restricted assets, committed assets and unrestricted assets.

	Statement of Net Position					
	6/30/2019					
	Government Activities		Business-type Activities		Totals	
	2018	2019	2018	2019	2018	2019
ASSETS						
Current Assets	\$ 1,325,359	\$ 1,495,961	\$ 1,396,316	\$ 1,405,246	\$ 2,721,675	\$ 2,901,207
Capital Assets	619,744	682,204	13,833,204	13,676,775	14,452,948	14,358,979
Total Assets	<u>1,945,103</u>	<u>2,178,165</u>	<u>15,229,520</u>	<u>15,082,021</u>	<u>17,174,623</u>	<u>17,260,186</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total deferred outflows	104,141	151,752	149,104	226,015	253,245	377,767
LIABILITIES						
Current Liabilities	22,174	34,274	47,189	42,107	69,363	76,381
Noncurrent Liabilities	1,335,238	1,040,954	2,953,412	2,695,380	4,288,650	3,736,334
Total liabilities	<u>1,357,412</u>	<u>1,075,228</u>	<u>3,000,601</u>	<u>2,737,487</u>	<u>4,358,013</u>	<u>3,812,715</u>
DEFERRED INFLOWS OF RESOURCES						
Total deferred inflows	139,275	332,747	199,408	495,581	338,683	828,328
NET POSITION						
Investment in capital assets, net of related debt	619,744	682,204	12,773,017	12,513,586	13,392,761	13,195,790
Restricted for capital replacement				383,521		383,521
Committed		966,227	372,647			966,227
Unrestricted	(67,187)	(726,489)	(967,049)	(822,139)	(1,034,236)	(1,548,628)
Total net position	<u>\$ 552,557</u>	<u>\$ 921,942</u>	<u>\$ 12,178,615</u>	<u>\$ 12,074,968</u>	<u>\$ 12,731,172</u>	<u>\$ 12,996,910</u>

MCCLOUD COMMUNITY SERVICES DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2019

The Statement of Activities analyzes and provides the base for Net Position at Year End from a cash flow from services perspective while the Statement of Net Position provides the same analysis by looking at asset and liability values. The Net Position of the MCSD increased \$265,738 from year end 2018 to year end 2019, however it was the Government activities that accounted for an increase of \$369,385 while the Business activities declined \$103,647. This decline and the lack of proper setasides for future replacement costs in the Government funds instituted the need for a rate study by the Rural Community Assistance Corporation. This study began in February of 2019 and will establish a five year plan to address the shortages while considering future cost increases and rate base growth.

Budget Comparison Highlights

This year a Budget Comparison report was chosen to detail in the MD&A as there were numerous changes in reporting and extraordinary events that affected the financial statements.

Each year the District Board of Directors adopts an annual operating and capital budget. The operating budget includes proposed expenses and the means of financing them. The budget remains in effect the entire year but may be revised by the Board of Directors as required. Budget vs. actual reports are provided to the Board of Directors and management on a quarterly basis.

The MCSD Budget was amended and reapproved by the Board June 17, 2019 for the reason of adding the CERBT required additional contribution of \$38,115 to Budget.,

The change to inhouse collection and disposal for the Refuse Fund necessitated a Budget revaluation of the General Expense allocation percent for all funds.

	% Before Revaluation	% After Revaluation
Fire	4	13
Alleys	4	3
Streetlights	0	0
Park	3	3
Library	0	1
Refuse	6	20
Sewer	33	29
Water	50	31

MCCLLOUD COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Analysis of Budget vs Actual for Total Revenue - Total Operating Expenses
07/2018 - 06/2019

Fund		Budget	Actual	Difference	Actual Variances
General	Revenue	\$ 73,000	\$ 174,287	\$ 101,287	\$ 87,458
	Expense	\$ 343,463	\$ 285,065	\$ (58,398)	Unbudgeted Fire Camp Revenue
Fire	Revenue	\$ 180,330	\$ 264,439	\$ 84,109	\$ 90,730
	Expense	\$ 171,142	\$ 239,289	\$ 68,147	\$ 83,452
		\$ 9,188	\$ 25,150	\$ 15,962	FLSA Fire Revenue FLSA Fire Expense
Alleys	Revenue	\$ 41,631	\$ 42,788	\$ 1,157	
	Expense	\$ 35,580	\$ 32,917	\$ (2,663)	
		\$ 6,051	\$ 9,871	\$ 3,820	
Lights	Revenue	\$ 20,668	\$ 20,656	\$ (12)	
	Expense	\$ 26,087	\$ 26,368	\$ 281	
		\$ (5,419)	\$ (5,712)	\$ (293)	
Park	Revenue	\$ 49,050	\$ 53,135	\$ 4,085	
	Expense	\$ 47,111	\$ 48,651	\$ 1,540	
		\$ 1,939	\$ 4,484	\$ 2,545	
Library	Revenue	\$ 8,422	\$ 7,023	\$ (1,399)	
	Expense	\$ 12,444	\$ 10,242	\$ (2,202)	
		\$ (4,022)	\$ (3,219)	\$ 803	
Refuse	Revenue	\$ 256,600	\$ 263,204	\$ 6,604	
	Expense	\$ 272,058	\$ 271,583	\$ (475)	
		\$ (15,458)	\$ (8,379)	\$ 7,079	
Sewer	Revenue	\$ 417,299	\$ 428,962	\$ 11,663	
	Expense	\$ 410,303	\$ 333,470	\$ (76,833)	
		\$ 6,996	\$ 95,492	\$ 88,496	
Water	Revenue	\$ 434,120	\$ 453,121	\$ 19,001	
	Expense	\$ 433,667	\$ 227,848	\$ (205,819)	
		\$ 453	\$ 225,273	\$ 224,820	

The General/Directors Allocation to Government and Enterprise Funds was under budget resulting in combined reduced fund expenses of \$57,999.

The Actual Expenses do not include the unbudgeted Depreciation (Enterprise) and Capital Outlay expenses (Government).

MCCLLOUD COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

INVESTMENTS

The McCloud Community Service District has invested its nonoperating cash assets in the Local Agency Investment Fund (LAIF) and receives a variable rate of return. In June 2019, the MCSDD started an OPEB CERBT account that had no value change.

Account Summaries

LAIF

Beginning Balance July 1, 2018	\$2,020,043
Deposits	\$400,000
Withdrawals	\$38,000
Interest earned	\$54,196
Ending Balance June 30, 2019	\$2,436,238

CERBT

Beginning Balance July 1, 2018	\$0.00
Deposits	\$109,827
Withdrawals	\$0.00
Interest earned	\$0.00
Ending Balance June 30, 2019	\$109,827

MCCLOUD COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

REFUSE FUND RESTRUCTURE

Following a proposal, discussion and final approval of the Board, it was decided to return the collection activities of the Refuse fund back to the District. This was effected on July 1, 2019 and included the purchase of two collection vehicles and enough bins and dumpsters to fulfill the account requirements within the District. At the same time, the Green Waste program changed its policy of allowing residents to bring their green waste to the District Office for transfer to the Waste site. This elimination of the retransfer by District employees saved payroll, fuel and maintenance of equipment costs.

Due to the change to inhouse collection, there was no anticipated increase in the revenue of the fund. The following comparison of 2017/18 and 2018/19 identifies only the expenses that were affected by the change of service. With the change in Expenses and Capital Cash outlays, there was a \$44,325 decrease in cash but a \$75,499 increase in Asset Value.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District will continue to budget conservatively for the Governmental and Proprietary Funds revenues with the anticipation that growth will be at a minimum and the rate and tax structures for the assessed properties within the District will not increase in the upcoming year.

The RCAC Rate Study will provide a synopsis of the Refuse, Sewer and Water Funds future needs and provide essential information about the rate structure and how it will address those needs.

The District will continue to be mindful of expenditures and look for ways to capitalize on trends that will allow for economies of scale and the more efficient use of resources.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Michael Quinn, Finance Officer, PO Box 640, McCloud, CA 96057.

BASIC FINANCIAL STATEMENTS

MCCLOUD COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,426,799	\$ 1,230,076	\$ 2,656,875
Accounts receivable	67,368	111,427	178,795
Prepaid expenses	1,794	6,422	8,216
Inventory	-	57,321	57,321
Total current assets	1,495,961	1,405,246	2,901,207
Non-current assets:			
Restricted cash and cash equivalents			
Capital assets, net	682,204	13,676,775	14,358,979
Total assets	2,178,165	15,082,021	17,260,186
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB	94,083	140,125	234,208
Related to Pension	57,669	85,890	143,559
Total deferred outflows of resources	151,752	226,015	377,767
LIABILITIES			
Accounts payable	10,871	11,711	22,582
Accrued liabilities	23,403	1,908	25,311
Interest payable	-	8,234	8,234
Unearned revenue	-	20,254	20,254
Long-Term Liabilities:			
Due within one year	12,200	115,577	127,777
Due in longer than one year	1,028,754	2,579,803	3,608,557
Total liabilities	1,075,228	2,737,487	3,812,715
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	286,195	426,248	712,443
Related to Pension	46,552	69,333	115,885
Total deferred inflows of resources	332,747	495,581	828,328
NET POSITION			
Net investment in capital assets	682,204	12,513,586	13,195,790
Restricted	-	383,521	383,521
Committed	966,227	-	966,227
Unrestricted	(726,489)	(822,139)	(1,548,628)
Total net position	\$ 921,942	\$ 12,074,968	\$ 12,996,910

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

MCCLOUD COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:						
General government	\$ 201,540	\$ -	\$ -	\$ (201,540)	\$ -	\$ (201,540)
Ambulance and fire	217,109	27,844	-	(189,265)	-	(189,265)
Non-major funds	93,164	63,593	-	(29,571)	-	(29,571)
Total governmental activities	<u>\$ 511,813</u>	<u>\$ 91,437</u>	<u>\$ -</u>	<u>(420,376)</u>	<u>-</u>	<u>(420,376)</u>
Business-type activities:						
Water	\$ 312,458	\$ 445,156	\$ -		132,698	132,698
Sewer	548,639	403,723	-		(144,916)	(144,916)
Waste	290,702	260,088	-		(30,614)	(30,614)
Total business-type activities	<u>\$ 1,151,799</u>	<u>\$ 1,108,967</u>	<u>\$ -</u>		<u>(42,832)</u>	<u>(42,832)</u>
General revenues:						
Property taxes				258,480	-	258,480
Use of money and property				20,498	33,707	54,205
Miscellaneous revenue				195,184	2,612	197,796
Total general revenue				<u>474,162</u>	<u>36,319</u>	<u>510,481</u>
Cost Allocation				<u>226,354</u>	<u>(226,354)</u>	<u>-</u>
Change in net position				<u>280,140</u>	<u>(232,867)</u>	<u>47,273</u>
Net position - beginning of year, original				552,557	12,178,615	12,731,172
Prior period restatement				89,245	129,220	218,465
Net position - beginning of year, restated				<u>641,802</u>	<u>12,307,835</u>	<u>12,949,637</u>
Net position - end of year				<u>\$ 921,942</u>	<u>\$ 12,074,968</u>	<u>\$ 12,996,910</u>

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

MCCLOUD COMMUNITY SERVICES DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Fire Fund	Non-major Funds	Total Governmental Funds
ASSETS				
Assets				
Cash and cash equivalents	\$ 720,742	\$ 374,874	\$ 331,183	\$ 1,426,799
Accounts receivables	4,488	41,417	21,463	67,368
Due from other funds	65,206	-	-	65,206
Prepaid expenses	1,794	-	-	1,794
Total Assets	<u>\$ 792,230</u>	<u>\$ 416,291</u>	<u>\$ 352,646</u>	<u>\$ 1,561,167</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 4,686	\$ 5,848	\$ 337	\$ 10,871
Accrued expenses	4,582	18,434	387	23,403
Due to other funds	-	53,000	12,206	65,206
Total Liabilities	<u>9,268</u>	<u>77,282</u>	<u>12,930</u>	<u>99,480</u>
Fund Balance				
Committed	591,578	292,956	81,693	966,227
Unassigned	191,384	46,053	258,023	495,460
Total Fund Balance	<u>782,962</u>	<u>339,009</u>	<u>339,716</u>	<u>1,461,687</u>
Total Liabilities and Fund Balance	<u>\$ 792,230</u>	<u>\$ 416,291</u>	<u>\$ 352,646</u>	<u>\$ 1,561,167</u>

MCCLOUD COMMUNITY SERVICES DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2019

Total Fund Balance - Governmental Funds	\$	1,461,687
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets: in governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at cost	\$ 2,290,419	
Accumulated depreciation	<u>(1,608,215)</u>	
Capital assets, net		682,204

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated Absences	(12,200)
Net Pension Liability	(208,527)
Other Postemployment Benefits	(820,227)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported.

Deferred outflows of resources relating to pensions	57,669
Deferred outflows of resources relating to OPEB	94,083
Deferred inflows of resources relating to pensions	(46,552)
Deferred inflows of resources relating to OPEB	<u>(286,195)</u>

Total net position - Governmental Activities:	\$	<u>921,942</u>
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MCCLOUD COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Fire Fund	Non-Major Funds	Total
REVENUE				
Property taxes and assessments	\$ 74,077	\$ 129,134	\$ 55,269	\$ 258,480
Charges for services	-	27,844	63,593	91,437
Intergovernmental revenues	1,035	-	-	1,035
Use of money and property	8,427	7,929	4,142	20,498
Other income	90,748	99,532	3,869	194,149
Total revenue	<u>174,287</u>	<u>264,439</u>	<u>126,873</u>	<u>565,599</u>
EXPENDITURES				
Wages and benefits	151,081	154,734	58,385	364,200
Professional services	41,111	1,923	57	43,091
Fuel and supplies	21,588	14,934	3,214	39,736
Insurance	37,918	-	-	37,918
Utilities	10,817	7,824	22,732	41,373
Repairs and maintenance	7,129	17,569	1,026	25,724
Office supplies	8,251	28	365	8,644
Dues and subscriptions	2,777	110	-	2,887
Travel and training	5,826	4,572	-	10,398
General and administrative	36,680	2,203	7,385	46,268
Capital Outlay	-	13,212	-	13,212
Total expenditures	<u>323,178</u>	<u>217,109</u>	<u>93,164</u>	<u>633,451</u>
Excess (deficiency) of revenue over expenditures	<u>(148,891)</u>	<u>47,330</u>	<u>33,709</u>	<u>(67,852)</u>
OTHER FINANCING SOURCES (USES)				
Cost allocation	<u>286,756</u>	<u>(35,390)</u>	<u>(25,012)</u>	<u>226,354</u>
Total other financing sources (uses)	<u>286,756</u>	<u>(35,390)</u>	<u>(25,012)</u>	<u>226,354</u>
Net change in fund balances	137,865	11,940	8,697	158,502
FUND BALANCE, beginning of year	<u>645,097</u>	<u>327,069</u>	<u>331,019</u>	<u>1,303,185</u>
FUND BALANCE, end of year	<u>\$ 782,962</u>	<u>\$ 339,009</u>	<u>\$ 339,716</u>	<u>\$ 1,461,687</u>

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

MCCLOUD COMMUNITY SERVICES DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES**

JUNE 30, 2019

Net Change in Fund Balances - Governmental Funds	\$	158,502
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	129,896
Depreciation expense	(61,459)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and earned was:

722

Pensions: In government funds, pension costs are recognized when employer contributions are made, in the statement of activities pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

10,185

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. The difference between OPEB costs paid and earned was:

42,294

Changes in net position of governmental activities:	\$	<u><u>280,140</u></u>
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MCCLOUD COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY – ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

<u>ASSETS</u>	<u>Water</u>	<u>Sewer</u>	<u>Waste</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 254,937	\$ 966,310	\$ 8,829	\$ 1,230,076
Accounts receivable	44,335	40,467	26,625	111,427
Inventory	54,063	3,258	-	57,321
Prepaid expenses	292	6,130	-	6,422
Total current assets	353,627	1,016,165	35,454	1,405,246
Noncurrent assets:				
Capital assets, net	4,279,922	8,981,359	415,494	13,676,775
Total noncurrent assets	4,279,922	8,981,359	415,494	13,676,775
Total assets	4,633,549	9,997,524	450,948	15,082,021
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	70,119	48,386	21,620	140,125
Related to Pension	42,980	29,658	13,252	85,890
Total deferred outflows of resou	113,099	78,044	34,872	226,015
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	1,234	6,418	4,059	11,711
Accrued expenses	769	641	498	1,908
Accrued interest payable	-	8,234	-	8,234
Unearned revenue	20,254	-	-	20,254
Current portion of long-term liabilities	-	62,849	52,728	115,577
Total current liabilities	22,257	78,142	57,285	157,684
Noncurrent liabilities:				
Notes and bonds payable	-	764,387	283,225	1,047,612
Other postemployment benefits liabilities	611,302	421,834	188,482	1,221,618
Net pension liability	155,412	107,243	47,918	310,573
Total noncurrent liabilities	766,714	1,293,464	519,625	2,579,803
Total liabilities	788,971	1,371,606	576,910	2,737,487
DEFERRED INFLOWS OF RESOURCES				
Related to OPEB	213,296	147,187	65,765	426,248
Related to Pension	34,695	23,941	10,697	69,333
Total deferred inflows of resourc	247,991	171,128	76,462	495,581
<u>NET POSITION</u>				
Net investment in capital assets	4,279,922	8,154,123	79,541	12,513,586
Restricted	137,114	246,407	-	383,521
Unrestricted	(707,350)	132,304	(247,093)	(822,139)
Total net position	\$ 3,709,686	\$ 8,532,834	\$ (167,552)	\$ 12,074,968

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

MCCLOUD COMMUNITY SERVICES DISTRICT

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

PROPRIETARY – ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Waste</u>	<u>Total</u>
OPERATING REVENUE				
Service charges	\$ 445,156	\$ 403,723	\$ 260,088	\$ 1,108,967
OPERATING EXPENSES				
Wages and benefits	79,136	144,027	192,237	415,400
Service contracts	7,335	-	7,865	15,200
General operating expenses	10,345	7,415	52,666	70,426
Miscellaneous	41,436	31,081	-	72,517
Depreciation	174,206	298,407	22,875	495,488
Debt service	-	67,709	15,059	82,768
Total operating expenses	<u>312,458</u>	<u>548,639</u>	<u>290,702</u>	<u>1,151,799</u>
Operating income (loss)	<u>132,698</u>	<u>(144,916)</u>	<u>(30,614)</u>	<u>(42,832)</u>
NONOPERATING REVENUE (EXPENSE)				
Use of money and property	6,888	25,239	1,580	33,707
Miscellaneous	1,077	-	1,535	2,612
Cost allocation	<u>(89,597)</u>	<u>(83,239)</u>	<u>(53,518)</u>	<u>(226,354)</u>
Total nonoperating revenue (expense)	<u>(81,632)</u>	<u>(58,000)</u>	<u>(50,403)</u>	<u>(190,035)</u>
CHANGE IN NET POSITION	<u>51,066</u>	<u>(202,916)</u>	<u>(81,017)</u>	<u>(232,867)</u>
NET POSITION, beginning of year, original	3,595,654	8,669,496	(86,535)	12,178,615
Prior Period Restatement	<u>62,966</u>	<u>66,254</u>	<u>-</u>	<u>129,220</u>
NET POSITION, beginning of year, as restated	<u>3,658,620</u>	<u>8,735,750</u>	<u>(86,535)</u>	<u>12,307,835</u>
NET POSITION, end of year	<u>\$ 3,709,686</u>	<u>\$ 8,532,834</u>	<u>\$ (167,552)</u>	<u>\$ 12,074,968</u>

MCCLOUD COMMUNITY SERVICES DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY – ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Water	Sewer	Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 460,189	\$ 414,403	\$ 265,853	\$ 1,140,445
Payments for services and supplies	(62,019)	(40,640)	(83,058)	(185,717)
Payments related to employee services	(232,559)	(151,338)	(10,706)	(394,603)
Net cash provided (used) by operating activities	165,611	222,425	172,089	560,125
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(60,186)	(7,969)	(1,475)	(69,630)
Debt service payments	-	(147,980)	(109,146)	(257,126)
Net cash provided (used) by capital and related financing activities	(60,186)	(155,949)	(110,621)	(326,756)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Miscellaneous revenues	7,965	25,239	3,115	36,319
Transfers out	(88,750)	(82,453)	(52,987)	(224,190)
Net cash provided (used) by capital and related financing activities	(80,785)	(57,214)	(49,872)	(187,871)
NET INCREASE (DECREASE) IN CASH	24,640	9,262	11,596	45,498
CASH AND CASH EQUIVALENTS, beginning of year	231,144	957,834	(2,236)	1,186,742
CASH AND CASH EQUIVALENTS, end of year	\$ 255,784	\$ 967,096	\$ 9,360	\$ 1,232,240
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 132,698	\$ (144,916)	\$ (30,614)	\$ (42,832)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	174,206	298,408	22,875	495,489
(Increase) decrease in:				
Accounts receivable	14,663	10,680	5,765	31,108
Prepaid expenses	(292)	(6,130)	-	(6,422)
Deferred outflows of resources	(27,347)	(39,397)	(30,527)	(97,271)
Increase (decrease) in:				
Accounts payable	(3,380)	4,623	(7,966)	(6,723)
Accrued wages	769	(637)	498	630
Deferred revenue	370	-	-	370
Net pension liability	(19,547)	19,744	38,081	38,278
Net OPEB liability	(239,839)	(62,483)	100,730	(201,592)
Deferred inflows of resources	133,310	142,533	73,247	349,090
Net cash provided (used) by operating activities	\$ 165,611	\$ 222,425	\$ 172,089	\$ 560,125
Non-cash transactions: Financed a new refuse truck	\$ -	\$ -	\$ 214,148	\$ 214,148

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

McCloud Community Services District (the “District”) was formed on August 24, 1965 to provide water, sewer, waste, fire and other necessary services to the community of McCloud. A Board of Directors consisting of five members, including a president who is selected by the Board of Directors, governs the District's operations. An appointed District Manager manages the administrative functions of the District, a designated Finance Officer administers the financial functions, and a designated Public Works Superintendent administers the District's water, sewer and alleys. Non-management employees are members of a union (Operating Engineers, Local No.3).

The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The statement of net position and the statement of activities display financial information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net position presents information on all of the District's assets and liabilities, with the difference between the two presented as net position. Net position is reported as three categories as applicable: net investment in capital assets, restricted and unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

B. BASIS OF PRESENTATION (CONTINUED)

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is not allocated by function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e. balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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.

D. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District funds are as follows:

Governmental Funds:

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund.

Fire Fund is used to account for most of the public safety operations of the District, including Ambulance.

Non-major Governmental Funds:

Alleys Fund is used to account for the maintenance of alleys within the District, which includes snow plowing.

Lights Fund is used to account for the utility expenses of street lights within the District.

Park Fund is used to account for the maintenance and upkeep of the District's park.

Library Fund is used to account for the building used by the county for the library.

Proprietary – Enterprise Funds:

Water Fund is used to account for the delivery of water services.

Sewer Fund is used to account for the delivery of sewer services.

Waste Fund is used to account for the delivery of solid waste services.

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

E. CASH AND CASH EQUIVALENTS

For purposes of the statement of net position/balance sheet, the District considers all short-term highly liquid investments, including restricted assets to be cash and cash equivalents.

F. INVESTMENTS

The District records its investments at fair market value. Changes in fair market value are reported as revenue in the Statement of Revenues, Expenses, and Changes in Net Position. The effect of recording investments at fair market value is reflected as a net increase in the fair value of investments on the Statement of Revenues, Expenses, and Changes in Net Position and on the Statement of Net Position. Fair market values of investments have been determined based on quoted market prices.

G. ACCOUNTS RECEIVABLE

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. As of June 30, 2019, the total accounts receivable portfolio was considered collectible. Interest on investments is recorded in the year the interest is earned.

H. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Depreciation is recorded on all depreciable capital assets on a straight-line basis over the following estimated useful lives:

Buildings and Improvements	20 – 50	Years
Sewer System	10 – 50	Years
Water Transmission System	5 – 50	Years
Subsurface Lines	3 – 50	Years
Machinery and Equipment	3 – 15	Years

I. COMPENSATED ABSENCES

District employees are entitled to certain compensated absences based on the length of their employment, which will be paid to them upon separation from the District. Compensated absences accumulate and are accrued when they are earned and reported as a liability in the government-wide financial statements.

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

J. INVENTORY

Inventory consists of items purchased for future projects.

K. FUND BALANCE

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

Nonspendable Fund Balance reflects assets not in spendable form, either because they will never convert to cash (prepaid expense) or must remain intact pursuant to legal or contractual requirements.

Restricted Fund Balance reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Directors. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors. At June 30, 2019, the District has committed funds that are to be used for expenditures related to future projects or equipment.

Assigned Fund Balance reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Directors is authorized to assign amounts for specific purposes.

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

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

L. USE OF ESTIMATES

The financial statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on managements' informed estimates and judgments, with consideration given to materiality. Actual results could differ from those amounts.

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

M. PROPERTY TAX

The County of Siskiyou assesses, bills, and collects property taxes for the District. Assessed values are determined annually by the Siskiyou County Assessor as of January 1, and become a lien on such property January 1. Taxes are due November 1 and February 1 (secured), and July 1 (unsecured) and are delinquent if not paid by December 10 and April 10 (secured), and August 31 (unsecured). The County is permitted by the State Constitution (Article XIII A) to levy taxes at 1% of the full market value of the property (at the time of Purchase) and can increase a property's assessed valuation by reappraisal due to new construction, change in ownership, or by increase in fair market value not to exceed 2% each year. The District receives a small portion of the County's 1% property tax each year. Property taxes collected by the County on behalf of the District but not remitted to the District by June 30 are accrued in revenue and included in accounts receivable.

2. CASH AND INVESTMENTS

The District's cash balances at June 30, 2019 are:

	Governmental Activities	Business-Type Activities	Total
Deposits:			
Banner Bank	\$ 299,848	\$ (76,477)	\$ 223,371
Pooled Funds:			
Local Agency Investment Fund	1,127,521	1,308,717	2,436,238
Total Cash and Equivalents	\$ 1,427,369	\$ 1,232,240	\$ 2,659,609

Pooled Funds:

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in this pool, which approximates cost, is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by Federal Agencies, government-sponsored enterprises and corporations. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

2. CASH AND INVESTMENTS (CONTINUED)

LAIF is administered by the State Treasurer and audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

Deposits - Custodial Credit Risk

The carrying amount of the District's bank account was \$223,371 and the bank balance was \$262,022 at June 30, 2019. Deposits held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the form of government-backed securities. All cash held by financial institutions at June 30, 2019 was fully insured or collateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The mutual funds are considered short term.

Credit Risk

The District's investment philosophy sets the tone for its policies, practices, procedures and objectives that control the investment function. The investment of funds will be guided by the primary goals of safety, liquidity, diversification, and reasonable market rate of return. The investment function will have additional goals of: assuring ongoing compliance with Federal, State, and local laws governing the investment of funds kept by the District, maintaining reserves for long term projects and contingencies, and establishing quality standards and limits to the type of investments made and with which institutions investments are placed. Goals will be carried out in the context of the "Prudent Investment Rule" which states that "investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Concentration of Credit Risk

The District places limits on the amount it may invest in anyone issuer. At June 30, 2019, the District had no concentration of credit risk.

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

3. PROPERTY AND EQUIPMENT

Capital assets activity for the year ended June 30, 2019, was as follows:

Governmental Activities:

	Balance June 30, 2018	Adjustments*	Additions	Deletions	Balance June 30, 2019
Not subject to depreciation					
Land	\$ 228,244	\$ -	\$ -	\$ -	\$ 228,244
Total Not subject to Depreciation	228,244	-	-	-	228,244
Subject to Depreciation					
Buildings and Improvements	933,297	-	-	(48,157)	885,140
Equipment	1,094,654	108,573	21,323	(47,515)	1,177,035
Total depreciable	2,027,951	108,573	21,323	(95,672)	2,062,175
Less accumulated depreciation	(1,636,451)	(16,286)	(45,173)	89,695	(1,608,215)
Total capital assets, net	<u>\$ 619,744</u>	<u>\$ 92,287</u>	<u>\$ (23,850)</u>	<u>\$ (5,977.00)</u>	<u>\$ 682,204</u>

Business-Type Activities:

	Balance June 30, 2018	Adjustments*	Additions	Deletions	Balance June 30, 2019
Not subject to depreciation					
Land	\$ 8,350	\$ -	\$ -	\$ -	\$ 8,350
Total Not subject to Depreciation	8,350	-	-	-	8,350
Subject to Depreciation					
Land Improvements	6,568,240	-	-	-	6,568,240
Buildings and Improvements	13,242,265	-	-	-	13,242,265
Equipment	821,033	195,112	228,496	-	1,244,641
Total depreciable	20,631,538	195,112	228,496	-	21,055,146
Less accumulated depreciation	(6,806,684)	(84,548)	(495,489)	-	(7,386,721)
Total capital assets, net	<u>\$ 13,833,204</u>	<u>\$ 110,564</u>	<u>\$ (266,993)</u>	<u>\$ -</u>	<u>\$ 13,676,775</u>

*These assets were purchased in prior years and added to the current year schedule. These are included as prior period adjustments on the financial statements.

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

4. INTERFUND TRANSACTIONS

As of June 30, 2019, the interfund receivable and payable balances were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 65,206	\$ -
Fire Fund	-	53,000
Lights Fund	-	12,206
Total	\$ 65,206	\$ 65,206

These amounts are eliminated on the Statement of Net Position as they all relate to Governmental Activities

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. There were no interfund transfers made during the year.

5. GENERAL LONG-TERM DEBT

A schedule of changes in long-term liabilities for the year ended June 30, 2019 is shown below:

Governmental Activities

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Net OPEB Liability	\$ 1,109,835	\$ -	\$ 289,608	\$ 820,227	\$ -
Net Pension Liability	212,481	-	3,954	208,527	-
Compensated Absences	12,922	-	722	12,200	12,200
	\$ 1,335,238	\$ -	\$ 294,284	\$ 1,040,954	\$ 12,200

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

5. GENERAL LONG-TERM DEBT (CONTINUED)

Business Activities

	Balance			Balance	Due
	July 1, 2018	Additions	Deductions	June 30, 2019	Within
					One Year
Net OPEB Liability	\$ 1,589,006	\$ -	\$ 367,388	\$ 1,221,618	\$ -
Net Pension Liability	304,219	6,354	-	310,573	-
Notes Payable	1,060,187	204,148	101,146	1,163,189	115,577
	<u>\$ 2,953,412</u>	<u>\$ 210,502</u>	<u>\$ 468,534</u>	<u>\$ 2,695,380</u>	<u>\$ 115,577</u>

Notes Payable

In 2003, the District received a loan from the USDA for \$800,000 for the purpose of funding the sewer replacement project phase I. The current interest and yield is 4.5%. The loans are scheduled to be repaid through 2043.

In 2012, the District received a loan from the State Water Resource Control Board (SWRCB) for \$811,499 for the purpose of sewer replacement project phase II. The current interest and yield is 4.5%. The loans are scheduled to be repaid through 2023.

In 2018, the District purchased a refuse truck for \$182,316 of which \$172,316 was financed. The current interest and yield is 4.65%. The loans are schedule to be repaid through 2025.

In 2019, the District purchased a refuse truck for \$214,148 of which \$204,148 was financed. The current interest and yield is 4.65%. The loans are schedule to be repaid through 2026.

The District's outstanding notes payable as of June 30, 2019 are as follows:

Description	Amount of Original Issue	Outstanding July 1, 2018	Issued	Redeemed Current Year	Outstanding June 30, 2019	Due Within One Year
Sewer:						
USDA	\$ 800,000	\$ 644,000	\$ -	\$ 14,000	\$ 630,000	\$ 15,000
SWRCB	811,499	243,871	-	46,635	197,236	47,848
Waste:						
Equipment purchase	172,316	172,316	-	19,494	152,822	24,163
Equipment purchase	204,148	-	204,148	21,017	183,131	28,566
	<u>\$1,987,963</u>	<u>\$ 1,060,187</u>	<u>\$ 204,148</u>	<u>\$101,146</u>	<u>\$ 1,163,189</u>	<u>\$ 115,577</u>

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

5. GENERAL LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize the current notes payable, outstanding as of June 30, 2019, are as follows:

Year Ended June 30	Principal	Interest	Total
2020	\$ 115,577	\$ 31,740	\$ 147,316
2021	116,174	28,320	144,494
2022	120,877	24,748	145,625
2023	122,977	21,018	143,995
2024	76,713	17,174	93,887
2025-2029	166,870	58,741	225,612
2030-2034	129,000	44,415	173,415
2035-2039	160,000	28,553	188,553
2040-2043	155,000	8,910	163,910
	<u>\$ 1,163,189</u>	<u>\$ 263,618</u>	<u>\$ 1,426,807</u>

6. EMPLOYEE RETIREMENT PLAN

A. PLAN DESCRIPTION

McCloud Community Services District participates in the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.70%	2.00%
Required employee contribution rates	6.912%	6.250%
Required employer contribution rates	7.634%	6.842%

Deferred Outflows/Inflows of Resources

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. McCloud Community Services District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the contributions recognized as part of pension expense for the Plan were \$21,433.

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

As of June 30, 2019, McCloud Community Services District reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 514,244
Saftey	4,856
Total Net Pension Liability	<u>\$ 519,100</u>

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

McCloud Community Services District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, 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, 2017 rolled forward to June 30, 2018 using standard update procedures. McCloud Community Services District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2018 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2018	0.013000%	0.000071%
Proportion - June 30, 2019	0.013645%	0.000083%
Change - Increase (Decrease)	0.00065%	0.00001%

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

For the year ended June 30, 2019, the District recognized pension credit of \$2,608 for Miscellaneous and Safety. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 21,433	\$ -
Difference between expected and actual experience	19,835	6,713
Proportionate share of contributions	151	81,716
Change in employer's proportion	40,463	13,024
Changes in assumptions	59,102	14,432
Net differences between projected and actual earnings on plan investments	2,575	-
Total	\$ 143,559	\$ 115,885

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

The amounts 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended	Miscellaneous	Safety	Total
June 30			
2020	\$ 21,450	\$ (178)	\$ 21,272
2021	8,273	263	8,536
2022	(18,752)	(156)	(18,908)
2023	(4,625)	(34)	(4,659)
2024	-	-	-
Thereafter	-	-	-
	<u>\$ 6,346</u>	<u>\$ (105)</u>	<u>\$ 6,241</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions for both plans:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Mortality	Derived using CalERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), the amortization and smoothing periods recently adopted by the Board were used. For the Plan, the crossover test was performed for a miscellaneous agent rate plan and a safety agent rate plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the rate plans, the tests revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained on 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. 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. 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 long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

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

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

6. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Asset Class	Current Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.48%	4.93%
Liquidity	1.0%	0.00%	-0.92%

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

(b) An expected inflation of 2.00% used for this period

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

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

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

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Safety	\$ 848,293	\$ 514,244	\$ 238,490
Miscellaneous	4,856	4,856	4,856
Total	<u>\$ 853,149</u>	<u>\$ 519,100</u>	<u>\$ 243,346</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS Miscellaneous and Safety financial reports.

Payable to the Pension Plan

As of June 30, 2019, the District had no outstanding required contributions to the pension plans.

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

7. OTHER POSTEMPLOYMENT BENEFITS

A. PLAN DESCRIPTION

McCloud Community Services District administers a single-employer defined benefit healthcare plan (the "Retiree Benefit Plan"). The plan provides postemployment healthcare benefits through the District's group health insurance plan, which covers both active and retired members. Benefit provisions are established through district policy as approved by the Board of Directors. The Retiree Benefit Plan does not issue a publicly available financial report.

The eligibility requirements are:

- Must be a current, full-time employee at the point of retirement;
- Must meet the eligibility requirements of the California Municipal Retirement System (CMRS) and retire from the District; and
- Must be on the District's health plan at the time of retirement, and for dependents to be carried on the health plan, they must also be on the plan at that time.

B. FUNDING POLICY

The District established and made its first contributions to the OPEB trust at the end of fiscal year 2019. Because the measurement date is the last day of the prior fiscal year end (in this case, June 30, 2018), there were no assets invested as of the measurement date. The contributions made subsequent to the measurement date are included as deferred outflows.

Employees covered by benefit terms. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	13
Inactive employees entitles to but not yet receiving benefit payments	-
Active employees	<u>7</u>
	<u><u>20</u></u>

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation	2.75% per year
Healthcare cost trend rates	7.0% in 2020 to 5.0% by 2024
Salary increases	3.25%
Discount rate	6.10%
Retirement age	50 to 75
Mortality	CalPERS 2017 experience Study
Mortality improvement	MW Scale 2018

Discount rate. The discount rate used to measure the total OPEB liability was 6.10 percent. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 2,698,841	\$ -	\$ 2,698,841
Changes for the year:			
Service cost	102,897	-	102,897
Interest	96,813	-	96,813
Differences between expected and actual experience	-	-	-
Contributions - employer	-	118,332	(118,332)
Net investment income	-	-	-
Benefit payments	(118,332)	(118,332)	-
Assumption changes	(738,374)	-	(738,374)
Net changes	(656,996)	-	(656,996)
Balances at June 30, 2019	<u>\$ 2,041,845</u>	<u>\$ -</u>	<u>\$ 2,041,845</u>

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.10%) or 1-percentage-point higher (7.10%) than the current discount rate:

	1% Decrease (5.10%)	Discount Rate (6.10%)	1% Increase (7.10%)
Net OPEB liability (asset)	\$ 2,284,168	\$ 2,041,845	\$ 1,841,525

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates (Current Rate)	1% Increase
Net OPEB liability (asset)	\$ 1,838,681	\$ 2,041,845	\$ 2,299,226

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

For the year ended June 30, 2019, the District recognized OPEB expense of (\$31,226). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 712,443
Deferred contributions	234,208	
Total	\$ 234,208	\$ 712,443

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

7. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources
2020	\$ (230,936)
2021	(230,936)
2022	(191,161)
2023	(59,410)
2024	-
Thereafter	-
Total	\$ (712,443)

8. RESTRICTED NET POSITION

The following is a schedule of restricted position as of June 30, 2019:

Purpose:	Fund	
	Water	Sewer
USDA RD 2003-2042 Payment Reserve	\$ -	\$ 45,336
USDA RD 2003-2042 Renewal & Extension	-	22,668
CDBG 1999 (\$5583/yr thru 06/2038)	-	110,671
SWRCB Capital Reserve 2000-2023	-	67,731
CDBG 1999 (\$6,917/yr thru 06/2038)	137,114	-
Total	\$ 137,114	\$ 246,407

MCCLOUD COMMUNITY SERVICES DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

9. RISK MANAGEMENT

The District is a member of a jointly governed organization, which provides coverage for various potential losses. For workers' compensation losses, property, general and auto liability and auto physical damage the District is a member of Special Districts Risk Management Authority (SDRMA).

SDRMA is governed by Boards consisting of representatives from member agencies. The Board controls the operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a contribution commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the joint powers authority. Full financial statements are available separately from the respective agencies. Condensed information for SDRMA as of June 30, 2020 is as follows:

Total Assets	\$ 130,676,871
Deferred Outflows of Resources	\$ 595,599
Total Liabilities	\$ 70,083,643
Deferred Inflows of Resources	\$ 246,193
Net Position	\$ 60,942,634
Total Revenues	\$ 82,459,850
Total Expenses	\$ 77,881,779
Change in Net Position	\$ 4,578,071

10. PRIOR PERIOD ADJUSTMENT

A John Deere loader purchased in 2014 and originally recorded as a leased vehicle was converted to an asset with the purchase of the lease with the full purchase price and accumulated depreciation booked. This caused a prior period adjustment of \$129,220 between the water and sewer funds.

A SCBA Breathing Apparatus that was originally purchased in 2016 was also added to fixed assets in the current year net of accumulated depreciation causing a prior period adjustment in the general fund of \$89,245.

11. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2019 through April 16, 2021, the date the financial statements were issued. Management is not aware of any subsequent events other than the issuance of refunding bonds described below that would require recognition or disclosure in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

MCCLOUD COMMUNITY SERVICES DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUE				
Property taxes and assessments	\$ 70,000	\$ 70,000	\$ 74,077	\$ 4,077
Intergovernmental revenues	-	-	1,035	1,035
Use of money and property	3,000	3,000	8,427	5,427
Other income	-	-	90,748	90,748
Total revenue	73,000	73,000	174,287	101,287
EXPENDITURES				
Wages and benefits	134,888	173,003	151,081	21,922
Professional services	55,960	55,960	41,111	14,849
Fuel and supplies	26,400	26,400	21,588	4,812
Insurance	39,170	39,170	37,918	1,252
Utilities	13,100	13,100	10,817	2,283
Repairs and maintenance	7,500	7,500	7,129	371
Office supplies	5,500	7,400	8,251	(851)
Dues and subscriptions	2,700	2,700	2,777	(77)
Travel and training	10,000	10,000	5,826	4,174
General and administrative	8,230	8,230	36,680	(28,450)
Total expenditures	303,448	343,463	323,178	20,285
Excess (deficiency) of revenues over (under) expenditures	(230,448)	(270,463)	(148,891)	121,572
OTHER FINANCING USES				
Cost allocation	303,448	343,463	286,756	(56,707)
Total other financing sources (uses)	303,448	343,463	286,756	(56,707)
NET CHANGES IN FUND BALANCE	73,000	73,000	137,865	64,865
FUND BALANCE, beginning of year	645,097	645,097	645,097	-
FUND BALANCE, end of year	\$718,097	\$718,097	\$782,962	\$ 64,865

MCCLOUD COMMUNITY SERVICES DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – FIRE FUND**

FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUE				
Property taxes and assessments	\$ 123,000	\$ 123,000	\$ 129,134	\$ 6,134
Charges for services	-	-	27,844	27,844
Use of money and property	57,330	57,330	7,929	(49,401)
Other income	-	-	99,532	99,532
Total revenue	180,330	180,330	264,439	84,109
EXPENDITURES				
Wages and benefits	65,196	65,196	154,734	(89,538)
Professional services	13,860	13,860	1,923	11,937
Fuel and supplies	15,500	15,500	14,934	566
Utilities	7,000	7,000	7,824	(824)
Repairs and maintenance	14,000	14,000	17,569	(3,569)
Office supplies	500	500	28	472
Dues and subscriptions	600	600	110	490
Travel and training	9,500	9,500	4,572	4,928
General and administrative	2,820	2,820	2,203	617
Capital Outlay	31,598	31,598	13,212	18,386
Total expenditures	160,574	160,574	217,109	(56,535)
Excess (deficiency) of revenues over (under) expenditures	19,756	19,756	47,330	27,574
OTHER FINANCING USES				
Cost allocation	(19,708)	(22,325)	(35,390)	(13,065)
Total other financing sources (uses)	(19,708)	(22,325)	(35,390)	(13,065)
NET CHANGES IN FUND BALANCE	48	(2,569)	11,940	14,509
FUND BALANCE, beginning of year	327,069	327,069	327,069	-
FUND BALANCE, end of year	\$ 327,117	\$ 324,500	\$ 339,009	\$ 14,509

Note: The District sponsors a former fire chief who is contracted by other agencies to work wild fires. The District pays the former fire chief at an overtime rate then bills the contracting agencies this rate plus 10%. This resulted in significant overages for wages and benefits which are offset by the increased revenues

MCCLOUD COMMUNITY SERVICES DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONARE SHARE
OF THE NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2019

<u>Miscellaneous</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u> ⁽¹⁾
Proportion of the net pension liability	0.013000%	0.013645%
Proportionate share of the net pension liability	\$ 512,471	\$ 514,244
Covered payroll ⁽²⁾	\$ 268,233	\$ 287,916
Proportionate share of the net pension liability as percentage of covered payroll	191.05%	178.61%
Plans fiduciary net position as a percentage of the total pension liability	75.39%	75.39%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 24,087	\$ 26,959
<u>Safety</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u> ⁽¹⁾
Proportion of the net pension liability	0.000007%	0.000007%
Proportionate share of the net pension liability	\$ 4,229	\$ 4,856
Covered-employee payroll ⁽²⁾	\$ -	\$ -
Proportionate share of the net pension liability as percentage of covered payroll	0.00%	0.00%
Plans fiduciary net position as a percentage of the total pension liability	71.74%	71.74%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ -	\$ -

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽²⁾ Covered payroll represented above is based on pensionable earnings provided by the employer.

⁽³⁾ The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

MCCLOUD COMMUNITY SERVICES DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2019

<u>Miscellaneous</u>	<u>2017-2018</u>	<u>2018-2019</u> ⁽¹⁾
Actuarially Determined Contribution ⁽²⁾	\$ 25,146	\$ 26,959
Contributions in relation to the actuarially determined contributions ⁽²⁾	(24,087)	(21,433)
Contribution deficiency (excess)	<u>\$ 1,059</u>	<u>\$ 5,526</u>
Covered payroll ^(3,4)	\$ 268,233	\$ 287,916
Contributions as a percentage of covered payroll ⁽³⁾	9.37%	9.36%
<u>Safety</u>	<u>2017-2018</u>	<u>2018-2019</u> ⁽¹⁾
Actuarially Determined Contribution ⁽²⁾	\$ -	\$ -
Contributions in relation to the actuarially determined contributions ⁽²⁾	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ^(3,4)	\$ -	\$ -
Contributions as a percentage of covered payroll ⁽³⁾	0.00%	0.00%

- ⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.
- ⁽²⁾ Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.
- ⁽³⁾ Covered payroll represented above is based on pensionable earnings provided by the employer.
- ⁽⁴⁾ Payroll from prior year was assumed to increase by the 3.00 percent payroll

MCCLOUD COMMUNITY SERVICES DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>2018</u>	<u>2019</u>
Total OPEB liability		
Service cost	\$ 116,926	\$ 102,897
Interest	84,000	96,813
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(266,200)	(738,374)
Benefit payments, including refunds of member contributions	(132,660)	(118,332)
Net change in total OPEB liability	<u>(197,934)</u>	<u>(656,996)</u>
Total OPEB liability - beginning	<u>2,896,775</u>	<u>2,698,841</u>
Total OPEB liability - ending (a)	\$ 2,698,841	\$ 2,041,845
Plan fiduciary net position		
Contributions - employer	\$ 132,660	\$ 118,332
Net investment income	-	-
Benefit payments, including refunds of member contributions	(132,660)	(118,332)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability - ending (a) - (b)	<u>\$ 2,698,841</u>	<u>\$ 2,041,845</u>
Covered-employee payroll	\$ 268,233	\$ 287,916
District's net OPEB liability as a percentage of covered-employee payroll	1006.2%	709.2%

MCCLOUD COMMUNITY SERVICES DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PURPOSE OF SCHEDULES

A - Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

The District employs budget control by account codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Directors to provide for revised priorities. Expenditures cannot legally exceed appropriations by object level, which is a category of account codes such as salaries and benefits or charges for services. The originally adopted and final revised budget for the General Fund is presented as Required Supplementary Information. The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2019:

General Fund:	
Office supplies	\$ 851
Dues and subscriptions	77
General and administrative	28,450
Fire Fund:	
Wages and benefits	89,538
Utilities	824
Repairs and maintenance	3,569

Note: The District sponsors a former fire chief who is contracted by other agencies to work wild fires. The District pays the former fire chief at an overtime rate then bills the contracting agencies this rate plus 10%. This resulted in significant overages for wages and benefits which are offset by the increased revenues

B - Schedule of Changes in the Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the 2nd year of implementation, only two years is currently available.

C - Schedule of Proportionate Share of the Net Pension Liability

Changes in assumptions, in 2017, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

Fiscal year 2017 was the 1st year of implementation, therefore only two years is shown.

D - Schedule of Pension Contributions

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**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**

Independent Auditor's Report

Board of Directors
McCloud Community Services District
McCloud, California

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of McCloud Community Services District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise McCloud Community Services District's basic financial statements, and have issued our report thereon dated April 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered McCloud 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 the McCloud Community Services District's internal control. Accordingly, we do not express an opinion on the effectiveness of McCloud Community Services District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness: 2019-1 and 2019-2.

Compliance and Other Matters

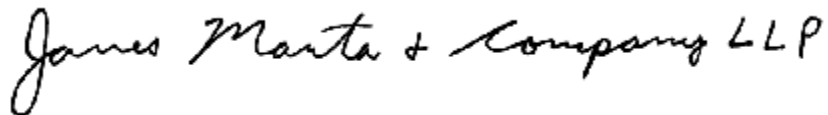
As part of obtaining reasonable assurance about whether McCloud Community Services District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and are described in the accompanying schedule of Findings and Responses as item 2019-3.

Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 16, 2021

MCCLOUD COMMUNITY SERVICES DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2019

2019-1 Preparation of Financial Statements – Material Weakness (Carryover from prior year)

Finding:

Management required the assistance of the auditors in identifying the calculation and accrual of the net pension and net OPEB liability and preparation of the government-wide and fund financial statements and footnotes. It is management's responsibility for the accuracy of the financial statements and any related footnotes and disclosures.

Recommendation:

Management should create a monthly and annual closing checklist to assist in the preparation of financial statements, which includes the accrual adjustments necessary to comply with generally accepted accounting principles such as the calculation and accrual of the net pension and net OPEB liability.

Corrective Action Plan:

Management has already implemented a month end check list and will create an annual closing checklist and will be able to accurately create the year end statements and footnotes necessary for the auditors to review.

Status:

Though most accounts were reconciled, management still needed assistance preparing the adjusting journal entries regarding net pension and OPEB liability. The audit was delayed approximately five months due to the difficulty in obtaining supporting documentation in a timely manner. A part of this can be attributed to the reporting capabilities of the current accounting software, as management has a tough time running reports that are required for the audit.

2019-2 Inter-fund Balances (Carryover from prior year)

Finding:

There is an outstanding inter-fund payable due to the general fund for \$65,206 from the fire fund (\$53,000) and the lights fund (\$12,206) that has been outstanding for more than one year. Inter-fund loans should be considered temporary with the intent to be repaid within one year. Borrowing should occur only when the fund receiving the money will earn sufficient income during the current fiscal year to repay the amount borrowed.

Recommendation:

The District should have a policy governing inter-fund borrowings stating the reasons inter-fund loans can be made, the maximum length of time for repayment and repayment terms that may include interest.

Corrective Action Plan:

The Finance and Audit Committee and Policy and Procedures Committee will work in tandem to create and implement a policy to address the inter-fund borrowing parameters to include length of loan, possible interest, repayment terms and authorized use of such funds. Also to be included is recognition of the guidelines as to when such a transfer would constitute a nonpayback condition.

MCCLOUD COMMUNITY SERVICES DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2019

2019-3 Annual Audit – Non-compliance

Finding:

Per California government code section 26909(a)(2)(B): A report of the audit required pursuant to subparagraph (A) shall be filed within 12 months of the end of the fiscal year or years under examination as follows:

- (i) For a special district defined in [paragraph \(2\) of subdivision \(d\) of Section 12463](#) , with the Controller.
- (ii) For a special district defined in [Section 56036](#) ,with the Controller and with the local agency formation commission of the county in which the special district is located, unless the special district is located in two or more counties, then with each local agency formation commission within each county in which the district is located.

The last audit completed by the District was for the fiscal year ended June 30, 2018, but was not filed timely. This audit for the year ended June 30, 2019 was not filed timely. The fiscal years ended June 30, 2014, 2015, 2016 and 2017 have not been completed and filed.

The incomplete filings were the result of incomplete documentation and financial information.

Recommendation:

While the District needs to get up to date on its required filings, it is equally important to establish the policies, procedures and internal controls that will allow the District to compile and prepare complete and accurate financial information on a timely basis. Timelines and processes should be developed and monitored by management and the board on a periodic basis throughout the year.

Corrective Action Plan:

Management will work on templates that allow for the timely and accurate reporting to the Board and to track variable expenses as to identify controllable costs.

There is a plan to complete the 19-20 audit upon finalization of the 18-19 audit in hopes that it filed within the 12 month timeline.

MCCLOUD COMMUNITY SERVICES DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2019

Status of prior year findings

<u>Findings and Recommendation</u>	<u>Current Status</u>	<u>Explanation If Not Implemented</u>
<i>Internal Controls</i>		
2019-1 Preparation of Financial Statements Management required the assistance of the auditors in identifying year-end accrual adjustments and preparation of the government-wide and fund financial statements and footnotes. It is management's responsibility for the accuracy of the financial statements and any related footnotes and disclosures.	Partially Implemented (See current year Finding)	
2019-2 Inter-fund Balances The District should have a policy governing inter-fund borrowings stating the reasons inter-fund loans can be made, the maximum length of time for repayment and repayment terms that may include interest.	Not Implemented (see current year finding)	
2019-3 Annual Audit The last audit completed by the District was for the fiscal year ended June 30, 2018, but was not filed timely. This audit for the year ended June 30, 2019 was not filed timely. The fiscal years ended June 30, 2014, 2015, 2016 and 2017 have not been completed and filed.	Not Implemented (see current year finding)	

MCSO BOARD OF DIRECTORS
(April 26th, 2021)

AGENDA SUPPORTING DOCUMENT

Agenda Item No. 9 G

James Marta Estimated travel expense.

Background: James Marta has completed our 2018-19 fiscal audit.

It has been requested that we get a price quote to have them present this audit in person at an MCSO board meeting to answer any questions pertaining to the audit.

This additional cost is broken down as follows.

Milage from James Marta office in Sacramento to McCloud \$ 263.00
(470 miles round trip @ \$0.56 per mile)

Time estimated at 9 hours @ \$275/hour round trip = \$2,475.00

Total would be around \$2,750.00 to present audit in person.