



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

September 26, 2022 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: Discussion/action** regarding approval of the minutes of the Regular Meeting of September 12, 2022.
- 4. Announcement of Events:**
- 5. Communications:**
- 6. Reports:**
 - A. General Manager: Verbal Report.
 - B. Finance Officer: Verbal Report.
 - C. Fire Chief: None.
 - D. Directors
 - E. Committees
- 7. Consent Agenda:**
 - A. Approval of Expenses in the amount of \$17,439.73
 - B. Approval of Expenses in the amount of \$404,796.66
- 8. Old Business:**
 - A. **Discussion/possible action** regarding the 2020 Audit.
- 9. New Business:**
 - A. **Discussion/possible action** regarding the possibility of declaring the old courthouse surplus property for sale.

- 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.**
- 12. Convene a Closed Session:** Pursuant to California Government Code §54957.6- Public Employee Performance Evaluation: General Manager.
- 13. Reconvene** open session and announce any action taken.
- 14. 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
September 12th, 2022, 6:00 pm**

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. Five Directors (Richey, Hanson, Young, Zanni, Rorke) were present. Also present was General Manager Amos McAbier, Fire Chief Charlie Miller, Finance Officer Mike Quinn and District Secretary Jennifer Brunello.

1. Call to Order

2. Pledge of Allegiance.

3. Approval of Minutes:

A. Discussion/action regarding approval of the minutes of the Special Meeting of August 22, 2022, and the Regular Meeting of August 31, 2022.

C. Young made a motion to approve the minutes of the meetings on August 22, 2022, and August 31, 2022, with corrections; seconded by M. Hanson. Motion passed with 5 ayes (Young, Hanson, Richey, Zanni, Rorke.)

4. Announcement of Events: *None.*

5. Communications: *None.*

6. Reports:

A. General Manager-*Amos McAbier reported.*

B. Finance Officer-*Mike Quinn reported.*

C. Fire Chief- *see Charlie Miller's written report.*

E. Directors-*None.*

F. Committees-*None.*

Finance and Audit no report.

Safety Committee has not met.

Fire Department Committee has not met.

Courthouse Committee has not met.

Policy Review has not met.

7. Consent Agenda:

A. Approval of Expenses in the amount of \$38,335.59

M. Hanson made a motion to approve expenses in the amount of \$38,335.59; seconded by C. Young. Motion passed with 5 ayes (Hanson, Young, Richey, Rorke, Zanni.)

8. Old Business:

A. Discussion/possible action regarding adopting Resolution No. 7, 2022 to accept the Cal Fire 2022 Rural Fire Capacity Grant.

M. Hanson made a motion to approve, as long as amendments come to the Board first for approval; seconded by R. Zanni. Motion passed with 5 ayes (Zanni, Hanson, Richey, Young, Rorke.)

B. Discussion/possible action regarding adopting Resolution No. 9, 2022 to authorize execution of an installment purchase contract and execution of other necessary documents for Five-Star Bank line of credit.

M. Hanson made a motion to approve with corrections and amended motion to have General Manager Amos McAbier sign documents; seconded by R. Zanni. Motion passed with 4 ayes (Young, Zanni, Hanson, Richey) and 1 no (Rorke.)

C. Discussion/possible action regarding approval of the second and final reading of the 2022-2023 Budget.

M. Hanson made a motion to approve the 2022-23 Budget with footnote corrections; seconded by R. Zanni. Motion passed with 3 ayes (Richey, Zanni, Hanson) and 2 noes (Young, Rorke.)

9. New Business:

A Discussion/possible action regarding presentation by the McCloud Resource Center for use of the library.

No action taken.

B. Discussion/possible action regarding Resolution No. 8, 2022 to adopt the Siskiyou County Hazard Mitigation Plan.

C. Young made a motion to adopt Resolution No. 8, 2022 with corrections; seconded by M. Rorke. Motion passed with 5 ayes (Young, Richey, Hanson, Zanni, Rorke.)

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 at 6:56 pm.

Catherine Young/President of the Board

Jennifer Brunello/Secretary of the Board

09/22/22
11:20:04

MCCLOUD COMMUNITY SERVICES DISTRICT
Claim Approval List
For the Accounting Period: 9/22

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Report ID: AP100V

* ... Over spent expenditure

Claim/	Check	Vendor #/Name/ Invoice #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object	Proj	Cash Account
11057		1016 ALLSTAR Fire Equipment, Inc.	6,769.37						
		Wildland Fire Pants 26 pairs @ \$241.07ea							
		161747 09/06/22 26 Wildland Fire Pants	6,769.37*		3739	1041 403000	400		101000
		Total for Vendor:	6,769.37						
		*** Claim from another period (8/22) ****							
11038		1174 BARTKIEWICZ, KRONICK & SHANAHAN	942.50						
		Legal Services for August							
		Aug2022 09/06/22 Legal Services	435.00*		3762	3000 402000	390		101000
		Aug2022 09/06/22 Legal Services	507.50*		3762	1010 402000	300		101000
		Total for Vendor:	942.50						
11051		12 BLACK MOUNTAIN SOFTWARE	263.75						
		(NEW) DAILY TIME CARD MODULE - 25% DOWN PAYMENT							
		27907 04/28/22 25% DOWN-DAILY TIME CARD MODUL	34.29*		3667	1040 402000	392		101000
		27907 04/28/22 25% DOWN-DAILY TIME CARD MODUL	7.91*		3667	1050 402000	392		101000
		27907 04/28/22 25% DOWN-DAILY TIME CARD MODUL	10.55*		3667	1070 402000	392		101000
		27907 04/28/22 25% DOWN-DAILY TIME CARD MODUL	2.64*		3667	1080 402000	392		101000
		27907 04/28/22 25% DOWN-DAILY TIME CARD MODUL	50.11*		3667	1090 402000	392		101000
		27907 04/28/22 25% DOWN-DAILY TIME CARD MODUL	76.49*		3667	2000 402000	392		101000
		27907 04/28/22 25% DOWN-DAILY TIME CARD MODUL	81.76*		3667	3000 402000	392		101000
		Total for Vendor:	263.75						
11059		1140 Daniel Fay	153.56						
		Ambulance Engine 17 Fuel Reimbursement (FD Card not working)							
		Pilot 09/11/22 Medic 17 9/11/22 Reimbursement	153.56*			1040 403000	420		101000
		Total for Vendor:	153.56						
		*** Claim from another period (8/22) ****							
11036		460 DEPT. OF JUSTICE	64.00						
		August 2022 Fingerprint Apps							
		605158 09/06/22 August 2022 Fingerprint Apps	64.00*			1080 402000	345		101000
		Total for Vendor:	64.00						
		*** Claim from another period (8/22) ****							
11040		71 FIRST BANKCARD - DIRECTORS 2	923.76						
		August 2022 Directors Card 2 Activity							
		USPS.COM 08/15/22 Stamped Envelopes	369.20*		JENIFR	1010 403000	411		101000
		Cmplnc Grp 08/25/22 US DOT Biennial Update Reg	199.00*		MIKE	1010 402000	392		101000

* ... Over spent expenditure

Claim/	Check	Vendor #/Name/ Invoice #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object	Proj	Cash Account
		Reginato's 08/31/22 Gas-For mix	10.56*		GERRY	1010 403000	430		101000
		INDEED 09/01/22 HelpWanted-Pub. Wrks Super	38.00*		JENIFR	1010 402000	345		101000
		cal hldngs 09/07/22 HelpWanted-Pub. Wrks Super	307.00*		JENIFR	1010 402000	345		101000
9/14,21,28-10/5									
		Total for Vendor:	923.76						
		*** Claim from another period (8/22) ****							
11039		70 FIRST BANKCARD - DISTRICT CARD	573.27						
August 2022		District-Credit-Card Activity							
		ENPLAN 08/07/22 IT Services	29.00*			1010 402000	396		101000
		SQUARSPACE 08/09/22 Website Platform	216.00*			1010 402000	396		101000
		Reginato's 08/15/22 Prj Gas- Upr to Lwr Elk Sp	98.27*		3760	5005 403000	430		101000
		Microsoft 08/20/22 IT Services	230.00*			1010 402000	396		101000
		Total for Vendor:	573.27						
		*** Claim from another period (8/22) ****							
11050		69 FIRST BANKCARD - FIRE DEPT	3,077.46						
August		Credit Card Activity							
		Amazon 08/08/22 Epson Printer & Supplies(cfaa)	412.17*		3748	1041 403000	400		101000
		Amazon 08/08/22 Epson Scanner (cfaa)	214.48*		3747	1041 403000	400		101000
		Amazon 08/08/22 Military Backpacks (cfaa)	164.04*		3945	1041 403000	400		101000
		BensTrkRpr 08/11/22 7 Pairs Wildland FF Pants-	1,612.19*		3746	1041 402000	360		101000
		Pages, MS 08/11/22 Shipping Costs	31.04*		3773	1040 403000	411		101000
		fnbo 08/12/22 Overlimit Fee	39.00*		CHARLI	1040 405000	710		101000
		DolarGen'l 08/11/22 Office Supplies-cfaa respo	19.89*		3774	1041 403000	400		101000
		BoundTree 08/12/22 Ambulance Medical Suplies	137.09*		3718	1040 403000	400	20	101000
		Lowe's 08/14/22 Station Garden Hose	51.87*		3772	1040 403000	400		101000
		Amazon 08/16/22 WirelessKeyboard, cover, label	139.29*		3743	1040 403000	410		101000
		BoundTree 08/16/22 Ambulance Medical Supplies	25.70*		3718	1040 403000	400	20	101000
		Solano's 08/26/22 Plumbing Pipe,Sawzall Blade	187.50*		3771	1040 403000	510		101000
		Amazon 08/30/22 ORACAL reflective vinyl	24.82*		3769	1040 403000	530		101000
		McCloudMkt 08/31/22 Papertowels, 9v battery	18.38*		3778	1040 403000	415		101000
		Total for Vendor:	3,077.46						
11055		1251 JUSTEN RICHARDSON	50.37						
FUEL REIMBURSEMENT FOR CFAA ASSIGNMENT									
		PILOT 09/08/22 REIMB. FUEL-CFAA ASSIGN EXP	50.37*		3951	1041 403000	430		101000
		Total for Vendor:	50.37						

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MCCLLOUD COMMUNITY SERVICES DISTRICT
Claim Approval List
For the Accounting Period: 9/22

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* ... Over spent expenditure

Claim/	Check	Vendor #/Name/ Invoice #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object	Proj	Cash Account
11062		1219 Pace Analytical Services LLC	83.40						
	September 2022	Drinking Water Monitoring							
		220954828 09/20/22 Sep 2022 Drinking Water Mon	83.40*			3000 402000	392		101000
		Total for Vendor:	83.40						
		*** Claim from another period (8/22) ****							
11037		126 PACIFIC POWER - 007 4 STREET	1,465.33						
	August 2022	Street Light Power							
		Aug2022 09/01/22 Street Light Power	1,465.33*			1060 403000	450		101000
		Total for Vendor:	1,465.33						
11056		399 POWERPLAN - OIB	131.50						
	1 PIN & 2 BUSHINGS								
		13918540 09/14/22 1 PIN & 2 BUSHINGS 1/4TH	32.80*		152302	1050 403000	520		101000
		13918540 09/14/22 1 PIN & 2 BUSHINGS 1/4TH	32.80*		152302	1090 403000	520		101000
		13918540 09/14/22 1 PIN & 2 BUSHINGS 1/4TH	32.80*		152302	2000 403000	520		101000
		13918540 09/14/22 1 PIN & 2 BUSHINGS 1/4TH	33.10*		152302	3000 403000	520		101000
		Total for Vendor:	131.50						
11042		169 SOLANOS HOME IMPROVEMENT CNTR	140.65						
		Sprinkler Supplies for Park, and tools for cutting holes in new piipe-Upper to Lower Ellk Spring Project							
		302970 09/08/22 Sprinkler Bushings, Fitting,	43.18*		JAMES	1070 403000	520		101000
		303033 09/09/22 Sprinkler solvent, pipe,	46.19*		JAMES	1070 403000	520		101000
		303147 09/12/22 2" Hole Blades-air valv instal	51.28*		3759	5005 403000	520		101000
		Total for Vendor:	140.65						
11061		1252 SYMBIOTIC RESTORATION	912.00						
		FEMA-MEDIA-MARKETING-WEBSITE-DESIGN-AND-DEVELOPMENT SERVICES							
		MCFD1 09/14/22 FEMA-MEDIA-MARKETING WEBSITE	912.00*		3879	5004 402000	392		101000
		Total for Vendor:	912.00						
		*** Claim from another period (8/22) ****							
11041		1098 THERMO FLUIDS, INC	54.60						
		Used Oil Pickup & Disposal Service							
		89841040 08/31/22 Used Oil Pickup & Disposal	54.60*		3761	1010 403000	530		101000
		Total for Vendor:	54.60						

* ... Over spent expenditure

Claim/	Check	Vendor #/Name/ Invoice #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object	Proj	Cash Account
11052		1240 VALLEY PACIFIC PETROLEUM	1,272.25						
	Vehicle Fuel	9/1/22 - 9/15/22							
	C899341	09/15/22 Fire Engine 1712 23,342 9/8/2	54.60*			1040	403000	420	101000
	C899341	09/15/22 Fire Engine 1717 41,647 9/5/2	57.02*			1040	403000	420	101000
	C899341	09/15/22 Fire Engine 1717 9/15/22	33.28*			1040	403000	420	101000
	C899341	09/15/22 Fire Wt Tahoe 141,977 9/2/22	53.10*			1040	403000	430	101000
	C895341	09/15/22 Fire Engine 1700 130,310 9/3/	48.73*			1040	403000	430	101000
	C895341	09/15/22 Fire Engine 1700 130,592 9/11	24.59*			1040	403000	430	101000
	C895341	09/15/22 Svc Trk 9/13/22 69,774 1/4th	36.30*			1050	403000	430	101000
	C895341	09/15/22 Svc Trk 9/13/22 69,774 1/4th	36.30*			1090	403000	430	101000
	C895341	09/15/22 Svc Trk 9/13/22 69,774 1/4th	36.30*			2000	403000	430	101000
	C895341	09/15/22 Svc Trk 9/13/22 69,774 1/4th	36.30*			3000	403000	430	101000
	C895341	09/15/22 Rear Loader 9/2/22 19,957mi	229.86*			1090	403000	420	101000
	C895341	09/15/22 Side Loader 9/12/22 24,078mi	218.37*			1090	403000	420	101000
	C895341	09/15/22 Fire Medic 17 9/3/22 31,284mi	38.24*			1040	403000	420	20 101000
	C895341	09/15/22 Fire Medic 17 9/7/22 31,330mi	49.14*			1040	403000	420	20 101000
	C895341	09/15/22 Fire Medic 17 9/11/22 60,065?	153.99*			1040	403000	420	20 101000
	C895341	09/15/22 Fire Medic 17 9/12/12 31,929m	50.27*			1040	403000	420	20 101000
	C895341	09/15/22 Fire Medic 17 9/15/22 31,986m	67.37*			1040	403000	420	20 101000
	C895341	09/15/22 Fire Eng 1740 9/3/22 10,276mi	48.49*			1040	403000	420	101000
		Total for Vendor:	1,272.25						
		*** Claim from another period (8/22) ****							
11035		255 VERIZON WIRELESS - MCSD	420.71						
	Aug Phone Services								
	9914812162	09/01/22 Aug Celll Phone Services	220.41*			1010	402000	320	101000
	9914812162	09/01/22 PWS, ON CALL, GM PHONE	100.38*			1010	402000	320	101000
	9914812162	09/01/22 Fire Chief Phone	33.50*			1040	402000	320	101000
	9914812162	09/01/22 Ambulance Phone	66.42*			1040	402000	320	20 101000
		Total for Vendor:	420.71						
11034		116 VYVE - FIRE	141.25						
	Sept 2022 - Phone & Internet Service								
	Sep2022	09/02/22 Phone & Internet Service	141.25*			1040	402000	320	101000
		Total for Vendor:	141.25						
		# of Claims	18	Total:	17,439.73	# of Vendors	18		

Fund/Account	Amount
1010 GENERAL	
101000 Operating Cash	\$2,281.65
1040 FIRE	
101000 Operating Cash	\$1,762.53
1041 FIRE - FSLA	
101000 Operating Cash	\$9,242.51
1050 ALLEYS	
101000 Operating Cash	\$77.01
1060 LIGHTS	
101000 Operating Cash	\$1,465.33
1070 PARKS	
101000 Operating Cash	\$99.92
1080 LIBRARY	
101000 Operating Cash	\$66.64
1090 REFUSE	
101000 Operating Cash	\$567.44
2000 SEWER	
101000 Operating Cash	\$145.59
3000 WATER	
101000 Operating Cash	\$669.56
5004 Safer Grant	
101000 Operating Cash	\$912.00
5005 Upper to Lower Elk Springs Project	
101000 Operating Cash	\$149.55
Total:	\$17,439.73

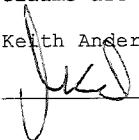
09/22/22
11:20:04

MCCLOUD COMMUNITY SERVICES DISTRICT
Claim Approval Signature Page
For the Accounting Period: 9 / 22

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

Prepared by: Keith Anderson

Reviewed by:  _____

Claims Total: \$17,439.73

Signature #2

Signature #4

Signature #3

Signature #5

09/22/22
13:18:20

MCCLOUD COMMUNITY SERVICES DISTRICT
Claim Approval List
For the Accounting Period: 9/22

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* ... Over spent expenditure

Claim/	Check	Vendor #/Name/ Invoice #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object	Proj	Cash Account
11065		316 GeoServ	84,327.52						
Lower		Elk Springs Design							
	677	09/12/22 Construcion Management	35,965.16		MIKE	5005 101630			101000
	677	09/12/22 Mud Creek Crossing Emergency W	2,778.88		MIKE	5005 101630			101000
	677	09/12/22 Task 1. Const'n Mgmt	20,133.13		MIKE	5005 101630			101000
	677	09/12/22 Task 6. PrelimEngineeringDesgn	4,606.25		MIKE	5005 101630			101000
	677	09/12/22 Environmental Documentation	3,708.75		MIKE	5005 101630			101000
	677	09/12/22 Engineering Design	17,135.35		MIKE	5005 101630			101000
		Total for Vendor:	84,327.52						
11063		1105 Hitchcock Construction	178,867.11						
Mud Creek Pipeline - Equipment AND Labor 8/29/22 to 9/09/22									
	5200	09/13/22 MudCreek-EQUIP-8/29-9/9/22	139,583.50		MIKE	5005 101630			101000
	5201	09/13/22 MudCreek-LABOR-8/29-9/9/22	39,283.61		MIKE	5005 101630			101000
		Total for Vendor:	178,867.11						
11071		1249 M. Peters, Inc.	84,250.00						
Site work 8-9-22 to 9-4-22									
	1764	09/19/22 Excavator site work 8-9 to 9-4	84,250.00			5005 101630			101000
		Total for Vendor:	84,250.00						
11060		1239 PACE SUPPLY CORP	5,503.69						
Valves, Nipples, Piipe, Air vent Sreen, Saddle Ford, and Clamps for Upper to Lower Elk Spring Project									
	288019032	09/19/22 (2) 2" Air/Vac Release Valv	2,042.04		152303	5005 101630			101000
	288019032	09/19/22 Discount if Rec'd by 10/10/	-40.84		152303	5005 101630			101000
	288032688	09/19/22 (9) GLTCLAMP 17Q	70.56		152303	5005 101630			101000
	288032688	09/19/22 Discount if Rec'd by 10/10/	-1.84		152303	5005 101630			101000
	288019032	09/15/22 Saddle Ford, Nipples, Ball	966.11		152304	5005 101630			101000
	288019032	09/15/22 Discount if Rec'd by 10/10/	-19.32		152304	5005 101630			101000
	288024093	09/15/22 Spray Coating	52.55		152304	5005 101630			101000
	288024093	09/15/22 Discount if Rec'd by 10/10/	-1.05		152304	5005 101630			101000
	288024093	09/15/22 Pipes, Nipples, Couplings	2,188.92		152304	5005 101630			101000
	288024093	09/15/22 Discount if Rec'd by 10/10/	-43.78		152304	5005 101630			101000
	288027736	09/15/22 Air Vent Screen	296.27		152304	5005 101630			101000
	288027736	09/15/22 Discount if Rec'd by 10/10/	-5.93		152304	5005 101630			101000
		Total for Vendor:	5,503.69						

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13:18:20

MCCLOUD COMMUNITY SERVICES DISTRICT
Claim Approval List
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* ... Over spent expenditure

Claim/	Check	Vendor #/Name/ Invoice #/Inv Date/Description	Document \$/ Line \$	Disc \$	PO #	Fund Org Acct	Object	Proj	Cash Account
11054		169 SOLANOS HOME IMPROVEMENT CNTR	119.01						
		2" Galvanized Elbows, Couplings for Upper to Lower Elk Springs Project							
	769875	09/14/22 2" Galvanized Elbows, Coupling	47.82		152301	5005 101630			101000
	303300	09/14/22 2" Galvanized Elbows, Coupling	71.19		152301	5005 101630			101000
		Total for Vendor:	119.01						
11053		153 SOUSA READY MIX	44,440.02						
		Cement for Upper to Lower Elk Springs Project							
	1334206	09/07/22 Ready Mix Cement Slurry	5,472.32		152301	5005 101630			101000
	1334215	09/08/22 Ready Mix Cement Slurry	36,249.05		152301	5005 101630			101000
	1334205	09/07/22 Ready Mix Cement Slurry	2,718.65		152301	5005 101630			101000
11066		153 SOUSA READY MIX	3,650.70						
		Aggregate for MC							
	1334277	09/09/22 Aggregate for MC	3,650.70	101.88		5005 101630			101000
11067		153 SOUSA READY MIX	2,972.50						
	1334278	09/09/22 Truck Rental MC	2,972.50	89.17		5005 101630			101000
11068		153 SOUSA READY MIX	400.76						
		Aggregate MC							
	1334299	09/13/22 Aggregate MC	400.76	11.18		5005 101630			101000
11069		153 SOUSA READY MIX	265.35						
		Trucking MC							
	1334294	09/13/22 Trucking MC	265.35	7.96		5005 101630			101000
		Total for Vendor:	51,729.33						
		# of Claims	10	Total:	404,796.66	# of Vendors	6		

09/22/22
13:18:20

MCCLOUD COMMUNITY SERVICES DISTRICT
Fund Summary for Claims
For the Accounting Period: 9/22

Page: 3 of 4
Report ID: AP110

Fund/Account	Amount
5005 Upper to Lower Elk Springs Project 101000 Operating Cash	\$404,796.66
Total:	\$404,796.66

09/22/22
13:18:20

MCCLLOUD COMMUNITY SERVICES DISTRICT
Claim Approval Signature Page
For the Accounting Period: 9 / 22

Page: 4 of 4
Report ID: AP100A

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

Prepared by: Mike Quinn
Reviewed by: _____

Claims Total: \$404,796.66
Signature #2

Signature #4

Signature #3

Signature #5

September 8, 2022

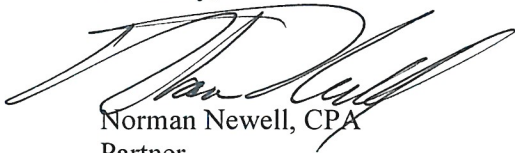
McCloud Community Services District
220 W Minnesota Ave.
McCloud, CA 96057

All special districts are required to submit a copy of their audited financial statements to the State Controller's Office within 12 months of the end of the fiscal year or years under examination according to Government Code Section 26909. Please email one PDF copy of your Financial Report to the following address:

SDsupport@sco.ca.gov

All special districts are also required to send one copy of their audited financial statements to their County Auditor-Controller. Please mail one copy of your report to the Auditor-Controller's office. If you have questions, please give us a call.

Sincerely,



Norman Newell, CPA
Partner

**MCCLLOUD COMMUNITY SERVICES
DISTRICT,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2020**

MC CLOUD COMMUNITY SERVICES DISTRICT
Annual Financial Report
For the Year Ended June 30, 2020

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MC CLOUD COMMUNITY SERVICES DISTRICT
Annual Financial Report
For the Year Ended June 30, 2020

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INTRODUCTORY SECTION

- **List of Officials**

MC CLOUD COMMUNITY SERVICES DISTRICT

List of Officials

For the Year Ended June 30, 2020

Board of Directors

Catherine Young	President
Michael “Mick” Hanson	Vice President
Christine Richey	Director
Michael Rorke	Director
Raymond Zanni	Director

FINANCIAL SECTION

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Financial Statements**

INDEPENDENT AUDITOR'S REPORT

To the 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, California (District), as of and for the year ended June 30, 2020, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of McCloud Community Services District, California as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

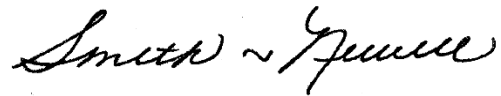
The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.



Smith & Newell CPAs
Yuba City, California
August 31, 2022

Basic Financial Statements

- **Government-Wide Financial Statements**

MC CLOUD COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 1,395,879	\$ 1,597,013	\$ 2,992,892
Receivables:			
Accounts	20,359	158,356	178,715
Taxes	45,131	-	45,131
Prepaid costs	2,633	7,343	9,976
Inventory	-	57,321	57,321
Capital assets:			
Non-depreciable	183,822	8,350	192,172
Depreciable, net	406,577	13,203,718	13,610,295
Total capital assets	<u>590,399</u>	<u>13,212,068</u>	<u>13,802,467</u>
Total Assets	<u>2,054,401</u>	<u>15,032,101</u>	<u>17,086,502</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	49,885	112,365	162,250
Deferred OPEB adjustments	74,140	166,997	241,137
Total Deferred Outflows of Resources	<u>124,025</u>	<u>279,362</u>	<u>403,387</u>
LIABILITIES			
Accounts payable	29,379	8,047	37,426
Salaries and benefits payable	10,182	8,965	19,147
Interest payable	-	7,720	7,720
Unearned revenue	-	21,774	21,774
Long-term liabilities:			
Due within one year	10,664	116,178	126,842
Due in more than one year	11,209	931,405	942,614
Net pension liability	179,319	403,908	583,227
Net OPEB liability	602,571	1,357,263	1,959,834
Total Liabilities	<u>843,324</u>	<u>2,855,260</u>	<u>3,698,584</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	33,299	75,005	108,304
Deferred OPEB adjustments	155,954	351,279	507,233
Total Deferred Inflows of Resources	<u>189,253</u>	<u>426,284</u>	<u>615,537</u>

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

MC CLOUD COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
NET POSITION			
Net investment in capital assets	590,399	12,164,485	12,754,884
Restricted for:			
General government	67,785	-	67,785
Public safety	487,608	-	487,608
Public works	214,198	-	214,198
Culture and recreation	161,674	-	161,674
Education	15,224	-	15,224
Unrestricted	<u>(391,039)</u>	<u>(134,566)</u>	<u>(525,605)</u>
Total Net Position	<u>\$ 1,145,849</u>	<u>\$ 12,029,919</u>	<u>\$ 13,175,768</u>

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 2 of 2)

MCCLLOUD COMMUNITY SERVICES DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 176,529	\$ -	\$ -	\$ -
Public safety	72,121	57,558	-	-
Public works	26,494	40,747	-	-
Culture and recreation	20,842	2,827	-	-
Education	1,719	396	-	-
Total Governmental Activities	297,705	101,528	-	-
Business-type activities:				
Water	391,670	483,939	-	-
Sewer	488,777	436,609	-	-
Waste	324,552	304,558	-	-
Total Business-Type Activities	1,204,999	1,225,106	-	-
Total	\$ 1,502,704	\$ 1,326,634	\$ -	\$ -

General Revenues:

Taxes:

 Property taxes

Grants and contributions - unrestricted

Interest and investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior period adjustment

Net Position - Beginning, Restated

Net Position - Ending

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business- Type Activities	Totals
\$ (176,529)	\$ -	\$ (176,529)
(14,563)	-	(14,563)
14,253	-	14,253
(18,015)	-	(18,015)
(1,323)	-	(1,323)
<u>(196,177)</u>	<u>-</u>	<u>(196,177)</u>
-	92,269	92,269
-	(52,168)	(52,168)
-	(19,994)	(19,994)
<u>-</u>	<u>20,107</u>	<u>20,107</u>
<u>(196,177)</u>	<u>20,107</u>	<u>(176,070)</u>
236,180	-	236,180
1,053	-	1,053
20,736	31,125	51,861
79,010	6,263	85,273
280,996	(280,996)	-
<u>617,975</u>	<u>(243,608)</u>	<u>374,367</u>
<u>421,798</u>	<u>(223,501)</u>	<u>198,297</u>
921,942	12,074,968	12,996,910
<u>(197,891)</u>	<u>178,452</u>	<u>(19,439)</u>
<u>724,051</u>	<u>12,253,420</u>	<u>12,977,471</u>
<u>\$ 1,145,849</u>	<u>\$ 12,029,919</u>	<u>\$ 13,175,768</u>

Basic Financial Statements

- **Fund Financial Statements**

MC CLOUD COMMUNITY SERVICES DISTRICT
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Fire</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 495,281	\$ 451,682	\$ 448,916	\$ 1,395,879
Receivables:				
Accounts	-	12,837	7,522	20,359
Taxes	993	37,588	6,550	45,131
Advances to other funds	12,206	-	-	12,206
Due from other funds	3,201	-	-	3,201
Prepaid costs	2,633	-	-	2,633
Total Assets	<u>\$ 514,314</u>	<u>\$ 502,107</u>	<u>\$ 462,988</u>	<u>\$ 1,479,409</u>
LIABILITIES				
Accounts payable	\$ 19,923	\$ 7,135	\$ 2,321	\$ 29,379
Salaries and benefits payable	823	7,364	1,995	10,182
Advances from other funds	-	-	12,206	12,206
Due to other funds	833	-	2,368	3,201
Total Liabilities	<u>21,579</u>	<u>14,499</u>	<u>18,890</u>	<u>54,968</u>
FUND BALANCES				
Nonspendable	2,633	-	-	2,633
Restricted	-	487,608	458,881	946,489
Unassigned	490,102	-	(14,783)	475,319
Total Fund Balances	<u>492,735</u>	<u>487,608</u>	<u>444,098</u>	<u>1,424,441</u>
Total Liabilities and Fund Balances	<u>\$ 514,314</u>	<u>\$ 502,107</u>	<u>\$ 462,988</u>	<u>\$ 1,479,409</u>

The notes to the basic financial statements are an integral part of this statement.

MC CLOUD COMMUNITY SERVICES DISTRICT
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2020

Total Fund Balances - Total Governmental Funds	\$ 1,424,441
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	590,399
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	124,025
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(189,253)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Compensated absences	(21,873)
Net pension liability	(179,319)
Net OPEB liability	(602,571)
	\$ 1,145,849
Net Position of Governmental Activities	\$ 1,145,849

The notes to the basic financial statements are an integral part of this statement.

MC CLOUD COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Fire	Other Governmental Funds	Totals
REVENUES				
Taxes and assessments	\$ 74,068	\$ 128,282	\$ 44,981	\$ 247,331
Use of money	6,138	7,977	6,621	20,736
Intergovernmental	1,053	-	-	1,053
Charges for services	-	28,887	61,490	90,377
Other revenues	28,435	46,899	3,676	79,010
Total Revenues	109,694	212,045	116,768	438,507
EXPENDITURES				
General government	387,848	-	3,845	391,693
Public protection	-	126,066	-	126,066
Public ways and facilities	-	-	45,522	45,522
Culture and recreation	-	-	33,269	33,269
Education	-	-	6,730	6,730
Total Expenditures	387,848	126,066	89,366	603,280
Excess of Revenues Over (Under) Expenditures	(278,154)	85,979	27,402	(164,773)
OTHER FINANCING SOURCES (USES)				
Transfers in	299,783	-	43,464	343,247
Transfers out	-	(37,199)	(25,052)	(62,251)
Total Other Financing Sources (Uses)	299,783	(37,199)	18,412	280,996
Net Change in Fund Balances	21,629	48,780	45,814	116,223
Fund Balances - Beginning	782,962	339,009	339,716	1,461,687
Prior period adjustment	(311,856)	99,819	58,568	(153,469)
Fund Balances - Beginning, Restated	471,106	438,828	398,284	1,308,218
Fund Balances - Ending	\$ 492,735	\$ 487,608	\$ 444,098	\$ 1,424,441

The notes to the basic financial statements are an integral part of this statement.

MC CLOUD COMMUNITY SERVICES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 116,223
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Less current year depreciation	(47,383)
Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities relate to long-term liabilities and are not reported in the governmental funds.	
Changes in deferred outflows of resources related to pension and OPEB	(27,727)
Changes in deferred inflows of resources related to pension and OPEB	143,494
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in compensated absences	(9,673)
Change in net pension liability	29,208
Change in net OPEB liability	219,194
Change in Net Position of Governmental Activities	\$ 423,336

The notes to the basic financial statements are an integral part of this statement.

MC CLOUD COMMUNITY SERVICES DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Waste	Totals
ASSETS				
Current Assets:				
Cash and investments	\$ 402,176	\$ 1,157,774	\$ 37,063	\$ 1,597,013
Receivables:				
Accounts	65,186	55,490	37,680	158,356
Prepaid costs	299	7,044	-	7,343
Inventory	54,063	3,258	-	57,321
Total Current Assets	521,724	1,223,566	74,743	1,820,033
Noncurrent Assets:				
Capital assets:				
Non-depreciable	3,050	2,500	2,800	8,350
Depreciable, net	4,095,152	8,718,797	389,769	13,203,718
Total capital assets	4,098,202	8,721,297	392,569	13,212,068
Total Noncurrent Assets	4,098,202	8,721,297	392,569	13,212,068
Total Assets	4,619,926	9,944,863	467,312	15,032,101
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	52,331	36,067	23,967	112,365
Deferred OPEB adjustments	77,774	53,603	35,620	166,997
Total Deferred Outflows of Resources	130,105	89,670	59,587	279,362
LIABILITIES				
Current Liabilities:				
Accounts payable	1,875	823	5,349	8,047
Salaries and benefits payable	3,545	3,112	2,308	8,965
Interest payable	-	7,720	-	7,720
Unearned revenue	21,774	-	-	21,774
Loans payable	-	65,092	51,086	116,178
Total Current Liabilities	27,194	76,747	58,743	162,684

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

MC CLOUD COMMUNITY SERVICES DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Waste	Totals
Noncurrent Liabilities:				
Loans payable	-	699,296	232,109	931,405
Net pension liability	188,109	129,647	86,152	403,908
Net OPEB liability	632,108	435,656	289,499	1,357,263
Total Noncurrent Liabilities	820,217	1,264,599	607,760	2,692,576
Total Liabilities	847,411	1,341,346	666,503	2,855,260
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	34,932	24,075	15,998	75,005
Deferred OPEB adjustments	163,598	112,754	74,927	351,279
Total Deferred Inflows of Resources	198,530	136,829	90,925	426,284
NET POSITION				
Net investment in capital assets	4,098,202	7,956,909	109,374	12,164,485
Unrestricted	(394,112)	599,449	(339,903)	(134,566)
Total Net Position	\$ 3,704,090	\$ 8,556,358	\$ (230,529)	\$ 12,029,919

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 2 of 2)

MC CLOUD COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Waste	Totals
OPERATING REVENUES				
Charges for services	\$ 483,939	\$ 436,609	\$ 304,558	\$ 1,225,106
Other revenue	1,452	776	4,035	6,263
Total Operating Revenues	485,391	437,385	308,593	1,231,369
OPERATING EXPENSES				
Salaries and benefits	196,336	140,659	228,479	565,474
General operating	11,536	36,226	58,410	106,172
Professional services	2,076	-	333	2,409
Depreciation	181,722	281,237	22,924	485,883
Total Operating Expenses	391,670	458,122	310,146	1,159,938
Operating Income (Loss)	93,721	(20,737)	(1,553)	71,431
NON-OPERATING REVENUE (EXPENSES)				
Interest income	6,333	23,363	1,429	31,125
Interest expense	-	(30,655)	(14,406)	(45,061)
Transfers out	(139,358)	(87,897)	(53,741)	(280,996)
Total Non-Operating Revenue (Expenses)	(133,025)	(95,189)	(66,718)	(294,932)
Change in Net Position	(39,304)	(115,926)	(68,271)	(223,501)
Total Net Position - Beginning	3,709,686	8,532,834	(167,552)	12,074,968
Prior period adjustment	33,708	139,450	5,294	178,452
Total Net Position - Beginning, Restated	3,743,394	8,672,284	(162,258)	12,253,420
Total Net Position - Ending	\$ 3,704,090	\$ 8,556,358	\$ (230,529)	\$ 12,029,919

The notes to the basic financial statements are an integral part of this statement.

MC CLOUD COMMUNITY SERVICES DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Waste	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 464,540	\$ 422,362	\$ 297,538	\$ 1,184,440
Payments to suppliers	(11,459)	(43,520)	(57,985)	(112,964)
Payments to employees	(207,372)	(147,887)	(97,668)	(452,927)
Net Cash Provided (Used) by Operating Activities	<u>245,709</u>	<u>230,955</u>	<u>141,885</u>	<u>618,549</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(139,358)	(87,897)	(53,741)	(280,996)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(139,358)</u>	<u>(87,897)</u>	<u>(53,741)</u>	<u>(280,996)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(21,176)	-	(21,176)
Principal paid on debt	-	(62,848)	(52,758)	(115,606)
Interest paid on debt	-	(31,169)	(14,406)	(45,575)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(115,193)</u>	<u>(67,164)</u>	<u>(182,357)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	6,333	23,363	1,429	31,125
Net Cash Provided (Used) by Investing Activities	<u>6,333</u>	<u>23,363</u>	<u>1,429</u>	<u>31,125</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>112,684</u>	<u>51,228</u>	<u>22,409</u>	<u>186,321</u>
Balances - Beginning	255,784	967,096	9,360	1,232,240
Prior period adjustment	33,708	139,450	5,294	178,452
Balances - Beginning, Restated	<u>289,492</u>	<u>1,106,546</u>	<u>14,654</u>	<u>1,410,692</u>
Balances - Ending	<u>\$ 402,176</u>	<u>\$ 1,157,774</u>	<u>\$ 37,063</u>	<u>\$ 1,597,013</u>

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

MC CLOUD COMMUNITY SERVICES DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds			
	Major Funds			
	Water	Sewer	Waste	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 93,721	\$ (20,737)	\$ (1,553)	\$ 71,431
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	181,722	281,237	22,924	485,883
Decrease (increase) in:				
Accounts receivable	(20,851)	(15,023)	(11,055)	(46,929)
Prepaid costs	(7)	(914)	-	(921)
Deferred outflows - pension adjustments	(9,351)	(6,409)	(10,715)	(26,475)
Deferred outflows - OPEB adjustments	(7,655)	(5,217)	(14,000)	(26,872)
Increase (decrease) in:				
Accounts payable	2,160	(6,380)	758	(3,462)
Salaries and benefits payable	1,929	2,471	1,811	6,211
Net pension liability	32,697	22,404	38,234	93,335
Net OPEB liability	20,805	13,822	101,018	135,645
Deferred inflows - pension adjustments	237	134	5,301	5,672
Deferred inflows - OPEB adjustments	(49,698)	(34,433)	9,162	(74,969)
Net Cash Provided (Used) by Operating Activities	\$ 245,709	\$ 230,955	\$ 141,885	\$ 618,549

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 2 of 2)

Basic Financial Statements

- **Notes to Basic Financial Statements**

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

McCloud Community Services District (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).

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the activities of the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the District. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the District's business-type activities and each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds. The funds of the District are organized into two major categories: governmental and proprietary. The emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds.
- The Fire fund is a special revenue fund used to account for most of the public safety operations of the District, including ambulance. Funding comes primarily from taxes and grants.

The District reports the following major proprietary funds:

- The Water fund is an enterprise fund used to account for activity related to providing customers with water and billing for services provided by the District.
- The Sewer fund is an enterprise fund used to account for activity related to providing customers with sewer and billing for services provided by the District.
- The Waste fund is an enterprise fund used to account for activity related to providing customers with solid waste and billing for services provided by the District.

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within 60 days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

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

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

E. Cash and Cash Equivalents

For purposes of the accompanying Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased, including amounts held in the District's investment pool, to be cash and cash equivalents.

F. Investments

The District pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Investment transactions are recorded on the trade date. The fair value of investments is determined annually. Investments in nonparticipating interest-earning investment contracts are reported at cost; short term investments are reported at amortized cost, investments in the State of California Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the District could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

Income from pooled investments is allocated to the individual funds based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Income from non-pooled investments is recorded based on the specific investments held by the fund.

G. Receivables

Receivables for governmental activities consist mainly of accounts and taxes. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

Receivables for business-type activities consist mainly of user fees. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Other Assets

Inventory

Inventories are stated at cost (first-in, first-out basis) for proprietary funds. Inventory consists of items purchased for future projects. Proprietary funds inventories are recorded as expenses at the time the inventory is consumed.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2020, are recorded as prepaid costs under both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Capital Assets

Capital assets are defined by the District as assets with a cost greater than \$5,000 and a useful life of at least two years. Capital assets are recorded at historical or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their fair value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Buildings and improvements	20 to 50 years
Sewer systems	10 to 50 years
Water transmission lines	5 to 50 years
Subsurface lines	3 to 50 years
Machinery and equipment	3 to 15 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is to be included in the results of operations.

J. Property Tax

Siskiyou County assesses properties, bills, collects, and distributes property taxes to the District. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Property taxes are levied on a fiscal year (July 1 - June 30). The secured property tax assessments are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. The unsecured property tax assessments are due on August 1 and become delinquent after August 31. Property taxes become a lien on the property effective January 1 of the preceding year.

The District recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

MCLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

L. Compensated Absences

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation leave and an unlimited amount of sick leave. In the government-wide financial statements the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements the expenditures and liabilities related to those obligations are recognized only when they mature. The District includes its share of Social Security and Medicare taxes payable on behalf of the employees in the accrual for compensated absences.

M. Pension

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. These items relate to the outflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items which qualify for reporting in this category. These items relate to the inflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

P. Estimates

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

Q. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statement has been implemented, if applicable, in the current financial statements.

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement extends the effective dates of certain accounting and financial reporting provisions in the Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The requirements of this Statement apply to the financial statements of all state and local governments. The GASB Statements effected by this statement include Statement No. 84 - Fiduciary Activities, Statement No. 87 – Leases, Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period, Statement No. 90 - Majority Equity Interests, Statement No. 91 – Conduit Debt Obligations, Statement No. 92 – Omnibus 2020, and Statement No. 93 – Replacement of Interbank Offered Rates.

MCLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Future Accounting Pronouncements

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 87 “Leases” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period” The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

Statement No. 91 “Conduit Debt Obligations” The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)

Statement No. 92 “Omnibus 2020” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 93 “Replacement of Interbank Offered Rates” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 96 “Subscription-Based Information Technology Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Position/Fund Balance

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the District reports these changes as restatements of beginning net position/fund balance. During the current year, prior period adjustments were made to correct cash and investment balances between the District's funds and to correct a prior year overstatement of land.

The impact of the restatement on the net position of the government-wide financial statements as previously reported is presented below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position, June 30, 2019 as previously reported	\$ 921,942	\$ 12,074,968
Adjustments associated with:		
Cash and investments	(153,469)	178,452
Correction of overstatement of land	<u>(44,422)</u>	<u>-</u>
Total Adjustments	<u>(197,891)</u>	<u>178,452</u>
Net Position, July 1, 2019 as restated	<u>\$ 724,051</u>	<u>\$ 12,253,420</u>

The impact of the restatement on the fund balance/net position of the fund financial statements as previously reported is presented below:

	<u>General Fund</u>	<u>Fire</u>	<u>Other Governmental Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Waste</u>
Net Position/Fund Balance, June 30, 2019 as previously reported	\$ 782,962	\$ 339,009	\$ 339,716	\$ 3,709,686	\$ 8,532,834	(\$ 167,552)
Adjustments associated with:						
Cash and investments	<u>(311,856)</u>	<u>99,819</u>	<u>58,568</u>	<u>33,708</u>	<u>139,450</u>	<u>5,294</u>
Total Adjustments	<u>(311,856)</u>	<u>99,819</u>	<u>58,568</u>	<u>33,708</u>	<u>139,450</u>	<u>5,294</u>
Net Position/Fund Balance, July 1, 2019 as restated	<u>\$ 471,106</u>	<u>\$ 438,828</u>	<u>\$ 398,284</u>	<u>\$ 3,743,394</u>	<u>\$ 8,672,284</u>	<u>(\$ 162,258)</u>

B. Deficit Fund Balance/Net Position

The following major enterprise fund had a deficit net position at June 30, 2020. This deficit is expected to be eliminated through increased charges.

Waste	\$ 229,792
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The following non-major governmental funds had deficit fund balances at June 30, 2020:

Lights	\$ 12,689
MASWC	621
Payroll Clearing	1,473

Some of these deficits may be eliminated in the future through grant revenues. Certain amounts of these deficits will ultimately become the responsibility of the General fund.

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2020, the District’s cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 300
Deposits (less outstanding checks)	<u>605,185</u>
Total Cash	<u>605,485</u>
Investments:	
Local Agency Investment Fund (LAIF)	<u>2,387,407</u>
Total Investments	<u>2,387,407</u>
Total Cash and Investments	<u><u>\$ 2,992,892</u></u>

B. Cash

At year end, the carrying amount of the District’s cash deposits (including amounts in a checking account) was \$605,185 and the bank balance was \$633,649. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition the District had cash on hand of \$300.

Custodial Credit Risk For Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The District’s investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of public funds. The first \$250,000 of the District’s deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized.

C. Investments

The District has an investment policy, the purpose of which is to establish guidelines for the prudent investment of the District’s funds, and outline the policies for maximizing the efficiency of the District’s cash management program. The ultimate goal is to enhance the economic status of the District while protecting its pooled investments.

The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law.

MCLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Under the provisions of the District’s investment policy the District may invest or deposit in the following:

- Bankers’ Acceptances
- Commercial Paper
- Local Agency Investment Fund (LAIF)
- Medium Term Notes
- Asset Backed Securities
- Money Market Mutual Funds
- Negotiable Certificates of Deposit
- Repurchase Agreements/Reverse Repurchase Agreements
- Municipal Securities of Local and State Entities within the State of California
- United States Treasury Securities
- United States Government Agency (Direct/Indirect) Securities
- Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivision (a) to (o) inclusive
- United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance

Fair Value of Investments - The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The District’s position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the District’s investment in external investment pools is not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2020, the District had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total Investments Measured at Fair Value	-	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>
Investments in External Investment Pool				
LAIF	<u>2,387,407</u>			
Total Investments	<u>\$ 2,387,407</u>			

MCLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit the exposure to fair value losses resulting from increases in interest rates, the District's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the District to meet all projected obligations.

As of June 30, 2020, the District had the following investments, all of which had a maturity of 5 years or less:

<u>Investment Type</u>	<u>Interest Rates</u>	<u>Maturities</u>		<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
		<u>0-1 year</u>	<u>1-5 years</u>		
LAIF	Variable	\$ 2,387,407	\$ -	\$ 2,387,407	-
Total Investments		\$ 2,387,407	\$ -	\$ 2,387,407	-

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2020, the District's investments were all pooled with LAIF which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the District's investment policy requires that all securities owned by the District shall be held in safekeeping by a third party bank trust department.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The District's investment policy contains limitations on the amount that can be invested in any one issuer. All investments of the District were deposited with LAIF.

D. Investment in External Investment Pool

The District maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2020, the District's investment in LAIF valued at amortized cost was \$2,387,407 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$100.9 billion. Of that amount, 96.63 percent is invested in non-derivative financial products and 3.37 percent in structured notes and asset-backed securities.

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 4: CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 228,244	\$ -	(\$ 44,422)	\$ 183,822
Total Capital Assets, Not Being Depreciated	<u>228,244</u>	<u>-</u>	<u>(44,422)</u>	<u>183,822</u>
Capital Assets, Being Depreciated				
Buildings and improvements	885,140	-	-	885,140
Equipment	1,177,035	-	-	1,177,035
Total Capital Assets, Being Depreciated	<u>2,062,175</u>	<u>-</u>	<u>-</u>	<u>2,062,175</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(564,169)	(20,392)	-	(584,561)
Equipment	(1,044,046)	(26,991)	-	(1,071,037)
Total Accumulated Depreciation	<u>(1,608,215)</u>	<u>(47,383)</u>	<u>-</u>	<u>(1,655,598)</u>
Total Capital Assets, Being Depreciated, Net	<u>453,960</u>	<u>(47,383)</u>	<u>-</u>	<u>406,577</u>
Governmental Activities Capital Assets, Net	<u>\$ 682,204</u>	<u>(\$ 47,383)</u>	<u>(\$ 44,422)</u>	<u>\$ 590,399</u>
	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 8,350	\$ -	\$ -	\$ 8,350
Total Capital Assets, Not Being Depreciated	<u>8,350</u>	<u>-</u>	<u>-</u>	<u>8,350</u>
Capital Assets, Being Depreciated				
Improvements	6,568,240	-	-	6,568,240
Buildings and improvements	13,242,265	15,830	-	13,258,095
Equipment	1,244,641	5,346	-	1,249,987
Total Capital Assets, Being Depreciated	<u>21,055,146</u>	<u>21,176</u>	<u>-</u>	<u>21,076,322</u>
Less Accumulated Depreciation For:				
Improvements	(2,421,677)	(141,856)	-	(2,563,533)
Buildings and improvements	(4,350,629)	(262,690)	-	(4,613,319)
Equipment	(614,415)	(81,337)	(11,099)	(695,752)
Total Accumulated Depreciation	<u>(7,386,721)</u>	<u>(485,883)</u>	<u>(11,099)</u>	<u>(7,872,604)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,668,425</u>	<u>(464,707)</u>	<u>(11,099)</u>	<u>13,203,718</u>
Business-Type Activities Capital Assets, Net	<u>\$ 13,676,775</u>	<u>(\$ 464,707)</u>	<u>(\$ 11,099)</u>	<u>\$ 13,212,068</u>

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 4,000
Public safety	27,248
Public ways and facilities	630
Culture and recreation	15,504
Education	<u>1</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 47,383</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 181,722
Sewer	281,237
Waste	<u>22,924</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 485,883</u>

NOTE 5: INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds.

The following are due to and due from balances as of June 30, 2020:

	Due From Other Funds	Due To Other Funds
General fund	\$ 15,407	\$ 833
Nonmajor governmental funds	<u>-</u>	<u>14,574</u>
Total	<u>\$ 15,407</u>	<u>\$ 15,407</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2020:

	Transfers In	Transfers Out
General fund	\$ 299,783	\$ -
Fire	-	37,199
Nonmajor governmental funds	43,464	25,052
Water	-	139,358
Sewer	-	87,897
Waste	<u>-</u>	<u>53,741</u>
Total	<u>\$ 343,247</u>	<u>\$ 343,247</u>

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 6: UNEARNED REVENUES

At June 30, 2020, the components of unearned revenue were as follows:

	<u>Unearned</u>
Water	
Services paid in advance	\$ 21,774
Total	\$ 21,774

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2019</u>	<u>Adjustments/ Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Compensated absences	\$ 12,200	\$ 17,219	(\$ 7,546)	\$ 21,873	\$ 10,664
Total Governmental Activities	\$ 12,200	\$ 17,219	(\$ 7,546)	\$ 21,873	\$ 10,664
Business-Type Activities					
Direct borrowing loans payable	\$ 1,163,189	\$ -	(\$ 115,606)	\$ 1,047,583	\$ 116,178
Total Business-Type Activities	\$ 1,163,189	\$ -	(\$ 115,606)	\$ 1,047,583	\$ 116,178

Compensated absences are generally liquidated by the fund where the accrued liability occurred.

Individual issues of debt payable outstanding at June 30, 2020, are as follows:

Business-Type Activities

Loans from Direct Borrowings:

United States Department of Agriculture Loan, dated October 1, 2003, in the amount of \$800,000, payable in annual installments of \$7,000 to \$41,000, with an interest rate of 4.5%, and maturity on October 1, 2042. The loan proceeds were used to finance the sewer replacement project. \$ 615,000

State of California, State Water Resources Control Board Loan, dated April 29, 2002, in the amount of \$811,499, payable in annual installments of \$52,976, with an interest rate of 4.5% and maturity on January 27, 2023. The loan proceeds were used to finance the sewer replacement project. 149,388

Navistar Capital loan, dated July 19, 2018, in the amount of \$214,148, payable in monthly installments of \$2,856, with an interest rate of 4.65% and maturity on August 19, 2025. The loan proceeds were used to purchase a refuse truck. 154,565

Navistar Capital loan, dated June 28, 2019, in the amount of \$172,316, payable in monthly installments of \$2,408, with an interest rate of 4.65% and maturity on June 1, 2025. The loan proceeds were used to purchase a refuse truck. 128,630

Total Loans from Direct Borrowings 1,047,583

Total Business-Type Activities \$ 1,047,583

MCLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Following is a schedule of debt payment requirements to maturity for long-term debt, excluding compensated absences that have indefinite maturities.

Business-Type Activities

Year Ended June 30	Loans from Direct Borrowings		
	Principal	Interest	Totals
2021	\$ 116,178	\$ 43,288	\$ 159,466
2022	120,881	38,842	159,723
2023	122,931	36,028	158,959
2024	76,717	29,477	106,194
2025	80,466	25,896	106,362
2026-2030	109,410	107,524	216,934
2031-2035	135,000	79,988	214,988
2036-2040	167,000	46,148	213,148
2041-2043	119,000	8,168	127,168
Total	<u>\$ 1,047,583</u>	<u>\$ 415,359</u>	<u>\$ 1,462,942</u>

NOTE 8: NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 9: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2020, fund balance for governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the District’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the District’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 9: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2020, were distributed as follows:

	General Fund	Fire	Other Governmental Funds	Totals
Nonspendable:				
Prepaid costs	\$ 2,633	\$ -	\$ -	\$ 2,633
Subtotal	<u>2,633</u>	<u>-</u>	<u>-</u>	<u>2,633</u>
Restricted for:				
Fire	-	487,608	-	487,608
Alleys	-	-	214,198	214,198
Parks	-	-	157,218	157,218
Park Old Court House	-	-	4,456	4,456
Library	-	-	15,224	15,224
MASWC Escrow	-	-	67,785	67,785
Subtotal	<u>-</u>	<u>487,608</u>	<u>458,881</u>	<u>946,489</u>
Unassigned	<u>490,102</u>	<u>-</u>	<u>(14,783)</u>	<u>475,319</u>
Total	<u>\$ 492,735</u>	<u>\$ 487,608</u>	<u>\$ 444,098</u>	<u>\$ 1,424,441</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The Board of Directors has adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications. The policy also provides for a measure of financial protection for the District against unforeseen circumstances and to comply with GASB Statement No. 54.

MCLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 10: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District’s separate Safety and Miscellaneous (all other) Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Effective January 1, 2013, the District added retirement tiers for the Miscellaneous and Safety Rate Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). New employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the District’s retirement costs.

Summary of Rate Tiers and Eligible Participants

Open for New Enrollment	
Miscellaneous PEPRA	Miscellaneous members hired on or after January 1, 2013
Safety	Safety members hired on or after January 1, 2013
Closed to New Enrollment	
Miscellaneous	Miscellaneous members hired before January 1, 2010
Safety	Safety members hired before January 1, 2013

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

Each Rate Tier’s specific provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous	2.0% @ 55	50 - 55	1.426% to 2.418%
Miscellaneous PEPRA	2.0% @ 62	52 - 62	1.000% to 2.500%
Safety	0.5% @ 55	50	1.783% to 2.500%

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 10: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions

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

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous	8.081%	7.000%	0.000%
Miscellaneous PEPRA	6.985%	6.750%	0.000%
Safety	0.000%	0.000%	0.000%

For the year ended June 30, 2020, the contributions recognized as part of pension expense for the Plan was as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 21,433	\$ -
Safety	-	-

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

The 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, 2019 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, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension 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 2020 was as follows:

	<u>Proportion June 30, 2019</u>	<u>Proportion June 30, 2020</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	0.01365%	0.01448%	0.00083%
Safety	0.00008%	0.00006%	-0.00003%

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

As of June 30, 2020, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 579,787
Safety	<u>3,440</u>
Total Net Pension Liability	<u>\$ 583,227</u>

For the year ended June 30, 2020, the District recognized pension expense of \$58,835. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 51,613	\$ -
Change of assumptions	27,788	(9,828)
Difference between expected and actual experience	40,493	(3,120)
Difference between projected and actual earnings on pension plan investments	-	(10,184)
Differences between employer contributions and proportionate share of contributions.	208	(78,554)
Change in employer's proportions	<u>42,148</u>	<u>(6,618)</u>
Total	<u>\$ 162,250</u>	<u>(\$ 108,304)</u>

\$51,613 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>		
2021		\$ 16,319
2022		(14,363)
2023		(1,682)
2024		2,059
Thereafter		<u>-</u>
Total		<u>\$ 2,333</u>

MCLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by entry-age and service
Mortality Rate Table	Derived using CalPERS' 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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

MCLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Long-Term Expected Rate of Return (Continued)

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
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 Assets	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	0.00%	-0.92%
Total	<u>100.0%</u>		

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

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

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

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

	<u>1% Decrease 6.15%</u>	<u>Discount Rate 7.15%</u>	<u>1% Increase 8.15%</u>
Miscellaneous	\$ 914,808	\$ 579,787	\$ 303,250
Safety	3,440	3,440	3,440

Pension Plan Fiduciary Net Position

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

MCLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

The District's defined benefit OPEB plan (the Plan) provides OPEB for all permanent full-time general and public safety employees of the District. The Plan is an agent multiple-employer defined benefit plan administered by the California Public Employees' Retirement System (CalPERS). The Board of Directors reserves the authority to review and amend the funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the District.

Benefits Provided

The District reported that medical coverage is available to retirees.

Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). Access to this coverage requires the employee to satisfy the requirements for retirement under CalPERS, i.e., (a) attainment of age 50 (age 52 for miscellaneous PEPRA employees) with 5 years of State or public agency service or (b) an approved disability retirement.

The employee must begin his or her retirement (pension) benefit within 120 days of terminating employment with the District to be eligible to continue medical coverage through the District and be entitled to the benefits described below. Once eligible, coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage. If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event.

Under PEMHCA, the District is required to contribute toward retiree premiums for the retiree's lifetime or until coverage is discontinued.

The District currently maintains two different PEMHCA resolutions which apply to those eligible for coverage (as described above), based on the employee's hire date:

- Retirees hired before February 1, 2018 are covered by an Unequal Contribution resolution. After a lengthy phase in period, this resolution provides for the District to pay 100% of premiums for the retiree and any eligible enrolled dependents; however, the Memoranda of Understanding between the District and its employee groups currently limit the District's contribution to \$17,122 per year.
- Retirees hired on or after February 1, 2018 are covered by a PEMHCA Vesting resolution. Under this resolution, the District's contribution toward retiree medical benefits is determined as the lesser of (a) and (b):
 - a) 100% of the medical plan premiums for the retiree and his or her eligible dependents and
 - b) The maximum monthly benefits (caps) under the vesting formula multiplied by the vesting percent. Cap amounts vary by coverage level and are adjusted annually. In 2019, the caps are \$734 (single), \$1,398 (two-party), and \$1,788 (family). The vesting percent is based on years of CalPERS membership (but at least 5 years with the District).

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. General Information about the OPEB Plan (Continued)

Benefits Provided (Continued)

The vesting percent applied to the maximum benefit amounts are as follows:

Years of Qualifying Service	Vested Percent	Years of Qualifying Service	Vested Percent
Less than 10	0%	15	75%
10	50%	16	80%
11	55%	17	85%
12	60%	18	90%
13	65%	19	95%
14	70%	20 or more	100%

Employees covered by the PEMHCA vesting resolution who qualify for and take an approved disability retirement are automatically 100% vested, regardless of their years of service.

Unlike retirees hired prior to February 2018, those covered by the vesting resolution who complete at least 20 years of service with the District are entitled to these subsidized medical benefits even if they terminate employment prior to reaching the earliest retirement age permitted under their retirement program.

Current premium rates: The 2019 CalPERS monthly medical plan rates in the Other Northern California Area rate group are shown in the table below. If different rates apply where the member resides outside of this area, those rates are reflected in the valuation, but not listed here. The CalPERS administration fee is assumed to be expensed each year and has not been projected as an OPEB liability in this valuation.

Other Northern California Counties 2019 Health Plan Rates						
Plan	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
PERS Choice PPO	\$ 866.95	\$ 1,733.90	\$ 2,254.07	\$ 360.41	\$ 720.82	\$ 1,240.99
PERS Select PPO	511.34	1,022.68	1,329.48	360.41	720.82	1,027.62
PERSCare PPO	1,085.83	2,171.66	2,823.16	394.83	789.66	1,441.16
2019 Monthly District-Paid Maximums for Retirees						
Hired before February 1, 2018	\$ 1,427	\$ 1,427	\$ 1,427	\$ 1,427	\$ 1,427	\$ 1,427
Hired on/after February 1, 2018	734	1,398	1,788	734	1,398	1,788

Employees Covered by Benefit Terms

At June 30, 2020 the following plan members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	13
Active plan members	<u>7</u>
Total	<u><u>20</u></u>

MCLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Net OPEB Liability

The District's net OPEB liability of \$1,959,834, was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Other Inputs

The net OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Measurement Date	Last day of the prior fiscal year (June 30, 2019)
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.35% as of June 30, 2018 net of plan investment expenses
Discount Rate	6.25% as of June 30, 2019 and 6.10% as of June 30, 2018
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in the valuation.
Salary Increase	3.25% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years
General Inflation Rate	2.5% per year
Healthcare cost trend rates	7.0% for 2020, to an ultimate rate of 5.0% for 2024 and later years
Mortality rates	MacLeod Watts Scale 2018 applied generationally from 2015

Demographic actuarial assumptions used in the June 30, 2018 valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements.

C. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. Fair value of the Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2020 for the District's proportionate share.

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at fiscal year ending June 30, 2019	<u>\$ 2,698,841</u>	<u>\$ 656,996</u>	<u>\$ 2,041,845</u>
Changes during the period:			
Service cost	61,121	-	61,121
Interest cost	124,481	-	124,481
Change of assumptions	(33,405)	-	(33,405)
Contributions – employer	-	234,208	(234,208)
Benefit payments	(124,481)	(124,481)	-
Net Changes	<u>27,716</u>	<u>109,727</u>	<u>(82,011)</u>
Balances at fiscal year ending June 30, 2020	<u>\$ 2,726,557</u>	<u>\$ 766,723</u>	<u>\$ 1,959,834</u>

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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 or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB liability	\$ 2,201,743	\$ 1,959,834	\$ 1,759,834

Sensitivity of the Net OPEB Liability to Changes in the Healthcare 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:

	Current Trend -1%	Current Trend	Current Trend +1%
Net OPEB Liability	\$ 1,753,922	\$ 1,959,834	\$ 2,220,696

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$53,013. At June 30, 2020, 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	\$ -	(\$ 507,233)
Differences between expected and actual experience	-	-
Contributions made subsequent to the measurement date	241,137	-
Total	\$ 241,137	(\$ 507,233)

The \$241,137 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30			
2021		(\$	238,615)
2022		(198,840)
2023		(67,089)
2024		(2,689)
2025			-
Thereafter			-
		(\$	507,233)

MC CLOUD COMMUNITY SERVICES DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

NOTE 12: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other municipalities to participate in the Special District Risk Authority Management (SDRMA) for general liability, vehicle liability, and errors and omissions purposes. SDRMA is a public entity risk pool which serves as a common risk management and insurance program. The District pays an annual premium to SDRMA for its insurance coverage. The agreements with SDRMA provide that they will be self-sustaining through member premiums and will reinsure through commercial companies for excess coverage.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

NOTE 13: OTHER INFORMATION

A. Commitments and Contingencies

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

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2020 through August 31, 2022, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

MC CLOUD COMMUNITY SERVICES DISTRICT
Required Supplementary Information
District Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2020
Last 10 Years*

Measurement Date	2016/2017	2017/2018	2018/2019
Miscellaneous			
Proportion of the net pension liability	0.01300%	0.01365%	0.01448%
Proportionate share of the net pension liability	\$ 512,471	\$ 514,244	\$ 579,787
Covered payroll	268,233	287,916	265,821
Proportionate share of the net pension liability as a percentage of covered payroll	191.05%	178.61%	218.11%
Plan fiduciary net position as a percentage of the total pension liability	79.89%	79.18%	76.72%
Safety			
Proportion of the net pension liability	0.00007%	0.00008%	0.00006%
Proportionate share of the net pension liability	\$ 4,229	\$ (4,856)	\$ (3,440)
Covered payroll	-	-	-
Proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%

* The District implemented GASB 68 for the fiscal year June 30, 2018, therefore only three years are shown.

MC CLOUD COMMUNITY SERVICES DISTRICT
Required Supplementary Information
District Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2020
Last 10 Years*

Fiscal Year	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
Miscellaneous			
Contractually required contributions (actuarially determined)	\$ 25,146	\$ 26,959	\$ 33,889
Contributions in relation to the actuarially determined contributions	<u>(24,087)</u>	<u>(21,433)</u>	<u>(50,578)</u>
Contribution deficiency (excess)	<u>\$ 1,059</u>	<u>\$ 5,526</u>	<u>\$ (16,689)</u>
Covered payroll	\$ 268,233	\$ 287,916	\$ 265,821
Contributions as a percentage of covered payroll	9.37%	9.36%	12.75%
Safety			
Contractually required contributions (actuarially determined)	\$ -	\$ -	\$ 1,035
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>(1,035)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

* The District implemented GASB 68 for the fiscal year June 30, 2018, therefore only three years are shown.

MC CLOUD COMMUNITY SERVICES DISTRICT
Required Supplementary Information
District Pension Plan
Notes to District Pension Plan
For the Year Ended June 30, 2020

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Summary of Changes of Benefits or Assumptions

Benefit Changes: None

Changes of Assumptions: None

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates were as follows:

Valuation Date	June 30, 2018
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percentage of Payroll and Direct Rate Smoothing
Remaining amortization period	Differs by employer rate plan but no more than 30 years
Asset valuation method	Fair value
Discount rate	7.00%
Payroll Growth	2.75%
Inflation	2.50%
Salary increases	Varies based on entry age and service
Investment rate of return	7.00%

MC CLOUD COMMUNITY SERVICES DISTRICT
Required Supplementary Information
District OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2020
Last 10 Years*

Measurement Date	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
Total OPEB Liability			
Service Cost	\$ 116,926	\$ 102,897	\$ 61,121
Interest	84,000	96,813	124,481
Changes of assumption	(266,200)	(738,374)	(33,405)
Benefit payments	<u>(132,660)</u>	<u>(118,332)</u>	<u>(124,581)</u>
Net Change in Total OPEB Liability	(197,934)	(656,996)	27,616
Total OPEB Liability - Beginning	<u>2,896,775</u>	<u>2,698,841</u>	<u>2,041,845</u>
Total OPEB Liability - Ending (a)	<u>\$ 2,698,841</u>	<u>\$ 2,041,845</u>	<u>\$ 2,069,461</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 132,660	\$ 118,332	\$ 234,208
Benefit payments	<u>(132,660)</u>	<u>(118,332)</u>	<u>(124,581)</u>
Net Change in Plan Fiduciary Net Position	-	-	109,627
Plan Fiduciary Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,627</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 2,698,841</u>	<u>\$ 2,041,845</u>	<u>\$ 1,959,834</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	5.59%
Covered-employee payroll	\$ 268,233	\$ 287,916	\$ 324,131
Net OPEB liability as a percentage of covered-employee payroll	1006.16%	709.18%	604.64%

* The District implemented GASB 75 for the fiscal year June 30, 2018, therefore only three years are shown.

MC CLOUD COMMUNITY SERVICES DISTRICT
Required Supplementary Information
District OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2020
Last 10 Years*

Fiscal Year	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
Actuarially determined contributions	\$ 230,177	\$ 241,781	\$ 244,167
Contributions in relation to the actuarially determined contribution	<u>(118,332)</u>	<u>(234,207)</u>	<u>(241,137)</u>
Contribution deficiency (excess)	<u>\$ 111,845</u>	<u>\$ 7,574</u>	<u>\$ 3,030</u>
Covered-employee payroll	\$ 287,916	\$ 324,131	\$ 328,656
Contributions as a percentage of covered-employee payroll	41.10%	72.26%	73.37%

* The District implemented GASB 75 for the fiscal year June 30, 2018, therefore only three years are shown.

MC CLOUD COMMUNITY SERVICES DISTRICT
Required Supplementary Information
District OPEB Plan
Notes to District OPEB Plan
For the Year Ended June 30, 2020

NOTE 1: SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Discount Rate: For plan accounting purposes, the discount rate was changed from 6.10 percent as of June 30, 2018 to 6.25 percent as of June 30, 2019 reflecting the results of analysis described in GASB 75 paragraphs 36-41.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

The actuarially determined contribution (ADC) developed for the District's fiscal year ending June 30, 2020 was determined and presented in the June 30, 2018 Actuarial Valuation report.

Methods and Assumptions Used to Determine Contributions:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed 20 years
Amortization period	19 years remain
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	7.00% in 2020, to 5.00% by 2024
Salary increases	3.25%
Retirement age	From 50 to 75
Mortality	2017 CalPERS' Experience Study

MC CLOUD COMMUNITY SERVICES DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 70,000	\$ 78,000	\$ 74,068	\$ (3,932)
Use of money	3,000	-	6,138	6,138
Intergovernmental	-	11,128	1,053	(10,075)
Other revenues	-	-	28,435	28,435
Total Revenues	73,000	89,128	109,694	20,566
EXPENDITURES				
General government	303,978	503,839	387,848	115,991
Total Expenditures	303,978	503,839	387,848	115,991
Excess of Revenues Over (Under Expenditures)	(230,978)	(414,711)	(278,154)	136,557
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	299,783	299,783
Total Other Financing Sources (Uses)	-	-	299,783	299,783
Net Change in Fund Balances	(230,978)	(414,711)	21,629	436,340
Fund Balances - Beginning	782,962	782,962	782,962	-
Prior period adjustment	-	-	(311,856)	(311,856)
Fund Balances - Beginning, Restated	782,962	782,962	471,106	(311,856)
Fund Balances - Ending	\$ 551,984	\$ 368,251	\$ 492,735	\$ 124,484

MC CLOUD COMMUNITY SERVICES DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Fire- Major Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 123,000	\$ 159,000	\$ 128,282	\$ (30,718)
Use of money	57,330	8,232	7,977	(255)
Charges for services	-	-	28,887	28,887
Other revenues	-	21,522	46,899	25,377
Total Revenues	180,330	188,754	212,045	23,291
EXPENDITURES				
Public protection	135,907	122,580	126,066	(3,486)
Total Expenditures	135,907	122,580	126,066	(3,486)
Excess of Revenues Over (Under Expenditures)	44,423	66,174	85,979	19,805
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(37,199)	37,199
Total Other Financing Sources (Uses)	-	-	(37,199)	37,199
Net Change in Fund Balances	44,423	66,174	48,780	(17,394)
Fund Balances - Beginning	339,009	339,009	339,009	-
Prior period adjustment	-	-	99,819	(99,819)
Fund Balances - Beginning	339,009	339,009	438,828	(99,819)
Fund Balances - Ending	\$ 383,432	\$ 405,183	\$ 487,608	\$ 82,425

MCLOUD COMMUNITY SERVICES DISTRICT
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2020

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budget to actual results for the General fund and major special revenue fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

- (1) The Board of Directors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (2) Prior to July 1, the budget is adopted through the passage of a resolution.
- (3) From the effective date of the budget, the amounts stated therein, as recommended expenditures become appropriations. The Board of Directors may amend the budget by motion during the fiscal year.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Combining Nonmajor Fund Financial Statements

Nonmajor Governmental Funds

- **Special Revenue Funds**

MC CLOUD COMMUNITY SERVICES DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
June 30, 2020

	Alleys	Lights	Parks	Park Old Court House
ASSETS				
Cash and investments	\$ 209,565	\$ -	\$ 153,826	\$ 4,456
Receivables:				
Accounts	5,085	2,437	-	-
Taxes	-	-	4,443	-
	\$ 214,650	\$ 2,437	\$ 158,269	\$ 4,456
Total Assets	\$ 214,650	\$ 2,437	\$ 158,269	\$ 4,456
LIABILITIES				
Accounts payable	\$ 24	\$ 1,308	\$ 357	\$ -
Salaries and benefits payable	428	44	694	-
Advances from other funds	-	12,206	-	-
Due to other funds	-	1,568	-	-
	452	15,126	1,051	-
Total Liabilities	452	15,126	1,051	-
FUND BALANCES				
Restricted	214,198	-	157,218	4,456
Unassigned	-	(12,689)	-	-
	214,198	(12,689)	157,218	4,456
Total Fund Balances	214,198	(12,689)	157,218	4,456
Total Liabilities and Fund Balances	\$ 214,650	\$ 2,437	\$ 158,269	\$ 4,456

<u>Library</u>	<u>MASWC Escrow</u>	<u>MASWC</u>	<u>Payroll Clearing</u>	<u>Totals</u>
\$ 13,284	\$ 67,785	\$ -	\$ -	\$ 448,916
-	-	-	-	7,522
2,107	-	-	-	6,550
<u>\$ 15,391</u>	<u>\$ 67,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,988</u>
\$ 72	\$ -	\$ 560	\$ -	\$ 2,321
95	-	61	673	1,995
-	-	-	-	12,206
-	-	-	800	2,368
167	-	621	1,473	18,890
15,224	67,785	-	-	458,881
-	-	(621)	(1,473)	(14,783)
<u>15,224</u>	<u>67,785</u>	<u>(621)</u>	<u>(1,473)</u>	<u>444,098</u>
<u>\$ 15,391</u>	<u>\$ 67,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,988</u>

MC CLOUD COMMUNITY SERVICES DISTRICT
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Year Ended June 30, 2020

	Alleys	Lights	Parks	Park Old Court House
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 38,029	\$ -
Use of money	2,255	6	4,293	-
Charges for services	40,747	20,743	-	-
Other revenues	-	-	-	-
Total Revenues	43,002	20,749	42,322	-
EXPENDITURES				
General government	-	-	693	399
Public ways and facilities	24,098	21,424	-	-
Culture and recreation	-	-	33,269	-
Education	-	-	-	-
Total Expenditures	24,098	21,424	33,962	399
Excess of Revenues Over (Under) Expenditures	18,904	(675)	8,360	(399)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(9,117)	(1,420)	(11,600)	-
Total Other Financing Sources (Uses)	(9,117)	(1,420)	(11,600)	-
Net Change in Fund Balances	9,787	(2,095)	(3,240)	(399)
Fund Balances - Beginning	183,223	(10,704)	148,520	4,855
Prior Period Adjustment	21,188	110	11,938	-
Fund Balances - Beginning, Restated	204,411	(10,594)	160,458	4,855
Fund Balances - Ending	\$ 214,198	\$ (12,689)	\$ 157,218	\$ 4,456

Library	MASWC Escrow	MASWC	Payroll Clearing	Totals
\$ 6,952	\$ -	\$ -	\$ -	\$ 44,981
67	-	-	-	6,621
-	-	-	-	61,490
3,676	-	-	-	3,676
10,695	-	-	-	116,768
-	-	1,280	1,473	3,845
-	-	-	-	45,522
-	-	-	-	33,269
6,730	-	-	-	6,730
6,730	-	1,280	1,473	89,366
3,965	-	(1,280)	(1,473)	27,402
-	-	43,464	-	43,464
(2,915)	-	-	-	(25,052)
(2,915)	-	43,464	-	18,412
1,050	-	42,184	(1,473)	45,814
13,822	-	-	-	339,716
352	67,785	(42,805)	-	58,568
14,174	67,785	(42,805)	-	398,284
<u>\$ 15,224</u>	<u>\$ 67,785</u>	<u>\$ (621)</u>	<u>\$ (1,473)</u>	<u>\$ 444,098</u>

OTHER REPORT AND SCHEDULES

- **Other Report**
- **Schedule of Findings and Recommendations**
- **Schedule of Prior Year Findings and Recommendations**
- **Management's Corrective Action Plan**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McCloud Community Services District, McCloud, California (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 31, 2022.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and recommendations, we did identify 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 recommendations to be a material weakness. (2020-001)

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and recommendations to be significant deficiencies. (2020-002 and 2020-003)

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

Compliance and Other Matters

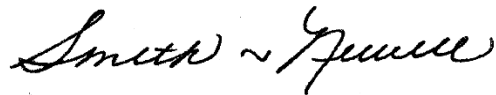
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying management's corrective action plan. 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 them.

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.



Smith & Newell CPAs
Yuba City, California
August 31, 2022

MC CLOUD COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2020

2020-001 Prior Period Adjustment (Material Weakness)

Criteria

General Accepted Accounting Principles require that errors in prior year ending balances be corrected by a prior period adjustment to beginning net position/fund balance.

Condition

During the audit we noted that adjustments relating to cash and investments and capital assets were needed to restate the beginning net position/fund balance for multiple funds.

Cause

Beginning net position/fund balance for multiple funds was misstated.

Effect

Beginning net position/fund balance was misstated and required adjustment.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District review year-end balances to determine that they are correctly stated and adjusted accordingly.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

2020-002 Audit Adjustments (Significant Deficiency)

Criteria

Government auditing standards require independent auditors to evaluate all unadjusted misstatements of financial statements. Also, producing timely audited financial statements is more difficult when adjustments are not recorded prior to the start of the annual audit.

MC CLOUD COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2020

2020-002 Audit Adjustments (Significant Deficiency) (Continued)

Condition

At the time of our audit, we noted that the financial statements as presented to us for audit contained misstatements in accounts receivable, capital assets and related accumulated depreciation, salaries and benefits payable, revenues, and expenses that required adjustment.

Cause

The District had not reconciled and adjusted all accounts on the general ledger prior to audit fieldwork.

Effect

The financial statements as presented to us contained misstatements and required adjustments.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District reconcile all accounts so that required adjustments can be recorded prior to the start of the annual audit.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

2020-003 Inter-Fund Balances (Significant Deficiency)

Criteria

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.

Condition

There is an outstanding inter-fund payable due to the General fund for \$12,206 from the Lights fund (\$12,206) that has been outstanding for more than one year.

MC CLOUD COMMUNITY SERVICES DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2020

2020-003 Inter-Fund Balances (Significant Deficiency) (Continued)

Cause

The District does not have a policy that governs inter-fund borrowing.

Effect

Inter-fund borrowing balances have not been analyzed according to an approved policy.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is a repeat of prior year finding 2019-2.

Recommendation

We recommend that the District adopt 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.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

MCLOUD COMMUNITY SERVICES DISTRICT
Schedule of Prior Year Findings and Recommendations
For the Year Ended June 30, 2020

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
2019-1	<p>Preparation of Financial Statements</p> <p>Recommendation</p> <p>Management should create a monthly and annual closing checklist to assist in the preparation of financial statements, which includes the accrual adjustments.</p> <p>Status</p> <p>Not Implemented</p>
2019-2	<p>Inter-fund balances</p> <p>Recommendation</p> <p>The District should have a policy governing inter-fund borrowing, stating the reasons inter-fund loans can be made, the maximum length of time for repayment and repayment terms that may include interest.</p> <p>Status</p> <p>Not Implemented</p>
2019-3	<p>Annual Audit</p> <p>Recommendation</p> <p>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.</p> <p>Status</p> <p>Implemented</p>

MCLOUD COMMUNITY SERVICES DISTRICT
Management's Corrective Action Plan
For the Year Ended June 30, 2020

Finding 2020-001 Prior Period Adjustment (Material Weakness)

We recommend that the District maintain accurate and sufficient documentation to comply with reporting and compliance requirements.

Management's Response: Documentation deficiencies have been identified and internal policy will be implemented.

Responsible Individual: Michael Quinn, Chief Financial Officer

Corrective Action Plan: Documentation records will be required and filed on all transactions.

Anticipated Completion Date: September 1, 2022

Finding 2020-002 Audit Adjustments (Significant Deficiency)

We recommend that the District reconcile all accounts so that required adjustments can be recorded prior to the start of the annual audit.

Management's Response: Non-reconciled accounts led to delay and interruption of audit.

Responsible Individual: Michael Quinn, Chief Financial Officer

Corrective Action Plan: Implement new policy of monthly reconciliation of accounts.

Anticipated Completion Date: October 31, 2022

Finding 2020-003 Inter-Fund Balances (Significant Deficiency)

We recommend that the District adopt 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.

Management's Response: Policy had not been followed in the past. Policy needs to be rewritten and adhered to.

Responsible Individual: Michael Quinn, Chief Financial Officer, and Policy Review Committee

Corrective Action Plan: Policy Review Committee will review and rewrite policy.

Anticipated Completion Date: August 22, 2022