

SPALDING COMMUNITY SERVICES DISTRICT

BOARD OF DIRECTORS

MEETING AGENDA

MAY 20, 2022

3:00 PM

MEMBERS OF THE BOARD
MIKE ARNOLD, BOARD CHAIR
TED THOMAS, BOARD VICE CHAIR
LARRY DOSS, DIRECTOR
ED LAWSON, DIRECTOR
RON LOBUE, DIRECTOR



MEETING LOCATION
EAGLE LAKE COMMUNITY CENTER
502-907 MAHOGANY WAY, SUSANVILLE, CA 96130
530-825-3258

WELCOME TO THE SCSD BOARD MEETING - PLEASE SIGN IN

Welcome to the SCSD Board Meeting! Members of the public may provide public comment on any item on the Board's agenda, or on any item that is within the subject matter jurisdiction of this Board. Public comments are limited to five (5) minutes (unless the Chairman of the Board grants a longer period of time). Comments by members of the public on an item that appears on the agenda will only be allowed during consideration of the item by the Board.

CALL TO ORDER

ROLL CALL

___ Mike Arnold ___ Ted Thomas ___ Larry Doss
___ Ed Lawson ___ Ron LoBue

1. PLEDGE OF ALLEGIANCE
2. PUBLIC COMMENT - Members of the public may provide public comment on any item on the Board's agenda, or on any item that is within the subject matter jurisdiction of this Board. Public comments are limited to five (5) minutes (unless the Chairman of the Board grants a longer period of time).
3. APPROVAL OF THE AGENDA
4. APPROVAL OF MINUTES
 - A. Submitted for approval are the minutes from April 22, 2022 Board of Directors Meeting.
 - B. Submitted for approval are the minutes from May 2, 2022 Special Board of Directors Meeting.
5. FIRE CHIEF REPORT TO BOARD
6. GENERAL MANAGER REPORT TO BOARD
 - A. SCSD Resolution 0522-01 Amending Policy 4048 and creating Policy 4049 District Auditor – Annual Financial Audit
 - B. Budget Report 2021 – 2022 through April 30, 2022.
7. BOARD MEMBER REPORTS / BOARD MEMBER COMMENTS

8. NEW BUSINESS

9. CONTINUING BUSINESS

A. Update information regarding kitchen stove purchase – no new data.

B. 2022 SCSD Sewer Rate Increase – No new data – waiting on NorthStar.

10. ADJOURN

NEXT REGULAR MEETING IS SCHEDULED FOR JUNE 17, 2022, AT 3:00 PM

APPROVAL OF MINUTES

**SPALDING COMMUNITY SERVICES DISTRICT
SPECIAL BOARD MEETING
May 2, 2022**

APPROVED BY DIRECTORS:

MEETING CALLED TO ORDER: Mike Arnold, 10:00 am

Roll Call	Present	Not Present
Mike Arnold	<u> X </u>	<u> </u>
Ted Thomas	<u> </u>	<u> X </u>
Larry Doss	<u> X </u>	<u> </u>
Ed Lawson	<u> X </u>	<u> </u>
Ronald LoBue	<u> X </u>	<u> </u>

1. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was spoken.

2. APPROVAL OF THE AGENDA

Motion: Approve the special meeting agenda
First: Larry Doss **Second:** Ed Lawson
Roll Call: **Yes:** Larry Doss, Mike Arnold, Ed Lawson
Abstain: Ronald LoBue

3. PUBLIC COMMENT

There was no public comment.

4. CONTINUING BUSINESS

There was some discussion regarding the history behind the 2020-2021 audit. Mike provided background and why it was necessary to get an Auditor hired asap. Ron questioned the process in getting proposals from the three Auditors.

Motion: Approve hiring Auditor Larry Bain for the 2020-2021 year
First: Ed Lawson **Second:** Larry Doss
Roll Call: **Yes:** Larry Doss, Mike Arnold, Ed Lawson
Abstain: Ronald LoBue

ADJOURN

The meeting was adjourned at 10:20 am

Motion: Motion to adjourn
First: Ed Lawson **Second:** Larry Doss
Roll Call: **Yes:** Larry Doss, Mike Arnold, Ed Lawson,
Abstain: Ronald LoBue

Respectfully submitted by: Marlane Morse

**SPALDING COMMUNITY SERVICES DISTRICT
SPECIAL BOARD MEETING
April 22, 2022**

APPROVED BY DIRECTORS:

BOARD MEMBERS PRESENT: MIKE ARNOLD - CHAIR, TED THOMAS – VICE-CHAIR, LARRY DOSS, ED LAWSON, RONALD LOBUE

MEETING CALLED TO ORDER: Mike Arnold, 3:00 pm

Roll Call	Present	Not Present
Mike Arnold	X	_____
Ted Thomas	X	_____
Larry Doss	X	_____
Ed Lawson	X	_____
Ronald LoBue	X	_____

1. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was spoken. Mike welcomed the audience to the Board meeting, and made an adjustment to the agenda by reversing the order of #3 and #2 so that in the future, Public Comment would come after the Approval of the Agenda. Mike asked if anybody had any issue with the change in the agenda.

Ron had comments about the agenda: per government code #54956 – SCSD did have a right to set a special meeting – but only if there was only one specific issue to be discussed – and there are specific policies and requirements to follow regarding notification. Ron continued with his comments about why the meeting had been cancelled and ended with his determination that the meeting was illegal.

Arguments ensued, a guest interrupted with some comments, Ron continued insisting that the meeting was illegal and could not continue. The argument continued, bringing items not on the agenda into the conversation, with public guests interspersing argumentative comments. Mike informed Ron that the meeting was going forward as scheduled, and he was welcome to leave if he did not want to participate. Ron abstained under protest and yielded the floor. There were further statements from Board Members and the public.

The item before the Board: Approve the agenda with the change in sequence – bringing item #3 (Approval of the Agenda) forward to #2, and moving item #2 (Public Comment) to the #3 position.

2. APPROVAL OF THE AGENDA

Motion: Approve the agenda with changes
First: Ed Lawson **Second:** Larry Doss
Roll Call: Yes: Larry Doss, Mike Arnold, Ted Thomas, Ed Lawson
 Abstain: Ronald LoBue

8. NEW BUSINESS

- A. Memorandum to District Counsel – who has access to District Counsel – Policy 4048. Some discussion regarding what SCSD’s policy states, and the recommendation from legal counsel of better language. It will need to be changed through Resolution. Marly also suggested removing the Auditor language from 4048 and put the Auditor policy under a separate policy number. The Board suggested bringing a couple different options for the Board to review for 4048 – and to create a new policy for the Auditor.
- B. SCSD Auditor – 2021 and 2022 Audits – Marly provided an update regarding the proposals which were submitted. Three auditors were contacted and proposals requested – for both 2021 and 2022. Two auditors responded; the cost would be under \$10,000 per year. There was some discussion regarding the need to get the 2021 year completed asap due to possible fines from the State.

9. CONTINUING BUSINESS

- A. Fire District regarding kitchen oven donations – no new business.
- B. CA Lease Term for maintenance and operation of an existing marina facility – shows that the lease term ends in 2028. There was some discussion and explanation of the lease to the public.
- C. 2022 SCSD Sewer Rate Study – NorthStar Engineering. Mike explained that the numbers that North Star provided to the Board were very preliminary. He explained that further information was needed for the Board in order to be able to make good decisions regarding fee increases; this information includes amounts needed in the reserve accounts. It was suggested to look at the original 2011 SSMP document to start looking at the amounts needed for the reserve accounts. Some further discussion regarding the sewer system ensued.

ADJOURN

The meeting was adjourned at 5:00 pm

Motion: Motion to adjourn

First: Ted Thomas Second: Larry Doss

Roll Call: Yes: Larry Doss, Mike Arnold, Ted Thomas, Ed Lawson

Abstain: Ronald LoBue

The next regular meeting scheduled for **May 20, 2022**

Respectfully submitted by: Sharon Moats & Marlane Morse

RESOLUTION 2022-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SPALDING COMMUNITY SERVICES DISTRICT AMENDING POLICY 4048 OF THE SPALDING CSD POLICY HANDBOOK TO BE REFLECTIVE OF LEGAL COUNSEL, REMOVING AUDITOR LANGUAGE FROM THE POLICY, AND CREATING NEW POLICY 4049 – DISTRICT AUDITOR.

WHEREAS, the Spalding Community Services District (herein referred to as District) is a local government agency formed and operating in accordance with Section §61000 et seq. of the California Government Code; and

WHEREAS, the District Board of Directors on 02/26/2010 adopted a Manual of Policies, being a comprehensive listing of the rules and regulations enacted by the Board from time to time; and

WHEREAS, the Board of Directors enacted policy 4048 – Legal Counsel and Auditor - which provides instruction on the appointment and duties of Legal Counsel and the District Auditor; and

WHEREAS, the Board of Directors desires to change this policy to exclusively reflect the applicable issues and activities of Legal Counsel, remove Auditor language, and create Policy 4049: District Auditor – Annual Financial Audit.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the Spalding Community Services District, as follows:

1. The Spalding Community Services District Board of Directors Policy 4048 – Legal Counsel - attached hereto as Exhibit “A” is hereby approved and adopted.
2. The Spalding Community Services District Board of Directors Policy 4049 – District Auditor - attached hereto as Exhibit “B” is hereby approved and adopted.
3. Any and all prior versions of the Spalding Community Services District Policy 4048 – Legal Counsel and Auditor are hereby repealed.

PASSED, APPROVED and ADOPTED this 20th day of May, 2022 by the following vote:

AYES:

NAYS:

ABSTAIN:

ABSENT:

ATTEST:

Secretary of the Board

APPROVED:

Chairman of said Governing Board

Spalding Community Service District

POLICY HANDBOOK

POLICY TITLE: Legal Counsel

POLICY NUMBER: 4048

4048 The Board of Directors shall appoint a Legal Counsel to assist the Board and District in all applicable issues and activities.

4048.1 Legal Counsel shall be the legal adviser of the District and shall perform such duties as may be prescribed by the Board of Directors. Legal Counsel is required to review and approve as to form District legal documents, i.e., contracts, agreements, etc. The Legal Counsel may present and report on all legal issues and Closed Session items before the Board. The Legal Counsel shall serve at the pleasure of the Board, and shall be compensated for services as determined by the Board.

4048.2 The District has a limited budget for general counsel services; therefore, it is important that inquiries to Counsel be limited to those issues determined by the Board to be appropriate for submission to Counsel for analysis and/or advice.

4048.3 The following individuals are authorized to seek advice from the District's Legal Counsel for District related matters:

1. The General Manager
2. The Board Chair
3. The Board Vice Chair: The Board Vice Chair may only contact Legal Counsel in special circumstances or when the Board Chair and General Manager are not available. They do not have the authority to approve other members of the Board's ability to contact Legal Counsel.

It is required of the above individuals that they will review the yearly budget to determine the appropriateness of any expenditure prior to any request to Legal Counsel for oversight.

4048.4 No Board member may request a legal opinion of Legal Counsel without the concurrence by one of the above authorized individuals. It is a requirement that issues regarding differences of opinion or the following of policies/procedures will be discussed and preferably solved without or prior to the involvement of Legal Counsel.

Spalding Community Service District

POLICY HANDBOOK

POLICY TITLE: District Auditor – Annual Financial Audit
POLICY NUMBER: 4049

4049 Policy: The integrity of the financial records of the Spalding Community Services District constitutes a vital obligation of its elected Board of Directors. To assure accuracy of these records and to ensure the independence of the firm selected to perform District audit services, the Board will consider, at its discretion and when necessary, soliciting proposals for an audit service contract in accordance with the provisions of California Government Code Section 12410.6 (b).

CA Government code 12410.6 states:

(a) An audit for any local agency, including those submitted to the State Controller pursuant to subdivision (a) of Section 12410.5, shall be made by a certified public accountant or public accountant, licensed by, and in good standing with, the California Board of Accountancy.

(b) A local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years. The State Controller may waive this requirement if it is found that another eligible public accounting firm is not available to perform the audit.

4049.01 Audit Services Limitations: The District shall not employ a public accounting firm to provide audit services if the lead audit partner or coordinating partner having responsibilities for the audit, or audit partner responsible for reviewing the audit, has performed audit services for the District for six consecutive fiscal years.

4049.02 Best Practices: In addition, any California-licensed public accounting firm engaged by the District to perform an audit shall comply with California Government code section 12410.6 (b) regarding changing the lead audit partner or coordinating audit partner having primary responsibility for the audit, and/or the audit partner responsible for reviewing the audit.

4049.03 Auditing Bidding Process: The District may, in its discretion, reengage the public accounting firm that provides audit services after six consecutive fiscal years if the firm has complied with the provisions of Section 4049.02 or if the Office of the Controller has made a finding that another eligible accounting firm is not available to perform the audit. The General Manager is responsible for supervising the contracting for the District's Auditor and bringing suitable options to the Board for

approval. The selected Auditor shall be appointed by the Board by a majority vote in a noticed public meeting.

4049.1 Audit Term: An independent financial audit shall be performed annually as soon as practical after the end of the fiscal year.

4049.2 Audit Approval: Audit findings will be reviewed in draft form by the Board Chair and General Manager, including the Auditor if needed. The findings will be reported to the Board for its review and approval. The Board will also consider findings, if any, which may be contained in a Management Letter and direct the General Manager to take appropriate action. Relevant financial information contained in the Final Audit, showing Fund Balances and tying them to the budget, will be integrated into the Final Budget document for publication and distribution as the District's operating budget.

Spalding CSD Finance Worksheet - through April 2022

Revenue

Account #	Balances and Income	225 Fire Fund		231 Rec Fund		227 Sewer Fund		21/22 FY	
		21/22 Budget	21/22 actual	21/22 Budget	21/22 actual	21/22 Budget	21/22 actual	Budget	Remaining
				+ / -	+ / -	+ / -	+ / -		
0100000	Cash Balance								0.00
2011200	Rental Income (chairs, tables, building)								0.00
2011200	Rental Income (Directory Signs)								0.00
2011200	Fire Apparatus Rental								0.00
2011200	Misc Income (Donations, Equipment Sales, Etc.)		585.00	(585.00)	16.30		272.00	272.00	(313.00)
2011200	Operating Transfers In (Trust Account Transfers)		7,818.42	(7,818.42)	1,602.00		57,803.21	57,803.21	51,586.79
2000904	Fire Parcel Assessment Fee (225 Fund)	32,724.00	31,033.31	1,690.69					1,690.69
2000905	Fire Parcel Assessment Fee Prior Year	2,110.00	917.23	1,192.77					1,192.77
2003000	Interest (Finance Charges)	1,439.00	678.96	760.04			261.47	261.47	1,021.51
2006200	State Grants		3,375.00	(3,375.00)					(3,375.00)
2007200	Federal Grants								0.00
2012200	Capital Improvement (Dev Imp Fees)								0.00
2008106	Sewer Service Fees								0.00
2010600	Sewer Operations/Maintenance Assessments						184,662.28	168,233.72	16,823.72
2000600	Other Charges Current Services						592.00	592.00	592.00
2001300	Annual Parking Permits								0.00
2001300	Day Use Fees								0.00
2001300	Dock Permit & Slip Sales		10.00	(10.00)					0.00
2020000	Revenue - Special Districts								(10.00)
	Revenue, Transfers In & Cash	36,273.00	44,417.92	8,144.92	1,602.00	16.30	252,078.00	242,998.96	287,433.18
							1,618.30	9,079.04	