SHASTA COMMUNITY SERVICES DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2024

		Water
ASSETS		
Cash and cash equivalents	$	2,050,316
Receivables (net of allowances for bad debts, where applicable):		
Trade accounts		108,734
Intergovernmental		557,794
Prepaid expenses		2,158
Restricted cash and cash equivalents		145,474
Capital assets:		
Non-depreciable		160,132
Depreciable, net		14,264,129
Total Assets		17,288,737
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions		251,858
LIABILITIES		
Accounts payable		89,683
Accrued liabilities		49,584
Customer deposits		74,275
Interfund payables		616,013
Net pension liability		195,975
Long-term liabilities:		
Due within one year		97,773
Due in more than one year		1,228,489
Total Liabilities		2,351,792
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions		8,593
NET POSITION		
Net investment in capital assets		13,126,095
Restricted:		
Short-lived asset reserve		73,070
Debt service reserve		72,404
Unrestricted		1,908,641
Total Net Position	$	15,180,210

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

SHASTA COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenses and Change in Net Position
Proprietary Fund
For The Year Ended June 30, 2024

	Water
OPERATING REVENUES	
User fees and charges	$ 1,019,381
Other water services	2,981
Total Operating Revenues	1,022,362
OPERATING EXPENSES	
Water supply	45,011
Pumping	15,571
Water treatment	33,450
Transmission and distribution	47,900
Maintenance, operations and administration	687,733
Depreciation	316,488
Bad debt expense	13,245
Total Operating Expenses	1,159,398
Operating Income (Loss)	(137,036)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenues	3,760,635
Property taxes	36,133
Interest expense	(11,212)
Interest earned	21,637
Other	9,641
Total Nonoperating Revenues (Expenses)	3,816,834
Change in Net Position	3,679,798
NET POSITION	
Beginning of Year	11,500,412
End of Year	$ 15,180,210

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

SHASTA COMMUNITY SERVICES DISTRICT
Statement of Cash Flows
Proprietary Fund
For The Year Ended June 30, 2024

		Water
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	1,021,407
Payments to suppliers		(762,079)
Payments to employees (including benefits)		(162,987)
Net cash provided (used) by operating activities		96,341
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of property taxes and other revenues		40,078
Net interfund receipts		94,827
Net cash provided (used) by noncapital financing activities		134,905
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest expense		(11,212)
Payments on long-term debt		(69,046)
Purchase of capital assets		(3,917,917)
Receipt of capital grants		3,896,198
Net cash provided (used) by capital and related financing activities		(101,977)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received		21,638
Net Increase (Decrease) in Cash		150,907
CASH		
Beginning of Year		2,044,883
End of Year	$	2,195,790
Comprised of:		
Cash and investments	$	2,050,316
Restricted cash and investments		145,474
Cash and Investments	$	2,195,790
Reconciliation of operating income (loss) to cash provided (used) by operating activities:		
Operating income (loss)	$	(137,036)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation		316,488
(Increase) decrease in:		
Accounts receivable		(5,656)
Due from other governments		(228)
Prepaid expenses		16,025
Deferred outflows from pensions		(143,097)
Increase (decrease) in:		
Accounts payable		5,603
Accrued liabilities		2,038
Customer deposits		4,700
Compensated absences		8,433
Net pension liability		32,268
Deferred inflows from pensions		(3,197)
Net Cash Provided (Used) by Operating Activities	$	96,341
Respective change in accounts payable does not reflect the payable related to capital assets	$	51,992

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of Shasta Community Services District (the District) were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Organization

The District is a California special district governed by an elected five-member board which provides fire protection and water services to approximately 900 customers in an unincorporated area west of the city of Redding. As required by accounting principles generally accepted in the United States of America, these financial statements present the District alone, as the District has no component units, related organization, or jointly governed organizations. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

Basis of Presentation

The financial statement presentation required by Governmental Accounting Standards Board (GASB) Statements No. 34, 37, 38 and 39 provides a comprehensive, entity-wide perspective of the District's overall financial position and results of operation while maintaining the presentation of the financial position, results of operations, and cash flows, as applicable, of the District's major funds, which include all District funds.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly not included among program revenues are reported instead as general revenues.

The accounts of the District are organized on the basis of two funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Separate financial statements are provided for the governmental fund (fire) and the proprietary fund (water).

Proprietary fund's (water) revenues are reported as operating or non-operating revenues. Operating revenues include charges to customers and non-operating revenues include grants and contributions, interest income and other revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The governmental fund utilizes a current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present resources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the year.

The proprietary (enterprise) fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as a net position.

The modified accrual basis of accounting is used by the governmental fund type. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

The accrual basis of accounting is utilized by the proprietary fund type. Under this method, revenues are recorded when earned and the expenses are recorded at the time liabilities are incurred.

Cash and Cash Equivalents

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

Restricted cash consists of amounts held for customer deposits and reserves for principal repayments.

Accounts Receivable

Accounts receivables represent amounts due from private persons, firms, or other entities based on the amounts billed for water usage but not received as of June 30, 2024. Losses on uncollectible accounts receivable are recognized when such losses become known or indicated. No allowance for losses has been reflected at June 30, 2024, as management believes all remaining accounts are fully collectible.

Internal Balances (Interfund Receivables and Payables)

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between the funds. Typically, these transactions are payroll and administrative cost related and are ordinarily reimbursed in less than one month after initial inception. During the fiscal year ended June 30, 2024, the District's water fund recorded an amount due to the fire fund from collections of property tax revenue received during the fiscal year, offset by a payoff of the fire fund's unfunded liability related to pensions.

Prepaid Expenses

Prepaid expenses consist of operating expenses where payment is made in advance and then expensed when the benefit is received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, property, plant, and equipment are accounted for as capital assets. Capital assets are defined by the District as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if the actual cost is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2010.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives in years by type of asset are as follows:

Filtration Plant	50 Years
Transmission and Distribution	10 - 50 Years
Furniture and Equipment	5 - 10 Years
Buildings	15 - 50 Years
Other Equipment	10 - 15 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Budget

By state law, the District's Governing Board must approve a tentative budget no later than July 1 and adopt a final budget no later than August 20. A public hearing must be conducted to receive comment prior to adoption. The budget is prepared by activity and the Board must approve all amendments. The legal level of budgetary control is at the fund level. The District's budget is adopted on an accrual basis, and the same basis is used to account for the governmental fund.

Property Taxes

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

Compensated Absences

Vested or accumulated vacation leave, sick leave, and compensatory time are accrued in the proprietary fund and in the government-wide statements as the benefits accrue to employees. However, expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenue and Expense

The District distinguishes 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 the District' s principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for the District include the cost of sales and service and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 6 and the required supplementary information (RSI) section immediately following the Notes to Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the District recognized a net pension liability, which represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the District's prior fiscal year end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respected pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources relating to pensions and pension expense, we determined information about the fiduciary net position, and additions to, or deductions from, the fiduciary net position, based on the reports from the CalPERS Financial Office. For this purpose, the employer should recognize benefit payments (including refunds of employee contributions) when currently due and payable, in accordance with the benefits terms. The employer should report investments at fair value. CalPERS' website provides publicly available CalPERS audited financial statements under "Forms and Publications."

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, we used the following timeframes:

> Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings on pension plan investments are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense over a five-year period on a straight-line basis.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes 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 as such, will not be recognized as an outflow of resources (expense/expenditures) until that time.

In addition to liabilities, the statement of net 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 as such, will not be recognized as an inflow of resources (revenue) until that time. Refer to Note 6 for a detailed listing of the deferred outflows and inflows of resources the District has recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Classifications

Proprietary fund balance is classified as net position and displayed in three components:

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, leases, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: Restricted expendable net position resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties. The District's water fund has restricted net position in the amount of $145,474 at June 30, 2024.

Unrestricted Net Position: Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Governmental fund balance is classified as fund balance. Fund balance is further classified and displayed in five components:

Non-spendable Fund Balance: Consists of amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact. The District's fire fund has no non-spendable fund balance.

Restricted Fund Balance: Consists of amounts that can be spent only for specific purposes because of constraints that are externally imposed by groups such as creditors, grantors, contributors, or the laws or regulations of other governments, or because of laws through constitutional provisions or enabling legislation. The District's fire fund has restricted resources from the Zogg Fire Settlement Fund that are restricted for fire investigation training and related expenses.

Committed Fund Balance: Consists of amounts that can be used only for specific purposes determined by a formal action of the District's Board of Directors. The District's Board of Directors is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolution or budget adoption approved by the District's Board of Directors. The District's fire fund has no committed resources.

Assigned Fund Balance: Consists of amounts the District intends to use for specific purposes. Assignments may be established either by the District's Board of Directors or a designee of the District's Board of Directors. The District's fire fund has no assigned resources.

Unassigned Fund Balance: Consists of the residual balance in the governmental entity that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

Proprietary fund net position is classified the same as in the government-wide statements.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent for a set of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board of Directors has provided otherwise in its commitment or assignment actions.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and Cash Equivalents		
Governmental Activities	$	38,942
Business-Type Activities		2,050,316
Total Cash and Cash Equivalents	$	2,089,258
Restricted Cash and Cash Equivalents		
Business-Type Activities	$	145,474
Consisting of:		
Balance in Financial Institutions	$	2,234,732

California Government Code Section 53601 places the following concentration limits on the District's investments:

No more than 5% may be invested in the securities of anyone issuer, except the obligations of the U.S. government, U.S. government agencies and U.S. government-sponsored enterprises; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 10% of the outstanding commercial paper of any single issuer may be purchased; no more than 30% may be invested in the bankers acceptances of anyone commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in repurchase agreements or reverse repurchase agreements; and no more than 30% may be invested in medium-term notes.

Custodial Credit Risk

Credit risk is the risk that, in the event of the failure of the counterparty (e.g., financial institution, broker-dealer) to a transaction, a government will not be able to recover the value of its cash and investments or collateral securities that are in the possession of another party. For deposits, the California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. For investments, the District does not have a policy to address this risk. The District's accounts are federally insured up to $250,000. There was $1,912,742 in excess of FDIC insurance limits at June 30, 2024 at one financial institution, and this amount is fully insured by the financial institution(s) under California Government Code.

Interest Rate Risk

While the District's investment policy does not address interest rate risk, the District manages its exposure to interest rate risk through reliance on the manager and Board of Directors of the District.

NOTE 3 – CAPITAL ASSETS

For the year ended June 30, 2024, the governmental activities, the Fire Fund, recognized $9,352 of depreciation expense in the Statement of Activities.

During the year ended June 30, 2024, the following changes in capital assets for all governmental activities occurred:

NOTE 3 – CAPITAL ASSETS (Continued)

	Beginning Balance	Additions Transfers In	Retirements Transfers Out	Ending Balance
Governmental Activities				
Nondepreciable Capital Assets				
Land	$ 2,847	$ -	$ -	$ 2,847
Total Nondepreciable Capital Assets	2,847	-	-	2,847
Depreciable Capital Assets				
Buildings	56,501	-	-	56,501
Furniture and equipment	22,610	-	-	22,610
Rolling stock	741,170	-	-	741,170
Total Depreciable Capital Assets	820,281	-	-	820,281
Less: Accumulated Depreciation				
Buildings	27,353	835	-	28,188
Furniture and equipment	22,272	337	-	22,609
Rolling Stock	687,273	8,180	-	695,453
Total Accumulated Depreciation	736,898	9,352	-	746,250
Depreciable Capital Assets, Net	83,383	(9,352)	-	74,031
Governmental Capital Assets, Net	86,230	(9,352)	-	76,878
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	160,132	-	-	160,132
Construction in progress	1,017,691	-	(1,017,691)	-
Total Nondepreciable Capital Assets	1,177,823	-	(1,017,691)	160,132
Depreciable Capital Assets				
Utility Plant	15,100	22,852	-	37,952
Transmission and distribution	12,845,297	13,689	-	12,858,986
Office building	-	3,763,192	1,017,691	4,780,883
Furniture and equipment	5,500	-	-	5,500
Right to use asset - lease	34,480	-	-	34,480
Rolling Stock	161,001	-	-	161,001
Total Depreciable Capital Assets	13,061,378	3,799,733	1,017,691	17,878,802
Less: Accumulated Depreciation				
Utility Plant	8,053	1,324	-	9,377
Transmission and distribution	3,171,816	266,923	-	3,438,739
Office building	-	31,872	-	31,872
Furniture and equipment	4,400	550	-	4,950
Right to use asset - lease	5,473	5,517	-	10,990
Rolling Stock	108,443	10,302	-	118,745
Total Accumulated Depreciation	3,298,185	316,488	-	3,614,673
Depreciable Capital Assets, Net	9,763,193	3,483,245	1,017,691	14,264,129
Business-Type Capital Assets, Net	10,941,016	3,483,245	-	14,424,261
Total Government-Wide Capital Assets	$ 11,027,246	$ 3,473,893	$ -	$ 14,501,139

NOTE 4 – LONG-TERM OBLIGATIONS

Changes in notes from direct borrowings for the year ended June 30, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Business-Type Activities					
(1) Note from direct borrowing	$ 1,030,584	$ -	$ 57,255	$ 973,329	$ 57,255
(2) Note from direct borrowing	308,254	-	5,897	302,357	6,074
(3) Lease liability	28,374	-	5,894	22,480	6,348
Total Business-Type Activities	$ 1,367,212	$ -	$ 69,046	$1,298,166	$ 69,677

The terms of the debt at June 30, 2024, as well as debt service requirements for business-type activities, are as follows:

(1) State Revolving Loan

During the fiscal year ending June 30, 2009, the District borrowed $1,933,996 from the California Department of Public Health at 2.29%. On June 30, 2024, the principal balance outstanding was $973,329. Due to the CARR fire devastation against the District and its residents in July 2018, the State amended the terms of the note to 0% interest, no payments for 5 years, changed the semi-annual principal payment to $28,627 to begin in January 2024 and extended the term of the loan thirteen years to July 1, 2041. The amount of interest costs incurred during the year ended June 30, 2024, was zero due to these changes. The debt service requirements for this note is as follows:

State Revolving Loan

Interest rate	0.00%	
Maturity date	July 1, 2041	
Year Ended June 30,	**Principal**	**Interest**
2025	$ 57,255	$ -
2026	57,255	-
2027	57,255	-
2028	57,255	-
2029	57,255	-
2030-2034	286,273	-
2035-2039	286,273	-
2040-2044	114,508	-
Total	**$ 973,329**	$ -

This outstanding note from direct borrowing related to business-type activities of $973,329 contains a provision that in the event of default, outstanding amounts become immediately due if the District is unable to make the payment.

Security Interest: The District pledges to repay the entire Principal amount of the loan from all monthly fees assessed for water service connections and has pledged said monthly fees as collateral to secure said repayment.

Debt Service Reserve: The District agrees to provide for the accumulation of the necessary reserves (the "Reserve Fund") to assure that the funds available to make the semiannual payments when due. At a minimum, a reserve of two (2) semiannual payments (i.e. $28,627 x 2 = $57,255) shall be accumulated during the first ten years of the repayment term. At June 30, 2024, the District has accumulated the full amount of this reserve.

NOTE 4 – LONG-TERM OBLIGATIONS (continued)

(2) United States Department of Agriculture (USDA)

During the fiscal year ending June 30, 2015, the District borrowed $350,000 from the USDA at 3%. The loan matures in 2055. The annual payments are $15,145. On June 30, 2024, the principal balance outstanding was $302,357. The amount of interest costs incurred during the year ended June 30, 2024, was $9,248 and was charged as a direct cost to the operations of the water fund. The debt service requirements for this note is as follows:

USDA Loan

Interest rate	3.00%	
Maturity date	February 1, 2055	
Year Ended June 30,	**Principal**	**Interest**
2025	$ 6,075	$ 9,070
2026	6,257	8,888
2027	6,445	8,700
2028	6,639	8,506
2029	6,838	8,307
2030-2034	37,402	38,323
2035-2039	43,372	32,353
2040-2044	50,296	25,429
2045-2049	58,328	17,397
2050-2054	67,642	8,083
2055	13,063	372
Total	**$ 302,357**	**$ 165,428**

This outstanding note from direct borrowing related to business-type activities of $302,357 contains the following significant finance-related provisions:

Security Interest: The District pledges to repay the entire Principal amount of the loan from all of the Net Revenues and all monies on deposit in the Water Enterprise Fund and has pledged said net revenue and monies on deposit as collateral to secure the repayment of the loan.

Debt Service Reserve: The District agrees to provide for the accumulation of the necessary reserves (the "Reserve Fund") to assure that the funds available to make the semiannual payments when due in the event there are not otherwise available sufficient funds to pay for the loan payments. At a minimum, a reserve shall be established within one calendar year from Net Revenues equal to one-tenth of an average loan repayment each year for a period of ten years from the date of the loan agreement. At June 30, 2024, the District has accumulated $15,149 of this reserve.

Net Revenues: "Net Revenues" means, for any period, an amount equal to all of the gross revenues received during such period minus the amount required to pay all maintenance and operation costs becoming payable during such period. Maintenance and operation costs do not include depreciation and interest payable on this loan.

Short Lived Asset Reserve: The District agrees to provide a depreciation reserve. At June 30, 2024, the District has accumulated $73,070 of this reserve.

Default: In the event of default, outstanding amounts may become immediately due if the District is unable to make the payment, if there is any material breach in the agreement, or if there is any loss, theft, damage, impairment, seizure, or levy of the collateral given as security.

NOTE 4 – LONG-TERM OBLIGATIONS (continued)

(3) Quadient Leasing – Lease Liability

Pursuant to the implementation of GASB Statement No. 87, *Leases*, the District entered into a long-term lease (sixty-three months) effective August 28, 2022 for the right to use a postage meter/folder/sorter machine. The District recorded a lease liability in Business-Type Activities (Water Fund) in the amount of $34,480. An incremental borrowing rate of 7.5% was used to calculate the present value of the future minimum lease payments to record the liability and the right-to-use asset. The lease term ends November 27, 2027, with no options to renew, except to roll over month-to-month. Quarterly payments of $1,964.62 are due at the beginning of each period to Quadient Leasing for the District's right to use the equipment. Consistent with equipment lease agreements, security lies solely in the right to repossess the equipment in the event of default. The debt service requirements for this lease liability is as follows:

Lease Liability		
Interest rate	7.50%	
Maturity date	November 27, 2027	
Year Ended June 30,	**Principal**	**Interest**
2025	$ 6,348	$ 1,510
2026	6,838	1,021
2027	7,365	493
2028	1,929	36
2029	-	-
Total	**$ 22,480**	$ 3,060

Other noncurrent liabilities:

Changes in other noncurrent liabilities, excluding net pension liability, reported in the government-wide financial statements for the year ended June 30, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Governmental Activities					
Compensated absences	$ 4,452	$ -	$ 4,452	$ -	$ -
Business-Type Activities					
Compensated absences	$ 19,663	$ 8,433	$ -	$ 28,096	$ 28,096

NOTE 5 – OPERATING LEASES

The District also has an operating equipment lease for a copy machine. The copier is a month-to-month lease beginning May 2023 and is paid monthly at $116.21 per month. GASB 87 does not apply to this lease as the lease term is less than one-year. The District incurred rental expense of $1,394.52 in FY23-24.

NOTE 6 – PENSION PLAN

Plan Description, Benefits Provided, and Employees Covered

The "**Plan**" is a cost-sharing multiple-employer defined-benefit pension plan administered by CalPERS. The June 30, 2022, GASB 68 actuarial valuation report for the **Miscellaneous Risk Pool** lists a full description of the assumptions for funding purposes, but not accounting purposes, and membership information. The benefits provided from Appendix B of the June 30, 2023, actuarial valuation report for the CalPERS **Miscellaneous Risk Pool** is available on the CalPERS' website under "Forms and Publications."

NOTE 6 – PENSION PLAN (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that an actuary determine the employer contribution rates for all public employers on an annual basis, and that the rates shall be effective on the July 1 following notice of a change in the rate. The CalPERS' annual actuarial valuation process determines the total plan contributions. For public-agency cost-sharing plans covered by the **Plan**, the basis of the **Plan's** actuarially determined rate is the estimated amount necessary to pay the **Plan's** allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. PERL requires the employer to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2022 (the measurement date), the basis for the contribution rates is actual contributions made, and not the actuarially determined contribution. The employees and the employer had the following contribution rates, shown as a percentage of the annual payroll:

Contribution Type	Classic	PEPRA
Employee (Charged)	7.00%	6.75%
Employee (Effective)	6.93%	6.75%
Employer	8.63%	7.47%

The charged employee contribution rate is the percentage that plan charges the employees after the first $400 in earning for Classic plans. The Classic plan charges the first $400 in earning at two-thirds of the charged rate. The effective contribution rate takes this into consideration.

Employer contribution rates may change if the **Plan** amends their contracts. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any employer-paid member contributions, or situations where members pay a portion of the employer contribution.

The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2024, the contributions recognized as part of pension expense for the **Plan** were **$34,192**.

Actuarial Methods and Assumptions Used to Determine Plan Contributions

CalPERS derived the actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022–2023 from the June 30, 2022 funding valuation report.

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Investment rate of return	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table [1]	Derived using CalPERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

All other actuarial assumptions used in the June 30, 2023, valuation use the results of 2021 CalPERS Experience Study and Review of Actuarial Assumptions, including updates to salary increases, mortality, and retirement rates, as a basis. Employers should refer to CalPERS' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, to obtain the required supplementary information for proper financial reporting.

[1] The mortality table was based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

NOTE 6 – PENSION PLAN (Continued)

Long-term Expected Rate of Return

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, when combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10[1,2]
Global equity - cap-weighted	30.0%	4.45%
Global equity non-cap-weighted	12.0	3.84
Private Equity	13.0	7.28
Treasury	5.0	0.27
Mortgage-backed Securities	5.0	0.50
Investment Grade Corporates	10.0	1.56
High Yield	5.0	2.27
Emerging Market Debt	5.0	2.48
Private Debt	5.0	3.57
Real assets	15.0	3.21
Leverage	(5.0)	(0.59)

[1] An expected inflation of 2.30% used for this period.

[2] Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. 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, as 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.

Sensitivity of the District's 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 the **Plan** as of the measurement date, calculated using the discount rate, 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:

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Plan's Net Pension Liability / (Asset)	$366,605	$217,750	$95,230

Amortization of Deferred Outflows and Deferred Inflows of Resources

Description of the Amortization Methodology

Under GASB 68, agencies recognize actuarial gains and losses related to changes in total pension liability or asset and fiduciary net position in the pension expense systematically over time.

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NOTE 6 – PENSION PLAN (Continued)

Agencies recognize the first amortized amount of a gain or loss in the pension expense for the year the gain or loss occurs. Agencies categorize the remaining amounts as deferred outflows and deferred inflows of resources related to pensions that are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	Five-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members provided with pensions (active, inactive and retired), as of the beginning of the measurement period.

The report amortizes the Net Difference between the Projected and Actual Investment Earnings on Pension Plan Investments over a five-year period on a straight-line basis. The report recognizes one-fifth of the total in the Pension Expense during the measurement period and amortizes the remaining Net Difference between Projected and Actual Investment Earning on Pension Plan Investments at the measurement date over the remaining four-year period. The Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

The employer should amortize deferred outflows and deferred inflows of resources relating to Differences between Expected and Actual Experience, Changes of Assumptions, and employer-specific amounts over the EARSL of members provided with pensions through the **Plan**. The EARSL for PERF C for the June 30, 2023, measurement date is 3.8 years.

CalPERS derived the EARSL by dividing the total service years of 600,538 (the sum of remaining service lifetimes of all active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to zero. The basis of total future service is the members' probability of decrementing due to an event other than receiving a cash refund.

The Schedule of Collective Pension Amounts does not reflect employer-specific amounts such as changes in the employer proportion, differences between actual employer contributions and employers' proportionate shares of contributions, and employer contributions to PERF C subsequent to the measurement date, as defined in GASB 68 paragraphs 54, 55, and 57. Appropriate treatment of such amounts is the responsibility of the employers.

CalPERS' website provides CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2023, and the CalPERS' GASB 68 Accounting Valuation Reports for the public agency **Miscellaneous Risk Pool**, which provide additional financial and actuarial information required for GASB 68 disclosures.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability or asset and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools with contribution rates within the pool based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. The valuation uses plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

NOTE 6 – PENSION PLAN (Continued)

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the net pension liability for the **Plan** in the amount of **$217,750**.

The District's net pension liability for the risk pool is measured as the proportionate share of the risk pool's net pension liability. The net pension liability of the **Plan** is measured as of June 30, 2023, 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, 2023 rolled forward to June 30, 2023 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**, and the related change, as of the June 30, 2023 measurement date was as follows:

	Miscellaneous
Proportion - June 30, 2022	0.00401%
Proportion - June 30, 2023	0.00435%
Change - Increase / -Decrease	0.00034%

For the year ended June 30, 2024, the District recognized pension expense of $65,553. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Change in assumptions	$ 13,147	$ -
Differences between actual and expected experience	11,124	1,726
Difference between projected and actual earnings on pension plan investments	35,256	-
Differences between the employer's proportionate share of contributions	-	7,822
Change in employer's proportion	25,634	-
Pension contributions made subsequent to the measurement date	273,475	-
Total	**$ 358,636**	**$ 9,548**

The **$273,475** 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, 2025.

NOTE 6 – PENSION PLAN (Continued)

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

Measurement Period Ended June 30:	Amount
2024	$ 28,338
2025	17,865
2026	28,398
2027	1,012
2028	-
Remaining	-
Total	**$ 75,613**

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS' financial report (CAFR), available at the CalPERS' website.

Payable to the Pension Plan

The District had $3,932 payable to the pension plan at June 30, 2024.

NOTE 7 – INTERFUND BALANCES

Interfund balances primarily relate to the strike team and property tax revenues, as well as workers compensation insurance refunds of the Fire Fund for the prior and current fiscal years through June 30, 2024 that have not been reimbursed from the District's Water Fund. These receipts have been offset by the payoff of the fire fund's unfunded liability balance as of April 16, 2024 in the amount of $94,553. Due to the expected separation of the Fire Fund from the District in order to be a separately recognized District, the balance at June 30, 2024 is expected to be paid to the Fire Fund before June 30, 2025. As of June 30, 2024, the District had the following interfund balances:

	Due from Other Funds	Due to Other Funds	Net Due to/from Other Funds
Governmental Activities			
Fire Safety Fund	$ 616,013	$ -	$ 616,013
Total Governmental Activities	**616,013**	**-**	**616,013**
Business-Type Activities			
Water Fund	-	616,013	(616,013)
Total Business Type Activities	**-**	**616,013**	**(616,013)**
Total Government Wide Statement	**$ 616,013**	**$ 616,013**	**$ -**

NOTE 8 – RISK MANAGEMENT

The District participates in a joint venture under a joint power agreement with the Special District Risk Management Authority Joint Powers Authority (JPA). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The JPA arranges for and provides property, liability, employee dishonesty, personal liability for board members/directors, and workers' compensation coverage to the District.

NOTE 8 – RISK MANAGEMENT (Continued)

Each member pays a premium commensurate with the levels of coverage requested and shared surpluses and deficits proportionate to its participation in the JPA. The District's share of the year-end assets, liabilities, or fund equity is not calculated by the JPA. Separately issued financial statements can be requested from the JPA. The District is exposed to various risks, including loss or damage to property, general liability, and injuries to employees. Settled claims resulting from these risks have not exceeded insurance coverage in the past 3 years. No significant reductions in insurance coverage from the prior years have been made.

NOTE 9 – SUBSEQUENT EVENTS

As of February 5, 2025, the date in which the financial statements were available to be issued and the issuance date, the District's governing board and management have reviewed the financial statements and they are aware of one event that has occurred subsequent to the balance sheet date and through the date of the independent auditor's report that would require adjustments to or disclosure in the financial statements.

On September 10, 2024, the District's Fire Fund was legally separated from the Community Services District and is now officially its own special district. The new District is officially known as Shasta Fire Protection District.

NOTE 10 – IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Effective in Future Fiscal Years

Effective for the fiscal year beginning July 1, 2024, the **GASB issued Statement No. 101, *Compensated Absences***. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation.

Effective for the fiscal year beginning July 1, 2024, the **GASB issued Statement No. 102, *Certain Risk Disclosures***. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely to begin to occur within 12 months of the date the financial statements are issued.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

SHASTA COMMUNITY SERVICES DISTRICT
Budgetary Comparison Schedule
Fire Safety Fund
For The Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance With Final Budget
REVENUES				
County taxes	$ 311,060	$ 311,060	$ 325,196	$ 14,136
Use of money and property	10	10	3	(7)
Other	-	-	50,000	50,000
Total Revenues	311,070	311,070	375,199	64,129
EXPENDITURES				
Current:				
Personnel	161,030	161,030	157,949	3,081
Repairs and maintenance	11,763	11,763	4,908	6,855
Training, per diem and other	12,565	12,565	10,477	2,088
Services and supplies	25,600	25,600	28,100	(2,500)
Insurance	9,000	9,000	8,919	81
Fuel	4,693	4,693	2,556	2,137
General and administrative	12,568	12,568	12,737	(169)
Total Expenditures	237,219	237,219	225,646	11,573
Change in Fund Balance	73,851	73,851	149,553	75,702

SHASTA COMMUNITY SERVICES DISTRICT
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
June 30, 2024
Last 10 Years

SCHEDULE OF THE DISTRICT'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE IN RELATION TO PERF C

	Measurement Year Ending June 30:									
Miscellaneous Plan	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Plan's proportion of the net pension liability	0.00066%	0.00013%	0.00080%	0.00098%	0.00108%	0.00117%	0.00130%	0.00087%	0.00163%	0.00175%
Plan's proportionate share of the net pension liability	$ 40,783	$ 8,828	$ 68,851	$ 96,775	$ 103,676	$ 120,258	$ 141,296	$ 46,846	$ 187,865	$ 217,750
Plan's covered-employee payroll	$ 151,373	$ 210,113	$ 222,372	$ 147,492	$ 235,405	$ 243,390	$ 269,736	$ 284,433	$ 230,796	$ 281,009
Plan's proportionate share of the net pension liability as percentage of its covered-employee payroll	26.94%	4.20%	30.96%	65.61%	44.04%	49.41%	52.38%	16.47%	81.40%	77.49%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	4.86%	1.00%	7.35%	9.17%	15.74%	84.04%	83.40%	94.63%	81.21%	80.22%
Plan's proportionate share of the aggregate employer contributions	$ 21,603	$ 30,126	$ 32,339	$ 36,274	$ 21,144	$ 26,241	$ 31,728	$ 32,472	$ 42,104	$ 36,703

GASB 68 requires historical information only for the measurement periods for which GASB 68 is applicable.

The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions uses the plan's proportion of fiduciary net position multiplied by the total employer contribution amount as its basis, as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period. GASB 68 does not require that we display this data for employers participating in cost-sharing plans, but it we show it here because we use it in the calculation of the Plan's pension expense.

SHASTA COMMUNITY SERVICES DISTRICT
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
June 30, 2024
Last 10 Years

SCHEDULE OF PLAN CONTRIBUTIONS

Measurement Year Ending June 30:

Miscellaneous Plan	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	$ 11,473	$ 13,950	$ 16,576	$ 13,008	$ 18,230	$ 19,993	$ 25,251	$ 31,503	$ 29,505	$ 34,192
Contributions in relation to the actuarially determined contribution	11,473	13,950	16,577	13,008	18,232	19,993	25,251	31,503	29,505	34,192
Contribution deficiency (excess)	$ -	$ -	$ (1)	$ -	$ (2)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 194,417	$ 210,113	$ 222,372	$ 147,492	$ 235,405	$ 224,538	$ 269,736	$284,433	$ 230,796	$ 281,009
Contributions as a percentage of covered-employee payroll	5.90%	6.64%	7.45%	8.82%	7.74%	8.90%	9.36%	11.08%	12.78%	12.17%

GASB 68 requires historical information only for the measurement periods for which GASB 68 is applicable.

GASB 68 assumes that employers contribute an amount equal to the actuarially determined contribution. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contribution. CalPERS determined that employer obligations referred to as "side funds" do not conform to the circumstances described in the paragraph 120 of GASB 68, therefore CalPERS does not consider them separately financed specific liabilities

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SINGLE AUDIT AND OTHER REPORTS

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 and General Manager
Shasta Community Services District

I 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, and each major fund of Shasta Community Services District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Shasta Community Services 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Shasta Community Services District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Shasta Community Services District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of my 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.

Charles W. Pillon, CPA

Charles W. Pillon, CPA
Anderson, CA

February 5, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors and General Manager
Shasta Community Services District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Shasta Community Services District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Shasta Community Services District's major federal programs for the year ended June 30, 2024. Shasta Community Services District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Shasta Community Services District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Shasta Community Services District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Shasta Community Services District's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Shasta Community Services District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Shasta Community Services District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

INDEPENDENT AUDITOR'S REPORT
(Continued)

- Obtain an understanding of Shasta Community Services District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Shasta Community Services District's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Charles W. Pillon, CPA

Charles W. Pillon, CPA
Anderson, California

February 5, 2025

SHASTA COMMUNITY SERVICES DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Agency/Program or Cluster Title	ALN	Pass-Through Agency	Other Award Number	Federal Expenditures	Passed-through to Subrecipients
Other Programs (Treated individually for major program determination)					
United States Department of Agriculture					
Community Facilities Loans and Grants	10.766			$ 515,000	
Total United States Department of Agriculture				**515,000**	
United States Environmental Protection Agency					
Capitalization Grants for Drinking Water State Revolving Funds: Shasta CSD Office Building Project	66.468	California State Water Board	D2102026	3,248,192	
Total United States Environmental Protection Agency				**3,248,192**	
Total Other Programs (Treated individually for major program determination)				**3,763,192**	
Total Expenditures of Federal Awards				**$ 3,763,192**	**$ -**

The accompanying notes are an
intergral part of this schedule

SHASTA COMMUNITY SERVICES DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Shasta Community Services District (the District) under programs of the federal government for the fiscal year ended June 30, 2024. The information in this Schedule is presented in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial net position or changes in net position of the District.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, when applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Also, when applicable, recognition is following the Uniform Guidance for federal awards granted after December 26, 2014.

2. Pass-through entity identifying numbers are presented where available.

NOTE C—SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the District provided $0.00 of the federal awards to subrecipients.

NOTE D—INDIRECT COST RATE

The City did not elect to use the 15% de Minimis indirect cost rate on the federal awards presented in this schedule.

SHASTA COMMUNITY SERVICES DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of the Shasta Community Services District were prepared in accordance with GAAP.
2. No material weaknesses were identified relating to the audit of the financial statements as reported in the *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*.
3. No instances of noncompliance material to the financial statements of the Shasta Community Services District were identified which would be required to be reported in accordance with *Government Auditing Standards*.
4. No material weaknesses were identified in internal control over compliance for the major federal award program reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The independent auditor's report on compliance over major federal award programs expressed an unmodified opinion on all major federal award programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) reported in this Schedule.
7. The programs tested as major programs were:
   - United States Environmental Protection Agency, Capitalization Grants for Drinking Water State Revolving Funds, ALN 66.468
8. The threshold used for distinguishing between Type A and B programs was $750,000.
9. The Shasta Community Services District did qualify as a low-risk auditee.

Current Year Findings – Financial Statement Audit

NONE

Prior Year Findings – Financial Statement Audit

NONE

Shasta Community Services District
USDA Loan - COR Intertie - Amortization Schedule
Interest Rate 3.00%

Beginning Balance	Interest	New Balance	Payment	Ending Balance	Date	Current Portion After Payment
350,000.00	10,141.73	360,141.73	15,145.00	344,996.73	Feb-16	4,795.10
344,996.73	10,349.90	355,346.63	15,145.00	340,201.63	Feb-17	4,938.95
340,201.63	10,206.05	350,407.68	15,145.00	335,262.68	Feb-18	5,087.12
335,262.68	10,057.88	345,320.56	15,145.00	330,175.56	Feb-19	5,239.73
330,175.56	9,905.27	340,080.83	15,145.00	324,935.83	Feb-20	5,396.93
324,935.83	9,748.07	334,683.90	15,145.00	319,538.90	Feb-21	5,558.83
319,538.90	9,586.17	329,125.07	15,145.00	313,980.07	Feb-22	5,725.60
313,980.07	9,419.40	323,399.47	15,145.00	308,254.47	Feb-23	5,897.37
308,254.47	9,247.63	317,502.11	15,145.00	302,357.11	Feb-24	6,074.29
302,357.11	9,070.71	311,427.82	15,145.00	296,282.82	Feb-25	6,256.52
296,282.82	8,888.48	305,171.30	15,145.00	290,026.30	Feb-26	6,444.21
290,026.30	8,700.79	298,727.09	15,145.00	283,582.09	Feb-27	6,637.54
283,582.09	8,507.46	292,089.56	15,145.00	276,944.56	Feb-28	6,836.66
276,944.56	8,308.34	285,252.89	15,145.00	270,107.89	Feb-29	7,041.76
270,107.89	8,103.24	278,211.13	15,145.00	263,066.13	Feb-30	7,253.02
263,066.13	7,891.98	270,958.11	15,145.00	255,813.11	Feb-31	7,470.61
255,813.11	7,674.39	263,487.51	15,145.00	248,342.51	Feb-32	7,694.72
248,342.51	7,450.28	255,792.78	15,145.00	240,647.78	Feb-33	7,925.57
240,647.78	7,219.43	247,867.22	15,145.00	232,722.22	Feb-34	8,163.33
232,722.22	6,981.67	239,703.88	15,145.00	224,558.88	Feb-35	8,408.23
224,558.88	6,736.77	231,295.65	15,145.00	216,150.65	Feb-36	8,660.48
216,150.65	6,484.52	222,635.17	15,145.00	207,490.17	Feb-37	8,920.29
207,490.17	6,224.71	213,714.87	15,145.00	198,569.87	Feb-38	9,187.90
198,569.87	5,957.10	204,526.97	15,145.00	189,381.97	Feb-39	9,463.54
189,381.97	5,681.46	195,063.43	15,145.00	179,918.43	Feb-40	9,747.45
179,918.43	5,397.55	185,315.98	15,145.00	170,170.98	Feb-41	10,039.87
170,170.98	5,105.13	175,276.11	15,145.00	160,131.11	Feb-42	10,341.07
160,131.11	4,803.93	164,935.04	15,145.00	149,790.04	Feb-43	10,651.30
149,790.04	4,493.70	154,283.74	15,145.00	139,138.74	Feb-44	10,970.84
139,138.74	4,174.16	143,312.91	15,145.00	128,167.91	Feb-45	11,299.96
128,167.91	3,845.04	132,012.94	15,145.00	116,867.94	Feb-46	11,638.96
116,867.94	3,506.04	120,373.98	15,145.00	105,228.98	Feb-47	11,988.13
105,228.98	3,156.87	108,385.85	15,145.00	93,240.85	Feb-48	12,347.77
93,240.85	2,797.23	96,038.08	15,145.00	80,893.08	Feb-49	12,718.21
80,893.08	2,426.79	83,319.87	15,145.00	68,174.87	Feb-50	13,099.75
68,174.87	2,045.25	70,220.12	15,145.00	55,075.12	Feb-51	13,492.75
55,075.12	1,652.25	56,727.37	15,145.00	41,582.37	Feb-52	13,897.53
41,582.37	1,247.47	42,829.84	15,145.00	27,684.84	Feb-53	14,314.45
27,684.84	830.55	28,515.39	15,145.00	13,370.39	Feb-54	13,370.39
13,370.39	401.11	13,771.50	13,771.50	(0.00)	Feb-55	
	254,426.50					

Remaining interest 165,764.39

F. Re-Hook Up Fees

To resume service disconnected all delinquent rates and charges, plus a re-hookup fee of $75.00 after working hours (outside the hours of 8:00am to 4:30pm Monday through Friday and on holidays) must be paid by the customer, prior to actual reinstatement of water service. Water service may also be discontinued if the district finds that an unauthorized water service connection or sale of water has occurred, subject to the notice and reinstatement provisions of this paragraph.

G. Access to Policy

This policy shall be available on the District website in English and the five languages listed under Civil Code Section 1632, which are Spanish, Korean, Chinese, Vietnamese, and Tagalog. It must also be available in any other language spoken by at least 10% of the people residing in the District jurisdiction.

H. Revocation of Water Service Due to Abandonment.

If, after discontinuance of service, the property owner fails to pay the minimum rates and charges set forth in Part I above for a period of up to six (6) months, the District may, at the District's discretion, elect to revoke water service. Notice of intention to revoke water service shall be given to the property owner by certified mail, return receipt requested, at the property owner's last known address as shown on the most recent Shasta County Equalized Assessment Roll.

If the delinquent rates and charges have not been paid within thirty (30) days from the date of the certified letter, the water service connection is considered abandoned. Reinstatement of water service shall be subject to payment of the service connection fees assessed by this ordinance and all charges assessed by this Article. Said fees shall be collected prior to reinstatement and are subject to water availability.

If the District elects to revoke water service as set forth herein, then in the event of a subsequent application for renewal of water service by a bona fide purchaser for value of the subject premises, the District Board of Directors may reinstate water service subject to payment of a reinstatement fee. The reinstatement fee shall be updated yearly based upon the Engineering News Record Construction cost Index (ENR CCI). New Service Connection fees minus the Capacity Fee will be charged.

PACE ENGINEERING

May 9, 2019

149.08

SENT BY MAIL & EMAIL
ckoeper@shastacsd.org

Chris Koeper, General Manager
Shasta Community Services District
P.O. Box 2520
Shasta, CA 96087

Dear Chris,

Subject: Capacity Expansion Fee Update – Draft Recommendation

District Ordinance 01-05 on water service connections includes a Capacity Expansion Fee (CEF). The CEF, which is commonly referred to as a connection fee, is imposed only as a condition of extending or initiating service upon the request of a customer. The CEF is not imposed upon real property or upon persons as an incident of property ownership. The purpose of this letter is to provide the basis for an updated CEF.

Historically, the District's CEF has been based on the estimated costs for improvement projects listed in the 2003 Master Water Plan (MWP) with a percentage assigned to the development for future connections. The CEF basis was last updated by PACE Engineering, Inc. in October 2014 to $11,037 for a ⅝-inch meter. The CEF should be updated annually based upon the Engineering News Record - Construction Cost Index (ENR-CCI) and proportionately increased based upon the increased capacity for larger meters.

In review of this year's CEF update, it was determined the District had completed approximately 44 percent of the improvement projects listed in the 2003 MWP and that a new basis for the CEF was recommended.

Two alternatives of the CEF were developed for the District's review using the attached Depreciation Schedules for each community dated June 30, 2018. The first alternative, summarized in Tables 1A and 1B, includes the projects and assets within the District's existing boundary. The second alternative, summarized in Tables 2A and 2B, includes the projects and assets included in Table 1B with the addition of Keswick's projects and assets. Annexing Keswick into the system increases the water available to serve customers, which ultimately increases the District's ability to serve more connections in the future. The projects listed in Tables 1B and 2B were developed with the District and from a review of the remaining MWP projects. The projects listed are intended to benefit the entire community, and after completion of the Tanks and Pump Stations Replacement Project, the District will have the flexibility to serve the community from any pressure zone; therefore, the percentage assigned to growth is calculated by assuming equal cost for all current and future connections.

Per the District's request, the two alternatives for the CEF update are summarized for meters sized from ⅝-inch to 2 inches in Tables 1A and 2A. Note that the ⅝-inch and ¾-inch meters are shown at the same base rate for single-family homes that require a ¾-inch meter to pass fire flow requirements. If a customer is looking to upsize their existing service meter for additional capacity, the District should only charge the difference in the capacity fees. Please call with any questions concerning this letter.

Sincerely,

Jessica L. Chandler
Associate Engineer

Enclosures

M:\Jobs\0149 Shasta CSD\0149.08 District Engineer\Capacity Fees\2019 CEF\Ltr - CEF Update 5-9-19.docx