

**SHASTA COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS' MEETING
6:00 pm Tuesday, January 20th, 2026
11570 School Street, Redding, CA 96001
AGENDA**

1. Call to Order

2. Pledge of Allegiance

3. Approve Agenda pgs 1-2

4. Public Comment Period

This time is set aside for members of the public to address the District on matters not on the agenda, as well as matters on the Consent Calendar. If your comments concern an item noted on the regular agenda, please address the Board after that item is open to public comments. By law, the Board of Directors cannot make decisions on matters not included on the agenda. The Board will customarily refer these matters to the General Managers' Office. Each speaker is allocated three (3) minutes to speak. Speakers may not cede their time. Comments should be limited to matters within the jurisdiction of the District.

5. Consent Calendar

The Board considers matters listed under the Consent Calendar routine and will enact them by one motion in the form listed below. There will be no separate discussion of the items unless good cause is shown before the Board votes on the motion to adopt.

Financial Reports for December 1st through December 31st, 2025

5-1 SCSD Financial Report pgs 3

5-2 SCSD Monthly Bank Transactions pgs 4-5

5-3 SCSD Budget vs Actual pgs 6-9

5-4 December 16th, 2025, meeting minutes pgs 10-12

5-5 January 8th, 2026, special meeting minutes pgs 13-14

RECOMMENDATION: Approval and adoption of all items on the Consent Calendar.

6. Correspondence:

6-1 Letter from Charles W. Pillon, C.P.A., regarding the audit for the year ended June 30, 2025 pgs 15-16

7. General Business:

7-1 Interim Officer in Charge monthly report pgs 17-24

8. New Business:

8-1 Review and possibly accept 2024/2025 audit *pgs 45-42* Discussion/Possible Action

8-2 Audit Engagement letter from Charles Pillon, CPA Discussion/Possible Action
to provide Shasta CSD audit services for years
ended June 30th, 2026-2030 *pgs 63-70*

8-3 Shasta CSD budget revision 2025/2026 *pgs 71-75* Discussion/Possible Action

8-4 2006 Redding Area Watershed Sanitary Survey Discussion/Possible Action

9. Old Business:

9-1 Review of customer electrical pumping fees Discussion/Possible Action
Compared to the District's electrical bills *pgs 76-83*

10. Oral Communications:

These Comment sessions are for information and reporting purposes only. Board action cannot be taken. If it becomes apparent that action is necessary or desired, the matter(s) will be scheduled on a subsequent board agenda.

10-1 Board Members:

10-2 Staff Members:

11. Adjourn:

In compliance with the Americans with Disabilities Act, the Shasta Community Services District will make available to any member of the public who has a disability, a needed modification or accommodation, including an auxiliary aid or service, for that person to participate in the public meeting. A person needing assistance should contact the district office by mail at PO Box 2520, Shasta, CA 96087, 48 hours before the meeting. Accommodations may include, but are not limited to, interpreters, assistive listening devices, accessible seating, or documentation in an alternate format. If requested, this document and other agenda materials can be made available in an alternative format for persons with a disability who are covered by the Americans with Disabilities Act

Shasta Community Services District
Financial Report for December 2025

	Tri Counties Bank		Umpqua
	935	970	839
	General	Money Mult.	State Reimb.
Beginning Cash	\$ 60,743.77	\$ 2,002,043.48	\$ 60,517.07
Voided Checks - Prior Period			
Reconciling Adjustments			
Revenue			
Customer Payments	28,788.91	51,847.19	
Bad Debt Recovery			
Hydrant Water Sales			
Property Tax Disbursements	30.93		
Capacity Expansion Fee			
Grants			
Scrap Metal			
Asset Disposal			
Vendor Refunds			
Interest		3,737.69	0.51
Total Revenue	\$ 28,819.84	\$ 55,584.88	\$ 0.51
Transfers			
Transfers In	120,000.00		
Transfers Out		120,000.00	
Total Transfers	\$ 120,000.00	\$ 120,000.00	\$ -
Disbursements			
Bills Paid	(114,344.27)		
Payroll	(53,897.59)		
Revolving Fund Loan Payment			
USDA Loan Payment			
Customer NSF Returns		(342.97)	
Bank Fees	(95.60)	(30.00)	
Total Disbursements	\$ (168,337.46)	\$ (372.97)	\$ -
Ending Cash	\$ 41,226.15	\$ 1,937,255.39	\$ 60,517.58

Shasta Water Department

BANK TRANSACTIONS

12/1/2025 - 12/31/2025

Type	Date	Num	Name	Memo	Debit	Credit	Balance
13110 - TriC General Fund 935							
Bill Pmt -Check	12/01/2025	17302	Badger Meter	November 2025 mbl hosting		66.71	60,743.77
Bill Pmt -Check	12/01/2025	EFT	California State Disbursement Unit	Employee Garnishment		349.00	60,677.06
Bill Pmt -Check	12/01/2025	EFT	Humana	December 2025 employee vision/dental		859.18	60,328.06
Bill Pmt -Check	12/01/2025	EFT	California Public Employee's Retirement	November 2025		5,080.79	59,468.88
Bill Pmt -Check	12/01/2025	EFT	Wells Fargo Bank, N.A.	December 2025 copier lease inv 5036705908		116.20	54,388.09
Bill Pmt -Check	12/01/2025	EFT	AT&T	November 2025 office internet		118.42	54,271.89
Bill Pmt -Check	12/01/2025	17308	Pace Analytical Services LLC	drinking water monitoring coliform & E.coli		185.80	54,153.47
Bill Pmt -Check	12/01/2025	17309	Shasta Mosquito & Vector Control District	2024-25 & 2025-26 mosquito spraying for parcel 204100019000		51.26	53,967.67
Bill Pmt -Check	12/01/2025	EFT	Elan Cardmember Services	answering service, scada & adobe subscription, 30 gal trash bags		260.56	53,916.41
Bill Pmt -Check	12/01/2025	EFT	Western Growers Assurance Trust	December 2025 employee health insurance inv # 2511214688		6,412.62	53,655.85
Bill Pmt -Check	12/01/2025	17310	Ed Staub & Sons	fuel November 2025 2nd half		428.16	47,243.23
Bill Pmt -Check	12/01/2025	17311	David Cross	November 2025 committee meeting		50.00	46,815.07
Bill Pmt -Check	12/01/2025	17312	Jo Ann Vayo	November 2025 committee meeting		50.00	46,765.07
Bill Pmt -Check	12/01/2025	17313	PG&E	November 2025 office electric		516.57	46,715.07
Bill Pmt -Check	12/01/2025	17314	Charles Schwab & Co.	December 2025		375.00	46,198.50
Bill Pmt -Check	12/01/2025	EFT	TASC (Optilife)	Employee Supplemental Insurance December 2025		607.00	45,823.50
Bill Pmt -Check	12/01/2025	17315	Charles W. Pillon	audit of basic financial statement for 6/30/25 - 11/30/25		1,575.00	45,216.50
Deposit	12/01/2025			Batch # 320 CC	192.90		43,641.50
Bill Pmt -Check	12/02/2025	17316	US Bureau of Reclamation	November 2025 adjustment		1,704.35	43,834.40
Deposit	12/02/2025			Batch # 321 CC	1,047.09		42,130.05
Deposit	12/03/2025			Batch # 322 CC	324.27		43,177.14
Deposit	12/04/2025			Batch # 323 CC	208.83		43,501.41
Paycheck	12/05/2025	17303	Hunt, Joshua E	pay period 11/16/2025 - 11/30/2025		2,373.34	43,710.24
Paycheck	12/05/2025	17304	Koeper, Chris D	pay period 11/16/2025 - 11/30/2025		4,218.43	41,336.90
Paycheck	12/05/2025	17305	Staup, Shawna P	pay period 11/16/2025 - 11/30/2025		2,228.84	37,118.47
Paycheck	12/05/2025	17306	Steele, Justin B.	pay period 11/16/2025 - 11/30/2025		2,564.44	34,889.63
Liability Check	12/05/2025		QuickBooks Payroll Service	Created by Payroll Service & payroll taxes on 12/01/2025		6,027.63	32,325.19
Deposit	12/05/2025			Batch # 324 CC	584.58		26,297.56
Deposit	12/06/2025			Batch # 325 CC	1,500.10		26,882.14
Deposit	12/07/2025			Batch # 326 CC	84.38		28,382.24
Deposit	12/08/2025			Batch # 327 CC	278.98		28,466.82
Deposit	12/09/2025			Batch # 328 CC	549.37		28,745.60
Bill Pmt -Check	12/11/2025	17317	verizon	November 2025 scada data filter plant & cell phones		178.20	29,294.97
Bill Pmt -Check	12/11/2025	17318	Amazing Amy's Cleaning	December 2025 office cleaning		275.00	29,116.77
Bill Pmt -Check	12/11/2025	17319	Waste Management	December 2025 office trash		60.10	28,841.77
Bill Pmt -Check	12/11/2025	17320	Beeler Tractor Company	yearly backhoe & generator maintenance		2,194.37	26,587.30
Bill Pmt -Check	12/11/2025	17321	Kenny & Norine	professional legal services file # 7014		136.50	26,450.80
Bill Pmt -Check	12/11/2025	17322	Downey Brand	WIN Act fees for professional services		121.54	26,329.26
Bill Pmt -Check	12/11/2025	17323	North Valley Business Systems	ink cartridge for postal machine		341.84	25,987.42
Bill Pmt -Check	12/11/2025	17324	PG&E	November 2025 pumps electrical		2,070.05	23,917.37
Bill Pmt -Check	12/11/2025	17325	State Water Resources Control Board	water system annual fees 7/1/2025-6/30/2026 system number 45...		3,459.80	20,457.57
Bill Pmt -Check	12/11/2025	17326	Thatcher Company of California	chlorine cylinder x 6 invoice # 2025250106297 & 2025250901275		6,934.65	13,522.92
Bill Pmt -Check	12/11/2025	17327	Carrel's Office Machines	November 2025 copier fees		63.69	13,459.23
Deposit	12/11/2025			Batch # 332 CC	145.12		13,604.35
Deposit	12/12/2025			Batch # 333 CC	1,089.52		14,693.87
Check	12/12/2025			Service Charge		95.60	14,598.27
Deposit	12/13/2025			Batch # 334 CC	78.18		14,676.45
Deposit	12/15/2025			AU113025A property tax		30.93	14,707.38
Transfer	12/15/2025			Funds Transfer		60,000.00	74,707.38
Bill Pmt -Check	12/15/2025	17328	State Water Resources Control Board	loan payment 2008CX102 Jan 2025 payment		28,627.32	46,080.06
Deposit	12/15/2025			Batch # 335 CC	157.04		46,237.10
Bill Pmt -Check	12/16/2025	EFT	California State Disbursement Unit	Employee Garnishment		349.00	45,888.10
Deposit	12/16/2025			Batch # 336 CC	213.27		46,101.37
Deposit	12/17/2025			Batch # 338 CC	447.73		46,549.10
Paycheck	12/18/2025	17334	Koeper, Chris D	vacation payout		9,337.75	37,211.35

Shasta Water Department
BANK TRANSACTIONS
12/1/2025 - 12/31/2025

Type	Date	Num	Name	Memo	Debit	Credit	Balance
Liability Check Transfer	12/18/2025		QuickBooks Payroll Service	Created by Payroll Service & payroll taxes on 12/17/2025		9,220.71	27,990.64
Bill Pmt -Check	12/18/2025	17335	Instrument Technology Corp	Funds Transfer	60,000.00		87,990.64
Bill Pmt -Check	12/18/2025	17336	Triad Water Solutions LLC	lower penetrating radar, tablet, training		19,206.21	68,784.43
Bill Pmt -Check	12/18/2025	17337	CASSIDY'S AUTO LUBE	truck u15 oil change		13,288.00	55,496.43
Bill Pmt -Check	12/18/2025	17338	Moore & Bogener	receive & review invoice from Downey Brand & draft letter to distr...		93.03	55,403.40
Bill Pmt -Check	12/18/2025	17339	Hue & Cry, Inc.	January 2026 fire & burglary alarm system monitoring		75.00	55,328.40
Deposit	12/18/2025			Batch # 339 CC	368.46	178.00	55,150.40
Bill Pmt -Check	12/18/2025	17340	Ed Staub & Sons	fuel December 2025 1st half		310.68	55,518.86
Paycheck	12/19/2025	17329	Hunt, Joshua E	pay period 12/1/2025 - 12/15/2025		2,612.25	55,208.18
Paycheck	12/19/2025	17330	Koeper, Chris D	pay period 12/1/2025 - 12/15/2025		2,612.25	52,595.93
Paycheck	12/19/2025	17331	Staup, Shawn P	pay period 12/1/2025 - 12/15/2025		3,794.04	48,801.89
Paycheck	12/19/2025	17332	Steele, Justin B.	pay period 12/1/2025 - 12/15/2025		2,344.93	46,456.96
Liability Check	12/19/2025		QuickBooks Payroll Service	Created by Payroll Service & payroll taxes on 12/16/2025		3,102.65	43,354.31
Deposit	12/19/2025			Batch # 340 CC	3,901.77	6,072.58	37,281.73
Deposit	12/20/2025			Batch # 341 CC	352.85		41,183.50
Deposit	12/21/2025			Batch # 343 CC	71.73		41,536.35
Bill Pmt -Check	12/22/2025	EFT	AT&T Mobility	November 2025 office phone		67.34	41,608.08
Bill Pmt -Check	12/22/2025	EFT	Humana	January 2025 employee dental & vision		661.44	41,540.74
Deposit	12/22/2025			Batch # 344 CC	73.46		40,879.30
Deposit	12/23/2025			Batch # 345 CC	521.74		40,952.76
Deposit	12/24/2025			Batch # 346 ACH	14,851.45		41,474.50
Deposit	12/25/2025			Batch # 347 CC	502.51		56,325.95
Deposit	12/27/2025			Batch # 348 CC	313.68		56,828.46
Bill Pmt -Check	12/29/2025	17342	Ace Payment Processing	gloves, hammer, handcleaner, seafoam motor trtmnt, funnel		93.25	57,142.14
Bill Pmt -Check	12/29/2025	17341	Badger Meter	mbl hosting & user annual license through Nov 2026		426.71	57,048.89
Bill Pmt -Check	12/29/2025	EFT	TASC (Optilife)	hra renewal fees 1/2026 - 12/2026		115.38	56,622.18
Bill Pmt -Check	12/30/2025	17343	Shasta Fire Department (v)	correct work comp allocation		1,751.33	56,506.80
Deposit	12/30/2025			Batch # 351 CC	507.06		54,755.47
Bill Pmt -Check	12/31/2025	EFT	California State Disbursement Unit	Employee Garnishment		349.00	55,262.53
Bill Pmt -Check	12/31/2025	17347	Christopher Hunter	December 2025		54,913.53	54,913.53
Bill Pmt -Check	12/31/2025	17348	David Cross	December 2025		100.00	54,813.53
Bill Pmt -Check	12/31/2025	17349	Jo Ann Vayo	December 2025		300.00	54,513.53
Bill Pmt -Check	12/31/2025	17350	Randall Smith	December 2025		250.00	54,263.53
Bill Pmt -Check	12/31/2025	17351	Valerie Coon	December 2025		200.00	54,063.53
Bill Pmt -Check	12/31/2025	17352	Pace Analytical Services LLC	drinking water monitoring coliform, e. coli, haa5, thhms		250.00	53,813.53
Bill Pmt -Check	12/31/2025	17353	RAS Contractors	E.R. service waterline repair on Swasey completed 12/23/2025		782.60	53,030.93
Bill Pmt -Check	12/31/2025	EFT	Western Growers Assurance Trust	January 2026 employee health insurance inv # 2512224568		5,815.00	47,215.93
Deposit	12/31/2025			Batch # 352 CC	422.84	6,412.62	40,803.31
Total 13110 · Tric General Fund 935					148,819.84	168,337.46	41,226.15
TOTAL					148,819.84	168,337.46	41,226.15

Shasta Community Services District
Profit & Loss Budget vs. Actual
July through December 2025

	<u>Jul - Dec 25</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
41000 · Water Sales			
41100 · Water Sales - Res. & Comm.	574,460.36	1,107,500.00	-533,039.64
41150 · Hydrant Water Sales	0.00	500.00	-500.00
41200 · Water Sales/Pumping	4,817.79	9,500.00	-4,682.21
41800 · Late Fees	9,262.88	15,000.00	-5,737.12
42230 · Service Connection Fee/Meters	0.00	0.00	0.00
Total 41000 · Water Sales	588,541.03	1,132,500.00	-543,958.97
42000 · Special Service Fees	697.49	1,500.00	-802.51
42160 · Property Tax Revenue - SCSD	1,037.65	40,000.00	-38,962.35
42220 · Scrap Metal	0.00	0.00	0.00
44000 · Interest Revenue			
44100 · TriC Interest	24,689.58	55,000.00	-30,310.42
44500 · Umpqua Interest	3.05	10.00	-6.95
Total 44000 · Interest Revenue	24,692.63	55,010.00	-30,317.37
47000 · Copies, Faxes, Document Request	0.00	10.00	-10.00
47300 · SFD Reimbursement	0.00	0.00	0.00
71000 · Gain/Loss Fixed Asset Disposal	0.00	0.00	0.00
Total Income	614,968.80	1,229,020.00	-614,051.20
Gross Profit	614,968.80	1,229,020.00	-614,051.20
Expense			
50500 · Bad Debt Expense	0.00	5,000.00	-5,000.00
51000 · Water Service Expenses			
51010 · Bureau of Reclamation	17,850.05	25,000.00	-7,149.95
51012 · Other Water Purchases/Deficit	0.00	0.00	0.00
51018 · Water Testing Expense	3,091.00	6,300.00	-3,209.00
Total 51000 · Water Service Expenses	20,941.05	31,300.00	-10,358.95
51020 · Pumping Expense			
51021 · Middle Brunswick - PGE 573 #1	903.28	1,400.00	-496.72
51022 · Benson - PGE 937 #6	619.97	1,300.00	-680.03
51023 · Bandana Tr. - PGE 337 #7	973.49	2,000.00	-1,026.51
51024 · Highland Cir - PGE 355 #3	65.05	150.00	-84.95
51025 · Highland Circle - PGE 013 #5	1,025.12	2,500.00	-1,474.88
51026 · Record Heights - PGE 206 #4	2,149.59	5,000.00	-2,850.41
51027 · Lower Brunswick - PGE 936 #2	3,882.24	6,000.00	-2,117.76
51028 · Keswick WTP - 956 #9	94.54	900.00	-805.46
Total 51020 · Pumping Expense	9,713.28	19,250.00	-9,536.72
51030 · Water Treatment Expense			
51031 · W.T. Chemicals	14,947.62	28,000.00	-13,052.38
51032 · W.T. Filter Plant PGE 254 #8	2,921.91	5,500.00	-2,578.09
51033 · W.T. Plant Repair/Maint.	346.29	8,500.00	-8,153.71

Shasta Community Services District
Profit & Loss Budget vs. Actual
July through December 2025

	Jul - Dec 25	Budget	\$ Over Budget
51034 · Backwash Sludge Disposal	0.00	5,500.00	-5,500.00
51035 · W.T. Security/Telephone	369.72	750.00	-380.28
Total 51030 · Water Treatment Expense	18,585.54	48,250.00	-29,664.46
51039 · Transmission/Distribution			
51040 · Transmission/Distribution-Gen	54,574.80	27,000.00	27,574.80
51083 · Meters - New & Replacements	5,469.03	7,000.00	-1,530.97
51084 · Pump & Tank Level Telemetry	3,821.24	10,000.00	-6,178.76
Total 51039 · Transmission/Distribution	63,865.07	44,000.00	19,865.07
51090 · Vehicle Maintenance			
51094 · Backhoe/Trailer/Generator	2,313.10	5,000.00	-2,686.90
51098 · U11 Ford Ranger 2011	0.00	0.00	0.00
51099 · U12 Ford F350 2016	43.73	500.00	-456.27
51100 · U13 Ford F-150 2018	0.00	500.00	-500.00
51101 · U14 Ford F-150 2021	0.00	500.00	-500.00
51102 · U15 Toyota Tacoma 2025	1,041.56	500.00	541.56
Total 51090 · Vehicle Maintenance	3,398.39	7,000.00	-3,601.61
51093 · Gas & Oil Expense			
51091 · Gas & Oil - Generator	50.15	2,000.00	-1,949.85
51092 · Gas & Oil Ford 150 Truck #13	229.98	3,500.00	-3,270.02
51093.1 · Gas & Oil 2021 F-150 Truck #14	2,203.26	6,000.00	-3,796.74
51093.2 · Gas & Oil - Backhoe	241.97	750.00	-508.03
51093.4 · Gas & Oil 2025 Toyota Truck #15	2,013.97	6,000.00	-3,986.03
51093.8 · Gas & Oil 2011 Ford Truck #11	0.00	0.00	0.00
51093.9 · Gas & Oil 2016 Ford 350 #12	341.41	1,500.00	-1,158.59
Total 51093 · Gas & Oil Expense	5,080.74	19,750.00	-14,669.26
52000 · Training			
52001 · Training Course Fees	98.00	1,700.00	-1,602.00
52002 · Travel	0.00	500.00	-500.00
52003 · Lodging	0.00	1,500.00	-1,500.00
52004 · Meals	0.00	500.00	-500.00
Total 52000 · Training	98.00	4,200.00	-4,102.00
55010 · Payroll Expenses			
55011 · Manager Salary			
55011.0 · Manager/Salary	64,732.25	141,234.00	-76,501.75
55011.1 · Manager/Salary/Vacation	17,237.31		
Total 55011 · Manager Salary	81,969.56	141,234.00	-59,264.44
55012 · Maintenance/Hourly			
55012.2 · Maintenance/Hourly	27,034.41	74,776.00	-47,741.59
55012.3 · Maintenance Hourly/Vacation	1,797.50		
55012.4 · Maintenance/Hourly/Sick	5,133.25		
55012.5 · Maintenance/Hourly/Holiday	1,725.60		
55012.6 · Maintenance/OT	3,532.94	10,000.00	-6,467.06

Shasta Community Services District

Profit & Loss Budget vs. Actual

July through December 2025

	Jul - Dec 25	Budget	\$ Over Budget
55012.7 · Maintenance 2 / Lead Operator	38,181.25	85,280.00	-47,098.75
Total 55012 · Maintenance/Hourly	77,404.95	170,056.00	-92,651.05
55013 · Office/Hourly			
55013.1 · Office/Hourly-FD Reimburse	0.00	0.00	0.00
55013.2 · Office Hourl/ Vacation	2,013.20		
55013.3 · Office/Hourly/Sick	2,786.13		
55013.4 · Office Hourly	27,232.15	74,776.00	-47,543.85
55013.5 · Office/Hourly/Holiday	1,725.60		
55013.6 · Office Hourly Overtime	701.09	1,500.00	-798.91
Total 55013 · Office/Hourly	34,458.17	76,276.00	-41,817.83
55014 · On Call Time	11,894.35	26,327.00	-14,432.65
55010 · Payroll Expenses - Other	761.92	1,850.00	-1,088.08
Total 55010 · Payroll Expenses	206,488.95	415,743.00	-209,254.05
55029 · Employee Benefits			
55030 · Employee Health/Life Insurance	48,302.55	100,000.00	-51,697.45
55035 · Retiree Health Insurance	2,250.00	4,500.00	-2,250.00
55040 · Workers Compensation Insurance	11,269.98	11,300.00	-30.02
55055 · CALPERS	27,110.98	65,000.00	-37,889.02
Total 55029 · Employee Benefits	88,933.51	180,800.00	-91,866.49
55060 · Payroll Tax Expense			
55062 · Employer Medicare Expense	2,983.05	6,000.00	-3,016.95
55063 · Employer Social Security Exp	12,755.07	25,500.00	-12,744.93
55070 · State Unemployment Insurance	0.00	1,736.00	-1,736.00
Total 55060 · Payroll Tax Expense	15,738.12	33,236.00	-17,497.88
55130 · Office Expense			
55110 · Answering Service Expense	1,127.75	2,136.00	-1,008.25
55121 · Office/Cellular Telephone	699.27	2,200.00	-1,500.73
55125 · Office/Security Expense	890.00	2,136.00	-1,246.00
55131 · Office/PGE 761	4,533.63	9,500.00	-4,966.37
55132 · Office/Telephone	1,037.25	1,500.00	-462.75
55133 · Office/Supplies	3,051.32	6,500.00	-3,448.68
55134 · Office/Postage	3,413.06	9,000.00	-5,586.94
55135 · Office/Equipment Expense	1,117.26	2,500.00	-1,382.74
55137 · Office/Employee Background Chec	0.00	0.00	0.00
55138 · Office/Propane	0.00	1,000.00	-1,000.00
55139 · Office/Building Maintenance	2,291.93	5,000.00	-2,708.07
55141 · Office/Safety	0.00	500.00	-500.00
55142 · Employee Pre-emp. Physical	0.00	0.00	0.00
Total 55130 · Office Expense	18,161.47	41,972.00	-23,810.53
55140 · Advertising Expense	0.00	1,000.00	-1,000.00
55145 · Banking Fees	644.74	1,500.00	-855.26
55150 · Insurance - Liability & E&O	58,921.97	59,000.00	-78.03

Shasta Community Services District
Profit & Loss Budget vs. Actual
July through December 2025

	Jul - Dec 25	Budget	\$ Over Budget
55160 · Professional Services			
55162 · Legal Services	1,927.53	3,000.00	-1,072.47
55163 · Engineering Services	527.50	20,000.00	-19,472.50
55164 · Auditing Services	2,575.00	12,000.00	-9,425.00
55165 · Professional Services Misc.	123.75	15,000.00	-14,876.25
Total 55160 · Professional Services	5,153.78	50,000.00	-44,846.22
55170 · Directors Compensation	5,200.00	6,500.00	-1,300.00
55180 · Dues/Permit Fees	38,381.04	27,000.00	11,381.04
55182 · maintenance contracts/support	0.00	1,200.00	-1,200.00
60000 · Interest	573.78	11,000.00	-10,426.22
Total Expense	559,879.43	1,007,701.00	-447,821.57
Net Ordinary Income	55,089.37	221,319.00	-166,229.63
Other Income/Expense			
Other Income			
72000 · SRF Grant Reimbursement	-3,636.00	0.00	-3,636.00
72100 · USDA Grant	0.00	0.00	0.00
72300 · Miscellaneous Grants	0.00	0.00	0.00
Total Other Income	-3,636.00	0.00	-3,636.00
Net Other Income	-3,636.00	0.00	-3,636.00
Net Income	51,453.37	221,319.00	-169,865.63

SHASTA COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS' MEETING
3:30 pm Tuesday, December 16th, 2025
11570 School Street, Redding, CA 96001
DRAFT MINUTES

Board Members Present: President Valerie Coon, Vice President Dave Cross, Director Randy Smith, and Director Jo Ann Vayo.

Board Members Absent: Director Chris Hunter.

Staff Members Present: Secretary to the Board, Shawna Staup, Water Operator Justin Steele, Water Operator Josh Hunt and legal counsel John Kenny.

1. **Call to Order:** President Valerie Coon called the meeting to order at **3:30 PM**.

2. **Pledge of Allegiance:** Was led by President Valerie Coon.

3. **Approve Agenda:** Director Randy Smith motioned to approve the December 16, 2025, agenda. Director Jo Ann Vayo seconded the motion. The motion passed unanimously.

4. **Public Comment Period**

This time is set aside for members of the public to address the District on matters not on the agenda, as well as matters on the Consent Calendar. If your comments concern an item noted on the regular agenda, please address the Board after that item is open to public comments. By law, the Board of Directors cannot make decisions on matters not included on the agenda. The Board will customarily refer these matters to the General Managers' Office. Each speaker is allocated three (3) minutes to speak. Speakers may not cede their time. Comments should be limited to matters within the jurisdiction of the District.

None.

5. **Closed Session:**

Closed the open session: President Valerie Coon closed the open session at **3:31 PM**.

Open the closed session: President Valerie Coon opened the closed session at **3:31 PM**.

5-1 "Closed Session. (Gov. Code 54957)

Public Employee Performance Evaluation to consider discipline, dismissal, or release."

Closed the closed session: President Valerie Coon closed the close session at **4:08 PM**.

Open the open session: President Valerie Coon reopened the open session at **4:08 PM**.

Report on closed session: The Board of Directors voted unanimously to terminate General Manager Chris Koeper's employment effective today December 16, 2025.

6. **Consent Calendar**

The Board considers matters listed under the Consent Calendar routine and will enact them by one motion in the form listed below. There will be no separate discussion of the items unless good cause is shown before the Board votes on the motion to adopt.

Initials_____ Initials_____

Financial Reports for November 1st through November 30th, 2025

6 -1 SCSD Financial Report

6-2 SCSD Monthly Bank Transactions

6-3 SCSD Budget vs Actual

6-4 November 18th, 2025, meeting minutes

6-5 December 8th, 2025, special meeting minutes

RECOMMENDATION: Approval and adoption of all items on the Consent Calendar. Director Jo Ann Vayo motioned to approve the consent calendar. Director Randy Smith seconded the motion. The motion passed unanimously.

7. Correspondence: None.

8. General Business:

8-1 General Manager Report

The General Manager's report was unavailable; however, the Secretary to the Board prepared a monthly update report for the Board that was not included in the board packet. Vice President Dave Cross inquired about the approximately eighty meters that are not being read by the handheld reader. The Secretary to the Board, Shawna Staup, suggested that this issue might be related to the gWorks software. Vice President Dave Cross further asked if the handheld reader could independently read the meters before integrating the data into the software. Water Operator Justin Steele clarified that while the reader does read each meter independently, there are instances when replaced meters do not read properly upon entering them into gWorks, indicating a potential communication issue. The Secretary to the Board noted that CUSI will be in communication with Badger Meter regarding the file format, and there is optimism that this will resolve some of the issues with certain meters; however, the unresolved meters will ultimately need to be replaced.

Director Jo Ann Vayo inquired whether we would have gWorks for an additional month. Secretary to the Board, Shawna Staup, indicated that it appears we will retain gWorks until February 1st. She explained that on November 21st, gWorks transferred our old data from UBMax, resulting in the last eight months of our data being missing. The data was subsequently transferred again on December 4th. Additionally, she mentioned that she is awaiting a call from Christopher Bahle at gWorks to discuss the possibility of not paying for another full year due to the delays in receiving the data, which is both outdated and insufficient and that if it weren't for these issues we would have been able to transfer software by the first of the year.

President Valerie Coon noted that our GPS devices are being tracked at a specific location. Secretary to the Board Shawna Staup mentioned that on December 3rd, the devices were returned to Quartix due to USPS not updating their system after our request for a nearby delivery box.

Shawna Staup, Secretary to the Board, reported that she discussed abandoned water meter accounts and the purchase of those properties by new owners with Paradise. They utilized an agency, in conjunction with their engineering firm, to conduct a rate study that determined a reconnect capacity fee. This fee is applied to both new and existing customers seeking to reestablish water service at a property, to recover some lost revenue to assist in covering the costs related to maintaining the system. However, additional research is necessary.

Initials _____ Initials _____

9. Old Business:

9-1 Review of customer electrical pumping fees compared to the District's electrical bills

Director Jo Ann Vayo proposed postponing this item until next month, when Chris Hunter will be available to attend. The item has been tabled.

10. New Business: None.

11. Oral Communications:

These Comment sessions are for information and reporting purposes only. Board action cannot be taken. If it becomes apparent that action is necessary or desired, the matter(s) will be scheduled on a subsequent board agenda.

11-1 Board Members: All board members present at tonight's meeting are will be available to attend next month's meeting.

11-2 Staff Members: None.

12. Adjourn: 4:18 PM.

In compliance with the Americans with Disabilities Act, the Shasta Community Services District will make available to any member of the public who has a disability, a needed modification or accommodation, including an auxiliary aid or service, for that person to take part in the public meeting. A person needing assistance should contact the district office by mail at PO Box 2520, Shasta, CA 96087, 48 hours before the meeting. Accommodation may include, but is not limited to, interpreters, assistive listening devices, accessible seating, or documentation in an alternate format. If requested, this document and other agenda materials can be made available in an alternative format for persons with a disability who are covered by the Americans with Disabilities Act

Board President

Secretary to the Board

**SHASTA COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS' SPECIAL MEETING
6:00 pm Thursday, January 8th, 2026
11570 School Street, Redding, CA 96001
DRAFT MINUTES**

Board Members Present: President Valerie Coon, Vice President Dave Cross, Director Randy Smith, Director Jo Ann Vayo and Director Chris Hunter.

Staff Members Present: Interim Officer in Charge Shawna Staup

1. Call to Order: President Valerie Coon called the meeting to order at **6:00 PM**.

2. Approve Agenda: Director Jo Ann Vayo motioned to approve the January 8, 2026, agenda. Vice President Dave Cross seconded the motion. The motion passed unanimously.

3. Public Comment Period

This time is set aside for members of the public to address the District on matters not on the agenda and matters on the Consent Calendar. If your comments concern an item noted on the regular agenda, please address the Board after that item is open to public comments. By law, the Board of Directors cannot decide on matters not on the agenda. The Board will customarily refer these matters to the General Managers' Office. Each speaker is allocated three (3) minutes to speak. Speakers may not cede their time. Comments should be limited to matters within the jurisdiction of the District.

None.

4. New Business:

4-1 General Manager position job listing

Following discussions among the Board, the Board of Directors reached a consensus to utilize the existing General Manager job description while removing item #25, which states, "Direct and work with Fire Chief regarding equipment, personnel, and subdivision needs." Additionally, it was agreed that a minimum of five years of field experience along with management and leadership skills is desirable. The salary range for the position has been established between \$105,000 and \$125,000, and the final candidate will be required to pass both level 1 and 2 background checks. The job posting for the General Manager position will be advertised on Indeed, LinkedIn, the district's website and the American Water Works Association for a period of 45 days. An Ad Hoc Committee, consisting of Director Chris Hunter and Director Jo Ann Vayo, has been appointed to review the incoming resumes and applicants subsequently presenting the top candidates to the Board of Directors for interviews.

Initials_____ Initials_____

5. Oral Communications:

These Comment sessions are for information and reporting purposes only. Board action cannot be taken. If it becomes apparent that action is necessary or desired, the matter(s) will be scheduled on a subsequent board agenda.

5-1 Board Members: None.

5-2 Staff Members: None.

6. Adjourn: 7:10 PM.

In compliance with the Americans with Disabilities Act, the Shasta Community Services District will make available to any member of the public who has a disability, a needed modification or accommodation, including an auxiliary aid or service, for that person to participate in the public meeting. A person needing assistance should contact the district office by mail at PO Box 2520, Shasta, CA 96087, 48 hours before the meeting. Accommodations may include, but are not limited to, interpreters, assistive listening devices, accessible seating, or documentation in an alternate format. If requested, this document and other agenda materials can be made available in an alternative format for persons with a disability who are covered by the Americans with Disabilities Act

Board President

Secretary to the Board

Charles W. Pillon, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT

4685 Pleasant Hills Dr

Anderson, CA 96007

Telephone (530) 949-4177

Email: charlie@charlespilloncpa.com

Communication with Those Charged with Governance during Planning

December 17, 2025

To the Board of Directors and General Manager, Chris Koeper

Shasta Community Services District

PO Box 2520

Shasta, CA 96087-2520

I am engaged to audit the financial statements of the governmental activities, the business-type activities, and each major fund, of Shasta Community Services District ("District") for the year ended June 30, 2025. Professional standards require that I provide you with the following information related to my audit. I would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

My Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated July 5, 2021, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

My responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

In planning and performing my audit, I will consider Shasta Community Services District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether Shasta Community Services District's financial statements are free of material misstatement, I will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of my audit.

I am responsible for communicating significant matters related to the audit that are, in my professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, I am not required to design procedures specifically to identify such matters.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. My responsibility with respect to Management's Discussion and Analysis, Budgetary Comparison Information for Major Governmental Funds and GASB 68 supplementary pension reporting, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance, I will not express an opinion or provide any assurance on the RSI.

Planned Scope, Timing of the Audit, Significant Risks, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested.

My audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable

to the entity or to acts by management or employees acting on behalf of the entity. I will generally communicate my significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. I will also communicate any internal control related matters that are required to be communicated under professional standards.

My approach to internal control relevant to the audit, including my intentions to test the operating effectiveness of controls, has been designed to adhere to the requirements of *Government Auditing Standards*. Therefore, due to the lack of a cost benefit and the high risk that internal controls may be designed effectively but not operating effectively, I do not intend to test the operating effectiveness of controls.

The concept of materiality in planning and executing the audit involves both quantitative and qualitative factors. Quantitative factors for the financial statement audit are based on adjusted total revenues due to the nature of local governments and the budgetary process, and factors for federal awards are based on the dollar amount of federal expenditures for the major award required to be audited. Qualitative factors include, but are not limited to, significance of the audit area to the overall financial statements, including down to the fund level, importance of the audit area to the intended users of the financial statements and how the audit area could affect a potential decision by the user of the financial statements.

At the time of this planning communication, the District is aware that the requirements for a Single Audit according to Uniform Guidance for the year ended June 30, 2025, are NOT applicable due to the expenditures of federal awards being less than \$750,000.

According to GAAS, significant risks include management override of controls, and GAAS presumes that revenue recognition is a significant risk. Accordingly, I have considered these significant risks. I have not identified other significant risks of material misstatement as part of my audit planning.

I began my audit in November 2025 and expect to issue my report no later than March 31, 2026. Charles Pillon is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Directors and General Manager of the Shasta Community Services District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Charles W. Pillon, CPA

January Board Meeting Notes:

- Water Consumption: This December 47 -acre feet
Last December 23-acre feet

- Water Samples:
 - Total Coliforms & E Coli (Present/Absent) – Done Monthly
Brunswick Dr: Absent for both
Highland Circle: Absent for both
Skywalker Dr: Absent for both

 - TTHM Max Contaminant Level: 80 ug/L – Done Quarterly
Newfound Way: 29 ug/L

 - HAA5 Max Contaminant Lever: 60 ug/L – Done Quarterly
Weiland Street: 41 ug/L

- CUSI Software update:
 - On November 21, 2025, Matt from CUSI informed us that gWorks had transferred all of our data from UBMax, rather than the data from gWorks. As a result, the last eight months of our data were missing, which rendered the dataset insufficient for conversion. On the same day, I communicated this issue to Rick at gWorks via email.
 - On December 4, 2025, the data was transferred again from gWorks.
 - On December 19, 2025, Matt from CUSI emailed to notify us that the second data transfer received from gWorks was inadequate for conversion.
 - On December 22, 2025, I communicated via email with Chris Bahle from gWorks to inform him that the second data transfer was inadequate. He responded the same day, indicating that he would have the developers investigate the issue and follow up with me.
 - On January 7, 2026, I reached out to Chris Bahle at gWorks via email, as I had not received any communication from him.
 - On January 9, 2026, I contacted Rick Alley at gWorks, who informed me that I needed to speak with Chris Bahle. He said that Chris was in a meeting and would return my call. I have yet to receive a response.
Please see attached emails for detailed correspondence.

- Water Treatment Plant
 - The coagulant pump at the Water Treatment Plant was replaced at a cost of \$3,800. This pump neutralizes the negative charges of small, suspended particles, such as dirt, causing them to aggregate into larger flocs that can be easily removed.
- GPS tracking for the District's trucks:
 - USPS delivered the GPS tracking units during their visit to assign and key our delivery box located down the street, and they have been installed.
- Ground penetrating radar:
 - The item was purchased from Instrument Technology and was delivered on December 17, 2025. Training is scheduled for February 4, 2026.
- Lower Brunswick pump station:
 - On Wednesday, December 17, 2025, Triad Water Solutions replaced one of the two pumps at a cost of \$13,288. The repair was crucial, as the failure of the other pump would prevent us from supplying water to the affected residents.
- CAL TRANS Encroachment permit:

The Caltrans encroachment permit for the district has been renewed, permitting us to conduct routine and emergency maintenance on our existing water system as well as to perform USA locating within or adjacent to State Highway 299. This permit was set to expire on December 31, 2025.
- Swasey Leak:
 - On December 23, 2025, a service line leak off the main line occurred on Swasey Drive, the day before the start of our Christmas holiday time off. A customer reported that they had no water, and due to insufficient staff for traffic control, the leak being located beneath Swasey Drive and was audible. We had to reach out to RAS Contractors to address the issue on the same day, incurring a cost of \$5,800.
- Hazmat Inspection:
 - On January 22, 2026, Paul McCarty from the County will be visiting to review our hazardous materials business plan and conduct a California Accidental Release Prevention Program (CalARP) inspection. During this inspection, he will expect to see the most recent California Environmental Reporting System (CERS)

submission, the risk management plan, associated documents, and training records for both programs.

- Abandoned water meter/New owners:
 - I spoke with a representative at Paradise, who informed me that they charge a reconnect capacity fee applicable to customers listed on the property deed to re-establish water service and to help recover lost revenue during the period when those services were not provided. They did a rate study and utilized Bartle Wells, an independent public finance advisor, and their Engineer to set the amount.
 - I had a conversation with Samantha Ryan at RCAC, and she subsequently sent an email (attached) detailing electrical fees, reconnect capacity fees, and possible State or Federal funding opportunities.
- SB 827 was signed into law last year, requiring local agency officials to take two hours of fiscal and financial training every 2 years starting in 2026. CSDA is hosting a webinar on March 4th from 1-3 pm.

Subject **Re: Shasta CSD meters**
From Shawna Staup <sstaup@shastacsd.org>
To Christopher Bahle <christopher@gworks.com>
Cc Mmoore <mmoore@куси.com>, Ralley <ralley@gworks.com>, Allison <allison@gworks.com>, Brenen Turkel <bturkel@gworks.com>
Date 2026-01-07 12:20 pm



Chris,

Have we made any progress regarding this issue? While I acknowledge the impact of the holidays, I am beginning to feel that our concerns are being overlooked. We are unable to proceed without your assistance in providing the complete data for which we have already paid for. I would greatly appreciate gWorks prompt attention to this matter so that we can continue without any further delays.

Thank you.

Shawna Staup
Administrative Assistant
Shasta Community Services District
530-241-6264

On 2025-12-22 3:23 pm, Christopher Bahle wrote:

Shawna,

I will have the developers look at the concerns posted by your new software data regarding the data inconsistencies they noted.

I agree I will not expect you to pay a full year for access. I will see what kind of costs we have to extend the license for maybe a quarter into next year.

I will be in touch.

Thanks

From: Shawna Staup <sstaup@shastacsd.org>
Sent: Monday, December 22, 2025 11:18 AM
To: christopher@gworks.com
Cc: Ralley <ralley@gworks.com>; Allison <allison@gworks.com>; Brenen Turkel <bturkel@gworks.com>; Ar <ar@gworks.com>
Subject: Fwd: Re: Shasta CSD meters

Good morning,

I am forwarding the email I received from our software team, which is attempting to interpret the data transferred from gWorks. We have been seeking this data since October 3rd, encountering multiple delays and issues with incorrect and insufficient data transfers from gWorks. The initial transfer included our old data from UBMax, while the most recent transfer lacks essential information, rendering it inadequate for use in our new software, as indicated in the forwarded email.

I called last Wednesday, and Rick stated he would have you contact me; however, I have not yet received a response. It is imperative that we obtain the complete and accurate data we have already paid for, and we also need to discuss the upcoming gWorks renewal on January 1st. We will not commit to a full year of gWorks, as we would have transitioned to our new software if not for the delays and issues with data transfers. However, we require continued access to gWorks until our new software is operational to ensure business continuity.

I would greatly appreciate it if you could respond at your earliest convenience. Thank you.

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Shawna Staup
Administrative Assistant
Shasta Community Services District
530-241-6264

----- Original Message -----

Subject:Re: Shasta CSD meters
Date:2025-12-19 12:05 pm
From:Matthew Moore <mmoore@cusi.com>
To:Shawna Staup <sstaup@shastacsd.org>

Hello Shawna,

Thank you for that information. I am going to attach a portal flier that I have used in the past. I do have some bad news. It looks like the data from GWorks that they gave us is missing things. Here are some notes from conversion:

These accounts have balances on the trial balance provided but are not in the data.
138, 1401, 1476, 1575, 1647, 1648, 517, 6602098717, 1393

The names are in the report so I looked up some of them in the data and it is in the account holders table but the linked account is NOT in the accounts table.
There are 891 accounts in the accounts table. This is what holds the account number, status, move in/out dates, ties to the service location, exemptions, etc.

There are 966 in the account holders table. This should tie to the accounts table to get the name, billing address, phone, email, etc. Also, this table is missing street numbers for ALL accounts.

There are 974 in serviceLocations table. 95 of these are NOT in the accounts table. According to the data they are all active. How many locations do they say they have?

There are only 4 in services table that aren't in the accounts table and they all have an end date.

If they would be able to request another pull and make sure there aren't any limitations set that would be great. It is much easier to dig through unneeded data than trying to deal with missing data.

The main things are the missing accounts in the accounts table and the missing street numbers. I think that if I had the complete accounts table I would be able to piece together most of this but with it being the main table that ties almost everything together it is almost impossible without it.

Matthew Moore
Implementation Project Manager
Continental Utility Solutions, Inc.

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Subject **Re: Gworks Data**
 From Rick Alley <ralley@gworks.com>
 To Shawna Staup <sstaup@shastacsd.org>
 Date 2025-11-21 12:03 pm



Hi Shawna,

I passed your email on to my superior. A service ticket was created and someone should be contacting you soon. If nobody reaches out to you by end of day, let me know.

Rick

On Fri, Nov 21, 2025 at 12:08 PM Shawna Staup <sstaup@shastacsd.org> wrote:

Hello Rick,

The data transfer that took place on November 3, 2025 from your end to the data share file included previous UBMax data instead of the current gWorks Cloud data. Despite prior communication confirming that the transfer would encompass the current gWorks Cloud data, we now find ourselves with data that is eight months outdated, which is adversely affecting our scheduled timeline. The data you provided is insufficient for conversion to our new software, as it lacks significant information. We request the current gWorks data, for which we have already made payment, to be transferred at your earliest convenience, preferably today, and without any additional charges. Due to the delay in receiving our data, which is impacting our timeline, we also request that gWorks collaborates with us on a month-to-month basis should the timeline extend beyond the contract end date of December 31, 2025. Below you will find the correspondence I received from the conversion team at our software company. I have copied them on this email as well. Please let me know as soon as possible when the current gWorks data will be transferred.

Thanks,

Shawna Staup
 Administrative Assistant
 Shasta Community Services District
 530-241-6264

----- Original Message -----

Subject:Gworks Data

Date:2025-11-21 9:00 am

From:Matthew Moore <mmoore@cusi.com>

To:"ckoeper@shastacsd.org" <ckoeper@shastacsd.org>, "sstaup@shastacsd.org" <sstaup@shastacsd.org>

Hello,

I spoke with Shawna a few minutes ago about the data that we received from Gworks. On November 3rd they provided a back to this shared folder Shasta GWorks Backup names Shasta087.sql . When we extracted the data, it appears that it may be the last data from their legacy UBMax. The last transactions in it are from March/April 2025. Here is the information for the last transaction:

ACCOUNT_NUMBER 2506210
 DESCRIPTION Adjustment
 FEE -4
 TAX 0
 CREATE_DATE 2025-04-03
 NOTE 03/26/2025 Late Fee Adjustment

This data is not sufficient to convert into the new software as it is missing significant information. Please let me know if you need anything from me.

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Thanks,

Matthew Moore

Implementation Project Manager

Continental Utility Solutions, Inc.

Subject **RE: Shasta CSD**
From Samantha Ryan <samantha.ryan@rcac.org>
To Shawna Staup <sstaup@shastacsd.org>
Date 2026-01-16 10:42 am



Hi Shawna,

It was nice to speak to you on the phone, a summary of what we discussed plus additional information is below:

1. Electrical pumping fees are considered part of the water service fee and are thus regulated by Prop 218 Article XIII D. Best practices are to conduct a water rate study every five years and determine your revenue requirements by projecting your annual budget for the next five years. This is for the most part done using an inflation factor like the Consumer Price Index (CPI), but certain budget line items like electricity can have a custom inflation factor applied to it to reflect that electricity increased tend to exceed CPI. The rates in the rate study, if adopted, are the highest rate that Shasta CSD is allowed to charge its customers for that year.
2. Reconnection Capacity Fees are considered an assessment and thus regulated by Prop 218 Article XIII C. These assessments need to be conducted by a licensed, professional engineer and is not a service RCAC currently provides. Since you have the policy specifying properties are abandoned and actually did remove the meters, it may be worth discussing this with an engineering firm or lawyer's office to see if there are grounds.
3. RCAC aims to assist rural and indigenous communities by leveraging Federal and State funds to provide free technical assistance to public water systems.
 - a. The State prioritizes at-risk and failing water systems, but Shasta CSD is considered Not-at-Risk (source: [SAFER Dashboard](#) | [California State Water Resources Control Board](#)) and are not eligible for free technical assistance from the State
 - b. The federal funding sources prioritize population size and Shasta CSD would be considered eligible. Unfortunately, RCAC has a waitlist for federally funded rate studies and Shasta CSD would be #9 on our waitlist. We will not be looking at the waitlist until October 2026, which we will then be going through the list, in order, to see who is still interested in our assistance. Given the current federal funding available, RCAC is limited to conducting ~4 rate studies per funding year so it could be several years before we would be able to assist you. If you would like to be added to the list, please let me know, but I would recommend you also look into other firms to conduct your rate study.

If you need any further clarification, please feel free to reach back out.

Thanks,
Samantha Ryan
RCAC | Community & Environmental Services
Assistant Field Manager
(707) 572-7465 | Eureka, CA
www.rcac.org



SHASTA COMMUNITY SERVICES DISTRICT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

**SHASTA COMMUNITY SERVICES DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Shasta Community Services District
Shasta, CA

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Shasta Community Services District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Shasta Community Services District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Shasta Community Services District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Shasta Community Services District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shasta Community Services District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT

(Continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shasta Community Services District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shasta Community Services District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* (not presented), the budgetary comparison schedule on page 28 and the pension disclosure schedules on pages 29-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. My opinion on the basic financial statements is not affected by this missing information.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2025, on my consideration of the Shasta Community Services District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shasta Community Services District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shasta Community Services District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Charles W. Pilon, CPA". The signature is stylized with a large "C" and "P".

Charles W. Pilon, CPA
Anderson, California

December 30, 2025

BASIC FINANCIAL STATEMENTS

SHASTA COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 1,701,320	\$ 1,701,320
Receivables (net of allowances for bad debts, where applicable):			
Trade accounts	-	131,481	131,481
Intergovernmental	-	116,771	116,771
Prepaid expenses	-	78,525	78,525
Net pension liability	-	36,611	36,611
Restricted cash and cash equivalents	-	152,781	152,781
Capital assets:			
Non-depreciable	-	160,132	160,132
Depreciable, net	-	14,224,818	14,224,818
Total Assets	-	16,602,439	16,602,439
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	-	202,251	202,251
LIABILITIES			
Accounts payable	-	32,317	32,317
Accrued liabilities	-	56,130	56,130
Customer deposits	-	69,775	69,775
Due to other governments	-	1,751	1,751
Long-term liabilities:			
Due within one year	-	102,856	102,856
Due in more than one year	-	1,158,140	1,158,140
Total Liabilities	-	1,420,969	1,420,969
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	-	119,261	119,261
NET POSITION			
Net investment in capital assets	-	13,156,461	13,156,461
Restricted	-	152,781	152,781
Unrestricted	-	1,955,218	1,955,218
Total Net Position	\$ -	\$ 15,264,460	\$ 15,264,460

SHASTA COMMUNITY SERVICES DISTRICT
Statement of Activities
For The Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenues and Change in Net Position		
	Expense	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Fire Safety	\$ 66,002	\$ -	\$ -	\$ -	\$ (66,002)	\$ -	\$ (66,002)
Business-Type Activities							
Water	1,436,762	1,113,764	-	224,597	-	(98,401)	(98,401)
Interest expense	10,581	-	-	-	-	(10,581)	(10,581)
Total Primary Government	\$ 1,513,345	\$ 1,113,764	\$ -	\$ 224,597	(66,002)	(108,982)	(174,984)
General Revenues							
County Taxes					215,813	47,281	263,094
Interest income					1	55,923	55,924
Other					-	3,180	3,180
Gain on sale of capital assets					-	2,800	2,800
Transfers - internal activity					(84,048)	84,048	-
Special item - contribution to the Shasta Fire Protection District					(924,099)	-	(924,099)
Total General Revenues, Special Items and Transfers					(792,333)	193,232	(599,101)
Change in Net Position					(858,335)	84,250	(774,085)
Beginning of Year					858,335	15,180,210	16,038,545
Net Position - End of Year					\$ -	\$ 15,264,460	\$ 15,264,460

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

SHASTA COMMUNITY SERVICES DISTRICT
Balance Sheet - Governmental Fund
June 30, 2025

	Fire Safety Fund
ASSETS	
Cash and cash equivalents	\$ -
Total Assets	\$ -
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ -
Total Liabilities	-
Fund Balance	
Restricted	-
Unassigned	-
Total Fund Balance	-
Total Liabilities and Fund Balance	\$ -

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

SHASTA COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenditures and Change in
Fund Balance - Governmental Fund
For The Year Ended June 30, 2025

	Fire Safety Fund
REVENUES	
Property taxes	\$ 215,813
Use of money and property	1
Total Revenues	215,814
EXPENDITURES	
Current:	
Personnel	27,652
Repairs and maintenance	1,194
Training, per diem and other	7,926
Services and supplies	12,781
Insurance	11,432
Fuel	420
General and administrative	4,597
Total Expenditures	66,002
Excess (Deficiency) of Revenues Over Expenditures	149,812
UNUSUAL or INFREQUENT ITEMS	
Contribution to the Shasta Fire Protection District	(847,221)
Change in Fund Balance	(697,409)
FUND BALANCE	
Beginning of Year	697,409
End of Year	\$ -

SHASTA COMMUNITY SERVICES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Change in Fund Balance - Governmental Fund to the
Government-Wide Statement of Activities
For The Year Ended June 30, 2025

Change in Fund Balance - Governmental Fund		\$ (697,409)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets reflects the closing of the Fire Fund and contribution of the net assets to the Shasta Fire Protection District		
Net investment in capital assets		(76,878)
Certain assets and liabilities are reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, they are not reported in governmental funds.		
Change in deferred outflows and inflows of resources related to pensions	(105,823)	
Change in the net pension liability	21,775	(84,048)
Change in Net Position - Governmental Activities		\$ (858,335)

SHASTA COMMUNITY SERVICES DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2025

	Water
ASSETS	
Cash and cash equivalents	\$ 1,701,320
Receivables (net of allowances for bad debts, where applicable):	
Trade accounts	131,481
Intergovernmental	116,771
Prepaid expenses	78,525
Restricted cash and cash equivalents	152,781
Net pension asset	36,611
Capital assets:	
Non-depreciable	160,132
Depreciable, net	14,224,818
Total Assets	16,602,439
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pensions	202,251
LIABILITIES	
Accounts payable	32,317
Accrued liabilities	56,130
Customer deposits	69,775
Due to other governments	1,751
Long-term liabilities:	
Due within one year	102,856
Due in more than one year	1,158,140
Total Liabilities	1,420,969
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pensions	119,261
NET POSITION	
Net investment in capital assets	13,156,461
Restricted:	
Short-lived asset reserve	80,377
Debt service reserve	72,404
Unrestricted	1,955,218
Total Net Position	\$ 15,264,460

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, 2025

	Water
OPERATING REVENUES	
User fees and charges	\$ 1,111,079
Other water services	2,685
Total Operating Revenues	1,113,764
OPERATING EXPENSES	
Water supply	28,275
Pumping	17,606
Water treatment	54,047
Transmission and distribution	129,928
Maintenance, operations and administration	829,900
Depreciation	375,409
Bad debt expense	1,597
Total Operating Expenses	1,436,762
Operating Income (Loss)	(322,998)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenues	224,597
Property taxes	47,281
Interest expense	(10,581)
Interest earned	55,923
Gain on sale of capital assets	2,800
Other	3,180
Total Nonoperating Revenues (Expenses)	323,200
Net Income (Loss) Before Transfers	202
TRANSFERS	
Transfers In	84,048
Change in Net Position	84,250
NET POSITION	
Beginning of Year	15,180,210
End of Year	\$ 15,264,460

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, 2025

	Water
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,086,517
Payments to suppliers	(530,711)
Payments to employees (including benefits)	(673,761)
Net cash provided (used) by operating activities	(117,955)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipt of property taxes and other revenues	52,634
Net interfund repayments	(529,254)
Net cash provided (used) by noncapital financing activities	(476,620)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest expense	(10,581)
Payments on long-term debt	(69,677)
Purchase of capital assets	(384,453)
Receipt of capital grants	658,874
Proceeds from sale of assets	2,800
Net cash provided (used) by capital and related financing activities	196,963
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	55,923
Net Increase (Decrease) in Cash	(341,689)
CASH	
Beginning of Year	2,195,790
End of Year	\$ 1,854,101
Comprised of:	
Cash and investments	\$ 1,701,320
Restricted cash and investments	152,781
Cash and Investments	\$ 1,854,101

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, 2025

Continued from Page 11

Reconciliation of operating income (loss) to cash	
provided (used) by operating activities:	
Operating income (loss)	\$ (322,998)
Adjustments to reconcile operating income (loss) to	
cash provided (used) by operating activities:	
Depreciation	375,409
(Increase) decrease in:	
Accounts receivable	(22,747)
Due from other governments	1,862
Prepaid expenses	(76,367)
Deferred outflows from pensions	49,607
Increase (decrease) in:	
Accounts payable	(9,011)
Accrued liabilities	6,546
Customer deposits	(4,500)
Compensated absences	4,411
Due to other governments	1,751
Net pension liability	(232,586)
Deferred inflows from pensions	110,668
Net Cash Provided (Used) by Operating Activities	\$ (117,955)
Respective change in accounts payable does not reflect the payable related to capital	
assets	<u>\$ 3,637</u>

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

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

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. See Footnote No. 6 that describes the legal separation of the Fire Safety Fund from the District effective September 10, 2024. 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.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

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 receivable 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, 2025. Losses on uncollectible accounts receivable are recognized when such losses become known or indicated. No allowance for losses has been reflected at June 30, 2025, 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, 2025, 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, and fully repaid the interfund balance by year end.

Prepaid Expenses

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

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

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 and compensatory time off are recorded as an expense and liability as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 101, *Compensated Absences*, effective July 1, 2024, sick pay benefits are now included as a "compensated absence" and should be considered for purposes of accrual. Accumulated employee sick leave benefits are now recognized as liabilities of the District if all of the following are true:

- a) The leave is attributed to services already rendered.
- b) The leave accumulates.
- c) The leave is more likely than not (defined as a likelihood of more than 50 percent) to be used for time off or otherwise paid in cash or settled through noncash means.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

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.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

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 \$152,781 at June 30, 2025.

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.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and Cash Equivalents	
Governmental Activities	\$ -
Business-Type Activities	1,701,320
Total Cash and Cash Equivalents	\$ 1,701,320
Restricted Cash and Cash Equivalents	
Business-Type Activities	\$ 152,781
Consisting of:	
Balance in Financial Institutions	\$ 1,854,101

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 \$1,543,586 in excess of FDIC insurance limits at June 30, 2025 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

During the year ended June 30, 2025, the following changes in capital assets for all governmental activities occurred:

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

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	28,188	-	(28,188)	-
Furniture and equipment	22,609	-	(22,609)	-
Rolling Stock	695,453	-	(695,453)	-
Total Accumulated Depreciation	746,250	-	(746,250)	-
Depreciable Capital Assets, Net	74,031	-	(74,031)	-
Governmental Capital Assets, Net	76,878	-	(76,878)	-
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	160,132	-	-	160,132
Total Nondepreciable Capital Assets	160,132	-	-	160,132
Depreciable Capital Assets				
Utility Plant	37,952	-	-	37,952
Transmission and distribution	12,858,986	254,431	-	13,113,417
Office building	4,780,883	38,667	-	4,819,550
Furniture and equipment	5,500	-	-	5,500
Right to use asset - lease	34,480	-	-	34,480
Rolling Stock	161,001	43,000	-	204,001
Total Depreciable Capital Assets	17,878,802	336,098	-	18,214,900
Less: Accumulated Depreciation				
Utility Plant	9,377	1,768	-	11,145
Transmission and distribution	3,438,739	259,476	-	3,698,215
Office building	31,872	96,004	-	127,876
Furniture and equipment	4,950	550	-	5,500
Right to use asset - lease	10,990	5,517	-	16,507
Rolling Stock	118,745	12,094	-	130,839
Total Accumulated Depreciation	3,614,673	375,409	-	3,990,082
Depreciable Capital Assets, Net	14,264,129	(39,311)	-	14,224,818
Business-Type Capital Assets, Net	14,424,261	(39,311)	-	14,384,950
Total Government-Wide Capital Assets	\$ 14,501,139	\$ (39,311)	\$ (76,878)	\$ 14,384,950

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 4 – LONG-TERM OBLIGATIONS

Changes in notes from direct borrowings for the year ended June 30, 2025, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Business-Type Activities					
(1) Note from direct borrowing	\$ 973,329	\$ -	\$ 57,255	\$ 916,074	\$ 57,255
(2) Note from direct borrowing	302,357	-	6,074	296,283	6,256
(3) Lease liability	22,480	-	6,348	16,132	6,838
Total Business-Type Activities	\$ 1,298,166	\$ -	\$ 69,677	\$1,228,489	\$ 70,349

The terms of the debt at June 30, 2025, 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, 2025, the principal balance outstanding was \$916,074. 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, 2025, 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
2026	\$ 57,255	\$ -
2027	57,255	-
2028	57,255	-
2029	57,255	-
2030	57,255	-
2031-2035	286,273	-
2036-2040	286,273	-
2041-2045	57,253	-
Total	\$ 916,074	\$ -

This outstanding note from direct borrowing related to business-type activities of \$916,074 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, 2025, the District has accumulated the full amount of this reserve.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

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, 2025, the principal balance outstanding was \$296,283. The amount of interest costs incurred during the year ended June 30, 2025, was \$9,071 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
2026	\$ 6,256	\$ 8,889
2027	6,445	8,700
2028	6,639	8,506
2029	6,838	8,307
2030	7,044	8,101
2031-2035	38,526	37,199
2036-2040	44,676	31,049
2041-2045	51,809	23,916
2046-2050	60,082	15,643
2051-2055	67,968	6,048
Total	\$ 296,283	\$ 156,358

This outstanding note from direct borrowing related to business-type activities of \$296,283 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, 2025, the District has accumulated \$15,145 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, 2025, the District has accumulated \$80,377 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.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

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	
2026	\$ 6,838	\$	1,021
2027	7,365		493
2028	1,929		36
Total	\$ 16,132	\$	1,550

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, 2025, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Business-Type Activities					
Compensated absences	\$ 28,096	\$ 4,411	\$ -	\$ 32,507	\$ 32,507

NOTE 5 – 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, 2023, 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, 2024, actuarial valuation report for the CalPERS **Miscellaneous Risk Pool** is available on the CalPERS' website under "Forms and Publications."

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.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 5 – PENSION PLAN (Continued)

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%	7.75%
Employee (Effective)	6.93%	7.75%
Employer	10.10%	7.68%

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, 2025, the contributions recognized as part of pension expense for the **Plan** were \$273,475.

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 2023–2024 from the June 30, 2023 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, 2024, 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, 2024, 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.

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.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 5 – PENSION PLAN (Continued)

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

<i>Asset Class</i>	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)	\$135,265	(\$36,611)	(\$178,090)

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.

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.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 5 – PENSION PLAN (Continued)

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 (EARS�) 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 Earnings 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 EARS� of members provided with pensions through the **Plan**. The EARS� for PERF C for the June 30, 2024, measurement date is 3.8 years.

CalPERS derived the EARS� by dividing the total service years of 630,177 (the sum of remaining service lifetimes of all active employees) by 166,163 (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, 2024, 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.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 5 – PENSION PLAN (Continued)

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

As of June 30, 2025, the District reported a net pension (asset) for its proportionate share of the net pension liability for the **Plan** in the amount of (\$36,611).

The District's net pension (asset) 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, 2024, 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, 2024 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, 2024 measurement date was as follows:

	Miscellaneous
Proportion - June 30, 2023	0.00435%
Proportion - June 30, 2024	-0.00076%
Change - Increase / -Decrease	-0.00511%

For the year ended June 30, 2025, the District recognized pension expense of \$42,295. At June 30, 2025, 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	\$ (941)	\$ -
Differences between actual and expected experience	(3,165)	(124)
Difference between projected and actual earnings on pension plan investments	-	2,108
Differences between the employer's proportionate share of contributions	164,654	3,573
Change in employer's proportion	11,143	113,704
Pension contributions made subsequent to the measurement date	30,560	-
Total	\$ 202,251	\$ 119,261

The \$30,560 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, 2026.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 5 – 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:

<u>Measurement Period Ended June 30:</u>	<u>Amount</u>
2025	\$ 21,872
2026	15,327
2027	14,510
2028	721
2029	-
Remaining	-
Total	\$ 52,430

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 \$4,860 payable to the pension plan at June 30, 2025.

NOTE 6 – DISCONTINUED FUND AND INTERFUND TRANSFER

On September 10, 2024, the District's Fire Safety 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. Therefore, the fund was discontinued and the long-term assets and liabilities related to pension reporting were assumed by the District through an operating transfer from the Fire Fund to the Water Fund. This transfer only affected the Statement of Activities and Statement of Net Position as shown on pages 4 and 5. For the year ended June 30, 2025, the District had the following interfund transfer:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Transfers</u>
Governmental Activities			
Fire Safety Fund	\$ -	\$ 84,048	\$ (84,048)
Total Governmental Activities	-	84,048	(84,048)
Business-Type Activities			
Water Fund	84,048	-	84,048
Total Business Type Activities	84,048	-	84,048
Total Government Wide Statement	\$ 84,048	\$ 84,048	\$ -

Interfund balances primarily related to the strike team and property tax revenues, as well as workers compensation insurance refunds of the Fire Safety Fund for the prior and current fiscal years through June 30, 2025, however, do to the separation from the District, the District's Water Fund fully repaid all balances before the end of the fiscal year.

NOTE 7 – 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.

SHASTA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 7 – 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 8 – SUBSEQUENT EVENTS

As of December 30, 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 not aware of any events that have 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.

NOTE 9 – UNUSUAL OR INFREQUENT ITEMS

During FY 24-25, the District's Fire Safety Fund ("Fund") legally separated from the District. The Fund contributed the net fund balance to the new Special District, which totaled \$847,221 after the year's net surplus. This is shown as a special item: Contribution to the Shasta Fire Protection District on the Statement of Revenues, Expenditures and Change in Fund Balance found on page 7 of the financial statements.

Additionally, the Fund contributed the net investment in long-term net assets in the amount of \$76,878 to the new District and recorded this as a special item: Contribution to the Shasta Fire Protection District in the long-term Statement of Activities under the Governmental Activities found on page 5. When combined with the contribution of the net fund balance, the total of the contribution on the Statement of Activities totals \$924,099.

NOTE 10 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information – the annual budget is adopted on a basis consistent with generally accepted accounting principles for the major Governmental fund of the District.

Excess of expenditures over appropriations – for the year ended June 30, 2025, expenditures exceeded appropriations for the Fire Safety Fund by \$66,002, primarily due to the fact that the Fund was supposed to be separated from the District into its own legal special district before the June 30, 2024, year-end, but due to delays the separation date was September 10, 2024. Therefore, the District did not pass an appropriation for the year ended June 30, 2025, for this fund. See Note 6 for more information on the legal separation.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

SHASTA COMMUNITY SERVICES DISTRICT
 Budgetary Comparison Schedule
 Fire Safety Fund
 For The Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance With Final Budget
REVENUES				
County taxes	\$ -	\$ -	\$ 215,813	\$ 215,813
Use of money and property	-	-	1	1
Total Revenues	-	-	215,814	215,814
EXPENDITURES				
Current:				
Personnel	-	-	27,652	(27,652)
Repairs and maintenance	-	-	1,194	(1,194)
Training, per diem and other	-	-	7,926	(7,926)
Services and supplies	-	-	12,781	(12,781)
Insurance	-	-	11,432	(11,432)
Fuel	-	-	420	(420)
General and administrative	-	-	4,597	(4,597)
Total Expenditures	-	-	66,002	(66,002)
Excess (Deficiency) of Revenues Over Expenditures	-	-	149,812	149,812
UNUSUAL or INFREQUENT ITEMS				
Contribution to the Shasta Fire Protection District	-	-	(847,221)	(847,221)
Change in Fund Balance	-	-	(697,409)	(697,409)
FUND BALANCE				
Beginning of Year	697,409	697,409	697,409	-
End of Year	\$ 697,409	\$ 697,409	\$ -	\$ (697,409)

SHASTA COMMUNITY SERVICES DISTRICT
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
June 30, 2025
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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Plan's proportion of the net pension liability	0.00013%	0.00080%	0.00098%	0.00108%	0.00117%	0.00130%	0.00087%	0.00163%	0.00175%	-0.00030%
Plan's proportionate share of the net pension liability	\$ 8,828	\$ 68,851	\$ 96,775	\$ 103,676	\$ 120,258	\$ 141,296	\$ 46,846	\$ 187,865	\$ 217,750	\$ (36,611)
Plan's covered-employee payroll	\$ 210,113	\$ 222,372	\$ 147,492	\$ 235,405	\$ 243,390	\$ 269,736	\$ 284,433	\$ 230,796	\$ 281,009	\$ 308,340
Plan's proportionate share of the net pension liability as percentage of its covered-employee payroll	4.20%	30.96%	65.61%	44.04%	49.41%	52.38%	16.47%	81.40%	77.49%	-11.87%
Plan's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	1.00%	7.35%	9.17%	15.74%	84.04%	83.40%	94.63%	81.21%	80.22%	102.87%
Plan's proportionate share of the aggregate employer contributions	\$ 30,126	\$ 32,339	\$ 36,274	\$ 21,144	\$ 26,241	\$ 31,728	\$ 32,472	\$ 42,104	\$ 36,703	\$ 50,015

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, 2025
Last 10 Years

SCHEDULE OF PLAN CONTRIBUTIONS

Measurement Year Ending June 30:

Miscellaneous Plan	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	\$ 16,576	\$ 13,008	\$ 18,230	\$ 19,993	\$ 25,251	\$ 31,503	\$ 29,505	\$ 34,192	\$ 53,104	\$ 30,560
Contributions in relation to the actuarially determined contribution	16,577	13,008	18,232	19,993	25,251	31,503	29,505	34,192	273,475	30,560
Contribution deficiency (excess)	\$ (1)	\$ -	\$ (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (220,371)	\$ -

Covered employee payroll	\$ 223,544	\$ 168,102	\$ 232,055	\$ 223,064	\$ 268,154	\$ 284,432	\$ 230,796	\$ 281,009	\$ 308,340	\$ 350,700
Contributions as a percentage of covered-employee payroll	7.42%	7.74%	7.86%	8.96%	9.42%	11.08%	12.78%	12.17%	88.69%	8.71%

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.

OTHER REPORTS

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**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
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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated December 30, 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
Anderson, CA

December 30, 2025

SHASTA COMMUNITY SERVICES DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

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*.

Current Year Findings – Financial Statement Audit

NONE

Prior Year Findings – Financial Statement Audit

NONE

Charles W. Pillon, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT

4685 Pleasant Hills Dr

Anderson, CA 96007

Telephone (530) 949-4177

Email: charlie@charlespilloncpa.com

Audit Engagement Letter—Yellow Book

December 31, 2025

To the Board of Directors

Shasta Community Services District

PO Box 2520

Shasta, CA 96087

I am pleased to confirm our understanding of the services I am to provide the Shasta Community Services District for the years ended June 30, 2026, 2027, 2028, 2029, and 2030.

Audit Scope and Objectives

I will audit the financial statements of the business-type activities of the major fund and the disclosures, which collectively comprise the basic financial statements of the Shasta Community Services District as of and for the years ended June 30, 2026, 2027, 2028, 2029, and 2030. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Shasta Community Services District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of my engagement, I will apply certain limited procedures to the Shasta Community Services District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I will not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) GASB required supplementary pension schedules

The objectives of my audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes my opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

I will conduct my audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of the Shasta Community Services District and other procedures I consider necessary to enable me to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, I exercise professional judgment and maintain professional skepticism throughout the audit.

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I will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. I will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. I will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because I will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by me, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to my attention. I will also inform the appropriate level of management of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. My responsibility as auditor is limited to the period covered by my audit and does not extend to any later periods for which I am not engaged as auditor.

In connection with this engagement, I may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, I cannot guarantee or warrant that emails from me will be properly delivered and read only by the addressee. Therefore, I specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by me in connection with the performance of this engagement. In that regard, you agree that I shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

I will also conclude, based on the audit evidence obtained, whether there are conditions or events considered in the aggregate that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. I will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

I may, from time to time and depending on the circumstances, use third-party service providers in serving your account. I may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, I maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, I will secure confidentiality agreements with all service providers to maintain the confidentiality of your information, and I will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that I am unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, I will remain responsible for the work provided by any such third-party service providers.

My audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

I will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for my opinions. Tests of controls may be performed to test the effectiveness of certain controls that I consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. My tests, if performed, will be less in

(Continued)

scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in my report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, I will express no such opinion. However, during the audit, I will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of the Shasta Community Services District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of my audit will not be to provide an opinion on overall compliance, and I will not express such an opinion in my report on compliance issued pursuant to *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

My audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to me and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing me with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that I may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom I determine it necessary to obtain audit evidence. At the conclusion of my audit, I will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to me in the written representation letter that the effects of any uncorrected misstatements aggregated by me during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing me about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing me of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that I report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to me corrective actions taken

to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on my current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Other Services

I will also assist in preparing the financial statements and related notes of the Shasta Community Services District in conformity with accounting principles generally accepted in the United States of America based on information provided by you. In addition, I will also prepare and file the annual State Controller's required Special District's Financial Transactions Report (FTR) based on the most recent available trial balance information, even if it has not been subject to audit. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. I will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement, reporting and consulting services previously defined. I, in my sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other non-audit services I provide. You will be required to acknowledge in the management representation letter my assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the non-audit services I provide by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

I understand that your employees will prepare all cash, accounts receivable, or other confirmations, and schedules, I request and will locate any documents selected by me for testing. I will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. I will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work I have to do to complete the engagement within the established deadlines, resulting in an increase in fees over my original fee estimate.

I will provide copies of my reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of my reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Charles W. Pillon, CPA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. I will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Charles W. Pillon, CPA personnel. Furthermore, upon request, I may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by a regulator. If I am aware that a federal awarding agency or auditee is contesting an audit finding, I will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Charles Pillon is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. I expect to begin my audit within six months following year-end and to issue my reports no later than twelve months after year-end. My audit engagement ends on delivery of my audit report. Any follow-up service that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

My fee for these services will be at my standard hourly rate plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) and that I agree that my estimated gross fee, including expenses, will be according to the following table for each year under audit:

	<u>6/30/26</u>	<u>6/30/27</u>	<u>6/30/28</u>	<u>6/30/29</u>	<u>6/30/30</u>
Audit of the basic financial statements	\$ 9,500	\$ 10,000	\$ 10,500	\$ 11,250	\$ 11,750
Special District's FTR	<u>750</u>	<u>750</u>	<u>750</u>	<u>750</u>	<u>750</u>
Total	<u>\$ 10,250</u>	<u>\$ 10,750</u>	<u>\$ 11,250</u>	<u>\$ 12,000</u>	<u>\$ 12,500</u>

Regarding audit fees: Anticipated audit fees are based on actual results for the last two audits, less the hours associated with auditing the District's Fire Safety Fund, plus hours anticipated due to the transition away from a General Manager with accounting and auditing experience to District staff without such experience, which could result in a lack of effective preparation of the trial balance for audit. This lack of effective financial close and reporting would result in numerous misstatements to the financial statements that the audit would have to correct as a result of additional substantive testing in the audit to reduce audit risk to an acceptably low level.

My invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with my firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If I elect to terminate my services for nonpayment, my engagement will be deemed to have been completed upon written notification of termination, even if I have not completed my report. You will be obligated to compensate me for all time expended and to reimburse me for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

Reporting

I will issue a written report upon completion of my audit of Shasta Community Services District's financial statements. My report will be addressed to the Board of Directors of Shasta Community Services District. Circumstances may arise in which my report may differ from its expected form and content based on the results of my audit. Depending on the nature of these circumstances, it may be necessary for me to modify my opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to my auditor's report, or if necessary, withdraw from this engagement. If my opinions are other than unmodified, I will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in my professional judgment prevent me from completing the audit or forming an opinion on the financial statements, I retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

I will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during my audit I become aware that Shasta Community Services District is subject to an audit requirement that is not encompassed in the terms of this engagement, I will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

You have requested that I provide you with a copy of my most recent external peer review report and any subsequent reports received during the contract period. Accordingly, my May 31, 2025, peer review report accompanies this letter.

(Continued)

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I appreciate the opportunity to be of service to the Shasta Community Services District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let me know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy, and return it to me.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Charles W. Pillon, CPA". The signature is stylized with a large "C" and "P".

Charles W. Pillon, CPA

RESPONSE:

This letter correctly sets forth the understanding of the Shasta Community Services District.

Management's signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: Board Chair

Date: _____

Report on the Firm's System of Quality Control

To Charles Pillon, CPA
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Charles Pillon, CPA, (the firm) in effect for the year ended May 31, 2025. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of the applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* including a compliance audit under the single audit act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Charles Pillon, CPA in effect for the year ended May 31, 2025, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Charles Pillon, CPA has received a peer review rating of *pass*.

Spafford & Landry, Inc.

October 15, 2025

Shasta Community Services District 2025 / 2026 Revised Budget

Ordinary Income/Expense

Income

41000 · Water Sales

41100 · Water Sales - Res. & Comm.	573,878.07	1,107,500	1,107,500
41150 · Hydrant Water Sales	0.00	500	500
41200 · Water Sales/Pumping	4,817.79	9,500	9,500
41800 · Late Fees	9,262.88	15,000	15,000
42230 · Service Connection Fee/Meters	0.00	0	0

Total 41000 · Water Sales

587,958.74 1,132,500 1,132,500

42000 · Special Service Fees

697.49 1,500 1,500

42160 · Property Tax Revenue - SCSD

1,037.65 40,000 40,000

42220 · Scrap Metal

0.00 0 0

44000 · Interest Revenue

44100 · TriC Interest 24,689.58 50,000 50,000

44500 · Umpqua Interest 3.05 10 10

Total 44000 · Interest Revenue

24,692.63 50,010 50,010

47000 · Copies, Faxes, Document Request

0.00 10 10

47300 · SFD Reimbursement

0.00 0 0

71000 · Gain/Loss Fixed Asset Disposal

0.00 0 0

Total Income

614,386.51 1,224,020 1,224,020

Gross Profit

614,386.51 1,224,020 1,224,020

Expense

50500 · Bad Debt Expense

0.00 5,000 5,000

51000 · Water Service Expenses

51010 · Bureau of Reclamation 17,850.05 25,000 25,000

51012 · Other Water Purchases/Deficit 0.00 0 0

51018 · Water Testing Expense 3,091.00 6,300 6,300

Total 51000 · Water Service Expenses

20,941.05 31,300 31,300

51020 · Pumping Expense

51021 · Middle Brunswick - PGE 573 #1 903.28 1,400 1,400

51022 · Benson - PGE 937 #6 619.97 1,300 1,300

51023 · Bandana Tr. - PGE 337 #7 973.49 2,000 2,000

51024 · Highland Cir - PGE 355 #3 65.05 150 150

51025 · Highland Circle - PGE 013 #5 1,025.12 2,500 2,500

51026 · Record Heights - PGE 206 #4 2,149.59 5,000 5,000

51027 · Lower Brunswick - PGE 936 #2 3,882.24 6,000 6,000

51028 · Keswick WTP - 956 #9 94.54 900 500

Total 51020 · Pumping Expense

9,713.28 19,250 18,850

51030 · Water Treatment Expense

51031 · W.T. Chemicals 15,745.00 28,000 28,000

51032 · W.T. Filter Plant PGE 254 #8 2,921.91 5,500 5,500

51033 · W.T. Plant Repair/Maint. 346.29 8,500 8,500

51034 · Backwash Sludge Disposal 0.00 5,500 5,500

Shasta Community Services District 2025 / 2026 Revised Budget

	2025 / 2026 Budget Jul '25 - Dec 25	2025 / 2026 Budget Current	2025 / 2026 Budget Revision
51035 · W.T. Security/Telephone	369.72	750	750
Total 51030 · Water Treatment Expense	19,382.92	48,250	48,250
51039 · Transmission/Distribution			
51040 · Transmission/Distribution-Gen	45,944.43	27,000	50,000
51070 · Minor Equipment Expense	0.00	0	0
51082 · Maintenance/Misc.Equipment	0.00	0	0
51083 · Meters - New & Replacements	760.47	7,000	7,000
51084 · Pump & Tank Level Telemetry	3,821.24	10,000	10,000
Total 51039 · Transmission/Distribution	50,526.14	44,000	67,000
51090 · Vehicle Maintenance			
51094 · Backhoe/Trailer/Generator	7,021.33	5,000	10,000
51098 · U11 Ford Ranger 2011	0.00	0	0
51099 · U12 Ford F350 2016	773.73	500	800
51100 · U13 Ford F-150 2018	0.00	500	500
51101 · U14 Ford F-150 2021	0.00	500	600
51102 · U15 Toyota Tacoma 2025	311.56	500	500
Total 51090 · Vehicle Maintenance	8,106.62	7,000	12,400
51093 · Gas & Oil Expense			
51091 · Gas & Oil - Generator	50.15	2,000	1,000
51092 · Gas & Oil Ford 150 Truck #13	229.98	3,500	1,500
51093.1 · Gas & Oil 2021 F-150 Truck #14	2,203.26	6,000	6,000
51093.2 · Gas & Oil - Backhoe	241.97	750	750
51093.4 · Gas & Oil 2025 Toyota Truck #15	2,013.97	6,000	6,000
51093.8 · Gas & Oil 2011 Ford Truck #11	0.00	0	0
51093.9 · Gas & Oil 2016 Ford 350 #12	341.41	1,500	1,500
Total 51093 · Gas & Oil Expense	5,080.74	19,750	16,750
52000 · Training			
52001 · Training Course Fees	98.00	1,700	1,700
52002 · Travel	0.00	500	500
52003 · Lodging	0.00	1,500	1,500
52004 · Meals	0.00	500	500
Total 52000 · Training	98.00	4,200	4,200
55010 · Payroll Expenses			
55011 · Manager Salary			
55011.0 · Manager/Salary	64,732.25	141,234	141,234
55011.1 Manage/Salary/Vacation	17,237.31	0	17,238
Total 55011 · Manager Salary	81,969.56	141,234	141,234
55012 · Maintenance/Hourly			
55012.2 · Maintenance/Hourly	29,496.99	74,776	74,776
55012.3 · Maintenance Hourly/Vacation	1,797.50		
55012.4 · Maintenance/Hourly/Sick	5,259.08		
55012.5 · Maintenance/Hourly/Holiday	2,588.40		
55012.6 · Maintenance/OT	4,531.36	10,000	10,000

Shasta Community Services District 2025 / 2026 Revised Budget

	2025 / 2026 Budget Jul '25 - Dec 25	2025 / 2026 Budget Current	2025 / 2026 Budget Revision
55012.7 · Maintenance 2 / Lead Operator	42,117.25	85,280	85,280
Total 55012 · Maintenance/Hourly	85,790.58	170,056	170,056
55013 · Office/Hourly			
55013.1 · Office/Hourly-FD Reimburse	0.00	0	0
55013.2 · Office Hourl/ Vacation	2,013.20		
55013.3 · Office/Hourly/Sick	2,786.13		
55013.4 · Office Hourly	29,820.55	74,776	74,776
55013.5 · Office/Hourly/Holiday	2,588.40		
55013.6 · Office Hourly Overtime	862.88	1,500	1,500
Total 55013 · Office/Hourly	38,071.16	76,276	76,276
55014 · On Call Time	12,853.41	26,327	26,327
55010 · Payroll Expenses - Other	889.42	1,850	1,850
Total 55010 · Payroll Expenses	219,574.13	415,743	415,743
55029 · Employee Benefits			
55030 · Employee Health/Life Insurance	55,909.61	100,000	100,000
55035 · Retiree Health Insurance	2,250.00	4,500	2,250
55040 · Workers Compensation Insurance	11,269.98	11,300	11,300
55055 · CALPERS	31,605.87	65,000	65,000
Total 55029 · Employee Benefits	101,035.46	180,800	178,550
55060 · Payroll Tax Expense			
55062 · Employer Medicare Expense	3,170.94	6,000	6,000
55063 · Employer Social Security Exp	13,558.45	25,500	25,500
55070 · State Unemployment Insurance	803.38	1,736	1,736
Total 55060 · Payroll Tax Expense	17,532.77	33,236	33,236
55130 · Office Expense			
55110 · Answering Service Expense	1,127.75	2,136	2,136
55121 · Office/Cellular Telephone	699.27	2,200	1,400
55125 · Office/Security Expense	1,068.00	2,136	2,136
55131 · Office/PGE 761	4,533.63	9,500	9,500
55132 · Office/Telephone	1,037.25	1,500	1,500
55133 · Office/Supplies	3,051.32	6,500	6,500
55134 · Office/Postage	3,413.06	9,000	9,000
55135 · Office/Equipment Expense	1,233.46	2,500	2,500
55137 · Office/Employee Background Chec	0.00	0	0
55138 · Office/Propane	0.00	1,000	1,000
55139 · Office/Building Maintenance	2,291.93	5,000	5,000
55141 · Office/Safety	0.00	500	500
55142 · Employee Pre-emp. Physical	0.00	0	0
Total 55130 · Office Expense	18,455.67	41,972	41,172
55140 · Advertising Expense	0.00	1,000	1,000
55145 · Banking Fees	644.74	1,500	1,500
55150 · Insurance - Liability & E&O	58,921.97	59,000	59,000
55160 · Professional Services			

Shasta Community Services District 2025 / 2026 Revised Budget

	2025 / 2026 Budget Jul '25 - Dec 25	2025 / 2026 Budget Current	2025 / 2026 Budget Revision
55162 · Legal Services	1,927.53	3,000	4,000
55163 · Engineering Services	527.50	20,000	20,000
55164 · Auditing Services	10,732.00	12,000	12,000
55165 · Professional Services Misc.	123.75	15,000	7,000
Total 55160 · Professional Services	13,310.78	50,000	43,000
55170 · Directors Compensation	5,200.00	6,500	9,500
55180 · Dues/Permit Fees	38,381.04	27,000	44,900
55182 · maintenance contracts/support	0.00	1,200	1,200
60000 · Interest	573.78	11,000	11,000
Total Expense	587,479.09	1,007,701	1,043,551
Net Ordinary Income	26,907.42	216,319	180,469
Other Income/Expense			
Other Income			
72000 · SRF Grant Reimbursement	-3,636.00	0	0
72100 · USDA Grant	0.00	0	0
72300 · Miscellaneous Grants	0.00	0	0
Total Other Income	-3,636.00	0	0
Net Other Income	-3,636.00	0	0
Net Income	23,271.42	216,319	180,469

Notes about highlighted changes

51028 Keswick WTP-only \$94.54 has been utilized out of the \$900 budgeted & we are half way through the fiscal year & \$900 seemed over budgeted.

51040 Transmission & Distribution-there were some unexpected expenses: ground penetrating radar, Trinity Aly Water main tap, Lower Brunswick pump replacement, Rock Creek Rd repair & an emergency service line repair on Swasey.

51094 Backhoe/Trailer/Generator-yearly maintenace was done and was more than budgeted & the Backhoe is having an issue that needs worked on, which is why more was budgeted.

51099 U12 Ford F350 2016-had to purchase a new set of tires.

51101 U14 Ford F150 2021-needs windshield replaced

51091 Gas & Oil-Generator-only \$50.15 has been utilized out of the \$2000 budget & we are half way through the fiscal year & \$2000 seemed to be over budgeted.

51092 Gas & Oil Ford 150 Truck #13-is the truck the GM drives and it is only driven occasionally for now and \$3500 seemed like it was over budgeted.

55011.1 Manager/Salary/Vacation-vacation payout.

55035 Retiree Health Insurance-Charles Schwab that we are no longer paying.

55121 Office/Cellular Telephone-only \$699.27 has been utilized from the \$2200 budgeted & we are half way through the fiscal year & \$2200 seemed over budgeted.

55162 Legal Services-there is an outstanding bill for \$1500 & budgeted a little more for the rest of the year.

55165 Professional Services Misc.-is used to pay IT & Contractors that do special jobs like the lead line inventory. and only \$123.75 has been utilized out of the \$15000 budget.

55170 Directors Compensation-there have been more special meetings & committee meetings than originally

Shasta Community Services District 2025 / 2026 Revised Budget

	2025 / 2026 Budget Jul '25 - Dec 25	2025 / 2026 Budget Current	2025 / 2026 Budget Revision
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budgeted, so it was increased to cover the rest of the year.

55180 Dues/Permit Fees-there was an increase to this budgeted item due to the software change we had to pay both softwares for data exchange & the monthly cost for the new software has been budgeted for.

Net Income Change from \$221,319 to \$180,469

More items could probably be reduced but we are budgeting to 6/30/2025 & the final budget revisions for the fiscal year will take place in June 2026.

11:13 AM
01/14/26
Accrual Basis

Shasta Community Services District
Highland Circle Electrical 01
January through December 2025

Type Date Name Memo

Split Amount

32000 · Unrestricted Net Position

Closing Entry 06/30/2025

1,068.99

Total 32000 · Unrestricted Net Position

51020 · Pumping Expense

Jan-June 2025

1,068.99

51025 · Highland Circle - PGE 013 #5

Bill	07/31/2025 PG&E	July 2025 pumps electrical	23100 · Accounts Payable	208.45
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Bill	08/29/2025 PG&E	August 2025 pumps	23100 · Accounts Payable	206.18
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Bill	10/06/2025 PG&E	September 2025 pumps	23100 · Accounts Payable	105.14
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Bill	10/31/2025 PG&E	October 2025 pumps electric	23100 · Accounts Payable	133.55
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Bill	11/30/2025 PG&E	November 2025 pumps electrical	23100 · Accounts Payable	153.43
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Bill	12/31/2025 PG&E	December 2025 pumps electrical	23100 · Accounts Payable	218.37
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July-Dec 2025				1,025.12
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Total 51025 · Highland Circle - PGE 013 #5
Total 51020 · Pumping Expense

TOTAL

1,025.12

1,025.12

2,094.11

Total PG&E bill for 2025= \$2094.11

Average monthly bill= \$174.51

We currently charge \$23.74 a month but only \$18.97 goes to electrical pumping fees the difference of \$4.77 goes to pump replacement
\$18.97 x 21 total customers=\$398.37 collected monthly if all customers were using water
\$18.97 x 12 customers using water=\$227.64 that is collected monthly
\$398.37-\$174.51=\$223.86 difference
\$174.51 average bill/21 total customer=\$8.31
\$8.31 new electrical fee + \$4.77 pump replacement cost=\$13.08 new monthly

Current fee \$23.74

Proposed fee \$13.08

76

Electrical 1 - Highland Circle

Total Customers	Using Water	Not Using Water	Monthly Fee	Monthly Total	Average PG&E bill	Difference	Fee to Break Even
21	12	9	\$ 18.97	\$ 398.37	\$ 197.85	\$ 200.52	\$ 9.42

Shasta Community Services District
Upper Brunswick Electrical 02
January through December 2025

78

32000 · Unrestricted Net Position

Total 32000 · Unrestricted Net Position

51020 · Pumping Expense

51021 · Upper Brunswick - PGE 573 #1

Total 51021 · Upper Brunswick - PGE 573 #1

Total 51020 · Pumping Expense

TOTAL

Type	Date	Name	Memo	Split	Amount
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Closing Entry	06/30/2025				627.00
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Jan-Jun 2025					627.00
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Bill	07/31/2025	PG&E	July 2025 pumps electrical	23100 · Accounts Payable	125.54
Bill	08/29/2025	PG&E	August 2025 pumps	23100 · Accounts Payable	115.68
Bill	10/06/2025	PG&E	September 2025 pumps	23100 · Accounts Payable	-2.30
Bill	10/31/2025	PG&E	October 2025 pumps electric	23100 · Accounts Payable	111.93
Bill	11/30/2025	PG&E	November 2025 pumps electrical	23100 · Accounts Payable	414.46
Bill	12/31/2025	PG&E	December 2025 pumps electrical	23100 · Accounts Payable	137.97
					903.28

Jul-Dec 2025					903.28
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					1,530.28
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Total PG&E bill for 2025=\$1530.28

Average monthly bill=\$127.53

We currently charge \$40.12 a month but only \$32.05 goes to electrical pupmping fees the difference of \$8.07 goes to pump replacement
 \$32.05 x 3 total customers=\$96.15 collected monthly if all customers were using water
 \$32.05 x 1 customer using water=\$32.05
 \$96.15-\$127.53=(31.38) difference
 \$127.53 average bill/3 total customer-\$42.51
 \$42.51 new electrical fee + \$8.07 pump replacement cost=\$50.58 new monthly

Current fee \$40.12

Proposed fee \$50.58

Electrical 2 - Upper Brunswick

Total Customers	Using Water	Not Using Water	Monthly Fee	Monthly Total	Average PG&E bill	Difference	Fee to Brak Even
3	1	2	32.05	\$ 96.15	\$ 100.40	\$ (4.25)	\$ 33.47

Shasta Community Services District
Lower Brunswick Electrical 03
January through December 2025

80

32000 · Unrestricted Net Position

Total 32000 · Unrestricted Net Position

51020 · Pumping Expense

51027 · Lower Brunswick - PGE 936 #2

Type	Date	Name	Memo	Split	Amount
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Closing Entry	06/30/2025				2,818.50
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Jan-Jun 2025					2,818.50
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Bill	07/31/2025	PG&E	July 2025 pumps electrical	23100 · Accounts Payable	731.68
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Bill	08/29/2025	PG&E	August 2025 pumps	23100 · Accounts Payable	836.98
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Bill	10/06/2025	PG&E	September 2025 pumps	23100 · Accounts Payable	514.61
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Bill	10/31/2025	PG&E	October 2025 pumps electric	23100 · Accounts Payable	553.57
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Bill	11/30/2025	PG&E	November 2025 pumps electrical	23100 · Accounts Payable	711.07
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Bill	12/31/2025	PG&E	December 2025 pumps electrical	23100 · Accounts Payable	534.33
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Total 51027 · Lower Brunswick - PGE 936 #2

Total 51020 · Pumping Expense

TOTAL

Jul-Dec 2025					3,882.24
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					3,882.24
					6,700.74

Total PG&E bill for 2025=\$6700.74
Average monthly bill=\$558.40

We currently charge \$ 17.51 a month but only \$14.00 goes to electrical pumping fees
the difference of \$3.51 goes to pump replacement
\$14.00 x 30 total customer=\$420.00 collected monthly if all customer were using water
\$14.00 x 22 customer using water=\$308.00 that is collected monthly
\$420.00-\$558.40=(138.40) difference
\$558.40 average bill/30 total customers=\$18.61
\$18.61 new electrical fee + \$3.51 pump replacement cost=\$22.12 new monthly

Current fee \$17.51
Proposed fee\$22.12

Electrical 3 - Brunswick

Total Customers	Using Water	Not Using Water	Monthly Fee	Monthly Total	Average PG&E bill	Difference	Fee to Break Even
30	22	8	14.00	\$ 420.00	\$ 518.02	\$ (98.02)	\$ 17.27

Shasta Community Services District
Record Height Electrical 04
January through December 2025

82

32000 · Unrestricted Net Position

Total 32000 · Unrestricted Net Position

51020 · Pumping Expense

51026 · Record Heights - PGE 206 #4

Total 51026 · Record Heights - PGE 206 #4

Total 51020 · Pumping Expense

TOTAL

Type	Date	Name	Memo	Split	Amount
Closing Entry	06/30/2025				2,221.81
Jan-Jun 2025					2,221.81

Bill	07/31/2025	PG&E	July 2025 pumps electrical	23100 · Accounts Payable	514.90
Bill	08/29/2025	PG&E	August 2025 pumps	23100 · Accounts Payable	536.85
Bill	10/06/2025	PG&E	September 2025 pumps	23100 · Accounts Payable	347.04
Bill	10/31/2025	PG&E	October 2025 pumps electric	23100 · Accounts Payable	195.03
Bill	11/30/2025	PG&E	November 2025 pumps electrical	23100 · Accounts Payable	136.52
Bill	12/31/2025	PG&E	December 2025 pumps electrical	23100 · Accounts Payable	419.25

Jul-Dec 2025					2,149.59
					2,149.59
					4,371.40

Total PG& E bill for 2025=\$4371.40

Average monthly bill=\$364.83

We currently charge \$32.59 a month but only \$26.07 goes to electrical pumping fees
the difference of \$6.52 goes to pump replacement
\$26.07 x 10 total customer/customers using water=\$260.70
\$260.70-\$364.83=(104.13) difference
\$364.83 average bill/10 total customers=\$36.84
\$36.48 new electrical fee + \$6.52 pump replacement cost=\$43.00 new monthly

Current fee \$32.59
Proposed fee \$43.00

Electrical 4 - Record Heights

Total Customers	Using Water	Not Using Water	Monthly Fee	Monthly Total	Average PG&E bill	Difference	Fee to Break Even
10	10	0	26.07	\$ 260.70	\$ 371.80	\$ (111.10)	\$ 37.18