

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

Financial Statements, Management Discussion and Analysis,
and Independent Auditor's Report

AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

**Audited Financial Statements
June 30, 2025**

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Independent Auditor's Report on Financial Statements

Board of Directors
Southern Cascades Community Service District
Adin, CA

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Southern Cascades 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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Southern Cascades Community Services District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Our 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 our 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
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www.sa-cpas.com

- 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 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are 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 we 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, and the budgetary comparison schedules be presented to supplement the basic financial statements. Such information, although not a basic part of the 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 operation, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,


Singleton Auman, PC

Susanville, California
October 29, 2025

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis (MD&A)

June 30, 2025

INTRODUCTION

Southern Cascades Community Services District's present operations include providing emergency and non-emergency services, as well as EMS education courses to individuals and businesses.

Our discussion and analysis of Southern Cascades Services District's financial performance provide an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements, including notes and supplementary information, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net position was \$473,408 on June 30, 2025.
- Overall revenues were \$1,386,716 and expenses were \$1,266,804.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of a statement of revenue, expenses, and changes in net assets, and a statement of cash flows. The District's management has presented the financial statements in separate funds for the year ended June 30, 2025. The general fund, which includes emergency and non-emergency transportation services, is shown as a governmental fund.

The statement of net position shows the District's financial status as of the end of its fiscal year, June 30, 2025. The statement of revenues, expenses, and changes in net position shows the changes in the District's equity during the fiscal year ended June 30, 2025.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

The District's combined net position was \$473,408 on June 30, 2025. See Table 1.

Cash increased as a result of the operating surplus for the year.

Long-term debt increased due to the two Umpqua Bank notes obtained in 2024-2025 to purchase new vehicles.

Table 1: Net Position

	2025	2024	Total Percentage Change 2024-2025
Assets:			
Cash	\$ 342,839	\$ 204,366	67.76%
Accounts Receivable	52,066	60,061	-13.31%
Accrued Parcel Fees and Interest	18,936	36,519	-48.15%
Cash Advance to Employees	-	65	-100.00%
Prepaid Expenses	17,545	5,945	195.12%
Capital Assets:			
Equipment	186,131	206,574	-9.90%
Buildings & Improvements	51,344	51,344	0.00%
Vehicles & Machinery	879,654	752,565	16.89%
Accumulated Depreciation	(814,985)	(778,236)	4.72%
TOTAL ASSETS	\$ 733,530	\$ 539,203	
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 29,988	\$ 25,237	18.83%
Accrued Payroll	28,411	55,810	-49.09%
Short Term Loan	3,335	48,335	-93.10%
Current Portion of Debt	44,037	14,402	205.77%
Total Current Liabilities	105,771	143,784	
Long-Term Portion of Debt	154,351	41,922	268.19%
TOTAL LIABILITIES	\$ 260,122	\$ 185,706	
Net Position			
Net Investment in Capital Assets	\$ 103,755	\$ 175,923	-41.02%
Unrestricted	369,653	177,574	108.17%
TOTAL NET POSITION	\$ 473,408	\$ 353,497	

Changes in Net Position

Operating revenues from user service charges normally make up the majority of total revenues, which was 81% of total revenues for the 2024-2025 fiscal year.

Table 2: Changes in Net Position

	Governmental Activities		Total Percentage Change
	2025	2024	2024-2025
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,132,801	\$ 1,171,313	-3.29%
Grants & Donations	911	42,424	-97.85%
General Revenues:			
Property Taxes	227,959	240,838	-5.35%
Interest	5,931	2,203	169.22%
Miscellaneous Income	19,114	31,614	-39.54%
TOTAL REVENUES	<u>1,386,716</u>	<u>1,488,392</u>	
Expenses:			
Program Expenses:			
General	1,266,804	1,478,798	-14.34%
TOTAL EXPENSES	<u>1,266,804</u>	<u>1,478,798</u>	-14.34%
Increase / (Decrease) in Net Position	<u>\$ 119,912</u>	<u>\$ 9,594</u>	

Table 3 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

The amount that our taxpayers paid for these activities through property taxes was \$227,959.

Table 3: Net Revenue (Cost) from Government-Wide Activities

	Total Cost of Services		Net Revenue (Cost) from Services	
	2025	2024	2025	2024
Health Transport & EMS Services	\$ 1,266,804	\$ 1,478,798	\$ 134,003	\$ 307,485
TOTAL	<u>\$ 1,266,804</u>	<u>\$ 1,478,798</u>	<u>\$ 134,003</u>	<u>\$ 307,485</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The overall financial performance of the District as a whole is reflected in communication between the Board of Directors and the District employees as they all work together in providing the best quality of service to its customers.

Budgetary Highlights

The District approves its annual budget prior to the beginning of the year. The District does revise its annual budget to reflect unexpected changes in revenues and expenditures. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the District had net book value of \$302,143 in a broad range of capital assets. During the year, the District invested in six new vehicles, and one used vehicle.

See Table 4. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table 4: Capital Assets

	Governmental Activities		Total Percentage Change
	2025	2024	2024-2025
Building & Improvements	\$ 51,344	\$ 51,344	0.00%
Equipment	186,131	206,573	-9.90%
Vehicles	879,654	752,564	16.89%
Totals at Historical Cost	1,117,128	1,010,481	
Total Accumulated Depreciation/Amortization	(814,985)	(778,236)	4.72%
NET CAPITAL ASSETS	\$ 302,143	\$ 232,245	

Table 5: Notes Payable

	Governmental Activities		Total Percentage Change
	2025	2024	2024-2025
Notes Payable	\$ 198,388	\$ 56,324	252.23%
Total Debt Payable	<u>\$ 198,388</u>	<u>\$ 56,324</u>	

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

Southern Cascades Community Services District
Jamie Ingram, CFO
PO Box 239
Adin, CA 96006
(530) 299-3110

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

**Government-Wide Statement of Net Position
As Of June 30, 2025**

	<u>Governmental Activities</u>
Assets:	
Cash	\$ 342,839
Accounts Receivable	52,066
Accrued Parcel Fees and Interest	18,936
Cash Advance to Employees	-
Prepaid Expenses	17,545
Capital Assets:	
Equipment	186,131
Buildings & Improvements	51,344
Vehicles & Machinery	879,654
Accumulated Depreciation	(814,985)
TOTAL ASSETS	<u><u>\$ 733,530</u></u>
Liabilities:	
Current Liabilities:	
Accounts Payable	\$ 29,988
Accrued Payroll	28,411
Short Term Loan	3,335
Current Portion of Debt	44,037
Total Current Liabilities	<u>105,771</u>
Long-Term Portion of Debt	<u>154,351</u>
TOTAL LIABILITIES	<u><u>\$ 260,122</u></u>
Net Position	
Net Investment in Capital Assets	\$ 103,755
Unrestricted	369,653
TOTAL NET POSITION	<u><u>\$ 473,408</u></u>

The accompanying notes are an integral part of this statement.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

**Government-Wide Statement of Activities
For The Year Ended June 30, 2025**

<u>Governmental Activities</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Total Governmental Activities</u>
Health Transport and EMS Services	\$ 1,266,804	\$ 1,132,801	\$ (134,003)
Total Governmental Activities	<u>\$ 1,266,804</u>	<u>\$ 1,132,801</u>	<u>\$ (134,003)</u>

General Revenues:

County Assessment	227,959
Grants and Donations	911
Interest and Investment Earnings	5,931
Other Income	19,114
Total General Revenue	<u>253,915</u>

Change in Net Position 119,912

Net Position Beginning	353,497
Net Position Ending	<u>\$ 473,408</u>

The accompanying notes are an integral part of this statement.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

Balance Sheet: Governmental Funds June 30, 2025

ASSETS

Cash	\$	342,839
Accounts Receivable		52,066
Prepaid Expenses		17,545
Cash Advance to Employees		-
Accrued Parcel Fees and Interest		18,936
TOTAL ASSETS	\$	431,387

LIABILITIES AND FUND EQUITY

Current Liabilities:

Accounts Payable	\$	29,988
Accrued Payroll		28,411
Short Term Loan		3,335
Total Current Liabilities		61,734

TOTAL LIABILITIES \$ 61,734

Fund Balance:

Unassigned Fund Balance	\$	369,653
Total Fund Balance	\$	369,653

TOTAL LIABILITIES AND FUND BALANCE \$ 431,387

The accompanying notes are an integral part of this statement.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2025**

Total Fund Balances - Governmental Fund	\$ 369,653
Reconciling Items:	
Balances of Long-Term Debt Not Recorded in the Fund	(198,388)
Capital Assets Not Recorded in the Fund	<u>302,143</u>
Total Net Position - Governmental Activities	<u><u>\$ 473,408</u></u>

The accompanying notes are an integral part of this statement.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances:
Governmental Funds
For The Year Ended June 30, 2025

	General
Revenues:	
Property Taxes	\$ 227,959
Donations and Fundraisers	911
Charges for Current Services	1,132,801
Interest	5,931
Other Local Income	19,114
Total Revenues	\$ 1,386,716
 Expenditures:	
Payroll and Benefits	671,389
Occupancy Expense	41,145
Advertising & Marketing	2,330
Operational Supplies & Expenses	24,721
Fleet Expenses	181,228
Office & General Administrative Expenses	57,367
Continuing Education	4,502
IT Expenses	36,160
Professional Services	128,001
Travel Expenses	5,569
Bad Debt Expense	13,617
Other Misc Expense	395
Capital Outlay	161,164
Debt Service:	
Principal	26,015
Interest	9,113
Total Expenditures	\$ 1,362,717
 Excess (Deficiency) of Revenues over Expenditures	 \$ 23,999
 Other Financing Sources:	
Vehicle Financing from Umpqua	168,079
Total Other Sources of Funds	\$ 168,079
 Net Change in Fund Balances	 \$ 192,079
Fund Balances at Beginning of Year	177,576
Fund Balances at End of Year	\$ 369,653

The accompanying notes are an integral part of this statement.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

**Reconciliation of the Statement of Revenue, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For The Year Ended June 30, 2025**

Net Changes in Governmental Fund Balances	\$ 192,079
Reconciling Items:	
Depreciation of Capital Assets Not Recorded in the Fund.	(91,267)
Principal Payments on Long-Term Debt Recorded As Expenditures in the Fund	26,015
Financing Sources Proceeds Recorded As Income in the Fund	(168,079)
Capital Outlay Recorded As Expenditures in the Fund	170,753
Capital Dispositions Recorded As Income in the Fund	<u>(9,589)</u>
Changes in Net Position of Governmental Funds - Statement of Activities	<u><u>\$ 119,912</u></u>

The accompanying notes are an integral part of this statement.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2025

Note 1: Organization and Statement of Purpose

Reporting Entity: The Southern Cascades Community Services District (SCCSD) is a special district, created by Lassen LAFCO after voter approval with an election in May 2016 and consists of five-member board. As required by generally accepted accounting principles, these financial statements present the SCCSD alone, as the District has no component units, related organizations, or jointly governed organizations.

The District occupies an area of 1,670 square miles in Northern Lassen and South/Western Modoc counties which includes the communities of Nubieber, Bieber, Termo, Lookout and Adin. There is a total of 900 registered voters within the agency jurisdictional boundaries. The services provided by the Southern Cascades CSD are emergency and non-emergency health transportation services for both ambulatory and non-ambulatory patients. Their adopted mission statement is “To be the provider of integrated out of hospital care services and patient transportation for our communities with emphasis on education and partnerships.”

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Note 2: Summary of Significant Accounting Policies

Basis of Presentation: For financial reporting purposes, the District is considered a special-purpose government engaged in governmental activities. As provided by Governmental Accounting Standards Board (GASB) Statement No. 34, the basic financial statements are presented using the combined approach. The approach combines the fund financial statements with the government-wide financial statements (i.e., the statement of net position and statement of activities) by using a columnar format that reconciles the individual line items of fund financial data to government-wide financial statements. The other reconciling items are further explained in note 3.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Contributions and comparable items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 current period or soon enough thereafter to be used to pay liabilities of the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2025

Note 2: Summary of Significant Accounting Policies (continued)

Recognitions for all government fund revenues except property taxes which have a 60-day availability period. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. The activities of the District are recorded in the General Fund and the Capital Projects Fund.

Basis of Accounting: The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Cash and Cash Equivalents: The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The District maintains its cash accounts in depositories that are insured by the Federal Deposit Insurance Corporation up to \$250,000 per account.

The District is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq.

Capital Assets: Capital assets, which include land, building improvements, and equipment are reported in the government-wide financial statements. Acquisitions of capital assets are recorded as expenditures in the governmental fund at the time of purchase. Capital assets are recorded at historical cost, although for certain older assets estimated historical costs are used. Donated capital assets are recorded at the estimated fair market value at the date of donation. Capital assets used in operations are depreciated using the straight-line method over the estimated useful lives in the government-wide financial statements. Estimated useful lives of the various classes of depreciable capital assets are as follows:

June 30, 2025

Vehicles	5 years
Furniture & Equipment	5 to 7 years
Buildings & Improvements	15 to 39 years

The costs of normal maintenance and repairs that do not add to the value of assets and materially extend assets lives are not capitalized. The capitalization threshold is \$1,000.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2025

Note 2: Summary of Significant Accounting Policies (continued)

Receivable and Payable Balances. The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuration of significant components by aggregation. There are no significant receivables which are not scheduled for collection within one year of year end.

Net Position/Fund Balance: Net position represents the difference between assets and liabilities. The District's net position is classified as follows:

Investments in Capital Assets: Net investments in capital assets represent the District's total investments in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of investment in capital assets.

Unrestricted: Unrestricted net position represents resources derived from taxes and charges for services. These resources are used for transactions relating to the general operations of the District and may be used at the discretion of the governing board to meet current expenses for any purpose.

The following classifications describe the relative strength of the spending constraints on Fund Balance:

Nonspendable Fund Balance: Amounts of cash and investments that according to laws or contracts cannot be spent (required to be maintained intact).

Restricted Fund Balance: Amounts of cash and investments that are subject to externally enforceable legal restrictions (imposed by creditors, grantors, donors, other governments, most voter approved levies, etc.). The restrictions may also be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: Amounts of cash and investments that are constrained by specific limitations that the government imposes upon itself at the highest level of decision making (normally the governing body) through the most binding formal action (e.g. resolution, ordinance, etc.) and that remains binding unless removed in the same manner.

Assigned Fund Balance: Amounts of cash and investments that reflect a government's intended use of resources. These are amounts intended to be used by the government for specific purposes that are neither restricted nor committed. Intent can be expressed in one of two ways:

- The governing body can state its intent to use resources for a specific purpose. The intent would be expressed in an informal way such as a motion or other form of a directive.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

**Notes to the Financial Statements
June 30, 2025**

Note 2: Summary of Significant Accounting Policies (continued)

- The governing body can delegate authority to others (e.g., finance or executive director, chief, head of a department, manager, etc.) to express intent to use amounts for specific purposes.

Any transfer of resources to funds other than the general fund represents an assignment since the transfer represents the intent for those resources to be used for a specific purpose.

Unassigned Fund Balance: Amounts of cash and investments that remain after classifying amounts as nonspendable, restricted, committed, or assigned. Unassigned amounts are technically available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to 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 first out of committed funds, the assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reposted amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3: Excess Expenditure Over Appropriations

As of June 30, 2025, expenditures that exceeded appropriations in individual funds were as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Occupancy Expenses	\$ 8,055
Continuing Education	3,702
Bad Debt Expense	2,967
Capital Outlay	161,164

Facilities Maintenance & Repairs (Occupancy Expenses), Continuing Education, and Bad Debt Expense exceeded appropriations due to unanticipated costs during the year. The District does not budget capital outlay.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements June 30, 2025

Note 4: Cash and Investments

The cash and investments are displayed on the statement of net position as follows:

	June 30, 2025
Cash and cash equivalents	\$ 342,839

\$92,839 of bank balances were not fully insured or collateralized, as of June 30, 2025.

Note 5: Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Depreciable Capital Assets				
Equipment	\$ 51,344	\$ -	\$ (20,442)	\$ 30,902
Buildings & Improvements	206,573	-	-	206,573
Vehicles & Machinery	752,564	173,079	(45,990)	879,653
Total Depreciable Capital Assets	1,010,481	173,079	-	1,117,128
Less: Accumulated Depreciation	(778,236)	(91,267)	54,517	(814,985)
Total Depreciable Assets - Net	\$ 232,245	\$ 81,813	\$ 8,527	\$ 302,143

Depreciation for the year ending June 30, 2025, was \$91,267.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements June 30, 2025

Note 6: Notes Payable

The following is a summary of changes in notes payable for the year ended June 30, 2025:

	Balance June 30, 2024	Proceeds	Repayments	Balance June 30, 2025	Due Within One Year
Dell Logging	\$ 1,924	\$ -	\$ 1,924	\$ -	\$ -
Municipal Finance Corporation	54,400	-	12,428	41,972	13,179
Umpqua Bank Equipment Leasing & Finance #1	-	58,584	5,220	53,364	10,841
Umpqua Bank Equipment Leasing & Finance #2	-	109,496	6,443	103,052	20,018
Total Notes Payable	\$ 56,324	\$168,079	\$ 26,015	\$ 198,388	\$ 44,037

During fiscal year 2024-2025 the District financed vehicles with Umpqua Bank Equipment Leasing and Finance. This loan is payable in monthly installments over 5 years (60 months) beginning 03/01/25 including interest at 5.44%. A summary of future payments on this loan is as follows:

Year Ending June 30	Principal	Interest	Total Payment
2026	\$ 20,018	\$ 4,922	\$ 24,940
2027	21,092	3,848	24,940
2028	22,223	2,716	24,939
2029	23,416	1,524	24,940
2030	16,304	322	16,626
Total	\$ 103,053	\$ 13,332	\$ 116,385

During fiscal year 2024-2025 the District financed vehicles with Umpqua Bank Equipment Leasing and Finance. This loan is payable in monthly installments over 5 years (60 months) beginning 01/15/25 including interest at 5.40%. A summary of future payments on this loan is as follows:

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements June 30, 2025

Note 6: Notes Payable (continued)

Year Ending June 30	Principal	Interest	Total Payment
2026	\$ 10,841	\$ 2,433	\$ 13,274
2027	11,398	1,876	13,274
2028	11,983	1,290	13,273
2029	12,600	674	13,274
2030	6,541	96	6,637
Total	\$ 53,363	\$ 6,369	\$ 59,732

During fiscal year 2023-2024 the District financed two vehicles with the Municipal Finance Corporation. This loan is payable in semiannual installments over 5 years beginning 9/15/24 including interest at 5.95%. A summary of future payments on this loan is as follows:

Year Ending June 30	Principal	Interest	Total Payment
2026	\$ 13,179	\$ 2,304	\$ 15,483
2027	13,975	1,508	15,483
2030	14,819	664	15,483
Total	\$ 41,972	\$ 4,477	\$ 46,449

Note 7: Joint Venture

The Southern Cascades Community Services District participates in a joint venture under a joint powers agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the JPA and the District is such that the JPA is not a component unit of the District.

The JPA is a public risk entity pool established to provide workers' compensation insurance coverage to its members and to pay for the administration of the Agency and for the cost of excess insurance and related risk management costs as approved by the Board of Directors. The board controls the operations of the JPA, including the selection of management and approval of the operating budget, independent of any influence by the member district beyond their representation of the board. Each member pays an annual premium to the insurance system based on the number

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

Notes to the Financial Statements

June 30, 2025

Note 7: Joint Venture (continued)

of personnel, an estimated amount of payroll and an experience factor. At fiscal year-end when the actual payroll expenditures are available, an adjustment to the year's annual premium is made. If the estimated premium is less than the actual premium calculated, a refund is issued.

Note 8: Risk Management and Litigation

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patrons; and natural disasters. The District has managed these risks by obtaining coverage from commercial insurance companies and self-insurance joint powers authorities as well as providing employee education and prevention programs. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated in determining claims, events that might create claims, but for which none has been reported are considered.

The District estimates that the actual or potential claims against the District as of June 30, 2025, will not materially affect the financial condition of the District. Therefore, the General Fund contains no provision for estimated claims. Information relating to an analysis of claims activities for the year was not available.

Note 9: Commitments and Contingencies

Litigation

In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements. Litigation currently pending is covered by insurance.

Federal and State Allowances, Awards, and Grants

The District has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

Note 10: Subsequent Events

Subsequent events have been evaluated through October 29, 2025, which is the date the financial statements were available to be issued.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT FUND

General Fund - Budgetary Comparison Schedule For The Year Ended June 30, 2025

	General Fund			Variance Favorable (Unfavorable)
	Original	Revised	Actual	
	Budget	Budget		
Revenues:				
Property Taxes	\$ 233,125	\$ 235,000	\$ 227,959	\$ 7,041
Donations and Fundraisers	14,500	67,555	911	66,644
Charges for Current Services	1,155,300	1,175,550	1,132,801	42,749
Interest	2,400	2,400	5,931	(3,531)
Other Local Income	25,000	17,100	19,114	(2,014)
Total Revenues	<u>\$ 1,430,325</u>	<u>\$ 1,497,605</u>	<u>\$ 1,386,716</u>	<u>\$ 110,889</u>
Expenditures:				
Payroll and Benefits	832,637	761,901	671,389	90,512
Occupancy Expense	32,030	33,090	41,145	(8,055)
Advertising & Marketing	3,306	2,506	2,330	176
Operational Supplies & Expenses	39,170	27,940	24,721	3,219
Fleet Expenses	188,000	187,517	181,228	6,289
Office & General Administrative Expenses	53,911	58,484	57,367	1,117
Continuing Education	800	800	4,502	(3,702)
IT Expenses	38,159	95,790	36,160	59,630
Professional Services	119,595	133,225	128,001	5,224
Travel Expenses	7,125	5,625	5,569	56
Bad Debt Expense	19,600	10,650	13,617	(2,967)
Other Misc Expense	2,600	1,200	395	805
Capital Outlay	-	-	161,164	(161,164)
Debt Service:				
Principal		-	26,015	(26,015)
Interest	700	9,715	9,113	602
Total Expenditures	<u>\$ 1,337,632</u>	<u>\$ 1,328,443</u>	<u>\$ 1,362,717</u>	<u>\$ (34,273)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 92,693</u>	<u>\$ 169,162</u>	\$ 23,999	<u>\$ 145,162</u>
Non-Operating Revenue:				
Proceeds From New Loans			<u>168,079</u>	
Excess (Deficiency) of Revenues over Expenditures			<u>192,079</u>	
Fund Balances at Beginning of Year			<u>177,576</u>	
Fund Balances at End of Year			<u><u>\$ 369,653</u></u>	

The accompanying notes are an integral part of this statement.

**Independent Auditor’s Report On Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statement Performed in Accordance with *Government Auditing Standards***

Board of Directors
Southern Cascades Community Services District
Adin, CA

Members of the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Cascades 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 our own report thereon dated October 29, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District’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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses, or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be material weaknesses

Compliance and Other Matters

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

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



SingletonAuman, PC
Susanville, CA

October 29, 2025

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2025

EXECUTIVE SUMMARY

The District provides emergency and non-emergency medical transport services within the boundaries of the District, as well as EMT and EMR training classes to citizens.

The quality of the District's internal controls is dependent upon oversight by the Board Members. Also, due to the limited number of employees of the District, there is an inability to segregate the custody of and accountability for District assets in the manner generally required for model systems of internal accounting controls. A summary of the auditors' results follows:

1. **Type of Auditors' Report on Financial Statements:** Unmodified
2. **Internal Control Findings:** 1 Material Weakness
3. **Material Noncompliance Noted:** None

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

**YELLOW BOOK SECTION
Material Weakness**

Finding 2025-001 Lack of Segregation of Duties

Criteria Upon Which Audit Finding Is Based (Legal Citation)

AU-C265 Communicating Internal Control Matters identified in an audit. Management is responsible for implementing systems designed to achieve effective internal controls to help ensure that resources are safeguarded, while being used efficiently and effectively.

Findings (Conditions)

An inadequate segregation of duties exists. The District does not have sufficient staff to separate the authorization, recording and custody functions as would be required in an ideal system of internal controls.

Amount Of Questioned Cost, How Computed And Prevalence

None

Effect

The District has the risk of financial statement misstatement and the potential risk of fraud that may not be prevented or detected by the District's system of internal control

Cause

Due to the number of personnel assigned to duties that involve access to the general ledger and other accounting records and who also have custody of and responsibility for handling cash and other assets, an inadequate segregation of duties exists.

Recommendation

We recommend that the District employees and Board maintain diligence for the risks of not having an adequate segregation of duties.

District's Response

The District concurs with this Finding.

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2025**

Finding 2024-001 Lack of Segregation of Duties

An inadequate segregation of duties exists. The District does not have sufficient staff to separate the authorization, recording and custody functions as would be required in an ideal system of internal controls.

Status

Not Implemented. See Finding 2025-001.

Finding 2024-002 – Deficiencies in Cash Disbursements

The District is not using a Purchasing policy that specifically defines what level of approval is needed prior to the District becoming obligated for purchases. A system commonly used for obtaining and documenting prior authorization uses purchase orders. In addition the District is inconsistent in getting documentation that goods or services were received prior to approval for disbursement.

Status

Implemented.

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2025**

Person Monitoring Corrective Action Plan

Jamie Ingram, CFO

Finding 2025-001 Lack of Segregation of Duties

Findings (Conditions)

An inadequate segregation of duties exists. The District does not have sufficient staff to separate the authorization, recording and custody functions as would be required in an ideal system of internal controls.

Corrective Action Planned

The District plans to prepare an organizational chart and provide documentation for job responsibilities to best separate as many duties as possible with the staff we have available.

Expected Completion Date

Ongoing.