

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, 2023

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
Audited Financial Statements
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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, 2023, 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, 2023, 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.

- 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, the budgetary comparison schedules, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of the District's proportionate share of the net OPEB liability, the schedule of the District's OPEB contributions, and schedule of changes in the District's OPEB liability and related ratios 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, 2024 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,


SingletonAuman, PC

Susanville, California
October 29, 2024

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2023

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 provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. 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 \$343,903 at June 30, 2023.
- ❑ Overall revenues were \$1,686,426 and expenses were \$1,814,474.

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 District's management has presented the financial statements in separate funds for the year ended June 30, 2023. 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, 2023. 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, 2023.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

The District's combined net position was \$343,903 at June 30, 2023. See Table 1.

Table 1: Net Position

	Government-Wide Activities		Total Percentage
	2023	2022	Change 2023-2022
Assets:			
Cash	\$ 167,409	\$ 151,369	10.60%
Accounts Receivable	165,925	173,045	-4.11%
Accrued Parcel Fees and Interest	12,922	8,841	46.16%
Prepaid Expenses	108	1,700	-93.65%
Other Current Assets	-	11,997	100.00%
Capital Assets:			
Equipment	205,425	205,425	0.00%
Buildings and Improvements	51,344	51,344	0.00%
Vehicles and Machinery	735,048	764,640	-3.87%
Accumulated Depreciation	(754,011)	(695,227)	8.46%
TOTAL ASSETS	\$ 584,170	\$ 673,134	
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 57,769	\$ 50,220	15.03%
Accrued Payroll	78,608	86,638	-9.27%
Deferred Revenue	76,818		N/A
Current Portion of Debt	25,141	37,262	-32.53%
Total Current Liabilities	238,336	174,120	
Long-Term Portion of Debt	1,931	27,065	-92.87%
TOTAL LIABILITES	\$ 240,267	\$ 201,185	
Net Position			
Net Investment in Capital Assets	\$ 210,734	\$ 261,855	-19.52%
Unrestricted	133,169	210,094	-36.61%
TOTAL NET POSITION	\$ 343,903	\$ 471,950	

Changes in Net Position

Operating revenues from user service charges normally make up the majority of total revenues, which was 83% of total revenues for the 22/23 fiscal year.

**Table 2:
Changes in Net Position**

	<u>Government-Wide Activities</u>		<u>Total Percentage</u>
	<u>2023</u>	<u>2022</u>	<u>Change</u> <u>2023-2022</u>
Revenues			
<u>Program Revenues:</u>			
Charges for Services	\$ 1,403,031	\$ 1,303,363	7.65%
Grants and Donations	13,809	42,654	-67.63%
<u>General Revenues:</u>			
Property Taxes	227,269	229,471	-0.96%
Interest	1,086	-	N/A
Miscellaneous Income	41,231	13,292	210.19%
TOTAL REVENUES	<u>1,686,426</u>	<u>1,588,780</u>	
<u>Program Expenses:</u>			
General	1,814,474	1,718,257	5.60%
TOTAL EXPENSES	<u>1,814,474</u>	<u>1,718,257</u>	5.60%
Increase / (Decrease) in Net Position	<u>\$ (128,048)</u>	<u>\$ (129,477)</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 \$227,269.

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

	<u>Total Cost of Services</u>		<u>Net Revenue (Cost) from Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Health Transport & EMS Services	\$ 1,814,474	\$ 1,718,257	\$ 411,443	\$ 414,894
TOTAL	<u>\$ 1,814,474</u>	<u>\$ 1,718,257</u>	<u>\$ 411,443</u>	<u>\$ 414,894</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The overall financial performance of the District as a whole is reflected in the 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 not 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

At June 30, 2023, the District had invested \$237,806 in a broad range of capital assets. During the year the District invested in a Dodge Caravan, Toyota Prius, Toyota Sienna Van and building improvements.

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

	Government-Wide Activities		Total Percentage Change
	2023	2022	2023-2022
Building and Improvements	\$ 51,344	\$ 51,344	0.00%
Equipment	205,425	205,425	0.00%
Vehicles	735,048	764,640	
Totals at Historical Cost	991,817	1,021,409	-2.90%
Total Accumulated Depreciation/Amortization	(754,011)	(695,227)	8.46%
NET CAPITAL ASSETS	\$ 237,806	\$ 326,182	-27.09%

Table 5
Long-Term Debt

	Governmental Activities		Total Percentage Change
	2023	2022	2023-2022
Notes Payable	\$ 27,072	\$ 27,065	0.03%
Total Debt Payable	\$ 27,072	\$ 27,065	

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
STATEMENT OF NET POSITION
JUNE 30, 2023

Assets	<u>Governmental Activities</u>
Cash	\$ 167,409
Accounts Receivable	165,925
Prepaid Expenses	108
Accrued Parcel Fees and Interest	12,922
Capital Assets:	
Equipment	205,425
Buildings and Improvements	51,344
Vehicles and Machinery	735,048
Accumulated Depreciation	(754,011)
Total Assets	<u>\$ 584,170</u>
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 57,769
Accrued Payroll and Liabilities	78,608
Unearned Revenue	76,818
Current Portion of Debt	25,141
Total Current Liabilities	<u>238,336</u>
Long-Term Portion of Debt	1,931
Total Liabilities	<u>\$ 240,267</u>
Net Position	
Net Investment in Capital Assets	\$ 210,734
Unrestricted	133,169
Total Net Position	<u>\$ 343,903</u>

The accompanying notes are an integral part of this statement.

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Governmental Activities</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Total Governmental Activities</u>
Health Transport & EMS Services	\$ 1,814,474	\$ 1,403,031	\$ (411,443)
Total Governmental Activities	<u>\$ 1,814,474</u>	<u>\$ 1,403,031</u>	<u>(411,443)</u>
 General Revenues:			
			227,269
County Assessment			13,809
Grants and Donations			1,086
Interest and Investment Earnings			41,231
Other Income			<u>283,395</u>
Total General Revenue			
Change in Net Position			(128,048)
Net Position Beginning			471,950
Net Position Ending			<u>\$ 343,903</u>

The accompanying notes are an integral part of this statement.

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

ASSETS

Cash	\$	167,409
Accounts Receivable		165,925
Prepaid Expenses		108
Accrued Parcel Fees and Interest		12,922
TOTAL ASSETS:	\$	346,364

LIABILITIES AND FUND EQUITY

Liabilities:		
Accounts Payable	\$	57,769
Accrued Payroll		78,609
Unearned Revenue		76,818
Total Liabilities		213,196
Fund Balance:		
Unassigned Fund Balance		133,168
Total Fund Balance		133,168
TOTAL LIABILITIES AND FUND BALANCE:	\$	346,364

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, 2023**

Total Fund Balances - Governmental Fund	\$ 133,168
Reconciling Items:	
Balances of long-term debt are not recorded in the governmental fund.	(27,072)
Capital Assets are not recorded in the governmental fund.	<u>237,806</u>
Total Net Position - Governmental Activities	<u><u>\$ 343,903</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, 2023**

	General
Revenues	
Property Taxes	\$ 227,269
Donations and Fundraisers	13,809
Charges For Current Services	1,403,031
Interest	1,086
Other Local Income	55,156
	1,700,351
Total Revenues	1,700,351
Expenditures	
Salaries, Wages and Benefits	1,080,124
Office	31,464
Insurance	49,132
Repairs and Maintenance	61,148
Services and Supplies	197,465
Professional Services	35,677
Bad Debt Expense	214,524
Utilities	22,666
Debt Service:	
Principal	37,269
Interest	5,441
Capital Outlay	42,381
	1,777,291
Total Expenditures	1,777,291
Excess Of Operating Revenues Over (Under) Expenditures	(76,940)
Fund Balances - July 1	210,108
Fund Balances - June 30	\$ 133,168

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, 2023**

Net Changes in fund balances - total governmental fund	\$ (76,940)
Reconciling Items:	
The depreciation of capital assets is not recorded in the fund.	(116,834)
Principal payments on long-term debt are expenditures in the governmental fund.	37,269
Capital Outlay is recorded as an expenditure in the governmental fund.	42,381
Capital Dispositions are recorded as income in the governmental fund	<u>(13,924)</u>
Changes in net position of governmental activities - statement of activities	<u><u>\$ (128,048)</u></u>

The accompanying notes are an integral part of this statement

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 the 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 a liability is incurred, regardless of the timing of related cash flows. Contributions and similar 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 FINANCIAL STATEMENTS
JUNE 30, 2023**

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:

<u>June 30, 2023</u>	
Vehicles	5 years
Furniture and Equipment	5 to 7 years
Buildings and 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 FINANCIAL STATEMENTS
JUNE 30, 2023

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 obscuring 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 represents 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 expense for any purpose.

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

Nonspendable Fund Balance: Amounts that are not in spendable form, such as inventories, are required to be maintained intact.

Restricted Fund Balance: Amounts constrained to specific purpose by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

Committed Fund Balance: Amounts constrained to specific purpose by the District itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance: Amounts the District intends to use for specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance: Amounts that are available for any purpose.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2: Summary of Significant Accounting Policies (continued)

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 reported 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 of Expenditure Over Appropriations

As of June 30, 2023, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Salaries and Wages	\$ 23,510
Utilities	699
Office	17,480
Repairs and Maintenance	8,835
Bad Debt Expense	51,106
Interest	2,595

Salaries and Wages, Utilities, Office expense, Repairs and maintenance and Interest expense exceeded appropriations due to unanticipated costs during the year. Bad debt expense exceeded budget due to a change in method of determining bad accounts.

Note 4: Cash and Investments

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

	<u>June 30, 2023</u>
Cash and cash equivalents	<u>\$ 167,409</u>

All of cash is fully insured or collateralized.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5: Capital Assets

The following is a summary of changes in capital assets for the year end June 30, 2023:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Depreciable Capital Assets				
Building and improvements	\$ 51,344		\$ -	\$ 51,344
Furniture and equipment	205,425		-	205,425
Vehicles and Machinery	764,640	42,367	71,959	735,048
Total Depreciable Capital Assets	1,021,409	42,367	-	991,817
Less: Accumulated depreciation	(695,227)	(116,834)	(58,050)	(754,011)
Total Depreciable Assets - Net	<u>326,182</u>	<u>\$ (74,467)</u>	<u>\$ 13,909</u>	<u>\$ 237,806</u>

Depreciation for the year ending June 30, 2023 was \$116,834.

Note 6: Long Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

	Balance June 30, 2022	Proceeds	Repayments	Balance June 30, 2023	Due Within One Year
Notes payable	<u>\$ 64,341</u>	<u>\$ -</u>	<u>\$ 37,269</u>	<u>\$ 27,072</u>	<u>\$ 25,141</u>

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 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.

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 8: Risk Management and Litigation

The District is exposed to various risk 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 have been reported are considered.

The District estimates that the actual or potential claims against the District as of June 30, 2023 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, 2024 which is the date the financial statements were available to be issued.

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	
Revenues				
Property Taxes	\$ 216,237	\$ 216,237	\$ 227,269	\$ 11,032
Donations and Fundraisers	76,979	76,979	13,809	(63,170)
Charges For Current Services	1,407,130	1,407,130	1,403,031	(4,099)
Interest	350	350	1,086	736
Other Local Income	30,827	30,827	55,156	24,329
	<u>1,731,523</u>	<u>1,731,523</u>	<u>1,700,351</u>	<u>(31,172)</u>
Expenditures				
Salaries, Wages and Benefits	1,056,614	1,056,614	1,080,124	(23,510)
Office	13,984	13,984	31,464	(17,480)
Insurance	49,281	49,281	49,132	149
Repairs and Maintenance	52,313	52,313	61,148	(8,835)
Services and Supplies	219,353	219,353	197,465	21,888
Professional Services	41,040	41,040	35,677	5,363
Utilities	21,967	21,967	22,666	(699)
Bad Debt Expense	163,418	163,418	214,524	(51,106)
Debt Service:				
Principal	37,262	37,262	37,269	(7)
Interest	2,846	2,846	5,441	(2,595)
Capital Outlay	150,000	150,000	42,381	107,619
	<u>1,808,078</u>	<u>1,808,078</u>	<u>1,777,291</u>	<u>30,787</u>
Excess of Operating Revenues Over (Under) Expenditures	<u>\$ (76,555)</u>	<u>\$ (76,555)</u>	<u>(76,940)</u>	<u>\$ (385)</u>
 Fund Balance - July 1			<u>210,108</u>	
Fund Balance - June 30			<u>\$ 133,168</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 STATEMENTS 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, 2023 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, 2024.

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.

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, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as items 2023-001 to be a

material weakness. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as items 2023-002 to be a significant deficiency.

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.

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, 2024

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

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, 1 Significant Deficiency
3. **Material Noncompliance Noted:** None

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

**YELLOW BOOK SECTION
Material Weakness**

Finding 2023-001 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
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

**YELLOW BOOK SECTION
Significant Deficiency**

Finding 2023-002 Deficiencies in Cash Disbursements

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.

Finding (Condition)

The Districts 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.

Amount of Questioned Cost, How Computed and Prevalence

For 14 out of 18 disbursements tested, there was no indication of prior authorization, where such documentation might be reasonably expected for a Community Services District.

For 10 out of 18 disbursements tested, there was no documentation indicating good or services were received.

Effect

The District has the risk for cash misappropriation.

Cause

Existing policy and procedures need to be developed and implemented.

Recommendation

We recommend that the District establish policies and procedures to include consideration of what levels of authorization are needed for different dollar thresholds of purchases. This may also include a minimum threshold requiring the use of a purchase order, as well as the use of open purchase orders for regular and recurring transactions. Indication that the goods or services were received should be obtained prior to approval for disbursement.

District's Response

The District concurs with this finding.

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2023**

Finding 2022-001 – Deficiencies in Cash Disbursements

The Districts 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.

Status

Not Implemented. See Finding 2023-002.

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2023**

Person Monitoring Corrective Action Plan
Jamie Ingram, CFO

Finding 2023-001 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.

Finding 2023-002 Deficiencies in Cash Disbursements

Finding (Condition)

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.

Corrective Action Planned

The District plans to fully implement obtaining prior authorization for purchases utilizing a purchasing policy and completing an order form. Indication that goods or services were received will be part of the approval process.

Expected Completion Date

August 19, 2024