

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, 2021

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT

Audited Financial Statements

June 30, 2021

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Independent Auditor's Report

Board of Directors
Southern Cascades Community Services District
Adin, CA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Cascades Community Services District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Southern Cascades Community Services District as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information identified in the table of contents be presented to supplement the basic financial statements. 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.

Management has omitted the budgetary comparison information for the General Fund. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 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,

A handwritten signature in black ink, appearing to read "SingletonAuman PC", with a stylized flourish at the end.

SingletonAuman PC
Susanville, CA
September 3, 2024

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2021

INTRODUCTION

Southern Cascades Community Services District's present operations include providing emergency and non-emergency medical transportation services within the boundaries of the District as well as EMT and EMR training classes to citizens.

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, 2021. 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 \$601,440 at June 30, 2021.
- Overall revenues were \$1,554,372 and expenses were \$1,503,760.

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, 2021. 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, 2021. 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, 2021. The statement of cash flows shows the changes in cash during the fiscal year ended June 30, 2021 for the proprietary funds.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

The District's combined net position was \$601,440 at June 30, 2021. See Table 1.

Table 1: Net Position

	2021	2020	Total Percentage Change 2021-2020
Assets:			
Cash	\$ 161,993	\$ 245,923	-34.13%
Accounts Receivable	126,107	66,045	90.94%
Accrued Parcel Fees and Interest	59,137	-	
Cash Advance to Employees	138		
Prepaid Expense	1,677	5,921	-71.68%
Capital Assets:			
Equipment	194,232	170,671	13.80%
Buildings and Improvements	21,397	7,105	201.15%
Vehicles and Machinery	760,084	587,987	29.27%
Accumulated Depreciation	(522,792)	(354,994)	47.27%
TOTAL ASSETS	<u><u>\$ 801,973</u></u>	<u><u>\$ 728,658</u></u>	10.06%
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 15,802	\$ 7,774	103.27%
Accrued Payroll	68,578	37,567	82.55%
Current Portion of Debt	51,826	33,058	56.77%
Total Current Liabilities	<u>136,206</u>	<u>78,399</u>	73.73%
Long-Term Portion of Debt	64,327	99,431	-35.30%
TOTAL LIABILITES	<u><u>\$ 200,533</u></u>	<u><u>\$ 177,830</u></u>	12.77%
Net Position			
Net Investment in Capital Assets	\$ 452,920	\$ 278,280	62.76%
Unrestricted	148,520	272,548	-45.51%
TOTAL NET POSITION	<u><u>\$ 601,440</u></u>	<u><u>\$ 550,828</u></u>	9.19%

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 21/20 fiscal year.

**Table 2:
Changes in Net Position**

	Government-Wide Activities		Total Percentage
	2021	2020	Change 2021-2020
Revenues			
<u>Program Revenues:</u>			
Charges for Services	\$ 1,284,915	\$ 628,435	104.46%
Grants and Donations	12,299	12,293	0.05%
<u>General Revenues:</u>			
Property Taxes	250,749	213,057	17.69%
Rents	3,000	12,000	-75.00%
Miscellaneous Income	3,409	1,419	140.24%
TOTAL REVENUES	<u>1,554,372</u>	<u>867,204</u>	79.24%
<u>Program Expenses:</u>			
General	1,503,760	845,917	77.77%
TOTAL EXPENSES	<u>1,503,760</u>	<u>845,917</u>	77.77%
Increase / (Decrease) in Net Position	<u>\$ 50,612</u>	<u>\$ 21,287</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 \$250,749.

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

	Total Cost of Services		Net Revenue (Cost) from Services	
	2021	2020	2021	2020
Health Transport & EMS Services	\$ 1,503,760	\$ 845,917	\$ 218,845	\$ 217,482
TOTAL	<u>\$ 1,503,760</u>	<u>\$ 845,917</u>	<u>\$ 218,845</u>	<u>\$ 217,482</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, 2021, the District had invested \$452,921 in a broad range of capital assets. During the year the District invested in three new vehicles, a gurney, disinfecting machine, and radios.

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
	2021	2020	2021-2020
Building and Improvements	\$ 21,397	\$ 7,105	201.15%
Equipment	194,232	170,671	13.80%
Vehicles	760,084	587,987	29.27%
Totals at Historical Cost	975,713	765,763	
Total Accumulated Depreciation/Amortization	(522,792)	(354,994)	47.27%
NET CAPITAL ASSETS	\$ 452,921	\$ 410,769	

Table 5
Long-Term Debt

	Governmental Activities		Total Percentage Change
	2021	2020	2021-2020
Notes Payable	\$ 64,327	\$ 132,490	-51.45%
Total Debt Payable	\$ 64,327	\$ 132,490	

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, 2021

Assets	<u>Governmental Activities</u>
Cash	\$ 161,993
Accounts Receivable	126,107
Prepaid Expenses	1,677
Accrued Parcel Fees and Interest	59,137
Cash Advance to Employees	138
Capital Assets:	
Equipment	194,232
Buildings and Improvements	21,397
Vehicles and Machinery	760,084
Accumulated Depreciation	<u>(522,792)</u>
Total Assets	<u><u>\$ 801,973</u></u>
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 15,802
Accrued Payroll	68,578
Current Portion of Debt	51,826
Total Current Liabilities	<u>136,206</u>
Long-Term Portion of Debt	64,327
Total Liabilities	<u><u>\$ 200,533</u></u>
Net Position	
Net Investment in Capital Assets	\$ 452,920
Unrestricted	<u>148,520</u>
Total Net Position	<u><u>\$ 601,440</u></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, 2021**

<u>Governmental Activities</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Total Governmental Activities</u>
Health Transport and EMS Services	\$ 1,503,760	\$ 1,284,915	\$ (218,845)
Total Governmental Activities	<u>\$ 1,503,760</u>	<u>\$ 1,284,915</u>	<u>(218,845)</u>
General Revenues:			
County Assessment			250,749
Grants and Donations			12,299
Interest and Investment Earnings			1,131
Rents			3,000
Other Income			2,278
Total General Revenue			<u>269,457</u>
Change in net assets			50,612
Net Position Beginning			550,828
Net Position Ending			<u>\$ 601,440</u>

The accompanying notes are an integral part of this statement.

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

ASSETS

Cash	\$ 161,993
Accounts Receivable	126,107
Prepaid Expenses	1,677
Cash Advance to Employees	138
Accrued Parcel Fees and Interest	<u>59,137</u>
 TOTAL ASSETS:	 <u><u>\$ 349,052</u></u>

LIABILITIES AND FUND EQUITY

Liabilities:	
Accounts Payable	\$ 15,802
Accrued Payroll	<u>68,576</u>
Total Liabilities	<u>84,378</u>
 Fund Balance:	
Unassigned Fund Balance	<u>264,674</u>
Total Fund Balance	<u>264,674</u>
 TOTAL LIABILITIES AND FUND BALANCE:	 <u><u>\$ 349,052</u></u>

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, 2021**

Total Fund Balances - Governmental Fund	\$ 264,674
Reconciling Items:	
Balances of long-term debt are not recorded in the governmental fund.	(116,153)
Capital Assets are not recorded in the governmental fund.	<u>452,920</u>
Total Net Position - Governmental Activities	<u><u>\$ 601,440</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, 2021**

	General
Revenues	
Property Taxes	\$ 250,749
Donations and Fundraisers	12,299
Charges For Current Services	1,284,915
Rents	3,000
Interest	1,131
Other Local Income	2,264
Total Revenues	1,554,358
Expenditures	
Salaries, Wages and Benefits	764,010
Office	30,879
Insurance	53,038
Repairs and Maintenance	26,935
Services and Supplies	149,358
Professional Services	641
Utilities	16,178
Bad Debt Expense	287,710
Debt Service:	
Principal	36,323
Interest	7,210
Capital Outlay	209,950
Total Expenditures	1,582,232
Excess Of Revenues Over (Under) Expenditures	(27,874)
Non Operating Revenue	
Proceeds from New Loans	20,000
Excess Of Revenues Over (Under) Expenditures	(7,874)
Fund Balances - July 1	272,548
Fund Balances - June 30	\$ 264,674

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, 2021**

Net Changes in fund balances - total governmental fund	\$ (7,874)
Reconciling Items:	
The depreciation of capital assets is not recorded in the fund.	(167,800)
Principal payments on long-term debt are expenditures in the governmental fund.	36,336
Proceeds from New Loans	(20,000)
Capital Outlay is recorded as an expenditure in the governmental fund.	<u>209,950</u>
Changes in net position of governmental activities - statement of activities	<u>\$ 50,612</u>

The accompanying notes are an integral part of this statement

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 ground emergency medical services. 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 recognitions for all government fund revenues except property taxes which have a 60-day

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 2: Summary of Significant Accounting Policies (continued)

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, 2021</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, 2021

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, 2021

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, 2021, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Salaries and Wages	\$81,240
Insurance	6,019
Services and Supplies	21,918
Professional Services	8,491
Capital Outlay	27,550

Salaries and Wages, Insurance, Services and Supplies, Professional Services, and Capital Outlay exceeded appropriations due to unanticipated costs during the year.

Note 4: Cash and Investments

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

	<u>June 30, 2021</u>
Cash and cash equivalents	\$ 161,993

Cash is fully insured and collateralized.

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 5: Capital Assets

The following is summary of changes in capital assets for the year end June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Depreciable Capital Assets				
Building and improvements	\$ 7,105	\$ 14,292	\$ -	\$ 21,397
Furniture and equipment	170,671	23,561	-	194,232
Vehicles	587,987	172,097	-	760,084
Total Depreciable Capital Assets	765,763	209,950	-	975,713
Less: Accumulated depreciation	(354,994)	(167,798)	-	(522,792)
Total Depreciable Assets - Net	<u>410,769</u>	<u>\$ 42,152</u>	<u>\$ -</u>	<u>\$ 452,921</u>

Depreciation for the year ending June 30, 2021 was \$167,798.

Note 6: Long Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

	Balance June 30, 2020	Proceeds	Repayments	Balance June 30, 2021	Due Within One Year
Notes payable	<u>\$ 132,490</u>	<u>\$ 20,000</u>	<u>\$ 36,323</u>	<u>\$ 116,167</u>	<u>\$ 51,826</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

SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

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, 2021 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

The District is not currently involved in any 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.

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 September 3, 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, 2021**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	
Revenues				
Property Taxes	\$ 212,768	\$ 212,768	\$ 250,749	\$ 37,981
Donations and Fundraisers	12,936	12,936	12,299	(637)
Charges For Current Services	938,000	938,000	1,284,915	346,915
Rents	48,000	48,000	3,000	
Interest	600	600	1,131	531
Other Local Income	800	800	2,264	1,464
Total Revenues	1,213,104	1,213,104	1,554,358	386,254
Expenditures				
Salaries, Wages and Benefits	682,770	682,770	764,010	(81,240)
Office	39,320	39,320	30,879	8,441
Insurance	47,019	47,019	53,038	(6,019)
Repairs and Maintenance	73,749	73,749	26,935	46,814
Services and Supplies	127,440	127,440	149,358	(21,918)
Professional Services	16,000	16,000	641	15,359
Utilities	19,684	19,684	16,178	3,506
Bad Debt Expense			287,710	
Debt Service:				
Principal	36,992	36,992	36,323	669
Interest	8,750	8,750	7,210	1,540
Capital Outlay	182,400	182,400	209,950	(27,550)
Contingencies	225,374	225,374	-	225,374
Total Expenditures	1,459,498	1,459,498	1,582,232	(122,734)
Excess of Revenues Over (Under) Expenditures	\$ (246,394)	\$ (246,394)	(27,874)	\$ 263,520
Non Operating Revenue				
Proceeds from New Loans			20,000	
Excess of Revenues Over (Under) Expenditures			(7,874)	
Fund Balance - July 1			272,548	
Fund Balance - June 30			\$ 264,674	

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, 2021 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 September 3, 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 2021-001 to be 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
September 3, 2024

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

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

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

**YELLOW BOOK SECTION
Significant Deficiency**

Finding 2021-001 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 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.

Amount of Questioned Cost, How Computed and Prevalence

For 15 out of 15 disbursements tested, there was no indication of prior authorization, where such documentation might be reasonably expected for a Community Services District.

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 a 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.

District's Response

The District concurs with this finding.

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2021**

Finding 2020-001 – Lack of Segregation of Duties

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 2021-001.

**SOUTHERN CASCADES COMMUNITY SERVICES DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2021**

Person Monitoring Corrective Action Plan
Jamie Ingram, CFO

Finding 2021-001 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 fully implement obtaining prior authorization for purchases utilizing a purchasing policy and completing an order form.

Expected Completion Date

June 30, 2024