



# **LAKE SHASTINA COMMUNITY SERVICES DISTRICT**

## **AGENDA**

### **REGULAR MEETING**

Wednesday, January 18, 2017

1:00 p.m. Closed Session / 1:30 p.m. Open Session

Administration Building

16320 Everhart Drive • Weed, California 96094 • (530) 938-3281

**CALL TO ORDER:** 1:00 p.m.

**LSCSD Board Roll Call:** Directors: Cupp \_\_\_\_\_ Graves \_\_\_\_\_ Layne \_\_\_\_\_ MacIntosh \_\_\_\_\_ Thomsson \_\_\_\_\_

**PLEDGE OF ALLEGIANCE:**

**PUBLIC COMMENTS ON CLOSED SESSION:**

**ADJOURN TO CLOSED SESSION:**

**CLOSED SESSION:**

- A. CONFERENCE WITH LEGAL COUNSEL- PENDING LITIGATION Review of Arbitration proceedings with LSPOA regarding recovery of a portion of termination compensation paid to John McCarthy by District pursuant to paragraph (4) of subdivision (d) of Section 59456.9.
- B. CONFERENCE WITH LEGAL COUNSEL- PENDING LITIGATION Existing Litigation (Gov. Code § 54956.9) Moller v. LSCSD et. al.
- C. CONFERENCE WITH LABOR NEGOTIATORS - Pursuant to Government Code Section 54957.6 Agency Negotiators: Patrick Clark, Patrick Clark Consulting, Karl Drexel, General Manager; Employee Organization: Teamsters Local 137

**RETURN TO OPEN SESSION:** 1:30 p.m.

**REPORT ON CLOSED SESSION:**

**PUBLIC COMMENTS:** This is an opportunity for members of the public to address the Board on subjects within its jurisdiction, whether or not on the agenda for this meeting. Each individual comment will be limited to three minutes. The public comment portion of the meeting will be limited to thirty minutes (total time). For items that are on this agenda, speakers may request that their comments be heard instead at the time the item appears on the agenda prior to the Board addressing the agenda item. The Board may ask questions, but may not act during the Public Comments portion of the meeting, except to direct staff to prepare a report, or to place the item on a future agenda.

**CONSENT CALENDAR:** Items on the Consent Calendar are considered routine, not requiring separate discussion. However, if discussion is wanted, the item may be removed from the Consent Calendar and considered separately. Board members may ask questions of clarification without removing an item from the Calendar. Individual items are approved by the vote that approves the Consent Calendar, unless an item is pulled for separate consideration.

1. A. Approval of Minutes: Special Meeting December 14, 2016
- B. Ratification of Disbursements: December 1 through December 31, 2016
- C. Budget Comparison / Variance Report: FY 2016/2017 YTD
- D. Accounts Receivables Aging Analysis: FY 2016/2017 YTD

**DISCUSSION / ACTION ITEMS:**

2. Meeting management – action item (Pres. Graves)
3. CPA Audit and Financial Statements for year ended June 30, 2016: presentation and acceptance of audit (AGT and GM Drexel)
4. Monthly Reports:
  - A. Fire Department (FC Pappas)
  - B. Police Department (PO Beck)
5. Recognition of Dwayne and Karla Chandler – KEEP Committee (Pres. Graves)
6. Adoption of Ordinance 1-16 regarding Police Department Special Tax (GM Drexel)
7. Second Reading and Adoption of Ordinance 1-17 amending Animal Control Ordinance 1-11 (GM Drexel)
8. LSCSD/LSPOA: working relationship, agreement and rental charges (GM Drexel)
9. Burn Site Update – Staff Report (GM Drexel)
10. Drinking Water Wells – Committee Report (Dir. Layne)
  - A. Update on Well #4 Retrofit. Approve updated proposal for retrofit (GM Drexel)
11. Union Negotiations – Review and Approve Resolution \*-17 to approve, adopt and sign the new MOU (GM Drexel)

12. Appointments to committee(s), Board Policy and Procedure Handbook Section 4060 (Pres. Graves)  
Potential Committees:
  - Finance/Budget Standing Committee
  - Policy Ad Hoc Committee
13. Out of Service Area Agreement request for water service – Approve Out of Service Area Agreement and set fees (GM Drexel)
14. Goal setting and prioritization - action item (Pres. Graves)

STAFF COMMENTS / CORRESPONDENCE:

BOARD MEMBER COMMENTS:

ADJOURNMENT: The next LSCSD Regular Board Meeting is scheduled to be held on February 15, 2017, 1:00 p.m. at the Administration Building.

Supplementary documents and other materials distributed to the District board after their agenda packets have been distributed to the members may be viewed at the District office and obtained at the meeting.

1A



## LAKE SHASTINA COMMUNITY SERVICES DISTRICT

Special Meeting  
 Wednesday, December 14, 2016 – 1:00 p.m.  
 Administration Building  
 16320 Everhart Drive • Weed, California 96094 • (530) 938-3281

### **Unapproved MINUTES**

CALL TO ORDER AND ROLL CALL: 1:02 p.m.

LSCSD Board Roll Call: Cupp ☒ Graves ☒ Layne ☒ MacIntosh ☒ Thomsson ☒

Pres. Thomsson asked Vice Pres. Layne to chair the meeting as Acting President.

Also present: GM Drexel, SAC Nelle and AA Charvez. There were approximately 2 people in the audience.

PLEDGE OF ALLEGIANCE: Dir. Graves led the Pledge of Allegiance.

PUBLIC COMMENTS ON CLOSED SESSION: None

ADJOURN TO CLOSED SESSION: With no objections by the Board, Acting Pres. Layne adjourned to Closed Session at 1:03 p.m.

CLOSED SESSION: 1:04 p.m.

Also present: GM Drexel

- A. CONFERENCE WITH LEGAL COUNSEL- PENDING LITIGATION Review of Arbitration proceedings with LSPOA regarding recovery of a portion of termination compensation paid to John McCarthy by District pursuant to paragraph (4) of subdivision (d) of Section 59456.9.
- B. CONFERENCE WITH LEGAL COUNSEL- PENDING LITIGATION Existing Litigation (Gov. Code § 54956.9) Moller v. LSCSD et al.
- C. PUBLIC EMPLOYMENT Pursuant to Gov. Code § 54957(b)(1) Title: Police Chief

With no objections by the Board, Acting Pres. Layne adjourned Closed Session at 1:40 p.m.

RETURN TO OPEN SESSION: 1:43 p.m.

Also present: GM Drexel, SAC Nelle, AA Charvez, FC Pappas and PO Beck. There were approximately 26 people in the audience.

REPORT ON CLOSED SESSION: GM Drexel reported:

Items A. and B.: Nothing to report.

Item C.: The Board unanimously approved a three-year contract to hire Mike Wilson as the full time Police Chief; Mike has accepted the position and will begin full-time on February 1, 2017.

PUBLIC COMMENTS: Two (2) speakers.

CONSENT CALENDAR: (All items accepted/approved by the Board unless otherwise noted.)

1. A. Approval of Minutes: Regular Meeting November 16, 2016
- B. Ratification of Disbursements: November 1 through November 30, 2016
- C. Budget Comparison: FY 2016/2017 YTD

**Motion by Dir. Cupp second by Dir. Graves to approve Consent Calendar.**

**Ayes:** Directors Cupp, Graves, Layne, MacIntosh and Thomsson  
**Noes:** None  
**Absent:** None  
**Abstain:** Directors Cupp and Graves for Item 1.A. only

PUBLIC HEARING:

2. Second Reading, Public Hearing and Adoption for Ordinance regarding Police Department Special Tax

Acting Pres. Layne opened the Public Hearing at 1:50 p.m. The Board waived reading proposed Ordinance 1-16 in its entirety. No comments were received from the audience. Acting Pres. Layne closed the Public Hearing at 1:54 p.m. The Board discussed.

**Motion by Dir. Cupp second Dir. Graves to accept the Second Reading and adopt Ordinance 1-16 regarding Police Department Special Tax.**

**Ayes:** Directors Cupp, Graves, Layne, MacIntosh and Thomsson  
**Noes:** None  
**Absent:** None

3. First Reading/Introduction and Public Hearing for proposed amendment to Animal Control Ordinance.

Acting Pres. Layne opened the Public Hearing at 1:57 p.m. GM Drexel read proposed Ordinance in its entirety. Comments were received from the audience. Acting Pres. Layne closed the Public Hearing at 2:06 p.m. The Board discussed.

**Motion by Dir. Cupp second Dir. MacIntosh to the accept the First Reading of proposed Ordinance amending Animal Control Ordinance 1-11, as presented and proceed with the Second Reading and adoption at the Board's January meeting.**

**Ayes: Directors Cupp, Graves, Layne, MacIntosh and Thomsson**

**Noes: None**

**Absent: None**

DISCUSSION / ACTION ITEMS:

4. Fire Department Monthly Report: FC Pappas updated the Board.

A. Declare Surplus Equipment of Rescue Truck – Staff Report: GM Drexel reported.

**Motion by Dir. Thomsson second Dir. MacIntosh to authorize both the rescue truck (1996 International) and the Ford Exhibition be declared surplus equipment and authorize the Fire Department to sell them through the most appropriate venue.**

**Ayes: Directors Cupp, Graves, Layne, MacIntosh and Thomsson**

**Noes: None**

**Absent: None**

5. Police Department Monthly Report: PO Beck updated the Board.

A. Police Department Update – Staff Report: GM Drexel reported.

6. Burn Site Update – Staff Report: GM Drexel reported.

7. Drinking Water Wells – Appoint Ad Hoc Committee to review and recommend new site locations: Acting Pres. Layne appointed herself, Dir. MacIntosh and Don Moore for an ad hoc committee regarding new well site locations. A committee report is expected by the February meeting.

A. Update on Well #4 Retrofit. Verbal Report: GM Drexel reported that Well #4 emergency retrofit is more involved than originally assessed; an electrical contractor is working with Valley Pump on the issues.

8. Sewer Lift Station – Update on Lift Station B-113 retrofit. Verbal Report: GM Drexel reported that this project is expected to start the week of January 23, 2017.

9. SWRCB Planning Grants – Update on Drinking Water Application and Update on Wastewater Application – Staff Report: GM Drexel reported that two grants have been submitted and are currently under review. The Plan of Study for the Water System grant (\$500,000) is included in the Board packet.

10. Resolution for Amendment of Trustees for LSCSD Money Purchase Pension Plan: SAC Nelle reported.

**Motion by Dir. Thomsson second Dir. Cupp to approve Resolution 12-16 naming Mike Graves, Rita MacIntosh and Barbara Thomsson as trustees of the District Money Purchase Pension Plan and Trust.**

**Ayes: Directors Cupp, Graves, Layne, MacIntosh and Thomsson**

**Noes: None**

**Absent: None**

11. Election of Officers for 2017 Calendar Year:

A. President: Dir. MacIntosh nominated Dir. Graves to be President. The Board unanimously voted in favor of appointing Dir. Graves to be President.

B. Vice President: Dir. Graves nominated Dir. MacIntosh to be Vice President. The Board unanimously voted in favor of appointing Dir. MacIntosh to be Vice President.

12. Consideration of the Police Chief Agreement and Introduction of Police Chief: GM Drexel reported that in Closed Session the Board unanimously approved the contract to hire Mike Wilson and recommended the Board take the same action in open session.

**Motion by Dir. Thomsson second Dir. Layne to approve three-year contract to hire Mike Wilson as full time Police Chief, with the following amendment to the contract: delete all references regarding any role as Fire Chief or advisor to the Fire Department (Mike Wilson will be the Police Chief only).**

**Ayes: Directors Cupp, Graves, Layne, MacIntosh and Thomsson**

**Noes: None**

**Absent: None**

STAFF COMMENTS / CORRESPONDENCE: One (1) speaker.

BOARD MEMBER COMMENTS: Three (3) speakers.

ADJOURNMENT:

With no objections by the Board, Acting Pres. Layne adjourned the meeting at 3:12 p.m. to the next LSCSD Regular Board Meeting on Wednesday, January 18, 2017, 1:00 p.m. at the Administration Building.

Approval Date: \_\_\_\_\_

\_\_\_\_\_  
Mike Graves, President

ATTEST:

\_\_\_\_\_  
Karl Drexel, Secretary

TREASURER'S REPORT - RATIFICATION OF DISBURSEMENTS  
LAKE SHASTINA COMMUNITY SERVICES DISTRICT

1B

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Board motion "To ratify the checks for expenses, including payroll and liabilities, issued on behalf of the District for the period of December 1 thru December 31, 2016 for a total of: " \$ 148,227.69

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Each check has been signed by two directors with documentation attached to each check.

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Submitted for December 2016	\$ 148,227.69
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Expenses - Regular Checks SVB Account	\$ 97,351.98
Expenses - Payroll & Liability Checks SVB Account	\$ 50,875.71
<u>Subtotal</u>	<u>\$ 148,227.69</u>
<u>Total CSD Expenses</u>	<u>\$ 148,227.69</u>

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
ACCOUNTS PAYABLE - SCOTT VALLEY BANK

1B

LSPOA Shared Invoices											
Date	JE or Ck #	Payee	Total Expense	Regular Expenses	Payroll Expenses	10 General	15 Sewer	20 Water	25 Police	26 COPS Grant	30 Fire
12/2/2016	JE #65376	Bank Fees	28.50	28.50		28.50					
12/1/2016	505	First National Bank Visa - DN	2,045.88	2,045.88		143.40	2.00	2.00	1,894.48		4.00
12/1/2016	506	First National Bank Visa - RM	1,170.88	1,170.88			585.45	585.43			
12/1/2016	507	First National Bank Visa - SP	49.72	49.72							49.72
12/1/2016	509	Williams Scotsman Inc.	294.26	294.26			147.13	147.13			
12/1/2016	21568	American Water Works Association	420.00	420.00				420.00			
12/1/2016	21569	Anneliese Strehle	193.55	193.55		193.55					
12/1/2016	21570	AT&T	198.36	198.36				198.36			
12/1/2016	21571	Basic Lab	186.00	186.00				186.00			
12/1/2016	21572	California Peace Officers Association	90.00	90.00					90.00		
12/1/2016	21573	Computer Logistic, Inc.	48.00	48.00		48.00					
12/1/2016	21574	Deepwood Embroidery & Design	97.13	97.13			48.57	48.56			
12/1/2016	21575	Dick's Lock Services	52.09	52.09		52.09					
12/1/2016	21576	KD Management	4,348.00	4,348.00		4,348.00					
12/1/2016	21577	Kellie Power	373.00	373.00		308.00			32.50		32.50
12/1/2016	21578	Munson Pump Services	142.08	142.08			142.08				
12/1/2016	21579	Quality Auto and Tire	49.95	49.95					49.95		
12/1/2016	21580	Quill Corp	436.89	436.89		330.56	29.54	29.53	47.26		
12/1/2016	21581	Travis Cook	221.02	221.02		221.02					
12/1/2016	21582	US Postal Services	185.54	185.54		185.54					
12/1/2016	21583	Utility Telephone	530.41	530.41		318.24			159.12		53.05
12/1/2016	21584	Western Business Products	39.29	39.29		39.29					
12/5/2016	21587	LSPOA	2,994.74	2,994.74		2,994.74					
12/8/2016	21588	Diane Deckard Law Firm	8,145.00	8,145.00		8,145.00					
12/8/2016	21585	Payroll Checks (Live Checks)	1,231.84		1,231.84		1,231.84				
12/8/2016	21586	Edward Jones	238.68	238.68					78.08	160.60	
12/8/2016	502704	EDD EFT	768.41	768.41		191.47	230.42		35.14	294.71	16.67
12/8/2016	502705	EFTPS EFT	3,496.35	3,496.35		791.91	668.80		356.48	1,499.24	179.92
12/8/2016	502706	CalPERS EFT	1,900.84	1,900.84		1,020.74	880.10				
12/8/2016	502707	CalPERS 457 EFT	788.62	788.62		530.00	208.62			50.00	
12/8/2016	502708	SVB EFT - Payroll Checks (Direct Deposits)	14,330.81	14,330.81		4,911.12	3,435.78		1,353.54	3,561.00	1,069.37
12/15/2016	510	Verizon Wireless	259.07	259.07		53.54			214.16		(8.63)
12/15/2016	511	AT&T	82.72	82.72			41.36	41.36			
12/15/2016	21589	Aiello, Goodrich, & Teuscher	2,000.00	2,000.00			700.00	660.00	500.00		140.00
12/15/2016	21590	Associated Pension Consultants	1,215.00	1,215.00			112.00	112.00	991.00		
12/15/2016	21591	Basic Lab	128.00	128.00				128.00			
12/15/2016	21592	CSDA	4,551.00	4,551.00		4,551.00					
12/15/2016	21593	Don Erickson Oil, Inc.	1,760.23	1,760.23		471.25	363.86	355.24	270.66		299.22
12/15/2016	21594	Ferdinand or Patrick Gardetto	260.63	260.63		260.63					
12/15/2016	21595	Ferguson Waterworks	375.83	375.83				375.83			
12/15/2016	21596	Hue & Cry	38.00	38.00		38.00					

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
ACCOUNTS PAYABLE - SCOTT VALLEY BANK

1B

Date	JE or Ck #	LSPOA Shared Invoices *		Regular Expenses	Payroll Expenses	10	15	20	25	26	30
		Payee	Total Expense			General	Sewer	Water	Police	COPS Grant	Fire
12/15/2016	21597	KD Management	4,523.00	4,523.00		4,523.00					
12/15/2016	21598	Kirsher, Winston, & Boston	777.00	777.00		777.00					
12/15/2016	21599	LSCSD Utilities	161.44	161.44		69.47			37.73		54.24
12/15/2016	21600	Municipal Emergency Services	5,809.57	5,809.57							5,809.57
12/15/2016	21601	North Valley EAC	40.00	40.00		40.00					
12/15/2016	21602	Patrick Clark Consulting	1,728.00	1,728.00		1,728.00					
12/15/2016	21603	Randal or Pamela Morrison	247.84	247.84		247.84					
12/15/2016	21604	Shasta Auto Supple	189.31	189.31			93.17	21.56			74.58
12/15/2016	21605	Shasta Forest Products Inc	30.91	30.91				30.91			
12/15/2016	21606	Siskiyou Disposal	250.00	250.00		85.00	42.50	42.50	40.00		40.00
12/15/2016	21607	Solano's Inc	312.16	312.16			131.10	199.05			(17.99)
12/15/2016	21608	Stan Beck	64.47	64.47					64.47		
12/15/2016	21609	SWRCB	6,787.00	6,787.00			6,787.00				
12/15/2016	21610	US Bank Equipment Finance	121.94	121.94					121.94		
12/15/2016	21611	Valley Industrial Communications	335.27	335.27							335.27
12/15/2016	21612	Alex Pappas	540.00	540.00							540.00
12/15/2016	21613	Ben Harper	72.00	72.00							72.00
12/15/2016	21614	Brittany Donahoo	48.00	48.00							-
12/15/2016	21615	Brooklyn Tupman	24.00	24.00							-
12/15/2016	21616	Chris Lewis	72.00	72.00							-
12/15/2016	21617	Chris Pappas	744.00	744.00							-
12/15/2016	21618	Dakota Wilson	516.00	516.00							-
12/15/2016	21619	Darren Harris	156.00	156.00							-
12/15/2016	21620	Ian Singh	12.00	12.00							-
12/15/2016	21621	Jacob Franks	216.00	216.00							-
12/15/2016	21622	Jacob Fussell	360.00	360.00							-
12/15/2016	21623	James Elliott	840.00	840.00							-
12/15/2016	21624	Joshua Enevoldsen	312.00	312.00							-
12/15/2016	21625	Joshua Hawkins	132.00	132.00							-
12/15/2016	21626	Michael Wilson	12.00	12.00							-
12/15/2016	21627	Richard Hanes	264.00	264.00							-
12/15/2016	21628	Talon Baldwin	720.00	720.00							-
12/15/2016	21629	Tyler Bertolucci	144.00	144.00							-
12/15/2016	21630	Tyler Watson	1,200.00	1,200.00							-
12/15/2016	21631	Will Bullington	300.00	300.00							-
12/15/2016	21632	William Wallace	156.00	156.00							-
12/22/2016	21639	Payroll Checks (Live Checks)	1,655.17		1,655.17		1,655.17				
12/22/2016	21640	Edward Jones	171.48		171.48				120.83	50.65	
12/22/2016	502721	EDD EFT	956.83		956.83	310.30	372.12		69.35	184.38	20.68
12/22/2016	502722	EFTPS EFT	4,105.80		4,105.80	969.60	1,141.46		609.69	1,182.63	202.42
12/22/2016	502723	CalPERS EFT	2,459.98		2,459.98	1,223.52	1,236.46				
12/22/2016	502724	CalPERS 457 EFT	788.62		788.62	530.00	208.62			50.00	
12/22/2016	502725	SVB EFT - Payroll Checks (Direct Deposits)	17,442.80		17,442.80	6,416.43	4,347.87		2,335.18	3,142.21	1,201.11
12/22/2016	21641	Union Dues	539.48		539.48	197.00	233.00		56.24	53.24	



LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
ACCOUNTS PAYABLE - SCOTT VALLEY BANK

1B

Date	JE or Ck #	LSPOA Shared Invoices *		Regular Expenses	Payroll Expenses	10	15	20	25	26	30
		Payee	Total Expense			General	Sewer	Water	Police	COPS Grant	Fire
12/22/2016	21642	Ernest A. Long	1,325.00	1,325.00		1,325.00					
12/27/2016	JE #65377	OPC Returned Item Fee (CC pmts)	5.95	5.95		5.95					
12/29/2016	512	First National Bank Visa - DN	91.01	91.01		71.01	2.00	2.00	12.00		4.00
12/29/2016	513	First National Bank Visa - RM	328.87	328.87			111.93	216.94			
12/29/2016	514	First National Bank Visa - SP	244.80	244.80							244.80
12/29/2016	515	Pacific Power	14,805.95	14,805.95		1,462.76	5,568.05	7,083.88	226.52		464.74
12/29/2016	516	Williams Scotman Inc.	294.26	294.26			147.13	147.13			
12/29/2016	21643	3T Equipment Company Inc.	1,180.05	1,180.05			1,180.05				
12/29/2016	21644	AT&T	197.52	197.52				197.52			
12/29/2016	21645	Critical Reach	145.00	145.00					145.00		
12/29/2016	21646	Harvest Printing	836.35	836.35		836.35					
12/29/2016	21647	KD Management	5,151.00	5,151.00		5,151.00					
12/29/2016	21648	Kellie Power	373.00	373.00		308.00			32.50		32.50
12/29/2016	21649	LSPOA	9,058.19	9,058.19		9,058.19					
12/29/2016	21650	Personnel Preference Inc.	18.00	18.00					18.00		
12/29/2016	21651	Pitney Bowes Inc.	193.50	193.50		193.50					
12/29/2016	21652	Quill Corp	96.14	96.14		96.66			(0.52)		
12/29/2016	21653	Siskiyou Daily News	31.25	31.25					31.25		
12/29/2016	21654	Stan Beck	140.90	140.90					140.90		
12/29/2016	21655	Suburban Propane	895.51	895.51					447.76		447.75
12/29/2016	21656	Utility Telephone	529.00	529.00		317.40			158.70		52.90
12/29/2016	21657	Wal-Mart	18.21	18.21			18.21				
12/29/2016	21658	Western Business Products	163.84	163.84		163.84					
			148,227.69	97,351.98	50,875.71	66,282.41	32,103.39	11,230.93	10,739.91	10,228.66	11,414.39

## Ratification of Disbursements - December 2016

Vendors	Check Date	Total Invoice Amount	LSCSD Check Amount	Amount Paid by POA
First National Bank Visa-DN	12/1/2016	2,045.88	2,045.88	59.53
Computer Logistics	12/1/2016	48.00	48.00	24.00
Kellie Power	12/1/2016	373.00	373.00	154.00
Quill Corp	12/1/2016	436.89	436.89	162.09
Utility Telephone	12/1/2016	530.41	530.41	159.12
Verizon	12/15/2016	259.07	259.07	26.77
Don Erickson Oil, Inc.	12/15/2016	1,760.23	1,760.23	471.25
Hue & Cry	12/15/2016	38.00	38.00	19.00
LSCSD Utilities	12/15/2016	161.44	161.44	34.73
Siskiyou Disposal	12/15/2016	250.00	250.00	85.00
First National Bank Visa-DN	12/29/2016	91.01	91.01	22.70
Pacific Power	12/29/2016	14,805.95	14,805.95	1,053.79
Kellie Power	12/29/2016	373.00	373.00	154.00
Pitney Bowes	12/29/2016	193.50	193.50	96.75
Quill Corp	12/29/2016	96.14	96.14	71.49
Utility Telephone	12/29/2016	529.00	529.00	158.70
Western Business Products	12/29/2016	163.84	163.84	61.54

LAKE SHASTINA COMMUNITY SERVICES DISTRICT SCOTT VALLEY BANK ACCOUNT									
December 2016			Fund-#	10	15	20	25	26	30
Date	JE #	Description	AMOUNT	GENERAL	SEWER	WATER	POLICE	COPS GRANT	FIRE
12/1/2016		Balance Forward	141,220.80	51,971.60	102,364.38	(2,667.72)	50,780.40	(36,115.86)	(25,112.00)
		BEGINNING BALANCE							
12/1/2016	JE #64889	POA Payroll Reimb PPE 11/20/16	4,581.04	4,581.04					
12/1/2016	JE #64890	POA AP Reimbursement	1,439.24	1,439.24					
12/1/2016	JE #64971	Deposit - Cash Receipts 12/1 #99	3,761.58	313.68	1,391.20	1,594.62	298.32		163.76
12/5/2016	JE #64972	Deposit - Cash Receipts 12/1 #1	2,177.02	80.00	957.39	846.84	201.89		90.90
12/8/2016	JE #64977	Water/Sewer PR Transfer PPE 12/4/16			3,152.19	(3,152.19)			
12/8/2016	JE #64978	Correction - Pac Power ACH pmt Nov 2016	0.01		0.01				
12/14/2016	JE #64996	Deposit - Cash Receipts 12/13 #1	45,536.66	6,797.69	1,238.62	1,492.28	849.48	9,493.39	25,665.20
12/15/2016	JE #65137	POA Payroll Reimb PPE 12/4/16	4,281.87	4,281.87					
12/15/2016	JE #65138	POA AP Reimbursement	558.74	558.74					
12/27/2016	JE #65215	Deposit - Cash Receipts 12/23 #1	23,596.26	2,490.49	728.53	862.17	507.48		19,007.59
12/29/2016	JE #65278	POA AP Reimbursement	817.38	817.38					
12/31/2016	JE #65375	Interest	7.88	7.88					
		TOTAL Income	85,757.68	21,368.01	7,467.94	1,643.72	1,857.17	9,493.39	44,927.45
Date	JE # or Ck #	Vendor	TOTAL	GENERAL	SEWER	WATER	POLICE	COPS GRANT	FIRE
12/2/2016	JE #65376	Bank Fees	28.50	28.50					
12/1/2016	506	First National Bank Visa - DN	2,045.88	143.40	2.00	2.00	1,894.48		4.00
12/1/2016	506	First National Bank Visa - RM	1,170.88		585.45	585.43			
12/1/2016	507	First National Bank Visa - SP	49.72						49.72
12/1/2016	509	Williams Scotsman Inc.	294.26		147.13	147.13			
12/1/2016	21568	American Water Works Association	420.00			420.00			
12/1/2016	21569	Anneliese Strehle	193.55	193.55					
12/1/2016	21570	AT&T	198.36			198.36			
12/1/2016	21571	Basic Lab	186.00			186.00			
12/1/2016	21572	California Peace Officers Association	90.00				90.00		
12/1/2016	21573	Computer Logistic, Inc.	48.00	48.00					
12/1/2016	21574	Deepwood Embroidery & Design	97.13		48.57	48.56			
12/1/2016	21575	Dick's Lock Services	52.09	52.09					
12/1/2016	21576	KD Management	4,348.00	4,348.00					
12/1/2016	21577	Kellie Power	373.00	308.00			32.50		32.50
12/1/2016	21578	Munson Pump Services	142.08		142.08				
12/1/2016	21579	Quality Auto and Tire	49.95				49.95		
12/1/2016	21580	Quill Corp	436.89	330.56	29.54	29.53	47.26		
12/1/2016	21581	Travis Cook	221.02	221.02					
12/1/2016	21582	US Postal Services	185.54	185.54					
12/1/2016	21583	Utility Telephone	530.41	318.24			159.12		53.05
12/1/2016	21584	Western Business Products	39.29	39.29					
12/5/2016	21587	LSPOA	2,994.74	2,994.74					
12/8/2016	21588	Diane Deckard Law Firm	8,145.00	8,145.00					
12/8/2016	21585	Payroll Checks (Live Checks)	1,231.84		1,231.84				
12/8/2016	21586	Edward Jones	238.68				78.08	160.60	
12/8/2016	502704	EDD EFT	768.41	191.47	230.42		35.14	294.71	16.67
12/8/2016	502705	EFTPS EFT	3,496.35	791.91	668.80		356.48	1,499.24	179.92
12/8/2016	502706	CalPERS EFT	1,900.84	1,020.74	880.10				
12/8/2016	502707	CalPERS 457 EFT	788.62	530.00	208.62			50.00	
12/8/2016	502708	SVB EFT - Payroll Checks (Direct Deposits)	14,330.81	4,911.12	3,435.78		1,353.54	3,561.00	1,069.37
12/15/2016	510	Verizon Wireless	259.07	53.54			214.16		(8.63)
12/15/2016	511	AT&T	82.72		41.36	41.36			
12/15/2016	21589	Aiello, Goodrich, & Teuscher	2,000.00		700.00	660.00	500.00		140.00
12/15/2016	21590	Associated Pension Consultants	1,215.00		112.00	112.00	991.00		
12/15/2016	21591	Basic Lab	128.00			128.00			
12/15/2016	21592	CSDA	4,551.00	4,551.00					
12/15/2016	21593	Don Erickson Oil, Inc.	1,760.23	471.25	363.86	355.24	270.66		299.22
12/15/2016	21594	Ferdinand or Patrick Gardetto	260.63	260.63					
12/15/2016	21595	Ferguson Waterworks	375.83			375.83			
12/15/2016	21596	Hue & Cry	38.00	38.00					
12/15/2016	21597	KD Management	4,523.00	4,523.00					
12/15/2016	21598	Kirsher, Winston, & Boston	777.00	777.00					
12/15/2016	21599	LSCSD Utilities	161.44	69.47			37.73		54.24
12/15/2016	21600	Municipal Emergency Services	5,809.57						5,809.57
12/15/2016	21601	North Valley EAC	40.00	40.00					
12/15/2016	21602	Patrick Clark Consulting	1,728.00	1,728.00					
12/15/2016	21603	Randal or Pamela Morrison	247.84	247.84					
12/15/2016	21604	Shasta Auto Supply	189.31		93.17	21.56			74.58
12/15/2016	21605	Shasta Forest Products Inc	30.91			30.91			
12/15/2016	21606	Siskiyou Disposal	250.00	85.00	42.50	42.50	40.00		40.00
12/15/2016	21607	Solano's Inc	312.16		131.10	199.05			(17.99)
12/15/2016	21608	Stan Beck	64.47				64.47		
12/15/2016	21609	SWRCB	6,787.00		6,787.00				
12/15/2016	21610	US Bank Equipment Finance	121.94				121.94		
12/15/2016	21611	Valley Industrial Communications	335.27						335.27
12/15/2016	21612	Alex Pappas	540.00						540.00
12/15/2016	21613	Ben Harper	72.00						72.00
12/15/2016	21614	Brittany Donahoo	48.00						48.00
12/15/2016	21615	Brooklyn Tupman	24.00						24.00
12/15/2016	21616	Chris Lewis	72.00						72.00
12/15/2016	21617	Chris Pappas	744.00						744.00
12/15/2016	21618	Dakota Wilson	516.00						516.00
12/15/2016	21619	Darren Harris	156.00						156.00
12/15/2016	21620	Ian Singh	12.00						12.00
12/15/2016	21621	Jacob Franks	216.00						216.00

LAKE SHASTINA COMMUNITY SERVICES DISTRICT									
SCOTT VALLEY BANK ACCOUNT									
December 2016			Fund-#	10	15	20	25	26	30
Date	JE #	Description	AMOUNT	GENERAL	SEWER	WATER	POLICE	COPS GRANT	FIRE
12/15/2016	21622	Jacob Fussell	360.00						360.00
12/15/2016	21623	James Elliott	840.00						840.00
12/15/2016	21624	Joshua Enevoldsen	312.00						312.00
12/15/2016	21625	Joshua Hawkins	132.00						132.00
12/15/2016	21626	Michael Wilson	12.00						12.00
12/15/2016	21627	Richard Hanes	264.00						264.00
12/15/2016	21628	Talon Baldwin	720.00						720.00
12/15/2016	21629	Tyler Bertolucci	144.00						144.00
12/15/2016	21630	Tyler Watson	1,200.00						1,200.00
12/15/2016	21631	Will Bullington	300.00						300.00
12/15/2016	21632	William Wallace	156.00						156.00
12/22/2016	21639	Payroll Checks (Live Checks)	1,655.17		1,655.17				
12/22/2016	21640	Edward Jones	171.48				120.83	50.65	
12/22/2016	502721	EDD EFT	956.83	310.30	372.12		69.35	184.38	20.68
12/22/2016	502722	EFTPS EFT	4,105.80	969.60	1,141.46		609.69	1,182.63	202.42
12/22/2016	502723	CalPERS EFT	2,459.98	1,223.52	1,236.46				
12/22/2016	502724	CalPERS 457 EFT	788.62	530.00	208.62			50.00	
12/22/2016	502725	SVB EFT - Payroll Checks (Direct Deposits)	17,442.80	6,416.43	4,347.87		2,335.18	3,142.21	1,201.11
12/22/2016	21641	Union Dues	539.48	197.00	233.00		56.24	53.24	
12/22/2016	21642	Ernest A. Long	1,326.00	1,325.00					
12/27/2016	JE #65377	OPC Returned Item Fee (CC pmts)	5.95	5.95					
12/29/2016	512	First National Bank Visa - DN	91.01	71.01	2.00	2.00	12.00		4.00
12/29/2016	513	First National Bank Visa - RM	328.87		111.93	216.94			
12/29/2016	514	First National Bank Visa - SP	244.80						244.80
12/29/2016	515	Pacific Power	14,805.95	1,462.76	5,568.05	7,083.88	228.52		464.74
12/29/2016	516	Williams Scotman Inc.	294.26		147.13	147.13			
12/29/2016	21643	3T Equipment Company Inc.	1,180.05		1,180.05				
12/29/2016	21644	AT&T	197.52			197.52			
12/29/2016	21645	Critical Reach	145.00				145.00		
12/29/2016	21646	Harvest Printing	836.35	836.35					
12/29/2016	21647	KD Management	5,151.00	5,151.00					
12/29/2016	21648	Kellie Power	373.00	308.00			32.50		32.50
12/29/2016	21649	LSPOA	9,058.19	9,058.19					
12/29/2016	21650	Personnel Preference Inc.	18.00				18.00		
12/29/2016	21651	Pitney Bowes Inc.	193.50	193.50					
12/29/2016	21652	Quill Corp	96.14	96.66			(0.52)		
12/29/2016	21653	Siskiyou Daily News	31.25				31.25		
12/29/2016	21654	Stan Beck	140.90				140.90		
12/29/2016	21655	Suburban Propane	895.51				447.76		447.75
12/29/2016	21656	Utility Telephone	529.00	317.40			158.70		52.90
12/29/2016	21657	Wal-Mart	18.21		18.21				
12/29/2016	21658	Western Business Products	163.84	163.84					
		TOTAL DISTRIBUTION	148,227.69	66,282.41	32,103.39	11,230.93	10,739.91	10,228.66	17,642.39
12/1/2016		BEGINNING BALANCE	141,220.80	51,971.60	102,364.38	(2,667.72)	50,780.40	(36,115.86)	(25,112.00)
		DEPOSITS/TRANSFERS	86,757.68	21,368.01	7,467.94	1,643.72	1,857.17	9,493.39	44,927.45
		DISBURSEMENTS	(148,227.69)	(66,282.41)	(32,103.39)	(11,230.93)	(10,739.91)	(10,228.66)	(17,642.39)
12/31/2016		ENDING BALANCE	79,750.79	7,057.20	77,728.93	(12,254.93)	41,897.66	(36,851.13)	2,173.06
	JE #	Reclassified items posted							
		TOTAL	79,750.79	7,057.20	77,728.93	(12,254.93)	41,897.66	(36,851.13)	2,173.06
12/31/2016	JE #65378	Overhead Allocation - December 2016		51,801.36	(21,756.57)	(21,756.57)	(4,144.11)		(4,144.11)
12/31/2016		FINAL BALANCE	79,750.79	58,858.56	55,972.36	(34,011.50)	37,753.55	(36,851.13)	(1,971.05)

## LAKE SHASTINA COMMUNITY SERVICES DISTRICT

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## December 2016 Detailed Budget Comparison 2016/2017 YTD

For the Period: 7/1/2016 to 12/31/2016	Original Bud.	Amended Bud.	YTD Actual	CURR MTH	UnencBal	1/12/2017 % Bud
<b>Fund: 10 - LSCSD General Fund</b>						
<b>Revenues</b>						
Dept: 00						
Acct Class: 4055 Operational Income						
4055.000 Misc Operational Income	0.00	0.00	29.49	8.65	-29.49	0.0
5050.000 Transfer Fees	3,000.00	3,000.00	2,020.00	180.00	980.00	67.3
Acct Class: 4060 Interest						
5080.000 Interest Earned-OPS	200.00	200.00	141.28	9.15	58.72	70.6
5081.000 Interest Earned-RSV	395.00	395.00	288.66	0.00	108.34	72.6
Acct Class: 4070 Rents						
4070.000 Antenna Lease Revenue	22,067.00	22,067.00	10,604.40	434.09	11,462.60	48.1
Dept: 22 Medical Clinic						
Acct Class: 4070 Rents						
4053.000 Medical Clinic Revenue	60,264.00	60,264.00	25,110.00	0.00	35,154.00	41.7
<b>Revenues</b>	<b>85,926.00</b>	<b>85,926.00</b>	<b>38,191.83</b>	<b>631.89</b>	<b>47,734.17</b>	<b>44.4</b>
<b>Expenditures</b>						
Dept: 01 General Admin						
Acct Class: 5000 General Operating Expense						
7032.000 Filing Fees	250.00	250.00	40.00	0.00	210.00	16.0
7033.000 Licenses, Permits, Fees	3,000.00	3,000.00	1,794.79	125.30	1,205.21	59.8
7034.000 Dues & Subscriptions	4,000.00	4,000.00	4,965.25	4,729.32	-965.25	124.1
7062.000 Repair & Maintenance	3,500.00	3,500.00	1,516.09	1,281.67	1,983.91	43.3
7064.000 Materials/Supplies/Small Tools	500.00	500.00	0.00	0.00	500.00	0.0
7101.000 Property Taxes	150.00	150.00	63.00	0.00	87.00	42.0
7204.000 Events	750.00	750.00	5.99	5.99	744.01	0.8
7245.000 Election	2,000.00	2,000.00	0.00	0.00	2,000.00	0.0
Acct Class: 5005 Office Expense						
7050.100 Off Exp-Supplies	3,500.00	6,500.00	1,982.78	1,061.65	4,517.22	30.5
7050.200 Off Exp-Postage	4,000.00	6,400.00	3,581.99	1,542.26	2,818.01	56.0
7050.400 Off Exp-Maint	3,500.00	3,500.00	2,204.58	266.05	1,295.42	63.0
Acct Class: 5010 Payroll						
7501.000 Payroll Expense	280,749.62	189,977.62	85,920.50	15,661.91	104,057.12	45.2
7513.000 Payroll-TAXES	6,674.87	4,924.68	1,612.40	227.11	3,312.28	32.7
7514.000 Payroll-Benefits	74,485.80	55,981.80	26,420.85	0.00	29,560.95	47.2
7516.200 Pension Cost (CalPERS)	41,927.14	26,351.21	33,868.09	1,203.07	-7,516.88	128.5
7518.000 Workers Comp	5,182.81	1,757.25	5,338.88	0.00	-3,581.63	303.8
7530.100 PR Reimbursement Admin	-140,669.09	-114,297.02	-52,148.15	-8,862.91	-62,148.87	45.6
Acct Class: 5015 Travel/training/meals						
7550.000 Travel & Training	2,000.00	2,000.00	0.00	0.00	2,000.00	0.0
7551.000 Meals	750.00	750.00	33.00	14.55	717.00	4.4
Acct Class: 5024 Professional Services						
7035.000 Advertising	500.00	500.00	329.75	0.00	170.25	66.0
7041.000 Legal	60,000.00	60,000.00	60,926.25	15,087.50	-926.25	101.5
Acct Class: 5025 Contractual						
7026.000 Contract Services	6,000.00	96,500.00	57,719.24	9,945.09	38,780.76	59.8
Acct Class: 5030 Insurance, Liability						
7040.000 Insurance (Liability)	600.00	600.00	380.86	0.00	219.14	63.5
Acct Class: 5055 Utilities						
7105.000 Utilities - CSD	1,000.00	1,000.00	356.84	34.74	643.16	35.7
7105.100 Util-Telephone	2,200.00	2,200.00	1,118.48	371.31	1,081.52	50.8
7105.200 Util-Electric	4,000.00	4,000.00	1,668.43	408.97	2,331.57	41.7
7105.400 Utilities-Propane	500.00	500.00	87.50	0.00	412.50	17.5
Acct Class: 6000 Admin Overhead Alloc						
7002.000 Admin Overhead Alloc	-339,370.00	-349,379.00	-239,058.11	-51,801.36	-110,320.89	68.4
Acct Class: 6010 Capital Expenditures						
7010.000 Capital Improvement	0.00	0.00	9,000.35	0.00	-9,000.35	0.0
Less Reimbursement due from LAIF Savings	0.00	0.00	-9,000.35	0.00	9,000.35	0.0
Dept: 22 Medical Clinic						
Acct Class: 5000 General Operating Expense						
7053.000 Medical Building Contract	41,804.00	41,804.00	0.00	0.00	41,804.00	0.0
7062.000 Repair & Maintenance	5,000.00	6,500.00	1,211.82	581.67	5,288.18	18.6
7080.000 Interest Expense	2,196.00	2,196.00	1,486.34	0.00	709.66	67.7
7084.000 Loan Principle Expense	0.00	0.00	20,513.66	0.00	-20,513.66	0.0
Acct Class: 5010 Payroll						
7530.000 Payroll Reimbursement	4,250.00	4,250.00	8.00	0.00	4,242.00	0.2
Acct Class: 5030 Insurance, Liability						
7040.000 Insurance (Liability)	600.00	600.00	556.08	0.00	43.92	92.7
<b>Expenditures</b>	<b>85,531.15</b>	<b>69,266.54</b>	<b>24,505.18</b>	<b>-8,116.11</b>	<b>44,761.36</b>	<b>35.4</b>

**Fund: 15 - LSCSD Sewer Dept****Revenues**

Acct Class: 4001 Assessments & Revenues						
4001.100 Assmt/Revenue-Residential	470,207.00	470,207.00	236,138.40	0.00	234,068.60	50.2
4001.200 Assmt/Revenue-Standby	66,204.00	66,204.00	33,075.00	0.00	33,129.00	50.0
4001.300 Assmt/Revenue-Commercial	4,909.00	4,909.00	4,388.04	439.92	520.96	89.4
4003.000 Late Payment Revenue	4,250.00	4,250.00	1,679.29	316.22	2,570.71	39.5
Acct Class: 4055 Operational Income						
4055.000 Misc Operational Income	2,000.00	2,000.00	952.75	0.00	1,047.25	47.6
5004.000 Sewer Hook Up Fee	14,498.00	14,498.00	7,248.50	0.00	7,249.50	50.0
5005.000 Sewer Payment Contracts	252.00	252.00	126.00	0.00	126.00	50.0
Acct Class: 4060 Interest						
5081.000 Interest Earned-RSV	1,500.00	1,500.00	666.30	0.00	833.70	44.4
<b>Revenues</b>	<b>563,820.00</b>	<b>563,820.00</b>	<b>284,274.28</b>	<b>756.14</b>	<b>279,545.72</b>	<b>50.4</b>

**Expenditures**

Acct Class: 5000 General Operating Expense						
7003.000 Bad Debt	0.00	0.00	4.01	0.00	-4.01	0.0
7033.000 Licenses, Permits, Fees	7,500.00	7,500.00	7,554.27	6,808.50	-54.27	100.7
7034.000 Dues & Subscriptions	500.00	500.00	80.60	0.00	419.40	16.1
7062.000 Repair & Maintenance	20,000.00	20,000.00	3,875.37	74.77	16,124.63	19.4
7064.000 Materials/Supplies/Small Tools	5,000.00	5,000.00	1,295.28	611.86	3,704.72	25.9
7080.000 Interest Expense	25,542.52	25,542.52	13,031.30	0.00	12,511.22	51.0
7085.000 Municipal Finance Principle	35,482.92	35,482.92	17,481.42	0.00	18,001.50	49.3
7100.000 Lease/Rent Expense	1,800.00	1,800.00	1,029.91	294.26	770.09	57.2
Acct Class: 5005 Office Expense						
7050.100 Off Exp-Supplies	400.00	400.00	46.68	29.54	353.32	11.7
7050.200 Off Exp-Postage	100.00	100.00	0.00	0.00	100.00	0.0
Acct Class: 5010 Payroll						
7501.000 Payroll Expense	262,956.33	166,637.63	71,670.69	14,379.97	94,966.94	43.0
7513.000 Payroll-TAXES	6,416.87	4,152.25	1,270.19	329.46	2,882.06	30.6
7514.000 Payroll-Benefits	89,359.20	66,754.80	23,195.25	0.00	43,559.55	34.7
7516.200 Pension Cost (CalPERS)	35,820.54	22,961.98	24,290.15	1,140.83	-1,328.17	105.8
7518.000 Workers Comp	32,060.28	20,328.66	29,693.71	0.00	-9,365.05	146.1
7530.000 Payroll Reimbursement	-187,095.30	-112,334.13	-60,593.56	-10,515.00	-51,740.57	53.9
7552.000 Employee Physical Exams-Shots	500.00	500.00	0.00	0.00	500.00	0.0
7556.000 Uniforms	1,200.00	1,200.00	738.74	160.50	461.26	61.6
Acct Class: 5015 Travel/Training/Meals						
7550.000 Travel & Training	1,500.00	1,500.00	0.00	0.00	1,500.00	0.0
7551.000 Meals	400.00	400.00	39.07	15.89	360.93	9.8
Acct Class: 5024 Professional Services						
7001.000 Accounting Audit/Review	4,200.00	4,200.00	4,025.00	175.00	175.00	95.8
7041.000 Legal	1,000.00	1,000.00	0.00	0.00	1,000.00	0.0
Acct Class: 5025 Contractual						
7026.000 Contract Services	10,000.00	10,000.00	858.90	94.50	9,141.10	8.6
Acct Class: 5030 Insurance, Liability						
7040.000 Insurance (Liability)	21,000.00	21,000.00	18,000.78	0.00	2,999.22	85.7
Acct Class: 5055 Utilities						
7105.100 Util-Telephone	250.00	490.00	223.22	41.36	266.78	45.6
7105.200 Util-Electric	49,325.00	49,325.00	23,342.68	5,405.90	25,982.32	47.3
7105.300 Util-Waste	510.00	510.00	255.00	42.50	255.00	50.0
Acct Class: 5075 Equipment						
7061.000 Rental Equipment	500.00	500.00	0.00	0.00	500.00	0.0
7063.000 Fuel	6,500.00	6,500.00	2,401.99	812.86	4,098.01	37.0
7065.000 Vehicle Repair/Maintenance	3,500.00	3,500.00	4,011.15	1,523.23	-511.15	114.6
Acct Class: 6000 Admin Overhead Alloc						
7002.000 Admin Overhead Alloc	142,535.40	146,739.18	100,404.41	21,756.57	46,334.77	68.4
Acct Class: 6010 Capital Expenditures						
7010.000 Capital Improvement	277,000.00	277,000.00	1,149.22	162.14	275,850.78	0.4
Less Reimbursement due from LAIF Savings	-277,000.00	-277,000.00	-1,149.22	-162.14	-275,850.78	-0.4
<b>Expenditures</b>	<b>578,763.76</b>	<b>512,190.81</b>	<b>288,226.21</b>	<b>43,182.50</b>	<b>223,964.60</b>	<b>56.3</b>

**Fund: 20 - LSCSD Water Dept**

Revenues

Dept: 00						
Acct Class: 4001 Assessments & Revenues						
4001.100 Assmt/Revenue-Residential	325,220.30	325,220.30	185,323.34	0.00	139,896.96	57.0
4001.200 Assmt/Revenue-Standby	104,320.00	104,320.00	52,083.34	-6.66	52,236.66	49.9
4001.300 Assmt/Revenue-Commercial	14,260.95	14,260.95	9,112.51	793.79	5,148.44	63.9
4003.000 Late Payment Revenue	8,700.00	8,700.00	4,214.17	637.93	4,485.83	48.4
Acct Class: 4020 Construction-New Home						
4075.000 Water Capacity Expansion Fee	640.00	640.00	320.00	0.00	320.00	50.0
5006.000 Water Hook Up Fee	530.00	530.00	265.00	0.00	265.00	50.0
Acct Class: 4050 Other Operating Revenues						
5040.000 Gain on Sale of Equipment	750.00	750.00	0.00	0.00	750.00	0.0
Acct Class: 4055 Operational Income						
4058.000 Misc-Non Operating Income	0.00	0.00	86.00	0.00	-86.00	0.0
Acct Class: 4060 Interest						
5081.000 Interest Earned-RSV	5,800.00	5,800.00	3,251.20	0.00	2,548.80	56.1
Dept: 22 Medical Clinic						
Acct Class: 4050 Other Operating Revenues						
4054.000 Loan Principle Revenue	0.00	0.00	20,513.66	0.00	-20,513.66	0.0

<b>Revenues</b>	<b>460,221.25</b>	<b>460,221.25</b>	<b>275,169.22</b>	<b>1,425.06</b>	<b>185,052.03</b>	<b>59.8</b>
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Expenditures

Acct Class: 5000 General Operating Expense						
7033.000 Licenses, Permits, Fees	6,000.00	6,000.00	237.02	21.50	5,762.98	4.0
7034.000 Dues & Subscriptions	1,300.00	1,300.00	750.60	420.00	549.40	57.7
7062.000 Repair & Maintenance	25,000.00	25,000.00	38,881.51	715.08	-13,881.51	155.5
7064.000 Materials/Supplies/Small Tools	4,000.00	4,000.00	1,331.47	593.64	2,668.53	33.3
7100.000 Lease/Rent Expense	1,800.00	1,800.00	1,029.91	294.26	770.09	57.2
Acct Class: 5005 Office Expense						
7050.100 Off Exp-Supplies	650.00	650.00	46.68	29.53	603.32	7.2
7050.200 Off Exp-Postage	800.00	800.00	561.73	557.54	238.27	70.2
Acct Class: 5010 Payroll						
7530.000 Payroll Reimbursement	140,509.14	112,334.13	57,711.07	10,481.69	54,623.06	51.4
7556.000 Uniforms	1,200.00	1,200.00	588.74	160.50	611.26	49.1
Acct Class: 5015 Travel/training/meals						
7550.000 Travel & Training	2,000.00	2,000.00	0.00	0.00	2,000.00	0.0
7551.000 Meals	350.00	350.00	39.05	15.88	310.95	11.2
Acct Class: 5024 Professional Services						
7001.000 Accounting Audit/Review	3,960.00	3,960.00	3,795.00	165.00	165.00	95.8
7041.000 Legal	5,000.00	5,000.00	0.00	0.00	5,000.00	0.0
Acct Class: 5025 Contractual						
7026.000 Contract Services	12,000.00	12,000.00	1,208.50	408.50	10,791.50	10.1
Acct Class: 5030 Insurance, Liability						
7040.000 Insurance (Liability)	23,000.00	23,000.00	19,663.38	0.00	3,336.62	85.5
Acct Class: 5055 Utilities						
7105.100 Util-Telephone	2,650.00	2,900.00	1,418.09	437.24	1,481.91	48.9
7105.200 Util-Electric	97,000.00	97,000.00	52,437.69	7,083.88	44,562.31	54.1
7105.300 Util-Waste	510.00	510.00	255.00	42.50	255.00	50.0
Acct Class: 5075 Equipment						
7063.000 Fuel	6,500.00	6,500.00	1,925.75	804.24	4,574.25	29.6
7065.000 Vehicle Repair/Maintenance	3,000.00	3,000.00	2,072.93	33.93	927.07	69.1
Acct Class: 6000 Admin Overhead Alloc						
7002.000 Admin Overhead Alloc	142,535.40	146,739.18	100,404.38	21,756.57	46,334.80	68.4
7010.000 Capital Improvement	310,000.00	310,000.00	2,750.00	2,750.00	307,250.00	0.9
Less Reimbursement due from LAIF Savings	-310,000.00	-310,000.00	-2,750.00	-2,750.00	-307,250.00	0.0

<b>Expenditures</b>	<b>479,764.54</b>	<b>456,043.31</b>	<b>284,358.50</b>	<b>44,021.48</b>	<b>171,684.81</b>	<b>62.4</b>
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**Fund: 25 - LSCSD Police Department**

Revenues

Acct Class: 4001 Assessments & Revenues						
4001.100 Assmt/Revenue-Residential	80,210.00	80,210.00	40,170.00	0.00	40,040.00	50.1
4001.200 Assmt/Revenue-Standby	169,390.00	169,390.00	84,537.91	-10.84	84,852.09	49.9
4001.300 Assmt/Revenue-Commercial	2,015.00	2,015.00	1,007.50	0.00	1,007.50	50.0
4003.000 Late Payment Revenue	5,700.00	5,700.00	2,448.59	289.48	3,251.41	43.0
Acct Class: 4050 Other Operating Revenues						
5040.000 Gain on Sale of Equipment	1,500.00	1,500.00	0.00	0.00	1,500.00	0.0
5054.000 Animal Control Fees - Other	300.00	300.00	0.00	0.00	300.00	0.0
5055.000 Animal License Fee	4,000.00	4,000.00	175.00	40.00	3,825.00	4.4
5056.000 Warrant	2,500.00	2,500.00	418.47	99.14	2,081.53	16.7
5062.000 Event Donations	500.00	500.00	225.00	0.00	275.00	45.0
Acct Class: 4055 Operational Income						
4056.000 Misc-Non Operating Income	3,200.00	3,200.00	25.00	0.00	3,175.00	0.8
Acct Class: 4060 Interest						
5081.000 Interest Earned-RSV	625.00	625.00	367.11	0.00	257.89	58.7

<b>Revenues</b>	<b>269,940.00</b>	<b>269,940.00</b>	<b>129,374.58</b>	<b>417.78</b>	<b>140,565.42</b>	<b>47.9</b>
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**Fund: 25 - LSCSD Police Department**

Expenditures

Acct Class: 5000 General Operating Expense						
7003.000 Bad Debt	0.00	0.00	25.64	0.00	-25.64	0.0
7033.000 Licenses, Permits, Fees	1,600.00	1,600.00	549.76	259.00	1,050.24	34.4
7034.000 Dues & Subscriptions	2,600.00	2,600.00	2,514.00	145.00	86.00	96.7
7062.000 Repair & Maintenance	1,300.00	1,300.00	290.83	290.83	1,009.17	22.4
7064.000 Materials/Supplies/Small Tools	1,500.00	1,500.00	97.37	97.37	1,402.63	6.5
7204.000 Events	500.00	500.00	0.00	0.00	500.00	0.0
Acct Class: 5005 Office Expense						
7050.100 Off Exp-Supplies	1,000.00	1,000.00	498.67	46.74	501.33	49.9
7050.200 Off Exp-Postage	400.00	400.00	31.11	11.51	368.89	7.8
7050.400 Off Exp-Maint	1,850.00	1,850.00	804.79	121.94	1,045.21	43.5
Acct Class: 5010 Payroll						
7501.000 Payroll Expense	112,325.78	94,427.69	29,572.32	4,473.40	64,855.37	31.3
7513.000 Payroll-TAXES	9,604.14	8,234.94	2,447.79	342.22	5,787.15	29.7
7514.000 Payroll-Benefits	14,666.64	27,619.44	7,605.81	0.00	20,013.63	27.5
7516.100 Pension Cost (EJ)	5,344.81	5,651.94	1,193.40	198.91	4,458.54	21.1
7518.000 Workers Comp	10,708.94	9,148.22	14,068.93	0.00	-4,920.71	153.8
7530.000 Payroll Reimbursement	1,200.00	1,200.00	45.15	33.31	1,154.85	3.8
7552.000 Employee Physical Exams-Shots	500.00	500.00	0.00	0.00	500.00	0.0
7556.000 Uniforms	2,000.00	2,000.00	721.00	22.58	1,279.00	36.1
Acct Class: 5015 Travel/training/meals						
7550.000 Travel & Training	3,000.00	3,000.00	2,968.36	2,057.90	31.64	98.9
7551.000 Meals	500.00	500.00	506.00	0.00	-6.00	101.2
Acct Class: 5024 Professional Services						
7001.000 Accounting Audit/Review	3,000.00	3,000.00	2,875.00	125.00	125.00	95.8
7035.000 Advertising	500.00	500.00	31.25	31.25	468.75	6.3
7041.000 Legal	1,000.00	1,000.00	80.00	0.00	920.00	8.0
Acct Class: 5025 Contractual						
7026.000 Contract Services	3,000.00	3,000.00	1,098.50	854.00	1,901.50	36.6
Acct Class: 5030 Insurance, Liability						
7040.000 Insurance (Liability)	10,000.00	10,000.00	8,206.31	0.00	1,793.69	82.1
Acct Class: 5055 Utilities						
7105.000 Utilities - CSD	600.00	600.00	414.53	37.73	185.47	69.1
7105.100 Util-Telephone	5,000.00	5,000.00	2,228.85	780.43	2,771.15	44.6
7105.200 Util-Electric	2,860.00	2,860.00	1,014.38	226.52	1,845.62	35.5
7105.300 Util-Waste	480.00	480.00	240.00	40.00	240.00	50.0
7105.400 Utilities-Propane	1,000.00	1,000.00	447.76	447.76	552.24	44.8
Acct Class: 5075 Equipment						
7063.000 Fuel	10,000.00	10,000.00	1,320.50	527.59	8,679.50	13.2
7065.000 Vehicle Repair/Maintenance	4,500.00	4,500.00	524.59	49.95	3,975.41	11.7
Acct Class: 6000 Admin Overhead Alloc						
7002.000 Admin Overhead Alloc	27,149.60	27,950.32	19,124.66	4,144.11	8,825.65	68.4
Acct Class: 6010 Capital Expenditures						
7010.000 Capital Improvement	3,000.00	3,000.00	0.00	0.00	3,000.00	0.0
Less Reimbursement due from LAIF Savings	-3,000.00	-3,000.00	0.00	0.00	-3,000.00	0.0

<b>Expenditures</b>	<b>239,689.91</b>	<b>232,922.55</b>	<b>101,547.26</b>	<b>15,365.05</b>	<b>131,375.29</b>	<b>43.6</b>
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**Fund: 26 - COPS Grant**

Revenues

Acct Class: 4001 Assessments & Revenues						
5075.000 Grant Income	115,000.00	115,000.00	29,815.90	9,493.39	85,184.10	25.9
<b>Revenues</b>	<b>115,000.00</b>	<b>115,000.00</b>	<b>29,815.90</b>	<b>9,493.39</b>	<b>85,184.10</b>	<b>25.9</b>

Expenditures

Acct Class: 5010 Payroll						
7501.000 Payroll Expense	60,641.58	60,641.58	60,489.82	9,305.53	151.76	99.7
7513.000 Payroll-TAXES	5,012.64	5,012.64	4,951.48	711.88	61.16	98.8
7514.000 Payroll-Benefits	19,429.20	19,429.20	9,780.81	0.00	9,648.39	50.3
7516.100 Pension Cost (EJ)	2,569.63	2,569.63	1,294.71	211.25	1,274.92	50.4
7518.000 Workers Comp	5,287.95	5,287.95	5,241.79	0.00	46.16	99.1
7552.000 Employee Physical Exams-Shots	300.00	300.00	0.00	0.00	300.00	0.0
7556.000 Uniforms	500.00	500.00	0.00	0.00	500.00	0.0
Acct Class: 5015 Travel/training/meals						
7550.000 Travel & Training	4,000.00	4,000.00	0.00	0.00	4,000.00	0.0
7551.000 Meals	500.00	500.00	0.00	0.00	500.00	0.0

<b>Expenditures</b>	<b>98,241.00</b>	<b>98,241.00</b>	<b>81,758.61</b>	<b>10,228.66</b>	<b>16,482.39</b>	<b>83.2</b>
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**Fund: 30 - LSCSD Fire Department****Revenues****Dept: 00****Acct Class: 4001 Assessments & Revenues**

4001.100 Assmt/Revenue-Residential	49,360.00	49,360.00	24,720.00	0.00	24,640.00	50.1
4001.200 Assmt/Revenue-Standby	65,150.00	65,150.00	32,514.59	-4.16	32,635.41	49.9
4001.300 Assmt/Revenue-Commercial	1,060.00	1,060.00	530.00	0.00	530.00	50.0
4003.000 Late Payment Revenue	2,500.00	2,500.00	1,009.15	122.83	1,490.85	40.4
5075.000 Grant Income	7,500.00	7,500.00	0.00	0.00	7,500.00	0.0

**Acct Class: 4050 Other Operating Revenues**

4076.000 Fire Suppression Expansion Fee	316.00	316.00	158.00	0.00	158.00	50.0
5040.000 Gain on Sale of Equipment	38,000.00	38,000.00	0.00	0.00	38,000.00	0.0
5056.000 Warrant	5,000.00	5,000.00	3,310.24	2,757.84	1,689.76	66.2
5062.000 Event Donations	1,000.00	1,000.00	0.00	0.00	1,000.00	0.0

**Acct Class: 4055 Operational Income**

4056.000 Misc-Non Operating Income	90,000.00	0.00	0.00	0.00	0.00	0.0
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**Acct Class: 4060 Interest**

5081.000 Interest Earned-RSV	400.00	400.00	53.88	0.00	346.12	13.5
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**Dept: 45 Mutual Aid Strike Team****Acct Class: 4055 Operational Income**

4080.000 Strike Team Revenues	0.00	115,165.00	61,079.96	41,407.89	54,085.04	53.0
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**Revenues**

<b>260,286.00</b>	<b>285,451.00</b>	<b>123,375.82</b>	<b>44,284.40</b>	<b>162,075.18</b>	<b>43.2</b>
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**Expenditures****Dept: 01 General Admin****Acct Class: 5000 General Operating Expense**

7003.000 Bad Debt	0.00	0.00	6.30	0.00	-6.30	0.0
7033.000 Licenses, Permits, Fees	350.00	350.00	24.15	8.00	325.85	6.9
7034.000 Dues & Subscriptions	925.00	925.00	125.00	0.00	800.00	13.5
7051.000 Public Safety Supplies	5,000.00	5,000.00	183.06	183.06	4,816.94	3.7
7051.100 Mandatory Safety Equipment	10,000.00	10,000.00	1,796.06	1,796.06	8,203.94	18.0
7062.000 Repair & Maintenance	6,000.00	6,000.00	760.73	290.83	5,239.27	12.7
7064.000 Materials/Supplies/Small Tools	3,500.00	3,500.00	602.68	250.27	2,897.32	17.2
7204.000 Events	500.00	500.00	0.00	0.00	500.00	0.0

**Acct Class: 5005 Office Expense**

7050.100 Off Exp-Supplies	650.00	650.00	158.63	0.00	491.37	24.4
7050.200 Off Exp-Postage	100.00	100.00	2.03	0.00	97.97	2.0

**Acct Class: 5010 Payroll**

7501.000 Payroll Expense	100,705.60	27,300.00	12,695.84	2,499.00	14,604.16	46.5
7513.000 Payroll-TAXES	8,862.76	2,379.23	1,203.47	191.17	1,175.76	50.6
7518.000 Workers Comp	18,817.49	11,271.00	10,891.94	0.00	379.06	96.6
7530.000 Payroll Reimbursement	-33,107.21	0.00	11.84	0.00	-11.84	0.0
7552.000 Employee Physical Exams-Shots	1,200.00	1,200.00	0.00	0.00	1,200.00	0.0
7556.000 Uniforms	4,000.00	4,000.00	666.44	95.02	3,333.56	16.7

**Acct Class: 5015 Travel/training/meals**

7549.000 Vounteer FF Stipend	14,000.00	14,000.00	6,840.00	6,840.00	7,160.00	48.9
7550.000 Travel & Training	7,000.00	7,000.00	219.06	0.00	6,780.94	3.1
7551.000 Meals	1,500.00	1,500.00	196.83	38.63	1,303.17	13.1

**Acct Class: 5024 Professional Services**

7001.000 Accounting Audit/Review	840.00	840.00	805.00	35.00	35.00	95.8
7041.000 Legal	1,000.00	1,000.00	0.00	0.00	1,000.00	0.0

**Acct Class: 5025 Contractual**

7026.000 Contract Services	2,000.00	2,000.00	427.00	32.50	1,573.00	21.4
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**Acct Class: 5030 Insurance, Liability**

7040.000 Insurance (Liability)	7,500.00	7,500.00	6,786.61	0.00	713.39	90.5
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**Acct Class: 5055 Utilities**

7105.000 Utilities - CSD	850.00	850.00	497.04	54.24	352.96	58.5
7105.100 Util-Telephone	650.00	650.00	598.73	188.58	51.27	92.1
7105.200 Util-Electric	4,400.00	4,400.00	1,304.79	464.74	3,095.21	29.7
7105.300 Util-Waste	480.00	480.00	240.00	40.00	240.00	50.0
7105.400 Utilities-Propane	1,000.00	1,000.00	447.75	447.75	552.25	44.8

**Acct Class: 5075 Equipment**

7063.000 Fuel	8,000.00	8,000.00	2,993.15	783.38	5,006.85	37.4
7065.000 Vehicle Repair/Maintenance	15,000.00	15,000.00	19,474.47	655.00	-4,474.47	129.8
7075.000 VFA Grant Equipment	15,000.00	15,000.00	10,856.03	4,348.78	4,143.97	72.4

**Acct Class: 6000 Admin Overhead Alloc**

7002.000 Admin Overhead Alloc	27,149.60	27,350.32	19,124.66	4,144.11	8,825.66	68.4
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**Acct Class: 6010 Capital Expenditures**

7010.000 Capital Improvement	113,000.00	113,000.00	32,474.00	0.00	80,526.00	28.7
Less Reimbursement due from LAIF Savings	-113,000.00	-113,000.00	-32,474.00	20.00	-80,526.00	-28.7

**Dept: 45 Mutual Aid Strike Team****Acct Class: 5010 Payroll**

7501.000 Payroll Expense	0.00	80,285.00	65,911.01	0.00	14,373.99	82.1
7513.000 Payroll-TAXES	0.00	7,009.80	5,917.96	0.00	1,091.84	84.4
7518.000 Workers Comp	0.00	8,253.30	6,775.69	0.00	1,477.61	82.1

**Expenditures**

<b>233,873.24</b>	<b>275,893.65</b>	<b>178,543.95</b>	<b>23,406.12</b>	<b>97,349.70</b>	<b>64.7</b>
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**Grand Total Net Effect:**

<b>39,329.65</b>	<b>135,800.39</b>	<b>-78,738.08</b>	<b>-71,079.04</b>	<b>214,538.47</b>
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Item 1C: Variance Report: FY 2016/2017

There was no document available for packet delivery.

If document is received prior to the meeting, it will be forwarded to the Board.

**Lake Shastina Community Services District**  
**Quarterly**

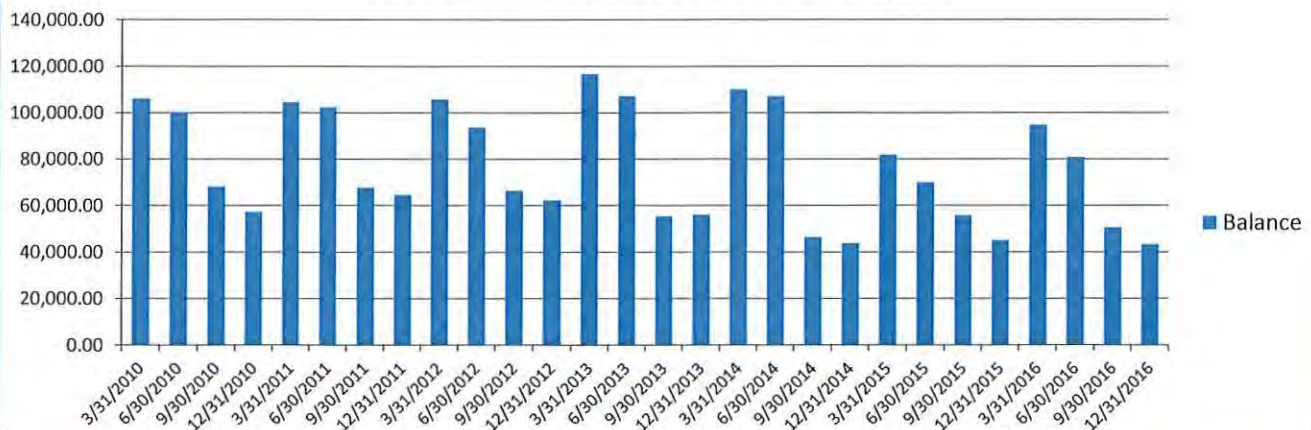
Accounts Receivable Analysis 2016/2017 YTD  
 June 30, 2008 to December 31, 2016

Date	<30 Days	30-60 Days	60-90 Days	>90 Days	Balance	Balance of Tax Rolls Receivable	Total Tax Rolls & A/R
3/31/2010	9,075.41	510.49	54,483.83	42,010.18	106,079.91		
6/30/2010	3,818.24	572.82	444.31	95,336.02	100,171.39		
9/30/2010	7,627.17	589.19	172.63	59,775.28	68,164.27	122,414.84	190,579.11
12/31/2010	2,511.51	1,166.60	243.00	53,366.06	57,287.17		
3/31/2011	1,451.65	8,707.07	49,643.23	44,717.88	104,519.83		
6/30/2011	3,742.66	2,543.75	155.42	95,950.10	102,391.93		
9/30/2011	8717.23	164.48	128.73	58,775.90	67,786.34	175,202.41	242,988.75
12/31/2011	1,544.52	3,041.72	333.00	59,626.85	64,546.09		
3/31/2012	7,516.60	1,118.76	62.89	97,012.76	105,711.01		
6/30/2012	2,148.52	321.90	160.10	90,977.93	93,608.45		
9/30/2012	7,203.09	288.50	16.50	58,859.23	66,367.32	196,649.49	263,016.81
12/31/2012	2,236.28	148.34	111.26	59,728.50	62,224.38		
3/31/2013	8,240.48	282.06	53,663.99	54,515.14	116,701.67		
6/30/2013	3,047.85	56.00	521.55	103,570.95	107,196.35		
9/30/2013	6,493.34	20.00	31.50	48,871.39	55,416.23	248,515.30	303,931.53
12/31/2013	2,653.17	92.58	33.30	53,340.80	56,119.85		
3/31/2014	8,360.90	65.99	52,413.07	49,243.31	110,083.27		
6/30/2014	3,156.77	30.00	317.76	103,631.03	107,135.56		
9/30/2014	5,475.68	1,131.57	0.77	39,772.05	46,380.07	245,334.21	291,714.28
12/31/2014	854.19	1,010.20	50.00	41,956.34	43,870.73		
3/31/2015	6,457.83	841.30	40,425.31	34,158.64	81,883.08		
6/30/2015	2,036.06	50.00	632.03	67,320.96	70,039.05		
9/30/2015	7,481.65	15.00	163.00	48,095.75	55,755.40	249,946.12	305,701.52
12/31/2015	928.60	1,504.10	429.37	42,257.93	45,120.00		
3/31/2016	419.41	7,981.59	103.78	86,213.68	94,718.46		
6/30/2016	2,371.53	67.41	237.21	78,228.48	80,904.63		
9/30/2016	7,400.59	183.89	31.09	42,908.53	50,524.10	302,614.41	353,138.51
12/31/2016	1,054.74	729.49	0.00	41,547.90	43,332.13		

Note: 1) This report does not consider accounts that have been prepaid. 2) Police, Fire, Sewer and Water have been combined.

**Analysis: Past Due / Outstanding accounts have decreased 3.96% since the same period last year 12/31/15.**  
 (This does not include past due assessments sent to tax rolls)

**Lake Shastina Community Services  
 District Accounts Receivable Analysis**



# VERBAL

Meeting management – action item (Pres. Graves)



**Aiello, Goodrich & Teuscher**

An Accountancy Corporation

January 4, 2017

To the Board of Directors  
Lake Shastina Community Services District  
Weed, California

We have audited the financial statements of Lake Shastina Community Services District as of and for the year ended June 30, 2016, and have issued our report thereon dated January 4, 2017. Professional standards require that we advise of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 23, 2015, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Lake Shastina Community Services District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated January 4, 2017.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Lake Shastina Community Services District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Management's estimate of the allowance for administrative overhead is based on past experience and the time spent by administrative staff on other functions of the District. We evaluated the key factors and assumptions used to develop the allowance for administrative overhead in determining that it is reasonable in relation to the financial statements taken as a whole.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit are included in the "Proposed Journal Entries."

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management and are included in the attachment "Adjusting Journal Entries."



### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Lake Shastina Community Services District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated January 4, 2017.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Lake Shastina Community Services District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Lake Shastina Community Services District's auditors.

### **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Lake Shastina Community Services District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

We applied certain limited procedures to the required supplementary information that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the combining statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



This report is intended solely for the information and use of the Board of Directors, and management of Lake Shastina Community Services District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Aiello, Goodrich & Teuscher*

Aiello, Goodrich & Teuscher  
An Accountancy Corporation





**LAKE SHASTINA  
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2016**

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
FINANCIAL STATEMENTS  
June 30, 2016  
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## **Aiello, Goodrich & Teuscher**

An Accountancy Corporation

### **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Lake Shastina Community Services District  
Weed, California

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, of Lake Shastina Community Services District ("District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which 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.

#### ***Auditor's 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, and the State Controller's *Minimum Audit Requirements and Reporting Guidelines for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity'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 financial position of the governmental activities of the District, as of June 30, 2016, 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 on pages i through iii, the budgetary comparison information on pages 27 through 29 and the Lake Shastina Community Service District's Retirement System Schedule of the District's Proportionate

Share of the Net Pension Liability and the Retirement System Schedule of the District's Contributions on page 30; be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake Shastina Community Services District's basic financial statements. The accompanying combining nonmajor funds financial statements on pages 31 through 32 are presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2017, on our consideration of the Lake Shastina Community Services 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 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 Lake Shastina Community Services District's internal control over financial reporting and compliance.

*Aiello, Goodrich & Teuscher*

Aiello, Goodrich & Teuscher  
An Accountancy Corporation  
Mt. Shasta, California  
January 4, 2017



**LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Management's Discussion and Analysis**

This section of the District's Financial Statement presents our analysis of the District's financial performance for the Fiscal Year that ended June 30, 2016. Readers are encouraged to read this section in conjunction with the accompanying financial statements.

**The District's Operation – an Overview**

The LSCSD is a special district formed under Government Code §61000 to operate and manage the community's wastewater treatment plant (WWTP), the drinking water system, police services and fire services. The major activities of the District include the collection and treatment of domestic wastewater for the community of Lake Shastina, operate the pumping, storage and distribution of drinking water, manage the Lake Shastina Police Department, and administer the Lake Shastina Fire Department. Lake Shastina is one of four special districts in the State that has police services as a latent power. The operation and maintenance of the WWTP and the drinking water system are funded through service fees, while the capital improvements are funded through grants and low interest loans through the State Water Resources Control Board. Loans are repaid through service fees. The operation and maintenance of the Lake Shastina Police and Fire Departments are funded through taxes and grants, including an annual COPS grant that offsets the cost of one full time officer. The District is a post Prop 13 special district and as such gets no tax money from the county or state. Capital improvements are also funded through the tax revenue and grants. Additional revenue is from the lease of a medical building the District owns, cellular antennas leases, animal control fees, and miscellaneous grants and donations.

Lake Shastina was planned as a second home recreational area in 1968, which has evolved into a community consisting of retirees and families. The District was formed in 1978, and the Water System was transferred to the District from the Lake Shastina Mutual Water Company in 2003 in an as is condition. The Wastewater Treatment Plant and the Water Distribution System have several problem areas due to aging infrastructure. The District has embarked on aggressive improvement projects in order to improve the overall water and wastewater systems and the safety of the community and the environment. We are currently in the application approval phase of Planning Grants for both the wastewater and drinking water systems. These planning grants for the upgrades and rehabilitation of the sewer system and the drinking water distribution system will lead to additional State and Federal Grants to make the necessary capital improvements for the District.

The Wastewater Capital Improvement Projects include the upgrade and rehabilitation of the aging Wastewater System for the safety of the community and the environment including 15 lift station sump and pump upgrades improving the safety of the stations and reducing the energy usage, develop sludge drying beds and head works containment as mandated by the Regional Board, line evaporation pond, start rehabilitation on manholes and collection lines as recommended by the SWRCB SSO program. Additional Improvements include a SCADA System for automatic alarms and remote operation, Photovoltaic solar system for energy reduction, and general upgrades to plant infrastructure.

The Drinking Water pumping, storage and distribution system include rehabilitate, upgrade and expand an aging Drinking Water System for the community of Lake Shastina including developing two new wells for the long term and drought protection of the water supply for the community, reline 4 storage tanks, refurbish two booster stations, rehabilitate 3 wells, replace meters, upgrade telemetry and SCADA

system, Cathodic Protection Replacement, and rehabilitate fire hydrant system for the benefit and safety of the community and the environment.

The Lake Shastina Police Department is in the process of interviewing for two additional full time officers, including the Chief of Police. The District also approved a ballot measure to be placed on the November ballot that would increase the tax revenue for police services of \$110 per year per property. This is the first increase in the Police tax in 20 years and amounts to an increase of just \$3.75 per month per property owner. We are confident the tax increase will pass with the required 2/3rds vote in November.

The Lake Shastina Fire Department is a volunteer Department with one part-time Fire Chief. The Department is one of the best trained volunteer Departments in the County and has been used as strike teams throughout Northern California during this year's fire season. The Strike Teams have brought in revenue from the State and Federal governments for manpower and the use of our equipment. It is anticipated the revenue generated this year will be \$115,000, with approximately \$35,000 of that amount for equipment only.

### **Basic Financial Statements**

In accordance with the Government Accounting Standards Board (GASB) Statement No. 34, the District's basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The statement of net assets includes the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The difference between the assets and liabilities is shown as net assets. This statement also provides the basis of evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statement of revenues, expenses and changes in net assets accounts for the current year's revenues and expenses. This statement measures the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.

The final required statement is the statement of cash flows. This statement reports cash receipts, cash disbursements, and net changes in cash resulting from operations and investments during the reporting period.

The notes to the basic financial statements provide a description of the accounting policies used to prepare the financial statements and present disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

### **Financial Highlights**

- Current Assets increased over the last year by \$49,718 in cash and cash equivalents
- Fixed Assets decreased by \$684,017 over the same period reflecting the depreciation of the assets and the addition of a Type 3 Fire Engine and the reclassification of the medical clinic to an asset held for investment.
- Change in Total Assets over the last year amounts to a decrease of \$99,834.

- Total Liabilities were reduced by \$226,705 reflecting the principal payments to the Water Department loan for the Medical Building and \$30,423 for the principal payment to City Bank for the Sewer Pond Improvement Project
- The District's Net Loss for the year was \$59,535, and the LAIF reserves were increased by \$211,072.

### **Future Projections**

The District has applied for a Planning Grant from the State Water Resource Control Board Clean Water SRF for \$500,000 for the planning and design, engineering report and CEQA documents for a major Improvement and Rehabilitation Project. We have also applied for a \$500,000 Planning Grant from the State Water Resources Control Board Drinking Water SRF for the planning and design for a major Improvement and Rehabilitation Project for the drinking water system.

The District continues to pay down the Water Department loan for the Medical Building and the loan for the Sewer Pond Improvements. The main priorities of the District Board are to make the necessary improvements to the Water and Wastewater systems with grant funding order to develop safe, reliable and environmentally friendly systems, building District Reserves, strengthening the Police Department, fully equip the Fire Department, add additional leases for cellular towers, and establish uniform and effective rate structures

### **Contacting the District Administrator**

This financial report is designed to provide our citizens, customers, 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 any questions about this report or need additional information, contact the General Manager, Lake Shastina Community Services District, 16320 Everhart Dr., Weed CA 96094.

## BASIC FINANCIAL STATEMENTS



LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
Statement of Net Position  
June 30, 2016

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 600,432	\$ 1,645,249	\$ 2,245,681
Receivables			
Assessments and accounts	25,491	26,531	52,022
Unbilled services	-	199,763	199,763
Tax roll	135,518	100,879	236,397
Intergovernmental	18,621	-	18,621
Inventory of supplies	-	20,023	20,023
Prepaid expenses	11,952	5,603	17,555
Due from Lake Shastina POA	5,715	771	6,486
Total current assets	<u>797,729</u>	<u>1,998,819</u>	<u>2,796,548</u>
Noncurrent assets:			
Advances to other funds	-	458,196	458,196
Asset held for investment	576,269	-	576,269
Non depreciable	37,506	150,029	187,535
Depreciable, net	249,168	4,234,995	4,484,163
Total noncurrent assets	<u>862,943</u>	<u>4,843,220</u>	<u>5,706,163</u>
Total assets	<u>1,660,672</u>	<u>6,842,039</u>	<u>8,502,711</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows from pensions	<u>99,934</u>	<u>71,189</u>	<u>171,123</u>
Total assets and deferred outflows	<u>1,760,606</u>	<u>6,913,228</u>	<u>8,673,834</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued expenses	18,079	25,644	43,723
Accrued payroll and benefits	15,278	5,132	20,410
Compensated absences payable, due within one year	16,194	4,590	20,784
Capital lease payable, due within one year	-	35,483	35,483
Total current liabilities	<u>49,551</u>	<u>70,849</u>	<u>120,400</u>
Noncurrent liabilities:			
Advances from other funds	458,196	-	458,196
Compensated absences payable, due in more than one year	24,290	6,885	31,175
Net pension liability	429,123	224,859	653,982
Capital lease payable due in more than one year	-	402,543	402,543
Total noncurrent liabilities	<u>911,609</u>	<u>634,287</u>	<u>1,545,896</u>
Total liabilities	<u>961,160</u>	<u>705,136</u>	<u>1,666,296</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows from pensions	<u>150,302</u>	<u>133,136</u>	<u>283,438</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	286,674	3,946,998	4,233,672
Restricted for:			
Debt service	-	438,026	438,026
Unrestricted	<u>362,470</u>	<u>1,689,932</u>	<u>2,052,402</u>
Total net position	<u>\$ 649,144</u>	<u>\$ 6,074,956</u>	<u>\$ 6,724,100</u>

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

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
Statement of Activities  
For The Year Ended June 30, 2016

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:							
General government	\$ 83,014	\$ -	\$ -	\$ -	\$ (83,014)	\$ -	\$ (83,014)
Police	323,225	257,760	100,000	-	34,535	-	34,535
Fire	338,438	118,190	-	7,368	(212,880)	-	(212,880)
Total governmental activities	<u>744,677</u>	<u>375,950</u>	<u>100,000</u>	<u>7,368</u>	<u>(261,359)</u>	<u>-</u>	<u>(261,359)</u>
Business-type activities:							
Sewer	575,814	579,572	-	-	-	3,758	3,758
Water	591,367	456,098	-	-	-	(135,269)	(135,269)
Total business-type activities	<u>1,167,181</u>	<u>1,035,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131,511)</u>	<u>(131,511)</u>
Total	<u>\$ 1,911,858</u>	<u>\$ 1,411,620</u>	<u>\$ 100,000</u>	<u>\$ 7,368</u>	<u>(261,359)</u>	<u>(131,511)</u>	<u>(392,870)</u>
General revenues:							
Interest and investment earnings					2,567	9,624	12,191
Rental income					80,134	-	80,134
Loss on disposal of capital assets					(392)	-	(392)
Other					194,619	5,739	200,358
Total general revenues					<u>276,928</u>	<u>15,363</u>	<u>292,291</u>
Change in net position					15,569	(116,148)	(100,579)
Beginning of the year					633,575	6,191,104	6,824,679
Net position - ending					<u>\$ 649,144</u>	<u>\$ 6,074,956</u>	<u>\$ 6,724,100</u>

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

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
Balance Sheet - Governmental Funds  
June 30, 2016

	General Fund	Police Funds	Fire Fund	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 232,373	\$ 250,888	\$ 117,171	\$ 600,432
Receivables				
Assessments and accounts	4,572	21,221	5,133	30,926
Tax roll	-	97,679	37,839	135,518
Intergovernmental		11,253	7,368	18,621
Prepaid expenses	8,045	3,832	75	11,952
Due from Lake Shastina Property Owner's Association	5,715	-	-	5,715
Total assets	<u>\$ 250,705</u>	<u>\$ 384,873</u>	<u>\$ 167,586</u>	<u>\$ 803,164</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 14,194	\$ 1,499	\$ 7,821	\$ 23,514
Accrued expenses and deposits	7,432	7,122	724	15,278
Advances from other funds	458,196	-	-	458,196
Total liabilities	<u>479,822</u>	<u>8,621</u>	<u>8,545</u>	<u>496,988</u>
Fund balances:				
Assigned:				
Police	-	376,252	-	376,252
Fire	-	-	159,041	159,041
Unassigned	(229,117)	-	-	(229,117)
Total fund balances	<u>(229,117)</u>	<u>376,252</u>	<u>159,041</u>	<u>306,176</u>
Total liabilities and fund balances	<u>\$ 250,705</u>	<u>\$ 384,873</u>	<u>\$ 167,586</u>	<u>\$ 803,164</u>

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

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Government-Wide Statement of Net Position  
June 30, 2016

Total fund balances included in the Balance Sheet - Governmental Funds		\$ 306,176
Amounts reported for governmental activities in the statement of net assets are different because:		
Assets recorded within the Statement of Net Position not reported in the funds:		
Investment in medical clinic building		576,269
Nondepreciable capital assets		37,506
Depreciable capital assets	1,368,923	
Accumulated depreciation	<u>(1,119,755)</u>	249,168
Liabilities recorded within the Statement of Net Position not reported in the funds:		
Compensated absences		(40,484)
Net pension liability		(429,123)
Deferred outflows and inflows recorded within the statement of net position not reported in the funds:		
Deferred outflows of resources relating to pensions		99,934
Deferred inflows of resources relating to pensions		<u>(150,302)</u>
Net Position of Governmental Activities		<u><u>\$ 649,144</u></u>

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

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
Statement of Revenues, Expenditures and Changes  
in Fund Balances - Governmental Funds  
For The Year Ended June 30, 2016

	General Fund	Special Revenue Funds		Total
		Police Funds	Fire Fund	
<b><u>REVENUES</u></b>				
Special tax assessments	\$ -	\$ 257,760	\$ 118,190	\$ 375,950
Federal and state grants	-	100,000	7,368	107,368
Other operating revenues	6,785	7,656	11,377	25,818
Interest	910	954	703	2,567
Rents	80,134	-	-	80,134
Other nonoperating revenues	-	3,352	165,449	168,801
Total revenues	<u>87,829</u>	<u>369,722</u>	<u>303,087</u>	<u>760,638</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Contract services	996	3,232	1,794	6,022
Dues and subscriptions	149	2,410	755	3,314
Elections	-	-	-	-
Fuel and supplies	-	5,885	13,787	19,672
Insurance	37	8,805	6,884	15,726
Labor	8,693	249,349	173,476	431,518
Licenses and permits	151	466	273	890
Miscellaneous	1	543	85	629
Office supplies	274	1,031	583	1,888
Professional services	2,979	4,258	1,170	8,407
Repairs and maintenance	666	940	40,972	42,578
Supplies and small tools	24	132	1,362	1,518
Travel and training	18	3,838	6,959	10,815
Uniforms	-	819	3,485	4,304
Utilities	288	9,422	7,623	17,333
Administrative overhead	-	27,992	27,992	55,984
Capital outlay	-	-	85,381	85,381
Debt service:				
Interest	2,196	-	-	2,196
Total expenditures	<u>16,472</u>	<u>319,122</u>	<u>372,581</u>	<u>708,175</u>
Excess of revenues over (under) expenditures	71,357	50,600	(69,494)	52,463
<b><u>FUND BALANCES</u></b>				
Beginning of the year	<u>(300,474)</u>	<u>325,652</u>	<u>228,535</u>	<u>253,713</u>
End of the year	<u>\$ (229,117)</u>	<u>\$ 376,252</u>	<u>\$ 159,041</u>	<u>\$ 306,176</u>

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

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances - Governmental Funds to the Government-Wide Statement of Activities  
For The Year Ended June 30, 2016

Total net change in fund balance included in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 52,463
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Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities, the cost of those assets is allocated  
over their estimated useful lives and reported as depreciation expense.

Capital outlay	70,645	
Depreciation expense	(62,454)	8,191

Expenses in the Statement of Activities do not provide current  
financial resources and are not reported as expenses in the funds.

Loss on disposal of assets	(392)
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In governmental funds, pension costs are recognized when employer  
contributions are made. In the Statement of Activities, pension costs  
are recognized on the accrual basis.

(51,337)

Some transactions reported in the Statement of Activities do not require  
the use of current financial resources and, therefore, are not reported  
as expenditures in governmental funds.

Compensated absences expense	6,644
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Change in Net Assets of Governmental Activities	\$ 15,569
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LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
Statement of Net Position - Proprietary Funds  
June 30, 2016

	Enterprise Funds		
	Sewer	Water	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 502,965	\$ 1,142,284	\$ 1,645,249
Assessments and accounts receivable	9,631	16,900	26,531
Unbilled services receivable	117,671	82,092	199,763
Tax roll receivable	40,608	60,271	100,879
Prepaid expense	5,603	-	5,603
Inventory of supplies	5,171	14,852	20,023
Due from Lake Shastina POA	771	-	771
Total current assets	682,420	1,316,399	1,998,819
Noncurrent assets:			
Advances to other funds	-	458,196	458,196
Non-depreciable capital assets	87,896	62,133	150,029
Depreciable capital assets, net	3,261,807	973,188	4,234,995
Total noncurrent assets	3,349,703	1,493,517	4,843,220
Total assets	4,032,123	2,809,916	6,842,039
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred outflows from pensions	71,189	-	71,189
Total assets and deferred outflows	4,103,312	2,809,916	6,913,228
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable and accrued expense	8,105	17,539	25,644
Accrued payroll and benefits	3,394	1,738	5,132
Compensated absences payable - current	4,590	-	4,590
Financing leases payable - current	35,483	-	35,483
Total current liabilities	51,572	19,277	70,849
Noncurrent liabilities:			
Compensated absences payable - noncurrent	6,885	-	6,885
Net pension liability	224,859	-	224,859
Financing leases payable - noncurrent	402,543	-	402,543
Total noncurrent liabilities	634,287	-	634,287
Total liabilities	685,859	19,277	705,136
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred inflows from pensions	133,136	-	133,136
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	2,911,677	1,035,321	3,946,998
Unrestricted	372,640	1,755,318	2,127,958
Total net position	\$ 3,284,317	\$ 2,790,639	\$ 6,074,956

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

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
Change in Net Position - Proprietary Funds  
For The Year Ended June 30, 2016

	Enterprise Funds		
	Sewer	Water	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ 577,276	\$ 455,458	\$ 1,032,734
Other operating revenues	2,296	640	2,936
Total revenues	<u>579,572</u>	<u>456,098</u>	<u>1,035,670</u>
<u>OPERATING EXPENSES</u>			
Contract services	7,452	7,381	14,833
Depreciation	60,138	121,477	181,615
Dues and subscriptions	423	1,093	1,516
Fuel and supplies	5,738	5,609	11,347
Insurance	19,366	21,056	40,422
Labor	197,597	138,958	336,555
Licenses and permits	17,349	-	17,349
Miscellaneous	1,023	1,024	2,047
Office Expense	303	1,657	1,960
Professional services	4,215	6,584	10,799
Repairs and maintenance	37,218	28,761	65,979
Small tools and supplies	3,499	13,245	16,744
Travel and training	32	106	138
Uniforms	427	427	854
Utilities	46,511	97,029	143,540
Administrative overhead	146,960	146,960	293,920
Total operating expenses	<u>548,251</u>	<u>591,367</u>	<u>1,139,618</u>
Operating gain (loss)	<u>31,321</u>	<u>(135,269)</u>	<u>(103,948)</u>
<u>NONOPERATING REVENUES AND (LOSSES)</u>			
Investment income	2,011	7,613	9,624
Interest expense	(27,563)	-	(27,563)
Other non operating income	-	5,739	5,739
Total nonoperating revenues (losses)	<u>(25,552)</u>	<u>13,352</u>	<u>(12,200)</u>
Change in net assets	<u>5,769</u>	<u>(121,917)</u>	<u>(116,148)</u>
<u>NET POSITION</u>			
Beginning of the year	<u>3,278,548</u>	<u>2,912,556</u>	<u>6,191,104</u>
End of the year	<u>\$ 3,284,317</u>	<u>\$ 2,790,639</u>	<u>\$ 6,074,956</u>

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



LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
Statement of Cash Flows-Proprietary Funds  
For The Year Ended June 30, 2016

	Enterprise Funds		
	Sewer	Water	Total
<u>Cash Flows From Operating Activities</u>			
Receipts from customers	\$ 573,163	\$ 447,742	\$ 1,020,905
Payments to suppliers	(290,334)	(319,207)	(609,541)
Payments to employees	(132,758)	(137,817)	(270,575)
Net cash provided (used) by operating activities	150,071	(9,282)	140,789
<u>Cash Flows From Non-Capital Financing Activities</u>			
Payment on interfund advances	-	41,804	41,804
Cash received from (paid to) Lake Shastina Property Owner's Association	7,014	827	7,841
Other nonoperating income received	-	5,739	5,739
Net cash provided by operating activities	7,014	48,370	55,384
<u>Cash Flows (Used) By Capital and Related Financing Activities</u>			
Purchase of capital assets	(35,400)	(30,668)	(66,068)
Debt principal paid	(33,463)	-	(33,463)
Debt interest paid	(27,563)	-	(27,563)
Net cash used by capital and related financing activities	(96,426)	(30,668)	(127,094)
<u>Cash Flows Provided By Investing Activities</u>			
Interest received	2,011	7,613	9,624
Net increase in cash and cash equivalents	62,670	16,033	78,703
Cash and cash equivalents at the beginning of the year	440,295	1,126,251	1,566,546
Cash and cash equivalents at the end of the year	\$ 502,965	\$ 1,142,284	\$ 1,645,249
<u>Reconciliation Of Operating Income (Loss) To Net Cash Provided</u>			
<u>By Operating Activities</u>			
Operating gain (loss)	\$ 31,321	\$ (135,269)	\$ (103,948)
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation	60,138	121,477	181,615
(Increase) decrease in:			
Accounts receivable	(5,189)	(1,393)	(6,582)
Unbilled services receivable	(323)	(1,027)	(1,350)
Tax roll receivable	(897)	(5,936)	(6,833)
Prepays	2,311	-	2,311
Inventory	(1,364)	11,838	10,474
Deferred outflow from pension	(32,897)	-	(32,897)
Increase (decrease) in:			
Accounts payable and accrued expenses	(765)	(113)	(878)
Accrued payroll and benefits	(1,134)	1,141	7
Compensated absences	1,490	-	1,490
Net pension liability	3,468	-	3,468
Deferred inflow from pension	93,912	-	93,912
Net cash provided (used) by operating activities	\$ 150,071	\$ (9,282)	\$ 140,789
The accompanying notes are an integral part of these financial statements.			

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 1. Summary of Significant Accounting Policies**

**A. Nature of Operations and Reporting Entity:**

Lake Shastina Community Services District ("District") is a California Special District located in Siskiyou County, California. While a community services district is similar to counties and cities, one distinct power not generally available to a community services district is land use planning. The District provides residents of the District with police and fire protection, the collection and treatment of wastewater, and provides water.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant policies.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

The accompanying basic financial statements include only the operations of the District, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the District.

**B. Basis of Presentation:**

The financial statement presentation required by GASB Statements Nos. 34, 37, 38, and 39 provides a comprehensive, entity-wide perspective of the District's overall financial position and results of operations while maintaining the presentation of the financial position, results of operations and cash flows, as applicable, of the District's major funds.

**Government-wide Financial Statements:**

The statement of net position and statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities (such as police and fire) are reported separately from business-type activities (such as sewer and water).

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the District's business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include charges paid by recipients of goods and services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented instead as general revenues.

When both restricted and unrestricted resources are available for use, restricted resources are depleted first before the unrestricted resources are used.

**Fund Financial Statements:**

The accounts of the District are organized into funds, each of which is considered to be a separate account entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets, liabilities, revenues or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category type; and

Total assets, liabilities, revenues, or expenditures/expenses for the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 1. Summary of Significant Accounting Policies (continued)**

The funds of the District are described below:

**Major Governmental Funds:**

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District has two special revenue funds; the police fund and the fire fund. The police fund has several funds that are used to account for various grants and contracts.

**Major Proprietary Funds:**

The Water Fund accounts for the operation and maintenance of the District's water utility.

The Sewer Fund accounts for the operation and maintenance of the District's water utility.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are assessments to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District has elected to report all of the above as major funds, and therefore it has no non-major funds.

**C. Measurement Focus and Basis of Accounting:**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus:**

In the government-wide statements, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate:

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

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

**Basis of Accounting:**

In the government-wide statements, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 1. Summary of Significant Accounting Policies (continued)**

In the fund financial statements, governmental and District funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end. Expenditures (including capital outlays) are recorded when the related fund liability is incurred.

All proprietary funds utilize the accrual basis of accounting, as described above.

**D. Cash and Cash Equivalents:**

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity at the date of purchase of three months or less and all local government investment pools to be cash equivalents, as well as cash on hand and demand deposits.

**E. Local Agency Investment Fund:**

The District participates in the California Local Agency Investment Fund ("LAIF"). LAIF is an external investment pool through which local governments may pool investments. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without the loss of interest. The fair value of the District's portion of LAIF is the same as its value of the pool shares. The regulatory oversight of LAIF rests with the Local Agency Investment Board.

**F. Receivables:**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based on historical trends, periodic aging of accounts receivable, and management's detailed analysis of the composition of accounts receivable. Major receivable balances for both governmental and business-type activities include assessments for services and assessments for services placed on the County tax rolls.

In the fund financial statements, material receivables in governmental funds are the same as those in the government-wide statements, since they are both measurable and available. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end but not yet received. Allowances for uncollectible accounts receivable are based on historical trends, periodic aging of accounts receivable, and management's detailed analysis of the composition of accounts receivable.

Sewer and water charges for services revenue is recorded when earned. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

**G. Inventory of Supplies:**

The inventory of supplies is valued at cost and is determined on a first-in, first-out basis, which approximates market.

**H. Prepaid Expenses:**

Prepaid expenses are certain payments to vendors that reflect costs applicable to future accounting periods.

**I. Capital Assets:**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, except donated capital assets are recorded at their estimated fair market value at the date of donation. The District capitalizes those items that have an initial cost of \$2,500 or more.

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 1. Summary of Significant Accounting Policies (continued)**

The cost of normal maintenance and repairs that do not add to the value or materially extend the useful life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Subsurface sewer lines	40 to 50 years
Sewage collection facilities	10 to 40 years
Sewage disposal facilities	40 years
Water system	5 to 35 years
Buildings	20 to 40 years
Equipment	5 to 20 years
Vehicles	5 to 10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**J. Compensated Absences:**

The District's policy regarding vacation and sick leave is to permit employees to accumulate earned but unused vacation and leave, up to certain limits. This amount is included as a liability in the proprietary fund and government-wide financial statements.

**K. Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) which will only be recognized as an outflow of resources (expense/expenditures) in the futures. The change in proportion and differences between the District contributions and proportionate share of contributions, and District contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources in the government-wide statement of net position. District contributions subsequent to the measurement date are being amortized in the current fiscal year as provided by accounting pronouncement GASB Statement No. 71. The change in proportion and difference between District contributions and proportionate share of contributions is amortized over the estimated service lives of pension plan participants

In addition to liabilities, the statement of net position includes a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and would only be recognized as an inflow of resources (revenue) at that time. The District's proportionate share of the net difference between projected and actual earnings on pension plan investments is reported as deferred inflows of resources in the government-wide statement of net position. The amount will be amortized over a five year period.

**L. Fund Balance / Net Position**

In the government-wide financial statement, equity is classified as net position. Net position comprises various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified into the following three components.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of constraints imposed by creditors (such as through bond covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 1. Summary of Significant Accounting Policies (continued)**

Unrestricted net position consists of net position that does not meet the definition of restricted net position or invested in capital assets, net of related debt.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Executive Board. These amounts cannot be used for any other purpose unless the Executive Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Executive Board or through the Executive Board delegating this responsibility to the Executive Director through the budgetary process.

Unassigned: This classification includes the residual fund balance for the General Fund.

**M. Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**N. Revenues, Expenditures and Expenses**

Special Tax Assessments: Special tax assessments revenue represent periodic assessments, levied against property owners within the District, for providing police and fire services. The revenues are recognized when billed to, and due from, the property owner.

Operating Revenues and Expenses: Operating revenues and expenses for proprietary funds (sewer and water) are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses: In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified by character (current, debt service or capital outlay) for governmental funds, and by operating or nonoperating classifications for proprietary funds.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 1. Summary of Significant Accounting Policies (continued)**

O. Budgets

The District prepares annual budgets for the general fund and the special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America. Prior to June 1, the General Manager submits a proposed operating budget for the fiscal year commencing the following July 1 to the Board of Directors. The operating budget includes proposed expenditures and the means of financing them. Prior to July 1, the budget is legally enacted by action of the Board of Directors. The Board of Directors must approve any revisions that alter the total expenditures of any fund.

**Note 2. Cash and Investments**

The District follows the practice of pooling cash of all funds, unless the funds are required by law, debt covenant or other instrument to be held in a separate account. Interest income on pooled cash invested is allocated monthly to the various funds based on the same proportion that such funds bear to the total monies invested.

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Governmental activities / governmental funds	\$ 600,432
Business-type activities / proprietary funds	1,645,249
Total cash and investments	\$ 2,245,681

Consisting of the following	
Cash on hand	\$ 302
Deposits with financial institutions	167,797
Investments (LAIF)	2,077,582
Total cash and investments	\$ 2,245,681

Investments Authorized:

The District manages its pooled idle cash investments under the guidelines of the State of California Government Code Section 53601, which specifically authorizes investments in the following instruments: treasury bills, treasury notes, federal District securities, bankers' acceptances, nonnegotiable certificates of deposit, commercial paper, negotiable certificates of deposit, and repurchase agreements. All investments activities are conducted with financial institutions approved by the Board of Directors.

Disclosure Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to market interest rates. As of June 30, 2016, the weighted average maturity, as well as the estimated fair value of each investment is shown in the table, below.

	Cost	Fair Value	Maturity Date
Local Agency Investment Fund	\$ 2,077,582	\$ 2,078,873	294 day average

Disclosure Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have such a rating.

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 2. Cash and Investments (continued)**

**Concentration of Credit Risk:**

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5 percent or more of total District investments.

**Custodial Credit Risk:**

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. The California Government Code investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments whereas the District's investment policy does contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**Investment in State Investment Pool (LAIF):**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Note 3. Assessments and Accounts Receivable**

Major receivable balances for both governmental and business-type activities include assessments for services and assessments for services placed on the Siskiyou County tax rolls. There is no allowance for uncollectible accounts as management feels all amounts are collectible.

Charges for sewer and water service are recorded when earned. Services provided but unbilled at year-end have been included in the accompanying financial statements.



Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<b>Governmental Activities:</b>					
<b>Nondepreciable capital assets</b>					
Land	\$ 37,506	\$ -	\$ -	\$ -	\$ 37,506
<b>Depreciable capital assets</b>					
Buildings and improvements	1,040,715	-	-	858,547	182,168
Plant and equipment	563,551	-	(6,000)	105,807	451,744
Vehicles and rolling stock	664,366	70,645	-	-	735,011
<b>Total capital assets, being depreciated</b>	<b>2,268,632</b>	<b>70,645</b>	<b>(6,000)</b>	<b>964,354</b>	<b>1,368,923</b>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	385,507	6,072	-	282,278	109,301
Plant and equipment	469,832	33,692	(103,591)	7,824	392,109
Vehicles and rolling stock	595,655	22,690	-	-	618,345
<b>Total accumulated depreciation</b>	<b>1,450,994</b>	<b>62,454</b>	<b>(103,591)</b>	<b>290,102</b>	<b>1,119,755</b>
<b>Depreciable capital assets, net</b>	<b>817,638</b>	<b>8,191</b>	<b>97,591</b>	<b>674,252</b>	<b>249,168</b>
<b>Governmental capital assets, net</b>	<b>\$ 855,144</b>	<b>\$ 8,191</b>	<b>\$ 97,591</b>	<b>\$ 674,252</b>	<b>\$ 286,674</b>

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<b>Business-type Activities:</b>					
<b>Nondepreciable capital assets</b>					
Land	\$ 31,433	\$ -	\$ -	\$ -	\$ 31,433
Construction in progress	111,223	7,373	-	-	118,596
<b>Total nondepreciable capital assets</b>	<b>142,656</b>	<b>7,373</b>	<b>-</b>	<b>-</b>	<b>150,029</b>
<b>Depreciable capital assets</b>					
Buildings and improvements	280,638	30,570	-	-	311,208
Plant and equipment	8,288,687	28,125	-	-	8,316,812
Vehicles and rolling stock	300,323	-	6,000	-	300,323
<b>Total capital assets, being depreciated</b>	<b>8,869,648</b>	<b>58,695</b>	<b>6,000</b>	<b>-</b>	<b>8,928,343</b>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	152,930	10,706	-	-	163,636
Plant and equipment	4,142,023	154,790	-	-	4,296,813
Vehicles and rolling stock	216,780	16,119	6,000	-	232,899
<b>Total accumulated depreciation</b>	<b>4,511,733</b>	<b>181,615</b>	<b>6,000</b>	<b>-</b>	<b>4,693,348</b>
<b>Depreciable capital assets, net</b>	<b>4,357,915</b>	<b>(122,920)</b>	<b>-</b>	<b>-</b>	<b>4,234,995</b>
<b>Business-type capital assets, net</b>	<b>\$ 4,500,319</b>	<b>\$ (115,547)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,384,772</b>

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 5. Capital Assets (continued)**

Depreciation expense was charged to functions/programs as follows:

General government	\$ 17,039
Police	8,913
Fire	36,502
<b>Total depreciation expense – governmental activities</b>	<b>\$ 62,454</b>
<hr/>	
Sewer	\$ 60,138
Water	121,477
<b>Total depreciation expense – business-type activities</b>	<b>\$ 181,615</b>

**Note 6. Capital Leases and Long Term Debt**

Following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2016:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities:</b>				
Financial Lease:				
Installment Sale Note -				
Municipal Finance Corporation	\$ 471,489	\$ -	\$ 33,463	\$ 438,026
<b>Less amount due within one year</b>				35,483
<b>Long-term debt, net of current portion</b>				<b>\$ 402,543</b>

On August 18, 2010, the sewer fund obtained a \$600,000 loan to finance the sewer pond construction. The loan, with interest calculated at 5.95%, is to be repaid in thirty semi-annual payments of \$30,513 over fifteen years. Principal and interest paid for the current year was \$61,025, while total pledged revenues were \$192,223. Total principal and interest remaining on the loan is \$640,767, which is the amount of the remaining dedicated source of pledged revenues.

The annual debt service requirements to maturity for Business-Type Activities are as follows:

Year Ending June 30	Total Payment	Interest	Principal
2017	\$ 61,025	\$ 25,542	\$ 35,483
2018	61,025	22,927	38,098
2019	61,025	20,687	40,338
2020	61,025	18,316	42,709
2021	61,025	15,806	45,219
2022-2026	272,074	35,895	236,179
<b>Totals</b>	<b>\$ 577,199</b>	<b>\$ 139,173</b>	<b>\$ 438,026</b>

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 7. Compensated Absences**

The District has accrued vacation and sick leave that is payable to employees upon separation from employment. The balance included in accrued expenses and deposits on the Statements of Net Position as of June 30, 2016 is as follows:

<b>Function/Program:</b>	
Police Employees	\$ 23,565
Sewer Employees	11,475
Administrative Employees	16,919
Total	\$ 51,959

**Note 8. Risk Management**

The District participates in a joint powers agreement with the Special District Risk Management Authority ("SDRMA"), which arranges for and provides property and liability insurance to its member special districts. SDRMA provides liability coverage of \$10,000,000 per occurrence through liability self-funded layers. The District also participates in the Special Districts Workers' Compensation Authority ("SDWCA"), which provides workers' compensation insurance to the participating districts.

The District pays premiums commensurate with the levels of coverage requested. The joint powers authorities are governed by boards consisting of members elected from the participating districts, which control the operations of the joint powers authorities independent of any influence by the District beyond the District's representation on the governing boards. The joint powers authorities are independently accountable for their fiscal matters, and thus are not component units of the District for financial reporting purposes. Condensed financial information, as well as the District's share of assets, liabilities and fund balance of the joint powers authorities, was not available for disclosure as of the date of this financial statement.

**Note 9. Interfund Receivables and Payable**

The following is a summary of interfund balances as of June 30, 2016:

	Advances to other funds	from Other Funds	Internal Balances
General Fund	\$ -	\$ 458,196	\$ 458,196
Water Fund	458,196	-	458,196
Total Government-Wide Statement	\$ 458,196	\$ 458,196	\$ -

**Note 10. Employee Pension Plans**

**Money Purchase Pension Plan:**

The Lake Shastina Community Services District Money Purchase Pension Plan was adopted for the purpose of rewarding long and loyal service to the District by providing to Police Officer employees additional financial security at retirement. Incidental benefits are provided in the case of disability, death or other termination of employment. This Plan is a type of qualified retirement plan commonly referred to as a money purchase plan. Since the principal purpose of the plan is to provide benefits at normal retirement age, the principal goal of the investment of the funds in the plan should be both security and long-term stability with moderate growth commensurate with the anticipated retirement dates of participants. Investments, other than "fixed dollar" investments, should be included among the plan's investments to prevent erosion by inflation. However, investments should be sufficiently liquid to enable the plan, on short notice, to make some distributions in the event of death or disability of a participant. Employees are generally not taxed on the amounts the District contributes to the Plan on their behalf until they withdraw these amounts from the Plan.

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 10. Employee Pension Plans (continued)**

The District contributes an amount equal to 6 percent of eligible police department employees' regular wages. Total contributions for the year ended June 30, 2016 were \$6,049. Police department eligible employees are also covered by Social Security.

**Defined Benefit Pension Plan:**

**Plan Description**

All qualified permanent and probationary employees, except public safety employees, are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

After the CalPERS GASB No. 68 valuation date of June 30, 2014, the District added one new pension plan under the California Public Employees' Pension Reform Act (PEPRA). Due to the fact that this plan started after the valuation date the related pension information was not included in the CalPERS GASB No. 68 actuarial calculations and is not included in the GASB 68 Pension footnote. Employer pension contributions made on behalf of the Miscellaneous PEPRA for the year ended June 30, 2016 was \$2,321.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**Funding Policy**

The passage of California State Assembly Bill 340 created the Public Employees' Pension Reform Act (PEPRA). PEPRA implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of a new member as per PEPRA. Employees enrolled in the Plan prior to January 1, 2013, are now referred to as Classic Plan members. Under PEPRA formula the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<b>Miscellaneous Plan</b>
Hire date	Prior to January 1, 2013
Benefit formula	2% at 55
Benefit vesting formula	5 years of service
Benefit payments	Monthly for life
Retirement age	50-57
Monthly benefits (as a % of eligible compensation)	2.0% (**)
Required employee contribution rates 2015-16	7.0%
Required employer contribution rates 2015-16	15.598%

(\*\*) Varies dependent on age and years of service

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 10. Employee Pension Plans (continued)**

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan was as follows:

	Miscellaneous Plan
Contributions – employer	\$ 32,913

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources

As of June 30, 2016, the District reported a net pension liability of \$653,982 for its proportionate share of the net pension liability of the Miscellaneous Plan. The District's net pension asset for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2014 was 0.0238%.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the District recognized pension expense of \$77,728. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning balance	\$ 112,037	\$ 114,762
Difference between actual and expected experience	5,465	-
Change in assumptions	-	51,704
Change in employer's proportion	51,950	-
Difference between employer's actual contributions and employer's proportionate share of contributions	1,671	25,898
Net differences between projected and actual earnings on plan investments	-	91,074
Total	\$ 171,123	283,438
Net deferred outflows		\$ (112,315)

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 10. Employee Pension Plans (continued)**

\$2,321 reported as deferred inflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ending June 30	
2016	\$ (29,557)
2017	(29,557)
2018	(29,557)
2019	(23,644)
2020	-
Thereafter	-
Total	\$ (112,315)

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

June 30, 2015	
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by age and service
Investment Rate of Return	7.50%, net of pension plan investment and administrative expenses; includes inflation
Mortality	20

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were derived from the June 30, 2012 funding valuation report.

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.5% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.50%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 10. Employee Pension Plans (continued)**

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Target Allocation	Years 1-10*	Rate of Return Years 11+ **
Global equity	51%	5.25%	5.71%
Global fixed income	19%	0.99%	2.43%
Inflation sensitive	6%	0.45%	3.36%
Private equity	10%	6.83%	6.95%
Real estate	10%	4.50%	5.13%
Infrastructure and forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
<b>Total</b>	<b>100%</b>		

(\*) An expected inflation of 2.5% used for this period.

(\*\*) An expected inflation of 3.0% used for this period.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
Plan's Net Pension Liability - Miscellaneous	\$ 1,096,773	\$ 653,982	\$ 288,406

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**Note 11. Contingent Liabilities**

The District is involved in various litigation; however, in the District's opinion, the potential claims against the District resulting from such litigation would not materially affect the accompanying financial statements.

Lake Shastina Community Services District  
Notes to the Financial Statements  
June 30, 2016

**Note 12. Excess Expenditures Over Appropriations**

The excess expenditures over appropriations, describes a budgetary violation that occurred for the year under audit. For the year ended June 30, 2016, the District did not have any funds where expenditures exceeded appropriations.

**NOTE 13. Future GASB Implementation**

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. This statement will improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measure fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established by GASB Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relative literature. The District's management has not yet determined the impact that implementation of these standards, which is required on July 1, 2015, will have on the District's financial statements, if any.



## REQUIRED SUPPLEMENTARY INFORMATION

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For The Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance With Final Budget
<u>REVENUES</u>				
Interest	\$ 595	\$ 595	\$ 910	\$ 315
Rents	81,783	81,783	80,134	(1,649)
Other operating revenues	3,000	3,000	6,785	3,785
Other nonoperating revenues	-	-	-	-
Total revenues	<u>85,378</u>	<u>85,378</u>	<u>87,829</u>	<u>2,451</u>
<u>EXPENDITURES</u>				
Current:				
Contract services	5,000	17,000	996	16,004
Dues and subscriptions	3,650	3,650	149	3,501
Elections	-	-	-	-
Events	750	750	-	750
Fuel and supplies	-	-	-	-
Insurance	1,300	1,300	37	1,263
Labor	224,069	274,210	8,693	265,517
Licenses and permits	2,350	2,350	151	2,199
Medical clinic contract	42,110	42,110	-	42,110
Miscellaneous	-	-	1	(1)
Office supplies	8,250	8,250	274	7,976
Professional services	5,750	40,250	2,979	37,271
Repairs and maintenance	13,000	20,000	666	19,334
Supplies and small tools	250	800	24	776
Travel and training	3,000	3,000	18	2,982
Uniforms	-	-	-	-
Utilities	7,300	7,300	288	7,012
Administrative overhead	(244,249)	(348,441)	-	(348,441)
Capital outlay	-	-	-	-
Debt service:				
Interest	1,890	1,890	-	1,890
Total expenditures	<u>74,420</u>	<u>74,419</u>	<u>14,276</u>	<u>60,143</u>
Excess of revenues under expenditures	10,958	10,959	73,553	62,594
<u>FUND BALANCES</u>				
Beginning of the year	<u>(300,474)</u>	<u>(300,474)</u>	<u>(300,474)</u>	<u>-</u>
End of the year	<u>\$ (289,516)</u>	<u>\$ (289,515)</u>	<u>\$ (226,921)</u>	<u>\$ 62,594</u>

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

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
 Budgetary Comparison Schedule  
 Police Funds  
 For The Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance With Final Budget
<u>REVENUES</u>				
Special tax assessments	\$ 257,140	\$ 257,140	\$ 257,760	\$ 620
Federal and state grants	100,000	100,000	100,000	-
Other operating revenues	9,300	7,800	7,656	(144)
Interest	550	550	954	404
Other nonoperating revenues	1,000	3,200	3,352	152
Total revenues	<u>367,990</u>	<u>368,690</u>	<u>369,722</u>	<u>1,032</u>
<u>EXPENDITURES</u>				
Current:				
Contract services	3,000	3,000	3,232	(232)
Dues and subscriptions	2,600	2,600	2,410	190
Elections	-	-	-	-
Events	500	500	5,885	(5,385)
Fuel and supplies	10,000	10,000	5,885	4,115
Insurance	11,000	11,000	8,805	2,195
Labor	262,186	264,000	249,349	14,651
Licenses and permits	750	750	466	284
Miscellaneous	-	-	543	(543)
Office supplies	1,525	1,525	1,031	494
Professional services	4,350	4,850	4,258	592
Repairs and maintenance	7,850	7,850	940	6,910
Supplies and small tools	1,750	1,750	132	1,618
Travel and training	6,950	6,950	3,838	3,112
Uniforms	1,650	1,650	819	831
Utilities	9,650	9,650	9,422	228
Administrative overhead	19,540	27,875	27,992	(117)
Capital outlay	4,000	4,000	-	4,000
Total expenditures	<u>347,301</u>	<u>357,950</u>	<u>325,007</u>	<u>32,943</u>
Excess of revenues over expenditures	20,689	10,740	44,715	33,975
<u>FUND BALANCES</u>				
Beginning of the year	<u>376,252</u>	<u>376,252</u>	<u>376,252</u>	<u>-</u>
End of the year	<u>\$ 396,941</u>	<u>\$ 386,992</u>	<u>\$ 420,967</u>	<u>\$ 33,975</u>

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

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
 Budgetary Comparison Schedule  
 Fire Fund  
 For The Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance With Final Budget
<b><u>REVENUES</u></b>				
Special tax assessments	\$ 118,385	\$ 118,385	\$ 118,190	\$ (195)
Federal and state grants	12,000	7,589	7,368	(221)
Other operating revenues	5,316	11,016	11,377	361
Interest	300	300	703	403
Other nonoperating revenues	48,000	161,865	165,449	3,584
Total revenues	<u>184,001</u>	<u>299,155</u>	<u>303,087</u>	<u>3,932</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Contract services	2,000	2,000	1,794	206
Dues and subscriptions	925	925	755	170
Elections	-	-	-	-
Events	500	500	13,787	(13,287)
Fuel and supplies	23,500	23,500	13,787	9,713
Insurance	7,000	7,000	6,884	116
Labor	110,359	162,969	173,476	(10,507)
Licenses and permits	300	300	273	27
Miscellaneous	-	-	85	(85)
Office supplies	550	550	583	(33)
Professional services	980	1,980	1,170	810
Repairs and maintenance	9,750	38,000	40,972	(2,972)
Supplies and small tools	1,500	3,500	1,362	2,138
Travel and training	8,500	8,500	6,959	1,541
Uniforms	4,000	4,000	3,485	515
Utilities	6,700	6,700	7,623	(923)
Administrative overhead	19,540	27,875	27,992	(117)
Capital outlay	99,000	114,177	85,381	28,796
Total expenditures	<u>295,104</u>	<u>402,476</u>	<u>386,368</u>	<u>16,108</u>
Excess of revenues and other sources over (under) expenditures and other financing sources	(111,103)	(103,321)	(83,281)	20,040
<b><u>FUND BALANCES</u></b>				
Beginning of the year	<u>159,041</u>	<u>159,041</u>	<u>159,041</u>	<u>-</u>
End of the year	<u>\$ 47,938</u>	<u>\$ 55,720</u>	<u>\$ 75,760</u>	<u>\$ 20,040</u>

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

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
A Cost Sharing Defined Benefit Pension Plan  
As of June 30, 2016

**Lake Shastina Community Services District Employee's Retirement System -**

	6/30/2016 (1)	6/30/2015 (1)
Valuation Date	6/30/2014	6/30/2013
District's proportion of the net pension liability (asset)	0.015677%	0.01041%
District's proportionate share of the net pension liability (asset)	\$ (653,982)	\$ 647,752
District's covered-employee payroll	\$ 433,896	\$ 531,976
District's proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-150.72%	121.76%
Plan's fiduciary net position as a percentage of the total pension liability	100.00%	100.00%

**Lake Shastina Community Services District Employee's Retirement System -**

	6/30/2016 (1)	6/30/2015 (1)
Actuarially determined contribution	\$ 83,991	\$ 83,991
Contributions in relation to the actuarially determined contributions	83,991	83,991
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll (3)	\$ 433,896	\$ 531,976
Contributions as a percentage of covered-employee payroll	19.36%	15.79%

**Notes to the Schedules**

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the tables above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

(3) Payroll from prior year was assumed to increase by 3.00% payroll growth assumptions.

Change in Benefit Terms: None

Change in Assumptions: None

## SUPPLEMENTARY INFORMATION

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
Combining Balance Sheet - Police Special Revenue Funds  
June 30, 2016

	<u>Police</u>	<u>COPS More Grants</u>	<u>Combined Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 243,749	\$ 7,139	\$ 250,888
Receivables			
Assessments and accounts	22,202	-	22,202
Tax roll	97,679	-	97,679
Intergovernmental	-	11,253	11,253
Prepaid expenses	1,916	1,916	3,832
Due from other funds	64,577	-	64,577
	<u>64,577</u>	<u>-</u>	<u>64,577</u>
Total assets	<u>\$ 430,123</u>	<u>\$ 20,308</u>	<u>\$ 450,431</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 1,499	\$ -	\$ 1,499
Accrued expenses and deposits	2,887	5,216	8,103
Due to other funds	-	64,577	64,577
Total liabilities	<u>4,386</u>	<u>69,793</u>	<u>74,179</u>
Fund balances (deficit):			
Committed	-	-	-
Assigned	425,737	-	425,737
Unassigned, designated for police	-	(49,485)	(49,485)
	<u>425,737</u>	<u>(49,485)</u>	<u>376,252</u>
Total liabilities and fund balances	<u>\$ 430,123</u>	<u>\$ 20,308</u>	<u>\$ 450,431</u>

LAKE SHASTINA COMMUNITY SERVICES DISTRICT  
Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances - Police Special Revenue Funds  
For The Year Ended June 30, 2016

	Police	COPS More Grants	Total
<u>REVENUES</u>			
Special tax assessments	\$ 257,760	\$ -	\$ 257,760
Federal and state grants	-	100,000	100,000
Other operating revenues	7,656	-	7,656
Interest	954	-	954
Other nonoperating revenues	3,352	-	3,352
Total revenues	<u>269,722</u>	<u>100,000</u>	<u>369,722</u>
<u>EXPENDITURES</u>			
Current:			
Bad debt			
Contract services	3,232	-	3,232
Dues and subscriptions	2,410	-	2,410
Elections	-	-	-
Fuel and supplies	5,885	-	5,885
Insurance	8,805	-	8,805
Labor	131,507	117,842	249,349
Licenses and permits	466	-	466
Miscellaneous	543	-	543
Office supplies	1,031	-	1,031
Professional services	4,258	-	4,258
Repairs and maintenance	940	-	940
Supplies and small tools	132	-	132
Travel and training	326	3,512	3,838
Uniforms	819	-	819
Utilities	9,422	-	9,422
Administrative overhead	27,992	-	27,992
Total expenditures	<u>197,768</u>	<u>121,354</u>	<u>319,122</u>
Excess of revenues over (under) expenditures	71,954	(21,354)	50,600
<u>OTHER FINANCING SOURCES / (USES)</u>			
Operating transfers in	-	1,433	1,433
Operating transfers out	(1,433)	-	(1,433)
Total other financing sources/uses	<u>(1,433)</u>	<u>1,433</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	<u>70,521</u>	<u>(19,921)</u>	<u>50,600</u>
<u>FUND BALANCES</u>			
Beginning of the year, as previously reported	<u>355,216</u>	<u>(29,564)</u>	<u>325,652</u>
End of the year	<u>\$ 425,737</u>	<u>\$ (49,485)</u>	<u>\$ 376,252</u>

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



## GAO SECTION



## **Aiello, Goodrich & Teuscher**

An Accountancy Corporation

### **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Lake Shastina Community Services District  
Weed, California

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 Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund, of Lake Shastina Community Services District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 4, 2017.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Items 2016-1 and 2016-2 that we consider to be significant deficiencies.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

#### **The District's Response to Findings**

The District's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Aiello, Goodrich & Teuscher*

Aiello, Goodrich & Teuscher  
An Accountancy Corporation  
Mt. Shasta, California  
January 4, 2017



**LAKE SHASTINA COMMUNITY SERVICES DISTRICT**  
**Schedule of Findings and Responses**  
For the Year Ended June 30, 2016

**2016 - 1**

**Personnel are not knowledgeable about Generally Accepted Accounting Principles (GAAP)**

Condition: The District's accounting staff is limited in size, training, and expertise. Management relies upon the auditor to recommend footnote disclosures for financial statements and to prepare for approval and record adjusting entries to convert the District's financial statements from the cash basis of accounting to the accrual basis of accounting.

Criteria: Statement of Auditing Standards No. 112, states that the auditor may not be part of the District's internal control system. Someone in the District should be knowledgeable in generally accepted accounting principles and capable of preparing financial statements in conformity with generally accepted accounting principles.

Cause: The District does not have either an employee educated in generally accepted accounting principles or an accounting firm engaged to prepare financial statements in conformity with generally accepted accounting principles.

Recommendation: We recommend that the District should consider the cost benefit of seeking professional assistance from an accountant familiar with generally accepted accounting principles or enhance the expertise of the staff through training/educating in generally accepted accounting principles.

Response: The District accounting staff is limited in size, training and expertise as noted. The current accounting staff is familiar with GAAP and has applied it as directed by management and they have improved in their knowledge over the years to apply it to the accounting entries. More education is always welcome by staff as time and budgeting allows. The District may be able to consider hiring a CPA to provide training to staff or review monthly entries if funds are available in the budget to do so.

**2016 - 2**

**Audit Adjustments**

Condition: During our audit of the current year, we identified several audit adjustments that were material to the financial statements and which were required in order for the financial statements to be prepared in accordance and/or conformity with generally accepted accounting principles. While other year-end adjustments were identified by the District's internal control, these adjustments were not identified through internal controls

Criteria: All adjustments necessary for financial statements to be prepared in accordance and/or conformity with generally accepted accounting principles should be identified and posted by the District.

Effect: Financial statements which are not in conformity with generally accepted accounting principles could have been prepared and distributed

Recommendation: We recommend that management take steps to ensure that all adjustments necessary to prepare financial statements in accordance with generally accepted accounting principles be identified and posted prior to the start of the audit.

Response: Year-end adjustments for recommended items are typically posted by staff within 90 days following fiscal year-end. Most of the adjusting entries normally made at year-end were completed before submission to the auditors. Although staff tried to complete all entries, a few were inadvertently missed. This has improved from the prior years as staff has been learning from auditors new audit requirements and timeframes. The accounting staff plans to implement year-end procedures to include the necessary postings to look for and enter in a more organized method. Having a detailed checklist will assist in completing all required entries on time. Some items are not within the scope of staffs' abilities to calculate or post due to the complicated nature of certain GASB required entries, such as deferred outflows and inflows. The accounting staff does not want to make these postings without direction and will continue to work with auditors to assist with posting these year-end adjustments correctly.

**LAKE SHASTINA COMMUNITY SERVICES DISTRICT**  
**Schedule of Prior Year Findings and Responses**  
For the Year Ended June 30, 2016

**2015 - 1**

**Personnel are not knowledgeable about Generally Accepted Accounting Principles (GAAP)**

Condition: The District's accounting staff is limited in size, training, and expertise. Management relies upon the auditor to recommend footnote disclosures for financial statements and to prepare for approval and record adjusting entries to convert the District's financial statements from the cash basis of accounting to the accrual basis of accounting.

Criteria: Statement of Auditing Standards No. 112, states that the auditor may not be part of the District's internal control system. Someone in the District should be knowledgeable in generally accepted accounting principles and capable of preparing financial statements in conformity with generally accepted accounting principles.

Cause: The District does not have either an employee educated in generally accepted accounting principles or an accounting firm engaged to prepare financial statements in conformity with generally accepted accounting principles.

Recommendation: We recommend that the District should consider the cost benefit of seeking professional assistance from an accountant familiar with generally accepted accounting principles or enhance the expertise of the staff through training/educating in generally accepted accounting principles.

Current Status: See current year finding 2016-1

**2015 - 2**

**Audit Adjustments**

Condition: During our audit of the current year, we identified several audit adjustments that were material to the financial statements and which were required in order for the financial statements to be prepared in accordance and/or conformity with generally accepted accounting principles. While other year-end adjustments were identified by the District's internal control, these adjustments were not identified through internal controls

Criteria: All adjustments necessary for financial statements to be prepared in accordance and/or conformity with generally accepted accounting principles should be identified and posted by the District.

Effect: Financial statements which are not in conformity with generally accepted accounting principles could have been prepared and distributed

Recommendation: We recommend that management take steps to ensure that all adjustments necessary to prepare financial statements in accordance with generally accepted accounting principles be identified and posted prior to the start of the audit.

Current Status: See current year finding 2016-2



1/11/2017  
9:20 AM

Account	Description	Debit	Credit
<b>Proposed JE # 101</b>			
To accrue an additional portion of a year end accounts payable item.			
10.01.7105.200	Util-Electric	461.00	
10.00.2205.500	Due to/from LSPOA		461.00
<b>Total</b>		<b>461.00</b>	<b>461.00</b>
<b>Proposed JE # 102</b>			
To record cash transactions not recorded in the current fiscal year			
15.01.7026.000	Contract Services	554.00	
15.00.0004.000	Tri Counties Bank Shared Ckg		554.00
<b>Total</b>		<b>554.00</b>	<b>554.00</b>

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
To adjust fund balance to agree to prior year financial statements.			
20.00.3900.000	(r) Fund Balance	1,076.00	
25.00.3900.000	(r) Fund Balance	5,553.00	
25.00.9999.000	Transfer In/Out	1,433.00	
26.00.3900.000	(r) Fund Balance	1,433.00	
30.00.3900.000	(r) Fund Balance	2,237.00	
20.01.7064.000	Materials/Supplies/Small Tools		1,076.00
25.00.3900.000	(r) Fund Balance		1,433.00
25.01.7062.000	Repair & Maintenance		5,553.00
26.00.9999.000	Transfer In/Out		1,433.00
30.01.7064.000	Materials/Supplies/Small Tools		2,237.00
<b>Total</b>		<b>11,732.00</b>	<b>11,732.00</b>

**Adjusting Journal Entries JE # 2**

To adjust fund balance to actual - Fund 15 - reversal of lease payment booked to expense and FB, and PY PPA recorded in CY; Fund 10 - reversal of debt payment booked to expense and FB, and PY PPA recorded in CY

10.00.3500.000	Prior Period Adjustment	12,038.00	
10.00.3900.000	(r) Fund Balance	21,011.00	
15.00.3500.000	Prior Period Adjustment	4,529.00	
15.00.3900.000	(r) Fund Balance	33,462.00	
10.01.7501.000	Payroll Expense		12,038.00
10.22.7053.000	Medical Building Contract		21,011.00
15.01.7085.000	Municipal Finance Principle		33,462.00
15.01.7501.000	Payroll Expense		4,529.00
<b>Total</b>		<b>71,040.00</b>	<b>71,040.00</b>

**Adjusting Journal Entries JE # 3**

Recorded at the request of the client - To capitalize fixed assets acquired by the District and current year depreciation.

01.00.1154.000	Vehicles	70,645.00	
01.01.7900.000	Depreciation Expense - General	17,039.00	
01.01.7900.100	Depreciation Expense - Police	8,913.00	
01.01.7900.200	Depreciation Expense - Fire	36,502.00	
15.00.1151.000	Real Property-Buildings	15,285.00	
15.00.1167.000	Property, Plant & Equipment	15,374.00	
15.00.1170.000	Construction in Progress - CIP	4,741.00	
15.01.7900.000	Depreciation Expense	60,138.00	
20.00.1151.000	Real Property-Buildings	15,285.00	
20.00.1167.000	Property, Plant & Equipment	12,751.00	
20.00.1170.000	Construction in Progress - CIP	2,632.00	
20.01.7900.000	Depreciation Expense	121,477.00	
01.00.1159.000	(r) Accumulated Depreciation		62,454.00
01.00.7010.000	Capital Improvement		70,645.00
15.00.1159.000	Accumulated Depreciation		60,138.00



15.01.7010.000	Capital Improvement	35,400.00	
20.00.1159.000	Accumulated Depreciation	121,477.00	
20.01.7010.000	Capital Improvement	30,668.00	
<b>Total</b>		<b>380,782.00</b>	<b>380,782.00</b>

#### Adjusting Journal Entries JE # 4

Recorded at the request of the client - to record asset dispositions and transfers that occurred during the current year.

01.00.1159.000	(r) Accumulated Depreciation	13,824.00	
15.00.1154.000	Vehicles	6,000.00	
01.00.1167.000	Property, Plant & Equipment		13,824.00
15.00.1159.000	Accumulated Depreciation		6,000.00
<b>Total</b>		<b>19,824.00</b>	<b>19,824.00</b>

#### Adjusting Journal Entries JE # 5

To reclassify the medical clinic from a fixed asset to an investment - per new GASB.

01.00.1000.000	Investment - Real Property-Building	576,269.00	
01.00.1159.000	(r) Accumulated Depreciation	282,278.00	
01.00.1150.500	Land Improvements		858,547.00
<b>Total</b>		<b>858,547.00</b>	<b>858,547.00</b>

#### Adjusting Journal Entries JE # 6

To adjust the Advance from the water fund to the general fund to actual at year end.

10.00.2205.200	Due to/from Water	20,793.00	
10.22.7053.000	Medical Building Contract		20,793.00
<b>Total</b>		<b>20,793.00</b>	<b>20,793.00</b>

#### Adjusting Journal Entries JE # 7

To agree inventory balances to the year end inventory count.

15.00.1156.000	Inventory Asset	1,364.00	
20.01.7064.000	Materials/Supplies/Small Tools	11,838.00	
15.01.7064.000	Materials/Supplies/Small Tools		1,364.00
20.00.1156.000	Inventory Asset		11,838.00
<b>Total</b>		<b>13,202.00</b>	<b>13,202.00</b>

#### Adjusting Journal Entries JE # 8

To record current year change in compensated absences in the full accrual fund.

01.00.2215.000	L/T Compensated Absences	3,987.00	
01.00.2215.100	(r) S/T Compensated Absences	2,657.00	
01.00.7501.000	(r) Payroll expense - Admin		1,834.00
01.00.7501.100	Payroll Expense - Police		4,810.00
<b>Total</b>		<b>6,644.00</b>	<b>6,644.00</b>

### Adjusting Journal Entries JE # 9

To adjust CalPERS/Pension payable and federal withholding to actual at year end.

10.00.2204.200	CalPERS Payable	10,801.00	
10.01.7513.000	Payroll-TAXES	9,552.00	
10.00.2202.000	Fed Tax Withholding		9,552.00
10.01.7516.200	Pension Cost (CalPERS)		10,801.00
<b>Total</b>		<b>20,353.00</b>	<b>20,353.00</b>

### Adjusting Journal Entries JE # 10

To record removal of fire assets no longer in use.

01.00.1159.000	(r) Accumulated Depreciation	97,591.00	
01.01.8000.000	Gain/loss on disposition of asset	392.00	
01.00.1167.000	Property, Plant & Equipment		97,983.00
<b>Total</b>		<b>97,983.00</b>	<b>97,983.00</b>

### Adjusting Journal Entries JE # 12

To adjust current portion of debt to actual at year end.

15.00.2500.100	Current portion of City National Bank Loan	33,462.00	
15.00.2500.000	City National Bank Loan		33,462.00
<b>Total</b>		<b>33,462.00</b>	<b>33,462.00</b>

### Adjusting Journal Entries JE # 13

To record current year PERS pension activity

01.00.2700.000	Deferred Outflows - Pension Activity	26,189.00	
01.00.7516.000	Pension Cost (CalPERS)	51,337.00	
15.00.2700.000	Deferred Outflows - Pension Activity	32,897.00	
15.01.7516.200	Pension Cost (CalPERS)	64,483.00	
01.00.2700.100	Net Pension Liability (Asset)		2,762.00
01.00.2700.200	Deferred Inflows - Pension Activity		74,764.00
15.00.2700.100	Net Pension Liability (Asset)		3,468.00
15.00.2700.200	Deferred Inflows - Pension Activity		93,912.00
<b>Total</b>		<b>174,906.00</b>	<b>174,906.00</b>
<b>Total Adjusting Journal Entries</b>		<b>1,709,268.00</b>	<b>1,709,268.00</b>



**Aiello, Goodrich & Teuscher**

An Accountancy Corporation

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January 4, 2017

Board of Directors  
Lake Shastina Community Services District  
Weed, CA 96094

In planning and performing our audit of the financial statements of Lake Shastina Community Services District for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our report dated January 4, 2017.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendation with various Organization personnel, and will be pleased to discuss them in further detail at your convenience. Our comments are summarized as follows:

**Bank Reconciliations**

*Observation*

During the current year's audit procedures, it was noted that the bank reconciliations prepared by the Senior Accounting Clerk are not reviewed by anyone else in the District.

*Recommendation*

We recommend that the General Manager or a member of the board review and approve the bank reconciliations prepared by the Senior Accounting Clerk.

**Employment Contracts**

*Observation*

During the current year's audit procedures, it was noted that the Interim General Manager (Lloyd James Lea, II) did not abide by his contract and hired a replacement Interim General Manager (David Hankins) prior to receiving consent from the Board. Per Mr. Lea's contract, he did not have the authority to perform the following without the Board's consent

- Hire, terminate, suspend, or change compensation or positions of other District employees
- Enter into, or agree to cancel or amend, any contracts to which the District is a party.

*Recommendation*

We recommend that the Board of Directors diligently review all contracts and the associated dates of execution closely in order to ensure that all matters concerning the District are carried out as stated.

We wish to thank the General Manager, Senior Accounting Clerk and their department for their support and assistance during our audit.

This information is intended solely for the use of the Board of Directors and management of Lake Shastina Community Services District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Aiello, Goodrich & Teuscher*

Aiello, Goodrich & Teuscher  
An Accountancy Corporation





Item 4.A

## Lake Shastina Fire Department

16309 Everhart Drive  
Weed CA 96094

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For the Month of December LSFD had a total of 39 calls. This is the busiest month we have ever had as far as call volume. These calls included:

- 11 Public Assist
- 1 Structure Fires
- 19 Medical Aids
- 7 Traffic Collisions
- 1 Vegetation Fire

News for December:

- LSFD's new contract with Medford Fire for vehicle repair
- All firefighters who are not currently firefighter 1 certified have begun their task books.

# **Lake Shastina Police Department**

## **Inter-Office Memo**

Lake Shastina C.S.D. Board Report

December 2016

Lake Shastina Police Department responded to approximately 33 calls during the month of December. This is a decrease in the number of calls.

Disturbance – 2	D.U.I. – 1	Traffic – 5
Structure Fire – 1	Civil Matter – 3	Disturbances - 3
Dogs at Large – 1	Burglary Assist - 1	Domestic Viol - 1
Arrests – 1	S.C.A.R. – 2 (New)	Traffic Accidents - 4

In addition, there were five citizen assist calls and eight calls to assist other agencies.

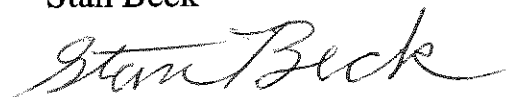
The police department received two more Suspected Child Abuse Reports. These incidents occurred in LSPD Area, however were reported to a County Agency for investigation. Both cases have been successfully closed. There was one new sex offender registration in December.

There were four traffic collisions in Lake Shastina during December. Alcohol, bad weather and speed do not mix well. One traffic collision resulted in the arrest of a resident who was intoxicated beyond the legal limit. It doesn't need to be said – Don't Drink and Drive!

Many accidents are a direct result of distracted driving. Texting, talking on the phone, eating and navigating all contribute to distracted driving. PLEASE, leave the voice mail to answer the phone and concentrate on the road.

The Police Department is looking forward to the return of Chief Wilson as a full time Chief of Police. While he has always been here, it will be nice to see him on patrol.

Stan Beck



# VERBAL

Recognition of Dwayne and Karla Chandler – KEEP Committee (Pres. Graves)



## *LAKE SHASTINA COMMUNITY SERVICES DISTRICT*

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**TO:** LSCSD BOARD OF DIRECTORS  
**MEETING DATE:** JANUARY 18, 2017  
**FROM:** KARL DREXEL, GENERAL MANAGER  
**SUBJECT:** ADOPTION OF ORDINANCE 1-16

---

### **Final adoption of Ordinance 1-16 regarding Police Department Special Tax**

#### **BACKGROUND:**

Whereas the Police Department Special Tax Measure B was passed by the voters and an ordinance was written to authorize that tax, the Board has approved the first reading and approved the second reading at a Special Meeting. However, the second and final reading has to be approved by the Board at a Regularly Scheduled Board meeting (per Gov. Code § 61060(a) and Gov. Code § 25131).

#### **RECOMMENDATION:**

Staff recommends the Board Adopt Resolution 1-16 approving the second reading of the Ordinance and authorizing the tax to be collected effective January 1, 2017.





## ***LAKE SHASTINA COMMUNITY SERVICES DISTRICT***

### **ORDINANCE NO. 1-16**

The Board of Directors of the Lake Shastina Community Services District finds that the District is authorized by Government Code Section 61600(d), and by its formation petition, to provide police protection services, and it does so; and

The Board further finds that the costs of operating the Police Department are expected to exceed the funds currently available to pay same; and

The Board finds that the best way to remedy the expected deficiency is to levy a tax in the amounts set forth below, to be effective upon its approval by voters of the District, and will remain in effect until rescinded or revoked by the voters of the District, which tax reflects the actual cost of providing such services.

#### **NOW, THEREFORE, IT IS ORDAINED AS FOLLOWS:**

The Lake Shastina Community Services District shall levy a special tax for police protection services, to be effective upon approval by the voters of the District, in the amounts set forth below:

1. All parcels within the District, whether residential or non-residential, improved or unimproved, \$110.00 per year.
2. The following are exempt from this tax: any road, greenbelt, or any property belonging to any county, state, or federal government agency.
3. For the purposes of this ordinance, the following definitions shall apply:
  - A. "year" means the fiscal year;
  - B. "parcel" means a parcel of real property having a separate Assessor's Parcel Number, as shown on the secured tax rolls of the County of Siskiyou.
4. The Board recognizes that certain numbered residential lots within the District may have two Assessor's Parcel Numbers as shown on the secured tax rolls of the County of Siskiyou due to the fact that said residential lot is divided by Siskiyou County tax area boundary lines. In these cases, the lot is identified by only one Assessor's Parcel Number on District records, therefore, subject to a single tax as defined herein.
5. Upon the adoption of this tax, all District ordinances for fees, assessments, and other charges previously levied or approved by the District for police protection services, except those for the 2016-2017 fiscal year, are hereby rescinded, provided however, that the then current outstanding indebtedness for same shall not be deemed forgiven. If the tax adopted by this ordinance is at any time found to be invalid, the rescission of the most recent ordinance establishing the tax rate for police services shall be null and void, and it shall thereupon be reinstated.

6. This tax shall become effective immediately upon approval by the voters. During the 2016-2017 fiscal year, a prorated amount of this tax shall be levied from the first of the month immediately following the effective date of the measure.
7. Voter Approval Required: This Ordinance shall become effective only upon affirmative vote by a two-thirds majority of the eligible voters of the District pursuant to California Constitution, Article XIII A, Section 4 and Article XIII C, Section 2; California Government Code 53722; and Elections Code Section 9342.

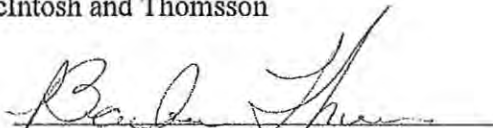
-----  
It is hereby certified that the foregoing Ordinance No. 1-16 was duly introduced at a meeting of the Lake Shastina Community Services District on the 16th day of November, 2016 and adopted at a meeting of the Lake Shastina Community Services District on the 14th day of December, 2016.

ROLL CALL VOTE:

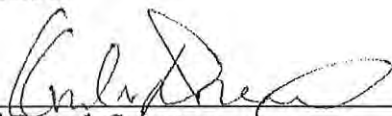
AYES: Directors Cupp, Graves, Layne, MacIntosh and Thomsson

NOES: None

ABSENT: None

  
Barbara Thomsson, President

ATTEST:

  
Karl Drexel, Secretary



## ***LAKE SHASTINA COMMUNITY SERVICES DISTRICT***

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**TO:** LSCSD BOARD OF DIRECTORS  
**MEETING DATE:** JANUARY 18, 2017  
**FROM:** KARL DREXEL, GENERAL MANAGER  
**SUBJECT:** ADOPTION OF ORDINANCE 1-17

---

### **Final adoption of Ordinance 1-17 regarding Amending the Animal Control Ordinance**

#### **BACKGROUND:**

The Animal Control Ordinance 1-11 has, since its inception, called for any violation of the Ordinance to be treated as a misdemeanor violation without regard to the issuing officer's discretion. It has become clear that this Ordinance needs to be modified to provide the Police with the option to treat the violation as an infraction if warranted or a misdemeanor at the officer's discretion. Ordinance 1-17 allows for that discretion and was introduced at a Special Meeting on December 14<sup>th</sup>.

#### **RECOMMENDATION:**

Staff recommends the Board Adopt Resolution 1-17 approving the second reading of the Ordinance and authorizing the amendment to Animal Control Ordinance 1-11.



# ***LAKE SHASTINA COMMUNITY SERVICES DISTRICT***

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## **DRAFT**

### **ORDINANCE NO. 1-17**

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE LAKE SHASTINA COMMUNITY SERVICES DISTRICT AMENDING ANIMAL CONTROL ORDINANCE 1-11.

**WHEREAS**, the Board of Directors adopted Animal Control Ordinance 1-11 on December 21, 2011; and

**WHEREAS**, the District has, since the entry of that Ordinance, determined that it is necessary to modify Ordinance 1-11 with respect to Misdemeanor Violations.

**NOW, THEREFORE BE IT ORDAINED** by the Board of Directors that pertaining to:

**Article 14**, Section 14.01. – Dogs at Large,

**Article 14**, Section 14.02. – Dog Nuisances Prohibited,

**Article 14**, Section 14.03. – Public Nuisances Prohibited, and

**Article 15**, Section 15.03. – Interference with Officials

each section shall be modified to read as follows: “any violation of the provisions of this section shall be an infraction or a misdemeanor”

And, adding these three words to each section above shall not change any other penalties prescribed in Animal Control Ordinance No. 1-11.

-----  
It is hereby certified that the foregoing Ordinance No. 1-17 was duly introduced at a special meeting of the Lake Shastina Community Services District on the 14th day of December, 2016 and adopted at a regular meeting of the Lake Shastina Community Services District on the 18th day of January, 2017.

ROLL CALL VOTE:

AYES:

NOES:

ABSENT:

Lake Shastina Community Services District by:

\_\_\_\_\_  
Mike Grave, President

ATTEST

\_\_\_\_\_  
Karl Drexel, District Secretary





## ***LAKE SHASTINA COMMUNITY SERVICES DISTRICT***

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**TO: LSCSD BOARD OF DIRECTORS**

**MEETING DATE: JANUARY 18, 2017**

**FROM: KARL DREXEL, GENERAL MANAGER**

**SUBJECT: BUSINESS RELATIONSHIP BETWEEN LSCSD AND LSPOA**

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### **Board Update regarding the Business Relationship between LSCSD and LSPOA**

#### **BACKGROUND:**

This issue of splitting the functions of the POA and the CSD has been ongoing for some time. The POA has separated itself from the CSD, hired staff, set up their own computer, have their own PO Box, tried doing their own billing, have their own accounting software, etc. The POA/CSD agreement has expired and has not been renewed in spite of several committee meetings and joint discussions held with members from each Board, members of the public and several interim General Managers from both organizations. The Board of Directors of the CSD directed me to treat the LSPOA like any other contractor when getting bids for maintenance work, establish a billing system for actual hours worked for the POA, implement a rental agreement before November 1, 2016 and work on an agreement for LSPOA's continued use of the Administration Building after June 2017. As General Manager, I have implemented all of those directives except the continued use of the Admin Building after next June. I continue to determine what administrative services the CSD staff will be able to offer in the future, and how those services will be billed, but I have not completed my research. LSPOA has moved to establish their own accounting and billing system, their own bank accounts, their own rules and directions to the LSCSD staff working on their projects. The CSD staff has been continuing to perform administrative duties for the POA and their time was billed to the POA for reimbursement.

Additionally, the LSPOA is using the CSD maintenance yard for storage of their equipment. On direction from the Board, I have begun charging the POA for the use of the maintenance yard \$2100 per month based on research of commercial space and have billed them for three months storage so far.

The Rental agreement for storage and office and shop space at the CSD maintenance yard has been in discussions for years. Previous GM/IGMs, including the current POA GM, established rental figures from \$2100 to \$2500 per month, based on actual Siskiyou County commercial rental fees. The POA originally agreed to the \$2,100 per month rate (Bullington) and the CSD Board and IGM (Colombo) wanted to charge \$2,500 per month for a one year lease. After presenting what I felt was a legitimate compromise in order to satisfy everyone, I proposed a fee of \$2,100 per month for one year starting September 2016. I started actual billing in October. The POA Board came back with an offer of a 6 month lease for \$12,000 in advance. I agreed to the discounted rate and a six month agreement for a payment in full in advance and said I would adjust the October and November payments accordingly. They have not responded to that offer and have not paid any of the storage invoices to date.

The LSCSD is a government agency regulated by Government Code 61000, which allows a CSD to own property and rent it out, but the code does not provide for allowing a private organization to use that property free of charge. This could be construed by a member of the public to be a misuse of public funds. The Code also does not provide for the CSD offering administrative services to a private

organization. I realize it has been done forever here in Lake Shastina, but I believe the law is very clear on the latent powers allowed a CSD and administrative services is not one of them. Certainly the CSD could absorb the functions of the POA if the Board AND the community asked for it, but I don't think that would be a very good idea.

**RECOMMENDATION:**

No action is necessary at this time, but further direction from the Board of Directors is warranted. Staff will continue to research appropriate organizational structure of the Administrative staff and continue to help the POA in this period of transition, but future compensation for POA work should be directly POA's responsibility.

# VERBAL

Burn Site Update (GM Drexel)

# VERBAL

Item 10. Drinking Water Wells – Committee Report (Dir. Layne)

A. Update on Well #4 Retrofit. Approve updated proposal for retrofit (GM Drexel)



Item 11

Union Negotiation – Review and Approve Resolution \*-17 to approve, adopt and sign the new MOU (GM Drexel)

There was no document available for packet delivery.

If document is received prior to the meeting, it will be forwarded to the Board.

2/10

# VERBAL

Appointments to committee(s), Board Policy and Procedure Handbook Section 4060 (Pres. Graves)

Potential Committees:

- Finance/Budget Standing Committee
- Policy Ad Hoc Committee



***LAKE SHASTINA COMMUNITY SERVICES DISTRICT***

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**TO: LSCSD BOARD OF DIRECTORS**

**MEETING DATE: JANUARY 18, 2017**

**FROM: KARL DREXEL, GENERAL MANAGER**

**SUBJECT: OUT OF AREA WATER SERVICE AGREEMENT**

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**Approve an application for water service to a property outside of the District Boundary, but directly across Big Springs Road from the District**

**BACKGROUND:**

Lake Shastina resident Tim Pearce on Big Springs Road has had conversations with Robert and previous GM's regarding getting water service to his house. The District main line is across Big Springs Rd. and he was told a line would have to be drilled under the road or a ditch cut in the road. He was also told there would not be an issue connecting him after the line was installed under the road. Due to the high cost of drilling a line under the road or trenching through the road, nothing was ever pursued. However, when Cal Ore was out here doing some trenching and drilling, the resident made an agreement to have a water line drilled under Big Springs Rd. Now he would like to have water service connected.

Whenever service is extended to a property outside the District boundaries that property (or properties) needs to either be annexed into the District or an agreement reached for "Out of Area Service". Both options have to be processed and approved by the Siskiyou County LAFCo. What is involved with getting the approval of LAFCo is to submit an application, adopt a Resolution, determine and collect fees for Administrative services, application processing, LAFCo charges, a new connection fee (determined by management to cover additional costs and "buy-in"), cost of installation, meters, backflow device, pressure reducer, etc. The resident has voiced an interest in proceeding and determining those costs. Due to the cost and because this is a single property, it is staff's opinion, and that of County Planning that an out of area service agreement is preferable to annexation of a single parcel.

**RECOMMENDATION:**

Staff recommends the Board approve an out of area service agreement in principal and authorize staff to proceed in determining and developing the costs inherent in such an agreement, develop a Resolution for Board approval, and process an application.



## COUNTY OF SISKIYOU

COMMUNITY DEVELOPMENT DEPARTMENT  
Building ♦ Environmental Health ♦ Planning  
806 South Main Street, Yreka, California 96097  
Phone: (530) 841-2100 · Fax: (530) 841-4076  
[www.co.siskiyou.ca.us](http://www.co.siskiyou.ca.us)

BILL NAVARRE,  
INTERIM DIRECTOR

January 5, 2017

Karl Drexel, General Manager  
Lake Shastina Community Service District  
16320 Everhart Drive  
Weed, CA 96094  
***Via E-mail attachment***

Dear Mr. Drexel:

The following is in response to your request and our telephone conversation yesterday. As I mentioned, as part of my responsibility as interim Planning Director, I also serve as the interim Deputy Executive Officer for Siskiyou LAFCo. Siskiyou LAFCo has adopted policies and procedures that should expedite the out of area service agreement you wish to execute with a property owner abutting the district. Following is guidance, based on the information you provided to me.

The parcel in question is APN 109-160-060, located at 18218 Big Springs Road in the community of Lake Shastina. It is zoned AG-2-B-40, which allows for agricultural uses, a single family dwelling, and other incidental uses. The minimum parcel size is 40 acres. The parcel is approximately 10 acres in size and is developed with a single family residence. The boundary of the Shastina CSD is at Big Springs Road, directly across the street from the subject parcel; there is no adopted District sphere of influence. The property owner wishes to receive water service from the District. The District is not aware of other property owners in the vicinity desirous of receiving water from the District; as such, extension of the District boundary through annexation does not appear warranted.

In 2014, Siskiyou LAFCo adopted two resolutions, No 2014-01 and 2014-02. Both resolutions pertain to administrative approval of out of area service agreements under certain circumstances. Resolution 2014-01 (attached) allows for the Executive Officer to approve, deny, or approve with conditions out of area service agreements when an existing or impending threat to public health and safety exists and/or to allow for the development of a substandard parcel subject to certain findings. While you did not indicate that there is an existing or impending threat to public health that would be addressed through connection to the District's water system, the District could contend that the 10-acre parcel is substandard given the 40-acre minimum zoning.

To start the review process, you will need to complete the attached application and pay the \$400 filing fee. The LAFCo Executive Officer or his designee will then review the application for completeness and, if complete, determine whether the out of area service agreement can be administratively approved without LAFCo Commission action.

Hopefully, this provides the information you were seeking. If not, please contact me at 530.842.8206 or [rchafin@co.siskiyou.ca.us](mailto:rchafin@co.siskiyou.ca.us) or Brett Walker, Senior Planner, at 530.842.8213 or [bwalker@co.siskiyou.ca.us](mailto:bwalker@co.siskiyou.ca.us).

Sincerely,

Randy Chafin, AICP  
Interim Planning Director

Attachments

Cc: Bill Navarre, Interim Executive Officer, Siskiyou LAFCo

**BUILDING**  
Michael Crawford, Deputy Director  
Telephone: (530) 841-2100  
Fax: (530) 842-0111

**ENVIRONMENTAL HEALTH**  
William Navarre, Deputy Director  
Telephone: (530) 841-2100  
Fax: (530) 841-4076

**PLANNING**  
Vacant, Deputy Director  
Telephone: (530) 841-2100  
Fax: (530) 841-4076

**Siskiyou Local Agency Formation Commission  
Out of Area Service Agreement Application**

**1. Name and Address of Applicant (must be public agency):**

\_\_\_\_\_

\_\_\_\_\_

**2. Contact Name and Title** \_\_\_\_\_

Telephone: \_\_\_\_\_ E-mail Address: \_\_\_\_\_

FAX \_\_\_\_\_

**3. Application Initiated By:**

Agency Name: \_\_\_\_\_

Resolution No.: \_\_\_\_\_ Date Adopted: \_\_\_\_\_

Submit 1 copy of Resolution of Application and 2 copies of proposed out of area service agreement with application.

**4. Property Owner and Location of Property to Be Served (List additional owners/properties on separate sheet if necessary)**

Name of Property Owner/s: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Assessor Parcel Number/s: \_\_\_\_\_

Name of Property Owner/s: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Assessor Parcel Number/s: \_\_\_\_\_

**5. Type of Service to Be Provided**

**Check one or more:** Water \_\_\_\_\_ Sewer \_\_\_\_\_ Police \_\_\_\_\_ Fire \_\_\_\_\_ Garbage \_\_\_\_\_

Other/s: \_\_\_\_\_

**6. Description of Property to Be Served**

6a. Is parcel to be served WITHIN your current Sphere of Influence (SOI)? Yes \_\_\_\_\_ No \_\_\_\_\_

6b. If Yes, provide (a) general description of property location in relationship to current city/district boundary line and (b) attach a project area map showing parcel/s, district and SOI boundaries.

Description: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6c. If No, provide (a) description of property location in relationship to the SOI boundary, (b) identify other agencies with jurisdiction over area in which property is located, and (c) attach a project area map showing parcel(s), SOI boundary of agency requesting service, and SOI boundaries of other agency's that may provide service.

Description: \_\_\_\_\_  
\_\_\_\_\_

Other Agencies that could provide service: \_\_\_\_\_

6d. How is the property currently being used?

Residential \_\_\_\_\_ Commercial \_\_\_\_\_ Agriculture \_\_\_\_\_ Vacant/Undeveloped   X    
Church, school, other public use \_\_\_\_\_ Industrial \_\_\_\_\_ Habitat, Recreation \_\_\_\_\_

6e. What is the current zoning designation? \_\_\_\_\_

County General Plan constraints? \_\_\_\_\_  
\_\_\_\_\_

Provide the following land use maps with legends for the project site and immediately adjacent parcels, and clearly identify the project site; County General Plan; City General Plan; County Zoning; and City Rezoning if applicable; and Community/Specific Plan if applicable.

6f. Are there any development or building applications on file that would authorize a different or higher density on the subject property or adjacent properties? Yes \_\_\_\_\_ No \_\_\_\_\_

If Yes, explain and attach a list of projects and application processing numbers.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6g. Is property inhabited? Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, how many residents? \_\_\_\_\_

6h. Provide the number of existing dwelling units/buildings on the property.

Single family \_\_\_\_\_ Multi-Family \_\_\_\_\_ Commercial/Industrial \_\_\_\_\_  
Square footage for commercial/industrial \_\_\_\_\_

6i. Are there other service contracts/agreements currently in effect to serve this parcel or adjoining parcels? Yes \_\_\_\_\_ No \_\_\_\_\_

If Yes, (a) explain and (b) attach one copies of other agreements or contracts.

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6j. Adjacent Land Uses.

	Existing Land Uses	City General Plan	City Prezoning
North			
South			
East			
West			

**7. Environmental Review** This application is subject to the requirements of the California Environmental Quality Act (CEQA). If CEQA review has already been undertaken by another agency, please provide two copies of the environmental documentation including the Notice of Exemption or Notice of Determination and proof of payment of applicable California Department of Fish and Wildlife fees.

7a. Lead Agency. \_\_\_\_\_

7b. Responsible Agencies. \_\_\_\_\_

7c. Type of action taken:

Exemption \_\_\_\_\_ Negative Declaration \_\_\_\_\_ Environmental Impact Report \_\_\_\_\_

7d. Date of Certification/Adoption: \_\_\_\_\_

### 8. Contract Service Issues

8a. Explain how services are to be extended, what the anticipated cost of service extension will be, and how the costs will be financed?

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8b. Will the provision of services be growth inducing? Explain.

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8c. Does the proposed service provider have existing capacity to serve the project site?

Yes \_\_\_\_\_ No \_\_\_\_\_

8d. Will existing customers continue to receive the same or higher level of service if this project is approved?

Yes \_\_\_\_\_ No \_\_\_\_\_

8e. Will the same level of service be provided to the project site as other customers receive?

Yes \_\_\_\_\_ No \_\_\_\_\_

**9. Justification for Out of Area Service Agreement** (must check one box below)

Pursuant to Government Code Section 56133, this application is submitted (you must check one)

- ☐ To address a threat to public health or safety (answer question 9a);  
☐ In anticipation of a later change of organization (answer question 9b)

**9a. Public Health or Safety Condition**

- i. Please summarize the nature, extent and duration of the public health or safety emergency (attach additional page(s) if needed) and attach a copy of certification from appropriate Public Health Officials and any additional information verifying existence of emergency situation.

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- ii. What alternatives have been explored to mitigate emergency situation in lieu of executing out of agency service agreement?

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- iii. Is Interim Emergency Approval (expedited review) requested? Yes \_\_\_\_\_ No \_\_\_\_\_

**9b. Other Special Circumstances**

What are other special conditions or unique circumstances that justify use of an out of area service agreement in lieu of filing for annexation? Respond to following (use extra sheet of paper if necessary):

---

Has annexation been considered? Yes \_\_\_\_\_ No \_\_\_\_\_

Why was it found infeasible?

---

What barriers need to be overcome before filing an annexation application?

---



How long would the annexation be anticipated to take? \_\_\_\_\_

Is there a contractual obligation? \_\_\_\_\_

Explanation: \_\_\_\_\_

---

## **10. Public Notice, Disclosure, and Other Requirements**

10a. Provide an 8 ½" X 11" map indicating the project site.

10b. Provide any other comments or justifications regarding the proposal from any affected local agency, landowner or resident.

10c. Enclose all pertinent staff reports, environmental review documents, and supporting documentation related to this proposal. Note any changes in the approved project that are not reflected in these materials.

## **11. Certification**

I hereby certify that the above information and accompanying documents are true and correct to the best of my knowledge. I hereby agree to pay all required filing and processing fees as may be needed to complete this application. Further, I understand that LAFCo will not be process an incomplete application.

\_\_\_\_\_  
Name of Applicant's Authorized Representative

\_\_\_\_\_  
Signature of Applicant's Authorized Representative Date

\_\_\_\_\_  
Date

# VERBAL

Goal Setting and prioritization – action item (Pres. Graves)