

CENTURYVILLE



COMMUNITY SERVICES DISTRICT

Regular Board Meeting of the Board of Directors
Wednesday, November 20, 2024

7:00 PM

AGENDA

TO ADDRESS THE BOARD DURING OPEN TIME OR NOTICED PUBLIC HEARINGS: pursuant to the Brown Act (Government Code Section 54950 et seq.) action or Board discussion cannot be taken on open time matters other than to receive the comments, and if deemed necessary, to refer the subject matter to the District Manager for follow up and/or to schedule the matter on a subsequent Board agenda.

ITEM

FUNCTION

PRELIMINARY BUSINESS

- | | | |
|---|--|-------------|
| 1 | Call to Order | |
| 2 | Public Comment Period – Open Time – This time is set for members of the public to address the Board on matters not on the agenda. If your comments concern an item noted on the regular agenda, please address the Board after that item is open to public comments. By law, the Board of Directors cannot discuss or make decisions on matters that are not on the agenda. The Board will customarily refer these matters to the District Manager’s Office. Each speaker is allocated (5) minutes to speak for a maximum of 20 minutes on each subject. Speakers may not cede their time. Comments should be limited to matters within the jurisdiction of the District. After receiving recognition from the Board President, please state your name and comments. | |
| 3 | Approval of the minutes of:
October 16, 2024, Regular Board Meeting | Action |
| 4 | Authorize Payment of Bills for Current Expenses | Action |
| 5 | Status of the Budget Report | Information |

NEW BUSINESS

- | | | |
|---|---|--------|
| 1 | Approval of Financial Statements for Fiscal Year
Ending June 30, 2024 | |
| | a. Audit Report by Horton, McNulty and Saeteurn, LLP | Action |
| 2 | Authorization to Award the PLC, Radio, and Antenna
Replacement Project | Action |
| 3 | Authorization to Award the Shop Building Path of Travel Project | Action |
| 4 | Consider Adoption of Update to the Capital Improvement Plan
Program | Action |

OLD BUSINESS

- | | | |
|---|--|-------------|
| 1 | Muletown Pump Station Generator Project Update | Information |
| 2 | Carr Fire Recovery Project Update | Information |
| 3 | Muletown Wire Replacement Project Update | Information |

GENERAL BUSINESS

- | | | |
|---|--|-------------|
| 1 | Correspondence | Information |
| 2 | Director's Report | Information |
| 3 | Manager's Report | Information |
| 4 | Committee Reports | Information |
| | Resource & Planning – Nov. 7 th | |
| 5 | Announcements | |
| 6 | Adjournment | |

Next Scheduled Board Meeting
December 18, 2024 @ 7:00 P.M.

"This is an equal opportunity provider"

In compliance with the Americans with Disabilities Act, the Centerville Community Services District will make available to any member of the public who has a disability, a needed modification or accommodation, including an auxiliary aid or service, for that person to participate in the public meeting. A person needing assistance should contact the district office by telephone at (530) 246-0680, or in person or by mail at 8930 Placer Road, Redding, California 96001, or by e-mail at tteuscher@centervillecsd.com, at least two working days in advance. Accommodation may include, but are not limited to, interpreters, assistive listening devices, accessible seating, or documentation in an alternate format. If requested, this document and other agenda materials can be made available in an alternative format for persons with a disability who are covered by the Americans with Disabilities Act.

CENTERVILLE COMMUNITY SERVICES DISTRICT
REGULAR BOARD OF DIRECTORS MEETING

Directors Present: President Richison, Vice President Hopson, Director Oliver, Director Woodstrom, and Director Whitehead

Absent: Tina Teuscher

Others Present: Chris Muehlbacher

PRELIMINARY BUSINESS:

1. Call to Order: President Richison called the meeting to order at 7:00 pm.
2. Public Comment Period: President Richison opened the public comment period. No comments were received. The public comment period was closed.
3. Approval of the September 18, 2024, minutes: Director Woodstrom moved to approve the minutes. Director Whitehead seconded. The vote was unanimous. Motion carried.
4. Authorize Payment of Bills for Current Expenses: Director Woodstrom moved to pay the bills. Director Hopson seconded. Mr. Muehlbacher highlighted the non-routine payments. The vote was unanimous. Motion carried.
5. Status of the Budget Report: Mr. Muehlbacher stated that the O&M revenue for the 2024/25 Fiscal Year to date was \$505,521 versus expenses of \$383,160. He mentioned that water consumption continues to be higher than budgeted.

Mr. Muehlbacher stated that the Capital revenue was \$2,306 versus expenses of \$115,441.

Reserve Fund Status Sheet: The total reserve is \$1,149,926. He stated that the O&M Reserve increased by approximately \$32.7k, the Water Treatment Plant increased by approximately \$6.4k and the Capital Improvement Reserve decreased approximately by \$39.9k.

NEW BUSINESS

1. Authorization to Award Muletown Wire Replacement Project: Mr. Muehlbacher provided an overview of the project as well as the bids received. A total of five bids were received. The lowest, responsive, responsible bidder was Bullert Industrial Electric in the amount of \$8,900. A brief discussion occurred regarding water intrusion. It was recommended that efforts be made to seal the conduit. Director Hopson moved to award the project to Bullert Industrial Electric. Director Woodstrom seconded. The vote was unanimous. Motion carried.

OLD BUSINESS

1. Muletown Pump Station Generator Project Update: Mr. Muehlbacher provided an update which included the need to request a project change of scope. Also, that staff continues to seek value engineering to lower the cost of the project and will pursue confirmation whether Redding Electric Utilities will cover all increased costs.
2. Carr Fire Recovery Project Update: There is no additional information currently.
3. PLC, Radio and Antenna Replacement Project Update: Mr. Muehlbacher provided a project update and advised that a total of three contractors attended the mandatory pre-bid job walk.

GENERAL BUSINESS

1. Correspondence: Mr. Muehlbacher stated that he placed the letter from the Shasta County Registrar of Voters indicating the appointments of Directors Richison and Woodstrom in lieu of election for the General Election of November 5, 2024.
2. Director's Report: None
3. Manager's Report: Mr. Muehlbacher indicated that the onsite audit work has been completed. He also provided an update for the Shop Building Development Standards Permit. A local concrete contractor advised operator staff of the urgency to complete the concrete. A motion was made to advance this subject based upon immediate need. The motion failed.

Mr. Muehlbacher provided an update on Westridge Development pursuing a ten-year extension with the City of Redding. He also indicated that he was reviewing a new copier lease proposal since the current copier lease was soon expiring.

Mr. Muehlbacher indicated that a temporary clamp was placed upon a service line leak in Rutgers and that two service lines in Olney Park and one service line on Silver King were replaced. Also, indicated that the operators flushed 52 fire hydrants this past month.

4. Committee Reports: None
5. Announcements: The next regular Board Meeting will be held November 20, 2024.
6. Adjournment: Meeting adjourned at 7:46 pm.

CENTERVILLE COMMUNITY SERVICES DISTRICT
RESOURCE & PLANNING COMMITTEE MEETING NOTES

Committee Present: Director Whitehead and Vice President Hopson

Absent: None

Others Present: Chris Muehlbacher

RESOURCE & PLANNING COMMITTEE AGENDA

1 Open Session

No public comment was received.

2 Review and Discussion of the Capital Improvement Program

The Committee reviewed the updated program which added Morning Glory Fire Flow Improvement, communication generators at Muletown and C Pump Stations, as well as the AC Pavement Repair & Recoating program.

In review of the updated capital improvement program, the Committee recommended that the fire flow improvements, as included in the 2015 Water Master Plan, be made the priority. The updated program will be presented for the Board's discussion and consideration at the November meeting. The Committee also discussed the potential for an informational "town hall" meeting should the Board determine that the fire flow projects is the priority. It was also recommended that staff research potential funding options for the fire flow improvements which include contacting LaMalfa's office.

3 Adjournment

Centerville Community Services District
Profit & Loss Budget Performance
 October 2024

5:05 PM
 11/14/24
 Accrual Basis

	Oct 24	Budget	\$ Over Budget	Jul - Oct 24	YTD Budget	\$ Over Budget	Annual Budget
Ordinary Income/Expense							
Income							
41000 · WATER SALES							
41100 · Base Rate	47,896.00	48,000.00	-104.00	191,843.00	189,000.00	2,843.00	573,000.00
41200 · Consumption Rate	80,738.40	68,000.00	12,738.40	402,821.06	363,600.00	39,221.06	695,000.00
41210 · Late Fees	1,956.22	1,000.00	956.22	7,455.58	5,200.00	2,255.58	10,000.00
41220 · Miscellaneous Charges	0.00	0.00	0.00	-45.00	0.00	-45.00	0.00
41300 · Water Sales-Temp Const	0.00	0.00	0.00	168.29	0.00	168.29	0.00
41400 · Pump Zone A (Base Rate)	1,398.25	1,500.00	-101.75	5,675.25	5,500.00	175.25	17,500.00
41450 · Pump Zone A (Power Comp)	2,405.71	2,100.00	305.71	14,023.83	11,100.00	2,923.83	20,900.00
41500 · Pump Zone A-1 (Base Rate)	418.50	400.00	18.50	1,674.00	1,600.00	74.00	4,800.00
41550 · Pump Zone A-1(Power Comp)	793.70	600.00	193.70	4,135.22	2,700.00	1,435.22	6,500.00
Total 41000 · WATER SALES	135,606.78	121,600.00	14,006.78	627,751.23	578,700.00	49,051.23	1,327,700.00
41600 · RESERVE FUNDS							
41605 · Consumption Surcharge	2,889.76	2,400.00	489.76	14,291.80	12,900.00	1,391.80	24,000.00
41700 · Water Treatment Plant Fee	5,683.06	4,800.00	883.06	28,157.08	25,800.00	2,357.08	48,000.00
41800 · Rate Stabilization Fee	8,527.00	7,200.00	1,327.00	42,227.34	38,700.00	3,527.34	72,000.00
56250 · Transfer Reserve Funds	-17,099.82	-14,400.00	-2,699.82	-84,641.42	-77,400.00	-7,241.42	-77,400.00
Total 41600 · RESERVE FUNDS	0.00	0.00	0.00	34.80*	0.00	34.80	66,600.00
43000 · INTEREST							
43001 · LAIF	12,967.11	7,500.00	5,467.11	25,559.60	15,000.00	10,559.60	30,000.00
43002 · Other Interest	0.00	0.00	0.00	5.06	0.00	5.06	0.00
Total 43000 · INTEREST	12,967.11	7,500.00	5,467.11	25,564.66	15,000.00	10,564.66	30,000.00
45000 · OTHER OPER. REVENUE							
45850 · Backflow Prevention Testing	247.00	250.00	-3.00	992.75	1,000.00	-7.25	3,000.00
Total 45000 · OTHER OPER. REVENUE	247.00	250.00	-3.00	992.75	1,000.00	-7.25	3,000.00
Total Income	148,820.89	129,350.00	19,470.89	654,343.44	594,700.00	59,643.44	1,427,300.00
Gross Profit	148,820.89	129,350.00	19,470.89	654,343.44	594,700.00	59,643.44	1,427,300.00
Expense							
51000 · WATER COSTS							
51100 · Raw Water Charge	2,273.84	900.00	1,373.84	13,775.24	6,900.00	6,875.24	23,000.00
51300 · Oper. & Maint. - Clear Creek	0.00	14,000.00	-14,000.00	33,330.13	53,100.00	-19,769.87	157,000.00
51305 · Administration - Clear Creek	0.00	4,900.00	-4,900.00	20,418.43	26,400.00	-5,981.57	50,000.00
51315 · Restoration Fee	2,293.62	1,000.00	1,293.62	13,737.99	6,900.00	6,837.99	21,000.00
51325 · WINN Act Lawsuit	0.00	250.00	-250.00	184.14	1,000.00	-815.86	3,000.00
Total 51000 · WATER COSTS	4,567.46	21,050.00	-16,482.54	81,445.93	94,300.00	-12,854.07	254,000.00

Centerville Community Services District
Profit & Loss Budget Performance
 October 2024

5:05 PM
 11/14/24
 Accrual Basis

	Oct 24	Budget	\$ Over Budget	Jul - Oct 24	YTD Budget	\$ Over Budget	Annual Budget
52000 · TRANSMISSION & DISTRIB.							
52100 · General Repair & Maint.	946.18	4,000.00	-3,053.82	22,551.68	16,000.00	6,551.68	40,000.00
52130 · Zone A - Repair and Maintena...	1,388.47	0.00	1,388.47	1,388.47	0.00	1,388.47	0.00
52140 · Zone A1 - Repair and Mainten...	1,642.41	0.00	1,642.41	1,642.41	0.00	1,642.41	0.00
52200 · Operating Supplies & Expense	1,752.28	1,800.00	-77.72	6,516.97	7,200.00	-683.03	21,000.00
52400 · Utilities - General Plant	75.16	150.00	-74.84	458.36	600.00	-141.64	1,600.00
52425 · Elect, Muletown Pump Station	110.27	300.00	-189.73	751.78	1,400.00	-648.22	4,000.00
52450 · Elect, TowerView Pump Station	83.12	200.00	-116.88	1,837.71	800.00	1,037.71	2,500.00
52500 · Utilities Pump Zone A	3,933.77	3,100.00	833.77	20,825.48	16,400.00	4,425.48	32,700.00
52600 · Utilities Pump Zone A-1	795.82	500.00	295.82	3,810.66	2,900.00	910.66	6,800.00
52850 · Backflow Prevention Testing	0.00	0.00	0.00	0.00	0.00	0.00	3,900.00
Total 52000 · TRANSMISSION & DISTRIB.	10,727.48	10,050.00	677.48	59,783.52	45,300.00	14,483.52	112,500.00
53000 · EQUIPMENT							
53100 · Equipment Repairs & Maint.	0.00	700.00	-700.00	3,163.82	2,800.00	363.82	8,000.00
53200 · Gasoline	0.00	700.00	-700.00	1,845.95	2,900.00	-1,054.05	8,500.00
Total 53000 · EQUIPMENT	0.00	1,400.00	-1,400.00	5,009.77	5,700.00	-690.23	16,500.00
54000 · ADMINISTRATIVE							
54100 · Liability Insurance - District	23,869.87	0.00	23,869.87	37,539.51	15,000.00	22,539.51	15,000.00
54150 · Utilities-District Office	516.25	900.00	-383.75	3,429.83	3,800.00	-370.17	11,000.00
54200 · Telephone - District Office	669.73	700.00	-30.27	2,809.41	2,800.00	9.41	8,000.00
54300 · Travel & Training	0.00	0.00	0.00	36.18	100.00	-63.82	100.00
54325 · Employee Recognition	0.00	0.00	0.00	256.99	100.00	156.99	100.00
54375 · LAFCO	0.00	0.00	0.00	3,081.47	4,000.00	-918.53	4,000.00
54400 · Miscellaneous	0.00	0.00	0.00	0.02	0.00	0.02	0.00
54500 · Engineering - District Engineer	0.00	700.00	-700.00	4,770.42	2,800.00	1,970.42	8,000.00
54550 · Legal-Dist. Attorney	860.00	900.00	-40.00	3,097.10	3,600.00	-502.90	10,000.00
54600 · Accounting-Audit & Consult	12,337.50	0.00	12,337.50	14,407.50	0.00	14,407.50	0.00
54625 · Meals	0.00	100.00	-100.00	325.96	400.00	-74.04	800.00
54630 · Construction Meals	0.00	100.00	-100.00	314.28	400.00	-85.72	800.00
54650 · Office Supplies	636.94	800.00	-163.06	2,937.03	3,200.00	-262.97	9,000.00
54680 · Merchant Fees	151.85	100.00	51.85	344.00	400.00	-56.00	1,200.00
54700 · Postage	0.00	800.00	-800.00	3,588.59	3,200.00	388.59	10,000.00
54750 · Office Equipment (Small)	721.15	1,900.00	-1,178.85	4,467.42	7,600.00	-3,132.58	22,000.00
54800 · Office Building - R&M	-164.75	400.00	-564.75	2,538.98	1,600.00	938.98	5,000.00
54850 · Directors Compensation	250.00	500.00	-250.00	1,000.00	2,000.00	-1,000.00	5,500.00
54900 · Subscription & Licenses	6,383.00	2,800.00	3,583.00	21,670.75	18,400.00	3,270.75	33,000.00
Total 54000 · ADMINISTRATIVE	46,231.54	10,700.00	35,531.54	106,615.44	69,400.00	37,215.44	143,500.00
55000 · WAGES & BENEFITS							
55100 · Salaries	34,083.23	34,500.00	-416.77	131,149.94	138,000.00	-6,850.06	448,000.00
55110 · Salaries - Standby	400.00	500.00	-100.00	1,650.00	2,000.00	-350.00	6,000.00
55120 · Overtime	791.50	500.00	291.50	4,606.92	2,000.00	2,606.92	6,000.00
55200 · Salaries - Part Time Employees	2,038.08	2,400.00	-361.92	5,318.71	7,200.00	-1,881.29	20,000.00
55300 · Pension - Retirement	2,785.06	3,200.00	-414.94	67,205.92	68,400.00	-1,194.08	93,700.00
55400 · Insurance - Emp. Health&Dental	9,629.70	9,600.00	29.70	38,518.80	38,400.00	118.80	118,000.00
55500 · Workman's Comp. Insurance	0.00	0.00	0.00	4,480.30	7,250.00	-2,769.70	29,000.00

Centerville Community Services District Profit & Loss Budget Performance

Accrual Basis

October 2024

	Oct 24	Budget	\$ Over Budget	Jul - Oct 24	YTD Budget	\$ Over Budget	Annual Budget
55600 · F.I.C.A.	2,281.69	2,300.00	-18.31	8,722.15	9,200.00	-477.85	28,000.00
55700 · Medicare Tax	533.62	500.00	33.62	2,039.85	2,000.00	39.85	6,500.00
Total 55000 · WAGES & BENEFITS	52,542.88	53,500.00	-957.12	263,692.59	274,450.00	-10,757.41	755,200.00
Total Expense	114,069.36	96,700.00	17,369.36	516,547.25	489,150.00	27,397.25	1,281,700.00
Net Ordinary Income	34,751.53	32,650.00	2,101.53	137,796.19	105,550.00	32,246.19	145,600.00
Net Income	34,751.53	32,650.00	2,101.53	137,796.19	105,550.00	32,246.19	145,600.00

Centerville Community Services District Capital Profit & Loss Budget Performance October 2024

	Oct 24	Budget	Jul - Oct 24	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
44100 · General Property Tax-422					
44135 · Supp Taxes Current	405.17	450.00	405.17	450.00	450.00
44140 · Curr Unsecured Taxes	10,809.93	10,900.00	10,809.93	10,900.00	10,900.00
44145 · Supp Taxes Prior	8.40	10.00	8.40	10.00	10.00
44150 · Prior Year Unsecured Taxes	70.24	75.00	70.24	75.00	75.00
Total 44100 · General Property Tax-422	11,293.74	11,435.00	11,293.74	11,435.00	11,435.00
60000 · CAPITAL FUNDS					
46100 · Capacity Charge	768.75	770.00	3,075.00	3,080.00	4,620.00
Total 46000 · CAPITAL FUNDS	768.75	770.00	3,075.00	3,080.00	4,620.00
49500 · OTHER CAPITAL REVENUE					
49505 · Other Interest	0.00	0.00	0.84	0.00	0.00
Total 49500 · OTHER CAPITAL REVENUE	0.00	0.00	0.84	0.00	0.00
Total Income	12,062.49	12,205.00	14,369.58	14,515.00	16,055.00
Gross Profit	12,062.49	12,205.00	14,369.58	14,515.00	16,055.00
Expense					
57000 · DISTRIBUTION SYSTEM IMPROVE.					
57090 · Tank Coating Program	0.00	0.00	39,552.83	40,000.00	40,000.00
Total 57000 · DISTRIBUTION SYSTEM IMPRO...	0.00	0.00	39,552.83	40,000.00	40,000.00
57400 · PRINCIPAL EXPENSE					
57406 · Sp./Asst. Txs Sprg 2001-1 Prin.	0.00	0.00	9,900.00	9,900.00	9,900.00
Total 57400 · PRINCIPAL EXPENSE	0.00	0.00	9,900.00	9,900.00	9,900.00
57500 · INTEREST EXPENSE					
57506 · Sp./Asst. Txs Sprg 2001-1 Int.	0.00	0.00	5,662.78	5,700.00	5,700.00
Total 57500 · INTEREST EXPENSE	0.00	0.00	5,662.78	5,700.00	5,700.00
57800 · BOND ADMIN. FEE					
57806 · NBS Admin. Fee TSWAD 2002-1	0.00	0.00	1,246.13	1,500.00	1,500.00
Total 57800 · BOND ADMIN. FEE	0.00	0.00	1,246.13	1,500.00	1,500.00
58000 · OTHER CAPITAL EXPENSES					
58070 · Muletown Pump - Generator	-38,716.50	0.00	2,950.25	100.00	100.00
58080 · Telemetry Replacement Program	1,071.25	1,100.00	18,484.25	19,700.00	19,700.00
58515 · Shop Bldg Dev Improvements	3,228.00	3,300.00	3,686.11	3,300.00	3,300.00
Total 58000 · OTHER CAPITAL EXPENSES	-34,417.25	4,400.00	25,120.61	23,100.00	23,100.00

Centerville Community Services District Capital Profit & Loss Budget Performance October 2024

	Oct 24	Budget	Jul - Oct 24	YTD Budget	Annual Budget
Total Expense	-34,417.25	4,400.00	81,482.35	80,200.00	80,200.00
Net Ordinary Income	46,479.74	7,805.00	-67,112.77	-65,685.00	-64,145.00
Net Income	46,479.74	7,805.00	-67,112.77	-65,685.00	-64,145.00

CENTERVILLE COMMUNITY SERVICES DISTRICT RESERVE FUND STATUS

October 31, 2024

DESCRIPTION	Balance as of 7-1-2023	Balance as of 7-1-2024	Balance as of Last Month	Current Balance	Projected Balance As of 7-1-2025	Goal Range
DESIGNATED RESERVES:						
Operation & Maintenance	\$204,925.15	\$202,305.90	\$361,143.07	\$365,306.58	\$335,000.00	\$546k - \$819k (2)
Water Treatment Plant	\$142,309.81	\$195,972.20	\$220,663.58	\$223,207.55	\$255,000.00	\$170k - \$250k (3)
Carr Fire Funds	\$144,040.80	\$149,460.79	\$151,201.57	\$152,944.72	\$152,000.00	
Pump Sta. Rep. & Rep. (Zones A & A1)	\$17,909.81	\$18,583.72	\$15,166.17	\$15,341.02	\$22,000.00	
Capital Improvement Reserve	\$434,276.16	\$395,481.74	\$253,534.85	\$256,457.78	\$346,000.00	
Subtotal	\$943,461.73	\$961,804.35	\$1,001,709.24	\$1,013,257.65	\$1,110,000.00	
OBLIGATED RESERVES:						
Capacity Charge	\$86,704.43	\$119,370.25	\$123,057.85	\$124,476.55	\$209,000.00	
Subtotal	\$86,704.43	\$119,370.25	\$123,057.85	\$124,476.55	\$209,000.00	
RESTRICTED RESERVES;						
						Maturity Date
1 1995-1 Redemption Fund	\$52,605.70	\$0.00	\$0.00	\$0.00	\$0.00	
2 Texas Springs Assessment	\$43,451.90	\$25,629.19	\$25,159.80	\$25,159.80	\$33,000.00	
Subtotal	\$96,057.60	\$25,629.19	\$25,159.80	\$25,159.80	\$33,000.00	
Total Reserve Balance	\$1,126,223.76	\$1,106,803.79	\$1,149,926.89	\$1,162,894.00	\$1,352,000.00	

1 Texas Springs Assessment This Assessment District was formed for the water distribution system within the Texas Springs area, matures in 2041.

2 O&M Goal Range Goal Range is projected to achieve the Reserve Policy range within 4 - 8 years using the Rate Stabilization Fee.

3 WTP Goal Range Goal Range is projected to achieve the Reserve Policy range within 1.5 - 3 years using the Water Treatment Plant Fee.



MEMORANDUM

Date: November 15, 2024
To: Board of Directors
From: Chris Muehlbacher
Subject: **New Business Item 1 – Approval of Financial Statements for Fiscal Year Ending June 30, 2024**

Recommendation

ACTION – It is recommended that the Board approve the Financial Statements for Fiscal Year ending June 30, 2024, following the presentation by Kalah Horton and the resulting discussion of the Directors.

Item Explanation

Horton, McNulty and Saetern, LLP has completed their Financial Statement which includes the Management's Discussion and Analysis as completed by staff. Ms. Kalah Horton will be presenting the Financial Statement.

This year ended with a 3.43% increase in Net Position of \$225,588. At present, the District has elected to not fund depreciation. The Financial Statements provide an overview of the District's overall financial position.

Attachment

- Financial Statement for Fiscal Year Ending June 30, 2024

Centerville Community Services District
Redding, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2024



Centerville Community Services District

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June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Centerville Community Services District
Redding, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Centerville Community Services District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the California State Controller's Office and the state regulations governing special districts.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the California State Controller's Office and state regulations governing special districts; 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, the California State Controller's *Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the California State Controller's *Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards* we:

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

INDEPENDENT AUDITORS' REPORT

(Continued)

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of General and Administrative Expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

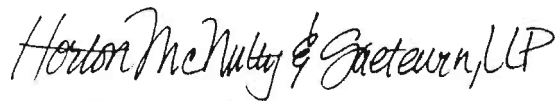
The Schedule of General and Administrative Expenses is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in 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 Schedule of General and Administrative Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



November 14, 2024
Chico, California

FINANCIAL SECTION

Required Supplementary Information

Centerville Community Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Centerville Community Services District (the District), we offer the readers of the District's Financial Statements the following comments and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. This presentation is designed to: (a) provide an overview of the District's financial activity, (b) assist the reader in focusing on significant financial issues, (c) identify major changes in the District's financial position, and (d) identify material variations from the approved financial budgetary plan.

We encourage the readers to consider the information presented here in conjunction with the Financial Statements, which begin on page 17 of this reporting packet.

FINANCIAL STATEMENTS

This discussion and analysis provides an introduction and brief description of the District's Financial Statements, including the relationship of the statements to each other and the significant differences in the information they provide. The District's Financial Statements include five components:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements
- Other Information

The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as Net Position. Net Position may be displayed in three categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

The Statement of Net Position provides the basis of computing rate of return, evaluating the capital structure of the District, and assessing its liquidity and financial flexibility.

The Statement of Revenues, Expenses, and Changes in Net Position presents information which shows how the District's Net Position changed during the year. The Financial Statements, except for the Statement of Cash Flows, are prepared using the accrual basis of accounting, which means that revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts or payments. The Statement of Revenues, Expenses, and Changes in Net Position 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.

Centerville Community Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

The Statement of Cash Flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating
- Noncapital financing
- Capital and related financing
- Investing

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

In addition to the financial statements and accompanying notes, the Basic Financial Statements also present certain required supplementary information, which follows the notes to the Financial Statements.

FINANCIAL HIGHLIGHTS

The District's Net Position was \$6,806,300 at the close of fiscal year 2023-24. This was an increase of \$225,588 (or 3.43%) from the prior year. Of this amount, \$5,694,632 was the net investment in capital assets, \$70,824 was restricted for debt service and contractual obligations, while \$1,040,844 was unrestricted.

Operating revenues were \$1,368,645 as compared to last year's \$1,325,969 (an increase of 3.22%). Net nonoperating revenues were \$318,258 as compared to last year's at \$269,842 (an increase of 17.94%).

USING THIS ANNUAL REPORT

The annual report consists of the following series of financial information: (1) Management's Discussion and Analysis; (2) Independent Auditors' Report; (3) Statement of Net Position; (4) Statement of Revenues, Expenses, and Changes in Net Position; (5) Statement of Cash Flows; and (6) Notes to Financial Statements.

The financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or disbursed. Thus, revenues and expenses are reported in these statements for some items that will impact cash flows in future fiscal periods (i.e., uncollected receivables and earned, but unused, vacation leave).

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows and outflows of resources, with the difference between these items reported as Net Position. Over time, the changes in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Whereas the Statement of Revenues, Expenses, and Changes in Net Position describes the net income or deficit of the District for the fiscal year, the Statement of Cash Flows describes the overall change in the cash position of the District for the same period of time.

Notes to Financial Statements provide additional information, which is essential to the full understanding of the data provided in the audited financial statements.

Centerville Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

CONDENSED FINANCIAL INFORMATION

The difference between assets and liabilities is one way to measure the District's financial health. As mentioned earlier, increases and decreases in net position may be an indicator of whether the District's financial condition is improving or deteriorating.

The District's net position increased from last year's \$6,580,712 to this year's \$6,806,300; an increase of \$225,588 (or 3.43%). In contrast, last year's net position showed an increase of \$26,557 (or 0.41%) when compared to 2022.

Table 1 displays a summary break down of the District's net position for the last two fiscal years.

Table 1
Net Position

June 30	2024	2023	Percentage Change 2023-24
ASSETS			
Current and other assets	\$ 2,253,988	\$ 2,115,218	6.56%
Capital assets	5,943,132	5,746,577	3.42%
TOTAL ASSETS	8,197,120	7,861,795	4.27%
DEFERRED OUTFLOWS OF RESOURCES	237,229	235,585	0.70%
Total Assets and Deferred Outflows of Resources	8,434,349	8,097,380	4.16%
LIABILITIES			
Current liabilities	544,330	443,981	22.60%
Long-term accounts payable	180,765	181,944	-0.65%
Compensated absences payable	16,700	12,385	34.84%
Net pension liability	633,854	584,614	8.42%
Long-term debt outstanding	238,600	267,500	-10.80%
TOTAL LIABILITIES	1,614,249	1,490,424	8.31%
DEFERRED INFLOWS OF RESOURCES	13,800	26,244	-47.42%
Total Liabilities and Deferred Inflows of Resources	1,628,049	1,516,668	7.34%
Total Net Position	\$ 6,806,300	\$ 6,580,712	3.43%
NET POSITION			
Net investment in capital assets	\$ 5,694,632	\$ 5,469,477	4.12%
Restricted:			
Debt service	38,282	43,451	-11.90%
Contractual obligations	32,542	28,918	12.53%
Unrestricted	1,040,844	1,038,866	0.19%
TOTAL NET POSITION	\$ 6,806,300	\$ 6,580,712	3.43%

Centerville Community Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Total Net Position increased by \$225,588. The most significant contributors to the increase in total Net Position were a significant increase in net operating revenue, net nonoperating revenue, and capital contributions.

Table 2 provides a summary of the District's changes in net position for the last two fiscal years.

Table 2
Changes in Net Position

June 30	2024	2023	Percentage Change 2023-24
Operating revenues	\$ 1,368,645	\$ 1,325,969	3.22%
Operating and maintenance expenses	1,590,807	1,579,254	0.73%
Operating Income (Loss)	(222,162)	(253,285)	12.29%
Net nonoperating revenue (expenses)	318,258	269,842	17.94%
Capital contributions	129,492	10,000	1194.92%
Change in Net Position	\$ 225,588	\$ 26,557	749.45%

Total Operating Revenues increased by \$42,676 (or 3.22%) as compared to the previous year. Notable contributors include:

- a) Consumption rate increased approximately \$86,000, Capacity Fees increased approximately \$23,000, the Base Rate increased approximately \$18,000, the Rate Stabilization Fee increased approximately \$9,000, and the Water Sales to Bella Vista increased approximately \$22,000, which was offset by decreases in fees in the current year, such as a Drought Surcharge of approximately \$130,000.

Total Operating and Maintenance Expenses increased by \$11,553 (or 0.73%) as compared to the previous year. Notable contributors include:

- a) Water purchases decreased approximately \$36,000, General Repair and Maintenance decreased approximately \$40,000, which were offset by increases in Salary expense of approximately \$35,000, and an increase in Depreciation expense of approximately \$33,000.

Total net non-operating revenues increased by \$48,416 (or 17.94%), primarily due to interest and property tax revenue.

Capital contributions increased due the FEMA Muletown Generator, ARPA Telemetry projects, and JPIA Grant.

Centerville Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

BUDGETARY HIGHLIGHTS

The District's 2023-24 Operation and Maintenance (O&M) and Capital Budgets were discussed and approved at the Board of Director's Regular Meeting on August 16, 2023. Included in the O&M Budget was the continued implementation of the Wage Step Increase program for non-exempt employees as well as a Cost of Living Adjustment (COLA) of 8.15%.

Table 3 displays the difference between the actual and budgeted revenues and expenses.

Table 3
Actual Compared to Budget

	2023-24 Actual	2023-24 Budget	Positive (Negative) Variance
Operating Revenues			
Charges for services	\$ 1,335,950	\$ 1,334,500	\$ 1,450
Installations and extensions	29,402	91,900	(62,498)
Miscellaneous	3,293	4,400	(1,107)
Total Operating Revenues	1,368,645	1,430,800	(62,155)
Operating and Maintenance Expenses			
Water purchases	58,759	33,480	(25,279)
Pumping electric charge	48,342	38,000	(10,342)
Transmission and distribution	76,474	125,100	48,626
General and administrative	947,338	867,250	(80,088)
Clear Creek treatment and transmission	174,008	159,000	(15,008)
Total Operating and Maintenance Expenses	1,304,921	1,222,830	(82,091)
Operating Income Before Depreciation and Amortization			
	63,724	207,970	(144,246)
Depreciation and amortization	285,886	-	(285,886)
Operating Income (Loss)	(222,162)	207,970	(430,132)
Net Nonoperating Revenue			
Interest and fiscal fee revenue	45,830	25,180	20,650
Property tax revenue	297,880	271,400	26,480
Interest and fiscal charge expense	(25,452)	(19,600)	(5,852)
Total Net Nonoperating Revenue	318,258	276,980	41,278
Capital Contributions	129,492	-	129,492
Change in Net Position	\$ 225,588	\$ 484,950	\$ (259,362)

Centerville Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Explanations of major variances between budget and actual are as follows:

- a) Installation and extensions – experienced significantly fewer new meter installs than budgeted.
- b) Pumping electric charge – experienced higher electrical charges in pump zones A and A1.
- c) Transmission and distribution – experienced lower repairs to the distribution system.
- d) Clear Creek treatment and transmission – experienced higher expenses as a result of their lower than budgeted consumption.
- e) Capital Contributions – increased due to the FEMA Muletown Generator and ARPA Telemetry projects.

In accounting, depreciation is a term used as an estimate or allowance made for the loss in value resulting from the deterioration, usage, or age of such facilities as pipelines, pump stations, buildings, etc. At this time, the District has not created a funding mechanism for this particular item.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of June 30, 2024, totaled \$5,943,132. This investment in capital assets includes the distribution pipeline system, storage reservoirs, pumping facilities, land, buildings, vehicles, and machinery and equipment.

Centerville Community Services District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Changes in capital assets are shown in Table 4 below.

Table 4

Changes in Capital Assets

Year ended June 30, 2024	Beginning Balance	Additions	Deductions	Ending Balance
Nondepreciated Capital Assets				
Land	\$ 38,759	\$ -	\$ -	\$ 38,759
Construction in progress	63,529	146,105	-	209,634
Total Nondepreciated Capital Assets	102,288	146,105	-	248,393
Depreciated Capital Assets				
Utility plant	8,473,226	222,736	-	8,695,962
Replacement meters	203,173	-	-	203,173
Office buildings	344,653	-	-	344,653
Equipment storage buildings	290,129	-	-	290,129
Office equipment	35,322	24,229	-	59,551
Automotive	188,652	-	-	188,652
1995 water project	1,153,838	-	-	1,153,838
Machinery and equipment	201,725	84,069	-	285,794
Radio telemetry system	116,149	-	-	116,149
TS/Honeybee project	633,176	-	-	633,176
TS Pipeline oversize	7,169	-	-	7,169
Foxwood annexation	4,854	-	-	4,854
GIS development	57,701	-	-	57,701
Telemetry Clear Creek tank	5,666	-	-	5,666
Total Depreciated Capital Assets	11,715,433	331,034	-	12,046,467
Totals at Historical Cost	11,817,721	477,139	-	12,294,860
Less: Accumulated depreciation				
Utility plant	4,068,477	185,951	-	4,254,428
Other capital assets	2,002,667	94,633	-	2,097,300
Total Accumulated Depreciation	6,071,144	280,584	-	6,351,728
Total Depreciated Capital Assets - Net	5,644,289	50,450	-	5,694,739
CAPITAL ASSETS - NET	\$ 5,746,577	\$ 196,555	\$ -	\$ 5,943,132

Centerville Community Services District
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Continued)

Long-Term Debt Administration

Table 5 shows the changes in long-term debt for the year. At year end, the District had \$248,500 in debt outstanding. The District's total long-term debt decreased by \$28,600 during the year ended June 30, 2024, due to regularly scheduled debt service payments and a bond call payment.

Table 5
Changes in Long-Term Debt

June 30, 2024	USDA Rural Development - Texas Springs Project	
Original date		2001
Maturity date		2041
Interest rate		4.5%
Original Amount Borrowed	\$	456,480
Balance - Beginning of Year	\$	277,100
Balance - End of Year	\$	248,500

Capacity Reserve

The Water Master Plan sets forth a Capital Improvement Plan (CIP) identifying improvements necessary to ensure the continued availability of physical facilities for the District's water distribution system which defines the necessary Capacity Charge for new meter sales. This amount will be charged for each new service connection at the time of meter installation.

There are currently no anticipated public improvements to be paid from the Capacity Reserve. There are currently no interfund transfers or loans from the Capacity Reserve.

Table 6 below displays the changes in the Capacity Reserve for the year.

Table 6
Transfer From Capacity Charges

June 30, 2024		
Cash Balance - Beginning of Year	\$	86,705
Add		
Capacity fees received		28,857
Interest income		3,808
Deduct		
Transfers to unrestricted cash for capital improvements*		-
Cash Balance - End of Year	\$	119,370

*No expenditures during 2023-24.

Centerville Community Services District

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District will continue to review its policy of increasing capacity charges annually to address those capital projects outlined in the Water Master Plan.

Water rates are reviewed annually and are not changed automatically. In determining any rate adjustments, a balanced budget of estimated revenues, expenses, and reserve funding are reviewed.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any information provided in this report or a request for additional financial information should be directed to the District Manager, Centerville Community Services District, 8930 Placer Road, Redding, CA 96001, or by calling (530) 246-0680.

Basic Financial Statements

Centerville Community Services District
STATEMENT OF NET POSITION

June 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,190,039
Cash and cash equivalents - restricted	53,402
Receivables:	
Special assessment taxes - current	12,901
Customer accounts	157,928
Grants	67,846
Accrued interest - LAIF	12,593
Inventories	91,493
Prepaid costs	18,495

Total Current Assets 1,604,697

Noncurrent Assets

Cash and cash equivalents - restricted	17,422
Water rights	384,386
Special assessment taxes receivable - noncurrent	241,816
Master water plan - net	5,667
Nondepreciated capital assets	248,393
Depreciated capital assets - net	5,694,739

Total Noncurrent Assets 6,592,423

TOTAL ASSETS 8,197,120

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources from pension	\$ 237,229
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The accompanying notes are an integral part of these financial statements.

Centerville Community Services District

STATEMENT OF NET POSITION

(Continued)

June 30, 2024

LIABILITIES

Current Liabilities

Accounts payable	\$	346,893
Advances from grantors		141,538
Payable from restricted assets:		
Accrued interest payable		6,435
Current portion of long-term debt		9,900
Customer deposits		39,564

Total Current Liabilities		544,330
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Long-Term Liabilities

Long-term accounts payable		180,765
Compensated absences payable		16,700
Long-term debt, net of current maturities		238,600
Net pension liability		633,854

Total Long-Term Liabilities		1,069,919
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TOTAL LIABILITIES		1,614,249
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources from pension		13,800
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NET POSITION

Net investment in capital assets		5,694,632
Restricted:		
Debt service		38,282
Contractual obligations		32,542
Unrestricted		1,040,844

TOTAL NET POSITION	\$	6,806,300
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Centerville Community Services District

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2024

Operating Revenues	
Charges for services	\$ 1,335,950
Installations and extensions	29,402
Miscellaneous	3,293
Total Operating Revenues	1,368,645
Operating and Maintenance Expenses	
Water purchases	58,759
Pumping electric charge	48,342
Transmission and distribution	76,474
General and administrative	947,338
Clear Creek treatment and transmission	174,008
Total Operating and Maintenance Expenses	1,304,921
Operating Income Before Depreciation and Amortization	63,724
Depreciation and amortization	285,886
Operating Loss	(222,162)
Nonoperating Revenues (Expenses)	
Interest and fiscal fee revenue	45,830
Property tax revenue	297,880
Interest and fiscal charge expense	(25,452)
Total Nonoperating Revenues (Expenses)	318,258
Operating Income Before Contributions	96,096
Capital contributions	129,492
Change in Net Position	225,588
Net Position - Beginning of Year	6,580,712
Net Position - End of Year	\$ 6,806,300

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

Centerville Community Services District

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers and noncapital grantors	\$	1,366,381
Cash payments to suppliers for goods and services		(483,006)
Cash payments to/on behalf of employees		(700,527)
Cash payments to Board of Directors		(4,100)

NET CASH PROVIDED BY OPERATING ACTIVITIES 178,748

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

General property taxes received		253,561
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital contributions received		61,646
Acquisition of capital assets		(477,139)
Principal paid on long-term debt		(28,600)
Interest and fiscal charges paid		(25,881)
Special assessment taxes received		55,050

NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES (414,924)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and fiscal fees received		41,364
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Net Change in Cash and Cash Equivalents 58,749

Cash and Cash Equivalents - Beginning of Year 1,202,114

Cash and Cash Equivalents - End of Year \$ 1,260,863

COMPONENTS OF CASH AND CASH EQUIVALENTS

Current assets	\$	1,190,039
Current assets - restricted		53,402
Noncurrent assets - restricted		17,422

Total Cash and Cash Equivalents \$ 1,260,863

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

Centerville Community Services District

STATEMENT OF CASH FLOWS

(Continued)

Year Ended June 30, 2024

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$	(222,162)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization		285,886
Net amortization of deferred outflows (inflows) of resources from pension		40,064
Changes in:		
Customer accounts		(6,304)
Inventories		(14,904)
Prepaid costs		(2,534)
Deferred outflows of resources from pension		(4,259)
Accounts payable		95,259
Customer deposits		4,040
Compensated absences payable		4,315
Net pension liability		49,240
Deferred inflows of resources from pension		(49,893)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	178,748

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

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity Centerville Community Services District (the District) was formed in 1959 for the purpose of providing a domestic water supply to approximately 6,000 acres of unincorporated territory, immediately west of the City of Redding within the state of California. Special districts, such as the District, are formed to provide a limited range of public functions rather than provide a full range of government services. Community services districts are governed by the Community Services District Law starting at section 61000 of the *California Government Code*.

The initial water system improvements were financed through the Davis-Grunsky Act loan from the State Department of Water Resources. Additional water mains, storage, and booster pumping facilities were constructed by the District in 1982 and 1983, utilizing a combination of a Farm Home Administration grant and loan funding. Through the years, the water distribution system has been expanded due to the formation of assessment districts as well as to private development, particularly the Olney Park, Ranchland, Montgomery Ranch, Monte De Las Flores, Westside Estates, and Placer Pines subdivisions. The District currently serves approximately 1,250 water connections with a service boundary of approximately 11,000 acres and is governed by a five-member Board of Directors.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

Measurement Focus and Basis of Accounting The District's activities are accounted for as an enterprise fund (a business-type activity) and the accounting records are maintained on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Cash and Cash Equivalents The District considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash and cash equivalents.

The District is generally authorized, under state statute and local resolutions, to invest in demand deposits with financial institutions, savings accounts, certificates of deposit, U.S. Treasury securities, federal agency securities, state of California notes or bonds, notes or bonds of agencies within the state of California, obligations guaranteed by the Small Business Administration, bankers' acceptances, commercial paper, and the Local Agency Investment Fund (LAIF) of the State of California.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The District maintains some of its cash in the Shasta County Treasury (the County) as part of the common investment pool. The County is restricted by *California Government Code*, Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The fair value of the District's investment in the pool is based on the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The pool has deposits and investments with a weighted-average maturity of more than one year. As of June 30, 2024, the fair value of the County pool was 99.07% of the carrying value and is deemed to not represent a material difference. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code*, Section 27130. The District is considered to be an involuntary participant in the external investment pool.

The District also participates in LAIF, an investment pool managed by the state of California. As of June 30, 2024, the LAIF pool includes structured notes and asset-backed securities which total 1.40% of the total portfolio. These structured notes and asset-backed securities are subject to market risk as to change in interest rates. As of June 30, 2024, the fair value of LAIF is 99.63% of the carrying value and is deemed to not represent a material difference. There are no LAIF funds invested in derivatives as of June 30, 2024. LAIF has oversight by the Local Investment Advisory Board (LIAB), which consists of five members as designated by statute. The Chairman of the LIAB is the State Treasurer or their designated representative. The District is considered to be a voluntary participant in the LAIF investment pool. LAIF has a weighted-average maturity of less than one year.

Receivables Amounts due from private individuals, organizations, or other governments which pertain to charges for services rendered by the District or grant amounts earned but not received are reported as receivables. Receivables are reviewed periodically to establish or update the provisions for uncollectible amounts. These provisions are estimated based on an analysis of the age of various accounts. Management expects to collect on all accounts receivable accrued as of June 30, 2024.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Inventories The District's inventories consist of materials and supplies held for consumption and are valued at the lower of cost or market. Cost is determined by using the first-in, first-out method.

Prepaid Costs Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid costs.

Restricted Assets The use of certain assets of the District are restricted by specific provisions of bond resolutions and agreements with various parties. Assets so designated are identified as restricted assets on the statement of net position. When both restricted and unrestricted resources are available for use, the District's policy is to use unrestricted resources first, then restricted resources as they are needed. Restricted assets are classified as noncurrent if they are for acquisition or construction of capital assets, for liquidation of long-term debt, or are for other than current operations.

Capital Assets Constructed or purchased assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at the estimated fair value on the date of donation. The District capitalizes assets with a useful life of more than one year and a cost basis greater than \$5,000. Costs of maintenance and repairs that do not add to the value of assets or extend their useful lives are not capitalized.

All capital assets except land and construction in progress are depreciated using the straight-line method over the following estimated useful lives:

Transmission and distribution plant	50 years
Buildings	40-50 years
Building improvements	15-50 years
Office equipment	5-10 years
Other equipment	5-10 years
Master water plan	5 years
Vehicles	5-10 years

Compensated Absences It is the policy of the District to permit employees to accumulate earned but unused leave benefits which will be paid to employees upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), which will only be recognized as an outflow of resources (expense/expenditures) in the future. 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 will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and would only be recognized as an inflow of resources (revenue) at that time.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Changes in proportion and differences between the District's contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

Net Pension Liability In general, the District recognizes a net pension liability, which represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the District's prior fiscal year end. Changes in the net pension liability are recorded in the period incurred as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the District's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Advances from Grantors Cash received for special projects and programs is recognized as revenue to the extent qualified expenses have been incurred. Advances from grantors are recorded to the extent that cash received on specific projects and programs exceed qualified expenses.

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

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

Restricted Net Position: Restricted net position represents resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

Unrestricted Net Position: Unrestricted net position represents resources available for transactions relating to the general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Operating and Non-Operating Revenues and Expenses The District's financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are those that result from providing services associated with the principal activities of the District. Primary examples of operating revenues are charges for water services and installation and extensions. Operating expenses include the cost of sales and services, administrative costs, and depreciation and amortization costs. Non-operating revenues and expenses are all those that do not meet the criteria described previously and include interest, tax revenues, and debt service expenses.

Property Tax Revenues The County of Shasta assesses, bills, and collects ad valorem property taxes for the District. Ad valorem property taxes levied in July 2023 are for the purpose of financing the budget of the 2024 fiscal year. Property tax revenue recognized for the 2024 fiscal year was levied in July 2023.

Key dates in the property tax cycle are as follows:

Fiscal year ended June 30, 2024	Revenues
Property taxes levied	July 1, 2023
Property taxes payable	November 1, 2023 and February 1, 2024
Property taxes delinquent	December 10, 2023 and April 10, 2024
Lien date	March 1, 2024

Special Assessments Section 37203 of the *California Water Code*, upon a vote of the affected property owners, allows a California Water District to compel the county in which it is located to levy and collect ad valorem assessments on all lands located within the District, sufficient to raise monies to provide for the operations and debt service of the District.

Capital Contributions Transmission and distribution system assets contributed to the District by installers are capitalized at the installers' costs, which approximate fair value at the time of the District's acquisition. The funds are recorded as capital contributions on the statement of revenues, expenses, and changes in net position. Grants that fund capital assets are also recorded as capital contributions.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents:

June 30, 2024	Maturities	Fair Value
Petty cash/cash awaiting deposit		\$ 100
Deposits (1)		166,497
Subtotal		166,597
Investments That Are Not Securities (2)		
County treasurer's investment pool	20.4 months average	13,091
Local Agency Investment Fund (LAIF)	7.1 months average	1,081,175
Subtotal		1,094,266
Total Cash and Cash Equivalents		\$ 1,260,863

(1) **Deposits** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposit, and money market accounts at financial institutions, if any.

(2) **Investments That Are Not Securities** A "security" is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

The above amounts include both unrestricted and restricted cash, which are further classified in the statement of net position and statement of cash flows.

Custodial Credit Risk

Custodial credit risk for 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 possession of an outside party. 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 the possession of another party. 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.

The *California Government Code* requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral for bank deposits in excess of deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The District has confirmed with its financial institutions that they are in compliance with these codes. Management does not believe the District is exposed to any significant custodial credit risk with respect to its deposits and investments.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2024:

- County treasurer's investment pool of \$13,091 and LAIF of \$1,081,175 are valued using quoted prices for similar instruments in active markets and quoted prices for identical or similar instruments in markets that are not active (level 2 inputs).

Credit Risk - Investments

The District has a formal investment policy on managing credit risk; the District's policy and the *California Government Code* authorize the District to invest in obligations, participations, or other investments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's Corporation or Moody's Investment Service, Inc., bankers' acceptances, repurchase agreements, and the State Treasurer's Investment Pool (LAIF). The District's investment in the County investment pool and LAIF are unrated.

Concentration of Credit Risk

California Government Code, Section 53635, places the following concentration limits on the County investment pool:

- No more than 40% may be invested in eligible commercial paper and no more than 10% may be invested in the outstanding commercial paper of any single issuer.

California Government Code, Section 53601, places the following concentration limits on the District's investments:

- No more than 10% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises and where otherwise noted; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 40% may be invested in bankers' acceptances and no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in reverse repurchase agreements; no more than 30% may be invested in medium-term notes; no more than 20% may be invested in mortgage passthrough and related securities; and no more than 30% may be invested in certain unsecured, unsubordinated obligations.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The District's policy limits the amount that may be invested in any one permissible investment type.

3. INVENTORIES

Inventories of \$91,493 as of June 30, 2024 consisted of pipes and other supplies.

4. WATER RIGHTS

In August 2000, the District entered into a Water Exchange Contract with the United States Bureau of Reclamation (BOR) whereby the District obtained 900 acre-feet of federal Central Valley Project (CVP) water in exchange for the District's pre-1914 water rights on Clear Creek. In April 2001, the U.S. Bureau of Reclamation and the Shasta County Water Agency assigned all rights, title, and interest to an additional 2,900 acre-feet of the CVP water to the District. Therefore, the District's current total water entitlement under contract is 3,800 acre-feet per year. These water rights are reflected in the statement of net position in the amount of \$384,386.

5. SPECIAL ASSESSMENT TAXES RECEIVABLE

The District has a special assessment district, AD 2001-1. A special assessment district is a geographical area consisting of real estate parcels that a government can charge and assess taxes against to finance certain public projects. The District's special assessment taxes receivable consisted of the following:

June 30, 2024

Special Assessment Taxes Receivable

AD 2001-1	\$	254,717
Current portion		(12,901)

Special Assessment Taxes Receivable - Noncurrent Portion	\$	241,816
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AD 2001-1 was formed and financed with limited obligation improvement bonds under the *California Improvement Bond Act of 1915*. The special assessment district was formed to improve the water distribution system within the special assessment district and benefits 31 parcels.

The property owners within the special assessment district are responsible for paying an annual special assessment tax to repay the bonded debt. The annual assessment appears on the County property tax bill and is collected with it. Property owners have the option to prepay, in part or in full, the assessment for their property tax bill to relieve the burden of annual payments.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The annual assessment amount for each unpaid parcel within the special assessment district is based on a repayment schedule which shows the amount to be collected each year to pay off the parcel's share of the bonded debt. To determine the net assessment amounts from each parcel, the following steps are taken:

- The parcel's principal and interest payment is taken from its original repayment schedule.
- If applicable, a pro-rata share of interest earned is deducted from the assessment.
- In accordance with Section 8682 and 8682.1 of the *California Streets and Highways Code*, the parcel's share of consulting expenses, fiscal agent expenses, agency staff expenses, and other costs of managing the special assessment district are added to the assessment.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. CAPITAL ASSETS

Changes in capital assets consisted of the following:

Year Ended June 30, 2024	Beginning Balance	Additions	Deductions	Ending Balance
Nondepreciated Capital Assets				
Land	\$ 38,759	\$ -	\$ -	\$ 38,759
Construction in progress:				
West Ridge Estates	15,894	-	-	15,894
Storage building	6,228	-	-	6,228
Silver King main line	30,197	-	-	30,197
Muletown generator	9,107	79,680	-	88,787
AC pipe	2,103	-	-	2,103
Shop building improvements	-	26,127	-	26,127
Telemetry	-	40,298	-	40,298
Total Nondepreciated Capital Assets	102,288	146,105	-	248,393
Depreciated Capital Assets				
Utility plant	8,473,226	222,736	-	8,695,962
Replacement meters	203,173	-	-	203,173
Office buildings	344,653	-	-	344,653
Equipment storage buildings	290,129	-	-	290,129
Office equipment	35,322	24,229	-	59,551
Automotive	188,652	-	-	188,652
1995 water project	1,153,838	-	-	1,153,838
Machinery and equipment	201,724	84,069	-	285,793
Radio telemetry system	116,150	-	-	116,150
TS/Honeybee project	633,176	-	-	633,176
TS Pipeline oversize	7,169	-	-	7,169
Foxwood annexation	4,854	-	-	4,854
GIS development	57,701	-	-	57,701
Telemetry Clear Creek tank	5,666	-	-	5,666
Total Depreciated Capital Assets	11,715,433	331,034	-	12,046,467
Totals at Historical Cost	11,817,721	477,139	-	12,294,860
Less: Accumulated depreciation				
Utility plant	4,068,477	185,951	-	4,254,428
Other capital assets	2,002,667	94,633	-	2,097,300
Total Accumulated Depreciation	6,071,144	280,584	-	6,351,728
Total Depreciated Capital Assets - Net	5,644,289	50,450	-	5,694,739
CAPITAL ASSETS - NET	\$ 5,746,577	\$ 196,555	\$ -	\$ 5,943,132

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. NET PENSION LIABILITY

Qualified employees are covered under a cost-sharing multiple-employer defined benefit pension plan maintained by the California Public Employees' Retirement System (CalPERS).

Summary

Net pension liability, deferred outflows or resources, deferred inflows of resources, and pension expense are reported as follows:

June 30, 2024		Net Pension Liability		Deferred Outflows of Resources		Deferred Inflows of Resources		Pension Expense
CalPERS Public Agency Pool	\$	633,854	\$	237,229	\$	13,800	\$	119,143

Net pension liability, deferred outflows of resources, and deferred inflows of resources are reported in the accompanying statement of net position; pension expense is reported in the accompanying statement of revenues, expenses, and changes in net position.

Plan Description All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Annual Comprehensive Financial Report (ACFR), which is available online at www.calpers.ca.gov.

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the District. The District's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRA Miscellaneous plan (PEPRA Misc.). The District does not have any rate plans in the safety risk pool.

Benefits Provided The plan provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The benefits are based on members' years of service, age, final compensation, and benefit formula. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The Plan 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. Classic members and PEPRSA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRSA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

Employer rate plan	Miscellaneous	PEPRSA Miscellaneous
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% at 60	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.93%	7.75%
Required employer contribution rates	10.10%	7.68%

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 CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's agreement with employees is to split contributions 50/50. The District's contributions to the risk pools in the Plan for the year ended June 30, 2024, were \$83,990, and equaled 100% of the required contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2024, the District reported a net pension liability of \$633,854 for its proportionate share of the Miscellaneous Risk Pool net pension liability. The District's net pension liability is measured as the proportionate share of the risk pool's net pension liability. GASB Statement No. 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The District's proportionate share of the net pension liability as of June 30, 2022, the valuation date, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2022. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The District's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the District's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The District's proportionate share of the net pension liability as of June 30, 2023, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2023, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2023, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2023, was calculated by applying the District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2023, to obtain the total pension liability and fiduciary net position as of June 30, 2023. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The District's proportionate share percentage of the net pension liability for the risk pool as of June 30, 2022, and June 30, 2023, was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date - June 30, 2022	0.012494%
Proportion at measurement date - June 30, 2023	0.012676%
Change - increase (decrease)	0.000182%

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

For the year ended June 30, 2024, the District recognized pension expense of \$119,143. At June 30, 2024, 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
Difference between expected and actual experience	\$ 26,219	\$ 4,041
Net difference between projected and actual earnings on pension plan investments	76,152	-
Change in assumptions	30,793	-
Changes in proportion and differences between District contributions and proportionate share of contributions	20,075	9,759
District contributions subsequent to the measurement date	83,990	-
Total	\$ 237,229	\$ 13,800

The \$83,990 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30

2025	\$ 45,517
2026	30,491
2027	61,204
2028	2,227
Total	\$ 139,439

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Actuarial Assumptions The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Payroll growth	2.80%
Salary increases (1)	Varies by entry age and length of service
Investment rate of return (2)	6.80%
Mortality rate table	Derived using CalPERS' Membership Data for all Funds

(1) Depending on age, service and type of employment

(2) Net of pension plan investment and administrative expenses; includes inflation

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. The mortality table used was developed based on CalPERS' specific data. The table includes generational mortality improvements using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

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 long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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 geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Rate of Return (1, 2)
Global Equity - cap-weighted	30.00%	4.54%
Global Equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on 2021-22 Asset Liability Management study.

Discount Rate The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan 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 employer rate plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2023 based on June 30, 2022 Valuations*, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.80% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 10 basis points. An investment return excluding administrative expenses would have been 6.90%. 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.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

June 30, 2024	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 949,059	\$ 633,854	\$ 374,414

Pension Plan Fiduciary Net Position Detailed information about the pension plan's fiduciary net position is available in CalPERS' separately issued ACFR.

8. LONG-TERM DEBT

Changes in Long-Term Debt

A summary of the changes in long-term debt (current and noncurrent portions) of the District is as follows:

Year Ended June 30, 2024	Beginning Balance	Additions	Deductions	Ending Balance
Long-Term Debt				
USDA Rural Development	\$ 277,100	-	\$ 28,600	\$ 248,500
Current portion				(9,900)
Noncurrent Portion				\$ 238,600

Principal and Interest Requirements to Maturity

USDA Rural Development This limited obligation improvement bond was issued under the *California Improvement Bond Act of 1915* and is related to the AD 2001-1 special assessment district as discussed in the special assessment taxes receivable note in these financial statements. The bond was issued to finance improvements to the distribution system within the special assessment district. The total bond issue of \$456,480 is to be repaid from the assessments to individual property owners within the special assessment district. The bond originated in 2001, matures in 2042, and accrues interest annually at a rate of 4.5%. The bond requires an annual principal payment in September and semi-annual interest payments in March and September of each year. There was also an additional bond call payment of \$19,000 during the 2023-24 fiscal year.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The remaining annual debt service payments are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 9,900	\$ 10,960	\$ 20,860
2026	9,700	10,519	20,219
2027	10,100	10,073	20,173
2028	10,500	9,610	20,110
2029	11,100	9,124	20,224
2030-2034	62,700	37,559	100,259
2035-2039	78,500	21,728	100,228
2040-2042	56,000	3,852	59,852
Total	248,500	\$ 113,425	\$ 361,925
Current portion	(9,900)		
Noncurrent Portion	\$ 238,600		

The amount of interest incurred during the year was \$11,825, all of which was charged to expenses.

9. COMMITMENTS AND CONTINGENCIES

Dedicated-Capacity Contract

On October 20, 1994, Clear Creek Community Services District (Clear Creek) and the District entered into a dedicated-capacity contract. Clear Creek treats and conveys water to the District. In accordance with this contract, Clear Creek agrees to sell and the District agrees to purchase dedicated-capacity in the Plant, such that the District shall be entitled to the availability of 25% of the treatment capacity of the Plant. Additionally, the District is obligated to pay operational costs; treatment, transmission and conduit costs; and administrative and general costs based on the District's percentage use of the total quantity of water treated by the Plant. In accordance with the dedicated-capacity contract, the District may be obligated to pay its portion of unanticipated costs that may arise during the term of the contract that cause a material change in operations.

WIIN Act

On September 15, 2020, the District's Board of Directors authorized a contract amendment, authorized by the WIIN Act. The WIIN Act is comprehensive legislation relating to water infrastructure. Section 4011 of Subtitle J outlines the authority and direction for the Secretary of the Interior to negotiate contracts for repayment terms, which may include prepayments, lump sum, or accelerated payments, on existing water service contracts. The contract amendment results in a perpetual repayment contract providing for Project Water Service and Facilities Repayment with the BOR. While the amendment guarantees a perpetual contract, it does not guarantee a water allocation. Under the amendment, the District remitted accelerated repayment on facilities during fiscal year 2020-21, in the amount of \$41,388.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

A coalition of California environmental groups is challenging the validity of the perpetual contracts of nearly one hundred water purveyors throughout California, including the District. The outcome is uncertain and could result in the District's perpetual water contract becoming subject to renewal by the BOR.

Multi-year Contract Commitment

On July 29, 2021, the District entered into an agreement for tank restoration and maintenance. The agreement is for ten years, beginning September 1, 2021, and ending August 31, 2031, and calls for annual costs of approximately \$156,000, to be paid in quarterly installments. Due to timing of the completion of the work against the payment schedule, prepaid or accounts payable balances can result. As of June 30, 2024, the District's current and long-term accounts payable includes a balance of \$157,263 and \$180,765, respectively, related to this agreement.

10. RISK MANAGEMENT AND INSURANCE COVERAGE

The District has obtained general liability, auto liability, public officials' liability, workers' compensation, property coverage, and fidelity coverage through the Association of California Water Agencies - Joint Powers Insurance Authority (JPIA), a joint powers authority of the California public water agencies.

June 30, 2024	JPIA Pooled Amount	Commercial Insurance Additional Coverage
General, auto, and public officials' liability	\$ 5,000,000	\$ 55,000,000
Cyber	\$ -	\$ 5,000,000 *
Workers' compensation	\$ 2,000,000	\$ 4,000,000
Property coverage	\$ 10,000,000	\$ 500,000,000
Fidelity	\$ 100,000	\$ -

*\$3,000,000/member, \$5,000,000 aggregate

Each member's share of pooled insurance costs depends on the losses of all members. In addition, the cost to a member district will also depend on the loss experience of that district. Districts with a consistent record of costly claims will pay more than districts with a consistent record of less serious claims activity. Settled claims resulting from the risks identified above have not exceeded insurance coverage in the past three years. No significant reductions in insurance coverage from the prior year have been made.

A representative of each member district, appointed by the board of directors of that district, serves on the board of directors of the JPIA. The board of directors is responsible for deciding the risks the JPIA will underwrite, monitoring the costs of claims, and arranging financial programs. Each member of the board of directors has an equal vote in matters concerning the JPIA.

The District's share of year-end assets, liabilities, and fund equity is not calculated by the JPIA. Separately issued financial statements can be requested from the JPIA.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

11. RESTRICTED AND DESIGNATED NET POSITION

Restricted net position consisted of the following:

June 30, 2024

RESTRICTED FOR DEBT SERVICE	
Texas Springs assessment	\$ 38,282
RESTRICTED FOR CONTRACTUAL OBLIGATIONS	
Texas Springs reimbursement agreement	3,938
Customer rental deposits	28,604
TOTAL RESTRICTED FOR CONTRACTUAL OBLIGATIONS	32,542
Total Restricted Net Position	\$ 70,824

Net position is designated to indicate management does not consider it to be available for general operations. Designated net position is part of unrestricted net position since the constraints on resources are internal, which management can remove or modify.

Designated net position consisted of the following:

June 30, 2024

Operating	
General operation and maintenance	\$ 202,306
Pump station repair and replacement	18,584
Water treatment plant	195,972
Subtotal	416,862
Capital	
General facility improvement	395,482
Plant capacity	119,370
Subtotal	514,852
Total Designated Net Position	\$ 931,714

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Pump Station Repair and Replacement

These funds have been designated by the Board of Directors for the repair and replacement of the pumping equipment in the District's three pump stations.

Water Treatment Plan Funds

These funds have been designated by the Board of Directors toward maintenance projects related to the water treatment plant.

General Facility Improvement

These funds have been combined with the Cash Flow Stabilization funds and designated by the Board of Directors for the purchase and/or construction of those items described in the District's ten-year General Facilities Improvement Plan and for improvements to the District's operation facilities which are not listed in the District's Master Plan.

Plant Capacity

These funds have been designated by the Board of Directors to fund those major capital improvements described in the District's Master Water Plan that will be necessary as the District grows to reach its planned ultimate development.

12. FUTURE GASB IMPLEMENTATION

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement outlines a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2024, will have on the District's financial statements, if any.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within twelve months of the date the financial statements are issued. If certain criteria are met, the government must disclose information in the notes to the financial statements to enable users of the financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2024, will have on the District's financial statements, if any.

Centerville Community Services District

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements relating to management's discussion and analysis; unusual or infrequent items; presentation of proprietary fund information; major component units; budgetary comparison information; and financial trends information. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2025, will have on the District's financial statements, if any.

Required Supplementary Information

Centerville Community Services District

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	2024	2023	2022	2021	2020
District's proportion of the net pension liability (asset)	0.012676%	0.012494%	0.014987%	0.011690%	0.011293%
District's proportionate share of the net pension liability (asset)	\$ 633,854	\$ 584,614	\$ 284,576	\$ 493,079	\$ 452,218
District's covered-employee payroll	\$ 418,085	\$ 369,131	\$ 349,030	\$ 330,436	\$ 328,046
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	151.61%	158.38%	81.53%	149.22%	137.85%
Plan fiduciary net position as a percentage of the total pension liability	72.80%	73.28%	86.07%	74.94%	75.87%

Years Ended June 30	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.010864%	0.014470%	0.010048%	0.009011%	0.011412%
District's proportionate share of the net pension liability (asset)	\$ 409,436	\$ 411,817	\$ 349,050	\$ 247,209	\$ 279,636
District's covered-employee payroll	\$ 301,251	\$ 268,415	\$ 267,958	\$ 270,585	\$ 249,112
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	135.91%	153.43%	130.26%	91.36%	112.25%
Plan fiduciary net position as a percentage of the total pension liability	77.32%	76.82%	78.73%	78.40%	83.15%

See the accompanying notes to the required supplementary information.

Centerville Community Services District
SCHEDULE OF DISTRICT'S CONTRIBUTIONS –
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 83,990	\$ 72,303	\$ 65,578	\$ 60,242	\$ 52,071
Contributions in relation to the actuarially determined contribution	(83,990)	(72,303)	(65,578)	(60,242)	(52,071)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 418,085	\$ 369,131	\$ 349,030	\$ 330,436	\$ 328,046
Contributions as a percentage of covered-employee payroll	20.09%	19.59%	18.79%	18.23%	15.87%

Years Ended June 30	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 44,003	\$ 33,577	\$ 29,802	\$ 26,287	\$ 16,957
Contributions in relation to the actuarially determined contribution	(44,003)	(33,577)	(29,802)	(26,287)	(16,957)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 301,251	\$ 268,415	\$ 267,958	\$ 270,585	\$ 249,112
Contributions as a percentage of covered-employee payroll	14.61%	12.51%	11.12%	9.71%	6.81%

See the accompanying notes to the required supplementary information.

Centerville Community Services District

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

1. CHANGES OF BENEFIT TERMS

There were no significant changes of benefit terms during the measurement period ended June 30, 2023.

2. CHANGES OF ASSUMPTIONS

There were no significant changes of assumptions during the measurement period ended June 30, 2023.

OTHER SUPPLEMENTARY INFORMATION SECTION

Centerville Community Services District
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

Year Ended June 30, 2024

Auditing and accounting fees	\$	19,780
Department of Health Services fee		12,416
Directors' compensation		4,100
Dues and subscriptions		34,166
Employee insurance		118,661
Engineering		9,218
LAFCO		3,728
Legal fees		11,291
Liability insurance		35,343
Miscellaneous		4,407
Office supplies		10,660
Office repairs and maintenance		8,687
Payroll taxes		33,846
Postage		8,434
Rent		24,170
Retirement		115,729
Salary expense		451,350
Telephone		6,937
Travel		2,509
Utilities		11,498
Workers' compensation		20,408
Total General and Administrative Expenses	\$	947,338

OTHER REPORT SECTION



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

To the Board of Directors
Centerville Community Services District
Redding, California

We have audited, 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 (*Government Auditing Standards*), the financial statements of Centerville Community Services District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

(Continued)

Report on 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 financial statements. 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*.

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

Horton McNulty & Gaetavn, LLP

November 14, 2024
Chico, California

FINDINGS AND RECOMMENDATIONS SECTION

Centerville Community Services District
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2024

None.

Centerville Community Services District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2024

None.



MEMORANDUM

DATE: November 13, 2024
TO: Board of Directors
FROM: Chris Muehlbacher
Subject: New Business 2 – Authorization to Award the PLC, Radio, and Antenna Replacement Project

Recommendation

ACTION – It is recommended that the Board award the project to Wagner Electric in the amount of \$134,823 and authorize the Manager to execute the agreement.

Item Explanation

The action is for the Board to award the project to Wagner Electric and to authorize the Manager to execute the agreement. On November 1st the District received the following bids:

Bullert Industrial Electric	\$167,364.87
Wagner Electric	\$134,823.00

Following a review of the bid documents and further company checks, staff deemed Wagner Electric as the lowest, responsive, responsible bidder and makes recommendation to award the project to Wagner Electric. Bryan Gentiles, of PACE Engineering, will be attending the meeting to answer any questions from the Board.

Current Status

With the engineer's estimate for construction being \$116k, the lowest bid exceeds the estimate by approximately \$19k. The financial impacts will be further explored in the Financial Impacts section. Below is an updated summary of the PLC, Radio and Antenna Replacement projects:

Tasks	Current Budget	Revised Budget
Engineering Design (Telemetry)	10,500	10,500
Engineering Design (PLC)	48,000	48,000
Bidding & Construction Support	13,500	13,500
PLC & Telemetry System	116,000	135,000
Programming	72,000	72,000
Contingency	16,000	20,000
Total	276,000	299,000

Upon authorization to award the project, a notice to proceed will be issued. The contractor shall have 180 calendar days to complete the submittal and construction phases of this project. It is acknowledged that there is an estimated 20-week lead time to receive materials once the material submittals are approved which will not be counted against the 180-calendar day timeline.

It is important to note that the estimated useful life for these components is 15-20 years. With a majority of these critical components having been installed in 2001 and already exceeding the estimated useful lives, it remains important for the District to proceed with the project identified as having the highest priority and that the Board award this project.

Financial Impacts

A portion of this project will be funded using a \$142k ARPA grant with the remainder being funded by the Capital Improvement Reserve.

While the lowest responsive, responsible bidder was nearly \$19k exceeding the engineer's estimate for construction cost, there remains adequate funds in the Capital Improvement Reserve for this project.

Project Background

In September 2023, the Board provided authorization to solicit bids for the Telemetry Replacement Project. This project was included in the Capital Improvement Program (CIP) as well as the Capital Budget and included the replacement of all telemetry-related components at seven sites located throughout the District. PACE Engineering was authorized to provide Engineering Design, Bidding & Construction Administration, functional acceptance testing and programming of the radio components. These engineering services were contracted as lump sum with an amount not to exceed. The project included the following:

<u>Description</u>	<u>Estimated Cost</u>
Telemetry System Construction	\$49,500
Engineering Services (design, bid, construction, programming)	\$20,500
Contingency	<u>\$15,000</u>
TOTAL	\$85,000

On October 23, 2023, a workshop was held where the Board reviewed the CIP and identified the following capital projects in order of their priority:

1. Replace the Programmable Logic Controllers (PLCs)
2. Demolition of the Shop Mezzanine Structure
3. AMI System

During the workshop, the County COVID-related ARPA grant funds were also redirected from the proposed AMI System to that for use in funding the PLC project.

On October 27, 2023, a single bid was received that was slightly below the engineer's estimate. In considering that the PLC project was now identified as the District's highest priority project and that the District had only received a single bid for the Telemetry project, it was believed that more competitive bids would be received by combining the two projects into a single project. As a result, PACE Engineering provided a new proposal to provide the services required to include the PLC replacement with the existing Telemetry project.

On December 13, 2023, the Board authorized PACE Engineering to proceed with the engineering services proposed for the combined PLC, Radio and Antenna Replacement Project as summarized below:

1. Engineering Design (PLC)	\$ 36,000
2. Bidding & Construction Services	\$ 13,500
3. <u>Programming (Telemetry & PLC)</u>	<u>\$ 72,000</u>
TOTAL	\$121,500

These services were contracted as time and materials. Doing so would require the use of contingency funds should activities exceed the proposed budgets. In contrast, a lump sum contract option was available for an additional \$13,500 at the time of execution.

During the design phase of the PLCs, PACE Engineering encountered numerous challenges due to discrepancies between the record drawings, panel drawings and the PLC code. While these projects have been designed by PACE Engineering (all sites were completed in 2001 with exception of the Muletown Pump Station and Diggins Repeater which were completed in 2009), PACE was not directly involved in the integration and programming of the components. To ensure that accurate plans are available for bidding and construction purposes, it was necessary for PACE Engineering to rectify these discrepancies and to identify the actual installation and system functionality to avoid potential future change order claims by the future contractor.

Attachments – None



COMMUNITY SERVICES DISTRICT

MEMORANDUM

DATE: November 13, 2024
TO: Board of Directors
FROM: Chris Muehlbacher
SUBJECT: New Business 3 – Authorization to Award the Shop Building Path of Travel Project

Recommendation

ACTION – staff recommends the Board award the Path of Travel Project to Zeis Construction in the amount of \$12,138.75.

Discussion

The District was issued a building permit to complete the development standards required for the Shop Building. The remaining work includes the construction of a Path of Travel from the Office to the Shop Building and landscaping improvements to front of Placer Road by the Shop Building.

While the landscaping improvements will be completed by the operator staff, the Path of Travel will be completed by a contractor. The District received the following bids:

Zeis Construction	\$12,138.75
Lee Ward Concrete	\$23,495.00
Muse Concrete Contractors	\$25,600.00

The engineer's estimate for the work is \$12k. The lowest, responsive, responsible bidder is Zeis Construction. It is recommended that the project be awarded to Zeis Construction.

Financial Impacts

This project will be funded by the Capital Improvement Reserve Fund. The total Budget for the Path of Travel and the landscaping improvements is \$25k and is included in the Capital Budget. Considering that the engineer's estimate for the landscaping is \$10k and that this work will be completed by the operator staff, there remains adequate funds for this project and will be completed under budget.

Attachment(s) – None



MEMORANDUM

DATE: November 13, 2024

TO: Board of Directors

FROM: Chris Muehlbacher

SUBJECT: **New Business 4 – Consider Adoption of Update to the Capital Improvement Plan Program**

Recommendation

ACTION – It is desired that the Board review the Capital Improvement Plan Program and consider adopting the update which is identified in the “Funded Projects” section of the attached table.

It is further desired that the Board consider prioritizing the Fire Flow Improvements as recommended by the Resource & Planning Committee for future funding.

Overview

The goal of this meeting is to review the overall Capital Improvement Plan (CIP) Program and consider adopting the update which includes projects as included in the “FUNDED PROJECTS” section. It is further desired that the Board consider prioritizing the Fire Flow Improvements program for future funding. For discussion purposes, Paul Reuter of PACE Engineering will be in attendance.

All CIP projects are funded by Capital Improvement Reserve absent any additional grant funding being available. This reserve is defined as:

- ***Capital Improvement Reserve***

Funds designated to systematically fund an improvement and a reinvestment for maintaining, rehabilitating and replacing significant Capital Infrastructure more than \$25,000 or having a useful life greater than 20 years. This reserve includes capital improvements for the distribution system, miscellaneous facilities and rolling stock assets.

In updating the CIP Program, the Resource and Planning Committee met in September and November. In summary, it is the Committee’s recommendation that the Board consider making the Fire Flow Program its primary future priority.

Review of the Capital Improvement Reserve Program Table

The sections below provide an overview of the Capital Improvement Plan Program table.

FUNDED PROJECTS

Below is a brief description for each project/program included in this section:

1. **Tank Coating Program** – The District has seven remaining years in its 10-year agreement with Superior Tank Solutions. Tank A1 is scheduled for rehab in 2025 with Tank C1 being scheduled for 2026. Services include complete maintenance of all tanks as well as the recoating and OSHA compliant improvements.
2. **Server Replacement** – this is placed for the predictive replacement of this essential technology on an 8-year cycle.
3. **SCADA Replacement** – this is placed for the predictive replacement of this essential technology on an 8-year cycle.
4. **Telemetry & PLC Replacement** – while this is being awarded for replacement in 2024/25, it is also included for future predictive replacement.
5. **Water Meter Replacement Program** – this is a future predictive replacement program.
6. **Shop Building Finalize Permit** – this completes the remaining development standard requirements.
7. **Chip Seal Project – Tank C Access Road** – this project improves the deteriorating roadway.
8. **AC Paving (B Tank, C Pump Station, Muletown PS and the Office)** – this project seals cracks and extends the life of the pavement.
9. **Muletown PS Communications Generator ONLY** – this is a project which is anticipated to receive the JPIA Risk Transfer grant of \$10k. It is important to note that this generator will not power any pumps.
10. **Zone C PS Communications Generator ONLY** – this is a project which is anticipated to receive the JPIA Risk Transfer grant of \$10k. It is important to note that this generator will not power any pumps.

SHORT-TERM & INTERMEDIATE UNFUNDED PROJECTS

Below is a brief description for each project/program included:

1. **AMI Meter Reading** – This is a very beneficial project which may be eligible for a 50% Water Smart Grant from Reclamation. It would provide notice of active leaks as well as simplify meter reading to permit the operators to focus on other maintenance activities.

LONG-TERM UNFUNDED PROJECTS

1. **Zone B Tank Supervisory Valve** – this project would permit the Muletown Conduit to provide a more consistent and controlled flow to Zone B. This would enhance the water treatment plant operations as well as better control water quality throughout the distribution system.
2. **Zone C Pump Station Generator 150 kW** – this would provide power to the pumps. This would also provide operational flexibility for those rare times when water needs to be pumped for Zone C back to Zone B.
3. **Record Lane Generator** – this would provide power to the emergency intertie with Redding for the benefit of Centerville.
4. **Water Master Plan Fire Flow Program (7 projects)** – this would improve the fire flow at seven locations throughout the District as recommended by the 2015 Water Master Plan.
5. **Table III Placer Road Pipeline Projects (2 total)** – these projects are required for additional future capacity. While these are primarily funded by receipt of capacity charges as development occurs, a portion of these oversized lines are to be funded by current rate payers since these lines are oversized to enable retiring the adjacent AC pipelines.
6. **AC Pipe Replacement (4 projects)** – these are replacement projects for the smaller diameter distribution lines. While the AC pipe has an estimated remaining useful life of approximately 40 years, it is important to note that the AC pipe has experienced increased failures typically at direction transitions at wyes and tees as well as at deep installations.
7. **Muletown Zone Improvements** – This project would connect all three independent pipelines located in this zone as well as construct a pump station from the Muletown Conduit as well as a reservoir tank. Currently, there are 18 customers in this zone which has no connected storage.

ROLLING STOCK PROGRAM

This section provides a predictive replacement for these assets. Below is the unfunded item:

1. **New Excavator & Trailer** – this is proposed to supplement the operator machinery. The excavator has a considerably smaller footprint than the current backhoe, it is track-mounted and is considerably more agile, giving the operators an ability to get into smaller places. This also minimizes any potential property damage, especially when the soil is wet from a leak or rainfall. Being lighter and track-mounted, it is also more flexible in off-road conditions and is able to go where the larger backhoe is limited.

Fire Flow Program Discussion

Exhibit A

Attached is the updated Capital Improvement Plan Program (Exhibit A) which includes proposed funding of the Fire Flow Priority 1 Silver King. This table assumes that no additional funding is provided beyond what is already programmed which includes the property taxes as well as 4-cents of the consumption rate. The purpose of Exhibit A is to illustrate the impacts of funding all on-going projects and programs while including the self-funding of Fire Flow Priority 1 Silver King with the CIP Program. In summary, there will be a forecasted deficit in 2050 and beyond and an inability to complete additional CIPs absent additional funding.

Exhibit B

Attachment Exhibit B – Loan Options, provides funding options and their projected income requirements for the Fire Flow Program. If pursued, it is recommended that the fees be based upon consumption, rather than a uniform rate to all, since consumption-based makes it equitable based upon the customer's actual use meaning they pay more as they use more water.

Exhibit C

Attachment Exhibit C – Self-Funded provides an option to self-fund the Fire Flow Program over time once adequate funds are available.

RECOMMENDATION

Should the Fire Flow Program be a priority of the Board, it is recommended that a loan be further explored. In summary of the self-funding option, it is estimated that a rate increase of \$0.94 per billing unit would be needed to fund all seven fire flow projects over time. In contrast, the loan option would require a \$0.58 or \$0.63 per billing unit rate increase would be needed to complete all seven projects using a Drinking Water State Revolving Fund Loan or a USDA Loan.

Another benefit of using a loan is the ability to lock in today's costs and repay it over a 30 to 40 year period. Further, the Board can prioritize the fire flow projects over time and coordinate rate increases to pay for each of them. An example of this would be to simply proceed with Silver King as priority 1 first and then pursue additional projects over time. Moving forward with only Silver King at this time is estimated to be repaid with a \$0.07 consumption rate increase.

Attachment(s)

- Capital Improvement Plan Program – Exhibit A
- Exhibit B – Loan Options & Exhibit C – Self-Funded



MEMORANDUM

Date: November 15, 2024
To: Board of Directors
From: Chris Muehlbacher
Subject: **Old Business 1 – Muletown Pump Station Generator Project Update**

Recommendation

Information – This provides updated information related to the project.

Discussion

At present, staff await a response from REU to confirm that they would be willing to be responsible for all costs exceeding the approved budget of \$418.5k. Following a value engineering project review, the overall project estimate was reduced to \$610k which still exceeds the approved budget. CalOES has indicated that there are no additional funds available. This would result in all costs exceeding the budget being borne by the local agency.

Previously, REU indicated a willingness to fund the local agency's portion of 25% for a project up to \$500k (i.e., up to \$125k). Now with the lack of additional FEMA funds beyond the approved \$418.5k, the balance would need to be paid locally. This would increase REU's pledge of \$125k to that of \$297k to complete the project.

Attachment(s) – None



MEMORANDUM

Date: November 15, 2024
To: Board of Directors
From: Chris Muehlbacher
Subject: **Old Business 2 – Carr Fire Recovery Project Update**

Recommendation

Information – This is a project update and an agenda place holder. No additional information is currently available.

The remaining \$151k continues to be held in the District's LAIF account compounding interest.

Discussion

CalOES has completed its review and has submitted it to FEMA on June 24th for its review as an Application Closeout. No timeframe is available for their processing time. Moving forward we will receive notice once completed. Recently, CalOES provided an update that FEMA is currently addressing priority disasters nearing their completion deadline and will address this in the near future.

Fiscal Impact

It is anticipated that the remaining reserve funds will be retained by the District. It has been reaffirmed by the consultant that part of the close-out process is to confirm that the projects were completed, the expenses are valid, and that there were no additional funding sources such as an insurance claim.

In summary, FEMA awarded a total of seven (7) projects totaling \$347k for the benefit of this District because of Carr Fire impacts. At present, there remains approximately \$151k in reserve which was not used in completing the approved projects and continues to compound interest.

Attachment(s) – None



MEMORANDUM

Date: November 15, 2024
To: Board of Directors
From: Chris Muehlbacher
Subject: **Old Business 3 – Muletown Wire Replacement Project Update**

Recommendation

Information – this item provides a project update.

Discussion

Bullert Electric completed the replacement of the communication wires from the pump station to the turn-out. Approximately 1,100-ft of cable (to include 8-#12 THHN conductors) was continuously pulled without any splices through four junction boxes between the pump station and the turn-out. To better limit water intrusion, the pull boxes received an improved seal gasket. The cost of the replacement is \$8,900.

All operations have been restored and are fully operational.

Fiscal Impact

This is an extraordinary expense which is typically not anticipated in the O&M Budget. This expense would be funding using operating funds and the O&M Reserve. Adequate funding is available for this expense.

Attachment(s) – None

Manager's Report

11/15/2024

Administration

1. Joint Use Agreement Final draft provided to new Battalion Chief Dusty Gyves. Being reviewed by County attorney. Will continue after fire season.
2. Shop Building Permit Award path of travel at November's meeting. Plants ordered.
3. Audit Presented at November's meeting.
4. Westridge No confirmation whether the City approved the 10-year request.
5. Coastal Business Systems New copier/scanner installed. Monthly savings of just under \$100 per month.

Committee Meetings

R&P Committee Future Meeting: TBD

Personnel Committee Future Meeting: TBD
Indoor Heat & Illness Policy

Ordinance Committee Future Meeting: TBD

Finance Committee Future Meeting: TBD

Public Info. Committee Future Meeting: TBD

Operations

1. Leaks

	Current	FYTD
<u>Mainline Leaks - Repaired</u>	0	0
<u>Service Leaks - Repaired</u>	0	2
<u>Service Lines - Replaced</u> 1-Nantucket	1	9
<u>Service Lines - Planned</u> Rutgers (2 lines) Dartmouth (1 line) Melinda (1 line)		

2 New Meters - Installed

This past month:	0	Fiscal Year TOTAL:	0
sold to:		Annual Projection:	4
		WAC Total	0

3. Misc Activities

AV Program

This past month 7 Total Done 36 of 90

Customer Service Line ID

Report completed and submitted to the State.
Report due in October 2024.

Tank Maintenance Program

A1 Tank is being planned.

Record Lane Main Leak

Leak believed to be located at a 8x4 reducer. Currently planning the investigation and repair.

Placer Road Leak e/o Placer Heights

10-inch ACP apparently leaking. Will likely need to coordinate with a local contractor with a mini-excavator. Difficult access location. Believed the wet soil will be a problem for the vac trailer or backhoe. Track-mounted mini-excavator is smaller, more agile and on tracks.

JPIA Infrared Imaging

Coordinating with JPIA for a free IR imaging of all our sites.

Cross Control Update

Researching the impacts of the update to the Cross Control (CC) Handbook update. Will need to use a certified CC specialist to create a plan for the District and then provide annual updates.