

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

Management Report

Fiscal Year Ended June 30, 2025

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894

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COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Board of Directors
Plumas Eureka Community Services District, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Plumas Eureka Community Services District as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated December 1, 2025. In our report the opinion was unqualified.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We consider findings FS 2025-001 and FS 2025-002 in the following schedule of findings to be deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider findings FS 2025-003, and FS 2025-004 in the following schedule of findings to be significant deficiencies in internal control.

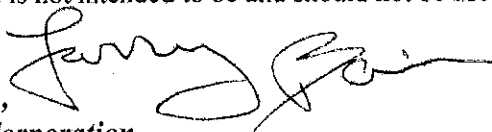
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the audit committee, District Council, the Inyo County Auditor Controller's Office, the California State Controller's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Larry Bain, CPA,
An Accounting Corporation

December 1, 2025



**PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
SCHEDULE OF FINDINGS
JUNE 30, 2025**

Significant Deficiencies and Material Weaknesses

FS 2025-001: During the fiscal year ended June 30, 2025, the District relied on the external auditor to ensure its financial statements were in accordance with GAAP. In addition, the District relied on the external auditor to ensure that all necessary disclosures are included in the notes to the financial statements. In accordance with AU-C 122 external auditors cannot be part of an entity's internal controls over preparation of the financial statements and are prohibited from auditing their own work, which would impair their independence.

The following material journal entries were proposed as part of our audit procedures:

- Reclassified \$720,327 from unrestricted cash and unrestricted net position to restricted cash and restricted net position in the water fund to account for the unspent proceeds of the water treatment plant debt assessment.
- Recorded a prior period adjustment in the amount of \$67,306 to account for prepaid expense that should have been recorded as of June 30, 2024, but appears to have been missed in the prior auditor's testing.
- We also recorded other journal entries brought to our attention by the District to true up current year prepaid expense comply with GASB 68 and GASB 101, and we proposed other journal entries that were not considered material to the financial statements.

Recommendation: We recommend prior to the audit that the District true up the restricted cash for the unspent portion of the water treatment plant debt assessment and for prepaid expenses. The District could also consider training staff or hiring an outside CPA to prepare the financial statements and assist with compliance of GASB standards, or take no action if the District considers that the cost outweighs the benefit.

FS 2025-002: During our testing of payroll we noted that \$24,110 in firefighter stipends were paid through accounts payable as opposed to payroll. The stipends are required to be paid through payroll under most circumstances.

Recommendation: We recommend the District review the IRS rules for paying stipends through payroll and take action to comply.

Significant Deficiencies and not Material Weaknesses

FS 2025-003: During the current fiscal year audit, we noted the District had a lack of segregation of duties, as one person is capable of handling all aspects of processing certain transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities; however, due to a limited number of personnel and staff turnover that occurred during the fiscal year under audit, an adequate segregation of duties was not possible without incurring additional costs.

Recommendation: The District should attempt to segregate accounting functions to the greatest extent possible. The District Council also plays a more vital oversight role in reviewing and authorizing accounting records such as cash disbursements, cash receipts, cash transfers, account write-offs, payroll, journal entries and monthly bank reconciliations. The District has hired an outside consultant to review the current segregation of incompatible duties, which will assist the District in correcting the deficiency.

FS 2025-004: During our review of the budget to actual required supplementary information for the general fund we noted the District over expended the salary budget by \$75,900 and the services and supply budget by \$80,301.

Recommendation: We recommend the District perform a periodic review of the budget in relation to the actual activity and make budget amendments as conditions change during the year.

LARRY BAIN, CPA

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2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894
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December 1, 2025

To the Board of Directors
Plumas Eureka Community Services District

We have audited the financial statements of the governmental-type and business-type activities of Plumas Eureka Community Services District for the year ended June 30, 2025, and have issued our report thereon dated December 1, 2025. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 23, 2025, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit beginning October 21, 2025 and issued the report by December 2025 in accordance with the planned scope and timing previously communicated on June 23, 2025.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Plumas Eureka Community Services District are described in Note 1 to the financial statements. The District adopted the provisions of GASB 87 for leases starting with the fiscal year ended June 30, 2025. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. A prior period adjustment was made in the general fund increasing fund balance \$24,258, the water fund increasing net position \$17,060 and the sewer fund increasing beginning net position \$25,986 to recognize prepaid expenses that should have been recorded as of June 30, 2024. Prior period adjustments were made decreasing beginning water fund net position \$44,791 and decreasing beginning sewer fund net position \$4,330 to true up errors made in the prior year capital asset schedule.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the useful lives of assets for calculating depreciation expense is based on GFOA recommended useful lives. We evaluated the key factors and assumptions used to develop the useful life estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate in allocating salaries and certain liability accounts between governmental and business type funds are based on actual timesheets as well as estimated percentages of certain employee and management time based on historical activity. We reviewed the allocations and assumptions used by management in determining reasonableness to the financial statements

Management's estimate for allocating between governmental and business-type activities and functional expenses for post-retirement pension liabilities and the related deferred inflows and outflows associated with those activities, are based on calculated averages of pension expense and salaries recorded to each of the activities and functions.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We provided management with all known adjusting entries and after review all entries were posted to the accounting system. Several prior period adjustments were recorded, mainly to restate beginning net position as a result of recording the net pension liability and deferred inflows and outflows related to pensions. These entries are disclosed in the notes to the financial statements.

We also prepared entries to convert from fund financial statement presentation to government-wide presentation.

Disagreements with Management

For purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significance to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2025.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We would like to thank the district for the hospitality extended to us during the audit, and would like to acknowledge that the accountant provided well organized and complete accounting records and performs the accounting function with a great deal of attention to detail.

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

Very truly yours,



Larry Bain, CPA,
An Accounting Corporation
December 1, 2025

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2025

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

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LARRY BAIN, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Plumas Eureka Community Services District
Blairsden, California

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information which comprise the basic financial statements of Plumas Eureka Community Services District as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and fund information of the Plumas Eureka Community Services District as of and for the fiscal year ended June 30, 2025, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plumas Eureka Community Services 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plumas Eureka Community Services District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Plumas Eureka Community Services 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 Plumas Eureka Community Services District's ability to continue as a going concern for a reasonable period of time.

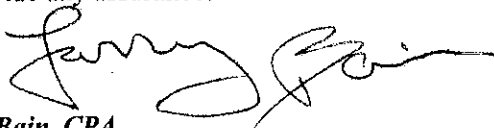
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

The Plumas Eureka Community Services District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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. Our opinion is not modified as a result of the omission.

Accounting principles generally accepted in the United States of America require that the budgetary comparison for the General fund on page 27 the District's Employees' Retirement System Schedule of the District's Proportionate Share of the Net Pension Liability and the Retirement System Schedule of the District's Contributions on pages 28-29; be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.



Larry Bain, CPA,
An Accounting Corporation
December 1, 2025

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 279,895	\$ 1,274,103	\$ 1,553,998
Receivables			
General receivables	33,574	221,175	254,749
Prepaid expense	31,787	62,317	94,104
Total current assets	<u>345,256</u>	<u>1,557,595</u>	<u>1,902,851</u>
Noncurrent Assets			
Internal balances	(3,478)	3,478	-
Restricted cash and investments		783,140	783,140
Capital assets:			
Nondepreciable capital assets			
Land		42,000	42,000
Work in progress		647,678	647,678
Depreciable capital assets			
Infrastructure		6,788,900	6,788,900
Structures and improvements	127,614		127,614
Equipment and vehicles	532,774	483,778	1,016,552
Intangible assets-software		24,695	24,695
Less accumulated depreciation	<u>(354,306)</u>	<u>(4,460,252)</u>	<u>(4,814,558)</u>
Total capital assets (net of accumulated depreciation)	<u>306,082</u>	<u>3,526,799</u>	<u>3,832,881</u>
Total noncurrent assets	<u>302,604</u>	<u>4,313,417</u>	<u>4,616,021</u>
Total assets	<u>647,860</u>	<u>5,871,012</u>	<u>6,518,872</u>
Deferred Outflows of Resources			
Deferred outflows-pension		<u>162,648</u>	<u>162,648</u>
Liabilities			
Current liabilities:			
Accounts payable	9,287	55,384	64,671
Accrued payroll	275	7,075	7,350
Unearned revenue	4,831	12,074	16,905
Current portion of long-term liabilities	245	28,620	28,865
Total current liabilities	<u>14,638</u>	<u>103,153</u>	<u>117,791</u>
Noncurrent Liabilities			
Revenue bonds payable		851,580	851,580
Net pension liability (asset)		244,266	244,266
Compensated absences	368	6,196	6,564
Total noncurrent liabilities	<u>368</u>	<u>1,102,042</u>	<u>1,102,410</u>
Total liabilities	<u>15,006</u>	<u>1,205,195</u>	<u>1,220,201</u>
Deferred Inflows of Resources			
Deferred inflows-pension		<u>45,266</u>	<u>45,266</u>
Total deferred inflows of resources		<u>45,266</u>	<u>45,266</u>
Net Position			
Net investment in capital assets	306,082	2,650,729	2,956,811
Restricted		783,140	783,140
Unrestricted	326,772	1,349,330	1,676,102
Total net position	\$ <u>632,854</u>	\$ <u>4,783,199</u>	\$ <u>5,416,053</u>

The notes to the financial statements are an integral part of this statement

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

**STATEMENT OF ACTIVITIES
JUNE 30, 2025**

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Public safety	\$ 682,427	\$ 165,639	\$ 88,864	\$ 599,606	\$ 171,682	\$ -	\$ 171,682
General district maintenance	12,033				(12,033)		(12,033)
Interest	328				(328)		(328)
Total governmental activities	<u>694,787</u>	<u>165,639</u>	<u>88,864</u>	<u>599,606</u>	<u>159,321</u>		<u>159,321</u>
Business-type Activities:							
Water	476,118	917,516				441,398	441,398
Sewer	546,972	597,204				50,232	50,232
Interest	38,841					(38,841)	(38,841)
Total business-type activities	<u>1,061,931</u>	<u>1,514,720</u>				<u>452,789</u>	<u>452,789</u>
Total	<u>\$1,756,718</u>	<u>\$ 1,680,359</u>	<u>\$ 88,864</u>	<u>\$ 599,606</u>	<u>159,321</u>	<u>452,789</u>	<u>612,110</u>
General Revenues:							
Property taxes					43,853		43,853
Other					4,352		4,352
Gain (loss) sale of assets						(33,229)	(33,229)
Investment income					5,151	80,200	85,351
Total general revenues					<u>53,356</u>	<u>46,971</u>	<u>100,327</u>
Change in net position					<u>212,677</u>	<u>499,760</u>	<u>712,437</u>
Net position - beginning					<u>395,919</u>	<u>4,289,512</u>	<u>4,685,431</u>
Prior period adjustment					<u>24,258</u>	<u>(6,073)</u>	<u>18,185</u>
Net position - ending					<u>\$ 632,854</u>	<u>\$ 4,783,199</u>	<u>\$ 5,416,053</u>

The notes to the financial statements are an integral part of this statement

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	<u>General Fund</u>
Assets	
Cash and investments	\$ 279,895
Accounts receivable	33,574
Interest receivable	
Prepaid expense	31,787
Total assets	<u>\$ 345,256</u>
Liabilities	
Accounts payable	\$ 9,287
Accrued payroll	275
Due to other funds	3,478
Unapplied credits	<u>4,831</u>
Total liabilities	<u>17,871</u>
Fund balances	
Nonspendable	
Prepaid expense	31,787
Assigned to next years budget-fire	49,945
Unassigned	<u>245,653</u>
Total fund balances	<u>327,385</u>
Total liabilities and fund balances	<u>\$ 345,256</u>

The notes to the financial statements are an integral part of this statement

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Fund balances of governmental funds	\$ 327,385
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	306,082
Some liabilities, including long-term debt, accrued interest, compensated absences and deferred revenue are not due and payable in the current period and therefore are not reported in the funds.	
Deferred revenue	
Compensated absences	<u>(613)</u>
Net position of governmental activities	<u>\$ 632,854</u>

The notes to the financial statements are an integral part of this statement

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>
Revenues	
Property tax	\$ 43,853
Intergovernmental revenues	688,470
Use of money and property	5,151
Charges for services	165,639
Other	<u>4,352</u>
Total revenues	<u>907,465</u>
Expenditures	
Salaries and benefits	443,083
Services and supplies	220,925
Interest expense	328
Capital outlay	<u>24,875</u>
Total expenditures	<u>689,211</u>
Net change in fund balance	218,254
Fund balances, beginning of fiscal year	84,873
Prior period adjustment	<u>24,258</u>
Fund balances, end of fiscal year	<u>\$ 327,385</u>

The notes to the financial statements are an integral part of this statement

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES-GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds \$ 218,254

Amounts reported for governmental activities in the statement of activities
differs from the amounts reported in the statement of revenues, expenditures
and changes in fund balances because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the costs of those assets are allocated over their
estimated useful lives as depreciation expense or are allocated to the
appropriate functional expense when the cost is below the capitalization
threshold. This activity is reconciled as follows:

Cost of assets capitalized	24,875
Depreciation expense	(29,839)

Compensated absences reported in the statement of activities do not require
the use of current financial resources and, therefore, are not reported in
governmental funds.

(613)

Change in net position of governmental activities

\$ 212,677

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Water	Sewer	Totals
Current Assets:			
Cash and investments	\$ 879,985	\$ 394,118	\$ 1,274,103
General receivables	137,790	83,385	221,175
Prepaid expense	29,684	32,633	62,317
Due from other funds	3,478		3,478
Total current assets	<u>1,050,937</u>	<u>510,136</u>	<u>1,561,073</u>
Noncurrent Assets			
Restricted cash and investments	720,327	62,813	783,140
Capital Assets:			
Nondepreciable capital assets:			
Land	42,000		42,000
Work in progress	647,678		647,678
Depreciable capital assets			
Infrastructure	2,239,506	4,549,394	6,788,900
Equipment and vehicles	290,220	193,558	483,778
Intangible assets-software	16,463	8,232	24,695
Less accumulated depreciation	<u>(1,832,337)</u>	<u>(2,627,915)</u>	<u>(4,460,252)</u>
Total capital assets (net of accumulated depreciation)	<u>1,403,530</u>	<u>2,123,269</u>	<u>3,526,799</u>
Total noncurrent assets	<u>2,123,857</u>	<u>2,186,082</u>	<u>4,309,939</u>
Total assets	<u>3,174,794</u>	<u>2,696,218</u>	<u>5,871,012</u>
Deferred Outflows of Resources			
Deferred outflows from pensions	<u>81,324</u>	<u>81,324</u>	<u>162,648</u>
Liabilities			
Current Liabilities:			
Accounts payable	48,658	6,726	55,384
Accrued payroll	3,750	3,325	7,075
Unearned revenue	6,037	6,037	12,074
Bonds payable-current		24,490	24,490
Compensated absences-current	2,065	2,065	4,130
Total current liabilities	<u>60,510</u>	<u>42,643</u>	<u>103,153</u>
Noncurrent Liabilities			
Bonds payable		851,580	851,580
Compensated absences-noncurrent	3,098	3,098	6,196
Net pension liability	122,133	122,133	244,266
Total noncurrent liabilities	<u>125,231</u>	<u>976,811</u>	<u>1,102,042</u>
Total liabilities	<u>185,741</u>	<u>1,019,454</u>	<u>1,205,195</u>
Deferred Inflows of Resources			
Deferred inflows from pensions	<u>22,633</u>	<u>22,633</u>	<u>45,266</u>
Net Position:			
Net investment in capital assets	1,403,530	1,247,199	2,650,729
Restricted	720,327	62,813	783,140
Unrestricted	923,887	425,443	1,349,330
Total net position	<u>\$ 3,047,744</u>	<u>\$ 1,735,455</u>	<u>\$ 4,783,199</u>

The notes to the financial statements are an integral part of this statement

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Operating Revenues			
Charges for services	\$ 917,516	\$ 597,204	\$ 1,514,720
Total operating revenues	<u>917,516</u>	<u>597,204</u>	<u>1,514,720</u>
Operating Expenses			
Salary and benefits	240,312	241,298	481,610
Services and supplies	197,443	214,137	411,580
Depreciation expense	38,363	91,537	129,900
Total operating expenses	<u>476,118</u>	<u>546,972</u>	<u>1,023,090</u>
Operating income (loss)	<u>441,398</u>	<u>50,232</u>	<u>491,630</u>
Non-operating Revenue (Expense)			
Interest revenue	62,377	17,823	80,200
Gain (loss) on sale of assets	(33,229)		(33,229)
Interest expense		(38,841)	(38,841)
Total non-operating revenue (expense)	<u>29,148</u>	<u>(21,018)</u>	<u>8,130</u>
Change in net position	470,546	29,214	499,760
Net position, beginning, previously reported	<u>2,604,929</u>	<u>1,684,583</u>	<u>4,289,512</u>
Restatement for correction of an error	<u>(27,731)</u>	<u>21,658</u>	<u>(6,073)</u>
Net position, end of fiscal year	<u>\$ 3,047,744</u>	<u>\$ 1,735,455</u>	<u>\$ 4,783,199</u>

The notes to the financial statements are an integral part of this statement

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2025**

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Cash received from customers	\$ 875,549	\$ 587,557	\$ 1,463,106
Cash payments to suppliers	(170,736)	(213,533)	(384,268)
Cash payments to employees	(241,127)	(242,539)	(483,666)
Net cash provided (used) by operating activities	<u>463,687</u>	<u>131,485</u>	<u>595,172</u>
Cash Flows from Non-Capital Financing Activities			
Payment for interfund activity	<u>2,172</u>		<u>2,172</u>
Net cash provided (used) by noncapital financing activities	<u>2,172</u>		<u>2,172</u>
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(260,259)	(17,696)	(277,955)
Interest on debt		(38,841)	(38,841)
Reductions of debt		(23,470)	(23,470)
Net cash provided (used) by capital and related financing activities	<u>(260,259)</u>	<u>(80,007)</u>	<u>(340,266)</u>
Cash Flows from Investing Activities:			
Interest received on investments	<u>62,377</u>	<u>17,823</u>	<u>80,200</u>
Net increase (decrease) in cash and cash equivalents	<u>267,977</u>	<u>69,301</u>	<u>337,278</u>
Cash and cash equivalents, beginning of fiscal year	<u>1,332,335</u>	<u>387,630</u>	<u>1,719,965</u>
Cash and cash equivalents, end of fiscal year	<u>\$ 1,600,312</u>	<u>\$ 456,931</u>	<u>\$ 2,057,243</u>
Reconciliation of Cash and Cash Equivalents:			
Cash and investments	\$ 879,985	\$ 394,118	\$ 1,274,103
Restricted cash and investments	<u>720,327</u>	<u>62,813</u>	<u>783,140</u>
Total cash and investments	<u>\$ 1,600,312</u>	<u>\$ 456,931</u>	<u>\$ 2,057,243</u>
Reconciliation of operating income to net cash flows from operating activities:			
Operating income	\$ 441,398	\$ 50,232	\$ 491,630
Noncash items included in operating loss:			
Depreciation	38,363	91,537	129,900
Changes in:			
General receivables	(40,493)	(8,174)	(48,667)
Prepays	(7,818)	(2,339)	(10,157)
Accounts payables	34,524	2,941	37,465
Accrued payroll and benefits	3,750	3,325	7,075
Unearned revenue	(1,473)	(1,473)	(2,946)
Compensated absences	2,325	2,325	4,650
GASB 68 pension adjustments	(6,889)	(6,889)	(13,778)
Net cash provided (used) by operating activities	<u>\$ 463,687</u>	<u>\$ 131,485</u>	<u>\$ 595,172</u>

The notes to the financial statements are an integral part of this statement

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 1: Summary of Significant Accounting Policies

The basic financial statements of Plumas Eureka Community Services District, (the "District") have been prepared in conformity with accounting principles generally in the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the acceptable standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

Plumas Eureka Community Service District ("the District") was formed on June 16, 1993 by the Local Agency Formation Commission of Plumas County as a consolidation of services formerly provided by Plumas County Services Area Number 8 and the current Developer of the area. The District formation is pursuant to Government Code Section 57200 and is governed by a Board of Directors elected by the registered voters of the District.

Plumas Eureka Community Services District is currently responsible for the operation of the community's water supply and distribution system, wastewater collection and treatment facilities, the Volunteer Fire Department and some snow plowing and road maintenance activities.

The District accounts for its financial transactions in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA)..

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14 "The Financial Reporting Entity" as amended by subsequent pronouncements, such as GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units," GASB Statement No. 61 "The Financial Reporting Entity: Omnibus," and GASB Statement No 80 "Blending Requirements for Certain Component Units," include whether:

- The organization is legally separate (can sue and be sued in its name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government
- The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization
- The economic resources received or held by an individual organization that the specific primary government is entitled to, or has the ability to otherwise access, are significant to that primary government

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for assessment revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the District. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the District. Governmental activities, which normally are supported by taxes, assessments and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include 1) charges paid by the recipient of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in separate columns.

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

The District reports the following major governmental funds:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of fire and district maintenance revenue, expenses, and net position.

The District reports the following major enterprise funds.

Water and Sewer Funds - account for the operation of the District's water and sewer utilities. Activities of these funds include administration, operation and maintenance of the water and sewer systems and billing and collection activities. The Funds also accumulate resources for, and payment of long-term debt principal and interest. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the Funds.

D. Use of Estimates

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

E. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the District considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Restricted cash and unrestricted pooled cash and investments held by the District are considered cash equivalents for purposes of the combined statement of cash flow's because the District's cash management pool and funds invested by the District possess the characteristics of demand deposit accounts.

F. Accounts Receivable

Accounts receivable are recorded for services, provided to individuals or non-governmental entities that are billed but unpaid. Because uncollectible accounts are placed on the tax roll and a lien is placed on the property, no provision has been made for allowance for doubtful accounts.

G. Inventory of Supplies

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

H. Prepaid Expense

Prepaid expenses are payments made to vendors in the current accounting period for costs applicable to future accounting periods.

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

I. Fixed Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include land, buildings and building improvements and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$3,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
General plant/structures	50 years
Reservoirs/dams	50 years
Vehicles	5 years
Heavy equipment	7-10 years
Light equipment	5-7 years
Office equipment and furniture	5-15 years
Computer equipment	5-7 years

J. Compensated Absences

District employees are granted vacation and sick time in varying amounts based on classification and length of service. Upon termination or retirement, the District is to pay 100% of the vacation time accrued and sick time will be paid based on the tier system the District has established for sick time earned. For employees who retire from the District, accrued sick leave at the time retirement will be added to years of service for pension purposes. A liability for sick leave has been recorded for the amount of accrued sick leave expected to be paid out by the time of termination in accordance with GASB 101.

K. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' 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.

L. Deferred Outflows of Resources and Deferred Inflows of Resources

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

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

L. Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

recognized as an inflow of resources (revenue) at that time. The District's proportionate share of the net difference between projected and actual earnings on pension plan investments is reported as deferred inflows of resources in the government-wide statement of net position. The amount is amortized over a five year period.

M. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.
- Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

N. Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2025, fund balances for governmental funds are made up of the following:

- Nonspendable fund balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted fund balance - includes amounts that can be spent for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Directors. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
- Assigned fund balance - comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the Board of Directors or (b) a body (for example: a budget or finance committee) or official to which the Board of Directors has delegated the authority to assign amounts to be used for specific purposes.

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

N. Fund Balances (Continued)

- Unassigned fund balance - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, that fund would report a negative unassigned fund balance.

Note 2: Cash and Investments

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments. Unless otherwise dictated by legal or contractual requirements, income earned or losses arising from the investment of pooled cash are allocated on a quarterly basis to the participating funds and component units based on their proportionate shares of the average quarterly cash balance.

The District maintains "restricted cash and investments".

Cash and investments at June 30, 2025, consisted of the following:

Deposit accounts	\$ 219,402
Investments-CAMP	750,323
Investments-CA CLASS	841,238
Investments-LAIF	526,176
Total cash and investments	<u>\$ 2,337,138</u>

A. Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the **investment types** that are authorized for Plumas Eureka Community Services District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk**, **credit risk** and **concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 2: Cash and Investments (Continued)

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of all investments. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment maturity:

Investment Type	Totals	Remaining Maturity (in Months)	
		12 Months or Less	13-48 Months
CAMP	\$ 750,323	\$ 750,323	\$ -
CA CLASS	841,238	841,238	
Local Agency Investment Fund	526,176	526,176	
Totals	<u>\$ 2,117,736</u>	<u>\$ 2,117,736</u>	<u>\$ -</u>

*Not subject to categorization

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

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

At June 30, 2025, the District's deposits balance was \$334,899 and the carrying amount was \$219,402. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance all was covered by the Federal Depository Insurance or by collateral held in the pledging bank's trust department in the District's name.

LAIF is included in the State's Pooled Money Investment Account. The total amount invested by all public agencies in the State's Pooled Money Investment Account approximates \$179.92 billion. Of the \$179.92 billion managed by the State Treasurer, 100% is invested in non-derivative financial products and 3.81% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute.

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investments at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 3: Restricted Cash

The District is required to maintain a debt service reserve to cover the average annual debt service payments for the wastewater treatment plant loan. The restricted cash balance in the sewer fund for the debt service reserve at June 30, 2025 is \$64,894.

Beginning in the 2019/20 fiscal year the District started to collect a \$334.04 annual fee per lot for a debt service reserve associated with the future water treatment plants initial cost and expected debt service. Beginning in fiscal year 2024/25 the fee was increased to \$640.56 annually per lot. As of June 30, 2025 \$1,425,739 had been billed, \$647,678 had been spent on the project and there was a \$57,734 receivable associated with uncollected fees. The net amount representing unspent fees of \$720,327 has been recorded as restricted cash in the water fund.

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Retirements/ Adjustments	Balance June 30, 2025
Governmental Activities				
Capital assets, being depreciated:				
Structures and improvements	\$ 127,614			\$ 127,614
General equipment	287,643	3,874		291,517
Vehicles and rolling stock	220,256	21,001		241,257
Total capital assets, being depreciated	<u>635,513</u>	<u>24,875</u>	<u>-</u>	<u>660,388</u>
Less accumulated depreciation:	<u>(324,467)</u>	<u>(29,839)</u>		<u>(354,306)</u>
Governmental activities capital assets, net	<u>\$ 311,046</u>	<u>\$ (4,964)</u>	<u>\$ -</u>	<u>\$ 306,082</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 42,000	\$ -	\$ -	\$ 42,000
Work in progress	515,654	176,815	(44,791)	647,678
Capital assets, being depreciated:				
Water wells	1,451,604			1,451,604
Water equipment	281,593	66,981	(58,354)	290,220
Water system	787,902			787,902
Sewer system	4,549,394			4,549,394
Sewer equipment	188,425	9,463	(4,330)	193,558
Intangible assets-software		24,695		24,695
Total capital assets, being depreciated	<u>7,258,918</u>	<u>101,139</u>	<u>(62,684)</u>	<u>7,297,373</u>
Less accumulated depreciation:	<u>(4,355,477)</u>	<u>(129,900)</u>	<u>25,125</u>	<u>(4,460,252)</u>
Total capital assets, being depreciated, net	<u>2,903,441</u>	<u>(28,761)</u>	<u>(37,559)</u>	<u>2,837,121</u>
Business- type activities capital assets, net	<u>\$ 3,461,095</u>	<u>\$ 148,054</u>	<u>\$ (82,350)</u>	<u>\$ 3,526,799</u>

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 5: Long-term Liabilities

Governmental Activities:

A summary of the changes in the District's long-term liabilities reported in the governmental activities column of the government-wide financial statements for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Adjustments/ Retirements	Balance June 30, 2025	Due Within One Year
Compensated absences	\$ 358	\$ 255	\$ -	\$ 613	\$ 245
Total	<u>\$ 358</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 613</u>	<u>\$ 245</u>

Business Activities:

A summary of the changes in the District's long-term business-type liabilities reported in the proprietary funds statement of net position and the business-type activities column of the government-wide financial statements for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Adjustments/ Retirements	Balance June 30, 2025	Due Within One Year
Compensated absences	\$ 5,676	\$ 4,648	\$ -	\$ 10,324	\$ 4,130
Sewer revenue bond Series A	522,070		(13,620)	508,450	14,210
Sewer revenue bond Series B	377,470		(9,850)	367,620	10,280
Net pension liability	246,059		(1,792)	244,267	
Total	<u>\$ 251,735</u>	<u>\$ 4,648</u>	<u>\$ (25,262)</u>	<u>\$ 1,130,661</u>	<u>\$ 28,620</u>

Sewer Revenue Bond, Series 2006 A

On December 8, 2006 the District issued \$683,000 United States Department of Agriculture, Rural Development revenue bonds. The purpose of this issue was to finance the repair and expansion of Wastewater Treatment Plant No. 7. Interest rate on this bond is 4.375% per annum and is payable semiannually on December 1 and June 1 each year. This bond is a special obligation of the District, and is payable solely from the revenues of the District's sewer enterprise. This bond is secured by a pledge of District revenue.

The future annual maturities of sewer revenue bond, Series 2006 A as of June 30, 2025 is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 14,210	\$ 21,934	\$ 36,144
2027	14,830	21,299	36,129
2028	15,480	20,636	36,116
2029	16,160	19,943	36,103
2030	16,870	19,221	36,091
2031-2035	96,070	84,111	180,181
2036-2040	119,010	60,673	179,683
2041-2045	147,420	31,639	179,059
2046	68,400	3,025	71,425
Total	<u>\$ 508,450</u>	<u>\$ 282,480</u>	<u>\$ 790,930</u>

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 5: Long-term Liabilities (Continued)

Sewer Revenue Bond, Series 2006 B

On June 30, 2007 the District secured financing with the United States Department of Agriculture, Rural Development in the amount of \$493,850. The purpose of this loan was also to finance the expansion of the Wastewater Treatment Plant No. 7. Interest rate on this bond is 4.375% per annum and is payable semiannually on December 1 and June 1 each year. This bond is a special obligation of the District, and is payable solely from the revenues of the District's sewer enterprise. This bond is secured by a pledge of all District revenue.

The future annual maturities of sewer revenue bond, Series 2006 B as of June 30, 2025 is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 10,280	\$ 15,859	\$ 26,139
2027	10,730	15,399	26,129
2028	11,190	14,919	26,109
2029	11,680	14,419	26,099
2030	12,200	13,897	26,097
2031-2035	69,470	60,811	130,281
2036-2040	86,050	43,863	129,913
2041-2045	106,590	22,870	129,460
2046	49,430	2,185	51,615
Total	\$ 367,620	\$ 204,222	\$ 571,842

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan

A. General Information about the Pension Plans

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

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire between ages 55 and 62, dependent upon the individual plan criteria, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$56,756. At June 30, 2025, 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
Differences between expected and actual experience	\$ 21,119	\$ (824)
Changes of assumptions	6,278	
Net difference between projected and actual earnings	56,470	(42,410)
Changes in proportion	7,461	
Changes in proportionate share of contributions	781	(2,032)
District contributions subsequent to the measurement date	70,537	
Total	\$ 162,646	\$ (45,266)

\$70,537 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period	
Year Ended June 30:	
2026	\$ (15,751)
2027	(33,812)
2028	(2,098)
2029	4,818

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	6.90%

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (1)(2)</u>
Global equity-cap weighted	0.3	0.0445
Global equity non-cap weighted	12.0%	3.84%
Private equity	13%	7.28%
Treasury	5%	27.00%
Mortgage backed securities	5%	50.00%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	0	0.0248
Private debt	0	0.0357
Real assets	0	0.0321
Leverage	(0)	-0.0059

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Discount Rate -1% (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>Discount Rate +1% (7.90%)</u>
Miscellaneous	\$ 395,669	\$ 244,267	\$ 120,095

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 7: Interfund Transactions

Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Receivables and Payables

Balances representing lending/borrowing transactions between funds outstanding at the fiscal year end are reported as either "due from/due to other funds" (amounts due within one year), "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or "loans to/from other funds" (long-term lending/borrowing transactions evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Note 8: Stewardship, Compliance and Accountability

A. Prior Period Adjustments

Beginning fund balance increased \$24,258 in the general fund, beginning net position in the water fund increased \$17,060 and beginning net position in the sewer fund increased \$25,988 to record \$67,306 prepaid insurance that should have been recorded as of June 30, 2024.

Beginning net position decreased \$44,791 in the water fund and beginning net position decreased \$4,330 in the sewer fund to correct capital assets that were recorded in error in the prior fiscal year.

B. Over Expended Budgets

For the fiscal year ended June 30, 2025 the general fund salary and benefits budget was over expended by \$75,900, and the general fund services and supply budget was over expended by \$80,301.

Note 9: Health Reimbursement Arrangement

On January 1, 2019 the District established the Plumas Eureka Community Services District Health Reimbursement Arrangement Plan (HRA Plan). The HRA plan is designed to permit an eligible employee to obtain reimbursement of medical care expenses on a nontaxable basis from an HRA account.

The HRA Plan is intended to qualify as an employer-provided medical reimbursement plan under IRC Section 105 and Section 106 and regulations issued thereunder. The medical care expenses reimbursed under the HRA Plan are intended to be eligible for exclusion from participating Employees' gross income under IRC Section 105(b).

An employee is eligible to participate if they are an active PECSD employee enrolled in PECSD's group insurance program. All eligible participants will have an HRA Plan account established to enable the participant to receive reimbursements for medical care expenses only. PECSD shall fund the full cost of the HRA Plan for all eligible participants. The maximum amount of the benefit is set by the PECSD Board of Directors in January of each year. Participants are eligible for reimbursement only after a specified amount has been spent by the participant. The specified amount is \$300 for an individual and \$600 for family, after which the maximum annual benefit is \$3,700 for an individual and \$7,400 for an employee with a family.

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2025

Note 10: Revenue Limitations Imposed by California Proposition 218

Proposition 218 approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 11: Risk Management

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

Note 12: Commitments and Contingencies

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by grantors cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

In the normal course of business, the District is subject to various lawsuits. Defense of lawsuits is typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance.

One of the two District's groundwater sources produces water which exceeds the maximum contaminant limits for Arsenic, Iron, and Manganese. The District seeks to construct a central water treatment plant (WTP) which reduces Arsenic, Iron, and Manganese below state and federal limits. The District has a current agreement with DOWL Engineering for project management, funding acquisition, engineering design, bid support, engineering services during construction, and other construction support during involved with the WTP. The remaining amount of the DOWL contract as of June 30, 2025 was \$29,707. The estimated amount of the Project is \$6,500,000.

Note 13: Subsequent Events

Subsequent events were evaluated through December 1, 2025, the date these financial statements were available for distribution.

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property tax	\$ 37,000	\$ 37,000	\$ 43,853	\$ 6,853
Intergovernmental revenues		588,477	688,470	99,993
Use of money and property	1,900	7,819	5,151	(2,668)
Charges for services	166,293	166,293	165,639	(654)
Other revenues and reimbursements			4,352	4,352
Total revenues	<u>205,193</u>	<u>799,589</u>	<u>907,465</u>	<u>107,876</u>
Expenditures				
Salaries and benefits	56,055	367,183	443,083	(75,900)
Services and supplies	138,957	140,624	220,925	(80,301)
Interest expense			328	(328)
Capital outlay	64,486	214,216	24,875	189,341
Total expenditures	<u>259,498</u>	<u>722,023</u>	<u>689,211</u>	<u>32,812</u>
Net change in fund balance	\$ <u>(54,305)</u>	\$ <u>77,566</u>	218,254	\$ <u>140,687</u>
Fund balances, beginning of fiscal year			84,873	
Prior period adjustment			<u>24,258</u>	
Fund balances, end of fiscal year			<u>\$ 327,385</u>	

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY
June 30, 2025**

<u>Miscellaneous Plan</u> <u>Reporting Date</u>	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
6/30/2016	0.00694%	\$190,415	\$202,287	94.13%	71.25%
6/30/2017	0.00235%	\$203,681	\$190,415	106.97%	72.61%
6/30/2018	0.00215%	\$212,821	\$153,445	138.70%	65.04%
6/30/2019	0.00186%	\$178,773	\$237,562	75.25%	67.47%
6/30/2020	0.00162%	\$165,909	\$182,814	90.75%	67.92%
6/30/2021	0.00425%	\$202,746	\$198,878	101.94%	71.47%
6/30/2022	0.00466%	\$88,397	\$208,791	42.34%	82.00%
6/30/2023	0.00492%	\$230,297	\$182,940	125.89%	82.30%
6/30/2024	0.00492%	\$246,059	\$208,229	118.17%	71.36%
6/30/2025	0.00505%	\$244,267	\$321,212	76.05%	76.43%

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS**

June 30, 2025

<u>Miscellaneous Plan</u> <u>Reporting Date</u>	<u>Contractually</u> <u>required contribution</u>	<u>Contributions in relation to the</u> <u>contractually required contribution</u>	<u>Contribution</u> <u>deficiency (excess)</u>	<u>District's covered</u> <u>employees payroll</u>	<u>Contribution as a percentage</u> <u>of covered-employee payroll</u>
6/30/2016	\$41,877	(\$51,447)	-\$9,570	\$202,287	20.70%
6/30/2017	\$13,201	(\$13,201)	\$0	\$190,415	6.93%
6/30/2018	\$11,147	(\$11,147)	\$0	\$153,445	7.26%
6/30/2019	\$35,374	(\$35,374)	\$0	\$237,562	14.89%
6/30/2020	\$29,462	(\$29,462)	\$0	\$182,814	16.12%
6/30/2021	\$29,123	(\$29,123)	\$0	\$198,878	14.64%
6/30/2022	\$32,844	(\$32,844)	\$0	\$208,791	15.73%
6/30/2023	\$30,249	(\$30,249)	\$0	\$182,940	16.53%
6/30/2024	\$38,417	(\$40,807)	-\$2,390	\$208,229	18.45%
6/30/2025	\$50,537	(\$70,537)	-\$20,000	\$321,212	15.73%

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

Budgets and Budgetary Accounting

As required by the laws of the State of California, the District prepares and legally adopts a final balanced operating budget. Public hearings were conducted on the proposed final budget to review all appropriations and the sources of financing. Because the final budget must be balanced, any shortfall in revenue requires an equal reduction in financing requirements. At the fund level, actual expenditures cannot exceed budgeted appropriations.

Budgets for the general, and special revenue funds are adopted on the modified accrual basis of accounting. The budgets for the general and special revenue funds are the only legally adopted budgets. Budgets for the proprietary funds are used for management and control purposes only.

The budgetary data presented in the accompanying financial statements includes all revisions approved by the Board of Directors.