

*Rosamond Community Services District
Regular Board Meeting – Agenda
Wednesday, October 25, 2023 @ 6:00 PM*

**REGULAR MEETING OF THE
BOARD OF DIRECTORS
ROSAMOND COMMUNITY SERVICES DISTRICT**

6:00 PM Regular Board Meeting
Wednesday, October 25, 2023
District Board Room
3179 35th Street West
Rosamond, CA 93560

Teleconference:
1-877-411-9748
Access Code: 5150560

Agenda

CALL TO ORDER Time: _____

ROLL CALL

Director Greg Washington
Director Alfred Wallis
Director Rick Webb
Vice President Ben Stewart
President Byron Glennan

General Manager (GM) Kim Domingo
Director of Public Works John Houghton
Dir. of Administration/Board Secretary Sherri Timm
Legal Counsel, John Komar, Esq.

PLEDGE OF ALLEGIANCE

APPROVAL OF THE AGENDA

Motion: _____ Second: _____

PUBLIC COMMENTS

(At this time, any person may address the Board on any subject within the District’s jurisdiction which is not on the agenda. However, any non-agenda matter will be referred to staff for a report and/or action at a subsequent Board meeting and no action can be taken on any such item discussed unless the action has been authorized under §54954.2(b) of the Government Code. Any person may also address the Board on any agenda matter at the time that matter is discussed, prior to Board consideration and action. Speakers are requested to limit comments to five (5) minutes.)

VOLUNTARY PUBLIC ROLL-CALL VIA TELECONFERENCE

(If any member of the public on the teleconference/video conference wishes to identify themselves as present for this meeting, please do so for the records/minutes)

CONSENT CALENDAR

CC 1. 2022-2023 Audit. Informational only.(Presenter Brad Rockabrand, CPA)

CC 2. Receive the check/voucher register dated October 3, 2023 through October 16, 2023| Payroll (Direct Deposit) dated October 11, 2023| Payroll (Checks) dated October 11, 2023.

CC 3. Receive the Cash Balances – July 2023 report.

CC 4. Receive the Cash Balances – August 2023 report.

CC 5. Receive the Cash Balances – September 2023 report.

CC 6. Receive the 1ST quarter Treasurer’s Report.

CC 7. Receive the Reserve Balances – September 2023 report.

Motion: _____ Second: _____

MINUTES

M 1. Approve October 11, 2023 Regular Board Meeting Minutes.

Motion: _____ Second: _____

PRESENTATIONS

PR 1. Sewer System Management Plan Update (James Fischer, Fischer Compliance)

NEW BUSINESS

NB 1. Holiday Meeting Cancellations – November 22, 2023 and December 27, 2023
(Sherri Timm, Presenter)

Motion: _____ Second: _____

NB 2. Closure of District Office from December 26, 2023 through December 28, 2023.
(Sherri Timm, Presenter)

Motion: _____ Second: _____

NB 3. Authorize Endorsement of Antelope Valley Integrated Regional Water Management Group Support Letters: Palmdale Water District – Well 36 and 37; and AVIRWMG – Aquifer Pumped Hydro Energy Demonstration.
(GM Kim Domingo, presenter)

Motion: _____ Second: _____

DIRECTOR REPORTS/COMMENTS/FUTURE AGENDA ITEMS

GENERAL COUNSEL UPDATE

John Komar, Esq

GENERAL MANAGER UPDATE

Kim Domingo

DIRECTOR OF ADMINISTRATION UPDATE

Sherri Timm

PUBLIC WORKS UPDATE

John Houghton

ADJOURNMENT Time: _____

Motion: _____ Second: _____

*Rosamond Community Services District
Regular Board Meeting – Agenda
Wednesday, October 25, 2023 @ 6:00 PM*

Requirements Regarding Disabled Access: In accordance with Government Code §54954.2(a), requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting, should be made to the RCSD Board Secretary at least 48 hours in advance of the meeting to ensure availability of the requested service or accommodation. Please contact the Board Secretary by telephone at (661) 256-3411, Email: stimm@rosamondcsd.com or in writing at the Rosamond Community Services District, Attn: Board Secretary 3179 35th Street West, Rosamond, CA 93560.

Pursuant to Government Code Section 54957.5, any writing that: (1) is a public record; (2) relates to an agenda item for an open session of a regular meeting of the Board of Directors; and (3) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at the District offices located at 3179 35th Street West, Rosamond, CA 93560. In addition, any such writing may also be posted on the District's web site.

STAFF REPORT

Rosamond Community Services District

DATE: October 25, 2023
TO: Board of Directors
FROM: Brad Rockabrand, CPA
SUBJECT: 2022-2023 Audit

RECOMMENDATION:

Accept and file the 2022-2023 Audit.

EXECUTIVE SUMMARY:

Each year an independent audit of the District is conducted in conformity with Generally Accepted Auditing Standards (GAAS). Those standards require that the independent CPA firm plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An independent audit examines evidence to support the amounts and disclosures in the financial statements. The CPA firm expresses an opinion on the fairness of the presentation of the financial position and the results of operations of the general-purpose financial statements of the District, in conformity with Generally Accepted Accounting Principles (GAAP) as applicable to local governments.

I am pleased to report that for the fiscal year 2022-2023, the District received an unmodified opinion, which is the cleanest, best opinion an organization can receive.

DISCUSSION/ANALYSIS:

The District contracts with the CPA firm of Rogers, Anderson, Malody & Scott, LLP (RAMS), to perform an annual independent financial audit.

An external audit demonstrates the accountability of the use of public resources by government officials; assists elected officials in their own decision-making roles; provides the basis for constructive changes which benefit the government, its officials, and citizens; tests the internal accounting controls of the District, providing a mechanism to alleviate operational inefficiencies

and errors and reasonably detect financial malfeasance; and tests the District's compliance with laws, regulations, contracts, and grants.

The Annual Financial Report is primarily designed for external readers, local residents and bonding services.

Some of the highlights for the fiscal year include:

1. A 0.1% decrease in revenues, due primarily to a decrease in grant funds received in the current year.
2. A 24.7% increase in expenses, due primarily to the changes with CalPERS actuarial calculations and the impacts of GASB 68 on the District's expenses.

The District's Governmental functions which are made up of Street Lighting, Parks and Graffiti Abatement, operated with a surplus over budget by \$174,510. Governmental revenues came in over budget by \$91,650 in the form of property taxes, special assessments, and interest earnings. Expenditures came in under budget by \$82,860 due primarily to the reduction of street light power and lower than expected general government expenditures.

The Water and Wastewater funds performed less favorably than planned. The Water and Wastewater Funds generated \$3,627,674 in revenues less than budget and spent \$829,570 more than expected resulting in an unfavorable budget to actual variance of \$4,457,244. Much of the revenue variance was due to the less than anticipated water acquisition fee and connection collected by the District. The primary contributor to the expense variance was the result of GASB 68 implication which is an accounting entry only and does not consume financial resources.

The District's capital assets, things such as infrastructure, CIP, vehicles, and equipment, had a net increase of \$1,108,440. This amount is primarily made up investments into infrastructure, facilities, vehicles, and equipment.

During the fiscal year, the District had a net decrease to its long-term debt position of \$970,627 comprised of payments in this amount.

Governmental agencies often use multiple forms of accounting to comply with the standards of a particular service being provided. This District uses both modified accrual accounting for its governmental functions and full accrual accounting for its water and wastewater operations. Obviously, this can get somewhat confusing, so one thing I always like to touch on is the cash flow statement which is found on pages 21-22. This statement is important because it is the most relatable to the non-accountant. This statement effectively reconciles the profit and loss statement activities of the water and sewer funds into sources and uses of cash. For me, it is more helpful to the user because it paints a very clear picture of where the money came from and where it went without the consideration of accruals and reconciliations between accounting methods. Referring to page 21, the District's water fund had an increase in cash of \$3,348,290 and the wastewater fund had a decrease of \$780,983. These changes however, include water

acquisition sales and connection fees. After adjusting for these, the water fund had an increase of \$2,020,252 and the wastewater fund had a decrease of \$1,087,031. These elements are important because they fall outside the scope of the normal operations of the District and do not represent the true performance of operations. They are often one-time cash receipts and should not be included in future budgetary planning or relied upon in any way.

Overall, the District realized an increase in net position, that is, the organization as a whole, including every function and reconciling between the two methods of accounting, of 5.6%. As a bit of history, during fiscal year 18-19, the economy had improved steadily and the District's investments performed well. During 19-20, interest earnings were down 11.1%, while overall expenses increased by 15.9%. During 20-21, the economy was in severe trouble due to the pandemic and the District saw significant decreases in investment income. Governmental funds had budgeted to earn \$8,203 in interest and earned only \$2,623. The Enterprise funds had budgeted to earn \$458,620 in interest and earned only \$109,116. The combined total was \$355,084 less than expected. Conversely, during 21-22, these trends reversed and the District's actual performance was better than expected overall. These positive trends continued through fiscal year 22-23 and the District's investment portfolio generated \$673,632 of investment earning. We have continued to manage the fiscal operations with a conservatism requisite with the slow, but steady economic stabilization we have seen over the last few years, and remain cautiously optimistic about the future.

ENVIRONMENTAL IMPACT:

Not applicable

PRIOR BOARD REVIEW:

Not applicable

COMMISSION/COMMITTEE/BOARD REVIEW AND RECOMMENDATIONS:

Not applicable

ATTACHMENTS:

1. Annual Financial Report for the year ended June 30, 2023
2. SAS 114 Letter: The Auditor's Communication with Those Charged with Governance

**ROSAMOND COMMUNITY
SERVICES DISTRICT**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2023**

**ROSAMOND COMMUNITY SERVICES DISTRICT
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2023**

Elected Officials

BOARD OF DIRECTORS

<u>Title</u>	<u>Director</u>	<u>Term Expires</u>
President	Byron Glennan	December 2024
Vice-President	Ben Stewart	December 2026
Director	Greg Washington	December 2026
Director	Rick Webb	December 2026
Director	Alfred Wallis	December 2024

Appointed Official

General Manager Kim Domingo

**Rosamond Community Services District
3179 35th Street West
Rosamond, California 93560
(661) 256-3411
www.rosamondcsd.com**

ROSAMOND COMMUNITY SERVICES DISTRICT

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FINANCIAL SECTION

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PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



Independent Auditor's Report

To the Board of Directors
Rosamond Community Services District
Rosamond, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Rosamond Community Services District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2023, and the respective 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 and the State Controller's Minimum Audit Requirements for California Special Districts, as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules relating to the District's net pension liability and pension plan contributions, as 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 identified accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2023 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
September 7, 2023

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ROSAMOND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Rosamond Community Services District (District) provides an introduction to the basic financial statements of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- Net position increased by 5.6% or \$3,370,591 to \$63,037,861 as a result of this year's operations.
- Total revenues decreased by 0.1% or \$17,169 due primarily to a decrease in grant funds received in the current year.
- Total expenses increased by 24.7% or \$2,435,449 due primarily to the changes with CalPERS actuarial calculations and the impacts of GASB 68 on the District's expense.

Using This Financial Report

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's fiscal posturing and credit worthiness.

Government-Wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in it. Think of the District's net position, the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the types of grants the District applies for to assess the *overall financial health* of the District.

ROSAMOND COMMUNITY SERVICES DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Statement of Cash Flows

The Statement of Cash Flows is presented using the direct method of accounting and includes a reconciliation of operating cash flows to operating income. The Statement of Cash Flows basically provides detailed information about the cash received in the current and previous fiscal year and the uses of the cash received. This is the only cash basis financial statement presented and it reconciles cash receipts and cash expenses to the beginning and ending cash on hand.

Most of the cash received by the District during the fiscal year was from customer service charges; most of the cash uses were for operating expenses.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information (RSI) and supplementary information* concerning the District's major fund budgetary information.

ROSAMOND COMMUNITY SERVICES DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Statement of Net Position

To begin our analysis, a summary of the District's Statement of Net Position is presented in the following table:

**Condensed Statement of Net Position
June 30, 2023**

	Governmental Activities		Business-Type Activities		Total District	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 1,964,201	\$ 1,661,998	\$ 30,125,239	\$ 27,070,751	\$ 32,089,440	\$ 28,732,749
Restricted assets	25,446	24,819	631,080	631,080	656,526	655,899
Noncurrent assets	(1,201,180)	(1,311,050)	8,597,388	9,258,660	7,396,208	7,947,610
Capital assets, net	338,792	348,412	56,451,958	57,550,778	56,790,750	57,899,190
Total assets	1,127,259	724,179	95,805,665	94,511,269	96,932,924	95,235,448
Deferred Outflows of Resources	459	419	1,147,782	697,708	1,148,241	698,127
Liabilities:						
Current liabilities	74,803	174,719	3,447,105	3,488,611	3,521,908	3,663,330
Noncurrent liabilities	1,000	745	31,366,082	32,448,784	31,367,082	32,449,529
Total liabilities	75,803	175,464	34,813,187	35,937,395	34,888,990	36,112,859
Deferred Inflows of Resources	62	92	154,252	153,354	154,314	153,446
Net Position:						
Net investment in capital assets	338,792	348,412	24,547,491	24,675,684	24,886,283	25,024,096
Restricted	573,833	452,196	631,080	655,899	1,204,913	1,108,095
Unrestricted	139,228	(251,566)	36,807,437	33,786,645	36,946,665	33,535,079
Total net position (deficit)	\$ 1,051,853	\$ 549,042	\$ 61,986,008	\$ 59,118,228	\$ 63,037,861	\$ 59,667,270

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$63,037,861 as of June 30, 2023. Compared to prior year, net position of the District increased by 5.6%, or \$3,370,591. The District's net position is made up of three components: 1) net investment in capital assets of \$24,886,283; 2) restricted of \$1,204,913; and 3) unrestricted of \$36,946,665.

ROSAMOND COMMUNITY SERVICES DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Statement of Activities

The following table is a summary of the Statement of Activities for the year ended June 30, 2023.

Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total District	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 213,232	\$ 196,463	\$ 11,912,900	\$ 11,382,455	\$ 12,126,132	\$ 11,578,918
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	-	4,112	-	4,112	-
General revenues:						
Property taxes	433,427	377,962	-	-	433,427	377,962
Interest earnings	32,995	5,595	579,043	144,208	612,038	149,803
Other revenue	3,843	8,657	49,941	1,138,444	53,784	1,147,101
Gain on sale of capital assets	-	-	7,122	-	7,122	-
Total revenues	683,497	588,677	12,553,118	12,665,107	13,236,615	13,253,784
Expenses						
Salaries and benefits	-	-	3,853,912	1,386,936	3,853,912	1,386,936
Operations	171,066	222,912	2,676,052	2,897,668	2,847,118	3,120,580
Depreciation	9,620	9,620	2,309,099	2,349,444	2,318,719	2,359,064
Interest	-	-	842,399	563,995	842,399	563,995
Other expense	-	-	3,876	-	3,876	-
Total expenses	180,686	232,532	9,685,338	7,198,043	9,866,024	7,430,575
Transfers	-	(5,000)	-	5,000	-	-
Change in net position	502,811	351,145	2,867,780	5,472,064	3,370,591	5,823,209
Net position (deficit), beginning of year	549,042	197,897	59,118,228	53,646,164	59,667,270	53,844,061
Net position (deficit), end of year	\$ 1,051,853	\$ 549,042	\$ 61,986,008	\$ 59,118,228	\$ 63,037,861	\$ 59,667,270

ROSAMOND COMMUNITY SERVICES DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Budgetary Highlights

The District adopts an annual budget each year to project the expected coming year's operations. The budget includes proposed expenses and the means of financing them. The District's budget is reviewed quarterly by senior management and a midyear budget is prepared for the Board of Directors to account for changes in assumptions and economic conditions subsequent to its original adoption. Budget versus actual comparison is analyzed by management throughout the year.

A 2023 budget versus actual comparison combined for governmental activities and business-type activities is presented in the tables below:

**Budget vs. Actual Comparison – Governmental Activities
Year Ended June 30, 2023**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 433,427	\$ 379,960	\$ 53,467
Special assessments	213,232	198,326	14,906
Interest earnings	32,995	3,661	29,334
Other income	3,843	9,900	(6,057)
Total revenues	<u>683,497</u>	<u>591,847</u>	<u>91,650</u>
EXPENSES			
General government	10,027	81,120	71,093
Parks and recreation	3,278	3,278	-
Street lighting	157,463	169,230	11,767
Total expenses	<u>170,768</u>	<u>253,628</u>	<u>82,860</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,253,394	1,178,536	74,858
Transfers out	<u>(1,253,394)</u>	<u>(1,178,536)</u>	<u>(74,858)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change	<u>\$ 512,729</u>	<u>\$ 338,219</u>	<u>\$ 174,510</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

**Budget vs. Actual Comparison – Business-Type Activities
Year Ended June 30, 2023**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
OPERATING REVENUES			
Water consumption sales	\$ 7,201,925	\$ 9,787,407	\$ (2,585,482)
Wastewater service charges	4,710,975	5,753,167	(1,042,192)
	<u>11,912,900</u>	<u>15,540,574</u>	<u>(3,627,674)</u>
OPERATING EXPENSES			
Salaries and benefits	3,853,912	3,212,349	(641,563)
Operations	2,676,052	2,488,045	(188,007)
	<u>6,529,964</u>	<u>5,700,394</u>	<u>(829,570)</u>
Operating income before depreciation	5,382,936	9,840,180	(4,457,244)
Depreciation expense	<u>(2,309,099)</u>	<u>(2,217,970)</u>	<u>(91,129)</u>
Operating income	<u>3,073,837</u>	<u>7,622,210</u>	<u>(4,548,373)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings	579,043	86,710	492,333
Interest expense	(842,399)	(407,608)	(434,791)
Other revenue	49,941	63,200	(13,259)
Gain on sale of capital assets	7,122	-	7,122
Other expense	(3,876)	-	(3,876)
Contributed capital	4,112	-	4,112
	<u>(206,057)</u>	<u>(257,698)</u>	<u>51,641</u>
Change in net position	<u>\$ 2,867,780</u>	<u>\$ 7,364,512</u>	<u>\$ (4,496,732)</u>

Business-type funds budget for the payment of debt principal as a way of recognizing the need for financial resources to meet the obligations. However, the payment of principal is not treated as an expense, but rather as a reduction of a liability. Therefore, it is removed from the budget column in this schedule in order to be more accurately comparable to the actual column. When these payments are added back to the number presented above, the totals agree to the approved respective budgets.

Budget - as reported above	\$ 7,364,512
Budgeted principal payments - water	(694,314)
Budgeted principal payments - sewer	(988,519)
Total	<u>\$ 5,681,679</u>
Approved budget - water	\$ 4,429,248
Approved budget - sewer	1,252,431
Total	<u>\$ 5,681,679</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Capital Asset Administration

Capital Assets June 30, 2023

	Governmental Activities		Business-Type Activities		Total District	
	2023	2022	2023	2022	2023	2022
Capital assets:						
Non-depreciable assets	\$ 270,365	\$ 270,365	\$ 39,952,712	\$ 39,270,401	\$ 40,223,077	\$ 39,540,766
Depreciable assets	174,477	174,477	69,110,880	68,709,859	69,285,357	68,884,336
Total capital assets	<u>444,842</u>	<u>444,842</u>	<u>109,063,592</u>	<u>107,980,260</u>	<u>109,508,434</u>	<u>108,425,102</u>
Accumulated depreciation	<u>(106,050)</u>	<u>(96,430)</u>	<u>(52,611,634)</u>	<u>(50,429,482)</u>	<u>(52,717,684)</u>	<u>(50,525,912)</u>
Total capital assets, net	<u>\$ 338,792</u>	<u>\$ 348,412</u>	<u>\$ 56,451,958</u>	<u>\$ 57,550,778</u>	<u>\$ 56,790,750</u>	<u>\$ 57,899,190</u>

At the end of fiscal year 2023, the District's investment in capital assets amounted to \$56,790,750 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, furnishings and equipment, collection and distribution systems, tanks, wells, water treatment facilities, and construction-in-progress. Major capital asset additions in the business-type activities area include construction projects at the wastewater treatment plant and the acquisition of permanent water rights. The capital assets of the District are more fully analyzed in Note 8 to the basic financial statements.

Long-Term Debt Administration

Long-Term Debt June 30, 2023

	Governmental Activities		Business-Type Activities		Total District	
	2023	2022	2023	2022	2023	2022
Long-term liabilities:						
Loans payable	\$ -	\$ -	\$ 31,904,467	\$ 32,875,094	\$ 31,904,467	\$ 32,875,094

Long-term debt decreases in the current year are related to regular principal payments made throughout the year. The long-term debt of the District is more fully analyzed in Note 10 of the basic financial statements.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager at 3179 35th Street West, Rosamond, California 93560 or (661) 256-3411.

BASIC FINANCIAL STATEMENTS

ROSAMOND COMMUNITY SERVICES DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2)	\$ 1,773,149	\$ 28,709,477	\$ 30,482,626
Accrued interest receivable	832	7,651	8,483
Accounts receivable - utilities, net (Note 4)	199	438,366	438,565
Accounts receivable - other (Note 4)	190,021	658,652	848,673
Materials and supplies inventory	-	213,311	213,311
Prepaid expenses and other deposits	-	97,782	97,782
	<u>1,964,201</u>	<u>30,125,239</u>	<u>32,089,440</u>
Total current assets			
Noncurrent assets:			
Restricted - cash and cash equivalents (Notes 2 and 3)	25,446	631,080	656,526
Banked water inventory (Note 6)	-	1,396,208	1,396,208
Internal balances (Note 5)	(1,201,180)	1,201,180	-
Investment in water banking - JPA (Note 7)	-	6,000,000	6,000,000
Capital assets, not being depreciated (Note 8)	270,365	39,952,712	40,223,077
Depreciable capital assets, net (Note 8)	68,427	16,499,246	16,567,673
	<u>(836,942)</u>	<u>65,680,426</u>	<u>64,843,484</u>
Total noncurrent assets			
Total assets			
	<u>1,127,259</u>	<u>95,805,665</u>	<u>96,932,924</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related (Note 12)	459	1,147,782	1,148,241
	<u>459</u>	<u>1,147,782</u>	<u>1,148,241</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	59,599	965,851	1,025,450
Accrued wages and related payables	-	140,573	140,573
Customer deposits	15,000	484,976	499,976
Accrued interest on long-term debt	-	19,074	19,074
Unearned revenues	-	8,302	8,302
Long-term liabilities - due within one year:			
Compensated absences (Note 9)	204	79,090	79,294
Notes payable (Note 10)	-	1,749,239	1,749,239
	<u>74,803</u>	<u>3,447,105</u>	<u>3,521,908</u>
Total current liabilities			
Noncurrent liabilities:			
Long-term liabilities - due within more than one year:			
Compensated absences (Note 9)	610	237,269	237,879
Notes payable (Note 10)	-	30,155,228	30,155,228
Net pension liability (Note 12)	390	973,585	973,975
	<u>1,000</u>	<u>31,366,082</u>	<u>31,367,082</u>
Total noncurrent liabilities			
Total liabilities			
	<u>75,803</u>	<u>34,813,187</u>	<u>34,888,990</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related (Note 12)	62	154,252	154,314
	<u>62</u>	<u>154,252</u>	<u>154,314</u>
NET POSITION			
Net investment in capital assets (Note 11)	338,792	24,547,491	24,886,283
Restricted (Note 11)	573,833	631,080	1,204,913
Unrestricted	139,228	36,807,437	36,946,665
	<u>1,051,853</u>	<u>61,986,008</u>	<u>63,037,861</u>
Total net position (deficit)			
	<u>\$ 1,051,853</u>	<u>\$ 61,986,008</u>	<u>\$ 63,037,861</u>

See accompanying notes to the basic financial statements.

ROSAMOND COMMUNITY SERVICES DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 19,945	\$ -	\$ -	\$ -	\$ (19,945)	\$ -	\$ (19,945)
Parks and recreation	3,278	-	-	-	(3,278)	-	(3,278)
Street lighting	157,463	213,232	-	-	55,769	-	55,769
Total governmental activities	180,686	213,232	-	-	32,546	-	32,546
Business-type activities:							
Water	5,718,231	7,201,925	-	-	-	1,483,694	1,483,694
Wastewater	3,967,107	4,710,975	-	4,112	-	747,980	747,980
Total business-type activities	9,685,338	11,912,900	-	4,112	-	2,231,674	2,231,674
Total	\$ 9,866,024	\$ 12,126,132	\$ -	\$ 4,112	32,546	2,231,674	2,264,220
		General revenues:					
		Property taxes			433,427	-	433,427
		Interest earnings			32,995	579,043	612,038
		Other revenue			3,843	49,941	53,784
		Gain on sale of capital assets			-	7,122	7,122
		Total general revenues			470,265	636,106	1,106,371
		Change in net position			502,811	2,867,780	3,370,591
		Net position, beginning of year			549,042	59,118,228	59,667,270
		Net position, end of year			\$ 1,051,853	\$ 61,986,008	\$ 63,037,861

See accompanying notes to the basic financial statements.

ROSAMOND COMMUNITY SERVICES DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Special Revenue Funds Graffiti Abatement
ASSETS		
Cash and cash equivalents (Note 2)	\$ 1,198,779	\$ 4,451
Accrued interest receivable	832	-
Accounts receivable - utilities, net (Note 4)	-	-
Accounts receivable - other (Note 4)	190,021	-
Restricted assets:		
Cash and cash equivalents (Notes 2 & 3)	25,446	-
 Total assets	<u>\$ 1,415,078</u>	<u>\$ 4,451</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 48,417	\$ -
Customer deposits	-	-
Internal balances (Note 5)	1,201,180	-
 Total liabilities	<u>1,249,597</u>	<u>-</u>
FUND BALANCES		
Restricted	25,446	4,451
Unassigned	140,035	-
 Total fund balances	<u>165,481</u>	<u>4,451</u>
 Total liabilities and fund balances	<u>\$ 1,415,078</u>	<u>\$ 4,451</u>

See accompanying notes to the basic financial statements.

ROSAMOND COMMUNITY SERVICES DISTRICT

**BALANCE SHEET, CONTINUED
GOVERNMENTAL FUNDS
JUNE 30, 2023**

<u>Special Revenue Funds</u>		<u>Total</u>
<u>Parks and Recreation</u>	<u>Street Lighting</u>	<u>Governmental Funds</u>
\$ -	\$ 569,919	\$ 1,773,149
-	-	832
-	199	199
-	-	190,021
-	-	25,446
<u>\$ -</u>	<u>\$ 570,118</u>	<u>\$ 1,989,647</u>
\$ -	\$ 11,182	\$ 59,599
-	15,000	15,000
-	-	1,201,180
-	26,182	1,275,779
-	543,936	573,833
-	-	140,035
-	543,936	713,868
<u>\$ -</u>	<u>\$ 570,118</u>	<u>\$ 1,989,647</u>

See accompanying notes to the basic financial statements.

ROSAMOND COMMUNITY SERVICES DISTRICT

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Fund balances (deficit) of governmental funds \$ 713,868

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those capital assets among the assets of the District as a whole. The historical acquisition cost of the assets is \$444,842 and the accumulated depreciation is \$106,050. 338,792

Long-term liabilities applicable to the District are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:

Compensated absences (814)
Net pension liability (390)

Deferred inflows and outflows of resources related to pensions have not been included in the governmental fund activity.

Deferred outflows of resources 459
Deferred inflows of resources (62)

Net position of governmental activities \$ 1,051,853

ROSAMOND COMMUNITY SERVICES DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue Funds Graffiti Abatement
REVENUES		
Property taxes	\$ 433,427	\$ -
Special assessments	-	-
Interest earnings	17,831	-
Other income	3,843	-
Total revenues	<u>455,101</u>	<u>-</u>
EXPENDITURES		
General government	6,500	3,527
Parks and recreation	-	-
Street lighting	-	-
Total expenditures	<u>6,500</u>	<u>3,527</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	3,527
Transfers out	<u>(1,253,394)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,253,394)</u>	<u>3,527</u>
Net change in fund balances	(804,793)	-
Fund balances (deficit), beginning of year	<u>970,274</u>	<u>4,451</u>
Fund balances, end of year	<u>\$ 165,481</u>	<u>\$ 4,451</u>

See accompanying notes to the basic financial statements.

ROSAMOND COMMUNITY SERVICES DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023**

Special Revenue Funds		Total
Parks and Recreation	Street Lighting	Governmental Funds
\$ -	\$ -	\$ 433,427
-	213,232	213,232
5,118	10,046	32,995
-	-	3,843
<u>5,118</u>	<u>223,278</u>	<u>683,497</u>
-	-	10,027
3,278	-	3,278
-	157,463	157,463
<u>3,278</u>	<u>157,463</u>	<u>170,768</u>
1,219,491	30,376	1,253,394
-	-	(1,253,394)
<u>1,219,491</u>	<u>30,376</u>	<u>-</u>
1,221,331	96,191	512,729
(1,221,331)	447,745	201,139
<u>\$ -</u>	<u>\$ 543,936</u>	<u>\$ 713,868</u>

See accompanying notes to the basic financial statements.

ROSAMOND COMMUNITY SERVICES DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net change in fund balances - total governmental funds \$ 512,729

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense (9,620)

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

Change in compensated absences 180
Pension related net adjustments (478)

Change in net position of governmental activities \$ 502,811

See accompanying notes to the basic financial statements.

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ROSAMOND COMMUNITY SERVICES DISTRICT

**STATEMENT OF NET POSITION – ENTERPRISE FUNDS
JUNE 30, 2023**

	<u>Water</u>	<u>Wastewater</u>	<u>Total Business-Type Activities</u>
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2)	\$ 16,256,791	\$ 12,452,686	\$ 28,709,477
Accrued interest receivable	3,819	3,832	7,651
Accounts receivable - utilities, net (Note 4)	384,050	54,316	438,366
Accounts receivable - other (Note 4)	645,083	13,569	658,652
Materials and supplies inventory	213,311	-	213,311
Prepaid expenses and other deposits	91,956	5,826	97,782
	<u>17,595,010</u>	<u>12,530,229</u>	<u>30,125,239</u>
Total current assets			
Noncurrent assets:			
Restricted - cash and cash equivalents (Notes 2 and 3)	-	631,080	631,080
Banked water inventory (Note 6)	1,396,208	-	1,396,208
Internal balances (Note 5)	-	1,467,309	1,467,309
Investment in water banking - JPA (Note 7)	6,000,000	-	6,000,000
Capital assets, not being depreciated (Note 8)	20,589,353	19,363,359	39,952,712
Capital assets, net (Note 8)	7,623,643	8,875,603	16,499,246
	<u>35,609,204</u>	<u>30,337,351</u>	<u>65,946,555</u>
Total noncurrent assets			
Total assets			
	<u>53,204,214</u>	<u>42,867,580</u>	<u>96,071,794</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related (Note 12)	659,205	488,577	1,147,782
	<u>659,205</u>	<u>488,577</u>	<u>1,147,782</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	189,664	776,187	965,851
Accrued wages and related payables	83,216	57,357	140,573
Customer deposits	259,933	225,043	484,976
Accrued interest on long-term debt	-	19,074	19,074
Unearned revenues	8,302	-	8,302
Long-term liabilities - due within one year:			
Compensated absences (Note 9)	50,216	28,874	79,090
Notes payable (Note 10)	753,000	996,239	1,749,239
	<u>1,344,331</u>	<u>2,102,774</u>	<u>3,447,105</u>
Total current liabilities			
Noncurrent liabilities:			
Long-term liabilities - due within more than one year:			
Compensated absences (Note 9)	150,648	86,621	237,269
Notes payable (Note 10)	16,747,000	13,408,228	30,155,228
Internal balances (Note 5)	266,129	-	266,129
Net pension liability (Note 12)	559,159	414,426	973,585
	<u>17,722,936</u>	<u>13,909,275</u>	<u>31,632,211</u>
Total noncurrent liabilities			
Total liabilities			
	<u>19,067,267</u>	<u>16,012,049</u>	<u>35,079,316</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related (Note 12)	88,591	65,661	154,252
	<u>88,591</u>	<u>65,661</u>	<u>154,252</u>
NET POSITION			
Net investment in capital assets (Note 11)	10,712,996	13,834,495	24,547,491
Restricted (Note 11)	-	631,080	631,080
Unrestricted	23,994,565	12,812,872	36,807,437
	<u>\$ 34,707,561</u>	<u>\$ 27,278,447</u>	<u>\$ 61,986,008</u>
Total net position			

See accompanying notes to the basic financial statements.

ROSAMOND COMMUNITY SERVICES DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Water</u>	<u>Wastewater</u>	<u>Total Business-Type Activities</u>
OPERATING REVENUES			
Water consumption sales	\$ 7,201,925	\$ -	\$ 7,201,925
Wastewater service charges	-	4,710,975	4,710,975
Total operating revenues	<u>7,201,925</u>	<u>4,710,975</u>	<u>11,912,900</u>
OPERATING EXPENSES			
Salaries and benefits	2,180,679	1,673,233	3,853,912
Operations	<u>1,512,676</u>	<u>1,163,376</u>	<u>2,676,052</u>
Total operating expenses	<u>3,693,355</u>	<u>2,836,609</u>	<u>6,529,964</u>
Operating income before depreciation	3,508,570	1,874,366	5,382,936
Depreciation expense	<u>(1,585,313)</u>	<u>(723,786)</u>	<u>(2,309,099)</u>
Operating income	<u>1,923,257</u>	<u>1,150,580</u>	<u>3,073,837</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings	336,904	242,139	579,043
Interest expense	(437,625)	(404,774)	(842,399)
Other revenue	45,089	4,852	49,941
Gain on sale of capital assets	3,561	3,561	7,122
Other expense	(1,938)	(1,938)	(3,876)
Contributed capital	<u>-</u>	<u>4,112</u>	<u>4,112</u>
Total nonoperating revenues (expenses)	<u>(54,009)</u>	<u>(152,048)</u>	<u>(206,057)</u>
Change in net position	1,869,248	998,532	2,867,780
Net position, beginning of year	<u>32,838,313</u>	<u>26,279,915</u>	<u>59,118,228</u>
Net position, end of year	<u>\$ 34,707,561</u>	<u>\$ 27,278,447</u>	<u>\$ 61,986,008</u>

See accompanying notes to the basic financial statements.

ROSAMOND COMMUNITY SERVICES DISTRICT

**STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Water</u>	<u>Wastewater</u>	<u>Total Business-Type Activities</u>
Cash flows from operating activities:			
Cash receipts from customers	\$ 6,768,144	\$ 4,728,116	\$ 11,496,260
Cash paid to employees for salaries and benefits	(1,718,119)	(1,349,411)	(3,067,530)
Cash paid to vendors and suppliers	(1,516,879)	(2,058,848)	(3,575,727)
Net cash provided by operating activities	<u>3,533,146</u>	<u>1,319,857</u>	<u>4,853,003</u>
Cash flows from noncapital financing activities:			
Other noncapital expenses	(1,938)	(1,938)	(3,876)
Other noncapital revenue	52,680	4,852	57,532
Cash received (used) for interfund loans	(21,820)	136,435	114,615
Contributed capital	-	4,112	4,112
Net cash provided by noncapital financing activities	<u>28,922</u>	<u>143,461</u>	<u>172,383</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(113,694)	(1,104,176)	(1,217,870)
Proceeds from sale of capital assets	3,561	3,561	7,122
Principal payments on notes payable	-	(970,627)	(970,627)
Interest payments on notes payable	(437,625)	(407,677)	(845,302)
Net cash (used for) capital and related financing activities	<u>(547,758)</u>	<u>(2,478,919)</u>	<u>(3,026,677)</u>
Cash flows from investing activities:			
Interest earnings	<u>333,980</u>	<u>234,618</u>	<u>568,598</u>
Net cash provided by investing activities	<u>333,980</u>	<u>234,618</u>	<u>568,598</u>
Net change in cash and cash equivalents	3,348,290	(780,983)	2,567,307
Cash and cash equivalents, beginning of year	<u>12,908,501</u>	<u>13,864,749</u>	<u>26,773,250</u>
Cash and cash equivalents, end of year	<u>\$ 16,256,791</u>	<u>\$ 13,083,766</u>	<u>\$ 29,340,557</u>
Reconciliation to the Statement of Net Position			
Cash and cash equivalents	\$ 16,256,791	\$ 12,452,686	\$ 28,709,477
Restricted cash and cash equivalents	-	631,080	631,080
Total cash and cash equivalents	<u>\$ 16,256,791</u>	<u>\$ 13,083,766</u>	<u>\$ 29,340,557</u>

See accompanying notes to the basic financial statements.

ROSAMOND COMMUNITY SERVICES DISTRICT

**STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Water</u>	<u>Wastewater</u>	<u>Total Business-Type Activities</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,923,257	\$ 1,150,580	\$ 3,073,837
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,585,313	723,786	2,309,099
CIP additions included in accounts payable	-	4,125	4,125
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable - utilities, net	314	10,739	11,053
Accounts receivable - other	(461,521)	(8,728)	(470,249)
Materials and supplies inventory	(14,681)	-	(14,681)
Prepaid expenses and other deposits	(5,508)	(1,938)	(7,446)
Deferred outflows of resources	(248,078)	(201,996)	(450,074)
Net pension asset	155,148	108,147	263,295
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	15,986	(897,659)	(881,673)
Accrued wages and related payables	12,378	11,765	24,143
Customer deposits	22,068	16,367	38,435
Unearned revenue	5,358	(1,237)	4,121
Compensated absences	(14,273)	(11,192)	(25,465)
Deferred inflows of resources	(1,774)	2,672	898
Net pension liability	559,159	414,426	973,585
Total adjustments	<u>1,609,889</u>	<u>169,277</u>	<u>1,779,166</u>
Net cash provided by operating activities	<u>\$ 3,533,146</u>	<u>\$ 1,319,857</u>	<u>\$ 4,853,003</u>

See accompanying notes to the basic financial statements.

ROSAMOND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Operations of the Reporting Entity

The Rosamond Community Services District (District) serves as the local government for the community of Rosamond in Kern County, California. The District is similar to a city government, supplying such services as parks and recreation, potable water, wastewater treatment, and street lighting. The District exists under California State law governing special districts (Government Code, Sec. 61000 et. seq.). The District was established by resolution of the Kern County Board of Supervisors for the purpose of providing infrastructure services for the newly developing community of Rosamond. The District is governed by a five-member Board of Directors who serve four-year terms and are elected at large. The directors entrust the responsibility for the efficient execution of District policies to their designated representative, the General Manager.

The criteria used in determining the scope of the District is based on the provisions of Governmental Accounting Standards Board (GASB) Statements No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and 34*, and No. 39, *Determining Whether Certain Organizations Are Component Units (an amendment of GASB Statement No. 14)*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and, 1) it is able to impose its will on that organization, or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The District has no blended or discretely-presented component units.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-Wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for both governmental and business-type activities. Accordingly, all of the District's assets and liabilities, including capital assets, deferred outflows of resources and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as unbilled but utilized utility services revenues and expenses, are recorded at year-end.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the operating expenses of a given function are offset by operating revenues. Operating expenses are those that are clearly identifiable with a specific function. The types of transactions reported as operating revenues for the District are charges for services directly related to the operations of the District. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes, operating grants, and other items not properly included among operating revenues are reported instead as nonoperating revenues. Contributed capital and capital grants are included as capital contributions.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report 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) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the Statement of Net Position will sometimes report 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 so will not be recognized as an inflow of resources (revenue) until that time.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and enterprise fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-Wide Financial Statements.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

B. Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements (Continued)

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current fiscal year. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, interest earnings, investment revenue, and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The accrual basis of accounting is followed by the enterprise funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as unbilled but utilized utility services, are recorded at year-end. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Operating revenues and expenses, such as water sales, wastewater service, solid waste collection, and purchases of water, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories, such as interest income and interest expense, are reported as nonoperating revenues and expenses.

The District has elected to follow all pronouncements of the Governmental Accounting Standards Board (GASB).

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

B. Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements (Continued)

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Funds are organized into two major categories: governmental and enterprise categories. An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operation fund of the District or meets the following criteria:

- a) Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent (10%) of the corresponding total for all funds of that category or type; and
- b) Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent (5%) of the corresponding total for all governmental and proprietary funds combined.
- c) The District has determined that a fund is important to the financial statement user.

The funds of the District are described below:

Governmental Funds

General Fund – Used to account for and report all financial resources not accounted for and reported in another fund.

Graffiti Abatement – This fund is used to account for costs related to graffiti abatement within the District.

Parks and Recreation – This fund is used to account for all parks and recreation activities within the District.

Street Lighting – This fund is used to account for all street lighting activities within the District.

Enterprise Funds

Water – This fund accounts for the water transmission and distribution operations of the District.

Wastewater – This fund accounts for the wastewater service operations of the District.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

C. Financial Statement Elements

1. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

2. Accounts Receivable

The District extends credit to customers in the normal course of operations. Management reviews all accounts receivable as collectible.

3. Property Taxes and Assessments

The Kern County Assessor's Office assesses all real and personal property within Kern County each year. The Kern County Tax Collector's Office bills and collects the District's share of property taxes and/or tax assessments. The Kern County Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes and assessments receivable at year-end are related to property taxes and special assessments collected by Kern County, which have not been credited to the District's cash balance as of June 30, 2023. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

4. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

5. Banked Water Inventory

The amount of banked water is recorded at historical cost.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

C. Financial Statement Elements (Continued)

6. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Governmental Activities

- Vehicles and equipment - 5 to 10 years

Business-Type Activities

- Facility and systems - 10 to 40 years
- Vehicles and equipment - 5 to 10 years

7. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of meters and registers, valves, and hydrants. Inventory is recorded using historical cost and estimates of the amounts available on hand.

8. Net Position/Fund Balances

The government-wide financial statements utilize a net position presentation. Net position categories are as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, and reduced by any outstanding debt against the acquisition, construction, or improvement of those assets.
- Restricted Net Position - This component of net position consists of net position that is restricted for a specific use and is not available for the general use of the District.
- Unrestricted Net Position - This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

C. Financial Statement Elements (Continued)

8. Net Position/Fund Balances (Continued)

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- Nonspendable fund balance - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact. Amounts reported in the Balance Sheet are reported for prepaid expenses and other deposits.
- Restricted fund balance - amounts with constraints placed on their use that are either (a) externally imposed creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance - amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- Assigned fund balance - amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose. The amounts reflected in the Balance Sheet represent funds assigned due to the purpose of the fund.
- Unassigned fund balance - the residual classification for the District's governmental funds that include amounts not contained in the other classifications.

The Board of Directors establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through the adoption of the budget and subsequent budget amendments that occur throughout the year. The District's Board of Directors has the authority to set aside funds as assigned for an intended purpose. The Board of Directors authorizes the General Manager as designee in identifying intended uses of funds and assigning residual balances. Any such assignments will be presented at regular financial and budget reporting periods. Board action to approve such financial and budget reports will represent ratification of any such assignments. The Board of Directors may determine the need to assign funds for an intended use.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted first, followed by unrestricted committed, assigned, and unassigned resources as they are needed.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

C. Financial Statement Elements (Continued)

9. Fund Balance Deficit

No fund have deficit fund balances for the year ended June 30, 2023.

10. Utility Sales

Utility sales are billed on a monthly basis. Estimated unbilled utility revenue through June 30, 2023 has been accrued at year-end for the Enterprise Funds.

11. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies, or real estate developers desiring services that require capital connection expenses or capacity commitment.

12. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables, as appropriate, and are subject to elimination upon consolidation (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

13. Budgetary Policies

The District follows specific procedures in establishing the budgetary data reflected in the basic financial statements. In accordance with District Ordinance 078-1, prior to May 1, each year the District Manager submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. Public hearings are conducted to obtain taxpayer comments. Prior to June 30 the budget is legally enacted through passage of a Board of Directors resolution. Budgets for the Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

The Board of Directors must approve all supplemental appropriations to the budget and transfers between funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for all major special revenue funds.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

C. Financial Statement Elements (Continued)

14. California State Water Project (SWP)

The SWP is a water storage and delivery system of reservoirs, aqueducts, power plants, and pumping plants. Its main purpose is to store water and distribute it to 29 urban and agricultural water suppliers in Northern California, the San Francisco Bay Area, the San Joaquin Valley, the Central Coast, and Southern California. Of the contracted water supply, 70 percent goes to urban users and 30 percent goes to agricultural users. The District at times will purchase water from a SWP contractor depending on availability and allocations.

15. Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

16. Pension Plan

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023, are classified as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 30,482,626
Restricted cash and cash equivalents	<u>656,526</u>
Total cash and cash equivalents	<u>\$ 31,139,152</u>

Cash and cash equivalents as of June 30, 2023, consist of the following:

Cash on hand	\$ 3,050
Deposits held with financial institutions	1,420,255
Deposit of note proceeds held with financial institutions	631,080
Local Agency Investment Fund (LAIF)	1,081,001
Cal Trust	<u>28,003,766</u>
Total cash and cash equivalents	<u>\$ 31,139,152</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Deposits and Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper	180 days	30%	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements *	92 days	20%	None
Medium-Term Notes ****	5 years	20%	None
Mutual Funds **	N/A	20%	None
Money Market Mutual Funds ***	N/A	15%	None
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
LAIF	N/A	None	\$75 million

* Must be at least 102% of market value.

** Must carry the highest ratings of at least two of the three largest national rating agencies.

*** Must receive the highest ranking of at least two nationally recognized statistical rating organizations.

**** Must be rated "A" or better by Moody's or Standard & Poor's (S&P) rating service.

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 the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Deposits and Investments Authorized by the California Government Code and the District's Investment Policy (Continued)

Custodial Credit Risk (Continued)

The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. The District had deposits that are federally insured, up to \$250,000 per institution. Amounts held in excess of those amounts per institution are collateralized by the bank with pledged securities.

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. The California Government Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has, the greater sensitivity its fair value has to changes in market interest rates. The District's investment policy follows the California Government Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing 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 investments by maturity date:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity 12 months or less</u>
LAIF	\$ 1,081,001	\$ 1,081,001
Cal Trust	<u>28,003,766</u>	<u>28,003,766</u>
Total investments	<u>\$ 29,084,767</u>	<u>\$ 29,084,767</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Deposits and Investments Authorized by the California Government Code and the District's Investment Policy (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year-End Not Rated</u>
LAIF	\$ 1,081,001	N/A	\$ 1,081,001
Cal Trust	<u>28,003,766</u>	N/A	<u>28,003,766</u>
Total investments	<u><u>\$ 29,084,767</u></u>		<u><u>\$ 29,084,767</u></u>

Concentration of Credit Risk

The District's investment policy does not contain various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer beyond as stipulated by the California Government Code. The District's deposit portfolio with governmental agencies such as the LAIF and Cal Trust was 3.7% and 96.3%, respectively, of the District's total depository and investment portfolio as of June 30, 2023.

Fair Value Measurements

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

The District's investment in Cal Trust of \$28,003,766 is valued using level 2 inputs by the Local Agency Advisory Board as of June 30, 2023. The District's investment in the Local Agency Investment Fund of \$1,081,001 is not subject to fair value measurement.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 3 – RESTRICTED CASH AND CASH EQUIVALENTS

Restricted funds of \$631,080 in the Sewer Fund are included in noncurrent assets. These include funds on deposit with American Business Bank and are held for construction retention. Restricted funds of \$25,446 in the General Fund are included in noncurrent assets as they represent the balance of unspent County Service Area revenues that are being held for future maintenance expenditures or debt service payments.

NOTE 4 – ACCOUNTS RECEIVABLE

The accounts receivable balance consists of the following balances as of June 30, 2023:

	General Fund	Street Lighting	Water	Wastewater	Total
Accounts receivable - utilities	\$ -	\$ 199	\$ 384,050	\$ 54,316	\$ 438,565
Accounts receivable - other	190,021	-	551,953	13,569	755,543
Due from William Fisher Memorial Water Company	-	-	93,130	-	93,130
Accounts receivable, net	<u>\$ 190,021</u>	<u>\$ 199</u>	<u>\$ 1,029,133</u>	<u>\$ 67,885</u>	<u>\$ 1,287,238</u>

On March 30, 2017 an ex parte motion was granted that relieved the District of all obligations concerning William Fisher Memorial Water Company. This motion was effective April 1, 2017. After accounting for all of the District's time and expenses through the effective date, William Fisher owed the District a total of \$93,130.

NOTE 5 – INTERNAL BALANCES AND TRANSFERS

On June 10, 2015, the Board of Directors adopted a ninth internal agreement between the funds. The Wastewater Fund will provide assistance in the form of a loan, up to a maximum of \$3,000,000 to the Water and Governmental Funds to refinance all existing internal loans and to internally finance the CalPERS Unfunded Accrued Liability. The interest rate will be based on the LAIF rate in place at the time the loan was issued, established by the Treasurer of the State of California. All of the loans mature on July 1, 2035 except for the Park Maintenance Fund loan, which was transferred to the General Fund as of June 30, 2023 due to the closeout of the Parks Maintenance Fund, which matures on July 1, 2030. The internal loans consist of the following balances as of June 30, 2023:

Due From	Due To Wastewater
General Fund	\$ 1,201,180
Water	266,129
Total	<u>\$ 1,467,309</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 5 – INTERNAL BALANCES AND TRANSFERS (Continued)

Interfund transfers were as follows:

	Transfers In			Total Transfers Out
	Graffiti Abatement	Parks and Recreation	Street Lighting	
Transfers Out: General Fund	\$ 3,527	\$ 1,219,491	\$ 30,376	\$ 1,253,394
Total Transfers In:	\$ 3,527	\$ 1,219,491	\$ 30,376	\$ 1,253,394

NOTE 6 – BANKED WATER INVENTORY

The Department of Water Resources (DWR) makes State Water Project (SWP) allocations to California water contractors. In 2010, the District was allocated 796 acre-feet of SWP dry year water from Antelope Valley East Kern Water Agency (AVEK). Of the total 796 acre-feet of allocated water, the District received 622 acre-feet, and of this, 503 acre-feet was banked with the Semitropic-Rosamond Water Banking Authority (SRWBA) as part of the District's participation in water banking programs with SRWBA.

Pursuant to their long-term groundwater banking program agreement, 90% of the water deliveries to SRWBA, less any losses in transportation, is considered recoverable. Therefore, after transportation losses and evaporation, the District had 445 acre-feet of banked water available-with SRWBA. The cost of this water was \$233,557.

In 2011, the District delivered 112 acre-feet of dry year water to SRWBA for banking as part of the District's participation in water banking programs with SRWBA. After transportation losses and evaporation, the District had available 99 acre-feet of banked water with SRWBA. The cost of this water was \$40,000. At June 30, 2011, the District's balance in the banked water inventory was \$273,557.

During the fiscal year 2012, the District delivered 1,000 acre-feet of water to SRWBA for banking. Pursuant to the District's agreement for a long-term groundwater banking program, 90% of water delivered to SRWBA, less any losses in transportation, is considered recoverable. Thus, the after transportation losses and evaporation the District has available 1,419 acre-feet banked in SRWBA. The total cost of this water for the District was \$245,200. At June 30, 2012, the District's balance in the banked water inventory was \$518,757.

During the fiscal year 2013, the District delivered 976 acre-feet of water to SRWBA for banking. After transportation losses and evaporation, the District had available 873 acre-feet of banked water with SRWBA and a total of 2,292 acre-feet banked in SRWBA. The cost of this water was \$256,772. At June 30, 2013, the District's balance in the banked water inventory was \$775,529.

In June 2014, the District entered into a water purchase agreement with Homer LLC for the purchase of 1,500 acre-feet of banked water. The District was allocated 1,500 acre-feet of banked water from Homer. The cost of the water was \$600,000. At June 30, 2014, the District's balance in the banked water inventory was \$1,375,529.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 6 – BANKED WATER INVENTORY (Continued)

During fiscal year 2015, the District delivered 178 acre-feet of water to SRWBA for a cost of \$20,679. At June 30, 2015, the District’s balance in the banked water inventory was \$1,396,208.

The following is a summary of the changes in banked water recorded as inventory as of June 30, 2023:

	AVEK			Homer, LLC			Totals		
	Delivered Acre-Feet	Banked Acre-Feet	Cost	Delivered Acre-Feet	Banked Acre-Feet	Cost	Delivered Acre-Feet	Banked Acre-Feet	Cost
Fiscal Year 2010	503	445	\$ 233,557	-	-	\$ -	503	445	\$ 233,557
Fiscal Year 2011	112	99	40,000	-	-	-	112	99	40,000
Fiscal Year 2012	1,000	875	245,200	-	-	-	1,000	875	245,200
Fiscal Year 2013	976	873	256,772	-	-	-	976	873	256,772
Fiscal Year 2014	-	-	-	1,500	1,500	600,000	1,500	1,500	600,000
Fiscal Year 2015	178	-	20,679	-	-	-	178	-	20,679
Total	2,769	2,292	\$ 796,208	1,500	1,500	\$ 600,000	4,269	3,792	\$ 1,396,208

NOTE 7 – INVESTMENT IN WATER BANKING - JOINT POWERS AGREEMENT (JPA)

On July 28, 2008, the District entered into a JPA with Semitropic Water Storage District and Valley Mutual Water Company, LLC, to create the SRWBA to engage in the development, construction and operation of ground water storage and related facilities for the benefit of their members and/or customers.

The foregoing interests of the JPA Members are to be operated in combination as the SRWBA, a single and insofar as practical integrated water bank for (1) the primary purpose of enhancing the reliability of the JPA Members' water supplies for their respective service areas and memberships, and (2) the secondary purpose of providing surplus capacity by contract to third-party customers throughout the State and region.

The Members, their respective percentage of ownership, and capital contributed are:

- Semitropic Water Storage District (SWSD), 57% - contributed capacity rights in SWSD's Stored Water Recovery Unit (SWRU) valued at \$20,000,000. SWSD maintains direct ownership of SWRU assets related to capacity rights contributed.
- Valley Mutual Water Company, LLC (VMWC), 40% - contributed capacity rights in the Antelope Valley Water Bank (AVWB) and property and equipment valued at \$18,300,000. VMWC maintains direct ownership of AVWB assets related to capacity rights contributed.
- The District, 3% - contributed intellectual property.

Initially, the SRWBA is to consist of a "First Priority Right" to the following interests in the District's SWRU banking project that will provide: (1) 33,333 acre-feet/year of SWRU Delivery Capacity, (2) 300,000 acre-feet of SWRU storage capacity, and (3) 100,000 acre-feet/year of SWRU recovery and return capacity, together with rights to certain unused capacities in the SWRU and other elements of the Semitropic Water Bank, and the following rights in AVWB: (1) 100,000 acre-feet/year of AVWB Delivery Capacity, (2) 500,000 acre-feet of AVWB Storage Capacity, and (3) 100,000 acre-feet/year of AVWB Recovery and Return Capacity.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 7 – INVESTMENT IN WATER BANKING - JOINT POWERS AGREEMENT (JPA)
(Continued)**

The District, as a JPA Member of SRWBA, has agreed to acquire 6,000 SRWBA shares for the amount of \$6,000,000 under the JPA. The District made an initial payment of \$1,000,000 to SRWBA upon the execution of the JPA and beginning January 1, 2009, the District started making payments of \$500,000 to SRWBA every six months (January 1 and July 1).

An amendment was made effective October 2012 changing the amount to \$250,000 each payment date (January 1 and July 1), for a total annual payment of \$500,000, and will continue to do so until the total payments by the District, including the initial payment, equal \$6,000,000. As of June 30, 2023, the District has paid SRWBA \$6,000,000 and has now paid for and fully acquired its shares.

NOTE 8 – CAPITAL ASSETS

Governmental Activities

Changes in capital assets for the year were as follows:

	Balance at June 30, 2022	Increases	Decreases	Balance at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 270,365	\$ -	\$ -	\$ 270,365
Total capital assets, not being depreciated	<u>270,365</u>	<u>-</u>	<u>-</u>	<u>270,365</u>
Capital assets, being depreciated:				
Park improvements	174,477	-	-	174,477
Total capital assets, being depreciated	<u>174,477</u>	<u>-</u>	<u>-</u>	<u>174,477</u>
Less accumulated depreciation for:				
Park improvements	(96,430)	(9,620)	-	(106,050)
Total accumulated depreciation	<u>(96,430)</u>	<u>(9,620)</u>	<u>-</u>	<u>(106,050)</u>
Total capital assets, being depreciated, net	<u>78,047</u>	<u>(9,620)</u>	<u>-</u>	<u>68,427</u>
Governmental activities capital assets, net	<u>\$ 348,412</u>	<u>\$ (9,620)</u>	<u>\$ -</u>	<u>\$ 338,792</u>

Depreciation expense of \$9,620 was allocated to the General Government function for the year ended June 30, 2023.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 8 – CAPITAL ASSETS (Continued)

Business-Type Activities

A summary of changes of capital assets of the Enterprise Funds is as follows:

	Balance at June 30, 2022	Increases	Decreases	Balance at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 4,083,586	\$ -	\$ -	\$ 4,083,586
Permanent water rights	14,165,664	-	-	14,165,664
Carryover water rights	2,826,059	-	-	2,826,059
Construction in progress	18,195,092	1,114,538	(432,227)	18,877,403
Total capital assets, not being depreciated	<u>39,270,401</u>	<u>1,114,538</u>	<u>(432,227)</u>	<u>39,952,712</u>
Capital assets, being depreciated:				
Facilities system	63,733,660	304,742	-	64,038,402
Vehicles and equipment	4,976,199	223,226	(126,947)	5,072,478
Total capital assets, being depreciated	<u>68,709,859</u>	<u>527,968</u>	<u>(126,947)</u>	<u>69,110,880</u>
Less accumulated depreciation for:				
Facilities system	(47,221,242)	(1,979,663)	-	(49,200,905)
Vehicles and equipment	(3,208,240)	(329,436)	126,947	(3,410,729)
Total accumulated depreciation	<u>(50,429,482)</u>	<u>(2,309,099)</u>	<u>126,947</u>	<u>(52,611,634)</u>
Total capital assets, being depreciated, net	<u>18,280,377</u>	<u>(1,781,131)</u>	<u>-</u>	<u>16,499,246</u>
Business-type activities capital assets, net	<u>\$ 57,550,778</u>	<u>\$ (666,593)</u>	<u>\$ (432,227)</u>	<u>\$ 56,451,958</u>

Depreciation expense under business-type activities was allocated as follows for the year ended June 30, 2023:

Water	\$ 1,585,313
Wastewater	<u>723,786</u>
Total Depreciation Expense	<u>\$ 2,309,099</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 8 – CAPITAL ASSETS (Continued)

A summary of changes of capital assets of the Water Fund is as follows:

Water Fund	Balance at June 30, 2022	Increases	Decreases	Balance at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 3,558,995	\$ -	\$ -	\$ 3,558,995
Permanent water rights	14,165,664	-	-	14,165,664
Carryover water rights	2,826,059	-	-	2,826,059
Construction in progress	86,483	62,311	(110,159)	38,635
Total capital assets, not being depreciated	20,637,201	62,311	(110,159)	20,589,353
Capital assets, being depreciated:				
Water transmission and distribution	45,523,491	58,955	-	45,582,446
Vehicles and equipment	3,415,701	94,996	(59,457)	3,451,240
Total capital assets, being depreciated	48,939,192	153,951	(59,457)	49,033,686
Less accumulated depreciation for:				
Water transmission and distribution	(37,687,036)	(1,367,327)	-	(39,054,363)
Vehicles and equipment	(2,197,151)	(217,986)	59,457	(2,355,680)
Total accumulated depreciation	(39,884,187)	(1,585,313)	59,457	(41,410,043)
Total capital assets, being depreciated, net	9,055,005	(1,431,362)	-	7,623,643
Business-type activities capital assets, net	\$ 29,692,206	\$ (1,369,051)	\$ (110,159)	\$ 28,212,996

Construction-in-Progress

The balance at June 30, 2023 consists of the following projects:

	Balance at June 30, 2023
Various projects less than \$100,000	\$ 38,635
Construction-in-progress	\$ 38,635

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 8 – CAPITAL ASSETS (Continued)

A summary of changes of capital assets of the Wastewater Fund is as follows:

Wastewater Fund	Balance at June 30, 2022	Increases	Decreases	Balance at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 524,591	\$ -	\$ -	\$ 524,591
Construction in progress	18,108,609	1,052,227	(322,068)	18,838,768
 Total capital assets, not being depreciated	 18,633,200	 1,052,227	 (322,068)	 19,363,359
Capital assets, being depreciated:				
Wastewater system	18,210,169	245,787	-	18,455,956
Vehicles and equipment	1,560,498	128,230	(67,490)	1,621,238
 Total capital assets, being depreciated	 19,770,667	 374,017	 (67,490)	 20,077,194
Less accumulated depreciation for:				
Wastewater system	(9,534,206)	(612,336)	-	(10,146,542)
Vehicles and equipment	(1,011,089)	(111,450)	67,490	(1,055,049)
 Total accumulated depreciation	 (10,545,295)	 (723,786)	 67,490	 (11,201,591)
 Total capital assets, being depreciated, net	 9,225,372	 (349,769)	 -	 8,875,603
 Business-type activities capital assets, net	 \$ 27,858,572	 \$ 702,458	 \$ (322,068)	 \$ 28,238,962

Construction-in-Progress

In the current year, \$4,110 of CIP was expensed as a part of current year operations. The balance at June 30, 2023 consists of the following projects:

	Balance at June 30, 2023
Wastewater treatment plant rehabilitation project	\$ 18,823,482
Various projects less than \$100,000	15,286
 Construction-in-progress	 \$ 18,838,768

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 9 – COMPENSATED ABSENCES

Compensated absences for vacation leave are accrued as follows:

<u>Years of Service</u>	<u>Days</u>
0 - 3	13
4 - 15	20
more than 15	25

Employees also receive thirteen days of sick leave each year. Sick leave has no accumulation limits and can be carried over from year to year.

- The District's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- The obligation related to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

Changes in compensated absences as of June 30, 2023, were as follows:

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>	<u>Due within One Year</u>
Governmental Activities	\$ 994	\$ 519	\$ (699)	\$ 814	\$ 204
Business-Type Activities	341,824	316,400	(341,865)	316,359	79,090
Total	<u>\$ 342,818</u>	<u>\$ 316,919</u>	<u>\$ (342,564)</u>	<u>\$ 317,173</u>	<u>\$ 79,294</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 10 – LONG TERM DEBT

<u>Business-type activities:</u>	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>	<u>Due within One Year</u>
Water Fund:					
First Foundation Bank Note	\$ 17,500,000	\$ -	\$ -	\$ 17,500,000	\$ 753,000
Wastewater Fund:					
State Water Pollution Control Note	3,381,094	-	(446,627)	2,934,467	458,239
Pacific Premier Line of Credit	11,994,000	-	(524,000)	11,470,000	538,000
Total wastewater fund	15,375,094	-	(970,627)	14,404,467	996,239
Total business-type	\$ 32,875,094	\$ -	\$ (970,627)	\$ 31,904,467	\$ 1,749,239

State Water Pollution Control Note – Direct Borrowing

In 2009, the District executed an agreement for an \$8,300,000 reclamation note with the State of California Water Pollution Control Fund at an interest rate of 2.6% per annum in order to complete the construction of the new wastewater treatment plant. The note is scheduled to mature in fifteen years after the wastewater treatment plant is completed. Principal and interest installments of \$534,536 will be payable annually each year. Annual estimated debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 458,239	\$ 76,297	\$ 534,536
2025	470,154	64,382	534,536
2026	482,378	52,158	534,536
2027	494,919	39,617	534,536
2028	507,787	26,749	534,536
2029	520,990	13,546	534,536
	<u>\$ 2,934,467</u>	<u>\$ 272,749</u>	<u>\$ 3,207,216</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 10 – LONG TERM DEBT (Continued)

Pacific Premier Line of Credit – Direct Borrowing

In November 2019, the District executed an installment sale agreement for an amount not to exceed \$13,000,000 with Pacific Premier Bank at an interest rate of 2.72% per annum for the purpose of providing the funds to pay the costs of construction to rehabilitate its existing Wastewater Treatment Plant. The Wastewater Treatment Plant Expansion Project, which includes expansion of the District’s existing Wastewater Treatment Plant, including the addition of a second bioreactor basin, replacement of blowers to serve the new basin and an upgrade to the existing aeration basin, the addition of a new secondary clarifier, 6 additional sludge drying basins, associated yard piping and electrical, and modifications to Pens 17 to divide it into three percolation ponds.

The agreement is scheduled to mature in September 2039, provided all installment payments are made and after the wastewater treatment plant is completed. Principal and interest installments will be payable annually each year. As of June 30, 2023, the line of credit was fully drawn and converted into a traditional loan payable.

The District has the right at its option to prepay the installment payments in whole or in part, on any date, at a prepayment price equal to the principal amount of installment payments prepaid, plus the premium set forth in the following table, together with accrued interest thereon to the date of prepayment:

Prepayment Date	Prepayment Premium
Any date through November 30, 2024	5%
December 1, 2024 through November 30, 2029	4%
December 1, 2029 through November 30, 2031	3%
December 1, 2031 through November 30, 2033	2%
December 1, 2033 through November 30, 2034	1%
December 1, 2034 and any date thereafter	0%

If the District were to fail to make an installment payment or fail to observe the covenants listed in the agreement, all principal components of the unpaid installment payments and accrued interest thereon can be immediately declared due and payable. Annual estimated debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 538,000	\$ 304,667	\$ 842,667
2025	553,000	289,830	842,830
2026	568,000	274,584	842,584
2027	584,000	258,917	842,917
2028	600,000	242,814	842,814
2029-2033	3,256,000	956,706	4,212,706
2034-2037	3,731,000	482,242	4,213,242
2038-2039	1,640,000	44,907	1,684,907
	<u>\$ 11,470,000</u>	<u>\$ 2,854,667</u>	<u>\$ 14,324,667</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 10 – LONG TERM DEBT (Continued)

First Foundation Bank Note – Direct Borrowing

In December 2021, the District obtained a \$17,500,000 installment note with First Foundation Bank with an interest rate of 2.52% per annum for purposes of providing funds to pay the costs of construction to rehabilitate its existing Wastewater Treatment Plant. The Wastewater Treatment Plant Expansion Project, which includes expansion of the District's existing Wastewater Treatment Plant, including the addition of a 2nd bioreactor basin, replacement of blowers to serve the new basin and upgrades to the existing aeration basin, the addition of a new secondary clarifier, 6 additional sludge drying basins, associated yard piping and electrical, and modifications to Pond 17 to divide it into 3 percolation ponds. Interest is payable semi-annually on June 1 and December 1 of each year. Principal payments are payable on December 1 of each year.

The District has the right at its option to prepay the installment payments in whole or in part, on any date, at a prepayment price equal to the principal amount of installment payments prepaid, plus the premium set forth in the following table, together with accrued interest thereon to the date of prepayment:

Prepayment Date	Prepayment Premium
Any date through November 30, 2023	3%
December 1, 2023 through November 30, 2025	2%
December 1, 2025 through November 30, 2026	1%
December 1, 2026 and any date thereafter	0%

If the District were to fail to pay an installment payment by the installment payment date of failure to make any other payment required within 10 days after the due date, all principal components of the unpaid installment payments, together with accrued interest thereon will be immediately due and payable. Annual estimated debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 753,000	\$ 436,288	\$ 1,189,288
2025	772,000	417,186	1,189,186
2026	791,000	397,618	1,188,618
2027	811,000	377,559	1,188,559
2028	833,000	356,983	1,189,983
2029-2033	4,489,000	1,457,404	5,946,404
2034-2038	5,089,000	858,463	5,947,463
2039-2041	3,962,000	202,154	4,164,154
	<u>\$ 17,500,000</u>	<u>\$ 4,503,655</u>	<u>\$ 22,003,655</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 11 – NET POSITION

Net position categories are as follows:

	Governmental Activities	Business-Type Activities	Total
Capital assets - not being depreciated	\$ 270,365	\$ 39,952,712	\$ 40,223,077
Capital assets - being depreciated, net	68,427	16,499,246	16,567,673
Note payable - current portion	-	(1,211,239)	(1,211,239)
Note payable - noncurrent portion	-	(19,223,228)	(19,223,228)
Line of credit - current portion	-	(538,000)	(538,000)
Line of credit - noncurrent portion	-	(10,932,000)	(10,932,000)
	<hr/>	<hr/>	<hr/>
Total net investment in capital assets	<u>\$ 338,792</u>	<u>\$ 24,547,491</u>	<u>\$ 24,886,283</u>
Street Lighting and Graffiti Abatement Funds	\$ 548,387	\$ -	\$ 548,387
General Fund - CSA fees	25,446	-	25,446
Wastewater Fund - construction retention	-	631,080	631,080
	<hr/>	<hr/>	<hr/>
Total restricted net position	<u>\$ 573,833</u>	<u>\$ 631,080</u>	<u>\$ 1,204,913</u>

NOTE 12 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors two miscellaneous rate plans. Benefit provisions under the Plan are 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, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 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.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5 % @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%	1.0% - 2.5%
Required employee contribution rates	8%	6.75%
Required employer contribution rates	11.59%	7.47%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2023 were \$279,162. The actual employer payments of \$235,219 made to CalPERS by the District during the measurement period ended June 30, 2022 differed from the District's proportionate share of the employer's contributions of \$368,493 by \$133,274, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The District's net pension liability (asset) for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

(1) The mortality table used was developed based on CalPERS specific data. The rates incorporate Generational Morality to capture ongoing morality improvement using 80% Scale MP-2020 published by Society of Actuaries. For more details, please refer to the 2021 Experience Study that can be found on the CalPERS website.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Long-term Expected Rate of Return (Continued)

The expected real rates of return by asset class are as follows:

Asset Class¹	Assumed Asset Allocation	Real Return Years 1 - 10^{1,2}
Global Equity - cap weighted	30.00%	5.98%
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 corporation	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.21%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

¹ An expected inflation of 2.30% used for this period

² Figures are based on the 2021-22 Assets Liability Management Study.

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. 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, combined with risk estimates, and 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. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

Discount Rate

The discount rate used to measure the total pension liability (asset) for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Proportionate Share of Net Pension Liability

The following table shows the Plan’s proportionate share of the net pension liability (asset) over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2021 (Valuation Date)	\$ 7,145,328	\$ 7,408,781	\$ (263,453)
Balance at: 6/30/2022 (Measurement Date)	8,078,032	7,104,057	973,975
Net Changes during 2021-22	<u>\$ 932,704</u>	<u>\$ (304,724)</u>	<u>\$ 1,237,428</u>

The District’s proportion of the net pension liability (asset) was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS’ website, at www.calpers.ca.gov. The District’s proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2021 and 2022 measurement dates was as follows:

	Miscellaneous
Proportionate Share - June 30, 2021	-0.013875%
Proportionate Share - June 30, 2022	0.020815%
Change - Increase (Decrease)	0.034690%

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 (asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability (Asset)	\$ 2,075,157	\$ 973,975	\$ 67,976

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Proportionate Share of Net Pension Liability (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2021), the District’s net pension asset was \$263,453. For the measurement period ending June 30, 2022 (the measurement date), the District incurred pension expense of \$1,067,343.

As of June 30, 2023, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 99,804	\$ -
Difference between Expected and Actual Experience	6,459	-
Difference Between Projected and Actual Investment Earnings on Pension Plan	178,406	-
Difference Between Employer's Contributions and Proportionate Share of Contributions	-	(154,314)
Change in Employer's Proportion Pension Contributions Made Subsequent to the Measurement Date	584,410	-
	<u>279,162</u>	<u>-</u>
Total	<u>\$ 1,148,241</u>	<u>\$ (154,314)</u>

These amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense. The \$279,162 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 upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	\$ 249,666
2025	225,642
2026	130,339
2027	109,118
2028	-
Remaining	-

E. Payable to the Pension Plan

At June 30, 2023, the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year then ended.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 13 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk-sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to manage and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2023, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials, and employees' errors and omissions and employment practices liability: total risk financing self-insurance limits of \$10,000,000, combined single limit at \$10,000,000 per occurrence, subject to the following deductibles: \$25,000 per occurrence for third party general liability property damage, \$25,000 per occurrence for third party auto liability property damage; 50% co-insurance of cost expended by SDRMA in excess of \$10,000 up to \$50,000, per occurrence, for employment related claims.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty; forgery or alteration; and theft, disappearance, and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced, and if not replaced within two years after the loss, paid on an actual cash value basis, to a combined total of \$1.0 billion per occurrence, subject to a \$25,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$25,000 deductible per occurrence.
- Public officials personal liability up to \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of \$500 per claim.
- Workers' compensation insurance up to statutory limits per occurrence and Employer's Liability Coverage up to \$5 million.
- Comprehensive and collision insurance on selected vehicle with deductibles of \$250/\$500 or \$500/\$1,000, as elected.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal years 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no material IBNR claims payable as of June 30, 2023, 2022, and 2021.

ROSAMOND COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Litigation - Antelope Valley Groundwater Cases

This case involves a series of consolidated cases known as the Antelope Valley Groundwater Cases regarding priority of water rights. On November 30, 2006, the court entered an order defining the boundaries of the adjudication. A second phase of trial was also conducted to determine if there was more than one distinct groundwater basin. In order to create a comprehensive adjudication of all water rights claimants within the groundwater basin, the claimants were identified by two classes, the Willis Class and the Woods Class. On November 18, 2010, the Willis Class was moved for preliminary settlement agreement, which gives the Willis Class the right to seek attorney's fees against the named "public water suppliers (PWS)," which include the District. On January 24, 2011, the Willis Class served a motion to request attorney's fees against the public water suppliers in the amount of \$2,300,618, costs of \$86,000 and a "lodestar" multiplier of 1.5. The motion proposes an allocation of the award between the public water suppliers based on pumping, and proposes the District pay 5.12% of the requested fees. On February 24, 2011, the courts approved the Willis Class settlement. However, there was no discussion regarding attorney's fees. On May 4, 2011, the judge awarded a total of \$1,904,552 to the Willis Class attorneys. The motion proposed an allocation of the award between the PWS based upon pumping, and proposed that the District pay 5.12% of the requested fees or approximately \$98,000.

On July 12, 2011, Willis Class filed a motion for a supplemental award of attorney's fees seeking reimbursement of fees of \$209,625 allegedly incurred in 2011. On September 6, 2011, the judge granted to the attorneys an additional \$160,663. On September 22, 2011, the court entered an amended final judgment approving class action settlement. The amended final judgment combined the May 4, 2011, and September 6, 2011, attorney's fees into a final judgment of \$2,075,174, of which \$106,099 is to be paid by the District. An agreement between Willis Class and the District was reached regarding the payment of fees. Willis Class accepted monthly payments from the District in the amount of \$4,421 without interest beginning September 1, 2011, for a term of 2 years. As of the date of this report, final payment has been made.

A third phase trial was heard to discuss the safe-yield of the basin and whether it is in the state of overdraft.

Phase four began May 28, 2013, to determine the overall groundwater production occurring in the Basin in calendar years 2011 and 2012.

A new phase (five) began February 2014, which deals with the determination of the Federal Reserve water rights, and the rights to return flows from imported water. The parties involved are engaged in settlement negotiations and have prepared a proposed stipulated judgment to present to the Court. The parties submitted the proposed stipulated judgment to the court in August, 2015; the stipulated judgment was agreed to by all but a handful of parties. The party most opposed to the judgment is the Willis Class. In mid-October 2015, the court heard argument and took evidence regarding the Willis Class' challenges to the stipulated judgment. Closing arguments will be heard the first week of November 2015 regarding the stipulated judgment.

During the fiscal year ended June 30, 2016, the phase five trial was suspended so as to afford the parties the opportunity to continue global settlement discussions.

ROSAMOND COMMUNITY SERVICES DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

A sixth phase began on September 28, 2015, the purpose of which was to hear evidence on a proposed physical solution/settlement between the stipulated parties, default proceedings and objections of non-stipulated parties to the proposed solution.

On November 4, 2015, a tentative oral decision was issued which approved the proposed physical solution and ruled that non-stipulating parties be bound by the solution. The court overruled the objections of the Willis Class; found that the Tapia defendants had failed to prove their water usage and that Phelan Pinon Hills Community Service District was an appropriator of water and that there was no surplus available for that entity.

On December 23, 2015, the court entered judgment and adopted the physical solution as its own which is binding on all parties. Appeals by the Willis Class, the Tapia defendants and Phelan Pinon Hills Community Service District were filed and remain pending as of June 30, 2016.

NOTE 15 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

Excess of expenditures over appropriations in individual funds are as follows:

<u>Fund</u>	<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Graffiti Abatement	General government	\$ (2,527)

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REQUIRED SUPPLEMENTARY INFORMATION

ROSAMOND COMMUNITY SERVICES DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 379,960	\$ 379,960	\$ 433,427	\$ 53,467
Interest earnings	1,477	1,477	17,831	16,354
Other income	9,900	9,900	3,843	(6,057)
Total revenues	<u>391,337</u>	<u>391,337</u>	<u>455,101</u>	<u>63,764</u>
EXPENDITURES				
General government	<u>80,120</u>	<u>80,120</u>	<u>6,500</u>	<u>73,620</u>
Total expenditures	<u>80,120</u>	<u>80,120</u>	<u>6,500</u>	<u>73,620</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(155,027)</u>	<u>(1,178,536)</u>	<u>(1,253,394)</u>	<u>(74,858)</u>
Total other financing sources (uses)	<u>(155,027)</u>	<u>(1,178,536)</u>	<u>(1,253,394)</u>	<u>(74,858)</u>
Net change in fund balance	156,190	(867,319)	(804,793)	62,526
Fund balance, beginning of year	<u>970,274</u>	<u>970,274</u>	<u>970,274</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,126,464</u>	<u>\$ 102,955</u>	<u>\$ 165,481</u>	<u>\$ 62,526</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GRAFFITI ABATEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
General government	\$ 1,000	\$ 1,000	\$ 3,527	\$ (2,527)
Total expenditures	1,000	1,000	3,527	(2,527)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	1,000	3,527	2,527
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	4,451	4,451	4,451	-
Fund balance, end of year	\$ 4,451	\$ 4,451	\$ 4,451	\$ -

ROSAMOND COMMUNITY SERVICES DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – PARKS AND RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Interest earnings	\$ 798	\$ 798	\$ 5,118	\$ 4,320
Total revenues	798	798	5,118	4,320
EXPENDITURES				
Parks and recreation	3,278	3,278	3,278	-
Total expenditures	3,278	3,278	3,278	-
OTHER FINANCING SOURCES (USES)				
Transfers in	112,508	1,136,017	1,219,491	83,474
Total other financing sources (uses)	112,508	1,136,017	1,219,491	83,474
Net change in fund balance	110,028	1,133,537	1,221,331	87,794
Fund balance (deficit), beginning of year	(1,221,331)	(1,221,331)	(1,221,331)	-
Fund balance (deficit), end of year	<u>\$ (1,111,303)</u>	<u>\$ (87,794)</u>	<u>\$ -</u>	<u>\$ 87,794</u>

ROSAMOND COMMUNITY SERVICES DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – STREET LIGHTING FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Special assessments	\$ 198,326	\$ 198,326	\$ 213,232	\$ 14,906
Interest earnings	1,386	1,386	10,046	8,660
Total revenues	199,712	199,712	223,278	23,566
EXPENDITURES				
Street lighting	169,230	169,230	157,463	11,767
Total expenditures	169,230	169,230	157,463	11,767
OTHER FINANCING SOURCES (USES)				
Transfers in	41,519	41,519	30,376	(11,143)
Total other financing sources (uses)	41,519	41,519	30,376	(11,143)
Net change in fund balance	72,001	72,001	96,191	24,190
Fund balance, beginning of year	447,745	447,745	447,745	-
Fund balance, end of year	\$ 519,746	\$ 519,746	\$ 543,936	\$ 24,190

ROSAMOND COMMUNITY SERVICES DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
AS OF THE MEASUREMENT DATE
LAST 10 YEARS***

Measurement Date	Employer's Proportion of the Collective Net Pension Liability (Asset) ¹	Employer's Proportionate Share of the Collective Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.03508%	\$ 867,004	\$ 1,222,807	70.90%	75.69%
6/30/2015	0.03563%	977,411	1,270,028	76.96%	75.07%
6/30/2016	0.00927%	322,159	1,392,542	23.13%	92.51%
6/30/2017	0.00949%	374,120	1,256,503	29.77%	92.05%
6/30/2018	0.00866%	326,172	1,323,305	24.65%	93.92%
6/30/2019	0.00447%	457,838	1,283,337	35.68%	92.50%
6/30/2020	0.00562%	611,901	1,476,630	41.44%	90.87%
6/30/2021	-0.00487%	(263,453)	1,575,158	-16.73%	103.69%
6/30/2022	0.00843%	973,975	1,652,060	58.96%	87.94%

¹ Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk pools excluding the 1959 Survivors Risk Pool.

* Historical information is required only for measurement period for which GASB 68 & 71 were applicable.

ROSAMOND COMMUNITY SERVICES DISTRICT**SCHEDULE OF PLAN CONTRIBUTIONS
LAST 10 YEARS***

Fiscal Year	Contractually	Contributions	Contribution	Employer's	Contributions
	Determined	in Relation to	Deficiency	Covered	as a
	Contributions	the	(Excess)	Payroll	Percentage of
		Contractually			Covered
		Determined			Payroll
		Contributions			
2014-15	\$ 234,377	\$ (234,377)	\$ -	\$ 1,270,028	18.45%
2015-16	200,443	(1,006,329)	(805,886)	1,392,542	14.39%
2016-17	118,576	(118,576)	-	1,256,503	9.44%
2017-18	130,091	(130,091)	-	1,323,305	9.83%
2018-19	138,868	(138,868)	-	1,283,337	10.82%
2019-20	177,009	(177,009)	-	1,476,630	11.99%
2020-21	210,775	(210,775)	-	1,575,158	13.38%
2021-22	235,219	(235,219)	-	1,652,060	14.24%
2022-23	279,162	(279,162)	-	2,028,379	13.76%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. 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, combined with risk estimates, and 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. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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SUPPLEMENTARY INFORMATION

ROSAMOND COMMUNITY SERVICES DISTRICT

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
BUDGET AND ACTUAL – WATER FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Water consumption sales	\$ 9,787,407	\$ 9,787,407	\$ 7,201,925	\$ (2,585,482)
Total operating revenues	9,787,407	9,787,407	7,201,925	(2,585,482)
OPERATING EXPENSES				
Salaries and benefits	1,648,264	1,648,264	2,180,679	(532,415)
Operations	1,549,523	1,549,523	1,512,676	36,847
Total operating expenses	3,197,787	3,197,787	3,693,355	(495,568)
Operating income before depreciation	6,589,620	6,589,620	3,508,570	(3,081,050)
Depreciation expense	(1,568,160)	(1,568,160)	(1,585,313)	(17,153)
Operating income (loss)	5,021,460	5,021,460	1,923,257	(3,098,203)
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	39,252	39,252	336,904	297,652
Interest expense	-	-	(437,625)	(437,625)
Other revenue	62,850	62,850	45,089	(17,761)
Gain on sale of capital assets	-	-	3,561	3,561
Other expense	-	-	(1,938)	(1,938)
Total nonoperating revenues (expenses)	102,102	102,102	(54,009)	(156,111)
Change in net position	5,123,562	5,123,562	1,869,248	(3,254,314)
Net position, beginning of year	32,838,313	32,838,313	32,838,313	-
Net position, end of year	\$ 37,961,875	\$ 37,961,875	\$ 34,707,561	\$ (3,254,314)

ROSAMOND COMMUNITY SERVICES DISTRICT

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
BUDGET AND ACTUAL – WASTEWATER FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Wastewater service charges	\$ 5,753,167	\$ 5,753,167	\$ 4,710,975	\$ (1,042,192)
Total operating revenues	<u>5,753,167</u>	<u>5,753,167</u>	<u>4,710,975</u>	<u>(1,042,192)</u>
OPERATING EXPENSES				
Salaries and benefits	1,564,085	1,564,085	1,673,233	(109,148)
Operations	938,522	938,522	1,163,376	(224,854)
Total operating expenses	<u>2,502,607</u>	<u>2,502,607</u>	<u>2,836,609</u>	<u>(334,002)</u>
Operating income before depreciation	3,250,560	3,250,560	1,874,366	(1,376,194)
Depreciation expense	(649,810)	(649,810)	(723,786)	(73,976)
Operating income	<u>2,600,750</u>	<u>2,600,750</u>	<u>1,150,580</u>	<u>(1,450,170)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	47,458	47,458	242,139	194,681
Interest expense	(407,608)	(407,608)	(404,774)	2,834
Other revenue	350	350	4,852	4,502
Gain on sale of capital assets	-	-	3,561	3,561
Other expense	-	-	(1,938)	(1,938)
Contributed capital	-	-	4,112	4,112
Total nonoperating revenues (expenses)	<u>(359,800)</u>	<u>(359,800)</u>	<u>(152,048)</u>	<u>207,752</u>
Change in net position	2,240,950	2,240,950	998,532	(1,242,418)
Net position, beginning of year	<u>26,279,915</u>	<u>26,279,915</u>	<u>26,279,915</u>	<u>-</u>
Net position, end of year	<u>\$ 28,520,865</u>	<u>\$ 28,520,865</u>	<u>\$ 27,278,447</u>	<u>\$ (1,242,418)</u>

REPORT ON COMPLIANCE AND INTERNAL CONTROLS



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

PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

Independent Auditor's Report

To the Board of Directors
Rosamond Community Services District
Rosamond, California

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

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 the governmental activities, the business-type activities, and each major fund of the Rosamond Community Services District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 7, 2023.

Report 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 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.

MEMBERS

American Institute of
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*PCPS The AICPA Alliance
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*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



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 that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
September 7, 2023



September 7, 2023

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To the Board of Directors
Rosamond Community Services District

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We have audited the financial statements of Rosamond Community Services District (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated September 7, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 3, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

Planned Scope and Timing of the Audit

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

To the Board of Directors
Rosamond Community Services District

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks

We have identified the possibility of the following significant risks:

Management's override of internal controls over financial reporting: Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition: Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

To the Board of Directors
Rosamond Community Services District

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of capital asset depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the net pension liability and related deferred inflows and outflows of resources is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of accumulated depreciation in Note 8 to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of net pension liability and related deferred amounts in Note 12 to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed instances.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements.

Disagreements with Management

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

To the Board of Directors
Rosamond Community Services District

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 7, 2023.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

September 7, 2023

Rogers, Anderson, Malody & Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the financial statements of Rosamond Community Services District (the District) as of June 30, 2023, and for the year then ended then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 7, 2023:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 3, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, GASB Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus as amended, and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense/expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to the nonattest service provided, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and

- Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and, if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.

- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- With respect to the supplementary information accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the supplementary information in accordance with generally accepted accounting principles in the United States of America.
 - We believe the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
 - We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.

- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- With respect to the required supplementary information accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
 - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with the applicable criteria.
 - The methods of measurement of presentation have not changed from those used in the prior period.
- We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.



09/07/2023

Brad Rockabrand, Director of Finance

STAFF REPORT

Rosamond Community Services District

DATE: October 25, 2023
TO: Board of Directors
FROM: Brad Rockabrand, CPA
Prepared by: Julie Lopez-Olmos, Senior Accounting Clerk
SUBJECT: Review of the check/voucher register dated October 3, 2023 through October 16, 2023 | Payroll (Direct Deposit) dated October 11, 2023 | Payroll (Checks) dated October 11, 2023

RECOMMENDATION:

By motion, receive and file.

EXECUTIVE SUMMARY:

The District's check/voucher register includes all disbursement transactions, actual checks as well as electronic, for the periods referenced above. Total disbursements were \$235,442.61 as follows:

Checks issued to vendors	\$178,996.45
Payroll direct deposit and checks	<u>56,446.16</u>
Total	\$235,442.61

Significant disbursements included the following payments:

- \$10,740.70 was paid to Eagle Pump Services, Inc. on October 4, 2023 for 2 qty hydrorangers & sensors for headworks
- \$14,771.09 was remitted to the CalPERS on October 11 2023 for required contributions
 - \$9,681.24 (Employer portion)
 - \$5,089.85 (Employee portion)
- \$4,090.62 was remitted to the Employment Development Department on October 11, 2023
 - \$.00 (Employer portion)
 - \$4,090.62 (Employee portion)
- \$24,727.32 was paid to Eide Bailly LLP on October 11, 2023 for September 2023 accounting, transition and management analyst services

- \$22,460.14 was remitted to the Internal Revenue Service on October 11, 2023
 - \$ 6,693.13 (Employer portion)
 - \$15,767.01 (Employee portion)
- \$14,884.16 was paid to Southern California Edison on October 11, 2023 for electricity usage for the wells and tanks

DISCUSSION/ANALYSIS:

The check/voucher register dated October 3, 2023 through October 16, 2023 includes check numbers 63521 through 63566, 63567 (void), 63568 (spoiled) and 63570 through 63598 (Attachment 1)

Payroll (Direct Deposit) number 26324 through 26326, 26328 through 26349 were issued on October 11, 2023 in the amount of \$54,528.58 (Attachment 2). Payroll (Checks) number 26323 and 26327 were issued on October 11, 2023 in the amount of \$1,917.58

FISCAL IMPACT:

Not applicable

ENVIRONMENTAL IMPACT:

Not applicable

PRIOR BOARD REVIEW:

Not applicable

COMMISSION/COMMITTEE/BOARD REVIEW AND RECOMMENDATIONS:

Not applicable

NOTIFICATION:

Not applicable

ATTACHMENTS:

Attachment 1 – Check/voucher register dated October 3, 2023 through October 16, 2023

Attachment 2 – Payroll (Direct Deposit) dated October 11, 2023 and Payroll (Checks) dated October 11, 2023

Rosamond Community Services District
Check/Voucher Register
10101 - General Checking - Wells Fargo
From 10/3/2023 Through 10/16/2023

Date	Check No.	Vendor Name	Transaction Description	Amount	Total
10/4/2023	63521	ALBRIGHT, JACOB	CUSTOMER REFUND	48.30	48.30
10/4/2023	63522	AMARO, CARLOS MUNOZ	CUSTOMER REFUND	162.84	162.84
10/4/2023	63523	CVORIC, ALBIN	CUSTOMER REFUND	117.64	117.64
10/4/2023	63524	FRANCK, ANTHONY	CUSTOMER REFUND	81.41	81.41
10/4/2023	63525	GAY, LEE	CUSTOMER REFUND	194.82	194.82
10/4/2023	63526	JACKSON, ROBIN	CUSTOMER REFUND	197.48	197.48
10/4/2023	63527	KAUR, MANJEET	CUSTOMER REFUND	173.96	240.12
10/4/2023		KAUR, MANJEET	CUSTOMER REFUND	66.16	240.12
10/4/2023	63528	MORSE, JONATHAN	CUSTOMER REFUND	197.90	197.90
10/4/2023	63529	PATRICK, KEVIN	CUSTOMER REFUND	48.80	48.80
10/4/2023	63530	ROUNDS, BRETT	CUSTOMER REFUND	264.14	464.14
10/4/2023		ROUNDS, BRETT	CUSTOMER REFUND	200.00	464.14
10/4/2023	63531	SCHELL, TOBY	CUSTOMER REFUND	193.62	193.62
10/4/2023	63532	STEVENS, ROBIN	CUSTOMER REFUND	165.05	165.05
10/4/2023	63533	TRIMBLE, DALTON	CUSTOMER REFUND	135.09	135.09
10/4/2023	63534	TRUITT, CHRIS	CUSTOMER REFUND	226.60	2,226.60
10/4/2023		TRUITT, CHRIS	CUSTOMER REFUND	2,000.00	2,226.60
10/4/2023	63535	BRECKENRIDGE PROPERTY FUND 2016 LLC	CUSTOMER REFUND	182.30	182.30
10/4/2023	63536	47 HARTFORD LLC	CUSTOMER REFUND	196.22	196.22
10/4/2023	63537	ROSAMOND HOUSES LLC	CUSTOMER REFUND	9.74	9.74
10/4/2023	63538	OPENDOOR LABS INC.	CUSTOMER REFUND	3.42	3.42
10/4/2023	63539	EVANS, MATTHEW	CUSTOMER REFUND	185.92	185.92
10/4/2023	63540	GONZALEZ, JUAN	CUSTOMER REFUND	689.64	689.64
10/4/2023	63541	ROSAMOND HOUSES	CUSTOMER REFUND	196.22	196.22
10/4/2023	63542	ANTELECOM, INC.	ADMIN OFFICE: 4G WIRELESS	75.00	300.00
10/4/2023		ANTELECOM, INC.	SOLAR ADMIN: 4G WIRELESS	75.00	300.00
10/4/2023		ANTELECOM, INC.	SOLAR POND: 4G WIRELESS	75.00	300.00
10/4/2023		ANTELECOM, INC.	SOLAR WELL: 4G WIRELESS	75.00	300.00
10/4/2023	63543	AUTOZONE	DIESEL EXHAUST FLUID	44.27	44.27
10/4/2023	63544	BABCOCK LABORATORIES, INC.	SYSTEM TESTS	300.00	600.00
10/4/2023		BABCOCK LABORATORIES, INC.	SYSTEM TESTS	300.00	600.00
10/4/2023	63545	BOOT BARN, INC.	ANNUAL BOOTS: M. WALTON 09/22/2023	200.00	200.00
10/4/2023	63546	CORE & MAIN LP	30 QTY 5/8 ANGLE METER	2,281.84	6,344.12
10/4/2023		CORE & MAIN LP	1 QTY 17X30 METER BOX & 8 QTY METER LIDS	201.61	6,344.12
10/4/2023		CORE & MAIN LP	6 QTY ANGLE METER VALVE, 7 QTY 1" IPS INSTA-TITE, ETC.	1,392.70	6,344.12
10/4/2023		CORE & MAIN LP	12 QTY 5/8 ANGLE STOP & 24 QTY 3/4X3 CLP	2,467.97	6,344.12
10/4/2023	63547	EAGLE PUMP SERVICES, INC.	2 QTY HYDRORANGERS AND SENSORS FOR HEADWORKS	10,740.70	10,740.70
10/4/2023	63548	FAMCON PIPE & SUPPLY INC.	4 QTY 2" IPS POLY	794.56	1,140.96
10/4/2023		FAMCON PIPE & SUPPLY INC.	10 QTY METER LIDS	346.40	1,140.96
10/4/2023	63549	GARDENSOFT	WATER WISE GARDENING WEBSITE LICENSE 10/28/2023 - 10/28/2024	1,000.00	1,000.00
10/4/2023	63550	KIMBALL MIDWEST	STOCK SUPPLIES	1,767.90	1,767.90
10/4/2023	63551	KLEIN, DENATALE, GOLDNER, COOPER, ROSENLIB & KIMBALL, LLP	GENERAL BUSINESS THROUGH 09/19/2023	3,187.50	4,087.50
10/4/2023		KLEIN, DENATALE, GOLDNER, COOPER, ROSENLIB & KIMBALL, LLP	ARSENIC CONSOLIDATION THROUGH 09/19/2023	900.00	4,087.50

Rosamond Community Services District
Check/Voucher Register
10101 - General Checking - Wells Fargo
From 10/3/2023 Through 10/16/2023

Date	Check No.	Vendor Name	Transaction Description	Amount	Total
10/4/2023	63552	NBS	LLAD NO. 2 ADMINISTRATION SERVICES: 09/01/2023 - 12/31/2023	6,946.06	9,651.26
10/4/2023		NBS	SPECIAL DISTRICT ADMINISTRATION SERVICES: 09/01/23-12/31/23	2,705.20	9,651.26
10/4/2023	63553	OFFICE DEPOT BUSINESS SOLUTIONS LLC	2 QTY 4 DRAWER FILING CABINET	4,037.87	4,180.16
10/4/2023		OFFICE DEPOT BUSINESS SOLUTIONS LLC	275XL/276XL INK AND 83X TONER	142.29	4,180.16
10/4/2023	63554	P & J ELECTRIC, INC.	TROUBLESHOOT & INSTALL NEW FLOAT TRACE	860.72	3,164.74
10/4/2023		P & J ELECTRIC, INC.	VALVES IN VAULT, AUMA VALVE @ AERATION BASIN, ETC.	2,304.02	3,164.74
10/4/2023	63555	PLUMBERS DEPOT INC.	RIP SAW, NOZZLE EXTENSION AND BOOM GASKET	1,563.99	1,979.03
10/4/2023		PLUMBERS DEPOT INC.	1 QTY 1/2 HYDRO EX TRIGGER GUN	415.04	1,979.03
10/4/2023	63556	ROSAMOND CSD	2700 20TH ST	174.00	174.00
10/4/2023	63557	ROSAMOND CSD	3179 35TH ST W	3,842.57	3,842.57
10/4/2023	63558	ROSAMOND CSD	WWTP (PHYDRO)	211.73	412.93
10/4/2023		ROSAMOND CSD	SEWER PLANT B POND	201.20	412.93
10/4/2023	63559	SANI-STAR	SEP 2023 SERVICE FEE	200.00	200.00
10/4/2023	63560	SDRMA	ANNUAL WORKERS COMP RECONCILIATION PROGRAM YR 2022-23	8,030.61	8,030.61
10/4/2023	63561	SPARKLETTS	WATER	68.93	68.93
10/4/2023	63562	THE TIRE STORE	#27 FLAT TIRE REPAIR	20.00	40.00
10/4/2023		THE TIRE STORE	#30 FLAT TIRE REPAIR	20.00	40.00
10/4/2023	63563	TRI-SIGNAL INTEGRATION, INC.	FIRE ALARM REPAIR	1,280.00	1,280.00
10/4/2023	63564	USA BLUEBOOK	1 QTY 42 GPD C12 PUMP	2,262.37	2,262.37
10/4/2023	63565	VALLEY CONSTRUCTION SUPPLY, INC.	1 QTY 14" DIAMOND BLADE & 1 QTY 18" DIAMOND BLADE	735.82	735.82
10/4/2023	63566	WASTE MANAGEMENT-KERN COUNTY	3179 35TH ST W: TRASH SERVICE	482.80	1,393.10
10/4/2023		WASTE MANAGEMENT-KERN COUNTY	875 PATTERSON RD: TRASH SERVICE	482.80	1,393.10
10/4/2023		WASTE MANAGEMENT-KERN COUNTY	875 PATTERSON RD: TRASH SERVICE	247.50	1,393.10
10/4/2023		WASTE MANAGEMENT-KERN COUNTY	PORT-O-LET	180.00	1,393.10
10/5/2023	63567	CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM	PAYROLL REMITTANCE	0.00	(15,373.51)
10/5/2023	63568			0.00	0.00
10/11/2023	63570	A-1 KLEAN RITE	PW BLD: JANITORIAL CLEANING	1,200.00	4,625.00
10/11/2023		A-1 KLEAN RITE	CARPET CLEANING	1,250.00	4,625.00
10/11/2023		A-1 KLEAN RITE	JANITORIAL CLEANING	1,200.00	4,625.00
10/11/2023		A-1 KLEAN RITE	RWW: JANITORIAL CLEANING	975.00	4,625.00
10/11/2023	63571	BURKE, WILLIAMS & SORENSEN, LLP	ROSAMOND HOLDINGS LLC (AD 1991-3)	225.04	3,660.26
10/11/2023		BURKE, WILLIAMS & SORENSEN, LLP	SHERMAN, LAWRENCE F. (AD 1991-3)	31.43	3,660.26
10/11/2023		BURKE, WILLIAMS & SORENSEN, LLP	PEREZ, BERNARDO (AD 1991-3)	210.46	3,660.26
10/11/2023		BURKE, WILLIAMS & SORENSEN, LLP	NGUYEN, BINH (AD 1991-3)	210.46	3,660.26
10/11/2023		BURKE, WILLIAMS & SORENSEN, LLP	HORN ENTERPRISES (AD 1991-3)	210.46	3,660.26
10/11/2023		BURKE, WILLIAMS & SORENSEN, LLP	AZTEC FINANCIAL (AD 1991-3)	1,625.60	3,660.26
10/11/2023		BURKE, WILLIAMS & SORENSEN, LLP	GUZMAN, JOSE ET AL. (AD 1991-3)	787.07	3,660.26
10/11/2023		BURKE, WILLIAMS & SORENSEN, LLP	GENERAL	342.50	3,660.26
10/11/2023		BURKE, WILLIAMS & SORENSEN, LLP	TIMBER PROPERTIES LTD (AD 1990-2/AD 1991-3)	17.24	3,660.26
10/11/2023	63572	CALIFORNIA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM	PAYROLL REMITTANCE	14,771.09	14,771.09
10/11/2023	63573	CALPERS SUPPLEMENTAL INCOME 457 PLAN	PERS 457	4,905.50	4,905.50
10/11/2023	63574	CA STATE DISBURSEMENT UNIT	WITHHOLDING ORDER	424.60	424.60
10/11/2023	63575	CLINICAL LABORATORY OF SAN BERNARDINO, INC.	SYSTEM TESTS	355.00	355.00
10/11/2023	63576	CORE & MAIN LP	300 QTY 1" IPS POLY	429.99	429.99

Rosamond Community Services District
Check/Voucher Register
10101 - General Checking - Wells Fargo
From 10/3/2023 Through 10/16/2023

Date	Check No.	Vendor Name	Transaction Description	Amount	Total
10/11/2023	63577	DATAFLOW BUSINESS SYSTEMS	COPIER MAINTENANCE AGREEMENTS & OVERAGES	392.29	392.29
10/11/2023	63578	DESERT LOCK COMPANY	SECURITY PRO PRIVACY LEVER	159.86	159.86
10/11/2023	63579	EMPLOYMENT DEVELOPMENT DEPARTMENT	STATE DISABILITY INSURANCE	749.14	4,090.62
10/11/2023		EMPLOYMENT DEVELOPMENT DEPARTMENT	STATE INCOME TAX	3,341.48	4,090.62
10/11/2023	63580	EIDE BAILLY LLP	SEP 2023 ACCOUNTING SERVICES	24,333.00	24,727.32
10/11/2023		EIDE BAILLY LLP	SEP 2023 TRANSITION SERVICES	100.00	24,727.32
10/11/2023		EIDE BAILLY LLP	SEP 2023 MANAGEMENT ANALYST	294.32	24,727.32
10/11/2023	63581	FRANCHISE TAX BOARD	RICK L. WEBB ACCT NO. 568456745: GARNISHMENT	82.58	82.58
10/11/2023	63582	GREATAMERICA FINANCIAL SERVICES	KYOSERA LEASE AGREEMENTS	395.11	395.11
10/11/2023	63583	HYDROPRO SOLUTIONS LLC.	3" OCTAVE METER	1,318.24	1,318.24
10/11/2023	63584	IRON MOUNTAIN INC.	STG & SHRED PKG B	319.00	319.00
10/11/2023	63585	INTERNAL REVENUE SERVICE	FEDERAL INCOME TAX	9,073.88	22,460.14
10/11/2023		INTERNAL REVENUE SERVICE	MEDICARE	2,537.26	22,460.14
10/11/2023		INTERNAL REVENUE SERVICE	SOCIAL SECURITY	10,849.00	22,460.14
10/11/2023	63586	KCTTC	TAXES: ATN 375-113-19-01-1	92.72	92.72
10/11/2023	63587	LOOMIS	SAFEPOINT SERVICE	1,037.38	1,037.38
10/11/2023	63588	NORTHERN DIGITAL INC.	T&M SUPPORT	780.00	2,720.00
10/11/2023		NORTHERN DIGITAL INC.	T&M SUPPORT	1,940.00	2,720.00
10/11/2023	63589	PLUMBERS DEPOT INC.	SERVICE GAPVAX	2,410.96	2,754.44
10/11/2023		PLUMBERS DEPOT INC.	3 QTY GIANT PUMP PLUG	343.48	2,754.44
10/11/2023	63590	RAMIREZ, VICTOR	DAMAGE CLAIM	506.13	506.13
10/11/2023	63591	DANIEL REID CONSULTING SERVICES	SEPT 2023 SERVICE, SUPPORT AND T&M INITIATIVES	2,650.00	2,650.00
10/11/2023	63592	SMITH & LOVELESS, INC.	GRIT PUMP SEAL	335.49	335.49
10/11/2023	63593	SOUTHERN CALIF. EDISON	WELLS & TANKS	14,884.16	14,884.16
10/11/2023	63594	SOUTHERN CALIF. EDISON	2707 DIXIE ST (2700 20TH ST)	93.31	93.31
10/11/2023	63595	TIMM, SHERRI	MILEAGE REIMBURSEMENT: TO/FROM CALPERS	105.00	105.00
10/11/2023	63596	WASHINGTON, GREGORY	MILEAGE REIMBURSEMENT: TO/FROM WATER SMART CONF.	298.68	298.68
10/11/2023	63597	WASTE MANAGEMENT-KERN COUNTY	875 PATTERSON RD: TRASH SERVICE	809.30	809.30
10/11/2023	63598	WHITE, AL	REIMBURSEMENT: GAS FOR DISTRICT VEHICLE	15.00	15.00
Report Total				178,996.45	

Rosamond Community Services District
Summary Check/Transaction Register
From 10/10/2023 Through 10/11/2023

<u>Document Date</u>	<u>Document Number</u>	<u>Type of Payment</u>	<u>Amount</u>
10/11/2023	26323	Check	975.08
10/11/2023	26324	Check	683.39
10/11/2023	26325	Check	683.39
10/11/2023	26326	Check	512.54
10/11/2023	26327	Check	942.50
10/11/2023	26328	Check	3,138.40
10/11/2023	26329	Check	2,144.54
10/11/2023	26330	Check	3,028.87
10/11/2023	26331	Check	4,241.84
10/11/2023	26332	Check	2,050.29
10/11/2023	26333	Check	1,178.21
10/11/2023	26334	Check	1,604.90
10/11/2023	26335	Check	2,048.37
10/11/2023	26336	Check	1,918.03
10/11/2023	26337	Check	3,561.64
10/11/2023	26338	Check	1,854.42
10/11/2023	26339	Check	1,829.49
10/11/2023	26340	Check	2,084.15
10/11/2023	26341	Check	2,798.95
10/11/2023	26342	Check	1,676.21
10/11/2023	26343	Check	1,465.81
10/11/2023	26344	Check	2,149.27
10/11/2023	26345	Check	1,943.22
10/11/2023	26346	Check	2,469.81
10/11/2023	26347	Check	2,716.79
10/11/2023	26348	Check	3,673.53
10/11/2023	26349	Check	<u>3,072.52</u>
Report Total			<u><u>56,446.16</u></u>

PAYROLL 10/11/2023

Document	Date	Number	Amount
10/11/2023	26324	683.39	683.39
10/11/2023	26325	683.39	683.39
10/11/2023	26326	512.54	512.54
10/11/2023	26328	3,138.40	3,138.40
10/11/2023	26329	2,144.54	2,144.54
10/11/2023	26330	3,028.87	3,028.87
10/11/2023	26331	4,241.84	4,241.84
10/11/2023	26332	2,050.29	2,050.29
10/11/2023	26333	1,178.21	1,178.21
10/11/2023	26334	1,604.90	1,604.90
10/11/2023	26335	2,048.37	2,048.37
10/11/2023	26336	1,918.03	1,918.03
10/11/2023	26337	3,561.64	3,561.64
10/11/2023	26338	1,854.42	1,854.42
10/11/2023	26339	1,829.49	1,829.49
10/11/2023	26340	2,084.15	2,084.15
10/11/2023	26341	2,798.95	2,798.95
10/11/2023	26342	1,676.21	1,676.21
10/11/2023	26343	1,465.81	1,465.81
10/11/2023	26344	2,149.27	2,149.27
10/11/2023	26345	1,943.22	1,943.22
10/11/2023	26346	2,469.81	2,469.81
10/11/2023	26347	2,716.79	2,716.79
10/11/2023	26348	3,673.53	3,673.53
10/11/2023	26349	3,072.52	3,072.52
Total Direct Deposit			54,528.58
10/11/2023	26323	975.08	975.08
10/11/2023	26327	942.50	942.50
Total Checks Issued			1,917.58
Total			56,446.16

STAFF REPORT

Rosamond Community Services District

DATE: October 25, 2023
TO: Board of Directors
FROM: Brad Rockabrand, CPA
SUBJECT: Cash Balances – July 2023

RECOMMENDATION:

By motion, discuss and receive Cash Balances – July 2023 report.

EXECUTIVE SUMMARY:

The Cash Balances Report details the District's cash position as of the month end to allow for transparency, accountability and relevant financial data from which to make prudent fiscal decisions and policy. The Cash Balances Report is different than a financial update report which is given quarterly and compares budgeted revenues and expenditures with actual activity, as its only purpose is to report on cash balances. It also differs from the Treasurer's Report which reports on the investments of the District.

As of July 31, 2023, the District cash balances total \$2,961,261.91.

Cash Balances are allocated based on the original source the funds are generated or used from. As such, the above cash balance is broken out in the District funds as follows:

Water (Fund 01):	\$ 1,850,328.88
Sewer (Fund 02):	1,105,353.16
Street Lighting (Fund 03):	(1,959.55)
Lighting Assessment District (Fund 04):	66,370.31
Park (Fund 05):	0.00
Graffiti Abatement (Fund 06):	817.38
Park Maintenance (Fund 51):	0.00
General (Fund 99)	(59,648.27)
Total	<u>\$ 2,961,261.91</u>

**balances in parenthesis are negative and reported as Due To / From other funds*

DISCUSSION/ANALYSIS:

Not applicable

FISCAL IMPACT:

Not applicable

ENVIRONMENTAL IMPACT:

Not applicable

PRIOR BOARD REVIEW:

Not applicable

COMMISSION/COMMITTEE/BOARD REVIEW AND RECOMMENDATIONS:

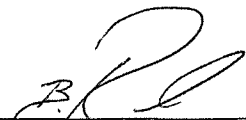
Not applicable

NOTIFICATION:

Not applicable



Kim Domingo, General Manager



Brad Rockabrand, Finance Consultant

ATTACHMENTS:

Attachment 1 – Normal Trial Balance – Cash Reconciliations

Rosamond Community Services District
Normal Trial Balance - Normal Trial Balance - Cash Reconciliations
From 7/1/2023 Through 7/31/2023

Account Title	Account Code	Debit Balance	Credit Balance
Water Service	01		
Cash Holding	10050	0.00	
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	984,004.58	
Cal Trust - Debt Service	10163	<u>866,324.30</u>	
Water Service	Balance 01	1,850,328.88	
Sewer Service	02		
Cash Holding	10050	0.00	
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	229,074.99	
Cal Trust - Debt Service	10163	<u>876,278.17</u>	
Sewer Service	Balance 02	1,105,353.16	
Street Lighting	03		
Cash Holding	10050	0.00	
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101		<u>1,959.55</u>
Street Lighting	Balance 03		1,959.55
Landscape & Lighting District #2	04		
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	<u>66,370.31</u>	
Landscape & Lighting District #2	Balance 04	66,370.31	
Park Recreation & Development	05		
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	0.00	
Cal Trust - Debt Service	10163	<u>0.00</u>	
Park Recreation & Development	Balance 05	0.00	
Graffiti Abatement	06		
General Checking - Wells Fargo	10101	<u>817.38</u>	
Graffiti Abatement	Balance 06	817.38	
Park Maintenance	51		
General Checking - Wells Fargo	10101	0.00	
Cal Trust - Debt Service	10163	<u>0.00</u>	
Park Maintenance	Balance 51	0.00	
General Fund	99		
General Checking - Wells Fargo	10101		175,874.19
Cal Trust - Debt Service	10163	<u>116,225.92</u>	
General Fund	Balance 99		59,648.27
Report Total		<u>3,139,095.65</u>	<u>177,833.74</u>
Report Difference		<u>2,961,261.91</u>	

STAFF REPORT

Rosamond Community Services District

DATE: October 25, 2023
TO: Board of Directors
FROM: Brad Rockabrand, CPA
SUBJECT: Cash Balances – August 2023

RECOMMENDATION:

By motion, discuss and receive Cash Balances – August 2023 report.

EXECUTIVE SUMMARY:

The Cash Balances Report details the District’s cash position as of the month end to allow for transparency, accountability and relevant financial data from which to make prudent fiscal decisions and policy. The Cash Balances Report is different than a financial update report which is given quarterly and compares budgeted revenues and expenditures with actual activity, as its only purpose is to report on cash balances. It also differs from the Treasurer’s Report which reports on the investments of the District.

As of August 31, 2023, the District cash balances total \$3,251,636.11.

Cash Balances are allocated based on the original source the funds are generated or used from. As such, the above cash balance is broken out in the District funds as follows:

Water (Fund 01):	\$ 2,179,204.95
Sewer (Fund 02):	1,077,244.71
Street Lighting (Fund 03):	(2,177.98)
Lighting Assessment District (Fund 04):	58,174.49
Park (Fund 05):	0.00
Graffiti Abatement (Fund 06):	817.38
Park Maintenance (Fund 51):	0.00
General (Fund 99)	(61,627.44)
Total	<u>\$ 3,251,636.11</u>

**balances in parenthesis are negative and reported as Due To / From other funds*

DISCUSSION/ANALYSIS:

Not applicable

FISCAL IMPACT:

Not applicable

ENVIRONMENTAL IMPACT:

Not applicable

PRIOR BOARD REVIEW:

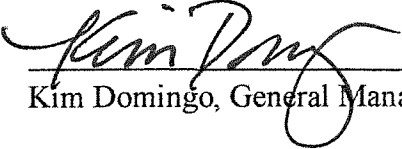
Not applicable

COMMISSION/COMMITTEE/BOARD REVIEW AND RECOMMENDATIONS:

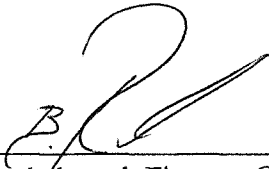
Not applicable

NOTIFICATION:

Not applicable



Kim Domingo, General Manager



Brad Rockabrand, Finance Consultant

ATTACHMENTS:

Attachment 1 – Normal Trial Balance – Cash Reconciliations

Rosamond Community Services District
Normal Trial Balance - Normal Trial Balance - Cash Reconciliations
From 8/1/2023 Through 8/31/2023

Account Title	Account Code	Debit Balance	Credit Balance
Water Service	01		
Cash Holding	10050	0.00	
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	1,310,286.72	
Cal Trust - Debt Service	10163	<u>868,918.23</u>	
Water Service	Balance 01	2,179,204.95	
Sewer Service	02		
Cash Holding	10050	0.00	
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	198,342.81	
Cal Trust - Debt Service	10163	<u>878,901.90</u>	
Sewer Service	Balance 02	1,077,244.71	
Street Lighting	03		
Cash Holding	10050	0.00	
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101		<u>2,177.98</u>
Street Lighting	Balance 03		2,177.98
Landscape & Lighting District #2	04		
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	<u>58,174.49</u>	
Landscape & Lighting District #2	Balance 04	58,174.49	
Park Recreation & Development	05		
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	0.00	
Cal Trust - Debt Service	10163	<u>0.00</u>	
Park Recreation & Development	Balance 05	0.00	
Graffiti Abatement	06		
General Checking - Wells Fargo	10101	<u>817.38</u>	
Graffiti Abatement	Balance 06	817.38	
Park Maintenance	51		
General Checking - Wells Fargo	10101	0.00	
Cal Trust - Debt Service	10163	<u>0.00</u>	
Park Maintenance	Balance 51	0.00	
General Fund	99		
General Checking - Wells Fargo	10101		178,201.36
Cal Trust - Debt Service	10163	<u>116,573.92</u>	
General Fund	Balance 99		61,627.44
Report Total		<u>3,432,015.45</u>	<u>180,379.34</u>
Report Difference		<u>3,251,636.11</u>	

STAFF REPORT

Rosamond Community Services District

DATE: October 25, 2023
TO: Board of Directors
FROM: Brad Rockabrand, CPA
SUBJECT: Cash Balances – September 2023

RECOMMENDATION:

By motion, discuss and receive Cash Balances – September 2023 report.

EXECUTIVE SUMMARY:

The Cash Balances Report details the District's cash position as of the month end to allow for transparency, accountability and relevant financial data from which to make prudent fiscal decisions and policy. The Cash Balances Report is different than a financial update report which is given quarterly and compares budgeted revenues and expenditures with actual activity, as its only purpose is to report on cash balances. It also differs from the Treasurer's Report which reports on the investments of the District.

As of September 30, 2023, the District cash balances total \$3,379,640.27.

Cash Balances are allocated based on the original source the funds are generated or used from. As such, the above cash balance is broken out in the District funds as follows:

Water (Fund 01):	\$ 2,259,942.08
Sewer (Fund 02):	1,130,307.02
Street Lighting (Fund 03):	(3,548.19)
Lighting Assessment District (Fund 04):	52,472.54
Park (Fund 05):	0.00
Graffiti Abatement (Fund 06):	817.38
Park Maintenance (Fund 51):	0.00
General (Fund 99)	(60,350.56)
Total	<u>\$ 3,379,640.27</u>

**balances in parenthesis are negative and reported as Due To / From other funds*

DISCUSSION/ANALYSIS:

Not applicable

FISCAL IMPACT:

Not applicable

ENVIRONMENTAL IMPACT:

Not applicable

PRIOR BOARD REVIEW:

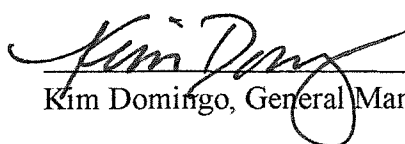
Not applicable

COMMISSION/COMMITTEE/BOARD REVIEW AND RECOMMENDATIONS:

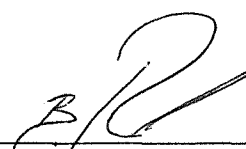
Not applicable

NOTIFICIATION:

Not applicable



Kim Domingo, General Manager



Brad Rockabrand, Finance Consultant

ATTACHMENTS:

Attachment 1 – Normal Trial Balance – Cash Reconciliations

Rosamond Community Services District
Normal Trial Balance - Normal Trial Balance - Cash Reconciliations
From 9/1/2023 Through 9/30/2023

Account Title	Account Code	Debit Balance	Credit Balance
Water Service	01		
Cash Holding	10050	0.00	
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	1,388,520.78	
Cal Trust - Debt Service	10163	<u>871,421.30</u>	
Water Service	Balance 01	2,259,942.08	
Sewer Service	02		
Cash Holding	10050	0.00	
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	248,873.29	
Cal Trust - Debt Service	10163	<u>881,433.73</u>	
Sewer Service	Balance 02	1,130,307.02	
Street Lighting	03		
Cash Holding	10050	0.00	
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101		<u>3,548.19</u>
Street Lighting	Balance 03		3,548.19
Landscape & Lighting District #2	04		
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	<u>52,472.54</u>	
Landscape & Lighting District #2	Balance 04	52,472.54	
Park Recreation & Development	05		
Cash Holding - Wells Fargo	10060	0.00	
General Checking - Wells Fargo	10101	0.00	
Cal Trust - Debt Service	10163	<u>0.00</u>	
Park Recreation & Development	Balance 05	0.00	
Graffiti Abatement	06		
General Checking - Wells Fargo	10101	<u>817.38</u>	
Graffiti Abatement	Balance 06	817.38	
Park Maintenance	51		
General Checking - Wells Fargo	10101	0.00	
Cal Trust - Debt Service	10163	<u>0.00</u>	
Park Maintenance	Balance 51	0.00	
General Fund	99		
General Checking - Wells Fargo	10101		177,260.29
Cal Trust - Debt Service	10163	<u>116,909.73</u>	
General Fund	Balance 99		60,350.56
Report Total		<u>3,560,448.75</u>	<u>180,808.48</u>
Report Difference		<u>3,379,640.27</u>	

STAFF REPORT

Rosamond Community Services District

DATE: October 25, 2023
TO: Board of Directors
FROM: Brad Rockabrand, CPA
SUBJECT: 1st Quarter Treasurer's Report

RECOMMENDATION:

By motion, discuss and receive 1st Quarter Treasurer's Report.

EXECUTIVE SUMMARY:

In accordance with California Government Code (CGC) Section 53646(b)(1), the District Accountant shall submit to the Board of Directors a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Rosamond Community Services District by a third party contracted managers, where applicable.

The report must also include a certification that: (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy; and, (2) Rosamond Community Services District will meet its expenditure obligations for the next six months as required by CGC Section 53646(b)(2) and (3), respectively. The District shall maintain a complete and timely record of all investment transactions.

The Treasurer's Report allows the Board and the public to verify that the District's funds are invested in a safe and prudent manner and that such investments comply with District policy and State law. The Treasurer's Report is different than a budget report, as its purpose is to report on investment activity. Cash balances are reported separately in the monthly Cash Balances Report.

This report, which reports on balances as of September 30, 2023 shows that District investments total **\$29,338,386.14**. All such investments are in government securities, certificates of deposit, or other approved investment vehicles.

The District investment balances went up from **\$29,084,767.59** by **\$253,618.55**. This increase is comprised of:

Emergency Reserve Increases:	\$	0.00
Depreciation Replacement:		0.00
Water Availability:		0.00
Water Connection Fee Reserve:		0.00
Sewer Connection Fee Reserve:		0.00
Debt Service Reserve:		0.00
Water Rate Stabilization Reserve:		0.00
Sewer Rate Stabilization Reserve:		0.00
Unrestricted Reserve:		0.00
Investment Interest Earnings:		<u>253,618.55</u>
Total	\$	<u>253,618.55</u>

The District holds investments with Cal Trust (an investment affiliate of Blackrock Investments) and Local Agency Investment Fund (LAIF) as follows:

Cal Trust Short Term Fund:	\$	155,606.05
Cal Trust Medium Term Fund:		28,093,291.39
Local Agency Investment Fund:		<u>1,089,488.70</u>
Total	\$	<u>29,338,386.14</u>

Investment funds are allocated based on the original source the funds are generated from. As such, the above investment balance is broken out in the District funds as follows:

Water (Fund 01):	\$	15,389,073.87
Sewer (Fund 02):		12,096,500.89
Street Lighting (Fund 03):		183,228.07
LLAD # 2 (Fund 04):		308,635.87
Parks (Fund 05):		0.00
Park Maintenance (Fund 51):		0.00
General Fund (Fund 99):		<u>1,360,947.44</u>
Total	\$	<u>29,338,386.14</u>

DISCUSSION/ANALYSIS: The investment values in each fund are further broken down into three categories: (1) Nonrestricted (2) Assigned and (3) Restricted.

The attached reports (Attachments 1 & 2) show the breakdown of these categories.

Nonrestricted:

Water (Fund 01):	\$ 8,628,397.98
Sewer (Fund 02):	9,307,884.08
Street Lighting (Fund 03):	183,228.07
LLAD # 2 (Fund 04):	308,635.87
Parks (Fund 05):	0.00
Park Maintenance (Fund 51):	0.00
General Fund (Fund 99):	<u>1,268,404.49</u>
Total	<u>\$ 19,696,550.49</u>

Assigned:

Water (Fund 01):	\$ 6,760,675.89
Sewer (Fund 02):	2,788,616.81
General (Fund 99):	<u>66,874.13</u>
Total	<u>\$ 9,616,166.83</u>

Restricted:

General (Fund 99):	\$ <u>25,668.82</u>
Total	<u>\$ 25,668.82</u>

FISCAL IMPACT:

Investment earnings for the quarter ended September 30, 2023 are:

Cal Trust Short Term Fund:	\$ 1,841.33
Cal Trust Medium Term Fund:	243,289.84
Local Agency Investment Fund:	<u>8,487.38</u>
Total	<u>\$ 253,618.55</u>

Year to date investment earnings are: **\$253,618.55** *(Amount reported net of accruals)*

PRIOR BOARD REVIEW:

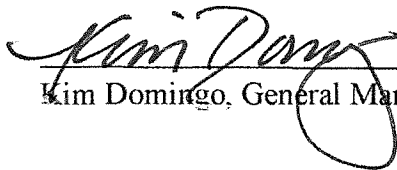
Not applicable

COMMISSION/COMMITTEE/BOARD REVIEW AND RECOMMENDATIONS

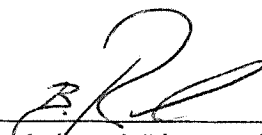
Not applicable

NOTIFICATION:

Not applicable



Kim Domingo, General Manager



Brad Rockabrand, Finance Consultant

ATTACHMENTS:

Attachment 1 – Cal Trust Investment Allocations

Attachment 2 – Local Agency Investment Fund Allocations

Attachment 3 – YTD Investment Earnings

California State Treasurer
Flora Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

October 02, 2023

LAIF Home
PMIA Average Monthly
Yields

ROSAMOND COMMUNITY SERVICES DISTRICT

TREASURER
3179 35TH STREET WEST
ROSAMOND, CA 93560

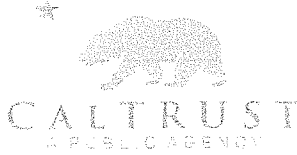
Tran Type Definitions

Account Number: 16-15-004

September 2023 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	1,089,488.70
Total Withdrawal:	0.00	Ending Balance:	1,089,488.70



CalTRUST
 PO Box 2709
 Granite Bay, CA 95746
 www.caltrust.org
 Email: admin@caltrust.org
 Fax: 402-963-9094
 Phone: 833-CALTRUST (225-8787)

Investment Account Summary

09/01/2023 through 09/30/2023

SUMMARY OF INVESTMENTS

Fund	Account Number	Total Shares Owned	Net Asset Value per Share on Sep 30 (\$)	Value on Sep 30 (\$)	Average Cost Amount (\$)	Cumulative Change in Value (\$)
ROSAMOND COMMUNITY SERVICES DISTRICT	20100019110					
CalTRUST Short Term Fund	20100019110	15,519.956	10.00	155,199.56	155,606.05	(406.49)
CalTRUST Medium Term Fund	20100019110	2,778,245.747	9.64	26,782,289.00	27,863,132.16	(1,080,843.16)
CalTRUST Liquidity Fund	20100019110	230,159.230	1.00	230,159.23	230,159.23	0.00
Portfolios Total value as of 09/30/2023				27,167,647.79		

DETAIL OF TRANSACTION ACTIVITY

Activity Description	Activity Date	Amount (\$)	Amount in Shares	Balance in Shares	Price per Share (\$)	Balance (\$)	Average Cost Amt (\$)	Realized Gain/(Loss) (\$)	
		ROSAMOND COMMUNITY SERVICES DISTRICT				Account Number: 20100019110			
CalTRUST Short Term Fund									
Beginning Balance	09/01/2023			15,461.206	10.01	154,766.67			
Accrual Income Div Reinvestment	09/29/2023	587.50	58.750	15,519.956	10.00	155,199.56	0.00	0.00	
Change in Value						(154.61)			
Closing Balance as of	Sep 30			15,519.956	10.00	155,199.56			
		ROSAMOND COMMUNITY SERVICES DISTRICT				Account Number: 20100019110			
CalTRUST Medium Term Fund									
Beginning Balance	09/01/2023			2,769,996.388	9.69	26,841,265.00			
Accrual Income Div Reinvestment	09/29/2023	79,523.82	8,249.359	2,778,245.747	9.64	26,782,289.00	0.00	0.00	
Change in Value						(138,499.82)			
Closing Balance as of	Sep 30			2,778,245.747	9.64	26,782,289.00			
		ROSAMOND COMMUNITY SERVICES DISTRICT				Account Number: 20100019110			
CalTRUST Liquidity Fund									
Beginning Balance	09/01/2023			229,128.570	1.00	229,128.57			
Accrual Income Div Reinvestment	09/29/2023	1,030.66	1,030.660	230,159.230	1.00	230,159.23	0.00	0.00	
Change in Value						0.00			
Closing Balance as of	Sep 30			230,159.230	1.00	230,159.23			

Please note that this information should not be construed as tax advice and it is recommended that you consult with a tax professional regarding your account.

Rosamond Community Services District
Normal Trial Balance - Normal Trial Balance - YTD Investment Earnings
From 7/1/2023 Through 9/30/2023

Account Title	Account Code	Debit Balance	Credit Balance
Water Service	01		
Interest Income - LAIF Unrestricted	46930		129,285.30
Water Service	Total 01	0.00	129,285.30
Sewer Service	02		
Interest Income - LAIF Unrestricted	46930		100,700.07
Sewer Service	Total 02	0.00	100,700.07
Street Lighting	03		
Interest Income - LAIF Unrestricted	46930		1,588.64
Street Lighting	Total 03	0.00	1,588.64
Landscape & Lighting District #2	04		
Interest Income - LAIF Unrestricted	46930		2,678.19
Landscape & Lighting District #2	Total 04	0.00	2,678.19
Park Recreation & Development	05		
Interest Income - LAIF Unrestricted	46930	0.00	
Park Recreation & Development	Total 05	0.00	0.00
Park Maintenance	51		
Interest Income - LAIF Unrestricted	46930	0.00	
Interest Income - LAIF Restricted	46931	0.00	
Park Maintenance	Total 51	0.00	0.00
General Fund	99		
Interest Income - LAIF Unrestricted	46930		10,656.22
Interest Income - LAIF Restricted	46931		222.75
General Fund	Total 99	0.00	10,878.97
Report Total		0.00	245,131.17
Report Difference			245,131.17

STAFF REPORT

Rosamond Community Services District

DATE: October 25, 2023
TO: Board of Directors
FROM: Brad Rockabrand, CPA
SUBJECT: Reserve Balances

RECOMMENDATION:

By motion, discuss and receive Reserve Balances – September 2023 report.

EXECUTIVE SUMMARY:

The Reserve Balances Report details the District's Reserves to allow for transparency, accountability and relevant financial data from which to make prudent fiscal decisions and policy. This report should be used in conjunction with the other monthly/quarterly reports.

Pursuant to fiscal policy 3036.1:

The District will maintain utility reserves/funds required by law, ordinance and bond covenant, to provide cash working capital for normal and ordinary operations, and also provide some insurance against economic downturns and emergencies. Minimum reserve funds, excluding bond reserve funds, will be as follows:

1. Operations and Maintenance Fund
2. Debt Service Fund
3. Repair and Replacement Fund
4. Rate Stabilization Fund
5. Facilities Capacity Fee/Connection Fee Fund
6. Catastrophe/Emergency Fund
7. Water Acquisition Fund

This report, which reports on balances as of September 30, 2023, shows that District reserve balances total **\$29,652,273**.

Reserves are allocated based on the original source the funds are generated or used from. As such, the above reserve balance is broken out in the District funds as follows:

General (Fund 99):	\$ 242,989.00
Water (Fund 01):	21,000,331.00
Sewer (Fund 02):	8,383,918.00
Street Lighting (Fund 03):	5,500.00
Lighting Assessment District (Fund 04):	19,375.00
Park (Fund 05):	0.00
Graffiti Abatement (Fund 06):	160.00
Park Maintenance (Fund 51):	0.00
Total	<u>\$29,652,273.00</u>

DISCUSSION/ANALYSIS:

A detailed analysis of each reserve is presented in Attachment 1 – Reserve Reconciliation.

Operations and Maintenance Fund:

Funded Status: (135%)

Comments: Pursuant to District Policy 3036.1.1, this reserve “reflects the timing between billing for revenues and payment expenses.” The reserve is to have, at minimum, 25% of O&M levels for the upcoming year.

Reporting Period Changes: This reserve increased to (135%) due to the timing of cash flows in the quarter ended September 30. It will fluctuate up and down between reporting periods as the other reserves are funded and large, construction in progress expenses are paid. The sewer fund has continued to make large progress payments on the rehabilitation project at the Wastewater Treatment Plant. This coupled with the timing of collection of the water and sewer base fees during the quarter ended December 31 comprise these changes.

Funding Plan: Not applicable.

Debt Service Fund:

Funded Status: 69%

Comments: Pursuant to District Policy 3036.1.2, “the District will maintain a debt service fund as required by law, legal and or contractual, obligation and or bond covenant, and will be 125% of the next required debt service payment for internal loans.” The District does not have debt service reserve requirements according to its agreements, however, this reserve has been

established to ensure adequate financial resources are set aside to make the required debt service payments each year.

Funding Plan: Not applicable.

Repair and Replacement Fund:

Funded Status: 70%

Comments: Pursuant to District Policy 3036.1.3, “the minimum balance of this fund should be based upon 25% of annual depreciation.”

Reporting Period Changes: This reserve remained at 70%.

Funding Plan: It is the intent of management to steadily fund the deficit in this reserve over the course of five fiscal years, ending with fiscal year 2025-2026.

Rate Stabilization Fund:

Funded Status: 91%

Comments: Pursuant to District Policy 3036.1.4, “this fund is available for the District to transition any needed rate increases over a year or number of years. It is recommended that the minimum balance be based on 10% of the District’s annual rate revenues.”

Reporting Period Changes: This reserve will be funded upon collection of base fee revenues in December 2023.

Funding Plan: Not applicable.

Facilities Capacity Fee/Connection Fee Fund:

Funded Status: 88%

Comments: Pursuant to District Policy 3036.1.5, “this fund segregates and separately accounts for the revenues collected from connection charges levied against new growth. This fund must be maintained from all other funds and used to offset capital projects costs or debt service related to new development.”

Funding Plan: This reserve will be funded upon collection of base fee revenues in December 2023.

Catastrophe/Emergency Fund:

Funded Status: 109%

Comments: Pursuant to District Policy 3036.1.6, this reserve is “intended to protect the District against financial impacts of unanticipated emergencies. At a minimum [it] will be set at \$1,000,000.” This fund began being funded in fiscal year 2016-17 and as expected was fully funded by the end of fiscal year 2017-18.

Reporting Period Changes: This reserve is fully funded.

Funding Plan: This reserve is 109% funded.

Water Acquisition Fund:

Funded Status: 94%

Comments: Pursuant to District Policy 3036.1.7, “this fund accounts for revenues generated for the purposes of acquiring additional water rights. This fund would be accounted for separately from all other funds.” This reserve was set up and funded in December 2015 with \$20,000 of revenue from the sale of water rights. This reserve does not have a target balance nor does it have a dedicated funding source. It is the intent of management to continue funding this reserve as unrestricted cash becomes available.

Funding Plan: This reserve is 94% funded.

DISCUSSION/ANALYSIS:

Not applicable

FISCAL IMPACT:

Not applicable

ENVIRONMENTAL IMPACT:

Not applicable

PRIOR BOARD REVIEW:

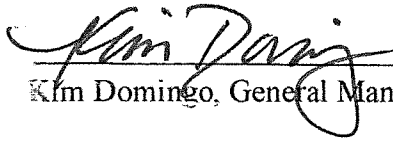
Not applicable

COMMISSION/COMMITTEE/BOARD REVIEW AND RECOMMENDATIONS:

Not applicable

NOTIFICATION:

Not applicable


Kim Domingo, General Manager


Brad Rockabrand, Finance Consultant

ATTACHMENTS:

Attachment 1 – Reserve Reconciliation

**ROSAMOND COMMUNITY SERVICES DISTRICT
RESERVE RECONCILIATION**

Fund	General	Water	Sewer	Street Lights	LLAD # 2	Parks	Graffiti	GASB 34	PM	Total
Reserve Requirements:										
Operations and Maintenance Fund	764.00	633,860.00	457,084.00	5,500.00	19,375.00	-	160.00	-	-	1,116,743.00
Debt Service Fund	113,307.00	1,211,826.00	1,395,685.00	-	-	-	-	-	-	2,720,818.00
Repair and Replacement Fund	28,918.00	10,744,551.00	2,962,850.00	-	-	-	-	-	-	13,736,319.00
Rate Stabilization Fund	-	657,448.00	462,605.00	-	-	-	-	-	-	1,120,053.00
Facilities Capacity Fee/Connection Fee	-	4,099,762.04	2,655,694.32	-	-	-	-	-	-	6,755,456.36
Emergency Fund	100,000.00	450,000.00	450,000.00	-	-	-	-	-	-	1,000,000.00
Water Acquisition	-	3,202,883.76	-	-	-	-	-	-	-	3,202,883.76
Total Reserve Requirements	242,989.00	21,000,330.80	8,383,918.32	5,500.00	19,375.00	-	160.00	-	-	29,652,273.12
Actual Reserves:										
Operations and Maintenance Fund	(177,260.29)	1,388,520.78	248,873.29	(3,548.19)	52,472.54	-	817.38	-	-	1,509,875.51
Debt Service Fund	116,909.73	871,421.30	881,433.73	-	-	-	-	-	-	1,869,764.76
Repair and Replacement Fund	-	6,760,675.89	2,788,616.81	-	-	-	-	-	-	9,549,292.70
Rate Stabilization Fund	-	591,012.20	426,130.93	-	-	-	-	-	-	1,017,143.13
Facilities Capacity Fee/Connection Fee	-	3,675,504.48	2,284,072.24	-	-	-	-	-	-	5,959,576.72
Emergency Fund	107,256.23	490,246.24	491,833.45	152.78	-	-	-	-	-	1,089,488.70
Water Acquisition	-	3,000,213.76	-	-	-	-	-	-	-	3,000,213.76
Total Actual Reserves	46,905.67	16,777,594.65	7,120,960.45	(3,395.41)	52,472.54	-	817.38	-	-	23,995,355.28
Variance	(196,083.33)	(4,222,736.15)	(1,262,957.87)	(8,895.41)	33,097.54	-	657.38	-	-	(5,656,917.84)
Reserve Funded Status:										
Operations and Maintenance Fund	-23202%	219%	54%	-65%	271%	-	511%	-	-	135%
Debt Service Fund	103%	72%	63%	-	-	-	-	-	-	69%
Repair and Replacement Fund	0%	63%	94%	-	-	-	-	-	-	70%
Rate Stabilization Fund	-	90%	92%	-	-	-	-	-	-	91%
Facilities Capacity Fee/Connection Fee	-	90%	86%	-	-	-	-	-	-	88%
Emergency Fund	107%	109%	109%	-	-	-	-	-	-	109%
Water Acquisition	-	94%	-	-	-	-	-	-	-	94%
Total Reserve Funded Status	19%	80%	85%	-62%	271%	-	511%	-	-	81%

*Rosamond Community Services District
Regular Board Meeting – Minutes
Wednesday, October 11, 2023 @ 6:00 PM*

REGULAR MEETING OF THE BOARD OF DIRECTORS ROSAMOND COMMUNITY SERVICES DISTRICT

6:00 PM Regular Board Meeting
Wednesday, October 11, 2023
District Board Room
3179 35th Street West
Rosamond, CA 93560

Teleconference:
1-877-411-9748
Access Code: 5150560

Minutes

CALL TO ORDER

The meeting was called to order at 6:00 by President Glennan

ROLL CALL

Director Greg Washington	Present
Director Alfred Wallis	Present
Director Rick Webb	Present
Vice President Ben Stewart	Present
President Byron Glennan	Present

General Manager (GM) Kim Domingo	Present
Director of Public Works John Houghton	Present
Director of Administration Sherri Timm	Present
Legal Counsel, John Komar, Esq.	Teleconference

PLEDGE OF ALLEGIANCE

APPROVAL OF THE AGENDA

A motion to approve the agenda was made by Director Webb and seconded by VP Stewart.
Motion passed 5/0, all ayes.

PUBLIC COMMENTS

(At this time, any person may address the Board on any subject within the District’s jurisdiction which is not on the agenda. However, any non-agenda matter will be referred to staff for a report and/or action at a subsequent Board meeting and no action can be taken on any such item discussed unless the action has been authorized under §54954.2(b) of the Government Code. Any person may also address the Board on any agenda matter at the time that matter is discussed, prior to Board consideration and action. Speakers are requested to limit comments to five (5) minutes.)

Comments made by Byron Glennan as a member of the public.

VOLUNTARY PUBLIC ROLL-CALL VIA TELECONFERENCE

(If any member of the public on the teleconference/video conference wishes to identify themselves as present for this meeting, please do so for the records/minutes)

Natalie Willis – Hydrostore.

CONSENT CALENDAR

CC 1. Review of the check/voucher register dated September 19, 2023 through October 2, 2023| Payroll (Direct Deposit) dated September 27, 2023.

A motion to approve CC 1 was made by Director Webb and seconded by VP Stewart.

Motion passed 5/0, all ayes.

MINUTES

M 1. Approve September 27, 2023 Regular Board Meeting Minutes.

A motion to approve M 1 was made by VP Stewart and seconded by Director Washington.

Motion passed 5/0, all ayes.

NEW BUSINESS

NB 1. Approve New Master Services Agreement with GEI and Approve Task 2023-02 with GEI for Engineering Services Related to Phase 1 of the Arsenic Consolidation Project. (GM Kim Domingo, Presenter)

This project involves the consolidation of several small water systems within the District’s water system and is funded by a \$9.7 million grant from the State Water Resources Control Board (SWRCB) for the construction of the Arsenic Regional Consolidated Project. The grant provides for planning, design, and construction of the water pipelines that will connect the small water systems included in this project.

This action will result in an additional engineering cost of \$141,544 to the project. The grant agreement with the SWRCB will reimburse this cost.

A motion to approve the new Master Services Agreement with GEI and approve Task 2023-02 with GEI for Engineering Services Related to Phase 1 of the Arsenic Consolidation Project was made by VP Stewart and seconded by Director Webb.
Motion passed 5/0, all ayes.

NB 2. Approve Master Services Agreement with QK and Approve Task 2023-01 with QK for Easement Acquisition and Survey Services Related to the Arsenic Consolidation Project (GM Kim Domingo, Presenter)

This item is related to NB 1. The District previously entered into an agreement with QK for survey and easement documentation services related to the planning and development of the Arsenic Regional Consolidated Project.

This action will result in an additional survey cost of \$67,000 to the project. The grant agreement with the SWRCB reimburses the District for design costs, so there is no direct cost to the District. There will be minimal administrative costs by District staff, but these are also reimbursable.

A motion to approve the Master Services Agreement with QK and approve Task 2023-01 with QK for easement acquisition and survey services related to the Arsenic Consolidation Project was made by Director Webb and seconded by VP Stewart.

Motion passed 5/0, all ayes.

NB 3. Approve Capital Project No. 01245 – Water Service Replacement Project (Various Locations) (GM Kim Domingo, presenter)

Staff has been investigating the cost of water service line leak repairs to the District. Service line material in high leak areas is compromised, and some services have been repaired multiple times.

Staff performed a cost analysis on historical leak data that compared the costs of leak repairs to the costs of proactively installing new pipe in high leak areas.

Analysis indicates that the replacement project benefits will be realized in a 10.9 year period with additional streets analyzed for an ongoing water line replacement program with a target payback period of less than 25 years.

In order to reduce water loss and alleviate ongoing maintenance repairs of the compromised service lines, staff recommends approval of the project with associated budgetary funds transfers in the amount of \$500,000 from Capital Project no.01236 (Poplar ACP Line Replacements) and \$100,000 from Capital Project no. 01242 (Poplar ACP Line Design). There are no net effects to the capital projects budget at this time.

A motion to approve Capital Project no. 01245 – Water Service Replacement Project (various locations) with the associated budgetary transfers and authorize staff to complete and file the CEQA Notice of Exemption was made by Director Washington and seconded by Director Wallis.

Motion passed 5/0, all ayes.

NB 4. Approve Transfer of Funds in Capital Project Budget from the Admin Storage Building Project to the Video Van Project (GM Kim Domingo, presenter)

Staff has obtained pricing for a video van in which to house and utilize the sewer camera equipment which will facilitate compliance with the Sewer System Management Plan. The current budget is inadequate to complete the purchase and staff requests approval of a \$10,000 transfer from Capital Project no.02233 (Admin Storage Building) to Capital Project VV (Video Van) and authorize the staff to complete a CEQA Notice of Exemption.

A motion to approve the transfer of funds in the amount of \$10,000 from Capital Project no.02233 (Admin Storage Building) to the Capital Project VV (Video Van) and authorize the staff to complete a CEQA Notice of Exemption was made by Director Wallis and seconded by VP Stewart.

Motion passed 5/0, all ayes.

PRESENTATIONS

PR 1. Water Reclamation Plant Project Update.

GM Kim Domingo reported the same previous blower issue still needs to be resolved. The plant is running well and continues to produce quality water. This item will be removed from future agendas.

DIRECTOR REPORTS/COMMENTS/FUTURE AGENDA ITEMS

Director Washington gave a brief report on the Water Smart Innovation conference he recently attended. He also requested staff to schedule a Water Committee meeting before year end.

VP Stewart reported on a recent AVEK meeting he attended.

Director Webb also provided a brief report on the Water Smart Innovation conference he recently attended.

President Glennan reported that he recently represented the District at the cafeteria ground breaking ceremony at Rosamond High School.

GENERAL COUNSEL UPDATE

John Komar, Esq
No report.

GENERAL MANAGER UPDATE

Kim Domingo reported on the following items:

1. Fischer Compliance Sewer System Management Plan update – staff has held several working sessions with Fischer Compliance regarding the plan update. A Sewer Committee meeting will be scheduled for the week of October 16th to review the updates. Fischer Compliance will be presenting the final document at the October 25th Board meeting, where it is planned for board adoption.
2. Association of California Water Agencies (ACWA) outreach efforts regarding the implementation of “Making Conservation a California Way of Life” regulation. Implementation of the regulation could be challenging and costly. Staff is working on determining the District's specific costs of regulation implementation to determine impacts. RCSD will be signing on to ACWA’s coalition letter in opposition to the regulation.
3. Kern County General Services (KCGS) has reached out regarding the Jim Williford pool and whether the District would consider assuming it’s operation. GM Domingo will have a meeting with the staff of KCGS on October 16th to discuss thoughts on facility transition and ongoing operating fund sources. GM Domingo’s current recommendation is to keep the operation with Kern County. Information from the October 16th meeting will be brought back to the Board for consideration.
4. AVEK is having a grand opening of the High Desert Water Bank On Monday, October 23rd at 10 AM.
5. GM Domingo will be away from the office and out of the country between October 26th through November 8th, returning to the mainland on November 9th and back in the office on November 13th.

DIRECTOR OF ADMINISTRATION UPDATE

Sherri Timm reported on the following:

1. Shutoffs – a total of 14 account services were shut off due to nonpayment.
2. District 2024 Open Enrollment will take place October 18th through November 2nd.

PUBLIC WORKS UPDATE

John Houghton reviewed the current Field Operations Report.

ADJOURNMENT

A motion to adjourn the meeting at 6:43 PM was made by Director Wallis and seconded by Director Washington.
Motion passed 5/0, all ayes.

Requirements Regarding Disabled Access: In accordance with Government Code §54954.2(a), requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting, should be made to the RCSD Board Secretary at least 48 hours in advance of the meeting to ensure availability of the requested service or accommodation. Please contact the Board Secretary by telephone at (661) 256-3411, Email: stimm@rosamondcsd.com or in writing at the Rosamond Community Services District, Attn: Board Secretary 3179 35th Street West, Rosamond, CA 93560.

Pursuant to Government Code Section 54957.5, any writing that: (1) is a public record; (2) relates to an agenda item for an open session of a regular meeting of the Board of Directors; and (3) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at the District offices located at 3179 35th Street West, Rosamond, CA 93560. In addition, any such writing may also be posted on the District's web site.

Respectfully submitted:

RCSD Board of Directors

Board Secretary

STAFF REPORT

Rosamond Community Services District

DATE: October 25, 2023

TO: Board of Directors

FROM: Sherri Timm, Director of Administration

Subject: Holiday Meeting Cancellations

RECOMMENDATION:

Cancel the November 22, 2023 and December 27, 2023 Regular Board Meetings.

BACKGROUND:

Regular Board Meetings scheduled for the week of Thanksgiving and Christmas have traditionally had no significant business to conduct.

ANALYSIS:

Advanced notice of a Regular Board Meeting cancellation is desired in order to notify members of the public. In the event significant business arises that needs immediate attention, a Special Meeting can be scheduled.

FISCAL REVIEW:

N/A

LEGAL REVIEW:

None.

CONCLUSION:

Approval is recommended in order to provide advance notice to members of the public.

Kim Domingo General Manager



Sherri Timm, Director of Administration

ATTACHMENTS:

None

STAFF REPORT

Rosamond Community Services District

DATE: October 25, 2023

TO: Board of Directors

FROM: Sherri Timm, Director of Administration

Subject: Closure of District Office from December 26, 2023 through December 28, 2023.

RECOMMENDATION:

Close the District Office from December 26, 2023 through December 28, 2023.

BACKGROUND:

Historically, no significant business is conducted the week between Christmas and New Year's Day. Staff members are allowed to choose whether or not they wish to take this time off. Staff may use earned vacation time to cover the days off. Monday December 25, 2023 and Monday January 1, 2024 are recognized and observed paid District Holidays.

ANALYSIS:

The Public Works team will schedule an on-call staff member to cover emergency calls from the public.

FISCAL REVIEW:

N/A

LEGAL REVIEW:

None.

CONCLUSION:

Approval is recommended.



Kim Domingo General Manager



Sherri Timm, Director of Administration

ATTACHMENTS:

None

STAFF REPORT

Rosamond Community Services District

DATE: October 25, 2023
TO: Board of Directors
FROM: Kim Domingo, General Manager
Subject: Authorize Endorsement of Antelope Valley Integrated Regional Water Management Group Support Letters: Palmdale Water District – Well 36 and 37; and AVIRWMG – Aquifer Pumped Hydro Energy Demonstration

RECOMMENDATION:

Authorize endorsement of the AV IRWMG Support Letters.

BACKGROUND:

The attached letters describe the proposed projects. The projects are consistent with regional water resource management and do not negatively impact the District's access to its water rights nor the water groundwater quality.

CEQA ANALYSIS:

The lead agencies are responsible for meeting CEQA requirements and the District has the opportunity to respond to posted findings.

FISCAL REVIEW:

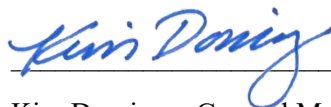
Not required.

LEGAL REVIEW:

Not required.

CONCLUSION:

Move to approve the recommendation.



Kim Domingo, General Manager



Sherri Timm, Director of Administration

ATTACHMENTS:

PWD Support Letter
AV IRWMG Support Letter

Month Date, 2023



Ms. Sheri Looper
Bureau of Reclamation
2800 Cottage Way
Sacramento, CA 95825

Dear Ms. Looper,

The Antelope Valley Integrated Regional Water Management Group (AVIRWWMG) supports Palmdale Water District's (District's) application to the WaterSMART Drought Response Program: Drought Resiliency Projects for Fiscal Year 2024 Palmdale Water District - Well 36 and 37 Project.

The Project will provide significant regional drought resiliency and water supply reliability benefits to multiple entities in the region, in both the District's service area as well as that of the Antelope Valley East Kern Water Authority (AVEK). To achieve these objectives, the proposed Project will drill and equip two new wells and construct a pipeline to connect PWD's existing water distribution system, including an inter-tie with AVEK.

The adjudication of the Antelope Valley Groundwater Basin (Basin) in 2015 allocated Production Rights to Parties (i.e., groundwater users) in the Basin. However, the District's capacity to extract the full groundwater Production Right in the Basin lacks the necessary redundancy to fulfill that right. As a result, PWD will rely on imported water from the State Water Project (SWP) to meet potable water demands. The proposed Project will improve groundwater supply recovery flexibility by allowing PWD to extract and convey groundwater to access groundwater to fully recover the District's Production Right each year. By doing so, the proposed Project will provide access to a drought-resistant local supply, effectively reducing regional reliance on imported water supplies and continue to provide a secondary supply source in the event of SWP water supply shortages or disruptions caused by prolonged droughts or catastrophic events.

AVIRWWMG is a group of agencies working cooperatively to manage local and imported water supplies to improve quality, quantity, and reliability. The District's project will increase community drought resilience and directly increase the beneficial use of the District's supply portfolio, which in turn will increase the long-term reliability of the region's water supply.

For these reasons, AVIRWWMG enthusiastically supports the District's Project.

Very truly yours,

Brian Dietrick, Woodard & Curran

On the behalf of Antelope Valley Integrated Water Management Group:
City of Palmdale, Quartz Hill Water District, Los Angeles County Sanitation District Nos. 14 and 20, Los Angeles County Waterworks District 40, Palmdale Water District, Antelope Valley East Kern Water Agency, Little Rock Creek Irrigation District, City of Lancaster, and Rosamond Community Services District

September 30, 2023



Lahontan Regional Water Quality Control Board
15095 Amargosa Rd. Building 2, Suite 210
Victorville, CA 92394

The Antelope Valley Integrated Regional Water Management Group supports the proposed demonstration of Aquifer Pumped Hydro (APH). AV-IRWM acknowledges there are numerous wells across Los Angeles County and Southern California that could potentially benefit from the successful demonstration of APH energy storage technology.

The AV-IRWM mission is to "address the water resources needs of the region in an integrated and collaborative manner." We recognize the potential value of APH to reduce the cost to pump water with Net Energy Metering and to store energy to improve renewable energy penetration. Our region could benefit from using small-scale pumped storage hydropower as outlined in the project as was described to us. We believe that the proposed two-year pilot program using APH is a prudent way to assess the potential of this emerging energy storage technology.

AVIRWMG is a group of agencies working cooperatively to manage local and imported water supplies to improve quality, quantity, and reliability. APH doesn't impact those supplies but may provide a viable local activity that would positively impact the water-energy nexus.

For these reasons, AVIRWMG supports the Aquifer Pumped Hydro as a demonstration project.

Very truly yours,

Brian Dietrick, Woodard & Curran

On the behalf of Antelope Valley Integrated Water Management Group:
City of Palmdale, Palmdale Water District, Quartz Hill Water District, Los Angeles County Sanitation District Nos. 14 and 20, Los Angeles County Waterworks District 40, Antelope Valley East Kern Water Agency, Little Rock Creek Irrigation District, and City of Lancaster

Field Operations Report Sewer – October 18, 2023

Monthly Sewer Report : 5,467 feet cleaned Period 10/4 – 10/18

FID	MH From	MH To	LENGTH	Date_clean	CLEAN_NOTE	EQUIPMENT
47	418	419	161.13	10/17/2023	Clear	Jetter trailer
865	415	413	272.28	10/17/2023	Clear	Jetter trailer
871	413	418	355.50	10/17/2023	Clear	Jetter trailer
793	134	133	139.67	10/4/2023	Clear	Jetter trailer
794	133	223	138.41	10/4/2023	Clear	Jetter trailer
834	235	409	351.17	10/4/2023	Clear	Jetter trailer
863	416	417	153.38	10/4/2023	Clear	Jetter trailer
864	417	415	428.67	10/4/2023	Clear	Jetter trailer
866	415	403	187.95	10/4/2023	Clear	Jetter trailer
867	409	410	334.39	10/4/2023	Clear	Jetter trailer
868	410	411	330.11	10/4/2023	Clear	Jetter trailer
869	412	414	320.84	10/4/2023	Clear	Jetter trailer
870	414	413	333.71	10/4/2023	Clear	Jetter trailer
872	411	425	210.34	10/4/2023	Clear	Jetter trailer
873	425	424	210.40	10/4/2023	Clear	Jetter trailer
874	424	421	280.59	10/4/2023	Clear	Jetter trailer
876	422	421	308.17	10/4/2023	Clear	Jetter trailer
877	419	420	331.85	10/4/2023	Clear	Jetter trailer
878	421	423	314.31	10/4/2023	Clear	Jetter trailer
1067	423	648	313.70	10/4/2023	Clear	Jetter trailer

1. Repairs - 0
2. Calls from customers – 0
3. Footage camera-ed – 0
4. Illicit discharges -0
5. FOG inspections – 0
6. Pest Control measures – Boric acid
7. SSO 's – 0
8. Man hole inspections - 28
9. We are still communicating with Edison to have Appleblossom lift station power upgraded. We had our field meet with the Edison engineer and they will be designing a new transformer station as soon as they hear back from the engineer.



Field Operations Report Water – October 18 , 2023

Monthly Water Report: Period – 10/4 – 10/18

ADDRESS	Date
3841 Springfield	10/4/2023
1324 Westview	10/4/2023
2611 Cold Creek	10/5/2023
3207 Summer Breeze	10/8/2023
2324 Hay Market	10/10/2023
3542 Sunflower	10/10/2023
3300 Campbell	10/10/2023
3119 Gertrude	10/18/2023
3534 Brabham Ave	10/18/2023
2021 Windcurrent Dr.	10/18/2023
4341 Knox Ave	10/18/2023
2152 Arboretum	10/18/2023
2841 B St.	10/18/2023

13 Leaks reported and repaired

1. Service line leaks – 13
2. Main breaks – 0
3. New Service Installs – 0
4. Non payment lock offs – 17
5. Door Tags – 0
6. Meter Reading – Read Oct 16th
7. Work Orders – 43
8. Usa dig alerts – 14
9. Hot Patching – 0
10. Sink Holes – 2
11. Graffiti Removal – 5 locations

Development and Construction

1. Hill View Homes is still developing tract 6306 next to our public works bldg. Currently awaiting our back gate to be replaced as per our agreement. They currently have Tejon Construction running a new 12" water main down Rosamond Blvd to tie into the tract to complete the looped water system as per engineered design. They will be tying into our 8" main on Rosamond blvd.
2. Frontier Homes has sold tract 7391 to K. Hovanian and will be continuing development as planned. No new reportable action to our infrastructure.
3. Legacy Homes is continuing tract 6455 development as planned. No new reportable action to our infrastructure.
4. Tropico Middle School is continuing development to the school addition. New portable buildings are being set. No new reportable action to our infrastructure.
5. The Crossings condominium park is currently expanding on Sedona and Rosamond Blvd. There is excavation going on now and will soon be tying into our sewer and water system. They are adding 18 units.

