AGENDA

ROSSMOOR COMMUNITY SERVICES DISTRICT

AUDIT COMMITTEE MEETING

RUSH PARK
WEST ROOM
3021 Blume Drive
Rossmoor, California 90720

Tuesday, October 21, 2025
7:00 p.m.

A. ORGANIZATION

1. CALL TO ORDER: 7:00 p.m.
2. ROLL CALL: Directors DeMarco and Shade
3. PLEDGE OF ALLEGIANCE

B. PUBLIC FORUM

Any person may address the members of the Audit Committee at this time upon any subject within the jurisdiction of the Audit Committee of the Rossmoor Community Services District.

C. REGULAR CALENDAR

1. DISCUSSION WITH THE GENERAL MANAGER AND DISTRICT AUDITOR REGARDING THE FY 2024-2025 ANNUAL AUDIT REPORT

D. ADJOURNMENT

CERTIFICATION OF POSTING

I hereby certify that the attached Agenda for the October 21, 2025, 7:00 p.m., Audit Committee Meeting of the Rossmoor Community Services District was posted at least 24 hours prior to the time of the meeting.

ATTEST:

Sharon Landers

Date: October 17, 2025

SHARON LANDERS
Interim General Manager

ROSSMOOR COMMUNITY SERVICES DISTRICT

AGENDA ITEM C-1

Date: October 21, 2025

To: Audit Committee
Tony DeMarco, Chair
Jo Shade

From: Interim General Manager Sharon Landers

Subject: DISCUSSION WITH INTERIM GENERAL MANAGER AND DISTRICT AUDITORS REGARDING FY 2024-2025 ANNUAL AUDIT REPORT

RECOMMENDATION

It is recommended that the Rossmoor Community Services District (RCSD) Audit Committee review and approve the FY 2024-2025 Annual Audit Report and forward the document to the RCSD Board of Directors for approval at their November 13, 2025 regular meeting.

INFORMATION

Your agenda package for this meeting includes the DRAFT *Financial Statements and Independent Auditor's report for the year ended June 30, 2025* (Attachment 1). Audited by Rogers, Anderson, Malody & Scott LLP (RAMS), the District Auditor. Also included for your information are the FINAL *Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2024* (Attachment 2) for reference.

Financial Highlights

- For the FY 2024-2025 the combined fund balance increased $239,169 from $1,935,281 to $2,174,450.
- Total Revenues recognized was $2,352,747 for FY 2024-2025 and $2,216,473 for FY 2023-2024, an increase of $136,274 compared to FY 2023-2024.
- Total Expenditures incurred was $2,113,578 for FY 2024-2025 and $1,990,634 for FY 2023-2024, an increase of $122,944 compared to FY 2023-2024.

ATTACHMENTS

1. DRAFT – Rossmoor Community Services District Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2025.

2. FINAL – Rossmoor Community Services District Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2024.

DRAFT

Rossmoor Community Services District

Financial Statements
and
Independent Auditor's Report

For the Year Ended

June 30, 2025

Rossmoor Community Services District
Financial Statements with Independent Auditor's Report
June 30, 2025
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RAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Rossmoor Community Services District
Rossmoor, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund information of Rossmoor Community Services District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise 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 and the major fund information of the District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements for California 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*, issued by the Comptroller General of the United States *(Governmental Auditing Standards)* and the *State Controller's Minimum Audit Requirements for California 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in the year ended June 30, 2025, the District adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2025, 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 the District's 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
October 7, 2025

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Rossmoor Community Services District (the District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2025. 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

- The District's net position increased 2.7% or $153,094 to $5,870,139 in 2025 as a result of this year's operations.
- During the year, the District's property tax revenues increased by 19.8% or $60,166 in 2025.
- Total revenues from all sources increased by 7.0% or $155,496 to $2,371,969 in 2025 primarily due to increases in charges for services and investment income.
- Total expenses increased by 3.1% or $66,686 to $2,218,875 in 2025 primarily due to increases in facility maintenance costs, which included reroofing of the community center and the additions to the canopy project.

Using This Financial Report

This annual report consists of a series of 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 revenue 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 profitability 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 and liabilities 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 them. Think of the District's net position - the difference between assets and liabilities - 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 to assess the *overall health* of the District.

Governmental Funds Financial Statements

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

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 fund 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 narrower 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

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.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets of the District exceeded liabilities by $5,890,139 (net position, as reported in the table on the following page) as of June 30, 2025.

	2025	2024	$ Change	% Change
Assets:				
Current and other	$ 2,239,096	$ 1,975,295	$ 263,801	13.4%
Capital, net	3,722,526	3,822,793	(100,267)	-2.6%
Total assets	5,961,622	5,798,088	163,534	2.8%
Liabilities:				
Current	83,821	71,606	12,215	17.1%
Due in more than one year	7,662	9,437	(1,775)	-18.8%
Total liabilities	91,483	81,043	10,440	12.9%
Net position:				
Investment in capital assets	3,722,526	3,822,793	(100,267)	-2.6%
Unrestricted	2,147,613	1,894,252	253,361	13.4%
Total net position	$ 5,870,139	$ 5,717,045	$ 153,094	2.7%

A portion of the District's net position, 63.4% or $3,722,526 as of June 30, 2025, reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to operate the District; consequently, these assets are *not* available for future spending. At the end of fiscal year 2025, the District showed a positive balance in its unrestricted net position of $2,147,613 that may be utilized in future years.

	2025	2024	$ Change	% Change
Total expenses	$ 2,218,875	$ 2,152,189	$ 66,686	3.1%
Program revenues:				
Charges for services	357,303	290,327	66,976	23.1%
Capital grants and contributions	19,222	39,824	(20,602)	-51.7%
Total program revenues	376,525	330,151	46,374	14.0%
Net program expense	1,842,350	1,822,038	20,312	1.1%
General revenues:				
Property taxes	1,361,101	1,300,935	60,166	4.6%
Special assessments	476,211	454,142	22,069	4.9%
Other general revenues	158,132	131,245	26,887	20.5%
Total general revenues	1,995,444	1,886,322	109,122	5.8%
Change in net position	153,094	64,284	88,810	138.2%
Net position, beginning	5,717,045	5,652,761	64,284	1.1%
Net position, ending	$ 5,870,139	$ 5,717,045	$ 153,094	2.7%

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, net position increased by $153,094 for the fiscal year ended June 30, 2025.

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2025, the District's General Fund reported a fund balance of $2,174,450, which is separated into unassigned of $2,122,870 and nonspendable of $51,580.

Capital Asset Administration

Changes in capital assets for fiscal year 2025 were as follows:

	2025	2024	$ Change	% Change
Capital assets	$ 7,528,115	$ 7,482,618	$ 45,497	0.6%
Less: accumulated depreciation	(3,805,589)	(3,659,825)	(145,764)	4.0%
Total capital assets, net	$ 3,722,526	$ 3,822,793	$ (100,267)	-2.6%

At the end of fiscal year 2025, the District's investment in capital assets amounted to $3,722,526 (net of accumulated depreciation). The decrease in capital assets is primarily comprised of the annual depreciation. The District's investment in capital assets is more fully analyzed in Note 4 to the basic financial statements.

Long-term Liabilities Administration

Changes in long-term liabilities for fiscal year 2025 were as follows:

	2025	2024	$ Change	% Change
Compensated absences	$ 46,059	$ 41,029	$ 5,030	12.3%
Less: current portion	(38,397)	(31,592)	(6,805)	21.5%
Total long-term liabilities	$ 7,662	$ 9,437	$ (1,775)	-18.8%

At the end of fiscal year 2025, the District had $46,059 in compensated absences of which $7,662 is designated as long-term. The District's long-term liabilities are more fully analyzed in Note 5 to the basic financial statements.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

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 3001 Blume Drive, Rossmoor, CA 90720.

Rossmoor Community Services District

Government-Wide Financial Statements
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Cash and investments	$ 2,048,406
Receivables:	
Accounts	98,476
Taxes	19,428
Interest	21,206
Prepaid expenses	51,580
Capital assets not being depreciated	2,885,630
Capital assets being depreciated, net	836,896
Total assets	5,961,622
LIABILITIES	
Accounts payable	39,427
Deposits	5,997
Compensated absences - due within one year	38,397
Compensated absences - due in more than one year	7,662
Total liabilities	91,483
NET POSITION	
Investment in capital assets	3,722,526
Unrestricted	2,147,613
Total net position	$ 5,870,139

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

Rossmoor Community Services District

Government-Wide Financial Statements
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net Governmental Activities
Governmental activities:				
General government	$ 1,295,415	$ -	$ -	$ (1,295,415)
Public services	347,406	79,254	-	(268,152)
Parks and recreation	576,054	278,049	19,222	(278,783)
Total governmental activities	$ 2,218,875	$ 357,303	$ 19,222	(1,842,350)
General revenues:				
Taxes:				
Property				1,361,101
Special assessments				476,211
Investment income				79,094
Other				79,038
Total general revenues				1,995,444
Change in net position				153,094
Net Position:				
Beginning of year				5,717,045
End of year				$ 5,870,139

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

Rossmoor Community Services District

Governmental Funds Financial Statements
Balance Sheet
June 30, 2025

	General
ASSETS	
Cash and investments	$ 2,048,406
Receivables:	
Accounts	98,476
Taxes	19,428
Interest	21,206
Prepaid expenses	51,580
Total assets	$ 2,239,096
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 39,427
Deposits	5,997
Total liabilities	45,424
Deferred inflows of resources:	
Unavailable revenue	19,222
Total deferred inflows of resources	19,222
Fund balance:	
Nonspendable	51,580
Unassigned	2,122,870
Total fund balance	2,174,450
Total liabilities and fund balance	$ 2,239,096

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

Rossmoor Community Services District

Governmental Funds Financial Statements
Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Statement of Net Position
June 30, 2025

Fund balance of governmental fund	$ 2,174,450
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,722,526
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(46,059)
Revenues are recorded as unavailable revenue in the governmental funds because they do not meet the revenue recognition criteria. However, they are classified as revenues in the Government-Wide Financial Statements.	19,222
Net position of governmental activities	$ 5,870,139

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

Rossmoor Community Services District

Governmental Funds Financial Statements
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2025

	General
REVENUES	
Taxes	$ 1,361,101
Special assessments	476,211
Intergovernmental	79,254
Charges for services	278,049
Investment income	79,094
Other	79,038
Total revenues	2,352,747
EXPENDITURES	
General government	1,284,065
Public services	347,406
Parks and recreation	378,984
Capital outlay	103,123
Total expenditures	2,113,578
Net change in fund balance	239,169
FUND BALANCE	
Beginning of year	1,935,281
End of year	$ 2,174,450

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

Rossmoor Community Services District

Governmental Funds Financial Statements
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Government-Wide Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balance - total governmental funds	$	239,169
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This is the amount by which depreciation expense ($145,764) exceeded capitalized capital outlay ($45,497) in the current period.		(100,267)
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.		
Increase in compensated absences		(5,030)
Certain revenues are recorded as unavailable revenue in the governmental funds because they do not meet the revenue recognition criteria of availability. However, they are included as revenue in the Governmental-Wide Statement of Activities.		19,222
Change in net position of governmental activities	$	153,094

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

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

On November 4, 1986, the territory of the unincorporated Rossmoor Community approved the order adopted on June 25, 1986, by the Board of Supervisors of the County of Orange ordering a reorganization resulting in the formation of the Rossmoor Community Services District (the District). The District was formed to acquire, provide and maintain public recreation facilities and services, street lighting, and, subject to the consent of the County of Orange, installation and maintenance of median landscaping, aesthetic trimming of parkway trees, and street sweeping.

Upon formation on January 1, 1987, the District assumed responsibility for the various services formerly provided by Community Service Area Number 21 and assumed all assets and liabilities, including real property, from Community Service Area Number 21.

The District is governed by a five-member Board of Directors elected by the registered voters within the District boundaries.

B. Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as accounting principles generally accepted in the United States of America ("GAAP"). GASB is the accepted standards-setting body for establishing governmental accounting and financial reporting standards.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements report information of all nonfiduciary activities of the primary government.

The government-wide financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, liabilities, including capital assets and long-term liabilities, are included in the accompany statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned (i.e. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.). Expenses are recognized in the period when the liability is incurred, regardless of the timing of the related cash flows.

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. An accompanying schedule is presented to reconcile and explain the differences in Fund Balance as presented in these statements to the Net Position presented in the Government-wide Financial Statements. The District presented all funds as major funds.

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, special assessments, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The **General Fund** is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The general operating expenses are paid from this fund.

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Property Taxes

Property taxes and special assessments associated with the current fiscal year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. Property taxes attach as an enforceable lien on property. Secured and unsecured property taxes are levied on July 1st. The unsecured and secured property tax lien date is January 1st. Unsecured property taxes become delinquent on August 31st. Secured property taxes are payable in two installments, on November 1st and February 1st of each year, become delinquent on December 10th and April 10th, respectively. The County of Orange bills and collects the property taxes and remits them to the District according to a payment schedule established by the County. Property tax revenues are recognized when received in cash except at year-end when they are accrued pursuant to the modified accrual basis of accounting. The County is permitted by State law to levy property taxes at 1% of full market value (at the time of purchase) and can increase property assessed value no more than 2% per year.

E. Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District is a voluntary participant in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Assets-Backed Securities. LAIF's investments are subject to credit risk with full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

Certain disclosures requirements for deposits and investment risks were made in the following area:

- Interest rate risk
- Credit risk
  - Overall
  - Custodial credit risk
  - Concentration of credit risk

F. Receivables

All receivables are shown net of an allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2025.

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the acquisition value of the assets on the date on which they were contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District utilizes a capitalization threshold of $5,000 and an estimated useful life in excess of two years.

Depreciation is recorded on a straight-line basis over the following estimated useful lives:

Buildings and structures	7 – 40 years
Computer equipment	3 – 7 years
Motorized vehicles	5 – 10 years

H. Long-term liabilities

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. Issuance costs are expensed when incurred.

I. Compensated Absences

Full-time District employees earn twelve sick leave days per year and ten to twenty vacation days per year depending on years of service. Part-time employees earn sick and vacation days at a pro-rated amount. Vacation days can only be used after one year of employment. Upon termination, the District is obligated to compensate employees for 100% of the accrued vacation time, and up to 80 hours of unused sick leave. Compensated absences are recorded in the long-term liabilities in the statement of net position.

J. Net Position

In government-wide financial statements, net position is classified in the following categories:

Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation.

Restricted – This component of net position consists of restricted assets reduced by liabilities related to those assets.

Unrestricted – This component of net position is the amount of the assets, liabilities that are not included in the determination of investment in capital assets or the restricted component of net position.

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Fund Balance

Nonspendable – amounts that are not in a spendable form (such as prepaids and deposits) or are required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

L. Spending Policy

For government-wide financial statements, when an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

For governmental fund financial statements, when expenditures are incurred for purposes where only unrestricted fund balances are available, the District's policy is to apply the unrestricted resources in the following order: committed, assigned, and unassigned.

M. Revenues

Property taxes and special assessments are collected by the County of Orange on behalf of the District and remitted to the District at various times during the year. Reimbursements from the State and the County are presented as intergovernmental revenues. Charges for services revenues represent fees collected for the use of District facilities. Investment income is derived from interest earnings and fair market value adjustments of the District's financial assets that are maintained in various investment types. Revenues not classified in one of the categories above are presented as other revenues.

Intergovernmental revenue for the year ended June 30, 2025 consists of County street sweeping reimbursements of $79,254. These intergovernmental revenues are presented as program revenues under the public services and general government functions/programs in the statement of activities.

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. New Accounting Pronouncement

For the fiscal year ended June 30, 2025, the financial statements include the adoption of GASB Statement No. 101 *Compensated Absences*. The purpose of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Note 2 – Stewardship, Compliance and Accountability

A. Budgetary Data

Budgets for the General Fund are prepared, approved and adopted in accordance with Section 61110 of the government code. Budgetary control is maintained at the total expenditure level of each fund. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year for noncapital projects. Any deficiency of budgeted revenues compared to budgeted expenditures is financed from beginning unrestricted fund balance. During the fiscal year, several nominal supplementary appropriations were necessary.

Note 3 – Cash and Investments

Cash and investments as of June 30, 2025 consist of the following.

Cash on hand	$	400
Demand deposits		199,483
Local Agency Investment Fund		1,848,523
Total cash and investments	$	2,048,406

Note 3 – Cash and Investments (Continued)

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

The following table identifies the investment types that are authorized by the District's investment policy. The table also identifies certain provisions of the District's investment policy that address interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Securities, Notes and Bonds	5 Years	25%	$250,000
Federal Agency or U.S. Government Securities	5 Years	25%	$250,000
California State Bonds, Warrants and Treasury Notes	5 Years	25%	$250,000
California Local Agency Investment Fund	N/A	100%	$75 Million
Orange County Treasury	N/A	25%	None
Medium-Term U.S. Corporate Bonds or Notes	5 Years	25%	$250,000
Bankers Acceptances	6 Months	25%	$250,000
Certificates of Deposit	2 Years	25%	$250,000

Local Agency Investment Fund

The District is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District's investments in LAIF at June 30, 2025 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

> Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
>
> Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

Note 3 – Cash and Investments (Continued)

Local Agency Investment Fund (Continued)

The District invests in LAIF, which had invested 2.02% of the pooled investment funds in Structured Notes and Asset-Back Securities. LAIF determines market value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The District's investment in LAIF is reported at amortized cost at June 30, 2025. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at http://www.treasurer.ca.gov.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Total	12 months or less	12 months or more
Local Agency Investment Fund	$ 1,848,523	$ 1,848,523	$ -

Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Rating as of Year End
Local Agency Investment Fund	$ 1,848,523	N/A	Not rated

Note 3 – Cash and Investments (Continued)

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 custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty 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 do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name. California law also allows institutions to secure the District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The District did not waive the collateralization requirements.

Fair Value of Investments

GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the statement of net position/balance sheet, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liability at the measurement date.

Investments in the Local Agency Investment Fund (LAIF) are not subject to classification in the fair value hierarchy.

Note 4 – Capital Assets

A summary of changes in capital assets activity for the District's governmental activities for the year ended June 30, 2025 is as follows.

	Balance at June 30, 2024	Increases	Decreases	Balance at June 30, 2025
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,861,158	$ -	$ -	$ 2,861,158
Construction in progress	5,250	45,497	(26,275)	24,472
Total capital assets, not being depreciated	2,866,408	45,497	(26,275)	2,885,630
Capital assets, being depreciated:				
Buildings and structures	4,512,273	26,275	-	4,538,548
Computer equipment	44,234	-	-	44,234
Motorized vehicles	59,703	-	-	59,703
Total capital assets, being depreciated	4,616,210	26,275	-	4,642,485
Less accumulated depreciation for:				
Buildings and structures	(3,591,326)	(134,935)	-	(3,726,261)
Computer equipment	(19,117)	(6,320)	-	(25,437)
Motorized vehicles	(49,382)	(4,509)	-	(53,891)
Total accumulated depreciation	(3,659,825)	(145,764)	-	(3,805,589)
Total capital assets, being depreciated, net	956,385	(119,489)	-	836,896
Governmental activities capital assets, net	$ 3,822,793	$ (73,992)	$ (26,275)	$ 3,722,526

Depreciation expense was charged to the following functions/programs in the statement of activities.

General government	$ 6,320
Parks and recreation	139,444
	$ 145,764

Note 5 – Long-Term Liabilities

A summary of changes in long-term liabilities for the District's governmental activities for the year ended June 30, 2025 is as follows.

	Balance at June 30, 2024	Additions	Deletions	Balance at June 30, 2025	Due Within One Year
Compensated absences	$ 41,029	$ 72,956	$ (67,926)	$ 46,059	$ 38,397

Note 6 – Risk Management

Liability coverage for the District is provided through the California Joint Powers Insurance Authority (California JPIA). In addition to liability coverage, the California JPIA offers other coverage programs. The various coverage programs shown below apply to the District. Pollution legal liability insurance, all risk property insurance, and crime insurance are purchased from commercial insurance companies on behalf of the District. Claims administration for the liability program is provided by Carl Warren & Company. Workers' Compensation liability is covered through State Fund Insurance.

Comprehensive General and Automobile Liability Coverage
Period: July 1, 2024 to July 1, 2025
Limit: $50 million combined single limit per occurrence

Workers' Compensation Coverage
Period: July 1, 2024 to July 1, 2025
Limit: Statutory benefits, and $10 million employer's liability

Pollution Legal Liability Insurance
Period: July 1, 2024 to July 1, 2025
Limit: $5 million per member, $250,000 per occurrence self-insured retention

All Risk Property Insurance
Period: July 1, 2024 to July 1, 2025
Deductibles: (a) $10,000 for Building and Contents, (b) 5% for optional Earthquake and Flood, and (c) $2,500 for optional Mechanical Breakdown

Crime Insurance
Period: July 1, 2024 to July 1, 2025
Deductible: $5,000 Faithful Performance, Depositor's Forgery, Theft, and Computer Fraud

Note 6 – Risk Management (Continued)

Adequacy of Protection

All claims are investigated, valued, reserved, defended, and/or settled in accordance with generally accepted insurance industry practices. There are no existing claims known to the District which would exceed its applicable coverage. For the past three years, no claim has exceeded coverage limits for any of the programs indicated above. Contributions made for pooled self-insurance programs include amounts for claims which may have been incurred but not reported. Management believes the coverage as stated above is adequate and reasonable for the District.

Note 7 – Commitment and Contingencies

Grants and Contracts

The District has grants and contracts with government agencies which are subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from these audits would not be material.

Claims and Contingencies

The District is subject to known and potential claims and contingencies related to lawsuits and other matters arising out of the normal course of its operations. Management, in consultation with legal counsel, has reviewed these matters and determined that no reasonably estimable amount of liability can be determined at this time. Management believes that any ultimate liabilities, if any, associated with such claims and contingencies are not likely to have a material adverse effect on the District's financial position, changes in financial position, or cash flows.

The District participates in the CJPIA primary pool, which provides insurance coverage for any claims that may arise. Accordingly, the District has no deductible liability, and any settlements are expected to be paid directly by CJPIA.

Rossmoor Community Services District

Required Supplementary Information
General Fund – Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 1,339,800	$ 1,339,800	$ 1,361,101	$ 21,301
Special assessments	468,300	468,300	476,211	7,911
Intergovernmental	140,000	140,000	79,254	(60,746)
Charges for services	187,300	205,000	278,049	73,049
Investment income	30,000	30,000	79,094	49,094
Other	35,000	35,000	79,038	44,038
Total revenues	2,200,400	2,218,100	2,352,747	134,647
EXPENDITURES				
General government	1,273,750	1,295,000	1,284,065	10,935
Public services	348,140	348,140	347,406	734
Parks and recreation	353,950	363,950	378,984	(15,034)
Capital outlay	136,650	136,650	103,123	33,527
Total expenditures	2,112,490	2,143,740	2,113,578	30,162
Net change in fund balance	$ 87,910	$ 74,360	239,169	$ 164,809
FUND BALANCE				
Beginning of year			1,935,281	
End of year			$ 2,174,450	

Rossmoor Community Services District

Financial Statements
and
Independent Auditor's Report

For the Year Ended

June 30, 2024

Rossmoor Community Services District
Financial Statements with Independent Auditor's Report
June 30, 2024
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Independent Auditor's Report

Board of Directors
Rossmoor Community Services District
Rossmoor, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund information of Rossmoor Community Services District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise 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 and the major fund information of the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America 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*, issued by the Comptroller General of the United States *(Governmental Auditing Standards)* and the *State Controller's Minimum Audit Requirements for California 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

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 and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

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

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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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
October 16, 2024

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Rossmoor Community Services District (the District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2024. 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

- The District's net position increased 1.1% or $64,284 to $5,717,045 in 2024 as a result of this year's operations.
- During the year, the District's property tax revenues increased by 4.5% or $56,220 in 2024.
- Total revenues from all sources increased by 10.1% or $202,538 to $2,216,473 in 2024 primarily due to increases in charges for services and investment income.
- Total expenses increased by 9.9% or $194,136 to $2,152,189 in 2024 primarily due to increases in facility maintenance costs, which included resurfacing three tennis courts, resurfacing one basketball court, conversion of a tennis court to four pickleball courts, and reflooring the auditorium at Rush Park.

Using This Financial Report

This annual report consists of a series of 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 revenue 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 profitability 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 and liabilities 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 them. Think of the District's net position - the difference between assets and liabilities - 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 to assess the *overall health* of the District.

Governmental Funds Financial Statements

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

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 fund 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 narrower 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

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.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets of the District exceeded liabilities by $5,717,045 (net position, as reported in the table on the following page) as of June 30, 2024.

	2024	2023	$ Change	% Change
Assets:				
Current and other	$ 1,975,295	$ 1,798,427	$ 176,868	9.8%
Capital, net	3,822,793	3,977,702	(154,909)	-3.9%
Total assets	5,798,088	5,776,129	21,959	0.4%
Liabilities:				
Current	71,606	115,460	(43,854)	-38.0%
Due in more than one year	9,437	7,908	1,529	19.3%
Total liabilities	81,043	123,368	(42,325)	-34.3%
Net position:				
Investment in capital assets	3,822,793	3,977,702	(154,909)	-3.9%
Unrestricted	1,894,252	1,675,059	219,193	13.1%
Total net position	$ 5,717,045	$ 5,652,761	$ 64,284	1.1%

A portion of the District's net position, 66.9% or $3,822,793 as of June 30, 2024, reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to operate the District; consequently, these assets are *not* available for future spending. At the end of fiscal year 2024, the District showed a positive balance in its unrestricted net position of $1,894,252 that may be utilized in future years.

	2024	2023	$ Change	% Change
Total expenses	$ 2,152,189	$ 1,958,053	$ 194,136	9.9%
Program revenues:				
Charges for services	290,327	197,326	93,001	47.1%
Capital grants and contributions	39,824	79,766	(39,942)	-50.1%
Total program revenues	330,151	277,092	53,059	19.1%
Net program expense	1,822,038	1,680,961	141,077	8.4%
General revenues:				
Property taxes	1,300,935	1,244,715	56,220	4.5%
Special assessments	454,142	435,119	19,023	4.4%
Other general revenues	131,245	57,009	74,236	130.2%
Total general revenues	1,886,322	1,736,843	149,479	8.6%
Change in net position	64,284	55,882	8,402	15.0%
Net position, beginning	5,652,761	5,596,879	55,882	1.0%
Net position, ending	$ 5,717,045	$ 5,652,761	$ 64,284	1.1%

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, net position increased by $64,284 for the fiscal year ended June 30, 2024.

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2024, the District's General Fund reported a fund balance of $1,935,281, all of which is classified as unassigned.

Capital Asset Administration

Changes in capital assets for fiscal year 2024 were as follows:

	2024	2023	$ Change	% Change
Capital assets	$ 7,482,618	$ 7,482,618	$ -	0.0%
Less: accumulated depreciation	(3,659,825)	(3,504,916)	(154,909)	4.4%
Total capital assets, net	$ 3,822,793	$ 3,977,702	$ (154,909)	-3.9%

At the end of fiscal year 2024, the District's investment in capital assets amounted to $3,822,793 (net of accumulated depreciation). The decrease in capital assets is primarily comprised of the annual depreciation. The District's investment in capital assets is more fully analyzed in Note 4 to the basic financial statements.

Long-term Liabilities Administration

Changes in long-term liabilities for fiscal year 2024 were as follows:

	2024	2023	$ Change	% Change
Compensated absences	$ 41,029	$ 34,383	$ 6,646	19.3%
Less: current portion	(31,592)	(26,475)	(5,117)	19.3%
Total long-term liabilities	$ 9,437	$ 7,908	$ 1,529	19.3%

At the end of fiscal year 2024, the District had $41,029 in compensated absences of which $9,437 is designated as long-term. The District's long-term liabilities are more fully analyzed in Note 5 to the basic financial statements.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

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 3001 Blume Drive, Rossmoor, CA 90720.

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Rossmoor Community Services District

Government-Wide Financial Statements
Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Cash and investments	$ 1,816,152
Receivables:	
Accounts	118,282
Taxes	21,053
Interest	19,808
Capital assets not being depreciated	2,866,408
Capital assets being depreciated, net	956,385
Total assets	5,798,088
LIABILITIES	
Accounts payable	34,154
Deposits	5,860
Compensated absences - due within one year	31,592
Compensated absences - due in more than one year	9,437
Total liabilities	81,043
NET POSITION	
Investment in capital assets	3,822,793
Unrestricted	1,894,252
Total net position	$ 5,717,045

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

Rossmoor Community Services District

Government-Wide Financial Statements
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Governmental Activities
Governmental activities:					
General government	$ 1,164,565	$ -	$ -	$ -	$ (1,164,565)
Public services	347,858	78,458	-	-	(269,400)
Parks and recreation	639,766	211,869	-	39,824	(388,073)
Total governmental activities	$ 2,152,189	$ 290,327	$ -	$ 39,824	(1,822,038)
General revenues:					
Taxes:					
Property					1,300,935
Special assessments					454,142
Investment income					82,044
Other					49,201
Total general revenues					1,886,322
Change in net position					64,284
Net Position:					
Beginning of year					5,652,761
End of year					$ 5,717,045

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

Rossmoor Community Services District

Governmental Funds Financial Statements
Balance Sheet
June 30, 2024

	General
ASSETS	
Cash and investments	$ 1,816,152
Receivables:	
Accounts	118,282
Taxes	21,053
Interest	19,808
Total assets	$ 1,975,295
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 34,154
Deposits	5,860
Total liabilities	40,014
Fund balance:	
Unassigned	1,935,281
Total fund balance	1,935,281
Total liabilities and fund balance	$ 1,975,295

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

Rossmoor Community Services District

Governmental Funds Financial Statements
Reconciliation of the Balance Sheet of Governmental Funds
to the Government-Wide Statement of Net Position
June 30, 2024

Fund balance of governmental fund	$ 1,935,281
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,822,793
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(41,029)
Net position of governmental activities	$ 5,717,045

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

Rossmoor Community Services District

Governmental Funds Financial Statements
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2024

	General
REVENUES	
Taxes	$ 1,300,935
Special assessments	454,142
Intergovernmental	118,282
Charges for services	211,869
Investment income	82,044
Other	49,201
Total revenues	2,216,473
EXPENDITURES	
General government	1,151,599
Public services	347,858
Parks and recreation	307,016
Capital outlay	184,161
Total expenditures	1,990,634
Net change in fund balance	225,839
FUND BALANCE	
Beginning of year	1,709,442
End of year	$ 1,935,281

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

Governmental Funds Financial Statements
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Government-Wide Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balance - total governmental funds	$	225,839
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This is the amount by which depreciation expense ($154,909) exceeded capitalized capital outlay ($-0-) in the current period.		(154,909)
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.		
Increase in compensated absences		(6,646)
Change in net position of governmental activities	$	64,284

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

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

On November 4, 1986, the territory of the unincorporated Rossmoor Community approved the order adopted on June 25, 1986, by the Board of Supervisors of the County of Orange ordering a reorganization resulting in the formation of the Rossmoor Community Services District (the District). The District was formed to acquire, provide and maintain public recreation facilities and services, street lighting, and, subject to the consent of the County of Orange, installation and maintenance of median landscaping, aesthetic trimming of parkway trees, and street sweeping.

Upon formation on January 1, 1987, the District assumed responsibility for the various services formerly provided by Community Service Area Number 21 and assumed all assets and liabilities, including real property, from Community Service Area Number 21.

The District is governed by a five-member Board of Directors elected by the registered voters within the District boundaries.

B. Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as accounting principles generally accepted in the United States of America ("GAAP"). GASB is the accepted standards-setting body for establishing governmental accounting and financial reporting standards.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements report information of all nonfiduciary activities of the primary government.

The government-wide financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, liabilities, including capital assets and long-term liabilities, are included in the accompany statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned (i.e. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.). Expenses are recognized in the period when the liability is incurred, regardless of the timing of the related cash flows.

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. An accompanying schedule is presented to reconcile and explain the differences in Fund Balance as presented in these statements to the Net Position presented in the Government-wide Financial Statements. The District presented all funds as major funds.

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, special assessments, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The **General Fund** is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The general operating expenses are paid from this fund.

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Property Taxes

Property taxes and special assessments associated with the current fiscal year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. Property taxes attach as an enforceable lien on property. Secured and unsecured property taxes are levied on July 1st. The unsecured and secured property tax lien date is January 1st. Unsecured property taxes become delinquent on August 31st. Secured property taxes are payable in two installments, on November 1st and February 1st of each year, become delinquent on December 10th and April 10th, respectively. The County of Orange bills and collects the property taxes and remits them to the District according to a payment schedule established by the County. Property tax revenues are recognized when received in cash except at year-end when they are accrued pursuant to the modified accrual basis of accounting. The County is permitted by State law to levy property taxes at 1% of full market value (at the time of purchase) and can increase property assessed value no more than 2% per year.

E. Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District is a voluntary participant in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Assets-Backed Securities. LAIF's investments are subject to credit risk with full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

Certain disclosures requirements for deposits and investment risks were made in the following area:

- Interest rate risk
- Credit risk
  - Overall
  - Custodial credit risk
  - Concentration of credit risk

F. Receivables

All receivables are shown net of an allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2024.

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the acquisition value of the assets on the date on which they were contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District utilizes a capitalization threshold of $5,000 and an estimated useful life in excess of two years.

Depreciation is recorded on a straight-line basis over the following estimated useful lives:

Buildings and structures	7 – 40 years
Computer equipment	3 – 7 years
Motorized vehicles	5 – 10 years

H. Long-term liabilities

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. Issuance costs are expensed when incurred.

I. Compensated Absences

Full-time District employees earn twelve sick leave days per year and ten to twenty vacation days per year depending on years of service. Part-time employees earn sick and vacation days at a pro-rated amount. Vacation days can only be used after one year of employment. Upon termination, the District is obligated to compensate employees for 100% of the accrued vacation time, and up to 80 hours of unused sick leave. Compensated absences are recorded in the long-term liabilities in the statement of net position.

J. Net Position

In government-wide financial statements, net position is classified in the following categories:

Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation.

Restricted – This component of net position consists of restricted assets reduced by liabilities related to those assets.

Unrestricted – This component of net position is the amount of the assets, liabilities that are not included in the determination of investment in capital assets or the restricted component of net position.

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Fund Balance

Nonspendable – amounts that are not in a spendable form (such as prepaids and deposits) or are required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

L. Spending Policy

For government-wide financial statements, when an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

For governmental fund financial statements, when expenditures are incurred for purposes where only unrestricted fund balances are available, the District's policy is to apply the unrestricted resources in the following order: committed, assigned, and unassigned.

M. Revenues

Property taxes and special assessments are collected by the County of Orange on behalf of the District and remitted to the District at various times during the year. Reimbursements from the State and the County are presented as intergovernmental revenues. Charges for services revenues represent fees collected for the use of District facilities. Investment income is derived from interest earnings and fair market value adjustments of the District's financial assets that are maintained in various investment types. Revenues not classified in one of the categories above are presented as other revenues.

Intergovernmental revenue for the year ended June 30, 2024 consists of County street sweeping reimbursements of $78,458 and the Prop 68 grant of $39,824. These intergovernmental revenues are presented as program revenues under the public services and general government functions/programs in the statement of activities.

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. New Accounting Pronouncement

For the fiscal year ended June 30, 2024, the financial statements include the adoption of GASB Statement No. 100 *Accounting Changes and Error Corrections*. The purpose of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Note 2 – Stewardship, Compliance and Accountability

A. Budgetary Data

Budgets for the General Fund and the Capital Projects Fund are prepared, approved and adopted in accordance with Section 61110 of the government code. Budgetary control is maintained at the total expenditure level of each fund. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year for noncapital projects. Any deficiency of budgeted revenues compared to budgeted expenditures is financed from beginning unrestricted fund balance. During the fiscal year, several nominal supplementary appropriations were necessary.

Note 3 – Cash and Investments

Cash and investments as of June 30, 2024 consist of the following.

Cash on hand	$	400
Demand deposits		148,441
Local Agency Investment Fund		1,667,311
Total cash and investments	$	1,816,152

Note 3 – Cash and Investments (Continued)

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

The following table identifies the investment types that are authorized by the District's investment policy. The table also identifies certain provisions of the District's investment policy that address interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Securities, Notes and Bonds	5 Years	25%	$250,000
Federal Agency or U.S. Government Securities	5 Years	25%	$250,000
California State Bonds, Warrants and Treasury Notes	5 Years	25%	$250,000
California Local Agency Investment Fund	N/A	100%	$75 Million
Orange County Treasury	N/A	25%	None
Medium-Term U.S. Corporate Bonds or Notes	5 Years	25%	$250,000
Bankers Acceptances	6 Months	25%	$250,000
Certificates of Deposit	2 Years	25%	$250,000

Local Agency Investment Fund

The District is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District's investments in LAIF at June 30, 2024 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

Note 3 – Cash and Investments (Continued)

Local Agency Investment Fund (Continued)

The District invests in LAIF, which had invested 1.40% of the pooled investment funds in Structured Notes and Asset-Back Securities. LAIF determines market value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The District's investment in LAIF is reported at amortized cost at June 30, 2024. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at http://www.treasurer.ca.gov.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Total	12 months or less	12 months or more
Local Agency Investment Fund	$ 1,667,311	$ 1,667,311	$ -

Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Rating as of Year End
Local Agency Investment Fund	$ 1,667,311	N/A	Not rated

Note 3 – Cash and Investments (Continued)

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 custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty 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 do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name. California law also allows institutions to secure the District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The District did not waive the collateralization requirements.

Fair Value of Investments

GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the statement of net position/balance sheet, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liability at the measurement date.

Investments in the Local District Investment Fund (LAIF) are not subject to classification in the fair value hierarchy.

Note 4 – Capital Assets

A summary of changes in capital assets activity for the District's governmental activities for the year ended June 30, 2024 is as follows.

	Balance at June 30, 2023	Increases	Decreases	Balance at June 30, 2024
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,861,158	$ -	$ -	$ 2,861,158
Construction in progress	5,250	-	-	5,250
Total capital assets, not being depreciated	2,866,408	-	-	2,866,408
Capital assets, being depreciated:				
Buildings and structures	4,512,273	-	-	4,512,273
Equipment	44,234	-	-	44,234
Motorized vehicles	59,703	-	-	59,703
Total capital assets, being depreciated	4,616,210	-	-	4,616,210
Less accumulated depreciation for:				
Buildings and structures	(3,447,246)	(144,080)	-	(3,591,326)
Equipment	(12,797)	(6,320)	-	(19,117)
Motorized vehicles	(44,873)	(4,509)	-	(49,382)
Total accumulated depreciation	(3,504,916)	(154,909)	-	(3,659,825)
Total capital assets, being depreciated, net	1,111,294	(154,909)	-	956,385
Governmental activities capital assets, net	$ 3,977,702	$ (154,909)	$ -	$ 3,822,793

Depreciation expense was charged to the following functions/programs in the statement of activities.

General government	$ 6,320
Parks and recreation	148,589
	$ 154,909

Note 5 – Long-Term Liabilities

A summary of changes in long-term liabilities for the District's governmental activities for the year ended June 30, 2024 is as follows.

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024	Due Within One Year
Compensated absences	$ 34,383	$ 50,505	$ (43,859)	$ 41,029	$ 31,592

Note 6 – Risk Management

Liability coverage for the District is provided through the California Joint Powers Insurance Authority (California JPIA). In addition to liability coverage, the California JPIA offers other coverage programs. The various coverage programs shown below apply to the District. Pollution legal liability insurance, all risk property insurance, and crime insurance are purchased from commercial insurance companies on behalf of the District. Claims administration for the liability program is provided by Carl Warren & Company. Workers' Compensation liability is covered through State Fund Insurance.

Comprehensive General and Automobile Liability Coverage
Period: July 1, 2023 to July 1, 2024
Limit: $50 million combined single limit per occurrence

Workers' Compensation Coverage
Period: July 1, 2023 to July 1, 2024
Limit: Statutory benefits, and $10 million employer's liability

Pollution Legal Liability Insurance
Period: July 1, 2023 to July 1, 2024
Limit: $5 million per member, $250,000 per occurrence self-insured retention

All Risk Property Insurance
Period: July 1, 2023 to July 1, 2024
Deductibles: (a) $10,000 for Building and Contents, (b) 5% for optional Earthquake and Flood, and (c) $5,000 for optional Mechanical Breakdown

Crime Insurance
Period: July 1, 2023 to July 1, 2024
Deductible: $5,000 Faithful Performance, Depositor's Forgery, Theft, and Computer Fraud

Note 6 – Risk Management (Continued)

Adequacy of Protection

All claims are investigated, valued, reserved, defended, and/or settled in accordance with generally accepted insurance industry practices. There are no existing claims known to the District which would exceed its applicable coverage. For the past three years, no claim has exceeded coverage limits for any of the programs indicated above. Contributions made for pooled self-insurance programs include amounts for claims which may have been incurred but not reported. Management believes the coverage as stated above is adequate and reasonable for the District.

Note 7 – Commitment and Contingencies

Grants and Contracts

The District has grants and contracts with government agencies which are subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from these audits would not be material.

Claims and Contingencies

The District is subject to known and potential claims and contingencies related to lawsuits and other matters arising out of the normal course of its operations. Management, in consultation with legal counsel, has reviewed these matters and determined that no reasonably estimable amount of liability can be determined at this time. Management believes that any ultimate liabilities, if any, associated with such claims and contingencies are not likely to have a material adverse effect on the District's financial position, changes in financial position, or cash flows.

The District participates in the CJPIA primary pool, which provides insurance coverage for any claims that may arise. Accordingly, the District has no deductible liability, and any settlements are expected to be paid directly by CJPIA.

Rossmoor Community Services District

Required Supplementary Information
General Fund – Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	$ 1,333,100	$ 1,333,100	$ 1,300,935	$ (32,165)
Special assessments	404,300	404,300	454,142	49,842
Intergovernmental	136,000	136,000	118,282	(17,718)
Charges for services	214,300	187,300	211,869	24,569
Investment income	30,000	30,000	82,044	52,044
Other	35,000	35,000	49,201	14,201
Total revenues	2,152,700	2,125,700	2,216,473	90,773
EXPENDITURES				
General government	1,211,790	1,217,560	1,151,599	65,961
Public services	337,960	337,960	347,858	(9,898)
Parks and recreation	338,960	338,960	307,016	31,944
Capital outlay	214,850	214,850	184,161	30,689
Total expenditures	2,103,560	2,109,330	1,990,634	118,696
Net change in fund balance	$ 49,140	$ 16,370	225,839	$ 209,469
FUND BALANCE				
Beginning of year			1,709,442	
End of year			$ 1,935,281	

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