AGENDA

ROSSMOOR COMMUNITY SERVICES DISTRICT

AUDIT COMMITTEE MEETING

RUSH PARK
WEST ROOM
3021 Blume Drive
Rossmoor, California 90720

Wednesday, November 4, 2026
7:00 p.m.

A. ORGANIZATION

1. CALL TO ORDER: 7:00 p.m.
2. ROLL CALL: Directors DeMarco and Searles
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 2025-2026 ANNUAL AUDIT REPORT.

D. ADJOURNMENT

CERTIFICATION OF POSTING

I hereby certify that the attached Agenda for the November 4, 2026, 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:

Date: November 3, 2026

SHARON LANDERS
General Manager

ROSSMOOR COMMUNITY SERVICES DISTRICT

AGENDA ITEM C-1

Date: November 4, 2026

To: Audit Committee
Tony DeMarco, Chair
Nathan Searles

From: General Manager Sharon Landers

Subject: DISCUSSION WITH GENERAL MANAGER AND DISTRICT AUDITOR REGARDING FY 2025-2026 ANNUAL AUDIT REPORT

RECOMMENDATION

It is recommended that the Rossmoor Community Services District (RCSD) Audit Committee review and recommend that the RCSD Board of Directors approve the FY 2025-2026 Annual Audit Report at its November 10, 2026 regular meeting.

INFORMATION

This meeting includes the DRAFT *Financial Statements and Independent Auditor's report for the year ended June 30, 2026,* Audited by Nigro and Nigro PC, the District Auditor. Also included for your information is the FINAL *Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2025* for reference.

ATTACHMENTS

1. DRAFT – Rossmoor Community Services District Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2026.
2. FINAL – Rossmoor Community Services District Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2025.

ROSSMOOR COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
June 30, 2026
(With Comparative Amounts as of June 30, 2025)

NIGRO & NIGRO PC

ROSSMOOR COMMUNITY SERVICES DISTRICT
For the Fiscal Year Ended June 30, 2026
Table of Contents

FINANCIAL SECTION

Page

Independent Auditors' Report 1
Management's Discussion and Analysis 4
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Position 9
Statement of Activities 10
Governmental Funds Financial Statements:
Governmental Funds Balance Sheet 11
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position 12
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances 13
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 14
Notes to Financial Statements 15
Required Supplementary Information:
Budgetary Comparison Schedule – General Fund 28

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 31

Financial Section

NIGRO & NIGRO PC

A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rossmoor Community Services District
Rossmoor, California

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rossmoor Community Services District as of and for the fiscal year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of June 30, 2026, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 opinion.

Change in Accounting Principle

As described in Notes 1, 3 and 13 to the financial statements, as of July 1, 2025, the District adopted new accounting guidance, GASB Statement No. 103, Financial Reporting Model Improvements, Statement No. 104, Disclosure of Certain Capital Assets and Statement No. 105, Subsequent Events. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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.

Jeff Nigro, CPA, CFE | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2025, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated November 10, 2026, 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 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.

Murrieta, California
November 10, 2026

Management's Discussion and Analysis (MD&A) offers readers of Rossmoor Community Services District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2026. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

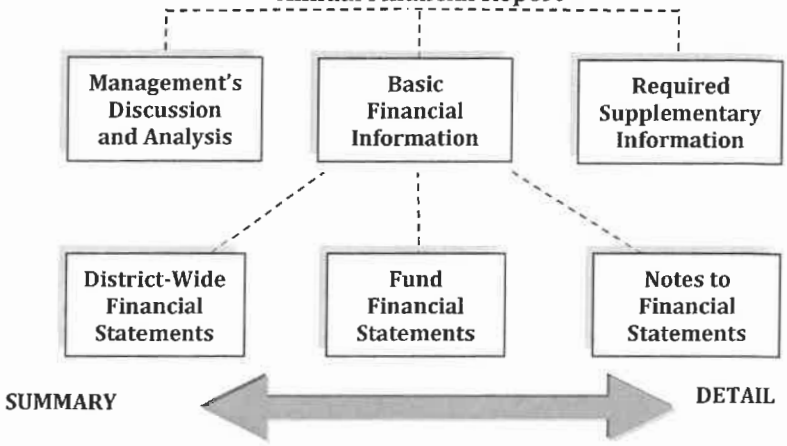
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Rossmoor Community Services District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Fund
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements
The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.

- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities.* Most of the District's basic services are included here, such as weed abatement, landscape maintenance, and administration. State and local programs finance most of these activities.

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*.

FINANCIAL SUMMARY

- The District's net position increased by $266,139, or 4.53%, from $5,870,139 to $6,136,278 during fiscal year 2026.
- The General Fund reported an increase in fund balance of $350,147, or 16.10%, ending the fiscal year with a fund balance of $2,524,597.
- Program revenues increased by $95,938, or 11.25%, primarily due to a $50,537 increase in charges for services and a $45,401 increase in grant revenue.
- General revenues increased by $70,834, or 4.66%, primarily due to an $81,976 increase in property tax revenues, partially offset by decreases in investment earnings.
- Total revenues increased by $166,772, or 7.03%, from $2,371,969 to $2,538,741 during fiscal year 2026.
- Total expenses increased by $53,727, or 2.42%, from $2,218,875 to $2,272,602 during fiscal year 2026.
- Investment in capital assets decreased by approximately $50,000, or 1.35%, while unrestricted net position increased by approximately $317,000, or 14.74%.
- Total capital assets, net, decreased by approximately $50,455, or 1.36%, from $3,722,526 to $3,672,071 during fiscal year 2026.

DETAILED ANALYSES

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	June 30, 2026	June 30, 2025	Change
Assets:			
Current assets	$ 2,564,108	$ 2,239,096	$ 325,012
Capital assets, net	3,672,070	3,722,526	(50,456)
Total assets	6,236,178	5,961,622	274,556
Liabilities:			
Current liabilities	89,854	83,821	6,033
Non-current liabilities	10,046	7,662	2,384
Total liabilities	99,900	91,483	8,417
Net position:			
Investment in capital assets	3,672,070	3,722,526	(50,456)
Unrestricted	2,464,208	2,147,613	316,595
Total net position	$ 6,136,278	$ 5,870,139	$ 266,139

The District's net position increased by $266,139, or 4.53%, during fiscal year 2026, increasing from $5.87 million to $6.14 million. This increase was primarily attributable to growth in current assets and unrestricted net position, partially offset by a decrease in net capital assets.

Total assets increased by 4.61% compared to the prior year, primarily due to an increase in current assets of $325,012. This increase was partially offset by a decrease in capital assets, net, of $50,456 during the year.

Total liabilities increased by $8,417, or 9.20%, from $91,483 to $99,900. The increase resulted from modest increases in both current and non-current liabilities. Despite the increase in liabilities, the growth in assets resulted in an overall increase in the District's net position.

Investment in capital assets decreased by $50,456, or 1.35%, consistent with the decrease in capital assets, net, during the year. Unrestricted net position increased by $316,595, or 14.74%, from $2.15 million to $2.46 million, increasing the resources available to support the District's ongoing operations and future needs

DETAILED ANALYSES (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statement of Activities

	June 30, 2026	June 30, 2025	Change
Program revenues	$ 981,324	$ 852,736	$ 128,588
Expenses	(2,272,602)	(2,218,875)	(53,727)
Net program expense	(1,291,278)	(1,366,139)	74,861
General revenues	1,557,417	1,519,233	38,184
Change in net position	266,139	153,094	113,045
Net position – beginning of period	5,870,139	5,717,045	153,094
Net position – end of period	$ 6,136,278	$ 5,870,139	$ 266,139

Program revenues increased by $95,938, or 11.25%, primarily due to an increase in charges for services of $50,537 and an increase in grant revenue of $45,401. General revenues increased by $70,834, or 4.66%, primarily due to an increase in property tax revenues of $81,976, partially offset by decreases in investment earnings.

Total expenses increased by $53,727, or 2.42%, compared to the prior year. As a result of the increase in program revenues exceeding the increase in expenses, net program expense decreased by $42,211, or 3.09%, compared to the prior year.

Table A-3: Total Revenues

	June 30, 2026	June 30, 2025	Increase (Decrease)
Program revenues:			
Charges for services	$ 884,051	$ 833,514	$ 50,537
Grant revenue	64,623	19,222	45,401
Total program revenues	948,674	852,736	95,938
General revenues:			
Property taxes	1,443,077	1,361,101	81,976
Investment earnings	71,982	87,472	(15,490)
Other revenue	75,008	70,660	4,348
Total general revenues	1,590,067	1,519,233	70,834
Total revenues	$ 2,538,741	$ 2,371,969	$ 166,772

DETAILED ANALYSES (continued)

Analysis of Revenues and Expenses (continued)

Total revenues from all sources increased by $166,772, or 7.03%, from $2.37 million to $2.54 million. The increase was primarily attributable to higher charges for services and property tax revenues, partially offset by decreases in investment earnings and other revenue.

Table A-4: Total Expenses

	June 30, 2026	June 30, 2025	Increase (Decrease)
Expenses:			
General government	$ 1,274,484	$ 1,295,415	$ (20,931)
Public services	359,261	347,406	11,855
Parks an recreation	638,857	576,054	62,803
Total expenses	$ 2,272,602	$ 2,218,875	$ 53,727

Total expenses increased by $53,727, or 2.42%, from $2.22 million in fiscal year 2025 to $2.27 million in fiscal year 2026. The increase was primarily attributable to increases in parks and recreation expenses of $62,803 and public services expenses of $11,855, partially offset by a decrease in general government expenses of $20,931.

General government expenses decreased by $20,931, or 1.62%, while public services expenses increased by $11,855, or 3.41%. Parks and recreation expenses increased by $62,803, or 10.90%, and represented the primary reason for the overall increase in District expenses during the year.

GOVERNMENTAL FUNDS FINANCIAL ANAYLSIS

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 *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

The General Fund is the District's primary operating fund. During fiscal year 2026, the General Fund's fund balance increased by $350,147, from $2,174,450 at June 30, 2025, to $2,524,597 at June 30, 2026. General Fund revenues totaled $2,538,741, primarily consisting of property taxes of $1,443,077 and charges for services of $884,051. Expenditures totaled $2,188,594, including program costs of $736,122, salaries and wages of $683,305, materials and services of $468,300, employee benefits of $203,845, and capital outlay of $97,022. Revenues exceeded expenditures by $350,147, resulting in the corresponding increase in fund balance during the year.

BUDGETARY HIGHLIGHTS

Actual revenues exceeded the final budget by approximately $158,211, or 6.65%, during fiscal year 2026. The favorable variance was primarily attributable to charges for services, which exceeded budget by $194,674, and investment earnings, which exceeded budget by $41,982. These favorable variances were partially offset by operating grants and contributions, which were $116,780 below budget.

Actual expenditures were approximately $174,226, or 7.37%, below the final budget. Materials and services expenditures were $38,250 below budget, salaries and wages were $7,305 below budget, and capital outlay was $101,948 below budget. These favorable variances were partially offset by program costs, which exceeded the final budget by $35,068, and employee benefits, which exceeded the final budget by $8,345.

Overall, revenues exceeded expenditures by $350,147, compared to a final budgeted excess of revenues over expenditures of $17,710. As a result, the General Fund ended the fiscal year with a fund balance of $2,524,597, an increase of $350,147 from the beginning fund balance of $2,174,450.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Table A-5: Capital Assets at Year End, Net of Depreciation

	Balance June 30, 2026	Balance June 30, 2025
Capital assets:		
Non-depreciable assets	$ 2,861,158	$ 2,885,630
Depreciable assets	4,763,980	4,642,485
Accumulated depreciation	(3,953,068)	(3,805,589)
Total capital assets, net	$ 3,672,070	$ 3,722,526

Total capital assets, net, decreased by $50,456, from $3,722,526 at June 30, 2025, to $3,672,070 at June 30, 2026, a decrease of approximately 1.36%. Non-depreciable capital assets decreased by $24,472, while depreciable capital assets increased by $121,495. These changes were offset by a $147,479 increase in accumulated depreciation, resulting in the overall decrease in net capital assets during the year.

See Note 3 for further information on the District's capital assets.

The District had no significant long-term financing activity during fiscal year 2026.

CURRENT KNOWN FACTS, DECISIONS OR CONDITIONS

Management is not aware of any currently known facts, decisions, or conditions that are expected to materially impact the District's financial condition or operations beyond those already reflected in the accompanying financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the General Manager at 3001 Blume Drive, Rossmoor, California 90720.

ROSSMOOR COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2026
(With Comparative Information as of June 30, 2025)

ASSETS	2026	2025
Current assets:		
Cash and investments (Note 2)	$ 2,432,848	$ 2,048,406
Accounts receivable	82,075	98,476
Accrued interest receivable	21,557	21,206
Property taxes receivable	27,628	19,428
Prepaid items	-	51,580
Total current assets	2,564,108	2,239,096
Non-current assets:		
Capital assets – not being depreciated (Note 3)	2,861,158	2,885,630
Capital assets, net – being depreciated (Note 3)	810,912	836,896
Total non-current assets	3,672,070	3,722,526
Total assets	6,236,178	5,961,622
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	33,546	39,427
Unearned revenue	5,965	5,997
Compensated absences (Note 4)	50,343	38,397
Total current liabilities	89,854	83,821
Noncurrent liabilities:		
Compensated absences, net (Note 4)	10,046	7,662
Total noncurrent liabilities	10,046	7,662
Total liabilities	99,900	91,483
NET POSITION		
Net investment in capital assets (Note 8)	3,672,070	3,722,526
Unrestricted	2,464,208	2,147,613
Total net position	$ 6,136,278	$ 5,870,139

ROSSMOOR COMMUNITY SERVICES DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2026
(With Comparative Information for the Fiscal Year Ended June 30, 2025)

	Governmental Activities	
	2026	2025
Expenses:		
General government	$ 1,274,484	$ 1,295,415
Public services	359,261	347,406
Parks and recreation	638,857	576,054
Total expenses	2,272,602	2,218,875
Program revenues:		
Charges for services		
Public services	575,196	555,465
Parks and recreation	308,855	278,049
Operating and capital grant funding	64,623	19,222
Total program revenues	948,674	852,736
Net program expense	(1,323,928)	(1,366,139)
General revenues:		
Property taxes	1,443,077	1,361,101
Investment earnings	71,982	87,472
Other revenue	75,008	70,660
Total general revenues	1,590,067	1,519,233
Change in net position	266,139	153,094
Net position:		
Beginning of year	5,870,139	5,717,045
End of year	$ 6,136,278	$ 5,870,139

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

ROSSMOOR COMMUNITY SERVICES DISTRICT
Balance Sheet – Governmental Funds
June 30, 2026

ASSETS	General Fund
Assets:	
Cash and investments	$ 2,432,848
Accounts receivable	82,075
Accrued interest receivable	21,557
Property taxes receivable	27,628
Total assets	$ 2,564,108
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	$ 33,546
Unearned revenue	5,965
Total liabilities	39,511
Fund balance: (Note 9)	
Assigned	60,389
Unassigned	2,464,208
Total fund balance	2,524,597
Total liabilities and fund balance	$ 2,564,108

ROSSMOOR COMMUNITY SERVICES DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2026

Fund Balance of Governmental Funds	$ 2,524,597
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	3,672,070
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	(60,389)
Total adjustments	3,611,681
Net Position of Governmental Activities	$ 6,136,278

ROSSMOOR COMMUNITY SERVICES DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2026

	General Fund
Revenues:	
Property taxes	$ 1,443,077
Charges for services	884,051
Operating and capital grant funding	64,623
Investment earnings	71,982
Other revenue	75,008
Total revenues	2,538,741
Expenditures:	
Current operations:	
Salaries and wages	683,305
Employee benefits	203,845
Program costs	736,122
Materials and services	468,300
Capital outlay	97,022
Total expenditures	2,188,594
Change in fund balance	350,147
Fund Balance:	
Beginning of year	2,174,450
End of year	$ 2,524,597

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

ROSSMOOR COMMUNITY SERVICES DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2026

Net Change in Fund Balance – Governmental Funds	$ 350,147
Amount reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	97,022
Depreciation expense	(147,478)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:	
Net change in compensated absences	(14,330)
Net change in unavailable revenue	(19,222)
Total adjustments	(84,008)
Change in Net Position of Governmental Activities	$ 266,139

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

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 the primary governmental unit based on the foundation of a separately appointed five-member board. The Board has decision-making District, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This fund is used to account for all financial resources of the District, except those required to be accounted for in another fund when necessary.

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents
For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

2. Prepaid Items
Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

3. Investments
Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

4. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over $5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Buildings and improvements	7-40 years
Furniture and equipment	3-7 years
Vehicles	5-10 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The District's employee benefits provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination after one year of employement. Cash payment for unused sick leave is available up to 80 hours at the employee's current pay rate upon retirement or termination. The cost of vacation is recorded in the period accrued. In accordance with GASB No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences and the District's portion of social security and medicare taxes.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Net Position

Net position is classified into two components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of net investment in capital assets.

8. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Fund Balances (continued)

Committed: The District's highest decision-making level of District rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated District.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

E. Use of Estimates

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

F. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, by December 10 and April 10. The County of Orange County Assessor's Office assesses all real and personal property within the County each year.

Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The Orange County Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Property Taxes (continued)

The Orange County Assessor's Office assesses all real and personal property within the County each year. The Orange County Tax Collector's Office bills and collects the District's share of property taxes. The Orange County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIIIA of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Orange County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1
Levy date July 1
Due dates November 1 and March 1
Collection dates December 10 and December 15

G. New Pronouncements – Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2026, the District has implemented new GASB pronouncements as follows:

GASB Statement No. 103 – Financial Reporting Model Improvements
This GASB Statement revises financial statement presentation requirements, including enhancements to Management's Discussion and Analysis (MD&A), proprietary fund reporting, and disclosures for major component units. The District adopted the Statement as of July 1, 2025. See the MD&A for the effect of this Statement.

GASB Statement No. 104 – Disclosure of Certain Capital Assets
This GASB Statement establishes new disclosure requirements for certain types of capital assets, including assets held for sale. Implementation of the Statement did not have a material effect on the District's financial statement disclosures. The District adopted the Statement as of July 1, 2025. See Note 3 for the effect of this Statement.

GASB Statement No. 105 – Subsequent Events
This GASB Statement clarifies the subsequent events that constitute recognized and non-recognized events and establishes specific note disclosure requirements for non-recognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier implementation is encouraged. The District elected to early implement GASB Statement No. 105, Subsequent Events, effective July 1, 2025. See Note 13 for the effect of this Statement.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30 were classified on the statement of net position as follows:

Description	Balance
Cash and investments	$ 2,432,848
Total cash and investments	$ 2,432,848

Cash and investments as of June 30 consisted of the following:

Description	Balance
Cash on hand	$ 400
Demand deposits with financial institutions	152,252
Local Agency Investment Fund (LAIF)	2,280,196
Total cash and investments	$ 2,432,848

Demand Deposits with Financial Institutions
At June 30, 2026, the carrying amount of the District's demand deposits were $152,252, and the financial institution's balance was $203,030. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

NOTE 2 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Local Agency Investment Fund (LAIF)
The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). LAIF allows cities, counties, and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from LAIF at any time as LAIF is highly liquid and has a dollarin dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2026, the District held $2,280,196 in LAIF.

NOTE 2 – CASH AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2026, the District's cash balance in the KCTIP and CLASS was rated by Standard & Poor's as AAAf/S1.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in the KCTIP.

NOTE 3 – CAPITAL ASSETS

Changes in capital assets for the year were as follows:

	Balance July 1, 2025	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2026
Non-depreciable capital assets:				
Land	$ 2,861,158	$ -	$ -	$ 2,861,158
Construction-in-process	24,472	-	(24,472)	-
Total non-depreciable capital assets	2,885,630	-	(24,472)	2,861,158
Depreciable capital assets:				
Buildings and improvements	4,538,548	121,495	-	4,660,043
Computer equipment	44,234	-	-	44,234
Vehicles	59,703	-	-	59,703
Total depreciable capital assets	4,642,485	121,495	-	4,763,980
Accumulated depreciation:				
Buildings and improvements	(3,726,261)	(136,649)	-	(3,862,910)
Furniture and equipment	(25,437)	(6,320)	-	(31,757)
Vehicles	(53,891)	(4,510)	-	(58,401)
Total accumulated depreciation	(3,805,589)	(147,479)	-	(3,953,068)
Total depreciable capital assets, net	836,896	(25,984)	-	810,912
Total capital assets, net	$ 3,722,526	$ (25,984)	$ (24,472)	$ 3,672,070

NOTE 4 – COMPENSATED ABSENCES

As of June 30, 2026, the total liability for compensated absences was $60,389, of which $50,343 is expected to be paid within one year and is reported as a current liability.

Balance July 1, 2025	Net Change	Balance June 30, 2026	Current Portion	Long-term Portion
$ 46,059	$ 14,330	$ 60,389	$ 50,343	$ 10,046

NOTE 5 – FUND BALANCES

At June 30, 2026, fund balances of the District's governmental funds were classified as follows:

Description	General Fund
Assigned:	
Compensated absences	60,389
Unassigned	2,464,208
Total fund balances	$ 2,524,597

NOTE 6 – JOINT VENTURE

Liability coverage for the District is provided through the California Joint Powers Insurance District (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

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 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases
The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, d*e minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards
Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation
The District is involved in routine litigation incidental to its business and may be subject to claims and litigation from outside parties. After consultation with legal counsel and/or management, management believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 8 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 10, 2026, the date on which the financial statements were available to be issued.

Required Supplementary Information

ROSSMOOR COMMUNITY SERVICES DISTRICT

Budgetary Comparison Schedule – General Fund

For the Fiscal Year Ended June 30, 2026

	Original	Final	Variance Positive (Negative)	Actual Amounts Budgetary (and GAAP)	Variance with Final Budget - over (under) Actual	
BUDGETARY REVENUES						
Property taxes	$ 1,390,900	$ 1,412,100	$ 21,200	$ 1,443,077	$ 30,977	(a, c)
Charges for services	724,000	754,000	30,000	884,051	130,051	(d)
Operating and capital grant funding	60,430	149,430	89,000	64,623	(84,807)	(b, e)
Investment earnings	30,000	30,000	-	71,982	41,982	(f)
Other revenues	35,000	35,000	-	75,008	40,008	(g)
Total budgetary revenues	2,240,330	2,380,530	140,200	2,538,741	158,211	
BUDGETARY EXPENDITURES						
Current:						
Salaries and wages	661,110	690,610	29,500	683,305	(7,305)	(h, m)
Employee benefits	225,890	195,500	(30,390)	203,845	8,345	(I, n)
Program costs	746,130	771,190	25,060	736,122	(35,068)	(j, o)
Materials and services	480,150	506,550	26,400	468,300	(38,250)	(k, p)
Capital outlay	123,520	198,970	75,450	97,022	(101,948)	(l, q)
Total budgetary expenditures	2,236,800	2,362,820	126,020	2,188,594	(174,226)	
Excess of revenues over expenditures	3,530	17,710	14,180	350,147	332,437	
Change in fund balance	3,530	17,710	14,180	350,147	332,437	
Fund balance:						
Beginning of year	2,174,450	2,174,450	-	2,174,450	8,345	
End of year	$ 2,177,980	$ 2,192,160	$ 14,180	$ 2,524,597	$ (29,905)	

NOTE 1 – NOTES TO THE BUDGETARY COMPARISON SCHEDULE

The District adopts an annual operating budget for the General Fund. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America. The District prepares and submits the operating budget to the Board of Directors no later than June of each year. The adopted budget becomes operative on July 1. The budget may be revised by the Board of Directors during the year to reflect updated revenue estimates, operating needs and capital project activity.

NOTE 2 – ACTUAL BUDGET RESULTS

BUDGETARY REVENUES

Differences – original budget to final budget:

- (a) The property tax budget was increased by approximately $21,000 to reflect updated estimates for secured and unsecured property tax collections.
- (b) The operating grants and contributions budget was increased to reflect anticipated Proposition 68 grant funding and related intergovernmental activity.

Differences – final budget to actual:

- (c) Property tax revenue exceeded the final budget by approximately $31,000 because secured and unsecured property tax collections were stronger than the revised estimates.
- (d) Charges for services exceeded the final budget by approximately $130,051 due to stronger-than-anticipated street light assessments and recreation, reservation, lesson, facility rental and related service activity.
- (e) Operating and capital grant funding was below the final budget by approximately $84,807. The variance was also affected by the classification of grant and reimbursement activity between the District budget and the financial statements.
- (f) Investment earnings exceeded the final budget by approximately $42,000 because investment earnings were budgeted conservatively relative to the District's invested cash balances and the interest-rate environment during the fiscal year.
- (g) Other revenues exceeded the final budget by approximately $40,000 due to miscellaneous receipts that were greater than anticipated.

BUDGETARY EXPENDITURES

Differences – original budget to final budget:

- (h) The salaries and wages budget was increased by approximately $30,000 to reflect updated staffing needs, including administrative, part-time and event attendant positions.
- (i) The employee benefits budget was decreased by approximately $30,000 to reflect revised medical insurance and payroll tax estimates, partially offset by an increase in the deferred compensation match.
- (j) The program costs budget was increased by approximately $25,000 to reflect updated park, recreation, street, tree and facility operating plans.
- (k) The materials and services budget was increased by approximately $26,000, primarily for legal services, outsourced financial consulting, other professional services and telephone costs.
- (l) The capital outlay budget was increased by approximately $75,000 to reflect revised vehicle, park improvement, playground, tree and other capital project plans.

NOTE 2 – ACTUAL BUDGET RESULTS (continued)

BUDGETARY EXPENDITURES (continued)

Differences – final budget to actual:

- (m) Salaries and wages differed from the final budget because actual vacancies, hiring timing, part-time staffing, overtime and the year-end compensated absence adjustment did not match the assumptions used in the amended budget.
- (n) Employee benefits differed from the final budget because actual employee enrollment, eligible payroll, workers' compensation, payroll taxes and employer contributions followed actual staffing and compensation levels.
- (o) Program costs differed from the final budget due to the volume and timing of community events, utilities and water usage, landscape and janitorial services, street lighting and sweeping, and tree maintenance performed during the year.
- (p) Materials and services differed from the final budget due to the timing and level of professional, legal, insurance, maintenance and other operating costs. The variance also included certain capital-type purchases that were reported as current expenditures because the purchases did not meet the District's capitalization criteria.
- (q) Capital outlay differed from the final budget because the timing and completion of planned projects varied from the amended budget. Certain planned work was not fully completed or capitalized by fiscal year-end, and certain capital-type purchases were reported as current expenditures instead of capital outlay.

Other Independent Auditors' Report

NIGRO & NIGRO PC

A Professional Accountancy Corporation

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

Board of Directors
Rossmoor Community Services District
Rossmoor, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Rossmoor Community Services District (District) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2026.

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

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

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

Jeff Nigro, CPA, CFE | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA | Jared Solmonsen, CPA

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Murrieta, California
November 10, 2026

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
Table of Contents

Page

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Basic Financial Statements:

Government-Wide Financial Statements:
- Statement of Net Position 9
- Statement of Activities 10

Governmental Funds Financial Statements:
- Balance Sheet 11
- Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Statement of Net Position 12
- Statement of Revenues, Expenditures, and Changes in Fund Balance 13
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities 14

Notes to the Basic Financial Statements 15

Required Supplementary Information:

General Fund – Budgetary Comparison Schedule 27

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 4.6% 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	