



**Rosamond Community Services District
Fiscal Year Budget 2018–2019**

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Rosamond Community Services District



Board of Directors
Dennis Shingledecker, President
J. Russell Williford, Vice President
Byron Glennan
Morrison "Ed" MacKay
Olaf Landsgaard

General Manager
Ronald D. Smith

June 19, 2018

On behalf of the RCSD, I am proud to present the District's FY 18-19 budget. The budget is balanced, continues to replenish its much depleted reserves, and reflects our continued commitment to provide the highest quality services possible while implementing fiscally sound policies and best practices to protect the money and resources the community has entrusted us with.

Three years ago, the District had depleted the majority of its Water Fund Reserves on operations and maintenance and was operating at a deficit. With nearly 9 months left in that reserve until the Water Fund would not have sufficient revenue to provide service, immediate changes had to be made. With creative solutions from staff, and sound policy decision from the Board of Directors, the District increased its net position by 6.6%, or over \$2.6 million, and replenished its reserves to over 50%. Total expenses decreased by 10.6%, primarily due to a decrease in operational expenses, without reducing service levels.

The FY 18-19 budget, for the first time, creates a General Fund for the District and has laid out a 3 year CIP. The FY 18-19 budget continues to replenish reserves and increases our investments with an estimated return of over \$250,000. The biggest outside impact to the District is the adjudication of the Antelope Valley water basin. This has greatly decreased the amount of water the District can produce, and could force the District to purchase expensive SWP water. With creative land deals, water contracts, and the transformation of our WWTP into a water bank, the future of our water supply is safe and sound.

I want to thank an amazing staff and our Board of Directors for a great job.

Sincerely,

Ronald D. Smith
General Manager

3179 35th Street West, Rosamond CA 93560
661.256.3411 — rosamondcsd.com

Mission & Goals

Our Mission Statement

Our Core Mission is to bring a better quality of life to our community of Rosamond by providing essential services at the best cost while striving, in everything that we do, to be protective and prudent with our community's resources and money.

Our Goals

Protect & Preserve

We strive to make every decision based on fiscally sound policies and best practices to ensure that the money and resources are managed prudently, protecting the investment the people have made in their community.

Transparency & Trust

Building trust from the community is an ongoing process where we function as an open book, not only following the laws of open government, but maintaining complete transparency while encouraging public participation and oversight.

Safe & Sustained

Providing the safest and highest quality water possible, it is our dedicated obligation to secure sustained water sources at the lowest rate achievable bringing life to Rosamond.

Commitment & Care

We are committed to providing the best level of customer service, with a caring and friendly attitude, working towards building the community's confidence in us and the job that we do for each and every customer.

Value & Vital

We endeavor for excellence in providing vital services to Rosamond because we know that the community needs and values the best quality of life possible.

Board of Directors



President
Dennis Shingledecker



Vice President
J. Russell Williford



Member
Byron Glennan



Member
Morrison "Ed" MacKay



Member
Olaf Landsgaard

Executive Staff



General Manager
Ronald D. Smith



Assistant General Manager
John Houghton



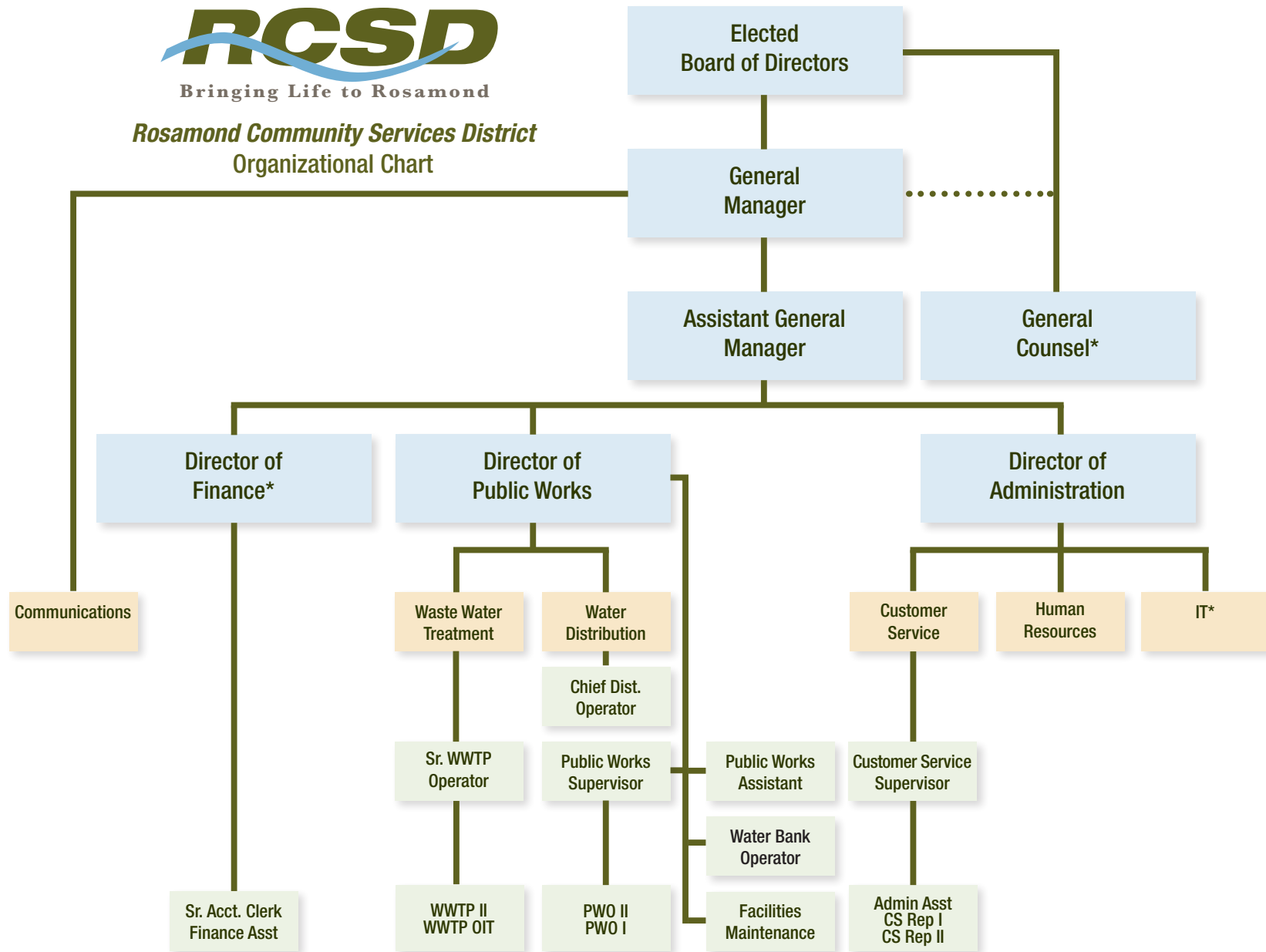
Director of Administration
Lizette Guerrero



Director of Public Works
Brach Smith



Rosamond Community Services District
Organizational Chart



* Contract Position

Past–Present–Future

Background

Formation

The District was formed in 1966 under the Community Services District Law, Division 3, § 61000 of Title 6, of the Government Code of the State of California. The District provides water and sewer service to residential and commercial customers for domestic, commercial, irrigation, and fire protection uses. Additionally, the District provides street lighting and graffiti abatement services.

Geography and Climate

Rosamond is an unincorporated community of the County of Kern located in the northern section of the AV Region (Figure 1). It is located on the southern slope of the Rosamond Hills, southeast of the Tehachapi Mountains, approximately 75 miles north of Los Angeles and 70 miles southeast of Bakersfield. Rosamond occupies approximately 50 square miles, or 32,000 acres. The District is located in the Antelope Valley just north of Lancaster and west of Edwards Air Force Base.

Comprising the southwestern portion of the Mojave Desert, the Antelope Valley ranges in elevation from approximately 2,300 feet to 3,500 feet above sea level. Vegetation native to the Antelope Valley are typical of the high desert and include Joshua trees, saltbush, mesquite, juniper, sagebrush, and creosote bush. The climate is characterized by hot summer days, cool summer nights, cool winter days and cold winter nights. Mean daily maximum temperatures range from 57°F to 93.3°F and mean daily minimum temperatures range from 28.1°F to 61.3°F. The growing season is primarily from April to October. Precipitation ranges annually from 2 inches along the northern boundary, to 10 inches on the southern boundary, and with an average of 5.7 inches.

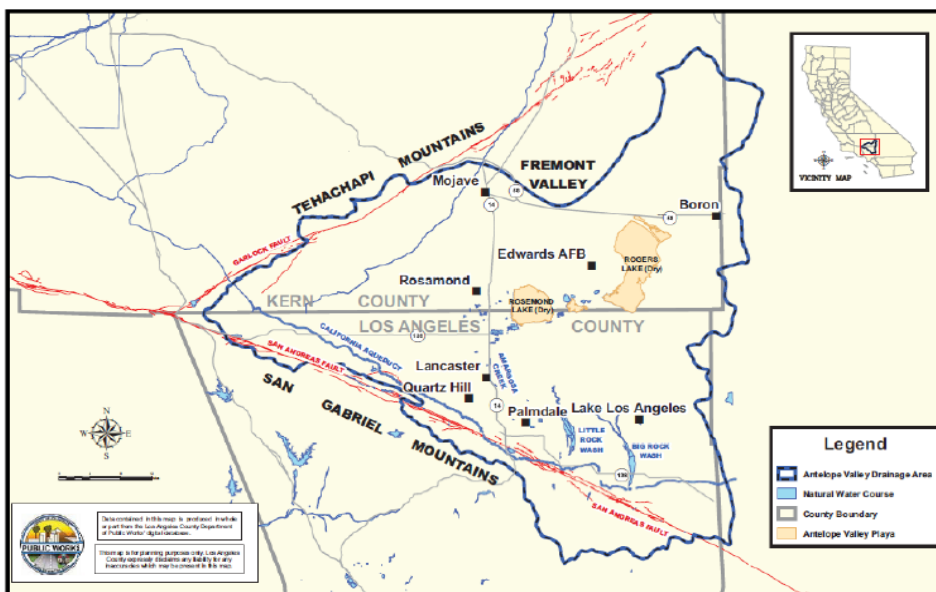


Fig. 1 Geographic Location

Geography and Climate data collected from: RCSD UWMP; May 1, 2017

Service Area and Boundaries



Rosamond viewed south from the Rosamond Hills

Today the District has over 5,000 customer connections with 16 full time employees ([Appendix A: Personnel Summary Schedule](#)). The District also uses consultants for general counsel, finance director, engineer, and IT staff.

The District's service area (Fig. 2) comprises over 30 square miles. 97% of the connections to water and sewer are residential. Commercial connections account for approximately 2% of the connections; and landscape irrigation, non-potable, and other connections account for the remaining 1%.

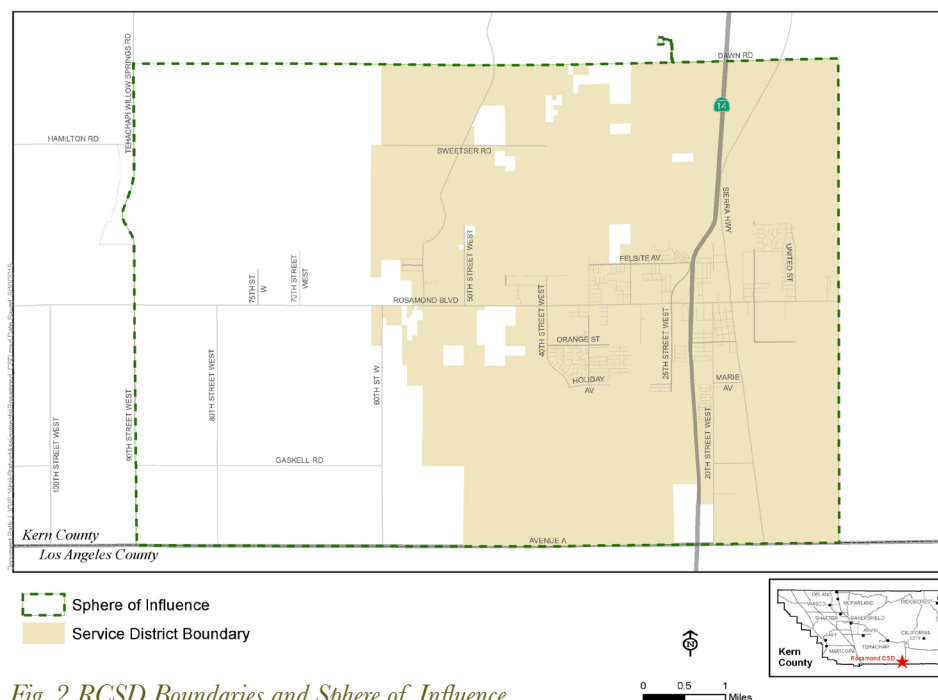


Fig. 2 RCSD Boundaries and Sphere of Influence

System Statistics

- 30 sq mi of service area
- 67.76 mi of sewer main
- 1,230 sewer manholes
- 4,738 sewer connections
- 140.5 mi water main
- 1,641 water main valves
- 5,103 water meters
- 440 fire hydrants
- 5 water storage tanks
- 2 booster stations
- 5 booster pumps
- 3 groundwater wells
- 2 pressure reducing stations
- 3 pressure zones

Demographics and Data

Historical Growth

Historically, land uses within the Antelope Valley have focused primarily on agriculture; however, the Antelope Valley is in transition from predominately agricultural uses to predominately residential, commercial, and industrial uses. As this transition continues, water demand is expected to increase.

Growth in the Antelope Valley proceeded at a slow pace until 1985. However, between 1985 and 1990, the growth rate increased approximately 1,000% from the average growth rate between the years 1956 to 1985. Population growth in the area slowed after the boom in the 80's and 90's until 2008, at which point growth essentially stopped. Slow growth is estimated to continue due to economic factors and the constraints on water availability from the AGC. (Fig. 3).

Other population data for the RCSD

Males: 52.1%

Females: 47.9%

Estimated median household income in 2016: \$61,758

2015	2020	2025	2030	2035	2040
18,035	18,396	18,764	19,139	19,522	19,912

Fig. 3 Estimated Population Growth

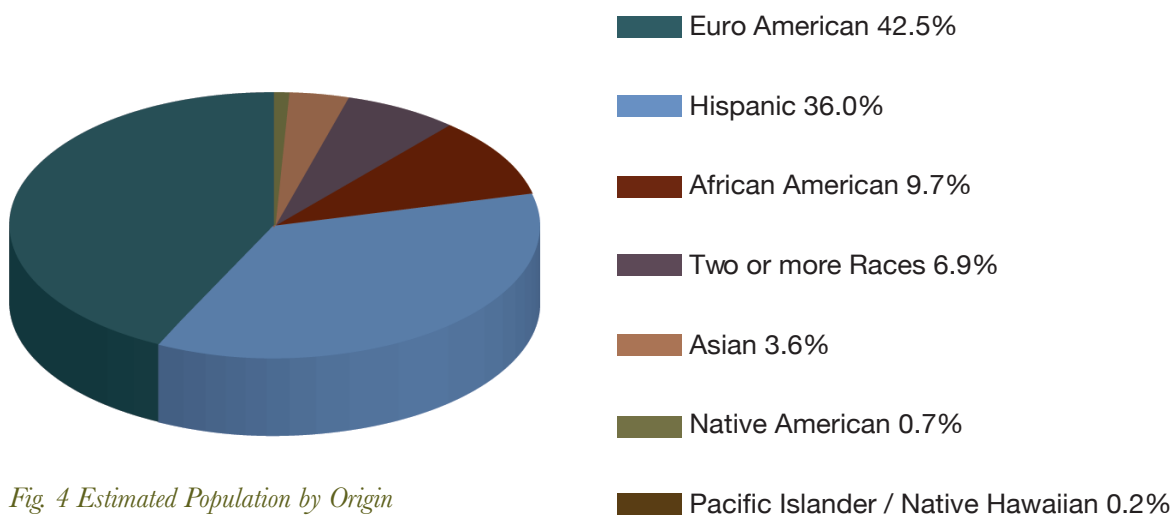


Fig. 4 Estimated Population by Origin

Population data collected from: <http://www.city-data.com/city/Rosamond-California.html>

Executive Summary

Significant Changes and Challenges

AV Water Adjudication

The major change for the District concerns its ground water supply and production. Groundwater makes up approximately 54% of the total water supply for the entire Antelope Valley region and comes entirely from the Antelope Valley Groundwater Basin. On December 23, 2015, a settlement was signed by Judge Komar; *Antelope Groundwater Cases; Santa Clara Case No.: 1-05-CV-049053*; and a Physical Solution recorded with the court making the Antelope Valley Groundwater Basin an adjudicated basin. The Physical Solution, which was signed by all parties, established an Allocation of Rights of the Native Safe Yield for each party. RCSD was allocated 404.42 AFY of Production Rights before paying a Replacement Water Assessment—an AF is approximately 325,851 gallons, which is the estimated annual water demand for a single family home.

The District has the capability to produce 3,000 AFY of native ground water for potable use at a cost of approximately \$100/AF. This is in contrast to purchasing SWP water, which currently is nearly \$600/AF with estimated annual inflation of 8%.

Under the Judgment, starting in 2018, the District must incrementally ramp down its production of ground water from 2,917.88 AFY to only 404.42 AFY after the 5 year ramp down period (see Fig. 5). While its last rate study was based on this ramp down and the need to purchase SWP water at a higher cost, other groundwater production may be acquired by the District through Federal Reserve Rights, Carryover, Return Flows, and Transferred Rights, along with other creative methods discussed later in this document.

PRODUCTION PERIOD	PRODUCTION WITHOUT PENALTY
2018	2,498.97 AF
2019	2,080.06 AF
2020	1,661.15 AF
2021	1,242.24 AF
2022	823.33 AF
2023	404.42 AF

Fig. 5 Ramptdown Production

Parks and Recreation

In 1998, the voters of the District were asked during an election if the District should include Parks and Recreation as one of its powers and services—that measure passed. Included on the ballot was another question that asked if the community would pay for the Parks and Recreation—that measure failed.

In 2002, the District once again put on the ballot a parcel tax for Parks and Recreation—it failed.

In 2007, the District received Jim Williford Park (formerly Westpark) from the County of Kern, and in 2008 contracted with the County to receive the revenue from the CSA 63.5 to manage Williford Park.

The revenue from the CSA was materially inadequate to maintain the Park, or create a larger Parks and Recreation program. The District took an internal loan in the amount of \$1,857,247, from the Sewer Funds, to subsidize a Parks and Recreation Department with full staffing and programs. In addition, the District used limited ad valorem revenues for debt service on the loan and to supplement the CSA revenues for operations.

After a year long process of public meetings and outreach, the District placed Measure A on the ballot for a special election, which would have provided for ongoing funding for Parks and Recreation—the measure failed by 78%.

In 2018, the District returned Williford Park to the County and passed an ordinance divesting the District of the powers for Parks and Recreation.

The FY 18–19 no longer has a Park budget; the District will continue to pay the internal loan with money by the General Fund.

Chromium 6

In 1977 the CDPH set the total Chromium MCL for California drinking water at 50 µg/L. The total Chromium MCL was to address the exposure to the more toxic form of Chromium which is Chrom-6, as opposed to the Chromium needed as a nutrient in human diets, Chrom-3.

In 2014, the CDPH made an MCL of 10 µg/L for Chrom-6. This extreme drop put the District, which has a level of about 12-14 µg/L, into a scramble to comply with the States new edict; estimated costs to comply were in the millions of dollars.

In 2017, the Superior Court of Sacramento County; *California Manufacturers and Technology Association, et al. v. California Department of Public Health, et al.* (Super. Ct. Sacramento County, 2017. No. 34-2014-80001850); issued an order invalidating the Chrom-6 MCL. The State is evaluating a new MCL which it has been said should be no lower than 25 µg/L. If that is the case, the District will be in compliance and would not need to spend any funds to comply. At this time, the District is in full compliance and has no onuses in regards to Chrom-6.

Branding

During the FY 17–18, the District set out to re-brand itself. The process started with several public meetings; the Board produced their “vision ideas” on the main values and direction of the District, and what they see as the ideal District in the future:

Fiscally Sound
Superb Customer Service
Top Quality Secure Water Source
Quality Services
Trust in Government

The Board was also given several questions:

What do we do?

We bring a better quality of life.

How do we do it?

By providing essential services at the best cost.

Whom do we do it for?

For our community of Rosamond.

What value are we bringing?

The community’s resources and money are prudently managed and protected.

From the information gleaned at these meetings, [Mission Statement and Goals](#) were created. From there, a brand mark and tagline were developed based on the mission and goals. Like all brands, the brand is the promises and expectations positioned in the mind of the target audience. Without the services that the RCSD delivers, life would be difficult in this area. The new look and brand signifies the positive direction and dedication to the community the District is taking.



Service Rates

Starting in 2013, the District was in dire need of a new rate study and structure; the last rate study was conducted and implemented in 2009 for a period of five years, ending in 2013. The rates set from that study were inadequate to capture the needed revenue to cover costs. The District began to use its reserves to cover operations and maintenance. A new rate study was conducted in FY 15–16. After prudent budget cuts and two Proposition 218 protest votes, the new rates were adopted months before the Water Fund would have run out of reserves.

The new rates were implemented January 2017 ([Appendix B: Service Rates History](#)). The District now has enough revenue to cover the costs of operations, and is replenishing its reserves.

Priorities—Short and Long-term Factors

Willow Springs Water Bank

For several years, the District has been a member of the Southern California Water Bank Authority; a JPA formed of the Valley Mutual Water Company, the Semitropic Water Storage District, and the RCSD. The SCWBA owns the WSWB (Fig. 6) which has the capability to store a half million AF of water. The District owns 6% of the water bank of which it shares in the net profits. The District currently has 3,613.48 AF of stored Imported Water. When produced, it will give the District 39% Return Flow under the AGC.



Fig. 6 WSWB

Water Acquisition

Future ground water production has been severely restricted under the AGC. While the District can purchase SWP water, its cost is much higher than well production and can not be used as a reliable source for future development Will-Serve Letters. For those reasons, the District has been looking into acquiring water rights and finding different ways of supplying inexpensive water.

Recently, a developer needed a Will-Serve Letter to supply 94 homes. The District obtained a \$940,000 water acquisition fee from the developer and purchased 210 acres of land in Los Angeles County which had 150 AFY allocated in the AGC. This left the District with 56 AFY that it could allocate to other purposes, and the District is now leasing the property to a solar project creating a new discretionary revenue.

Another creative water source is the [WWTP Rehabilitation Project](#). When it comes to fruition, it will percolate approximately 1,100 AFY of denitrified secondary affluent, and with the Return Flow credits, will allow the District to Produce approximately 1,500 AFY.

These, and other creative long term water supply methods, are expected to keep water rates lower and create a supply of water for future development.

Arsenic Consolidation Project

For many years now, the District has been working with the SWRCB on absorbing 8 water systems within the District's boundaries that can not meet the minimum standard for safe drinking water. This project is now in the process to begin construction. While the State is paying the total costs of the project, the District will be receiving approximately \$1.2 million in water acquisition fees and \$2 million in capacity fees, for each of its respective reserves, which will help to offset future costs the District expects to incur as a result of increased demand on its system from the project.

Property Leases

The District currently owns several properties which it is leveraging in order to generate unrestricted funds for its newly created General Fund.

The 210 acres of property in Los Angeles County, purchased for water acquisition, is now being leased to a solar project for \$20,000 per year, and will also pay 0.875% of the net profits once the project is operational. This could bring in an additional \$150,000 per year to the District based on preliminary estimates.

The District has signed a contract with a cell tower consulting firm which is now working on bringing companies to collocate towers on District properties. It is estimated that the District could provide 6 locations for cell towers, at \$2,100 per month, which could generate an additional \$150,000 per year.

Master Plans

The District is currently developing water and sewer master plans and will create developer capacity fees based on these plans. While it is impossible to predict the economic outcome at this time, the changes in the impact fees will effect this FY 18–19 budget.

Long-range Financial Plans

The main long-range financial plans of the District are centered around three areas: water acquisition and rates, major multi-year CIP, and future infrastructure planning for estimated growth. All three of these will have significant effect on the District's finances and services to the community.

Water Acquisition

As described in the section on the [AV Water Adjudication](#), the District must incrementally decrease its production of groundwater from 2,917.88 AFY to only 404.42 AFY in 2023. The current rates were set from the rate study that was conducted starting in 2015 and adopted in the FY 16–17, and was largely based on maintaining a water supply, above the District's groundwater rights, with SWP water. These assumptions were used because it was unknown what the full effect of the AGC on water supply, or the price of purchasing ground water rights, would be.

The District plans to begin another water rate study in FY 19–20, to be implemented in the FY 20–21. At that time, we will know if the completed [WWTP Rehabilitation Project](#) will provide the District with a sustainable amount of ground water, and there will be a better understanding of the ground water market.

Multi-year CIP

Two major projects are being constructed over the next three fiscal years ([3 Year CIP](#)). The WWTP Rehabilitation Project is a \$12 million project with \$3,145,000 in FY 18–19, \$7,569,250 in FY 19–20, and \$1,335,750 in the FY 20–21. The District has the monies to complete the FY 18–19 portion of the project, and is looking at financing options for FY 19–20. The District has applied for State Proposition 1 Grants which could provide up to \$5 million for the project.

The [ACP Project](#) is a \$1.5 million project with \$150,000 in FY 18–19, \$750,000 in FY 19–20, and \$600,000 in the FY 20–21. The District has the monies in Reserves to complete this project, but will be receiving \$300,000 from the Federal Water Reclamation Grant funding. The District is also applying for additional grant funding for this project.

Future Infrastructure

The District found that the Water and Sewer Master Plans which were produced in 2014, were insufficient to adequately calculate the needed infrastructure based on mercurial population estimates. The District is now in the process of completing two new master plans, which will include a sophisticated computer model based on real data, which can give a better vision of future infrastructure with estimated assumptions of population growth. With these plans, the District can then create capacity connection fees. The District cannot know the effect on future CIP Budgets and future projects until these plans are completed. The plans and connection fee studies should be finished by the end of FY18–19.

Departments

General Manager

Overview

The Office of the General Manager manages the overall operations of the District and ensures the implementation of Board policies and objectives.

Descriptions of Services Provided

The department includes the Office of the General Manager, Public Affairs, the Office of the Secretary of the District, and Inter-Government Relations. The Office of the General Manager provides District-wide functions that consist of public and community education, outreach, inter-government advocacy, and support to the Board of Directors.

FY 17–18 Accomplishments

- Completed branding, mission statement, and goals
- Finalized the planning stage for the RRACP
- Successfully transferred Williford Park to the County of Kern

FY 18–19 Goals

- Secure additional water rights and sources
- Finalize and begin construction on the RRACP
- Restructure lighting districts LLAD 1 and LLAD 2

Human Resources

Overview

The Human Resources Department recruits, develops, and retains a well-qualified and professional workforce that reflects the values of the District. It supports the District's mission and provides leadership to the organization, employee engagement, talent management, and positive employee relations.

Description of Services Provided

The department provides for employee relations, employee services, diversity and inclusion, employee development, and recruitment and classification. This department administers deferred compensation, the retirement system, employee benefits, training and development opportunities, guidance to effectively resolve grievances, facilitates labor contract negotiations, responds to discrimination and harassment complaints, and recruits a highly qualified and diverse employee population.

FY 17–18 Accomplishments

- Completed evaluation and analysis of health benefits
- Updated policies and job descriptions
- Implemented document retention procedures

FY 18–19 Goals

- Complete the labor negotiations process for successor MOU
- Implement workforce development plans
- Implement Human Resource Module and time clock system

Customer Service

Overview

The Customer Service Department provides responsive and quality customer service to District stakeholders through the use of technology, programs, and efficient business practices.

Description of Services Provided

The department's operations consist of customer service support, call center, field services, and new business. This department interfaces directly with customers, and internal and external stakeholders. It provides support for billing, answers questions and concerns, processes payments, establishes new accounts, closes accounts, distributes mail, new service and development requests, and field service operation requests.

FY 17–18 Accomplishments

- Outsourced bill printing
- Outsourced payment processing
- Developed policies and procedures
- Processed 55,811 monthly bills

FY 18–19 Goals

- Provide responsive, quality service to meet or exceed customer expectations
- Evaluate processes to enhance the customer experience
- Promote water use efficiency
- Complete the implementation of the new billing system

Information Systems

Overview

The Information Systems Department is responsible for the planning, implementing, operating, maintaining, and providing services to support District functions.

Description of Services Provided

The department consists of information technology security, and data and application support. These services provide support for computers, remote access, application support, network connectivity, risk identification, and ensure that data and systems are secured.

FY 17–18 Accomplishments

- Updated workstations
- Updated computer infrastructure at remote facilities

FY 18–19 Goals

- Upgrade District server
- Implement a new billing system, human resources module and time clock module
- Complete planning and begin implementing GIS InfraMAP upgrades

Public Works

Overview

The Public Works department is responsible for the construction, operation, and maintenance of water wells, storage tanks, water distribution system, water meters, sewer collection system, and the WWTP.

The staff consists of one director, one supervisor, one chief distribution operator, four public works operators, one public works assistant, and two WWTP operators.

Description of Services Provided

- Water Production: Maintain and repair wells, boosters, and reservoirs; read and record well meters and production facilities, monitor SCADA system, and analyze production data to ensure adequate production
- Water Distribution: Repair leaks, and replace damaged water lines.
- Water Quality: Take samples for lab analysis, prepare SWRCB reports, prepare consumer confidence report, and treat water (Chlorination), and process and follow up on water quality complaints
- Sewer Collection: Routinely clean and inspect sewer system, repair broken or blocked sewer mains, and replace damaged sewer manhole lids
- Wastewater Treatment: Receive and treat 1.1 million gallons per day of wastewater
- Meter Services: maintain, relocate, and replace meters; read meters, disconnect/reconnect service, data log meters, site analysis for water usage, and complete service orders for customer accounts

FY 17–18 Metrics

- 2,656 work orders completed
- Repaired 170 service line leaks
- Replaced 33 meter valves
- Delivered 2,479 AF
- Installed 1,085 meters
- Treated 402 million gallons of wastewater
- Marked 283 underground service alerts
- Tested 352 water quality samples

FY 17–18 Accomplishments

- Completed dive inspection and repair of Tank 2
- Completed dive inspection of Tank 1

FY 18–19 Goals

- Complete repairs on Tank 1
- Complete Tank 3 recoat
- Well 9 rehabilitation
- Continue WWTP Rehabilitation Project
- Complete residential water meter replacement
- Complete commercial water meter replacement
- Continue valve maintenance and exercising

Overview

The Engineering department is responsible for planning, designing, and managing District projects to maintain reliable water and sewer infrastructure. The department is also responsible for plan checking, construction inspection, updating facility maps, and maintaining standard construction specifications.

The engineering duties of the District are currently handled by the Director of Public Works, Public Works Assistant, and contract engineers.

Description of Services Provided

- Maintain accurate inventory of District infrastructure using GIS mapping systems
- Manage District projects
- Participate in the AVIRWMP
- Plan for future water demands and acquire necessary water resources
- Review and inspect proposed developments
- Develop water and sewer master plans
- Process sewer inquiries, water availability inquiries, and fire flow letters
- Issue Will-Serve Letters

FY 17–18 Metrics

- Reviewed 12 development plans
- Issued 20 will serve letters
- Performed 4 fire flow tests
- Digitized 587 historical plan sets
- Issued 19 fee quotes
- Inspected 4,200 ft of new mainline
- Created 12 map documents

FY 17–18 Accomplishments

- Collected data for Water and Sewer Master Plans
- Digitized historical as built plans
- Update GIS system based on field verification and plans
- Researched Fremont basin groundwater well locations
- Began planning WWTP Rehabilitation Project

FY 18–19 Goals

- Complete Water and Sewer Master plans
- Update water and sewer connection fees
- Complete the engineering plans for the WWTP

Overview

The Finance department is responsible for providing financial direction and support to the District's Board of Directors, management, and staff. The department is committed to maintaining the District's strong financial position, managing the District's financial resources, ensuring that adequate financial controls are in place and monitored to communicate and report accurate financial results, and to protect the District's assets.

The responsibilities of the Finance department of the District are executed by a Director of Finance (contract consultant), Accountant (contract consultant), Senior Accounting Clerk, and Finance Assistant.

Description of Services Provided

- Timely payment of vendor invoices through accounts payable
- Biweekly processing of employee payroll and related benefits
- Regular and routine general ledger maintenance
- Monthly financial reporting for managerial purposes
- Budget preparation and management
- Debt management
- Regulatory reporting and compliance
- Treasury administration
- Grant administration and management

FY 17–18 Accomplishments

- Received unmodified opinion on FY 16–17 external audit
- Increased revenues over budget by \$494,725
- Reduced expenses under budget by \$664,238
- Updated financial reserve policies
- Increased reserve balances by over \$3.5 million
- Reduced month-end close time to 15 days
- Updated and adopted escheatment policy

FY 18–19 Goals

- Earn unmodified opinion on FY 17–18 external audit
- Submit FY 18–19 budget for GFOA Award
- Implement monthly budget to actual reporting process for management
- Implement escheatment process for all applicable accounts
- Write and adopt retention policy and procedure for financial records
- Reconcile Park Funds activity and establish General Fund balances
- Support Human Resources and Information Systems with implementation of human resources module and time clock system

**ROSAMOND COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2018-13**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
ROSAMOND COMMUNITY SERVICES DISTRICT
ADOPTING THE ANNUAL BUDGET FOR THE FISCAL
YEAR ENDING JUNE 30, 2019**

WHEREAS, the Rosamond Community Services District (“the District”) is a community services district organized and operating pursuant to California Government Code Section 61000 et seq.; and

WHEREAS, there has been presented to the District’s Board of Directors (“the Board”) a proposed Annual Budget for the Fiscal Year Ending June 30, 2019 (“2019 Budget”) in accordance with the requirements of Government Code Section 61110; and

WHEREAS, the Board has conducted a budget workshop open to the public and has considered all comments received during that meeting regarding the proposed 2019 Budget; and

WHEREAS, on June 19, 2018, the Board conducted a public hearing regarding the proposed 2019 Budget in accordance with the requirements of Government Code Section 61110 and considered all comments received at said hearing; and

WHEREAS, the proposed 2019 Budget has been reviewed and considered by the Board of Directors and it has been determined to be in the best interest of the District to adopt said budget for the sound financial operating of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Rosamond Community Services District as follows:

1.0 Approval and Adoption of 2019 Budget. The 2019 Budget for Fiscal Year Ending June 30, 2019 for the Rosamond Community Services District, attached hereto as Exhibit “A” and incorporated herein by reference, is hereby approved and adopted, and the amounts of the proposed expenditures are appropriated and may be expended by the departments or funds for which they are designated, in accordance with the District’s Purchasing Policy.

2.0 Severability. If any section, subsection, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.


3.0 Effective Date. This Resolution shall become effective as of the date of adoption set forth below.

4.0 Incorporation of Recitals. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.


5.0 Creation of a General Fund. The District hereby creates a General Fund # 99 for Fiscal Year Ending June 30, 2019 for the purpose of accumulating discretionary revenues and tracking expenditures not directly related to activities laid out in the District's charter.

6.0 Creation of a Graffiti Abatement Fund. The District hereby creates a Graffiti Abatement Fund # 06 for Fiscal Year Ending June 30, 2019 for the purpose of tracking expenditures directly related to Graffiti Abatement activities laid out in the District's charter.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Rosamond Community Services District held this 19th day of June, 2018.


Dennis Shingledecker, President
Board of Directors
Rosamond Community Services District

ATTEST:

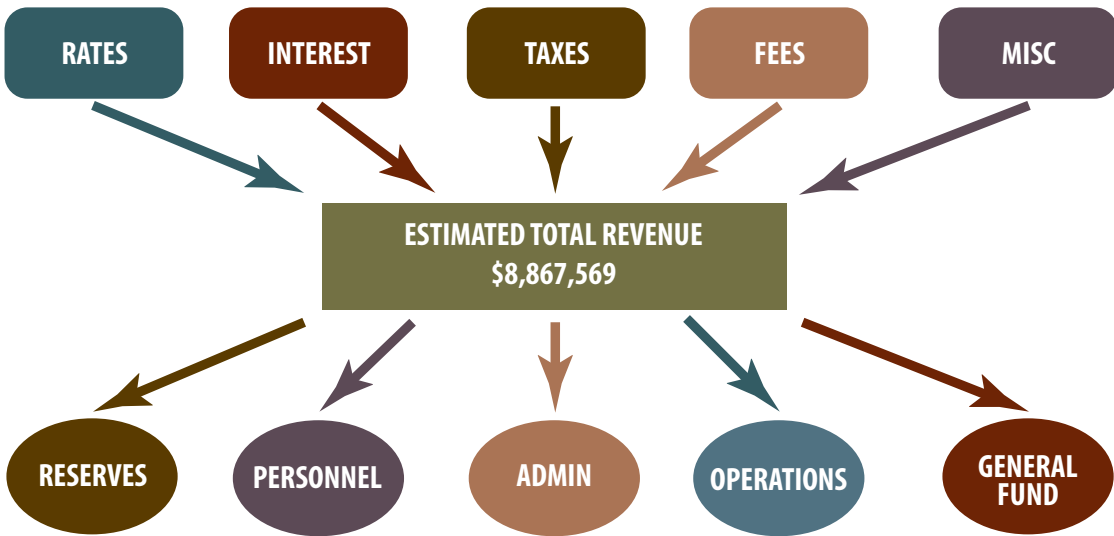
By: 
Lizette Guerrero, Board Secretary
Rosamond Community Services District

Budget

Overview

The District’s core mission is to bring a better quality of life to our community. One of its goals is striving to make every decision based on fiscally sound policies and best practices to ensure that the money and resources are managed prudently, protecting the investment the people have made in their community. Part of achieving this goal is sound financial management through rigorous budgetary participation, regular and routine financial analysis and reporting, transparency, and short and long term planning.

The FY 18–19 Adopted Budget totals \$7,925,352, including inter-fund transfers. This represents a 2.87% increase from the FY 17–18 Adopted Budget. Overall, the District’s Adopted Budget is balanced. It has a projected \$942,217 operating surplus before consideration of the Capital Projects expenditures. Capital Projects are budgeted to be \$4,460,270 for the fiscal year.



Budget Process

For the preparation and the amending of the budget, the District adheres to the Adopted [Administrative Code for Budget Preparation § 3010](#).

Beginning in January of every year, the executive staff begins collecting data and information for the budget preparation. While collecting these data and information, they consider the District’s goals, department goals and needs, economic factors, and long-term and short-term factors. Staff reviews past and current operations to determine if the staffing levels for each department are adequate. Staff also considers all infrastructure and assets that may need to be repaired or replaced, along with any new assets determined by the needs of each department.

During this time, the General Manager meets with each Board Member to get input for any budgetary concerns. The staff then begins a series of meetings

where each department provides their analysis and budgetary requirements. Staff then prepares a Draft Budget. At the discretion of the Board, the General Manager may meet and brief individual Board Members, and/or present the Draft Budget at a Board workshop.

After Board input, and any identified changes, the Final Draft Budget is made available to the public and presented at a public meeting for public comments, final review, consideration, and adoption. Building trust from the community is an ongoing process. The District strives to provide complete transparency, while encouraging public participation and oversight, during this important process.

Balanced Budget

The District strives to produce a balanced budget. A balanced budget consists of revenues equal to or greater than expenditures/expenses, without relying on reserves to cover operating deficits. The District may elect to utilize rate stabilization reserves to subsidize utility rates and manage future rate increases. The District includes in its definition of a balance budget the use of these reserves for this purpose.

Budgetary Control

The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's operations and capital projects. Management monitors the budget activity using monthly budget to actual reports. The Board of Directors monitors the budget policy and trend analysis using monthly cash and investment reports, bi-monthly warrant register review, Quarterly Treasurer Reports, Mid-Year and Year-End Budget Reports and the Annual Financial Statements. The legal level of budgetary control is at the fund level. The General Manager, or his/her designee, may approve budget modifications within a fund so long as the modification does not exceed the total budget of the fund. However, the Board must approve budget modifications between funds.

Budget Basis

For budgetary reporting purposes, the District follows the GAAP applicable to governmental agencies. The District utilizes the accrual basis of budgeting which is the same as the basis of accounting used in the audited financial statements, recognizing revenues and expenses in the period in which they are earned and incurred, respectively.

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

An enterprise fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results that pertain to a specific governmental activity and conforms to the guidelines of GAAP. The activities of enterprise funds closely resemble those of private business enterprises where the purpose is to conserve and add to resources while meeting operating expenses

from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

Financial Policies

Rosamond Community Service District’s financial policies include many of the District’s financial management practices that are used by staff as guidelines to carry out the directives and strategic goals set by the Board of Directors and/or where required by law. The purpose of establishing these policies is to set parameters in which the District can operate to best serve its constituents. Some policies are flexible when they are utilized by District staff as management tools to monitor the District’s finances, while others are restrictive to emphasize responsibility, accountability, and transparency.

These policies, adopted through Resolution of the Board, are part of the District’s Administrative Code. District staff and Board Members periodically review these policies to accommodate minor changes to existing policy, or major changes in financial priorities. These periodic reviews allow for a more acute alignment of policy with changes in technology, labor laws, and changes unique to the District.

The District’s primary financial policies encompass the following areas:

- Budget Preparation
- Revenue
- Rate Setting
- Investment of District Funds
- Reserves
- Purchasing and Expense Authorization
- Employment of Outside Contractors and Consultants

These policies, in their entirety, are included in [Appendix C: Administrative Code Series 3000—Finance](#).

Budget Preparation—[Administrative Code § 3010](#)

The purpose of the Budget Preparation Policy is to guide the District in the preparation, adoption, modification, and ongoing review of the District’s Annual Budget. The legal level of budgetary control is established within the policy.

Revenue—[Administrative Code § 3015](#)

The Revenue Policy establishes the District’s basic policies and procedures concerning revenue received by the District. The policy establishes approaches for forecasting revenues during budget preparation as well as guidelines to encourage the District to strive for a revenue mix that encourages growth and keeps the District economically competitive.

Rate Setting—[Administrative Code § 3034](#)

The Rate Setting Policy provides for the District to establish rates that reflect the costs of providing services to the community. The rates are to be established utilizing a “generally accepted” rate setting methodology and are to be reviewed

every two years, with a comprehensive rate study to be completed every five years. It is the goal of the District to establish rates that are stable and equitable, and shelter the District's ratepayers, as much as possible, from the financial impacts of growth.

Investment of District Funds—[Administrative Code § 3035](#)

The Investment of District Funds Policy provides guidelines for ensuring the safety of funds invested while maximizing the investment interest income to the District. The policy is written to establish a clear understanding for the governing board, management, responsible employees, citizens, and third parties of the objectives, policies, and guidelines for the investment of the District's idle surplus funds. The primary objectives of safety, liquidity, and yield are to be taken into consideration when making any and all investment decisions. The policy shall be reviewed on an annual basis, and the Board of Directors must approve modifications.

Reserves Policy—[Administrative Code § 3036](#)

This policy was established to protect the District's investment in various assets; satisfy its commitments under financial, regulatory, and contractual obligations; provide cash working capital for normal and ordinary operations, and provide some insurance against economic downturns and emergencies. The efficient management of the reserves adds additional assurance the current levels of safety, service reliability, and quality will continue in the future.

The Reserves Policy establishes seven reserve funds and levels. The Board may establish additional reserve funds as it deems necessary. The District currently maintains the following reserve funds:

- Operations/Maintenance – 3 months of Operation and Maintenance levels
- Debt Service – as required by law, legal and/or contractual obligation and will be 125% of next required debt service payment
- Repair and Replacement – minimum 25% of annual accumulated depreciation
- Rate Stabilization – minimum 10% of District's annual rate revenue
- Facilities Capacity Fee/Connection Fee – no level set
- Catastrophe/Emergency - \$1,000,000
- Water Acquisition – no level set

Purchasing and Expense Authorization—[Administrative Code § 3040](#)

The purpose of the policy is to standardize the purchasing procedures of the District and establish the process for procurement, approval, and payment of District invoices. The policy is reviewed periodically and updated as deemed appropriate by the Board of Directors. A summary of the policy, as adopted, is as follows:

- Recurring operating or capital expenditures that are included in the approved budget may be approved by managers
- Non-recurring operational purchases for less than \$5,000 shall be

authorized by the department manager or General Manager prior to purchase

- Non-recurring operational purchases greater than \$5,000 shall be approved by the General Manager, and shall be in conformance with the approved District Budget
- Commitments exceeding \$5,000, and not approved in the District budget require prior Board approval
- Emergency purchases may be approved by the General Manager or Assistant General Manager. Purchase information must be presented to the appropriate party for approval, according to the above requirements, as soon as possible after the purchase

Employment of Outside Contractors and Consultants—[Administrative Code § 3042](#)

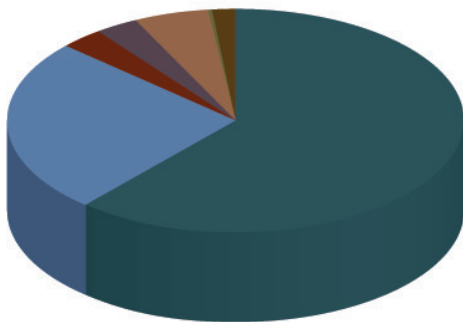
The policy establishes guidelines for the approval of requisitions or agreements with outside contractors and consultants for services relating to operations and maintenance, advisory and professional services, and capital projects. Contracts and agreements related to the aforementioned services must be reviewed by the General Manager and legal counsel prior to presentation to the Board.

Revenues

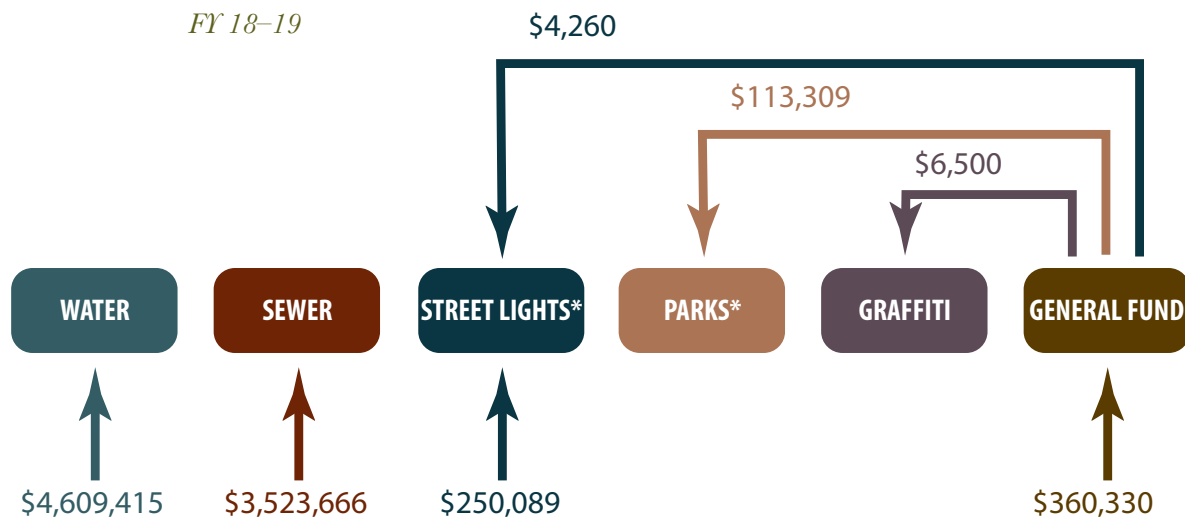
Financial resources represent all sources of income available to support governmental services, including both revenues and transfers from other funds. The District adheres to the Adopted [Administrative Code for Revenues §3015](#). In developing the Service Charge rates ([Appendix B: Service Rates History](#)), the District not only adheres to the Adopted [Administration Code for Rate Setting §3034](#) but also adheres to the California State Constitution [Article XIII C](#) and [Article XIII D](#), to capture actual costs for service.

The District has seven primary forms of income:

REVENUE	FY 17-18 ADOPTED	FY 18-19 ADOPTED
Service Charges	\$5,375,000	\$5,461,000
Usage Charges	1,877,000	2,240,000
User Fees	375,200	276,500
Use of Money and Property	141,126	253,506
Property Tax and Assessments	416,800	472,494
Conservation Fees	55,000	40,000
Transfers In	21,008	124,069
TOTAL REVENUES	\$8,261,134	\$8,867,569



FY 18-19



* Street Lights reflect combined revenue of LLAD 1 and LLAD 2

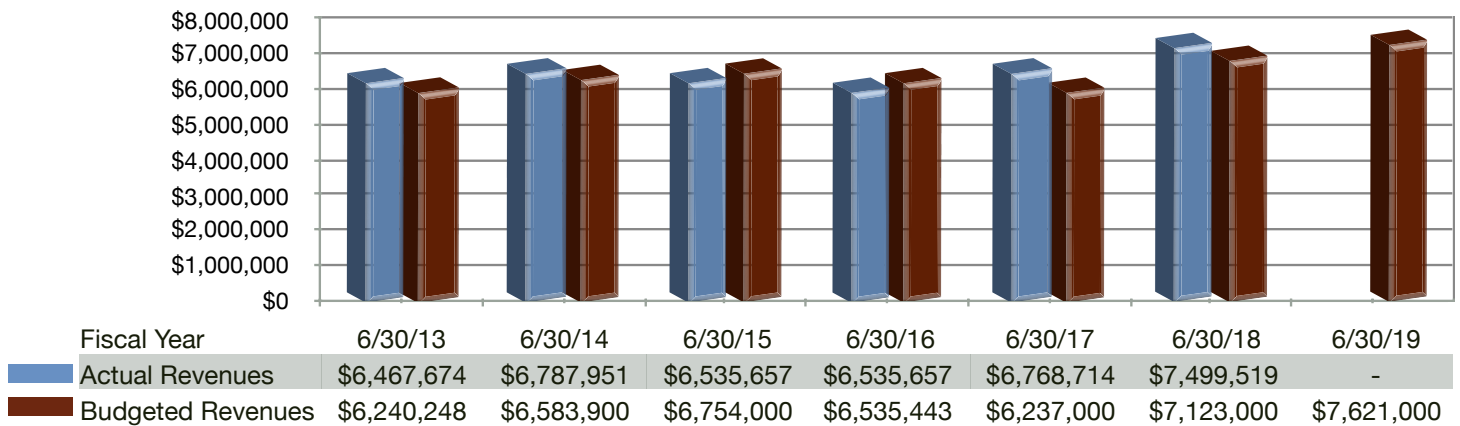
* Parks reflect combined revenue of Park and Park Maintenance

Sources of Revenues

The District receives revenue from two primary sources: service charges and usage charges. The basis for budgeted service and usage charges is the approved multi-year rate structure which includes an approximate 4% scheduled increase ([Appendix B: Service Rates History](#)).

87% of total Revenues come from Service and Usage Charges Revenue. The District's primary business activities are from the administration, production, treatment, and distribution of drinking water through approximately 1,641 miles of mains to approximately 18,400 residents; and the administration, collection, and treatment of wastewater.

Rates and fees are determined based on the costs of production, treatment, distribution, administration, state and federal mandates, and debt service. In 2016, the District enlisted an outside consultant to prepare a rate study to update the previous one done in 2009. This new rate study was undertaken for the purposes of updating the rates as well as to consider the effects of the AGC on Ground Water Rights, and State mandated conservation measures. The Board approved the multi-year rate structure that includes approximately 4% increases every year beginning July 1, 2016. Having to perform two Proposition 218 hearings for the rates, the approved rates did not go into effect until January 1, 2017.



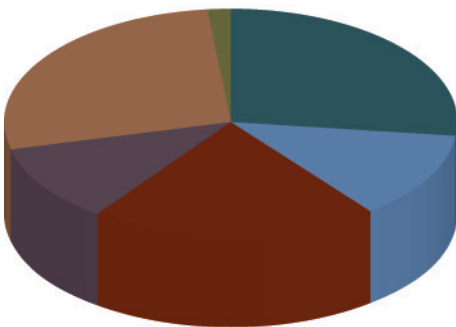
Service and Usage Revenue History

Expenditures and Expenses

Financial uses represent the total obligations of the District, including both expenditures and transfers to other funds. While closely looking at every expenditure to ensure that the monies that have been entrusted to the District are used wisely, the District adheres to the Adopted [Administrative Code for Expenses §3040](#).

The District has six primary forms of obligations:

EXPENDITURES (EXPENSES)	FY 17-18 ADOPTED	FY 18-19 ADOPTED
Personnel	\$2,137,777	\$2,136,037
Direct Operating	1,098,274	998,730
General and Administrative	1,391,764	1,627,425
Debt Service	887,952	887,958
Depreciation	2,188,154	2,151,133
Transfers Out	21,008	124,069
TOTAL EXPENDITURES (EXPENSES)	\$7,724,929	\$7,925,352



FY 18-19

Fund by Fund

The various funds of the District are organized into two major categories of governmental and enterprise:

Governmental Funds

- General
- LLAD 1
- LLAD 2
- Park
- Graffiti Abatement
- Park Maintenance

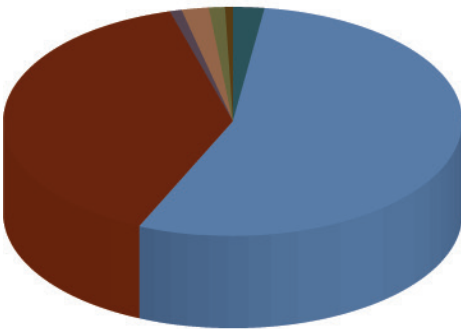
Enterprise Funds

- Water
- Sewer

FUNDS	FY 16-17	FY 17-18	FY 17-18	FY 18-19	
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED	% CHANGE
General Fund	-	-	-	\$177,269	100%
Water Fund	3,756,375	4,084,163	4,065,556	4,330,736	6.04%
Sewer Fund	2,208,545	2,928,365	2,459,821	3,066,951	4.73%
LLAD 1 Fund*	93,366	101,395	87,841	77,024	-24.04%
LLAD 2	33,136	66,740	69,627	153,563	130.09%
Park Fund	290,790 *	495,236	374,468 *	85,285	-82.78%
** Graffiti Abatement Fund	-	-	-	6,500	100%
Park Maintenance Fund	67,555 *	28,022	13,297 *	28,024	0%
TOTAL DISTRICT	\$6,449,767	\$7,703,921	\$7,070,610	\$7,925,352	2.87%

* LLAD 1 previously referred to as "Street Lights"

**Data is too small to graph



FY 18-19

Fund Balance

FUND	FUND BALANCE 07/01/17	REVENUES FY 17-18	EXPENSES FY 17-18	FUND BALANCE 06/30/18	CHANGE IN FUND BALANCE
Water	25,128,150	4,610,731	(4,062,258)	25,676,623	548,473
Sewer	18,010,973	3,405,127	(2,459,821)	18,956,279	945,306
General	-	-	-	-	-
LLAD 1	(69,170)	85,784	(87,842)	(71,228)	(2,058)
LLAD 2	124,248	164,939	(69,627)	219,560	95,312
Park	(55,037)	440,184	(374,413)	10,734	65,771
Graffiti Abatement	-	-	-	-	-
Park Maintenance	(283,380)	28,088	(13,297)	(268,589)	14,791
FUND	FUND BALANCE 07/01/18	EST. REVENUES FY 18-19	EST. EXPENSES FY 18-19	EST. FUND BALANCE 06/30/19	CHANGE IN FUND BALANCE
Water	25,676,623	4,609,415	(4,169,628)	26,116,410	439,787
Sewer	18,956,279	3,523,666	(2,628,417)	19,851,528	895,249
General	-	360,330	(53,200)	307,130	307,130
LLAD 1	(71,228)	78,003	(73,635)	(66,860)	4,368
LLAD 2	219,560	172,086	(152,870)	238,776	19,216
Park	10,734	-	(3,546)	7,188	(3,546)
Graffiti Abatement	-	-	(6,500)	(6,500)	(6,500)
Park Maintenance	(268,589)	-	(829)	(269,418)	(829)

Other Uses of Cash

FUND	DEBT PRINCIPAL	CAPITAL OUTLAY	TRANSFERS
	FY 17-18	FY 17-18	FY 17-18
Water	(158,170)	(107,767)	-
Sewer	(427,908)	(237,647)	-
General	-	-	-
LLAD 1	(3,381)	-	21,733
LLAD 2	(691)	-	(21,733)
Park	(81,536)	(17,031)	-
Graffiti Abatement	-	-	-
Park Maintenance	(27,128)	-	-
FUND	EST. DEBT PRINCIPAL	EST. CAPITAL OUTLAY	EST. TRANSFERS
	FY 18-19	FY 18-19	FY 18-19
Water	(161,108)	(855,135)	-
Sewer	(438,534)	(3,605,135)	-
General	-	-	(124,069)
LLAD 1	(3,389)	-	3,537
LLAD 2	(693)	-	723
Park	(81,739)	-	85,285
Graffiti Abatement	-	-	6,500
Park Maintenance	(27,195)	-	28,024

Other Uses of Cash Not Related to Fund Balance

General Fund

This fund was created and approved by resolution for the FY 18–19. The purpose of this fund is to account for the financial resources that do not meet the definition criteria of the other funds, and to accumulate discretionary financial resources. It has three revenue sources including User Fees, Use of Money and Property, and Property Tax and Assessments. Its only expenditures are for outside services related to non-chargeable fund costs for boundary and levy audits and Property Tax collection fees. Its other use of resources is transfers out to other funds. The Adopted Expenditures for FY 18–19 total \$177,269, a 100% increase from the adopted FY 17–18, due to it being a new fund.

GENERAL FUND REVENUES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Service Charges	-	-	-	-
Usage Charges	-	-	-	-
User Fees	-	-	-	54,200
Use of Money and Property	-	-	-	4,984
Property Tax and Assessments	-	-	-	301,146
Conservation Fees	-	-	-	-
Transfers In	-	-	-	-
TOTAL REVENUES				\$360,330

GENERAL FUND EXPENDITURES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Personnel	-	-	-	-
Direct Operating	-	-	-	-
General and Administrative	-	-	-	53,200
Debt Service	-	-	-	-
Depreciation	-	-	-	-
Transfers Out	-	-	-	124,069
TOTAL EXPENDITURES	-	-	-	\$177,269

Water Fund

The Water Fund accounts for the District's transmission and distribution operations of drinking water. It has four revenue sources including Service Charges, Usage Charges, User Fees, and Use of Money and Property. Expenses include Personnel, Direct Operating, General and Administrative, Debt Service, and Depreciation. The Adopted Expenses for FY 18–19 are \$4,330,736, a 6.04% increase from the Adopted FY 17–18. Increases are primarily the result of cost of living adjustments, increased certification pay, higher utility costs, and repairs and maintenance needs.

WATER FUND REVENUES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Service Charges	\$2,166,159	\$2,249,000	\$2,165,885	\$2,222,000
Usage Charges	1,881,546	1,805,000	2,147,895	2,157,000
User Fees	194,861	169,775	211,310	166,280
Use of Money and Property	400,564	21,293	85,641	64,135
Property Tax and Assessments	-	-	-	-
Conservation Fees	-	16,500	-	-
Transfers In	-	-	-	-
TOTAL REVENUES	\$4,643,130	\$4,261,568	\$4,610,731	\$4,609,415

WATER FUND EXPENSES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Personnel	\$772,195	\$1,218,863	\$1,345,101	\$1,231,179
Direct Operating	377,724	526,284	572,317	567,505
General and Administrative	1,024,140	671,368	620,854	855,186
Debt Service	102,993	195,354	37,108	195,354
Depreciation	1,479,204	1,472,294	1,490,176	1,481,512
Transfers Out	-	-	-	-
TOTAL EXPENSES	\$3,756,256	\$4,084,163	\$4,065,556	\$4,330,736

Sewer Fund

The Sewer Fund accounts for the wastewater services of the District. It has five revenue sources including Service Charges, Usage Charges, User Fees, Use of Money and Property, and Conservation Fees. Expenses include Personnel, Direct Operating, General and Administrative, Debt Service, and Depreciation. The Adopted Expenses for FY 18–19 are \$3,066,951, a 4.73% increase from the adopted FY 17–18. Increases are primarily the result of cost of living adjustments, redistribution, increased certification pay, higher utility costs, and General and Administrative cost increases for legal and other contract services related to Capital Projects.

SEWER FUND REVENUES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Service Charges	\$3,418,013	\$3,047,000	\$3,051,510	\$3,162,000
Usage Charges	98,763	72,000	134,237	83,000
User Fees	79,346	57,525	63,879	55,020
Use of Money and Property	96,690	123,963	155,498	183,646
Property Tax and Assessments	-	-	-	-
Conservation Fees	39,000	38,500	-	40,000
Transfers In	-	-	-	-
TOTAL REVENUES	\$3,731,812	\$3,338,988	\$3,405,124	\$3,523,666

SEWER FUND EXPENSES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Personnel	\$642,041	\$777,957	\$896,558	\$904,858
Direct Operating	279,678	395,430	251,763	328,825
General and Administrative	458,738	512,458	486,896	588,611
Debt Service	155,025	575,033	144,597	575,036
Depreciation	673,061	667,487	680,008	669,621
Transfers Out	-	-	-	-
TOTAL EXPENSES	\$2,208,543	\$2,928,365	\$2,459,822	\$3,066,951

LLAD 1 Fund

The LLAD 1 Fund accounts for the arterial street lighting activities of the District. It has four revenue sources including Service Charges, User Fees, Use of Money and Property, and Transfers In. Expenditures include Direct Operating, General and Administrative, and Debt Service. The Adopted Expenditures for FY 18–19 are \$77,024, a 24.04% decrease from the adopted FY 17–18. Direct Operating costs fell by \$54,775 due to a revised allocation of electricity costs between funds. The fund had an increase in General and Administrative costs of \$30,405 due almost entirely to outside contract services related to zone identification and cost benefit analysis.

LLAD 1 FUND REVENUES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Service Charges	\$80,990	\$76,000	\$81,231	\$77,000
Usage Charges	-	-	-	-
User Fees	1,065	1,000	1,170	1,000
Use of Money and Property	604	6	2	3
Property Tax and Assessments	-	-	-	-
Conservation Fees	-	-	-	-
Transfers In	3,536	3,381	3,381	3,537
TOTAL REVENUES	\$86,195	\$80,387	\$85,784	\$81,540

LLAD 1 FUND EXPENDITURES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Personnel	-	-	-	-
Direct Operating	80,135	83,075	75,186	28,300
General and Administrative	13,067	14,783	12,500	45,188
Debt Service	164	3,537	155	3,536
Depreciation	-	-	-	-
Transfers Out	-	-	-	-
TOTAL EXPENDITURES	\$93,366	\$101,395	\$87,841	\$77,024

LLAD 2 Fund

The LLAD 2 Fund accounts for the street lighting activities of the District not accounted for in the LLAD 1. It has three revenue sources including Use of Money and Property, Property Tax and Assessments, and Transfers In. Expenditures include Direct Operating, General and Administrative and Debt Service. The Adopted Expenditures for FY 18–19 are \$153,563, a 130.09% increase from the adopted FY 17–18. Direct Operating costs rose by \$56,507 due to a revised allocation of electricity costs between funds. The fund also had an increase in General and Administrative costs of \$30,315 due almost entirely to outside contract services related to zone identification and cost benefit analysis.

LLAD 2 FUND REVENUES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Service Charges	-	-	-	-
Usage Charges	-	-	-	-
User Fees	-	-	-	-
Use of Money and Property	509	534	650	738
Property Tax and Assessments	158,694	164,000	164,289	171,348
Conservation Fees	-	-	-	-
Transfers In	-	-	-	723
TOTAL REVENUES	\$159,203	\$164,534	\$164,939	\$172,809

LLAD 2 FUND EXPENDITURES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Personnel	-	-	-	-
Direct Operating	5,210	11,093	9,176	67,600
General and Administrative	27,831	54,925	60,421	85,240
Debt Service	94	722	30	723
Depreciation	-	-	-	-
Transfers Out	-	-	-	-
TOTAL EXPENDITURES	\$33,135	\$66,740	\$69,627	\$153,563

Park Fund

The Park Fund is used to account for all parks and recreation activities within the District. During FY 17–18, the District divested itself of parks and recreation, and therefore no longer has expenditures related to park operations. The funds only expenditure is Debt Service on the internal loan, an amount it receives as a Transfer In from the General Fund. The Adopted Expenditures for FY 18–19 are \$85,285, an 82.78% decrease from the adopted FY 17–18.

PARK FUND REVENUES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Service Charges	\$5,751	\$3,000	\$2,669	-
Usage Charges	-	-	-	-
User Fees	18,163	8,000	6,288	-
Use of Money and Property	32,015	19,724	23,891	-
Property Tax and Assessments	375,690	335,903	407,337	-
Conservation Fees	-	-	-	-
Transfers In	-	-	-	85,285
TOTAL REVENUES	\$431,619	\$366,627	\$440,185	\$85,285

PARK FUND EXPENDITURES	FY 16–17	FY 17–18	FY 17–18	FY 18–19
	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Personnel	\$98,683	\$140,957	\$94,735	-
Direct Operating	88,212	82,392	54,518	-
General and Administrative	51,276	138,230	172,569	-
Debt Service	3,951	85,284	3,748	85,285
Depreciation	48,668	48,373	48,898	-
Transfers Out	-	-	-	-
TOTAL EXPENDITURES	\$290,790	\$495,236	\$374,468	\$85,285

Graffiti Abatement Fund

The Graffiti Abatement Fund was created and approved by resolution for the FY 18–19. The purpose of this fund is to account for costs related to Graffiti Abatement in the District. The Graffiti Abatement Fund expenditures are comprised entirely of anticipated operating costs for graffiti abatement and are covered by a Transfer In from the General Fund. The Adopted Expenditures for FY 18–19 total \$6,500, a 100% increase from the adopted FY 17–18, due to it being a new fund.

GRAFFITI ABATEMENT FUND	FY 16–17	FY 17–18	FY 17–18	FY 18–19
REVENUES	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Service Charges	-	-	-	-
Usage Charges	-	-	-	-
User Fees	-	-	-	-
Use of Money and Property	-	-	-	-
Property Tax and Assessments	-	-	-	-
Conservation Fees	-	-	-	-
Transfers In	-	-	-	6,500
TOTAL REVENUES	-	-	-	\$6,500

GRAFFITI ABATEMENT FUND	FY 16–17	FY 17–18	FY 17–18	FY 18–19
EXPENDITURES	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Personnel	-	-	-	-
Direct Operating	-	-	-	6,500
General and Administrative	-	-	-	-
Debt Service	-	-	-	-
Depreciation	-	-	-	-
Transfers Out	-	-	-	-
TOTAL EXPENDITURES	-	-	-	\$6,500

Park Maintenance Fund

The Park Maintenance Fund is used to account for all parks and recreation maintenance activities within the District. During FY 18–19, the District divested itself of parks and recreation, therefore it no longer has expenditures related to park operations. The fund's only expenditure is Debt Service on the internal loan, an amount it receives as a Transfer In from the General Fund. The Adopted expenditures for FY 18–19 are \$28,024, a 0.01% increase from the Adopted FY 17–18.

PARK MAINTENANCE FUND	FY 16–17	FY 17–18	FY 17–18	FY 18–19
REVENUES	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Service Charges	-	-	-	-
Usage Charges	-	-	-	-
User Fees	-	-	-	-
Use of Money and Property	2,757	306	372	-
Property Tax and Assessments	36,832	-	-	-
Conservation Fees	-	-	-	-
Transfers In	-	27,716	37,716	28,024
TOTAL REVENUES	\$39,589	\$28,022	\$38,088	\$28,024

PARK MAINTENANCE FUND	FY 16–17	FY 17–18	FY 17–18	FY 18–19
EXPENDITURES	ACTUALS	ADOPTED	EST. ACTUALS	ADOPTED
Personnel	\$37,018	-	\$11,758	-
Direct Operating	13,488	-	644	-
General and Administrative	16,086	-	-	-
Debt Service	963	28,022	895	28,024
Depreciation	-	-	-	-
Transfers Out	-	-	-	-
TOTAL EXPENDITURES	\$67,555	\$28,022	\$13,297	\$28,024

Debt

The District's annual CIP is necessary to ensure the future viability of services. The District places priority on funding its regular and ongoing capital needs on a pay-as-you-go basis. However, there are times when it is appropriate to consider debt financing. Debt, in the form of bonds, should be used to finance essential capital assets such as facilities, real property, and certain equipment where it is appropriate to spread the cost of the asset over more than one budget year. In so doing, the District recognizes that future ratepayers will benefit from the investment and pay a share of its cost. Projects that are not appropriate for spreading costs over future years will not be debt financed. Under no circumstances will long-term debt be used to fund District operations or maintenance.

Notes and loans payable are another tool used by the District to ensure the payment of specific dollar amounts on specific dates for selected District resources. Currently, the District employs notes and loans payable to fund the purchase of equipment, fund capital improvement projects, and amortize the cost of net pension liabilities over 20–30 years.

In June 2015, the District adopted an agreement to provide financial assistance between funds. The agreement allowed for a maximum loan of \$3,000,000, from the Sewer Fund to the Water and Governmental Funds, to refinance all existing internal loans and to internally finance the CalPERS Unfunded Accrued Liability. The interest rate is based on the LAIF rate at the time of the loan. The loan is due to mature in fiscal year 2035.

The District obtained a \$3,000,000, variable interest rate note with Zions Bank in December 2008. The note was issued in order to complete the construction of various District projects. The note is payable by both the Water and Sewer Funds (88.7% and 11.3%, respectively) and is due to mature in fiscal year 2029.

In 2009, the District executed an agreement for an \$8,300,000 reclamation note with the State of California Water Pollution Control Fund at an interest rate of 2.6%. The purpose of the note was to complete the construction of the new wastewater treatment plant. The note is payable by the Sewer Fund and is due to mature in fiscal year 2029.

DEBT SERVICE	OUTSTANDING AS OF 07/01/18	PRINCIPAL	INTEREST	TOTALS
Interfund Loan	\$2,190,790	\$152,337	\$6,254	\$158,591
Zion Bank Note	1827309	157,278	37,553	194,831
State Water Pollution Control Note	5057255	403,047	131,489	534,536
TOTAL DEBT SERVICE	\$9,075,354	\$712,662	\$175,296	\$887,958

NOTE: Notes and Loans currently outstanding are not subject to Debt Limitations.

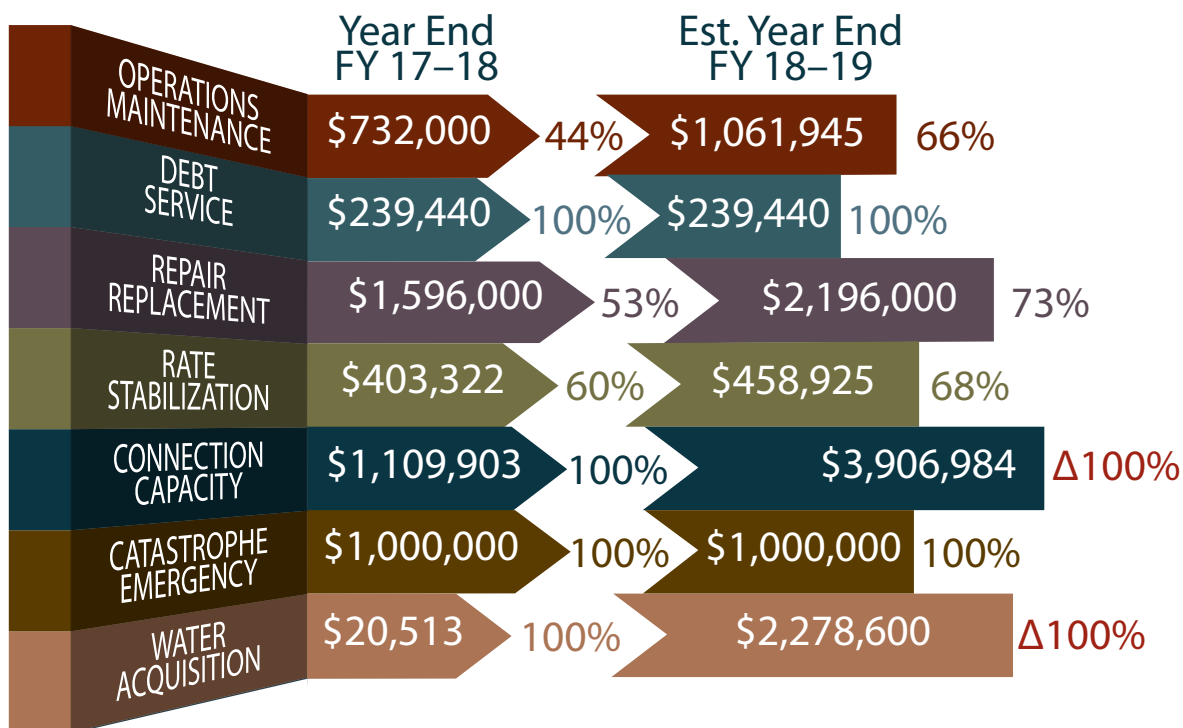
Reserves

In recent years, the District had depleted its reserves on operations and maintenance. By implementing a fair and balanced rate study, making operational changes, and reducing expenditures in the operating budget by over 10%, the District has been able to initiate the replenishment of its reserves.

The chart below shows the FY17–18 year-end totals of reserves, and the estimated FY 18–19 reserve year-end totals. These reserves, and reserves mandates, are based on the recently Adopted [Administrative Code for Reserves §3036](#).

The reserves that show a delta and percent totals in red, indicate those reserves that are not based on a mandatory level, but on the total amount collected for specific purposes designated within the Administrative Code.

Money allocated to reserves are invested by adhering to the Adopted [Administrative Code for Investments §3035](#), and the interest from those investments is reflected in Use of Money within the budget's revenues.



NOTE: \$1,715,438 is estimated revenue in the Water Acquisition and Connection Capacity Reserve from development projects.

Capital projects and expenses adhere to the Adopted [Administration Code for Purchasing § 3040](#) . Single-item purchases with an anticipated useful life of at least five years, and exceeding \$5,000 each, shall be capitalized. Other expenses of \$5,000 or more, that provide a significant increase in future service potential of a capital item, shall also be capitalized as part of the existing asset. The District carefully reviews all equipment before determining if a replacement is necessary considering age, usefulness, and costs. The priority of projects is determined by evaluating the needs of all department requests with available funding. The District has decided to wait until after the master plans are completed, to better understand our future needs, before creating a 5 year CIP.

Projects

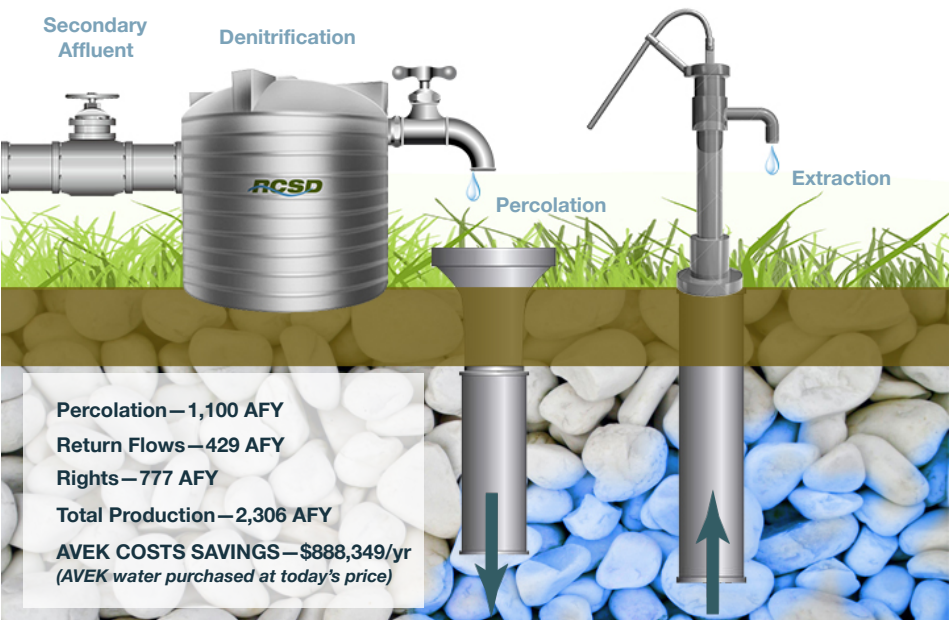
WWTP Rehabilitation

For several years, the aging evaporation ponds at the WWTP have begun to percolate water into the water table. This has caused an increase of nitrates into the ground water. The District has been looking at ways to alleviate this situation while working with LRWQCB.

The first alternative was to reline all of the ponds. This would have cost the District over \$22 million, and would need to be done every 15–18 years due to the life of the liners.

The District came up with a creative solution to denitrify the secondary affluent and discharge by percolation. This alternative will cost half of the first alternative and will protect the ground water table while providing the District the ability to produce much needed ground water.

FY 18–19	\$3,145,000	Bid, feasibility, and construction costs
FY 19–20	\$7,569,000	Construction costs
FY 20–21	\$1,335,750	Construction, and inspection costs



ACP Replacement

This project is to replace the remaining asbestos water mains throughout the District's service area. By replacing these mains, the District can ensure a more consistent water quality and potentially prevent future mainline breaks caused by aging and undersized water mains. This project is expected to begin in FY 18–19 and take three years to complete.

FY 18–19	\$150,000	Bid and feasibility costs
FY 19–20	\$750,000	Materials, labor and other construction costs
FY 20–21	\$600,000	Construction, inspection and tie in costs

District Administration Building Carports

The installation of solar panel carports will provide added protection for District vehicles and additional lighting for security while reducing energy costs. The project is expected to be completed in FY 18–19.

FY 18–19	\$150,000	Estimated construction costs
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Well 9 Rehabilitation

Well 9 is the District's largest production groundwater well and has been in operation for the past 11 years. In order to maintain water quality and reliability, the well will be inspected and the pump will be replaced. This project is expected to be completed in FY 18–19.

FY 18–19	\$60,000	Estimated cost
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Tank 3 Recoat

Re-coating the tank will prolong the life of the tank, maintain water quality, and prevent potential leaks. This project is expected to be completed in FY 18–19.

FY 18–19	\$300,000	Estimated cost
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Bulk Material Storage Bays

The construction of bulk material storage bays will provide a clean and organized environment to store the sand, gravel, and asphalt used during daily operations of the District. This project is expected to be completed in FY 18–19.

FY 18–19	\$10,000	Estimated construction cost
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Large Meter Replacement

The replacement of large commercial water meters will allow the District to more accurately capture the usage of water, expedite the meter reading process, and monitor water usage trends to help promote water conservation. This project is expected to be completed in FY 18–19.

FY 18–19	\$70,000	Estimated cost
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WWTP Bar Screen

The installation of a second bar screen at the WWTP will provide redundancy and prevent interruption in treatment during routine maintenance. This project is expected to be completed in FY 18–19.

FY 18–19	\$150,000	Estimated cost
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SCADA System Upgrade

SCADA is the primary tool wastewater operators use to control the flow and treatment processes of the wastewater. This upgrade will bring the SCADA hardware and software to current standards and ensure efficient operation of the wastewater plant. This project is expected to be completed in FY 18–19.

FY 18–19	\$35,000	Estimated cost
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Hybrid Sedan

The hybrid sedan will replace the current general manager vehicle. A hybrid vehicle will provide reduced emissions, increased fuel economy, and avoid the rising maintenance cost of the existing vehicle. This vehicle is expected to be purchased in FY 18–19.

FY 18–19	\$35,000	Estimated purchase price
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Crew Truck

The new crew truck will replace truck 9 which has been in service for 15 years and is the oldest truck in the District's fleet. This vehicle is expected to be purchased in FY 18–19.

FY 18–19	\$50,000	Estimated purchase price
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Backhoe

The backhoe tractor purchase will replace the current rental backhoe used by the District. This purchase will reduce annual equipment rental expenses and allow the District to equip the tractor specifically for the District's needs. This vehicle is expected to be purchased in FY 18–19.

FY 18–19	\$150,000	Estimated purchase price
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GIS Software Upgrades

The GIS software upgrade will allow the District to maintain accurate locations of underground infrastructure, track maintenance history, analyze water and sewer system performance, and easily create district maps.

FY 18–19	\$7,500	Software Licensing
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CUSI Software Upgrade

The District's current billing system uses an application that has reached end-of-life. The District will upgrade the billing software with cutting-edge technology that decreases operating costs due to its efficiency. UMS has built-in modern cybersecurity standards and practices to protect customer data. This project is expected to be completed in FY 18–19.

FY 18–19	\$90,370	Estimated cost
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Abila HR Module

The Abila HR Module will allow the District to manage the entire workforce from one accounting system. It will allow the District to streamline its workflow processes and store employee history. It includes on-demand employee information to allow employees to access their pay stub, benefit information, time sheet entries, and employee messages. In FY 18–19 this project is expected to be completed.

FY 18–19	\$10,000	Estimated cost
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Server Upgrades

Upgrading the server environment will allow the District to accommodate the new business application upgrades for Abila Fund Accounting and UMS. This project is expected to be completed in FY 18–19.

FY 18–19	\$20,000	Estimated cost
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Workstation Refresh

Existing workstations have reached end-of-life and will require refresh to run the latest business application upgrades currently underway. This project is expected to begin in FY 18–19 and may take two years to complete.

FY 18–19	\$15,000	Estimated cost
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Board Room Sound System

The existing board room sound system will be replaced with new cutting-edge technology. This will improve the recording capabilities, audio capabilities, reliability, sound, and increase the efficiency capturing the recording Board votes. This project is expected to be completed in FY 18–19.

FY 18–19	\$12,400	Estimated cost
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3 Year CIP

PROJECT	FUND	FY 18–19	FY 19–20	FY 20–21
WWTP Rehabilitation	2	\$3,145,000	\$7,569,250	\$1,335,750
ACP Replacement	1	150,000	750,000	600,000
District Administration Building Carports*	1/2	150,000		
Well 9 Rehabilitation	1	60,000		
Tank 3 Recoat	1	300,000		
Bulk Material Storage Bays*	1/2	10,000		
Large Meter Replacement	1	70,000		
WWTP Bar Screen	2	150,000		
SCADA System Upgrade	2	35,000		
Hybrid Sedan*	1/2	35,000		
Crew Truck*	1/2	50,000		
Backhoe*	1/2	150,000		
GIS Software Upgrade*	1/2	7,500		
CUSI Software Upgrade*	1/2	90,370		
Abila HR Module*	1/2	10,000		
Server Upgrades*	1/2	20,000		
Workstation Refresh*	1/2	15,000		
Board Room Sound System*	1/2	12,400		
TOTAL BY FUND				
1 Water		855,135	750,000	600,000
2 Sewer		3,605,135	\$7,569,250	\$1,335,750
TOTAL ALL FUNDS		\$4,460,270	\$8,319,250	\$1,935,750

**1/2 Represents 50% from each fund, Water and Sewer*

Abbreviations and Acronyms

ACP	Asbestos Cement Pipe
AF	Acre-Foot or Acre-Feet of water
AFY	Acre-Foot per Year of water
AGC	Antelope Groundwater Cases
AV	Antelope Valley
AVEK	Antelope Valley East Kern Water Agency
AVIRWMP	Antelope Valley Integrated Regional Water Management Plan
CDPH	California Department of Public Health
Chrom-3	Trivalent Chromium
Chrom-6	Hexavalent Chromium
CIP	Capital Improvement Projects
CSA	County Service Area
CUSI	Continental Utility Solutions, Inc.; Billing software
CY	Calendar Year
°F	Degrees Fahrenheit
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GFOA	Government Finance Officers Association
GIS	Geographic Information System
HR	Human Resources
IRWMP	Integrated Water Management Plan
IT	Information Technology
JPA	Joint Powers Authority
LLAD	Landscape and Lighting Assessment District
LRWQCB	Lahontan Regional Water Quality Control Board
µg/L	Micrograms per liter
MCL	Maximum Contaminant Level
mi	Mile
MOU	Memorandum of Understanding
RCSD	Rosamond Community Services District
RRACP	Rosamond Regional Arsenic Compliance Project
SCADA	Supervisory Control and Data Acquisition
SCWBA	Southern California Water Bank Authority
sq	Square
SWP	State Water Project
SWRCB	State Water Resources Control Board
UMS	Utility Management Solution
UWMP	Urban Water Management Plan
WSWB	Willow Springs Water Bank
WWTP	Waste Water Treatment Plant

Definitions of Terms

Abila	The District's accounting software.
Acre Feet	An AF is approximately 325,851 gal.
Ad Valorem Revenues	A property tax that the County levies at a rate equal to one percent (1%) of the full cash value.
Adjudication	The act or process of adjudicating a dispute; a legal judgment by an arbitrator or judge.
Capacity Fee	A fee collected from new development for future infrastructure needs to provide service for said development.
Capital Assets	Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
Carryover	Any Production Right or Return Flow not produced within a calendar year may be produced at a later date, or turned in to storage water for future production.
Connection Fees	Fees charged to join or to extend an existing utility system.
Conservation Fees	A developer fee collected to provide the District with water conservation programs.
Debt Service	The amount of money required over a period of time to repay the principal and interest on a debt.
Depreciation	A reduction in the value of an asset with the passage of time, due in particular to wear and tear, age, or obsolescence over the period of its useful life.
Direct Operating	An expenditure incurred in carrying out an organization's day-to-day activities.
Escheatment	The process of reverting unclaimed or abandoned property or money to a governmental entity.

Federal Reserve Right	The un-produced water rights of the Federal Government in the Physical Solution of the AGC which shall be divided among the Public Water Suppliers to produce in the following calendar year.
Fund Balance	Net position of a governmental fund; the difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources. Cash remaining after expenditures, including debt payments, capital expenditures, and changes in working capital, are subtracted from receipts.
General and Administrative	Expenditures pertaining to operations not directly linked to the production of goods or services.
InfraMAP	A GPS-guided mobile GIS software solution that allows data collection and updates to a Utilities Asset Management program.
Infrastructure	Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels drainage systems water and sewer systems, dams, and lighting systems.
Personnel	Value of expenditures related to personnel including wages, benefits, trainings and payroll taxes.
Physical Solution	The settlement agreement for the AGC which creates the law controlling all ground water production in the AV Ground Water Basin.
Property Tax & Assessments	The tax assessed to real estate and a charge placed on a property because that property receives a special benefit from the services or facilities that are funded by the assessment.
Native Safe Yield	The amount of water that can be produce from the AV Ground Water Basin without causing a material harm.
Replacement Assessment	An assessment which must be paid by any party to the AGC which produces ground water above their Rights, Carryover, Federal Reserve, or Return Flows, or Stored water.
Return Flows	The percentage of water that may be produced in a following year by averaging all imported water over a 5 year period.
Production Rights	The specific Ground Water Production Rights given to each party in the AGC.

Service Charges	The revenue collected for each utility account holder, otherwise known as the base rate.
Transfers In and Out	Transfers of financial resources from or to another fund.
Transferred Prod. Rights	Water Rights given in the Physical Solution which may be transferred to another party.
Usage Charges	The revenue collected for the use each utility account holder consumes, otherwise known as a consumption rate.
User Fees	Voluntary charges imposed on an individual or business for a service or facility provided directly to that individual.
Use of Money and Property	Indicates the revenue gained through interest from municipal investments. Municipalities also earn fees from renting out property and equipment to businesses or for events.
Water Acquisition Fee	A fee to acquire water rights for a future development project to supply future water demand water in perpetuity.

Appendix A

Personnel Summary Schedule

POSITION CLASSIFICATIONS	FUNDED FY 16-17	FUNDED FY 17-18	FUNDED FY 18-19
FULL-TIME STAFFING			
General Manager	1	1	1
Assistant General Manager	1	1	1
Director of Administration	1	1	1
Director of Public Works	1	1	1
Director of Finance	1	1	1
Chief Distribution Operator	1	1	1
Public Works Supervisor	1	1	1
Public Works Operator II	3	3	2
Public Works Operator I	1	1	3
Public Works Assistant	1	1	1
Water Bank Operator	1	1	1
Facility Maintenance Worker	1	1	0
WWTP Senior Operator	1	1	1
WWTP Operator II	1	1	0
OIT WWTP Operator	0	0	1
Customer Service Supervisor	1	0	1
Senior Accounting Clerk	1	1	1
Customer Service Representative II	2	2	1
Finance Assistant	1	1	1
Administrative Assistant	1	0	0
TOTAL FULL-TIME STAFFING	22	20	20
PART-TIME / SEASONAL STAFFING			
Customer Service Representative I Part Time	0	0	2
Assistant Pool Manager	1	1	0
Lifeguard	4	4	0
Pool Manager	1	1	0
Water Safety Instructor	3	3	0
TOTAL PART-TIME / SEASONAL STAFFING	9	9	2
TOTAL	31	29	22

** Authorized Position—Currently funded position or a position that has been unfunded for less than two full fiscal years. A position that has been unfunded in excess of two fiscal years shall be removed from the Authorized Allocation list.*

Significant changes to part-time staffing is due to the District divesting itself of Parks and Recreation, which eliminated all part-time pool staffing.

Full-time staffing changes from the previous FY 16-17 and FY 17-18 is due to promotions and converting a full-time staff position from a Customer Service Rep II position, to two part-time Customer Service Rep I positions.

Appendix B

Service Rates History

METER SIZE	WATER SERVICE RATES											
	EFFECTIVE DATE OF RATE											
	10/1/09	10/1/10	10/1/11	10/1/12	10/1/13	10/1/14	10/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20
5/8'	\$16.00	\$17.00	\$18.00	\$19.00	\$20.00	\$20.00	\$20.00	\$33.02	\$33.53	\$34.06	\$34.63	\$35.16
3/4"	16.68	17.68	18.68	19.68	20.68	20.68	20.68	33.02	33.53	34.06	34.63	35.16
1"	24.53	26.2	27.86	29.53	31.2	31.2	31.2	46.59	47.33	48.1	48.92	49.69
1.5"	37.83	41.16	44.5	47.83	51.16	51.16	51.16	80.23	81.53	82.87	84.33	85.67
2"	61.16	66.49	71.83	77.16	82.49	82.49	82.49	120.75	122.73	124.77	126.99	129.03
3"	143.79	160.46	177.12	193.79	210.46	210.46	210.46	215.36	218.93	222.61	226.6	230.28
4"	158.42	175.09	191.75	208.42	225.09	225.09	225.09	350.29	356.13	362.14	368.66	374.67
6"	183.68	199.68	215.68	231.68	247.68	247.68	247.68	688.03	699.53	711.37	724.23	736.07
	WATER USAGE RATES											
	EFFECTIVE DATE OF RATE											
	10/1/09	10/1/10	10/1/11	10/1/12	10/1/13	10/1/14	10/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20
Tier 1	\$1.30	\$1.60	\$1.97	\$2.17	\$2.24	\$2.24	\$2.24	\$2.13	\$2.16	\$2.19	\$2.42	\$2.91
Tier 2	1.43	1.73	2.1	2.3	2.37	2.37	2.37	2.49	2.55	2.8	3.08	3.4
Tier 3	1.61	1.91	2.28	2.48	2.55	2.55	2.55	2.83	2.91	3.11	3.34	3.59
Tier 4	1.8	2.1	2.47	2.67	2.74	2.74	2.74	3.32	3.45	3.58	3.72	3.88
CUSTOMER CLASSIFICATION	SEWER SERVICE RATES											
	EFFECTIVE DATE OF RATE											
	10/1/09	10/1/10	10/1/11	10/1/12	10/1/13	10/1/14	10/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20
Residential	\$24.00	\$29.33	\$34.21	\$36.97	\$39.80	\$39.80	\$39.80	\$33.81	\$35.12	\$36.47	\$37.87	\$39.31
Commercial I	24	29.33	34.21	36.97	39.8	39.8	39.8	33.81	35.12	36.47	37.87	39.31
Commercial II	24	29.33	34.21	36.97	39.8	39.8	39.8	33.81	35.12	36.47	37.87	39.31
	SEWER USAGE RATES											
	EFFECTIVE DATE OF RATE											
	10/1/09	10/1/10	10/1/11	10/1/12	10/1/13	10/1/14	10/1/15	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20
Residential	\$0.11	\$0.11	\$0.12	\$0.12	\$0.13	\$0.13	\$0.13	\$0.23	\$0.24	\$0.26	\$0.28	\$0.29
Commercial I	0.11	0.11	0.12	0.12	0.13	0.13	0.13	0.23	0.24	0.26	0.28	0.29
Commercial II	0.44	0.44	0.48	0.48	0.52	0.52	0.52	0.92	0.96	1.04	1.12	1.16

Administration Code Series 3000—Finance

Budget Preparation

3010

3010.1 The District shall continue to strive to maintain financial stability over time. Financial stability is not only a prudent financial management goal; it can also minimize financial costs in the long-term (e.g., unnecessary borrowing). Above all, financial stability will provide the community with the confidence of knowing a strong, consistent management team is successfully managing the District.

3010.2 An annual budget will be developed and presented by the General Manager.

3010.3 The Board's standing Finance Committee shall meet with the General Manager and review his/her annual budget proposal. All proposals, changes and concerns shall be presented to the Board of Directors at a Budget Workshop.

3010.4 The proposed preliminary annual budget as amended by the Board during its review shall be adopted by the Board of Directors prior to July 1 and the final annual budget shall be adopted at its regular meeting in September or earlier pursuant to State Law. The proposed annual budget will be posted via the public posting guidelines 2 weeks prior to the meeting.

3010.5 The General Manager or in the absence of the General Manager, his/her designee shall have authority to modify line items within the approved budget as long as the modification does not exceed the total budget and meets the requirements set forth in Policy 3010.5.3.

3010.5.1 A “**Fund**” is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

3010.5.2 An “**Expenditure Code**” is a general ledger expenditure line item, assigned a five (5) digit “code” in the sixty and seventy thousand range (60000 - 79999) for purposes of costing, tracking, assigning and reporting expenditures.

3. Budget modifications shall be approved as follows:

3010.5.3.1 Budget modifications between \$1.00 and \$24,999.00 within a Fund and Expenditure Code shall be at the sole discretion of the manager overseeing that budget line item.

3010.5.3.2 Budget modifications between \$25,000.00 and \$49,999.00 within a Fund and Expenditure Code shall be proposed and prepared at the discretion of the manager overseeing that budget line item and must be approved by the Accountant or Managerial member of the finance department.

3010.5.3.3 Budget modifications between \$50,000.00 and \$249,999.00 within a Fund and Expenditure Code shall be proposed and prepared at the discretion of the manager overseeing that budget line item, must be reviewed by the Accountant or Managerial member of the finance department and approved by the General Manager or his/her designee.

3010.5.3.4 Budget modifications above \$250,000 within a Fund and Expenditure Code shall be proposed and prepared at the discretion of the manager overseeing that budget line item, must be reviewed by the Accountant or Managerial member of the finance department, approved by the General Manager or his/her designee and taken to the Board of Directors for final approval.

3010.5.3.5 Budget modifications of any amount between Funds must be approved by the Board of Directors.

3010.5.4 Any and all budget modifications shall be approved at the appropriate managerial level, as outlined above, and submitted to the finance department for filing and entry to the accounting and budgeting software system.

3010.6 In addition to the annual budget, the General Manager shall present to the Board a minimum five-year Capital Improvement Plan Budget (CIP). The adopted CIP budget shall be updated annually in conjunction with the annual budget.

3010.7 Any modifications to the approved CIP budget must adhere to the provisions outlined in 3010.5.3.

3010.8 The adopted Budget shall be reviewed quarterly.

Revenues

3015

3015.1 Annual revenues shall be established during the annual budget preparation. The estimated revenue forecasts shall be based on an objective, analytical process and be conservative.

3015.2 Revenue Diversification The District will strive to keep the total revenue mix that encourages growth and keeps the District economically competitive. The District needs to balance the needs for service with the overall ability to raise fees and charges to support those services.

3015.3 Fees and Charges All fees and charges for services shall be reviewed annually to ensure proper funding for said service.

3015.4 Reserve Withdrawals All expenditures drawn from reserve accounts require prior Board of Director approval unless authorized with the annual budget or Capital Improvement Plan (CIP) budget. All withdrawals require documentation which consists of the reason for the withdrawal and the impact, if any, due to the withdrawal.

3015.5 Unanticipated Revenues Revenues of an indefinite term will be used for CIP or one-time operating expenditures to ensure service oriented programs do not lose the revenue stream when such revenues are reduced or discontinued.

Rate Setting

3034

3034.1 Rates shall be established utilizing a “generally accepted” rate setting methodology. When reviewing rates, it is important to use a methodology that is “generally accepted” in the financial rate setting community as well as in the water/sewer utility industry. This will ensure a legally defensible approach as well as consistency of the analysis over time.

3034.1.1 It is recommended that the District use the following “generally accepted” approaches to establish rates for each utility.

- Revenue Requirement Analysis
- Cost of Services analysis
- Rate Design analysis

3034.2 Revenue Requirements

3034.2.1 Revenue requirements will be established on a “cash basis” approach that will include operation & maintenance expenses (O&M), taxes/transfers, debt service (Principal & Interest), repair and replacement, and capital expenditures

3034.2.2 Revenues and costs will be projected for a minimum of a five-year time period.

3034.2.3 Projections of O&M costs shall include any estimated incremental O&M costs associated with future repair and replacement or capital improvement projects. (Refer to District’s Current Purchasing Policy # 3040.1.3)

3034.2.4 Costs associated with state and federal mandated program requirements (i.e., NOEDS, etc.) will be identified and included within the “cash basis” approach.

3034.3 Cost of Service

3034.3.1 A cost of service study will be utilized to equitably allocate costs to the customer classes of service.

3034.3.2 The cost allocation methodology will utilize techniques that are “generally accepted” by the industry (e.g. American Water Works Association or Water Environment Federation).

3034.3.3 The cost of service will, at a minimum, consider the following components:

- Volume costs – those costs that vary with total flow of wastewater contributed by a customer over an extended period of time.
- Strength costs – those treatment related costs associated with the strength of wastewater (Biochemical oxygen demand and suspended solids).
- Customer related costs – that vary with the number of customers on the system (e.g. postage, meter maintenance expense).
- Revenue related costs – those costs associated with the amount of revenue received by the District (e.g. a gross proceeds tax, delinquent fees).

3034.3.4 The cost of service study will consider the specific circumstances and unique characteristics of the District’s sewer and water system in the cost allocation methodology.

3034.4 Rate Design

3034.4.1 User charges (rates) will be established so that operating revenues are at least equal to the direct and indirect operating costs, and include costs of administration for the District.

3034.4.2 Rate designs will be reflective of the District’s needs, and also reflect the greater public purpose and policy goals of the District Board (e.g. conservation, economic development, ability to pay, etc.).

3034.4.3 Rates will recognize and attempt to incorporate a fixed charge for the upfront fixed costs associated with serving customers and a usage or volumetric charge that attempts to recover the variable costs of operating the District.

3034.4.4 Rates will be set a level that recovers costs, by classification, yet flexible enough to accomplish the District’s objectives (e.g., public purpose programs).

3034.4.5 Rates should be designed to be equitable and detailed to a level to reflect the service provided.

3034.5 Rate Stability

3034.5.1 Rates should be stable over time. Financial stability of a District (utility) also provides rate stability. Rate stability and the perception that rate changes from year to year are reasonable reinforcement that costs are being managed and controlled, thereby gaining customer confidence of the management team’s credibility.

3034.5.2 Rates shall be stable in their ability to generate sufficient revenue

3034.5.3 Rates shall be reviewed by the District no less than every two years, to ensure they provide sufficient revenues.

3034.5.4 The rate review will consider a minimum five year projected period to attempt to stabilize and minimize rates over time.

3034.5.5 Rate resolution shall reflect pass-through components (Gov. Code sec 53756) for costs that fluctuate and are not controllable by the District, such as energy, regulatory and imported water costs.

3034.5.6 A comprehensive rate study will be conducted at least every five years in order to assess the fairness of the rates to the District's rate payers and to ensure that the necessary revenue is available for the District's operating and capital needs.

3034.5.7 The implementation of rate adjustments will follow all legal requirements (i.e. Prop 218, etc.) for the District.

3034.6 Establishment of Specific Financial/Rate Policies

3034.6.1 Through the establishment of specific financial/rate policies the District will attempt to shelter the district's ratepayers, as much as reasonably possible, from the financial/rate impacts of growth. Within the District's CIP and rate study, growth-related capital projects shall be clearly identified.

3034.6.2 The financing of growth-related capital projects may be funded from any of the available funding resources of the utility. However, to better meet the District's stated policy, the use of long-term debt to finance growth related projects will allow the District to better match financing of these facilities to the timing of the customers as they connect to the system.

3034.6.3 The District shall analyze and calculate cost-based Facility Capacity Fees/ connection fees. The District Board will establish and maintain a connection fee that balances the goal of sheltering customers from the cost of growth, and the District's goals as they may relate to economic development.

3034.6.4 The District will establish the following fees:

- Water Impact Fee
- Sewer Impact Fee
- Park Impact Fee
- Water Banking Fee

3034.7 Rate Understanding and Rate Increases Kept to a Minimum

3034.8 Rate for the District will be structured to promote understanding by the District's customers (e.g. bills that are easy to read calculate and understand).

3034.9 Rate adjustments will be phased in over time, when large financial impacts to the customer are anticipated (e.g. eliminate rate shock) when financially viable

Investment of District Funds

3035

3035.1 Premise

The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) §53600.6 and §53630.1); and,

Government Code Sections 5921 and 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,

The District Accountant or fiscal officer of a local agency is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (CGC §53646(a)).

For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of Rosamond Community Services District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

3035.2 Scope

This investment policy applies to all financial assets of Rosamond Community Services District. These funds are accounted for in the Independent Annual Financial Report and include:

Demand Account:

General Fund

Secretary Revolving Fund

Operation and Maintenance Fund

Enterprise Funds

Investments:

Local Agency Investment Fund

3035.3 Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (CGC §53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations for expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

3035.4 Objectives

As specified in CGC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives of the investment activities, in priority order, shall be:

3035.4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of Rosamond Community Services District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

3035.4.2 Liquidity: The investment portfolio will remain sufficiently liquid to enable Rosamond Community Services District to meet all operating requirements which might be reasonably anticipated.

3035.4.3 Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

3035.5 Delegation of Authority

Authority to manage the investment program is derived from California Government Code Sections 53600, et seq. Management responsibility for the investment program is hereby delegated to the District Accountant, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, PSA repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the District Accountant. The District Accountant shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of California Government Code §53600.3, the District Accountant is a trustee and a fiduciary subject to the prudent investor standard.

3035.6 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

3035.7 Authorized Financial Institutions and Dealers

The District Accountant will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness that are authorized to

provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the District Accountant shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the District Accountant shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for Rosamond Community Services District's account with the firm has reviewed Rosamond Community Services District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to Rosamond Community Services District that are appropriate under the terms and conditions of the Investment Policy.

3035.8 Authorized Suitable Investments

The Rosamond Community Services District is empowered by California Government Code §53601, et seq., to invest in the following:

3035.8.1 Bonds issued by Rosamond Community Services District.

3035.8.2 United State Treasury Bills, Notes & Bonds.

3035.8.3 Registered state warrants or treasury notes or bonds issued by the State of California.

3035.8.4 Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County, other local agencies or Joint Powers Agencies.

3035.8.5 Obligations issued by agencies or instrumentalities of the United States Government.

3035.8.6 Bankers' acceptances with a term not to exceed 270 days. Not more than 40% of surplus funds can be invested in bankers' acceptances and no more than 30% of surplus funds can be invested in the banker's acceptances of any single commercial bank.

3035.8.7 Prime commercial paper of U.S. corporations with assets greater than \$500 million, with a term not to exceed 180 days and the highest ranking issued by Moody's Investors Service (Moody's) or

Standard & Poor's Corporation (S&P). Commercial paper cannot exceed 15% of total surplus funds, provided that, if the average maturity of all commercial paper

does not exceed 31 days, up to 30% of surplus funds can be invested in commercial paper.

3035.8.8 Negotiable certificates of deposit issued by federally or state chartered banks or associations. Not more than 30% of surplus funds can be invested in certificates of deposit.

3035.8.9 Repurchase/reverse repurchase agreements of any securities authorized by this section. Securities purchased under these agreements shall be no less than 102% of market value. (See special limits in CGC §53601.i.)

3035.8.10 Medium term notes (not to exceed 5 years) of U.S. corporations rated “A” or better by Moody’s or S&P. Not more than 30% of surplus funds can be invested in medium term notes.

3035.8.11 Shares of beneficial interest issued by diversified management companies (money market mutual funds) investing in the securities and obligations authorized by this Section. Such funds must carry the highest rating of at least two of the three largest national rating agencies. Not more than 15% of surplus funds can be invested in money market mutual funds.

3035.8.12 Funds held under the terms of a trust indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements.

3035.8.13 Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations.

3035.8.14 Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years. Securities in this category must be rated AA or better by a nationally recognized rating service. Not more than 30% of surplus funds may be invested in this category of securities.

3035.8.15 Any other investment security authorized under the provisions of CGC §5922 and §53601. (Also, see CGC §53601 for a detailed summary of the limitations and special conditions that apply to each of the above listed investment securities. CGC §53601 is included by reference in this investment policy.)

3035.8.15.1 Prohibited Investments. Under the provisions of CGC §53601.6 and §53631.5, Rosamond Community Services District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

3035.9 Collateralization

All certificates of deposits must be collateralized by U.S. Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under CGC §53601(i)(2).

3035.10 Safekeeping and Custody

All security transactions entered into by Rosamond Community Services District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to Rosamond Community Services District by book entry, physical delivery or by third party custodial agreement as required by CGC §53601.

3035.11 Diversification

Rosamond Community Services District will diversify its investments by security type and institution. It is the policy of Rosamond Community Services District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

3035.11.1 Portfolio maturities shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

3035.11.2 Maturities selected shall provide for stability of income and liquidity.

3035.11.3 Disbursement and payroll dates shall be covered through maturities investments, marketable U.S. Treasury bills or other cash equivalent instruments such as money market mutual funds.

3035.12 Reporting

In accordance with CGC §53646(b)(1), the District Accountant shall submit to each member of the Board of Directors a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Rosamond Community Services District by third party contracted managers. The report will also include the source of the portfolio valuation. As specified in CGC §53646 (e), if all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report

elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that: (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy; and, (2) Rosamond Community Services District will meet its expenditure obligations for the next

six months as required by CGC §53646(b)(2) and (3), respectively. The District Accountant shall maintain a complete and timely record of all investment transactions.

3035.13 Investment Policy Review

This Investment Policy shall be reviewed on an annual basis, and the Board of Directors must approve modifications.

Reserves

3036

3036.1 The District will maintain utility reserves/funds required by law, ordinance and bond covenant, to provide cash working capital for normal and ordinary operations, and also provide some insurance against economic downturns and emergencies. Minimum reserve funds, excluding bond reserve funds, will be as follows:

3036.1.1 Operations and Maintenance Fund — This fund reflects the timing difference between billing for revenues and payment expenses. This fund can also be used to cover unanticipated cash operating expenses or lower than expected revenue collections. The basis for establishing a minimum total operating reserve level for the District the District will be three (3) months of O&M levels for the upcoming year where O&M is made up of Personnel Expenses and Direct Operating Expenses and are taken from the most current approved budget.

3036.1.2 Debt Service Fund — The District will maintain a debt service fund as required by law, legal and or contractual, obligation and or bond covenant, and will be 125% of the next required debt service payment for internal loans..

3036.1.3 Repair and Replacement Fund — The minimum balance of this fund should be based upon 25% of the annual accumulated depreciation.

3036.1.4 Rate Stabilization Fund — This fund is available for the District to transition any needed rate increases over a year or a number of years. It is recommended the minimum balance be based on 10% of the District's annual rate revenues.

3036.1.5 Facilities Capacity Fee/Connection Fee Fund — This fund segregates and separately accounts for the revenues collected from connection charges levied against new growth. This fund must be maintained from all other funds and used to offset capital projects costs or debt service related to new development..

3036.1.6 Catastrophe/Emergency Fund — The catastrophe/emergency reserve is intended to protect the District against the financial impacts of unanticipated emergencies. It provides funding for emergency repairs or failure of essential equipment that needs to be replaced immediately. At a minimum the catastrophe/emergency reserve will be set at \$1,000,000. This level of catastrophe/emergency reserves will be deemed sufficient to finance the required cash flow until adequate emergency financing can be secured from outside conventional sources. Cash

reserve accounts for all debt instruments, not limited to bonds SFR etc., shall be fully funded in the timeline reflected in current and future bond covenants. The appropriate reserves shall be formally transferred and restricted in accordance with all legal requirements..

3036.1.7 Water Acquisition Fund — This fund accounts for revenues generated for the purposes of acquiring additional water rights. This fund would be accounted for separately from all other funds.

3036.1.8 The District's Board may establish other reserves for specific needs that are over and above the reserves noted above.

Purchasing and Expense Authorization

3040

1. Approval for Commitments of District Funds

- 1.1. Recurring operating or capital purchases or expenditures that are included in the approved budget may be approved by department managers.
- 1.2. Non-recurring operational purchases for less than \$5,000 made for the District by staff shall be authorized by the department manager or General Manager prior to purchase. Non-recurring operational purchases greater than \$5,000 shall be approved by the General Manager and shall be in conformance with the approved District operational budget.
- 1.3. Prior approval by the Board of Directors is required for all commitments of District funds that are not included in the approved operational budget and exceed \$5,000.
- 1.4. Emergency purchases may be approved by the General Manager or the Assistant General Manager to meet the requirements of the District operations. The emergency purchase information must be presented to the appropriate party for approval, according to the above requirements, on the next business day or as soon as possible after the purchase.
- 1.5. Splitting or separating purchases into smaller units for the purpose of evading the provisions of this policy is prohibited.
- 1.6. Prior approval by Board of Directors is required for all Real Estate transactions.

2. Approval of Invoice and Payments

- 2.1. Invoices with approved purchase requisitions and packing slips will be matched by Accounts Payable and entered for payment processing. All other invoices will be reviewed and approved according to the approval levels in section 3040.1 and then entered for payment processing.

- 2.2. Payments for all approved invoices will be reviewed by the Treasurer or other person as designated by the Treasurer.
- 2.3. Request for checks not supported by an approved invoice must have approval per section 3040.1.
- 2.4. Checks for amounts of \$25,000 or less may be signed by the General Manager, Assistant General Manager, Treasurer and/or members of the Board of Directors.
- 2.5. Checks greater than \$25,000 require at least one Board member signature.
- 2.6. All checks require two signatures.
- 2.7. A listing of all checks issued since the last Board meeting will be presented at each Board meeting for review by the Board of Directors.

3. Petty Cash

3040.3.1 A "petty cash" fund shall be maintained in the District office having a maximum balance-on-hand of \$150.00. The custodian of this fund will be the Treasurer or other person designated by the Treasurer.

3040.3.2 Petty cash may be advanced to District staff for amounts up to \$100.00 for the purpose of procuring item(s) or service(s) appropriately relating to District business. Receipts and remaining funds shall be returned to the custodian of the petty cash fund when the purchase is completed

3040.3.3 No personal checks shall be cashed in the petty cash fund

3040.3.4 The petty cash fund shall be included in the District's annual independent accounting audit.

3040.3.5 District employees may receive reimbursement for "out of pocket" expenses from the petty cash fund if the amount is less than \$50.00 and is related to District business. This reimbursement must be supported by valid receipts. When a receipt is not obtainable, the requested reimbursement shall be approved by the Treasurer or General Manager.

3040.3.6 Reimbursements for the General Manager shall be reported on the consent calendar with copies of the appropriate receipts.

Employment of Outside Contractors and Consultants

3042

3042.1 Approval for requisitions or agreements with outside contractors and consultants will be subject to the approval levels shown below:

3042.1.1 Services related to operating repairs and maintenance will be subject to the approval requirements in Policy 3040.1

3042.1.2 All services for advisory or professional services not included in the operational budget must go to the Board of Directors for approval.

3042.1.3 All contracts are to be reviewed by the General Manager and Legal Counsel, prior to presentation to the Board. Approved contracts may be signed by the General Manager or Treasurer.

3042.2 Capital projects in the minimum bid amounts set forth by federal or state regulations shall be advertised for bids in periodicals or newspapers and/or the Contractors Exchange as applicable under federal or state laws and regulations.

3042.2.1 The bid opening is open to the public and time and location of bid opening will be specified in the bid documents. Staff will present the bid information, with a recommendation, to the Board for selection and approval of the contract. The Board of Directors will make their selection based on the Contactor/Consultant's experience, qualifications, performance on similar types of projects as well as cost estimates or proposals contained in the bid documents.

3042.2.2 The Board of Directors may reject any and all bids presented with or without cause and re-advertise if desired. The Board of Directors may waive any minor irregularities in bids received.

3042.2.3 All change orders shall be brought to the Board for approval prior to beginning the change order work.

3042.3 Dividing contracts into smaller component contracts for purpose of evading the provisions of this policy is prohibited. Contracts may be divided to meet unique scheduling, labor and material availability and limitations, budget and funding modifications or other needs of a project such as the purchase of equipment with a long lead-time or to accommodate necessary time frames.

3042.4 Invoices or requests for payment from approved contractors and consultants are subject to the approval requirements in Policy 3040.2.

**Rosamond Community Services District
Fiscal Year Budget 2018–2019**